



**太陽國際集團有限公司**  
**SUN INTERNATIONAL GROUP LIMITED**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock code: 8029)**

**ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE REPORT 2019**

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## **SCOPE AND REPORTING PERIOD**

This Environmental, Social, and Governance (ESG) Report was prepared by Sun International Group Limited (hereinafter referred as the Company, and together with its subsidiaries referred as the Group), highlighting its ESG performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix 20 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the Listing Rules).

The principal activities of the Group are the provision of equine services (including breeding, sales and racing preparations) and financial services (including securities trading, money lending, advising and asset and credit management). This ESG report covers the Group's overall performance in two subject areas, namely, Environmental and Social of the business operations in Hong Kong including four offices in Hong Kong (hereafter office operation) and two horse stud farms in Victoria, Australia (hereafter equine services operation) from 1 April 2019 to 31 March 2020, unless otherwise stated.

Total floor area coverage for the Group was 2,218,524 m<sup>2</sup> (847 m<sup>2</sup> for offices in Hong Kong and 2,217,677 m<sup>2</sup> for the two horse stud farms in Australia).

## **Stakeholder Engagement and Materiality**

In order to identify the most significant aspects for the Group to report on for this ESG report, the Group regularly collects views and discusses ESG issues with stakeholders through a variety of channels, such as engaging in online community and forums, annual general meetings, surveys, and other regular dialogue and meetings. The Group also commissioned an independent third-party consultant to assist in conducting a materiality analysis in ESG aspects, during which frontline staff, suppliers and clients were engaged to gain different prospective and further insights on various ESG aspects and challenges, and have identified the following top material aspects:

1. Employment;
2. Water;
3. Customer Service;
4. Product/Service Quality; and
5. Anti-corruption.

The above aspects were strictly managed through the Group's policies and guidelines, the management process of these ESG aspects will be described in detail in later sections below. Through regular board meetings and meetings among different departments conducted during the reporting period these material ESG issues were discussed and reviewed. The Group will continue to identify areas of improvement in our ESG reporting process and will keep close communication with its stakeholders to share and exchange ideas for advancing the Group's ESG management and to be prepared for future challenges.

## **Stakeholders' Feedback**

The Group welcomes stakeholders' feedback on our environmental, social and governance approach and performance. Please give your suggestions or share your views with us via email at [info@sun8029.com](mailto:info@sun8029.com).

## **The Group's Sustainability Mission, Core Values and Vision**

### ***Core Values***

These core values are created to drive and support the Group's business objectives. They also ensure all employees are aligned with a common understanding of the way they should behave in each situation, providing an overriding sense of purpose and identity within the organization.

Adaptability

Building Trust

Communication

Customer Focus

Initiating Action

Work Standards

Credibility

Loyalty

Accountability

Equality and Respect

VALUES – are nothing without Integrity

The Group has specific mission and vision for major equine services operation:

***Mission***

The Group is committed to placing our clients first in all that we do.

The Group will always aim to meet our client's expectations by providing an extensive range of quality thoroughbred services.

The Group prides itself on achievements and continually strive to improve our performance.

The Group has a dynamic team focused on professionalism and a will to succeed.

The Group will continually strive to be the most efficient and innovative stud in Victoria, Australia.

***Vision***

The Group will:

- Offer a level of service and quality that makes clients want to support us;
- Be a company that staff is proud to work for;
- Be perceived as a prominent player in the racing industry and a threat by our opposition;
- Be sought after as a valued partner by our suppliers; and
- Be an employer of people who make positive contributions, add value to the organisation and whose initiative is encouraged.

The Group will continue to uphold its core values in operating its business, with a focus on contributing to mitigation of climate change and safeguarding staff's occupational health and safety and in the next financial year.

## A. ENVIRONMENTAL

### A.1. Emissions

With major business in financial services and equine services, the environmental impact from the Group were mainly electricity and fuel consumption by vehicles, as well as indirect impact related to use of resources and land use closely involved with horse keeping and breeding. During the reporting period, the Group did not note any cases of material noncompliance relating to air and greenhouse gas emissions, discharge into water and land, and the generation of hazardous and non-hazardous waste as required by the national and applicable laws and regulations. The Group strictly monitors its equine services operation to comply with national and local laws and regulations related to environmental protection, including Environmental Protection Act (1970) Vic in Australia. Green office policy has also been established for better management on energy and waste for all offices.

#### A.1.1. Air Emissions

Similar to last reporting period, petrol and diesel were used for Group-owned passenger cars, light goods vehicles, and other mobile machineries including tractors, contributing to a total emission of 360.21 kg of nitrogen oxides, 15.18 kg of sulphur oxides and 24.27 kg of respiratory suspended particles. The Group's equine services operation involved insignificant amount of liquefied petroleum gas for the canteen, thus no such data is being presented in this report.

#### A.1.2. Greenhouse Gas (GHG) Emissions

Scope of Greenhouse Gas Emissions	Emission Sources		Emission (in tCO <sub>2</sub> e)	Total Emission (in %)
Scope 1 <sup>1</sup>	Combustion of Fuels in Mobiles Sources	Diesel	111.42	31
		Petrol	54.66	15
Scope 2 <sup>2</sup>	Purchased Electricity		179.1	49
Scope 3 <sup>3</sup>	Paper Waste Disposal		4.1	1
	Fresh Water Consumption		0.03	–
	Business Air Travel		15.52	4
<b>Total</b>			<b>364.83</b>	<b>100</b>

<sup>1</sup> Scope 1: Direct emission from sources that are owned or controlled by the Group.

<sup>2</sup> Scope 2: Indirect emissions from the generation of purchased electricity consumed by the Group.

<sup>3</sup> Scope 3: Includes all other indirect emissions that occur in the Group's value chain.

*Note:*

- tCO<sub>2</sub>e = tonnes of carbon dioxide equivalent
- Emission factors were made reference to Appendix 27 of the Listing Rules and their referred documentation as set out by The Stock Exchange of Hong Kong Limited, unless stated otherwise.
- Emission factors used in the calculation of purchased electricity in Australia's operation were made reference to National Greenhouse Accounts Factors (July 2017) by the Department of the Environment and Energy of the Australian Government.

There were 364.83 tonnes of carbon dioxide equivalent greenhouse gases (mainly carbon dioxide, methane and nitrous oxide) emitted from the Group's operations in the reporting period, with an intensity of 0.02 tCO<sub>2</sub>e/m<sup>2</sup>.

#### *Business Air Travel*

With fewer business trips participated in the reporting period, emission from the Group's business air travel has decreased from 29.91 to 15.52 tonnes of carbon dioxide equivalent. For equine services operation, employees travelled by air to and within Australia for meetings, collaboration and promotion activities.

#### **A.1.3. Hazardous Waste**

The Group's overall business did not involve generation of significant amount of hazardous waste, thus no such data is being presented in this report.

#### **A.1.4. Non-hazardous Waste**

Approximately 238.50 tonnes of non-hazardous waste (domestic waste – general rubbish) was generated from stud farm in the reporting period. Waste from stud farm was mainly manure and wood chip from the equine services operation.

The office operation disposed of a total 1,412.5 kg of waste paper in the reporting period similar to the last reporting period.

#### **A.1.5. Measures to Mitigate Emissions**

The Group will continue monitoring the vehicle use and business air travel for business operation. Currently the Group participates in carbon offset for some of the flights and encourages carpooling among employees for commuting. Video conference facilities are provided to avoid unnecessary business air travels.

Regarding emissions related to vehicle use, the increase in petrol consumption was due to expanded scope with additional Group-owned passenger cars, while the increase in diesel use was for tractor to re-seed the property (happens every 3 years) at stud farms. Fleet management has been implemented at office operation to monitor petrol consumption from vehicle use.

#### ***A.1.6. Wastes Handling and Reduction Initiatives***

At office operation, general refuse and waste paper were handled by building management office. At the Group's equine services operation, medical waste such as sharp needles were collected by licensed contractors, while waste batteries and tyres were returned to suppliers for re-processing or recycling. Domestic waste was collected by licensed waste collectors while manure and wood chips were reused on site.

The Group encourages sharing of resources to fully utilize resources and reduce waste. In its office operation, office supplies are centralized so that supplies such as stationaries, binders and file folders are shared among staff. Old cartridges of printers are returned to suppliers and remanufactured toner cartridges are used. Durable and reusable dishes and tableware are provided in pantries to avoid usage of disposable items. Recycling bins were also provided during luncheon and other office events.

In the equine services operation, the Group sells its useable waste such as old vehicles to the neighbourhood whenever possible. Manure is piled at designated area for composting and reused on paddocks or staples. Wood chips from removed trees are also reused as garden beds or mulch. During the reporting period, the Group has reviewed previous years' waste collection practice, and has decide to reduce the frequency of waste collection by engaged collectors, in order to optimize the use of collection service. It was considered cost-effective and help reducing carbon footprint regarding refuse transfer.

Overall, the Group actively recycled 20 kg of waste paper and continued the adaptation and promotion of paper-saving initiatives such as using single-side-used paper for printing drafts and defaulting printers into double-sided printing with double password confirmation. To further encourage office paper recycling, the Group provides ample recycling bins for separate collection of waste office paper. Waste office paper is collected and recycled by licensed recyclers.



## A.2. Use of Resources

The Group has not established policies on the efficient use of resources, nevertheless, employees are reminded of resource conservation practices in offices.

### A.2.1. Energy Consumption

The Group business operations in Hong Kong and Australia resulted in an 12% increase of total energy consumption from the last reporting period. For equine services operation, energy intensity has decreased from 0.18 kWh/m<sup>2</sup> in the last reporting period to 0.05 kWh/m<sup>2</sup> in the current reporting period. For office operation, the energy intensity has increased from 162.119 kWh/m<sup>2</sup> to 464.14 kWh/m<sup>2</sup> compared with last reporting period, mainly due to the increase consumption of diesel.

Energy Consumption Sources	Consumption (in various units)	Consumption (in kWh)
Diesel	33,625 L	338,948
Electricity		219,661
Petrol	18,702 L	170,463
<b>Total</b>		<b>729,072</b>

### A.2.2. Water Consumption

Fresh water consumption by the equine services operation was 45 m<sup>3</sup>, which was mainly supplied by regional urban water corporations, and the rest was extracted from stored rainwater tanks and nearby river. Fresh water consumed in the equine services operation is used for washing horses and gardening. Employees drinking water is supplied from the mains and is tested regularly. For office operation in Hong Kong, the water supply was managed by the building management, thus it is not feasible for the Group to provide water consumption data.

### A.2.3. Energy Use Efficiency Initiatives

For equine services operation, electricity was needed for the unavoidable long opening hours for shift work in office operation and the need of manipulating longer daytime for breeding season for equine services operation. The Group has set up procedures and issued formal notice and guidelines to employees for energy saving and control on lighting, computer and printing power during standby and hibernate status in overall office working setting. Timers were also installed for using lights in early morning and at night in the stables. The Group will continue monitors electricity consumption of stables to explore opportunities to reduce consumption and reminds staff through email to conserve electricity whenever possible.

#### ***A.2.4. Water Use Efficiency Initiatives***

To reduce fresh water consumption, rainwater is collected in tanks and used for barn washing and horse drinking water. Other sources of water include water from dams, ponds and natural creeks, and there was no issue in sourcing water that is fit for purchase.

#### ***A.2.5. Packaging Material***

The Group's business did not involve any use of packaging materials; hence no data nor information is being presented in this report.

### **A.3. The Environment and Natural Resources**

All employees are responsible for maintaining and protecting the environment. Employees are reminded to always consider the impact of their activities on the environment and the local community, including the way in which waste is disposed, chemicals are used and stored, and natural resources utilised.

#### ***A.3.1. Significant Impacts of Activities on the Environment***

The Group understands that its electricity consumption contributes to the Group's biggest emission of greenhouse gases. The Group strives to explore opportunities in optimizing energy use throughout its operation and will gradually phasing out the use of fluorescent lamps in the coming years. Nevertheless, the Group aims to strengthen its effort for ensuring sustainability of the business operations, improving environmental and social performance including information collection, as well as complying with relevant laws and regulations.

## **B. SOCIAL**

### **Employment and Labour Practices**

#### ***B1. Employment***

The Group's current Human Resources policies provide detail procedures on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, and other employees' benefits and welfare. Periodical review, inspection and update of the human resources policies are conducted to ensure their implementation and effectiveness. The Group did not note any cases of material non-compliance in relation to employment during the reporting period. The Group strictly complies with national and local laws and regulations, including but not limited to the followings:

Hong Kong:

- Employment Ordinance (Cap. 57);
- Sex Discrimination Ordinance (Cap. 480);
- Disability Discrimination Ordinance (Cap. 487);
- Family Status Discrimination Ordinance (Cap. 527);
- Race Discrimination Ordinance (Cap. 602);
- Personal Data (Privacy) Ordinance (Cap. 486); and
- Minimum Wage Ordinance (Cap. 608).

Australia:

- Fair Work Act (2009) Cth;
- Sex Discrimination Act (1984) Cth;
- Racial Discrimination Act (1970) Cth; and
- National Employment Standards.

The Group had a total number of 64 employees as of 31 March 2020. The employee compositions (in numbers of employees, excluding independent non-executive directors) by gender, employee category, age group and geographical region were as follows:

Employee Structure		2020	2019
<b>Total number of employees</b>		<b>64</b>	65
<b>By gender</b>	Male	<b>38</b>	38
	Female	<b>26</b>	27
<b>By age</b>	Aged 18-25	<b>4</b>	6
	Aged 26-35	<b>17</b>	17
	Aged 36-45	<b>22</b>	19
	Aged 46-55	<b>11</b>	13
	Aged 56 or above	<b>10</b>	10
<b>By Employment Category</b>	General	<b>46</b>	44
	Middle management	<b>11</b>	9
	Senior management	<b>7</b>	12
<b>By Geographical Region</b>	Hong Kong	<b>38</b>	40
	Australia	<b>26</b>	25

#### *Competitive Compensation and Benefits*

Aligned with the Group's core values, the Group adopted a fair and reasonable approach to remuneration for all managers and employees. Salary package is calculated as the base salary, any allowances with net deductions in respect of any contribution employees might be required by the Mandatory Provident Fund scheme in Hong Kong or the superannuation scheme in Australia. Salary is reviewed annually, with consideration on the factors of the economic situations, market trends, the Group's performances, individual job duties and responsibilities.

The working hours in equine services operation is subject to the minimum workplace entitlements in the National Employment Standards, which has a maximum standard working week of 38 hours for full-time employees. The standard work hours in the office operation is 40 hours per week for full-time employees. Work on statutory holidays due to unforeseen or unavoidable circumstances will be compensated with compensation holidays. All contracts of employment set out terms of remuneration, duration of employment (if applicable), probation (if applicable), hours of work, entitled benefits and welfare and dismissal obligations.

Employees are entitled to paid leave, long service leave, voluntary leave, maternity/parental leave, compassionate leave, sick and carer's leave. Other benefits include staff accommodation, subsidies for company mobile phones, medical insurance, office insurance, employees' compensation insurance and WorkCover insurance.

### *Equal Opportunity*

The Group has policies regarding equal opportunities, anti-discrimination and antiharassment, formulated in accordance with prevailing discrimination and human rights related laws in Australia and Hong Kong. Discriminatory practices are regarded as both illegal and a barrier to effective recruitment and utilization of staff. Equal opportunities are provided to all staff regardless of nationality, race, religious, belief, colour, age, sex or marital status on recruitment, internal transfer, compensation, training and promotion.

Any form of workplace discrimination or harassment is unacceptable and contrary to the Group's policies. Staff may contact the Human Resources Department for any enquiries, grievances or complaints in respect of discrimination arising from recruitment, promotion, transfer, training and termination processes or decisions or grievances related to sexual or disability harassment, and victimization. The Group will promptly commence impartial investigation upon receipt of grievances or complaints. Any breach of the policies will be dealt fairly and promptly, and the consequences of such breach may include termination of employment.

### *Employee Relations*

The Group values open communication. Employees are encouraged to engage in discussions regarding employment terms and conditions. Group's development and updates are circulated among employees mainly through social media platforms. Employees also have their freedom to decide whether they would join an employee association. Regular staff gathering activities are organized to enhance their sense of belonging.

### *Performance Management*

To ensure that superior employee performance is recognised and rewarded, the Group has its policy on performance management. It provides a mechanism for both formal and informal reviews, which provides regular feedback and ensures that related issues are identified and actioned in a constructive and timely manner.

A minimum of two one-on-one meetings are held between employees and their decision or department managers throughout the year, providing a platform for giving and receiving feedback on current performance and discussing any issues impacting on performance. Annual performance review is performed to formalize the one-on-one discussions, review actual results achieved against targets and give employee an overall performance rating. Role clarity issues are also reviewed and updated during the review. Director Awards, Long Service Awards, Executive Management Bonus are presented and offered to recognise exemplary or significant contribution by selected employee to business.

To ensure employees are provided with ample support to achieve the Group and individual goals, employees who fails to meet the Group's standards of work performance or behaviour will be counselled by managers so that issues are promptly identified and corrected.

## Turnover

A total number of 1 employee left the Group during the reporting year, contributing to an overall turnover rate of 2%. For staff retention, the Group regularly reviews staff benefits and has increased leave entitlement for existing employees during the reporting period. The employee turnover rates by gender and age group during the reporting period were as follows:

Employment	Units	2020
<b>By gender<sup>1</sup></b>		
– Male	%	–
– Female	%	4
<b>By age group<sup>2</sup></b>		
– 18-25	%	50
– 26-35	%	–
– 36-45	%	14
– 46-55	%	18
– 56 or above	%	–
<b>Overall<sup>3</sup></b>		<b>2</b>

1 Turnover rate refers to total number of employee turnover of the gender group per total number of employees of the corresponding gender group at the end of the year.

2 Turnover rate refers to total number of employee turnover of the age group per total number of employees of the corresponding age group at the end of the year.

3 Turnover rate refers to total number of employee turnover during the reporting period per total number of employees at the end of the year.

## **B2. Employee Health and Safety**

The Group is committed to ensuring health, safety and welfare of its employees and the timely and effective rehabilitation of injured employees. The Group believes that the achievement of a safe and healthy environment is a collective responsibility and the commitment of all employees is required to ensure the safety of themselves and others in the workplace and the community. During the reporting period, the Group did not note any cases of material non-compliance in relation to health and safety laws and regulations. For equine services operation, the Group strictly complies with Occupational Health and Safety Act (2004) Vic in Australia.

For office operation, periodical fire drill is provided for emergency purpose. No more particular occupational health and safety measures were provided as the office working environment is considered low risk by nature.

In its equine services operation, occupational health and safety (OH&S) manual is laid down in the employee handbook. Employees at stud farm sites are required to work in a safe manner and to use equipment in accordance with the correct operating procedures. Necessary personal protective equipment is provided to employees and visitors. All workplace accidents must be reported to managers with details of the incident and with any injury recorded. Workplace inspections are also conducted periodically by governmental authorities to inspect workplace safety performances in stud farms.

In terms of fire and electrical safety, the stud farms and offices are equipped with certified firefighting equipment and electrical appliances that are regularly checked and tagged. Emergency procedures in case of emergency evacuation are laid down in the employee handbook. During the reporting period, the Group has developed a Bushfire Procedure to ensure employees are fully aware of the steps and necessary actions to follow in case of bushfire. Contact details of key personnel and other important information are also provided in the plan. In addition, asbestos check was performed for the stud farms and the Group's asbestos management was in compliance with all relevant compliance codes, laws and regulations.

To further reinforce and standardize OH&S performance of its equine services operation, the Group also engaged a health and safety risk assessment professional to produce a Work Health & Safety Manual, which has listed comprehensive OH&S strategy, possible hazard, key safety controls and instructions, risk rating for a list of day-to-day activities. OH&S related induction program has also developed and all employees have been trained in the aspects of administration, maintenance, caring for horses and machinery practices.

During the reporting period, there were 289 lost days due to work injuries at equine services operation.

Occupational health and Safety Data	2020
Work related fatality	–
Work injury cases >3 days	6
Work injury cases ≤3 days	–
Lost days due to work injury	289

### **B3. Development and Training**

The Group is committed to ensuring that employees have the necessary skills to do their jobs and is provided with suitable opportunities for on-going development, through both informal and formal means, utilising both internal and external resources. In the reporting period, employees engaged in various training on operational policies and procedures, ordinances, rules and regulation updates. Key topics covered by trainings include:

- Anti-money laundering;
- Equine services on-job training;
- CPR certification and first-aid training;
- Enforcement case study; and
- Counter terrorist financing.

The Group encourages employees to continue their educational development so to improve their work performance and value. Apart from trainings, Vocational Education Sponsorship and Overseas Employee Exchange Program are open for application by permanent employees.

A total of 150 training hours were conducted in the reporting period with more trainings provided on anti-money laundering training and internal policy and procedure update for employees of office operation, and first-aid training for on-site employees of equine services operation. Percentage of employees trained (categorized by gender and employee category) and the training hours (categorized by gender and employee category) are shown below:

<b>Occupational health and Safety Data</b>		<b>2020</b>
<b>Percentage of Employees Trained by Gender</b>		
	Male	58%
	Female	85%
<b>Percentage of Employees Trained by Employee Category</b>		
	Senior Management	–
	Middle Management	6%
	Other Employees	63%
<b>Average Training Hours Completed per Employee by Gender</b>		
	Male	2 hours
	Female	3 hours
<b>Average Training Hours Completed per Employee by Employee Category</b>		
	Senior Management	–
	Middle Management	3 hours
	Other Employees	3 hours



#### ***B4. Labour Standards***

During the reporting period, the Group did not note any cases of material noncompliance relating to preventing child and forced labour. The Group strictly complies with applicable laws such as Employment Ordinance (Cap. 57) in Hong Kong and Fair work Act (2009) Cth in Australia. There was no child nor forced labour in the Group's operation. Job candidates' identity cards, relevant certificates and references are checked to ensure compliance with all applicable laws. There was no non-compliance issue noted regarding labour standards as required by related laws and regulations during the reporting period.

### **Operating Practices**

#### ***B5. Supply Chain Management***

The Group has procurement policy on selection of suppliers with lower price, acceptable quality and its industrial ranking and reputation to ensure that all equipment and consumables such as computer software, hardware and printing machinery, are in good quality, perform consistently and conserve energy. The Group will review current policy and practice and update when necessary on managing supplier's environmental and social risks. Procurement managers of the Group are responsible for maintaining the procurement process and implementing the policy. Suppliers are selected and reviewed upon price and quality of purchased items, with three quotations collected for high value procurement. Suppliers of the office operation focus mainly on supply of computer software and hardware and other service providers, which are selected based on various factors such as industrial ranking, reputation and ongoing performance. During the reporting period, the Group mostly engaged local suppliers, with small number of overseas suppliers providing stallion, professional training, agistment and veterinary services. For office operation, policy and procedures for supplier selection regarding stationery and office supplies have been established.

#### ***B6. Product Responsibility***

During the reporting period, there were no major changes in policies and the Group did not note any cases of material non-compliance regarding product responsibility and strictly complies with the related laws and regulations, including but not limited to Trade Marks Ordinance (Cap. 559), Copyright Ordinance (Cap. 528) and Competition Ordinance (Cap. 619) in Hong Kong, and Privacy Act, Competition and Consumer Act (2010) Cth in Australia. There were no recalls nor complaints received related to products and service provided.

#### *Horses Health and Safety*

The Group strives to provide a high quality and safe environment for breeding and raising horses. Horses are provided with adequate space for free movement in their paddocks and stables. Stable walls are lined with rubber matting for prevention of unnecessary accidents and comfort of horses. Breeding takes place in separate shelters in which stallions are provided with a safe breeding ground with privacy. The stud farms have daily procedures on

horse check and monitoring to ensure that horses are in good health conditions. Employees will immediately contact independent veterinarians for a thorough health check, consultation or treatment if necessary. Veterinary drugs and medications are stored in on-site hospital which only allows access of authorized employees and veterinarians. All the drugs and medication purchased must be registered by veteran with proper labelling with dosage and application. The Group strictly complies with the laws related to racing and breeding practice as set out by Racing Victoria and the Prevention of Cruelty to Animals Act (1986). Regular faecal sampling and vaccination prevent parasite attacks, viral or other diseases in horses.

#### *Stud Farm Management*

For better protection of horses, the Group had started re-fencing of the stud farms in Kerrie and Smithfield a few years ago, replacing wire fencing with plastic fencing. The re-fencing has now been completed. The Group also practises paddock management including paddock and stable rotation for parasite or worm control.

The Group maintains its stud farms with proper tree management. Tree assessments are conducted regularly by arborists so that trees requiring trimming or removal due to safety reasons are identified. Trees on farm are all tagged, showing traces and status of assessments.

#### *Intellectual Property (IP) Rights*

Employees must notify the Group of all inventions, discoveries, improvements or other forms of IP made by the employees during their employment. IP includes products, patents and even systems and plans developed in the course of employees' employment at the Group. An IP in connection with the business of the Group shall belong to and be the absolute property of the Group with no compensation being due to the employee in respect of the IP. Misuse of IP belonging to the Group is prohibited.

Applications and software on computer is monitored by the I.T. Department who strictly follows policy of IP rights protection, other staff is prohibited from loading or altering software on Group assets. On leaving the Group, employees must surrender any Group assets, documents and items containing business information. This includes IP that may have been created whilst working with the Group. Deleting or copying information before leaving is not permitted as IP restrictions continue to apply after employment with the Group has been terminated.

#### *Use of Group Assets*

The Group's code of conduct states that Group assets including goods, money vehicles, computers, phones, e-mail, software, intellectual property or services of the Group's employees (including contractors), must not be used for personal gain. Group properties and merchandise are not allowed to be removed from the Group's premises unless obtained approval. Employee in control of any Group assets, particularly cash or other valuable, is personally responsible for them and must use due care in dealing with those assets, ensuring

the utilization of such assets is in the best interest of the Group. The use of Group property to access or distribute potentially offensive or pornographic material will not be tolerated.

#### *Data Protection*

According to the Group's code of conduct and policy on privacy of personal data, all information relating to the Group business obtained by employees in the course of their employment is to be considered confidential unless the Group has officially made the information public. Confidential information includes but is not limited to documents prepared for internal use, commercially sensitive documents relating to sales, products or merchandising and information obtained verbally whether in formal meetings, during discussions or in any other way. Except as required by law, employees are required to treat all Group information as confidential while they are employed and after their employment with the Group ceases, unless it is in the public domain. The Group was in compliance with all applicable laws and ordinances regarding personal and consumer data protection and privacy.

#### *Advertising and Labelling*

The Group strives to ensure that no misleading or false advertisement and interpretation of its financial products is communicated to customers. The Group signs written agreements with customers that comprise detailed terms indicating a wide range of customers' interests and liabilities.

### **B7. *Anti-corruption***

Independent guidelines and compliance manual are provided to employees about operational policies and procedures relating to bribery, extortion, fraud and money laundering. Periodical compliance audit is performed to monitor the effectiveness of the control of the measures and procedures. Relevant training such as standard practice on anti-money laundering issue are provided to employees on regular basis. During the reporting period, the Group was in compliance with all applicable laws on prohibiting corruption and bribery such as Prevention of Bribery Ordinance (Cap. 201) in Hong Kong and Criminal Code Act in Australia (1996) Cth and Crimes Act (1958) Vic in Australia. There was no concluded legal case regarding corrupt practices brought against the Group or its employees.

#### *Conflict of Interest*

Employees (including contractors and consultants engaged by the Group) of the Group have a potential conflict of interest if, in the course of their employment, any decision they make creates a personal advantage or benefit to themselves or a related third party. When dealing with external suppliers of good and services to the Group, employees must avoid placing themselves in situations of potential conflict of interests.

Any situation potentially involving direct or indirect conflict of interest between an employee and the Group should be avoided unless specifically consented to in writing by the employee's general manager.

### *Fraud, Corruption and Irregular Transactions*

The Group does not allow any unethical or improper payment practices either to obtain business or for personal gain. Any activities related to fraud, corruption and irregular transactions are prohibited. Employees will not be criticised for the loss of business as a result of resisting to make or receive a bribe or inducement to or from a third party. Employees who believe they know of any fraud, corruption, irregular transactions or breach of ethics have the duties to raise the matter with the general manager. The Group will fully co-operate with any related investigation by law enforcement or regulatory authorities.

### **B8. *Community Investment***

With its effort in caring for people, the environment and the community, the Group has been awarded with the Caring Company logo by the Hong Kong Council of Social Service for 7 consecutive years. Employees are also encouraged to actively participate in social services through provision of voluntary leave.

Moreover, the Group organizes annual charity golf tournament in Australia and all proceeds will go to an organization chosen based on their close association to the operation, level of involvement and relevance. Donation of AUD 40,000 was also made to Behind the Barriers, a mental health and wellbeing foundation providing support to Racing Industry participants and their immediate family members suffering mental health issues due to the demands of the Industry.