



Greenheart Group
綠心集團

2020

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

GREENHEART GROUP LIMITED

綠心集團有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 94)

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ABOUT THIS REPORT

This Environmental, Social and Governance Report (the “**Report**”) is prepared in accordance with the requirements of the “ESG Reporting Guide” contained in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The content contained in the Report focuses on providing an overview of the environment, social and governance (“**ESG**”) performance of Greenheart Group Limited (“**Greenheart**” or the “**Company**”) and its subsidiaries (collectively the “**Group**”). It covered the reporting period from 1 January 2020 to 31 December 2020 (the “**Year**”) on information and activities of our headquarters in Hong Kong and our overseas operations in New Zealand and Suriname.

We have evaluated the materiality of the key ESG issues arising from our business and have prioritized the issues that the management of the Group (“the **Management**”) believed are most important to our business and stakeholders in this Report. This Report sets out the Group’s overall sustainability approaches and policies through four different areas, including environmental protection, our people, operating practices, and community involvement.



The Report contains forward-looking statements that are based on certain assumptions and expectations at the time of its publication, which we have deemed to be reliable after careful consideration. These statements involve known and unknown risks and uncertainties, which means that actual results may differ from the expectations, forecasts and/or conclusions made herein. No guarantee is expressed or implied as to the accuracy of these forward-looking statements and the Company expressly disclaim any liability for and assume no responsibility to correct or update these forward-looking statements in the event that any of these statements does not materialize or turns out to be incorrect.

ABOUT US

Greenheart Group Limited is a Hong Kong listed company (Stock Code: 94) engaged in log harvesting, timber processing, marketing, sales and trading of logs and timber products, provision of forest management services and shipping services. Headquartered in Hong Kong, the Group currently owns softwood plantations in New Zealand and certified hardwood concessions in Suriname, South America.

Mission and Vision

The Group is committed to making proactive efforts to continuously interact with key stakeholder groups, which comprise its customers, employees, investors, shareholders service providers and the community, through various channels to understand and address their concerns. The engagement channels with stakeholders include general meetings, corporate website, corporate announcements, annual and interim reports, regular dialogue with employees and networking with service providers.

As a responsible forestry company, our vision is to grow sustainable forestry assets around the world to serve the growing wood deficits in China and the demands of other markets. We embed the sustainability principles into the core of our business strategy, including the focus on the way to protect our forests for the future, to create long-term economic value for our shareholders and to ensure our employees having a safe and healthy working environment.

Greenheart understands that as the demands placed on our planet increase for commodities and natural resources, finding a balance between the needs of mankind and the preservation of our planet is increasingly important. Our biggest asset is our forests. We have set ourselves the highest standards in research and in developing and operating our forests in order to preserve our key assets.

Greenheart is firmly committed to implementing measures to improve the three pillars of sustainability – Environmental, Social and Governance. We believe that sustainability in business is not just window dressing, but is essential to the development of the Company. By adopting sustainable practices, we will gain competitive edge, increase our market share and eventually bring value to our shareholders in the long run. On top of that, we will continuously extend our efforts to improve the local communities that we work with, with a constant focus on social responsibility and to improve the livelihood of the people who live there.

ENVIRONMENTAL PROTECTION

Greenheart has been persistent in conducting its business in an environmentally responsible manner and takes measures to reduce the possible impact on the environment arising from its production and operating activities. We will closely monitor our greenhouse gas emissions and energy consumption and will stay abreast of environment-related regulatory developments in the respective areas where the Group operates.

Our ultimate goal is to achieve the balance between business growth and environmental protection by improving the operations and practices as well as encouraging the employees to adopt environmentally responsible behavior in workplace.

A. GREENHOUSE GAS AND CARBON EMISSIONS

As a forestry and plantation company, Greenheart is aware of the essential role of trees in reducing carbon emissions and hence, we strive to protect the forests and take a sustainable forest management approach so as to maintain the balance between harvesting forest resources for business and the need for the environmental protection. We believe this is also the utmost concern of our stakeholders.

Majority of our carbon footprint is created in the harvesting, trucking and processing activities. Below is the detailed analysis by different divisions:

New Zealand Division

Our New Zealand division's operations consist of plantation, forest management, harvesting and sale of logs. Below are the types of emissions and respective emission data regarding different activities:

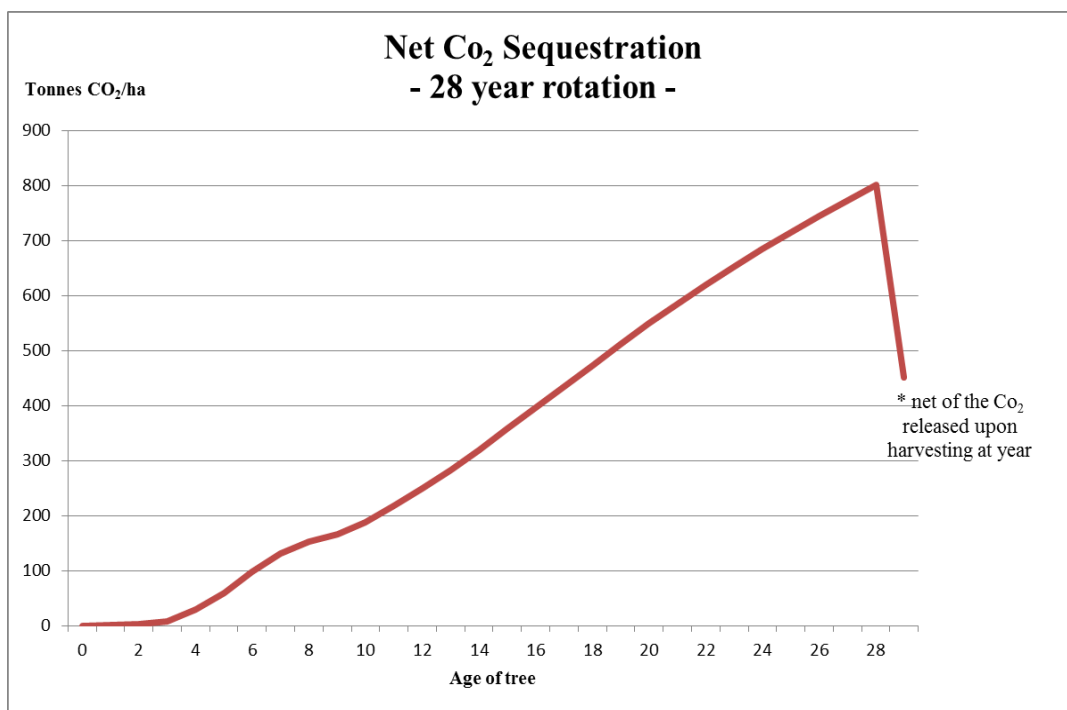
Plantation

All our New Zealand plantations are developed on lands which are unsuitable for farming. As at 31 December 2020, the stocked area is projected to be 14,240.40 hectares with a further 839.70 hectares awaiting replanting. The sole commercial specie is radiata pine. Over 75.7% of the estate is planted on freehold land and will be replanted within 12 months after harvesting. The remaining balance of our estate is held in the form of cutting rights. We will return the related land to the land owners after harvesting. Strict environment controls are in place to minimize harm to the environment as well as the local community. The average age for harvesting is 28 years.

ENVIRONMENTAL PROTECTION

Through carbon sequestration process, our New Zealand forests capture CO₂ from the atmosphere through biological, chemical, and physical process and to offset an emission made elsewhere. The graph below shows the carbon we capture per hectare based on a 28 years rotation.

The drop at the tail-end (at 28th year) accounts for the roots and branches that rot on the ground and release CO₂. The table below assumes that most of the radiata pines we harvested and sold are used for infrastructure and construction and therefore CO₂ will be locked in these products as long as they are in service.



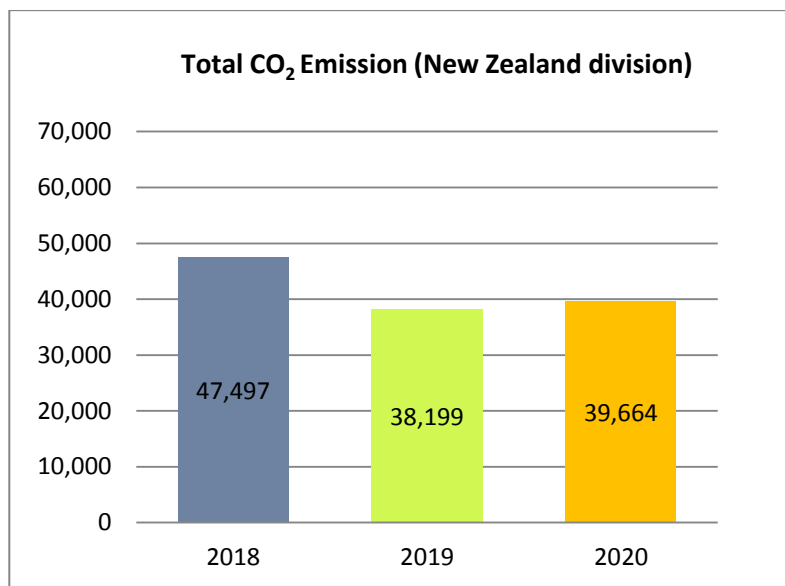
In summary, the net CO₂ absorbed by our plantation activities throughout the life of the radiata pines (i.e. 28 years) is approximately 451 tonnes CO₂ per hectare (after netting of approximately 350 tonnes CO₂ released from residual roots and branches). Given that Greenheart has a total of 15,908 hectares of plantation lands, it is estimated that the net CO₂ absorbed in a full 28-year rotation cycle of our plantation could be as high as 7.2 million (2019: 7.1 million) tonnes.

ENVIRONMENTAL PROTECTION

Harvesting and sales

The emissions from harvesting activities are limited to the exhaust fumes emitted by harvesting machinery, log transport trucks and vehicles.

It is estimated that a total of 39,664 tonnes (2019: 38,199 tonnes) of CO₂ are emitted based on the volume of fuel used in the harvesting and sales activities during 2020 in New Zealand division.



A further breakdown of CO₂ emission from each of our operation activities in New Zealand, together with the comparative figures, is provided in the following table:

Operation Activities	Year 2018 (in tonnes)	Year 2019 (in tonnes)	Year 2020 (in tonnes)
Harvesting <i>(approx. 9.80kg/tonne of logs)</i>	5,050	3,868	3,712
Transport <i>(approx. 6.00kg/tonne of log)</i>	3,647	3,073	3,073
Export Sales (Shipping) <i>(approx. 0.01kg/tonne of logs/km)</i>	38,800	31,258	32,879
Total	47,497	38,199	39,664

Suriname Division

Greenheart continually adheres to the standards required for responsible forest management and complies with all applicable laws and regulations in order to promote rational use of forest resources. Greenheart adapts CELOS harvesting system (“**CHS**”) for all its forestry operation in Suriname. CHS aims to diminish logging damage and to improve the efficiency of logging operation. It is achieved mainly through more focus on planning, timing of operations, directional felling, and winched extraction techniques. Another important requirement of CHS is that the attention to long-term aspects of forest management goes beyond efforts to minimize damage to vegetation and soil, the entire infrastructure, including the main skid trails, is designed in such a way that it can be utilized again in future.

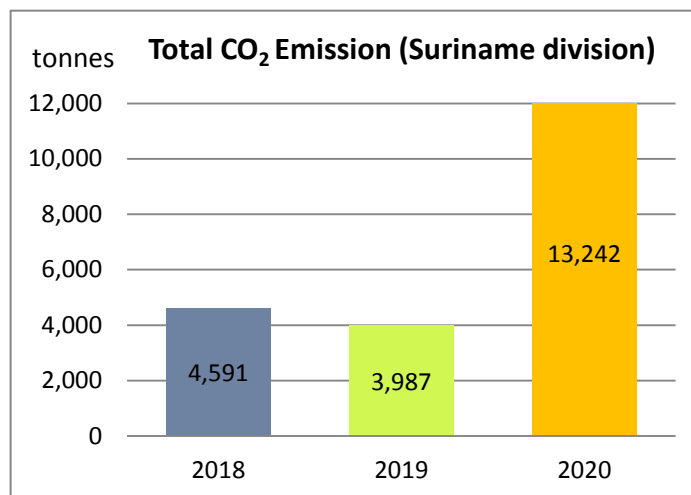
Other than the harvesting method, CHS also restricts the maximum harvest quantity to not more than 25m³ per hectare over a 25-years growth cycle. Greenheart’s harvested volume in 2020 is 4.1m³ (2019: 9.2m³) per hectare which is far below the harvesting volume requirement under CHS.

At present, there is no record about the quantity of CO₂ that is released from trees due to our harvesting activity in Suriname. Given that our Suriname operation has adopted CHS, it should help minimize the damage to vegetation and soil. Moreover, given that our harvesting volume is substantially lower than the CHS requirement (i.e. the annual growth rate of the forest), the forest should be able to regenerate and absorb CO₂ during its growth.

Near the end of 2019, the Group resumed its harvesting in its largest concession in west Suriname and its production started to pick up for the Year. Given this, substantial increase in CO₂ and certain kinds of Greenhouse Gas (“**GHG**”) emission was recorded during the Year. To effectively mitigate carbon footprint, we use specific types of machinery and methods for harvesting which can produce less emissions arising from our harvesting activity.

ENVIRONMENTAL PROTECTION

It is estimated that a total of 13,242 tonnes (2019: 3,987 tonnes) of CO₂ are emitted based on the volume of fuel used in the harvesting and sales activities during 2020 in Suriname division.

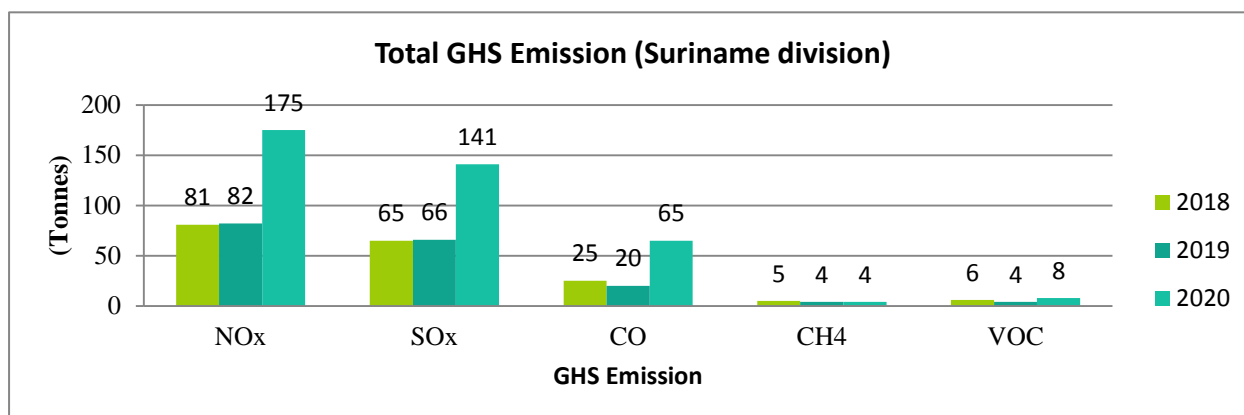


A further breakdown of CO₂ emission from each of our operation activities in Suriname is provided in the following table:

Operation Activities	Year 2018 (in tonnes)	Year 2019 (in tonnes)	Year 2020 (in tonnes)
Energy Generators (<i>approx. 59.05kg/CBM harvested logs</i>)	719	880	1,880
Harvest and Roding (<i>approx. 8.85kg/CBM harvested logs</i>)	714	47	955
Trucking (<i>approx. 21.27kg/CBM harvested logs</i>)	691	85	3,807
Barging (<i>approx. 6.232kg/CBM harvested logs</i>)	32	0	234
Export Sales (Shipping) (<i>approx. 439.63kg/CBM exported logs and lumber</i>)	2,435	2,975	6,366
Total	4,591	3,987	13,242

ENVIRONMENTAL PROTECTION

Regarding other GHG emission from our Suriname operation in 2020, the following were calculated based on the fuel consumption data available.

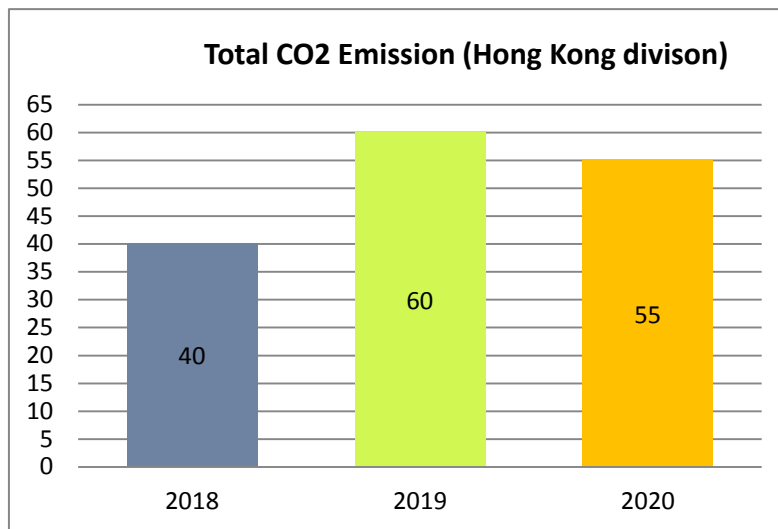


Operation Activity		2018	2019	2020	Operation Activity		2018	2019	2020
		(tonnes)	(tonnes)	(tonnes)			(tonnes)	(tonnes)	(tonnes)
NOx	Energy (Generators)	0	0	0	SOx	Energy (Generators)	0	0	0
	Harvest and Roding	0	0	0		Harvest and Roding	0	0	0
	Trucking	0	0	0		Trucking	0	0	0
	Barging	0	0	0		Barging	0	0	0
	Export Sales	81	82	175		Export Sales	65	66	141
	Total	81	82	175		Total	65	66	141
CO	Energy (Generators)	5	4	9	CH4	Energy (Generators)	1	1	1
	Harvest and Roding	4	1	5		Harvest and Roding	1	1	1
	Trucking	3	1	19		Trucking	1	1	1
	Barging	1	0	1		Barging	1	0	0
	Export Sales	12	14	31		Export Sales	1	1	1
	Total	25	20	65		Total	5	4	4
VOC	Energy (Generators)	1	1	1					
	Harvest and Roding	1	1	1					
	Trucking	1	1	2					
	Barging	1	0	0					
	Export Sales	2	1	4					
	Total	6	4	8					

ENVIRONMENTAL PROTECTION

Hong Kong Head Office

During the Year, the CO₂ emission in Hong Kong Head Office is mainly generated from the consumption of purchased electricity amounted to 55 tonnes (2019: 60 tonnes).



Non-Hazardous Waste

The only type of non-hazardous waste Greenheart produces during its production process is the roots and branches left in the forests after harvesting and waste wood produced when log bolts are cut into lumber in sawmill.

New Zealand Division

The wood waste from the operation in New Zealand division is mainly the roots and branches left in forest after the harvesting. As mentioned above, there will be approximately 350 tonnes CO₂ per hectare released from roots and branches after harvesting. Based on the total hectares of plantation which are harvested in 2020, a total of 132,300 tonnes (2019: 148,750 tonnes) CO₂ were released due to the harvesting activities.

ENVIRONMENTAL PROTECTION

Suriname Division

Same as New Zealand division, Suriname harvesting activity will also cause roots and branches left in the forest. On top of that, most of the waste wood in Suriname division is produced when log bolts are cut into lumber in the sawmill.

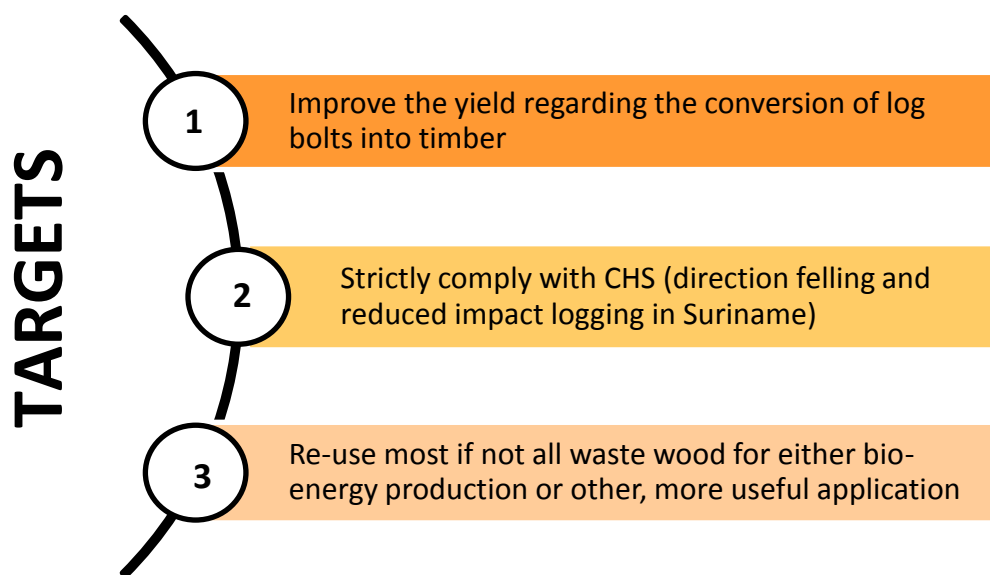
On average, the sawmill turns log bolts into Green Rough Sawn (GRS) with an efficiency of 40%, resulting in 60% wood waste that can be used for, for example, bio-energy production. The Company is looking into other recover wood products such as Charcoal and Artistic furniture.

We are working to refit the wood-based bio-energy plant in West Suriname. This plant will be used to maximize the use of the wood waste for bio-energy to power the wood processing facility and substantially reduce carbon emissions by reducing the consumption of diesel.

B. EFFICIENT USE OF RESOURCES

Wood

Wood is the Group's main product and producing materials, thus the optimization of the use of wood is of the utmost importance to the Group from both commercial and environmental perspectives. Therefore, there are constant strives across the Group for the best and efficient methods on the usage of wood.



ENVIRONMENTAL PROTECTION

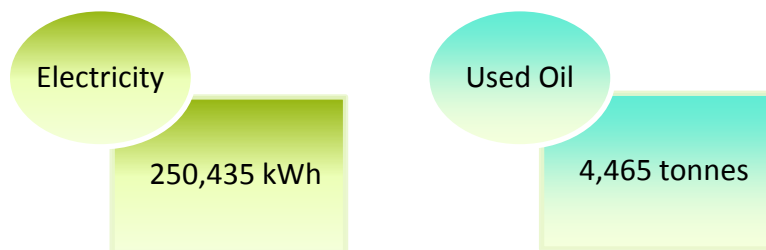
Packaging Material

With the aim to effectively reduce the use of packaging materials and avoid waste, unless customers request, all our logs are sold unpackaged and packaging materials are limited to metal straps and plastic wrap. In 2020, we consumed a total of 20 (2019:20) rolls of metal strap and 5 (2019: 5) rolls of plastic wrap for packaging.


Electricity and Others

The resources used by Greenheart are principally attributed to electricity consumed at its offices and the fuel oil consumed from harvest machinery and log transport trucks.

Energy consumption of the Group in 2020



The Group has always placed great emphasis on energy conservation. To achieve this, we continually apply efficient energy consumption strategy to improve energy saving and reduce energy consumption.

To green our office, Greenheart actively promotes the **3R**  concepts - “Reduce, Reuse and Recycle” in daily business activities.

ENVIRONMENTAL PROTECTION

Reduce

- maintain the office temperature at 25.5°C
- install energy-efficient light tubes and use natural daylight for office as far as possible
- remind employees to switch off all computers, office equipment and air-conditioners when not in use
- use audio/video conferencing to reduce business travels
- promote paperless office which encourage staff to read and send documents electronically to reduce printing and to print and photocopy documents on both sides of paper

Reuse

- a clear label tray with one-sided printed paper is placed near the photocopies to encourage staff to use those paper print informal documents or draft
- reuse paper boxes for storage or archiving documents instead of throwing them away

Recycle

- collection of waste paper for recycling
- collection of toner cartridges for recycling

Furthermore, during the Year, we have:

- ✓ joined the “No Air-con Night 2020” organized by Green Sense
- ✓ joined the red packets recycle and reuse programme organized by Greeners Action
- ✓ joined the “Earth Hour 2020” organized by the World Wide Fund for Nature

C. ENVIRONMENT AND NATURAL RESOURCES

Greenheart is committed to conducting its business activities in an environmentally conscious manner and it strives to mitigate the environmental impacts caused by our operations. To achieve this, the Group has established the “Corporate Environmental Policy” which sets out the measures for controlling the forest/plantation operations in both New Zealand and Suriname divisions. Measures include, but not limited to:

- A lot of plants were placed in offices to purify the air and cleanse the working environment;
- Conduct environmental impact assessments on a regular basis;
- Ensure stream and waterways are protected and not disturbed by harvest activities;
- Protect native plants and fruits that may border the harvest area;
- No exotic species or genetically modified organism are used at any stage of production process;
- The use of chemicals is limited and whenever chemicals are used, a register will be kept for monitoring purpose;
- The timber harvesting never exceed the sustainable yield of the forest;
- Reduce erosion through correct engineering and seeding of disturbed areas;
- Production activity will be stopped during period of heavy rainfall to protect the soil; and
- No production activity will take place in vulnerable areas and high conservation value forests.

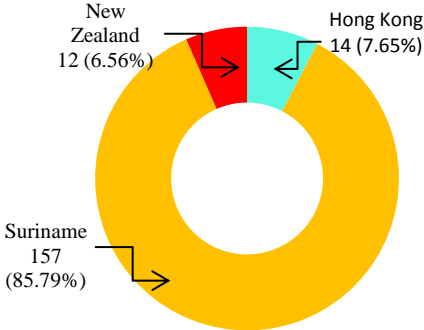
OUR PEOPLE

Employees are one of our key stakeholders. Greenheart cares about our employees and regards them as one of the important resources for the development of the Company. To attract and retain the best people for the Group, we endeavor to build a comfortable, healthy and equal working environment for our employees and ensure that all their rights and interests are protected.

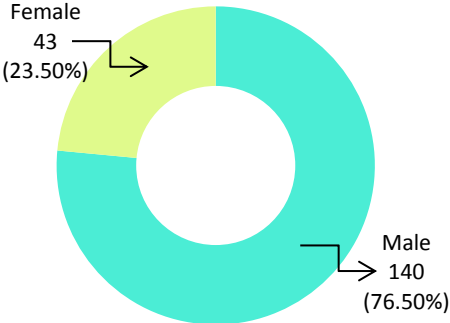
A. EMPLOYMENT AND LABOUR PRACTICES

The Group has a total of 183 (2019: 218) employees in 2020. Below is the detailed breakdown of our employees by region and gender:

Employees by Region



Employees by Gender



The Group prohibits child labour and forced labour in any workplace.

During the Year, the Group strictly complied with all applicable labour standards and employment laws and regulations of its respective operating bases and no non-compliance related to employment was noted.

We believe that each employee should be treated equally and ensure that employees in the workplace or job applicants during the recruitment process will not be subject to any form of discrimination.

OUR PEOPLE

Depending on the needs of the job positions, the Company recruits talents through different recruitment channels, including internal recommendation, internal promotion, job transfer or social recruitment.

All employees and job applicants are assessed based on their skills, qualification and performance irrespective of their ages, marital status, races, religions and nationality, gender, disability, sexual orientation or political background.

The Group adopted an employee handbook that includes the terms and conditions of employment, the staff benefits and the office rules and policies. Furthermore, all employees of the Group have entered into written employment contracts and such contracts shall include dismissal term where the Company has the right to terminate such contract with an employee who willfully violates local laws and regulations and the Group's policy.

Employees' remuneration packages include basic salaries and performance-based bonuses which shall be determined by their qualifications, experience and prevailing market rates. Salaries and promotion opportunities are normally reviewed annually based on individual performance appraisals. Apart from the basic remuneration package, Greenheart also offers a wide range of benefits including medical and hospital insurance coverage, Chinese New Year red packet and paid leaves for sick, marriage and bereavement in addition to statutory holidays.

All employees enjoy rest days, statutory holidays and paid annual leave according to the respective government laws and regulations. No employee is paid less than the minimum wage specified by the government regulations in different jurisdictions.

To improve operation efficiency in our Suriname division, we have undergone workforce rationalization process based on strategic workforce planning. We have worked with the labour union and maintained direct communication with them to ensure the transparency throughout the process, including but not limited to the selection and compensation. In order to avoid any ambiguity and disputes, mutual separation agreements would be signed between Greenheart and these employees setting out the terms and conditions of the termination of the employment.

OUR PEOPLE

B. EMPLOYEE HEALTH AND SAFETY

Greenheart places the highest priority on securing health and safety of all our employees. We endeavor to protect them from work-related accidents or injuries and the Group pledges full compliance with the relevant occupational health and safety legislation of Hong Kong, New Zealand and Suriname.

The Company provides insurance covering medical treatments and accidents to eligible employees. In order to avoid accidents and ensure that all employees work in a safe manner, we implement tailor-made “Workplace Health and Safety Manual” for different working conditions and needs which stipulates clearly the safety procedures as well as emergency response plans. Those established policies and guidelines will be reviewed periodically and further improved to better protect our employees. At the same time, first aid kit is available at each workplace to ensure that any employee who is injured or ill at work can receive immediate attention.

In 2020, the Group has maintained a good and safe working environment and was not subject to any punishment by the government and did not have any litigation filed against the Group pertaining to employee health and safety issues.

New Zealand Division

In New Zealand, we have strictly complied with The Health and Safety at Work Act 2015 (the “**HSWA**”) which came into force in April 2016 to ensure that the health and safety of people employed or engaged is not put at risk from work carried out by the Company. To fulfill commitment of providing a safe working environment and equipment to all contractors and employees, the Group has gradually implemented a new safety management system to assist the contractors and employees to better identify and manage risks factors in the workplace. In addition, our New Zealand forest managers have arranged training to the employees of our contractors to enhance their understanding of the requirements under the HSWA and keep their knowledge of work health and safety matters up-to-date. A clean health and safety policy and procedure is adopted which will be reviewed and updated periodically.

OUR PEOPLE

Suriname Division

In Suriname, we have complied with all national laws, for example Suriname Safety Law of 1947, which prescribes all safety measures that need to be taken by the employer in order to guarantee a safe working environment. Also, not only personal protective equipment that meet the requirements of occupational hazards will be provided and workers are asked to use available and applicable protection measures at all times to avoid accidents, we also have facilities to provide first aid assistance and have an operational emergency procedure to make sure employees are held in the best possible ways in case an accident might occur. Furthermore, all workers are well-trained with respective safety knowledge before working in the respective areas and they have the right to refuse to work in an unsafe environment in accordance with our employee handbook. In addition, we regularly co-operate with different institutions such as Red Cross, Forestry Training Center Inc. (Guyana) to organize various occupation safety talks for our workers.

An overview of performance of the Group's health and safety area during the Year:

Indicators	Unit	2020			
		Hong Kong	New Zealand <i>(Note 1)</i>	Suriname	Total
Fatality or permanent disablement cases recorded	number	0	0	0	0
Number of employees died during duty	person	0	0	0	0
Number of working days loss from working injury	days	0	1	38	39

Note:

(1) Including contractors' employees who are working for Greenheart during the Year.

Precautions against the Covid-19 pandemic (the "Covid-19 Pandemic")

As Covid-19 pandemic has been spreading worldwide, the Group has taken a variety of measures to protect the health of our employees which include:

- All employees and visitors entering the office should wear masks;
- Measure and register the body temperature of employees and visitors before entering the office;

OUR PEOPLE

- Strengthen the disinfection and cleaning of the workplace, including meeting rooms, tables and door handles;
- Alcohol-based hand sanitizers have been placed in various locations in the office;
- Anyone who or whose family members have been in contact with suspected cases or confirmed cases must immediately notify his/her supervisors and Human Resources Department; and
- Allow flexible working hours and work from home arrangements for our staff.

c. DEVELOPMENT AND TRAINING

Greenheart strives to provide an environment where our employees can grow professionally and develop their career path that meets the long-term growth of our business simultaneously. We encourage our staff to undertake training and further studies to enhance their job-related skills and knowledge.

Education allowances are offered to our employees to attend training courses organized by professional institutions from time to time to enhance their professional and technical knowledge. The Group also provides its directors with regular reading materials to ensure that they keep abreast of the latest regulatory requirements, corporate governance practices, financial information and market trends.

In our Suriname division, we have created “Standard Operational Procedures Manual” for most of our activities which set out instructions for workers to carry out routine operations. It not only forms the basis of on-the-job training to our employees but also assists us to improve the overall operation efficiency and uniformity of performance in the long run. The procedures will be explained to each new employee before they begin their job and refreshments are given annually or whenever needed. All trainings are registered in a database which allows the managers to keep trace of the training records of each employee even if the training was given in another location.

OPERATING PRACTICES

Providing the highest quality of timber to customers around the world is not only our commitment to customers, but also our core business strategy aiming to stay competitive in the ever-changing global market and to maintain our leading position amongst industry peers. Also, throughout its operations, the Group ensures that it is in strict compliance with all national and regional policies regarding anti-corruption.

A. SUPPLY CHAIN MANAGEMENT

The Group has its standard operating procedures in place with periodical audit and reassessment of the procedures. Each operating unit has its supply chain and purchasing department with clear lines of segregations.

The procurement of equipment, products and services is undertaken through an open and fair competition to ensure we engage a product/service provider that can best meet the Group's particular needs in which their experience, technical expertise and capacity will be taken in account. To better enhance the sustainability of the Group's development, priority will be given to those product/service providers with environment-friendly products and are actively fulfilling social responsibilities.

Formal agreements will be entered into with each product/service provider before cooperation, listing out all the legal, regulatory, and various additional sustainability requirements. Internally, an authorization process is in place to ensure that no engagement of product/service provider is made without the approval of the Company's authorized personnel.

All product/service providers are treated in an equal manner in order to develop a long-term working relationship with each of them. Also, we will carry out quality review on the selected product/service providers based on price, quality and after-sale service periodically to ensure sustainable quality material and services are received.

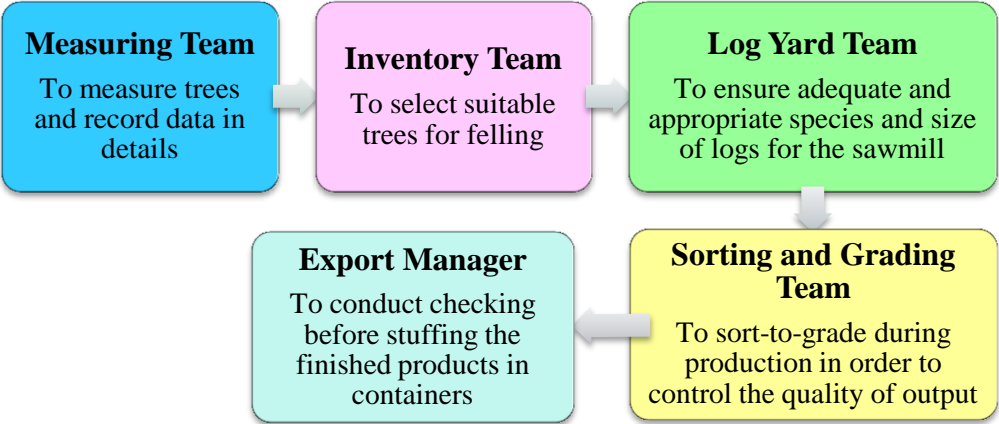
To better manage our production process, we have specially developed a system for the Company to track the entire supply chain and trace a specific product at any given time.

OPERATING PRACTICES

B. PRODUCT RESPONSIBILITY

We understand that apart from quality, customers are becoming more concerned about environmental matters and more likely to purchase and use eco-friendly products. Greenheart is fully aware of and in fact supports this market trend and implements product certification and well-established quality inspection procedures to ensure that all our products meet quality standard and sustainable development requirement.

On the other hand, in order to improve product quality and reduce waste of resources, the Group has established a workflow for quality control which will be performed by certain teams during different stages of the production process.



Our wood comes from responsibly managed forests which are being managed in a way that preserves the natural environment and benefits the lives of local people while ensuring its sustained economic viability.

At the same time, the Group emphasizes the importance of protecting the privacy of our customers and business partners. The Group’s information technology department has maintained a comprehensive data protection system to ensure that the data we collect is protected and our customer’s privacy is respected.

No complaints received from customers or business partners due to disclosure of information during the Year.

The Group strictly abides by the regulation regarding the collection, processing and use of the information collected from our customers and business partners. When signing a

OPERATING PRACTICES

contract with a customer or a business partner, a term on confidentiality of their information will be included to avoid disclosure of their information. Employees are obligated to retain in confidence any information obtained in connection with their employment, including but not limited to trade secrets, client information, supplier information and other proprietary information.

C. ANTI-CORRUPTION

Greenheart values credibility and integrity and prohibits any form of corruption or malpractice such as bribery, money laundering, extortion and fraud. The Group has formulated and strictly enforced anti-money laundering and counter-terrorist financing policy to prevent, identify and control the risk of fraud and corruption. We believe that strong ethical conduct is essential in building a sustainable business and gaining the trust from our employees, customers, suppliers and other business partners.

Binding terms have been included in their respective employment or service contracts to ensure that directors and employees act in accordance with the Group's requirements on anti-corruption. Under no circumstances are they permitted to use inside information for their own private gains. At the same time, the Company has been consistently improving its internal control system in order to prevent corruption and fraud. Employee handbook which lays out the Company's expectations and guiding principles on bribery prevention is provided to each employee.

To maintain a fair, ethical and efficient business and working environment, the Group has established and strictly enforced whistleblowing policy to provide employees with a confidential platform to raise concern about any suspected cases of misconduct and malpractice.

During the product/service providers' selection or procurement processes, employees are reminded to avoid misuse of authority or being engaged in situations which could affect their ability to make decisions. No confirmed legal case brought against the Group and its employees concerning corruption during the Year.

COMMUNITY INVOLVEMENT

Being a responsible corporate citizen, Greenheart has been actively involved in community projects near the towns and cities where we worked. Our strategy is focused on working with other non-profit organizations to improve underprivileged people's lives and promote environmental awareness.

A. CORPORATE GIVING

During the Year, Greenheart has donated a total of approximately HK\$22,000 (2019: HK\$88,000) to different charity organizations. For example, Haven of Hope.

B. EMPLOYEE VOLUNTEERING

In addition to donations, we also encourage our employees to contribute their time and efforts in various local community projects in the regions where we operate. In recent years, we have consistently participated in different social welfare activities.

Hong Kong Head Office

In this Year, our employees in Hong Kong participated in Qile Cake (耆樂餅) charity sale project, which aimed at raising funds for the elderly care service (Organizer: Haven of Hope Christian Service).



Greenheart has been awarded the “Caring Company” Logo by the Hong Kong Council of Social Service for 5 consecutive years since 2015 in recognition of our significant efforts on social responsibility.

New Zealand Division

Our forest management company has a dedicated community team who will handle the communication, relationship development, concern and disputes with the related communities. They have worked closely with schools, police and trucking companies to improve safety on the roads and ensure children are made aware of the possible dangers.

COMMUNITY INVOLVEMENT

Greenheart has also liaised with the Department of Conservation to ensure that the New Zealand public can have access to safe areas of the forest for recreation.

Suriname Division

The local management and employees are committed to giving back to the community through various channels. For instance, collaboration and alliances with institution and conservation groups for the betterment of wildlife, agricultural and environment, provide education to local workforce and senior stakeholders, and provide assistance to local community and government department to expand business opportunities.

On top of this, we respect and care about the cultures and institutions of the indigenous and tribal people in Suriname. Although Suriname has not ratified The Indigenous and Tribal Peoples Convention, 1989 (the “**ILO Convention 169**”), we have incorporated the principles laid down in the ILO Convention 169 into our Group’s policies which include:

- ✓ **C**onsult with the indigenous people concerned with regard to the management of forest resources that may affect them
- ✓ **A**llow indigenous people to do subsistence economy and traditional activities such as fishing and hunting in the concession areas
- ✓ **R**ecognize the rights of ownership concerned over the lands that the indigenous people traditionally occupy
- ✓ **E**nsure that the indigenous people enjoy equal opportunities and fair treatment in employment

In order to build and maintain good enduring relationship with the local communities which are both Amerindian and Maroon tribes, we offer job opportunities towards these local communities in both the forest operations and the sawmill and organize regular meetings to ensure complaints, issues and questions are addressed in an efficient way. We will also organize training session with Dienst’s Lands Bosbeheer – Service Forest Management to inform the local communities about the national hunting laws and regulations.