



China Ecotourism Group Limited
中國生態旅遊集團有限公司

(Incorporated in Bermuda with limited liability)

Stock code: 1371

2021 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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Environmental, Social and Governance Report

ABOUT THIS REPORT

The Report covers the Group's overall performance in environmental, social and governance ("ESG") aspects of the head office in Hong Kong, office in Beijing and two offices in Guangzhou for the financial year ended 31 December 2021 (the "Reporting Period"), and demonstrates its commitment to sustainable development.

The Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix 27 of the Listing Rules. The environmental key performance indicators ("KPIs") disclosed are referenced to the calculation method adopted in Appendix 2: Reporting guidance on Environmental KPIs issued by HKEx. Information relating to the Group's corporate governance practices is addressed separately in the Corporate Governance Report in the Company's 2021 Annual Report.

The Group has established the ESG working group, which was formed by the Human Resource and Administrative Department of Hong Kong, Beijing and Guangzhou, and is responsible for collecting data and information for the preparation of the ESG Report. All data and information disclosed in the ESG Report was obtained from the Group's internal records. The Report was reviewed and approved by the Board.

STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their views relating to its businesses and ESG issues. In order to understand and address stakeholders' concerns, the Group has been maintaining a close communication with its stakeholders. The Group takes stakeholders' expectations into consideration in formulating its businesses and ESG strategies by utilizing diversified engagement methods and communication channels, which are shown as below:

Stakeholders	Expectations	Communication Channels
Shareholders and investors	<ul style="list-style-type: none"> Complying with relevant laws and regulations Disclosing latest information of the corporate in due course Financial results Corporate sustainability 	<ul style="list-style-type: none"> Annual general meeting and other shareholder meetings Financial reports Announcements and circulars
Customers	<ul style="list-style-type: none"> Product and service responsibility Customer information and privacy protection Compliant operation 	<ul style="list-style-type: none"> Customer service hotline and email Meetings Corporate website Financial reports
Employees	<ul style="list-style-type: none"> Health and safety Equal opportunities Remuneration and benefits Career development 	<ul style="list-style-type: none"> Channels for employees' feedback (forms, suggestion boxes, etc.) Trainings, seminars, and briefing sessions Performance appraisals

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Stakeholders	Expectations	Communication Channels
Suppliers	<ul style="list-style-type: none"> Fair competition Business ethics and reputation Cooperation with mutual benefits 	<ul style="list-style-type: none"> Supplier management meetings and events Supplier on-site-audit and management system
The Government and regulatory bodies	<ul style="list-style-type: none"> Business ethics Complying with relevant laws and regulations 	<ul style="list-style-type: none"> Regular work meetings Regular performance reports
Community, Non-governmental organizations and media	<ul style="list-style-type: none"> Giving back to society Environmental protection Compliant operations 	<ul style="list-style-type: none"> Public or community events Community Investment Program ESG reports

The Group aims to collaborate with its stakeholders to improve the ESG performance and create greater value for the wider community on a continuous basis.

MATERIALITY ASSESSMENT

The management and staff of the Group's respective major functions have participated in the preparation of the Report in order to assist the Group in reviewing its operations, identifying relevant ESG issues, and assessing the importance of related matters to its businesses and stakeholders. The Group has compiled a survey in accordance with the identified material ESG issues to collect information from relevant departments, business units and stakeholders of the Group.

The following table is a summary of the Group's material ESG issues:

Environmental	Social
<ul style="list-style-type: none"> Emissions Control Waste Management Energy Management Water Management Climate Change 	<ul style="list-style-type: none"> Employment Practices Occupational Health and Safety Training and Career Development Prevention of Child and Forced Labour Environmental and Social Risks of Suppliers Fair and Open Procurement Customer Services Privacy Protection Anti-corruption Community Investment

During the Reporting Period, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues, and confirmed that the disclosed contents are in compliance with the requirements of the ESG Reporting Guide.

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ENVIRONMENTAL

Being mainly engaged in the lottery industry in the People's Republic of China, the Group attaches great importance to good environmental management and strives to fulfil the social responsibility of the Group. The Group is dedicated to protecting the environment by integrating environmental mitigation measures into the Group's operational strategy, such measures cover pollution prevention, wastes reduction, energy saving, etc. The Group has also set the following environmental objectives to guide the overall direction in operating sustainably:

- Fully comply with applicable environmental regulations and other relevant requirements implemented by the Group;
- Drive the development of technologies and engineering as well as the design of environmentally-friendly products in order to reduce negative environmental impacts;
- Implement energy-saving measures, recycle resources, prohibit the use of harmful substances and promote energy consumption reduction during the stages of product research and project planning;
- Provide environmental training for the employees to enhance their environmental and energy-saving awareness; strive for continuous improvement in environmental management through monitoring and education; and
- Share information in a highly transparent manner with stakeholders who are concerned about the Group's environmental achievements and policies.

During the Reporting Period, the Group was not aware of any material non-compliance with the relevant environmental laws and regulations including but not limited to the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China, the Air Pollution Control Ordinance (Cap. 311 of Laws of Hong Kong) and Motor Vehicle Idling (Fixed Penalty) Ordinance (Cap. 611 of Laws of Hong Kong).

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EMISSIONS CONTROL

Exhaust Gas Emissions

The Group's major source of exhaust gas emissions was originated from petrol consumed by vehicles. Thus, the Group has developed clear guidelines in relation to daily vehicular operation. The Group periodically records and monitors the fuel consumed, educates employees to turn off engines for idling vehicles, and conducts regular vehicle inspections and maintenance to enhance vehicle efficiency. The Group's exhaust gas emissions performances were as follows:

Type of Exhaust Gas	2021	2020	2019
Nitrogen oxides (NOx)	154.04 kg	145.67 kg	215.08 kg
Sulphur oxides (SOx)	0.50 kg	0.44 kg	0.56 kg
Particulate matters (PM)	14.55 kg	13.74 kg	20.50 kg

Greenhouse Gas ("GHG") Emissions

The major sources of the Group's GHG emissions were direct GHG emissions generated from petrol consumed by vehicles (Scope 1), and indirect GHG emissions consumed from purchased electricity (Scope 2). To reduce GHG emissions during operation, the Group has actively adopted energy and water conservation measures which are described in the sections headed "Energy Management" and "Water Management" of the Report. During the Reporting Period, the Group's total GHG emissions intensity has decreased by approximately 4.89%. The Group's GHG emissions performances were as follows:

Indicator ¹	2021	2020	2019
Scope 1	82.40 tCO ₂ e	78.92 tCO ₂ e	101.05 tCO ₂ e
Scope 2	108.41 tCO ₂ e	121.71 tCO ₂ e	242.38 tCO ₂ e
Total	190.81 tCO ₂ e	200.63 tCO ₂ e	343.43 tCO ₂ e
Total GHG emissions intensity ²	0.95 tCO ₂ e/employee	0.93 tCO ₂ e/employee	1.30 tCO ₂ e/employee

Notes:

1. GHG emissions data is presented in terms of carbon dioxide equivalent and based on, including but not limited to, The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards issued by the World Resources Institute and the World Business Council for Sustainable Development, How to prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs issued by HKEx, Global Warming Potential Values from the IPCC Fifth Assessment Report, 2014 (AR5), the latest emission factors of China's regional power grid basis, and 2019 Sustainability Report published by Hong Kong Electric Investments.
2. As at 31 December 2021, the Group employed 201 full time employees (2020: 215 and 2019: 265). These data are also used for calculating other intensity data.

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WASTE MANAGEMENT

Hazardous Wastes

Due to the Group's business nature, it had not generated significant amount of hazardous wastes during the Reporting Period. Despite the Group has generated an insignificant amount of hazardous wastes, the Group has established guidelines in governing the management and disposal of such wastes. In case if there are any hazardous wastes produced, the Group is required to engage a qualified chemical waste collector to handle such wastes, which complies with relevant environmental rules and regulations.

Non-hazardous Wastes

With the aim of minimizing the environmental impacts of non-hazardous wastes generated from its business operations, the Group has implemented relevant measures to handle such wastes and has launched different reduction initiatives. As an office-based company, the Group consumes a relative significant amount of paper during our business operation. The Group thereby focuses on reducing paper consumption by introducing various paper-saving measures, such as printing paper on both sides, utilizing electronic means for disseminating information and handling documents, and promoting telephone and video conferences for daily communication, etc. During the Reporting Period, the Group's total non-hazardous wastes intensity has remained steady at approximately 0.02 tonnes per employee. The Group's non-hazardous wastes discharge performances were as follows:

Type of non-hazardous wastes	2021	2020	2019
General Wastes	1.25 tonnes	1.26 tonnes	1.25 tonnes
Paper	2.67 tonnes	0.46 tonnes	0.87 tonnes
Total non-hazardous wastes	3.92 tonnes	1.72 tonnes	2.12 tonnes
Total non-hazardous wastes intensity	0.02 tonnes/employee	0.01 tonnes/employee	0.01 tonnes/employee

Use of Resources

The Group actively promotes the effective use of resources, the Group has implemented the Workplace Management Regulation and adopted various energy-saving practices to achieve the goal of maintaining an environmentally friendly workplace.

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Energy Management

The Group has formulated rules to achieve the goal of electricity saving, such measures include encouraging employees to set air-conditioners at a preferred temperature which reduces the cooling load of the air-conditioning system, turning off lightings and air-conditioners in unoccupied areas, switching off computers and other office equipment after operation hours, and purchasing energy efficient electronic appliances. During the Reporting Period, the electricity consumption intensity has increased by approximately 4.93%. The Group's energy consumption performances were as follows:

	2021	2020	2019
Purchased electricity	152.69 MWh	145.51 MWh	270.52 MWh
Electricity consumption intensity	0.76 MWh/employee	0.68 MWh/employee	1.02 MWh/employee

Water Management

The water consumption of the Group is limited to basic cleaning and sanitation in the offices, and the water consumed equals to the amount of sewage discharged. The Group has been strengthening its water-saving promotion, posting water saving slogans, and guiding employees to use water reasonably. During the Reporting Period, the Group's water consumption intensity has decreased by approximately 47.89%. The Group's water consumption performances were as follows:

	2021	2020	2019
Water	304.1 m ³	583.60 m ³	741.62 m ³
Water consumption intensity	1.51 m ³ /employee	2.71 m ³ /employee	2.80 m ³ /employee

In view of the geographical location of the Group's operation and nature of business, there is no problem in sourcing water.

Use of Packaging Materials

The Group does not consume significant amounts of packaging materials for its products as it does not have any industrial production or factory facilities.

The Environment and Natural Resources

The Group recognizes the responsibility in minimising the negative environmental impacts of its operations in achieving sustainable development, therefore the Group works tirelessly to mitigate the environmental impacts of its activities through adopting various measures. Although the core business of the Group has a small impact on the environment and natural resources, as an ongoing commitment to good corporate social responsibility, the Group realises its responsibility in minimising any negative environmental impacts in its business operations. The Group regularly assesses the environmental risks of its business and adopts preventive measures to reduce the risks and ensures compliance with relevant laws and regulations.

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Climate Change

Climate change and global warming are the major environmental concerns enhance in the world. Despite it having no significant impact on our main business, we still strive to put forward environmental conservation practice and raise the environmental awareness of the employees.

Since our major business operation is carried out in office premises, climate change does not have direct significant impact on the business. To tackle with the extreme weather, the Group will review the existing measures for adverse weather conditions from time to time and ensure normal productivity of the Company and the safety of the employees.

EMPLOYMENT AND LABOUR PRACTICES

Employment

Employees are regarded as the valuable asset and core competitive advantage of the Group, while they also serve as the driving force for the continuous innovation of the Group. The Group applies robust and transparent recruitment processes based on merit selection, and recruit individuals based on their suitability for the position and potential to fulfill the Group's current and future needs.

The Group is dedicated to providing equal opportunity in all aspects of employment and maintaining an inclusive and collaborative workplace culture that is free from discrimination, physical or verbal harassment against any individual on the basis of race, religion, colour, gender, physical or mental disability, age, place of origin, marital status and sexual orientation.

The Group has established the Methodology for Performance Evaluation Management and Employment Rules to regulate the performance appraisal system, and staff performance appraisal will be carried out regularly. Results of the performance appraisal are served as the basis for salary adjustment, promotion, transfer and demotion. The Group does not tolerate the dismissal of employees under any unreasonable basis. Any termination of employment contract would be based on reasonable, lawful grounds and internal policies.

The Group's employees are entitled to paid holidays pursuant to statutory requirements or respective employment contracts. The Group has formulated the Attendance Management Regulation to specify employees' working time and rest periods. Overtime working is subjected to approval from supervisors and overtime working expenses will be reimbursed. The Group has also set up an electronic attendance registration system to continuously monitor the working hours of employees.

The Group pays statutory pension fund for employees in accordance with relevant legal requirements, including the Mandatory Provident Fund for employees in Hong Kong and social insurance payments for employees in the People's Republic of China.

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During the Reporting Period, the Group was not aware of any material non-compliance with employment-related laws and regulations including but not limited to the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Company Law of the People's Republic of China, the Employment Ordinance (Cap. 57 of Laws of Hong Kong).

Gender	Number of Employees	
	2021	2020
Male	152	163
Female	49	52

Gender	Number of Employees	
	2021	2020
Below 30	18	19
30 – 50	143	141
50 or above	40	55

Gender	Turnover Rate	
	2021	2020
Male	6.3%	6.2%
Female	4.9%	4.9%

Health and Safety

The Group is committed to protecting employees' health and safety. The Group has formulated the Physical Access Control Procedure in accordance with local laws and regulations to maintain office order and ensure internal health and safety at workplace. Relevant regulations on facility management, workplace management and fire management are documented in the Physical Access Control Procedure, and responsible personnel are required to constantly monitor the workplace, identify and correct deficiencies that do not meet the standards. The Group also provides safety trainings to increase the safety awareness of all employees, while encouraging all employees to report health and safety incidents and risks whenever identified.

In response to the outbreak of the COVID-19 pandemic, the Group has taken certain actions to strengthen the health and safety precautionary measures in its workplace so as to ensure the health of its employees. Apart from increasing the frequency of office cleaning and sterilisation, employees are also required to wear surgical face masks in office areas. Epidemic prevention supplies such as thermometer and alcohol-based hand sanitisers are provided in office, and guideline on the disposal of surgical face masks is provided to employees to ensure face masks are properly disposed after use. The Group has strictly followed guidelines and announcements made by local governments and regulators in regards to epidemic prevention, and the Group strives to provide a healthy and safe working environment for employees.

During the Reporting Period, the Group was not aware of any material non-compliance with health and safety-related laws and regulations, including but not limited to the Labour Law of the People's Republic of China, and the Occupational Safety and Health Ordinance (Cap. 509 of Laws of Hong Kong).

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Development and Training

The Group has developed the Training Management Policy, and has created a variety of learning opportunities for employees to enhance their competence, job skills, knowledge and performance by the multilevel training system. In daily operations, the Group provides on-board trainings for new employees. Experienced employees will act as mentors to guide the new joiners. Such arrangement does not only enhance team communication and spirit, improve employees' technical skills and managerial capability, while it also encourages employees at all levels to pursue continuous learning and development. The Group also provides the latest industrial information and updates on laws and regulations relevant to the Group's operation and employees' work from time to time.

Gender	Total Number of Staff Attended	
	2021	2020
Male	68	88
Female	22	33

Employee Category	Total Number of Training Hours	
	2021	2020
Senior Management	121	133
Middle Management	421	851
General Staff	412	1,437

Labour Standards

The Group strictly complies with laws to prohibit the employment of child and forced labour in any of its operations. The Group's recruitment management system has set out requirements for the legal working age of employees. The Group reviews and verifies applicant's identity documents such as proofs of academic qualifications and working experience during the recruitment process. Applicant who is suspected to have false academic qualifications and working experiences will not be employed. The Group enters employment contract with each of its employee in accordance with relevant laws and regulations.

During the Reporting Period, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations, including but not limited to the Law of the People's Republic of China on the Protection of Minors, Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, and the Employment Ordinance (Cap. 57 of Laws of Hong Kong).

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OPERATING PRACTICES

Supply Chain Management

The Group highly values the importance of maintaining and managing a sustainable supply chain. The Group manages its supply chain by regularly assessing the environmental and social risks of suppliers, and it urges suppliers to take measures in reducing their environmental and social risks. The Group values the importance of communication with suppliers, including continuous communication during routine work, and establishes strategic cooperation relationship with suppliers through technical support and unique competitive advantage, for which it helps to achieve win-win situation and strengthen the cooperation relationship.

The Group has established a stringent and standardized procurement system to effectively monitor the procurement procedures and cost control, while increasing the transparency of procurement management. The Group conducts procurement on an open, fair and impartial basis, and it does not allow any forms of corruption or bribery. Employees and other individuals with interest in the suppliers are not allowed to participate in relevant procurement activities. The Group has established a rigorous supplier selection system. The Group selects suppliers based on a number of factors, such as business ethics, compliance to relevant industrial standards, regulations and laws, etc, and only suppliers with good track record in the past and no serious violations of business ethics will be selected.

Product Responsibility

The Group provides quality and warm service experiences to consumers and customers through standardised service quality and management. The Group reviews all complaints from customers, suppliers and partners in accordance with internal procedures and guidelines. The Group will conduct investigations to resolve complaints and make improvements accordingly.

The Group recognizes the importance of protecting customers' privacy, and it has established the Information Security Management Procedure in regulating the collection, process, and use of confidential data in order to prevent the leakage of such data. The Information Security Management Procedure has also documented the immediate corrective actions when incidents of data leakages were identified.

During the Reporting Period, the Group was not aware of any material non-compliance with any laws and regulations concerning advertising, labelling and privacy matters relating to products and services provided and methods of redress, including but not limited to the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, the Patent Law of the People's Republic of China, and the Personal Data (Privacy) Ordinance (Cap. 486 of Laws of Hong Kong).

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Anti-corruption

The Group maintains a high standard of business integrity throughout its operations and does not tolerate any forms of corruption or bribery.

The Group has adopted and circulated internally clear guidelines for employees which strictly prohibit bribery, extortion, fraud, money laundering and other acts, and require its personnel to declare any interests in the Group's business partners, suppliers and advisers that may conflict with the Group's business interests.

The Group has adopted a zero-tolerance approach towards all forms of corruption, and disciplinary actions will be taken against any kinds of misconduct or malpractice. The Group has implemented a whistleblowing policy to allow employees to report any suspected business irregularities such as breach of duty, abuse of power, receiving bribes, employees to the Board for investigation and verification. Any person who is found to have victimised or retaliated against those who have raised concerns under this policy will be subjected to disciplinary sanctions. In some cases, the Group might refer the case to regulators and/or to law enforcement authorities when necessary.

During the Reporting Period, the Group was not aware of any material non-compliance with related laws and regulations of bribery, extortion, fraud and money laundering, including but not limited to the Criminal Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Interim Provisions on Banning Commercial Bribery in the People's Republic of China, the Prevention of Bribery Ordinance (Cap. 201 of Laws of Hong Kong).

COMMUNITY

Community Investment

The Group believes that maintaining an inclusive and welcoming community relies on the co-operation of people, corporations and the government. The Group hopes to foster employees' sense of social responsibility by actively encouraging them to participate in charitable activities. Such activities provide employees the opportunities to make contributions to the community, while reinforcing the Group's corporate values. By working with various community partners, the Group believes that it can bring positive impact towards community sustainable development. Moving forward, the Group will continue to seek opportunities to support charitable organizations where appropriate in order to keep bringing positive progress to society.