



TFG International Group Limited
富元國際集團有限公司

(Formerly known as Ceneric (Holdings) Limited 新嶺域 (集團) 有限公司)
(Incorporated in the Cayman Islands with limited liability)

Stock Code : 542

2017
Environmental,
Social and
Governance Report

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Environmental, Social & Governance Report

ABOUT THE REPORT

TFG International Group Limited (formerly known as Ceneric (Holdings) Limited) (the “Company”, stock code: 542) has been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 1989. The Company and its subsidiaries (collectively, the “Group”) is engaged in diversified businesses including property development and hotel business operations in Maoming, China.

The Group reaffirms its commitment towards sustainability with the publication of its second Environmental, Social and Governance (“ESG”) Report. The Board confirms that it has reviewed and approved the report. For governance section, please refer to our 2017 Annual Report from pages 17 to 28.

Reporting Guidelines

Aiming to be plain, clear, and easy-to-read, this report is prepared in compliance with the ESG Guide set out in Appendix 27 to the Rules Governing the Listing of Securities of the Stock Exchange (the “Listing Rules”).

Reporting Boundary and Period

Covering the financial year from January 1, 2017 to December 31, 2017, the report discloses the Group’s environmental and social performance from the Hong Kong headquarters and its hotel operation, La Palazzo Hotel, in Maoming, China.

Feedback

Your feedback is valuable to help us further improve the report. Please feel free to contact us for any questions or comments at cosec@tfginternationalgroup.com

Environmental, Social & Governance Report

MESSAGE FROM CHIEF EXECUTIVE OFFICER

Dear Stakeholders,

We are proud to present the second Environmental, Social and Governance report of the Group.

Sustainable development is a long journey and calls for long-term commitment. Through different ways and means of enhancement and improvement of policies, we are committed to providing the best service to our clients and placing sustainability initiatives as the top priority, which allows us to take big strides toward our commitment. To that end, we are pleased to present our environmental and social performance in the past year in this report.

For promoting environmental sustainability, we stepped up our efforts to reduce emissions and waste generated. In addition to installment and development of systems for reduction of food waste and air pollution, such as food waste collectors and fume treatment, we have integrated daily practices for developing energy saving habits among our employees by providing training courses, encouraging active participation of our employees to address the waste issues together.

We recognize the support and valuable contributions from our employees and attach great importance to providing a safe, fair and healthy workplace for them. Personal protective equipment are provided to mitigate the risk of occupational health and safety. The Group also arranges “Welcoming Ambassadors” as mentors to welcome and assist new staff for adapting to the new workplace. We place great emphasis on physical and mental health by organizing activities such as tours for outstanding employees and birthday parties for relieving pressure and enriching their lives.

The Group is committed to providing quality service to its clients and placing their safety, security and privacy on top priority. Meanwhile, our Group remains dedicated to support community and charity affairs, giving back to the society. We fully support employee participation in charity services through taking practical actions.

Looking forward, we will continue to fulfill our share of corporate social responsibility through ongoing engagement with key stakeholder groups and making improvements. On behalf of the Board and the management, I would like to express our gratitude for your continuous support and we are looking forward to your engagement in our future journey.

On behalf of the Board
WONG Kui Shing, Danny
Chief Executive Officer

Hong Kong, 15 June 2018

Environmental, Social & Governance Report

ESG MANAGEMENT APPROACH

Environmental and social impacts of our business operations are of increasing concern to our stakeholders including employees, customers, suppliers and government departments. The Group is fully aware of the importance of essential communication with its stakeholders and maintains regular dialogue both internally and externally. The communication between the Group and the staff is integrated with daily operations, ensuring effective exchange of views through regular meetings. For external communications, we regularly communicate with customers, suppliers, and government departments and collect feedback from customers and the community.

The Group understands impacts of sustainability issues on its various stakeholders. Thus, we determine the importance of sustainability indicators through internal discussions on the overall consideration and board approval. As this report mainly focuses on hotel operations, performance indicators related to the operations of the hotel, including energy consumption and talent management are the focuses. These disclosures provide our stakeholders a better understanding of our performance in the environmental and social aspects.

ENVIRONMENTAL SUSTAINABILITY

The Group attaches great importance to environmental sustainability in its daily operations to achieve the goal of sustainable development. During the year, the Group strictly complied with relevant environmental laws and regulation, including Law of the People's Republic of China on Conserving Energy and Regulations of Guangdong Province on Conserving Energy and met the requirements of Energy Consumption Limits of Hotels and Shopping Malls in Guangdong Province (Trial). During the year, the Group is not aware of any non-compliance of laws and regulations that have a significant impact on the Group relating to air and Greenhouse Gases (GHG) emissions, discharges into water and land, or generation of hazardous and non-hazardous wastes.

To minimize the environmental impacts caused by our business, the Group has an integrated management system. Within the hotel, we engage employees and customers in environment-friendly daily practices while ensuring the quality of our services. We carry out thorough checks in the process of hotel operations and emissions to ensure that our performance is aligned with relevant laws and regulations. The major environmental performance of the Group relates to operations and management of the hotel in Maoming as the contribution of the Hong Kong office is relatively insignificant.

Environmental, Social & Governance Report

Resources Consumption

The main resources consumed by the Group include electricity, natural gas and municipal water. During the year, the Group's hotel business consumed a total of 4.65 million kWh of electricity and 97,500 cubic meters of natural gas. In addition to energy consumption, the hotel business consumed 75,000 tonnes of municipal water during the year. In addition, 9,234 kWh of electricity and 455 litres of petrol were consumed by our Hong Kong office in 2017.

Resource type	Unit	2017
Electricity (Hong Kong)	kWh	9,234
Electricity (Maoming)	kWh	4,650,000
Natural gas	m ³	97,500
Petrol	Litres	455
Total energy consumption	MWh	5,718
Energy intensity	kWh/HK\$'000 Revenue	172
Municipal water consumption	tonnes	75,000
Water intensity	tonnes/HK\$'000 Revenue	2.2

Based on the energy consumption during the year, the Group's GHG emissions of the hotel business and Hong Kong office are estimated at 2,668 tonnes of carbon dioxide equivalent (tCO₂e).

Scope of emission	Unit	2017
Scope 1	tCO ₂ e	212
Scope 2	tCO ₂ e	2,456
Total	tCO ₂ e	2,668

Resources Conservation

The Group actively manages energy consumption in its daily operations. During the year, the Group continued the efforts on energy-saving projects and improved its energy efficiency. We have implemented a few energy saving projects in the hotel. The "air conditioning and hot water" project includes the usage of solar hot water supply system and heat recovery system to recover the heat ventilated from the laundry. Hot air generated was used to heat up water and the resulting cold air was used to supply the elevator room, shaft and bridge box to reduce the air conditioning power consumption. In addition, the Group continues to use energy-saving lamps and body sensors switches are installed in fire escapes.

To achieve the goals of energy saving, the Group's hotel business has set up an energy-saving group with energy-saving incentive rewards and penalty scheme in place to reward or penalise departments based on the energy consumption performance. We also provide energy-saving training and organize energy-saving technology training courses to our staff so as to enrich the understanding of energy-saving initiatives and integrate energy-saving habits into their daily duties.

We also put emphasis on reducing usage and recycling of water resources. To reduce fresh water consumption, we reuse water from the hotel pool for landscaping, plant irrigation, car washing and flushing.

Emissions and Waste Management

During the operations of the hotel, we strictly comply with relevant laws and regulations on emissions, including the *Catering Industry Fume Emission Standards* and the *Integrated Wastewater Discharge Standards*. To mitigate air emissions, the Group has implemented measures which include a ventilation system to ensure better indoor air quality. The fumes produced by the catering department are transported to high altitude after treatment with a water type exhaust hood.

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The Group ensures appropriate management of waste. We have commissioned a qualified waste collector to collect daily food waste of the hotel. Recyclable wastes are collected by the relevant recycling agencies, and other non-hazardous wastes generated in the hotel and office are disposed by municipal hygiene department. During the year, the Group's hotel business generated 9.2 tonnes of non-hazardous waste while no significant hazardous waste was generated from our operations.

OUR PEOPLE

The Group follows a comprehensive management approach in recruitment, dismissal and promotion stipulated in its employees' handbook. We ensure the principles of fairness and our employment standards do not include any discriminatory acts.

The Group strictly complies with relevant labor law and regulations, including *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*, and to ensure equal opportunities for work. Besides, we strictly prohibit the use of child labor and forced labor in our business operations. To prevent the hiring of child labor, we check the identity of every new employee to ensure the age is the legal working age. During the year, we were not aware of any non-compliance with laws and regulations that have a significant impact on the Group relating to employment; nor did we identify any incidents relating to the use of child or forced labor.

Love and Care Fund

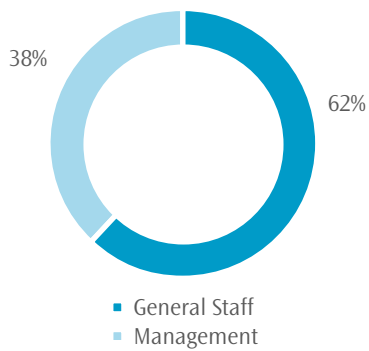
The Group's hotel business has set up a Love and Care Fund for its employees. In case of sudden events, serious illnesses and economic difficulties, the Fund would be able to provide financial assistance to ease the temporary difficulties faced by our employees. The Fund can not only enhance the cohesion of enterprise, but also the team spirit of our staff.

Environmental, Social & Governance Report

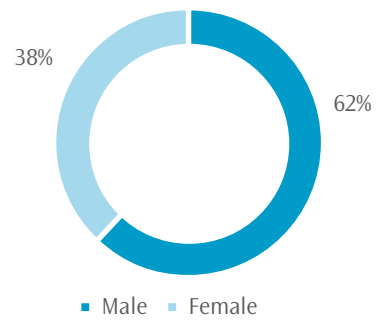
Employee Composition

As at 31 December 2017, the total number of staff employed by the Group was 53. There were 13 employees in our Hong Kong office, and nearly 40% of them belongs to the management. The composition of our employees in Hong Kong office is shown below.

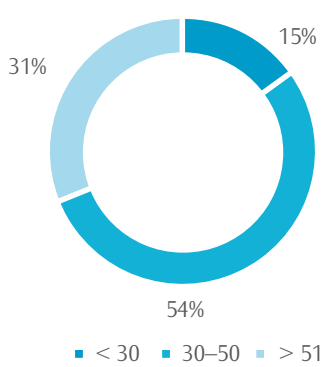
Professional profile in Hong Kong



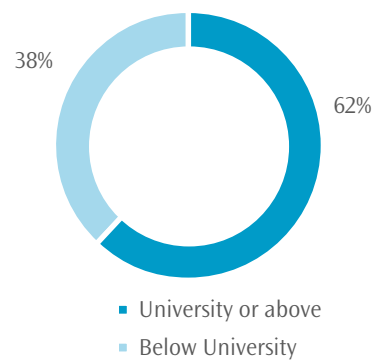
Gender profile in Hong Kong



Age profile in Hong Kong



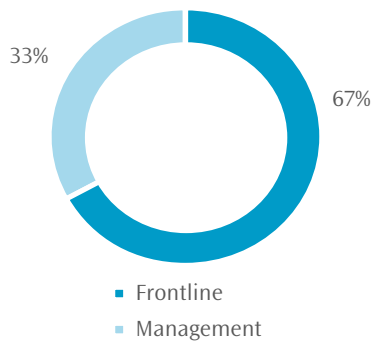
Educational profile in Hong Kong



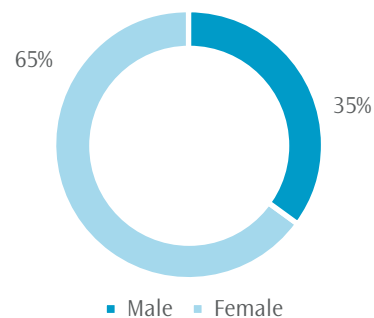
Environmental, Social & Governance Report

The Group has delegated operating rights of the hotel in Maoming to two (2) independent hotel operating rights holders to manage the hotel. There were 388 staff employed by the hotel operating rights holders as at 31 December 2017. Among them, the ratio of male and female staff is 35:65. Most of our employees are aged 30-50, accounting for 55%, while 32% of employees are under 30 and the remaining 13% were above 50 years old. In terms of education background, 8% of the staff has university education or above, and the remaining 92% are below university level.

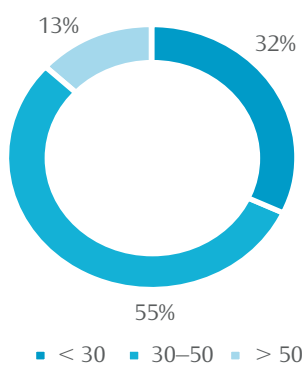
Professional profile in Maoming



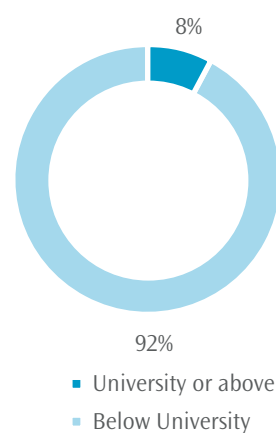
Gender profile in Maoming



Age profile in Maoming



Educational profile in Maoming



Employee Benefits

To support our employees, we provide attractive remuneration and benefits. As part of the Group's human resources policy, employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus scale. In addition to benefits such as free working lunch, attendance award and holidays, the hotel's staff are also entitled to benefits for special positions, such as night shift allowance, accommodation allowance etc.

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To enrich the lives of our employees, the Group also holds various employee activities. We organize tours for hotel's outstanding employees in each season and hold birthday parties for our staff.



To ensure the rights of our employees, the Group also implements communication channels for employees to raise questions and file complaints. They can report to their respective supervisors or managers. If the complaint is not resolved, written report is submitted to the department manager, human resources management and general manager subsequently.

Health and Safety

The Group is committed to providing a safe working environment, ensuring the health and safety of all its employees. We have strictly complied with the relevant laws and regulations, including the *Production Safety Law of the People's Republic of China*, *Law on Prevention of Occupational Disease of the People's Republic of China*. During the year, there was one (1) work injury case, resulting a total of 5 lost days in the hotel operations, while no work-related fatality was recorded. The case was dealt in accordance with regulations concerning work injuries of employees and was resolved accordingly.

Having an effective safety management in place helps us identify potential health hazards and implement controls to safeguard employees. The business operations in Hong Kong are mainly in office and thus the risk of occupational health and safety is relatively low. In our hotel business, personal protective equipment are provided for our staff, and regulations are set up for the use of the equipment.



In the case of work injury, person-in-charge of the department handles the incident immediately. The Group pays for medical expenses in advance for the injured parties. The corresponding departments are required to complete a work injury report within 12 hours after the occurrence of the injury to identify the cause of the incident and responsibility of the relevant personnel.

In addition, the Group continues to enhance safety education of its employees and provide safety training for staff. During the year, a total of 2,022 person-times and 4,699 hours of safety training were recorded in the hotel. The Group's hotel business also organized a large-scale, compulsory fire safety training in July to raise employees' awareness of fire safety and enhance the management level of the hotel.

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Development and Training

The development of employees is vital to the Group's success. We believe providing suitable training to employees is essential to improve their job performances and to achieve their career goals. Talent cultivation and development of employees are highly valued by the Group. We support employees' development with training programs, which cater to the needs of different levels of staff.

The Group's hotel operations offer a two-day induction training to newcomers. The training not only includes theoretical aspects, but also practical implementation of hotel operations. We also arrange a welcome ambassador as a mentor to assist new staff to adapt to the working environment. In addition, regular on-the-job training, including training on staff duties and skills are also arranged for our staff, which are held by supervisors and department managers. Full-time classroom training for all staff are held in every department to study the hotel's routine process. We also send staff members to other branches, departments, or hotels for cross-training so that they can acquire knowledge and skills other than their jobs and enhance the cohesion. Apart from internal training, management of the Group also allocates staff to relevant educational institutions to receive training.



OPERATING PRACTICES

The Group aims at providing its hotel guests a healthy and high-quality living experience by adhering to the philosophy of "Putting People and Service as Priority". Targeting to sustain a high level of service quality, our hotel operations are committed to maintain regular communication with guests through various channels. In addition, we conduct surveys to assess guest satisfaction and follow up with actions promptly. During the year, we were not aware of any incidents of non-compliance with laws and regulations that have a significant impact on the Group concerning health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

Quality Management

The Group is committed to ensuring the quality of its products and services, as well as the well-being of its customers. Our hotel business strictly complies with *Standard Requirements for Catering Service Industry*, *Food Safety Regulations in Guangdong Province* and *Publicity Requirements on Food Additives Use*. In addition, we require all our employees to obtain health certificate before joining the hotel.

Our hotel was rated as grade A provincial catering service food demonstration unit and provincial food safety title. The Food and Beverage department of our hotel records the use of additives, sources of the dishes, and controls the added dose in a strict manner. In terms of hotel hygiene, we procure professional cleaning tools, aiming to maintain a high hygienic standard. We were also awarded the title of level A unit in public health.

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We put the safety of our guests as a top priority by implementing a safety and security system including a closed-circuit monitoring system with full-time staff on duty 24/7. In addition, we provide security training to our staff focusing on the aspects of anti-natural disasters, anti-fire, anti-sabotage, and anti-theft.

Supply Chain Management

The Group understands that suppliers are pivotal to the quality of products and services provided. Thus, we regulate the quality of our suppliers by establishing corresponding standards for our supply chain. The operation of the hotel involves regular procurement of products from suppliers such as food and agricultural products. We have established a “*List of raw materials suppliers*”, and strictly regulate the suppliers’ business licenses, qualifications and certifications. As of December 2017, there were 7 local suppliers cooperating with the hotel. We verify the expiry date of the suppliers’ business operation licenses and other qualifications so as to ensure the safety of the products. In the case of new procurement streams, the Group compares the price and quality to come up with a comprehensive decision. We also regularly collect the feedback from the food and beverage department and our consumers aiming to make appropriate adjustments.

Regarding imports of food, raw materials and agricultural products, we check the qualification certificate of the supplier such as permit and business license and product inspection certificate. We strictly prohibit procurement of food and raw materials which are spoiled, damaged or in other conditions which are not suitable for consumption.

Privacy Protection

The protection of customer privacy is always our prime concern. We strictly comply with the relevant laws and regulations in our operations. The Group’s hotel business has established an audit team with the General Manager of the hotel as the head of the team and the Chief Financial Officer as the deputy head. The Personnel Administration Officer is responsible for daily supervision and implementation of privacy policy. The head of every department is responsible for data security for their corresponding departments.

In accordance with confidentiality related rules set by the Group, we classify confidentiality of contents by grades. We subdivide the confidential items into corresponding groups, and delegate access accordingly. All information relevant to our customers, including sales information, is classified as confidential. Maintenance of confidentiality is strictly monitored by our confidentiality team, and other relevant departments including security department.

Apart from customer privacy, the Group’s hotel business is committed to protecting confidentiality of new dishes and recipes for food and beverages. Information on design drawings, billboards, banners, newspapers, and advertisements for corporate marketing activities are classified as confidential.

Anti-corruption

Having a zero-tolerance stance on bribery, the Group has established anti-corruption measures for dealing with relevant issues. Anti-corruption standards have been stipulated in our employee handbook, setting out relevant definitions, consequences, and penalties for corrupt behavior. During the year, we were not aware of any non-compliance with laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering.

Community Care

Successful business is not about achieving financial viability only. The Group believes in bearing its fair share of corporate social responsibility, not only by organizing social welfare activities, but also encouraging its employees to give back to the community. Over the years, we have been contributing to the socioeconomic health of our communities, e.g. we organize blood donation activities and cooperate with domestic colleges and universities to provide training sessions about hotel catering services, offering a practice platform for students with relevant majors.

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PERFORMANCE DATA SUMMARY

		Unit	2017	2016
Workforce Demographics	Total Headcount			
	By Geographical Distribution			
	Hong Kong		13	26
	Mainland China		388	420
	Total		401	446
	By Age			
	30 or below		125	165
	30–50		222	233
	Above 50		54	48
	By Gender			
	Male		143	176
	Female		258	270
	By Employee Category			
	General Staff		270	299
	Management		131	147
	By Education Level			
University or Above		39	31	
Below University		362	415	
Health and Safety	Occupational Health and Safety Performance			
	Number of safety accidents		1	–
	Lost days due to work-related injury		5	–
	Work-related fatalities		0	–
	Safety Training			
	Total person-time training	Person-times	2,022	1,940
Total training hours	Hours	4,699	4,768	
Environmental Data	Emissions*			
	Sulphur Oxides (SO _x)	kg	0.0067	–
	Nitrogen Oxides (NO _x)	kg	0.34	–
	Particulate Matters (PM)	kg	0.025	–
	Greenhouse Gases Emissions			
	GHG emissions	tCO ₂ e	2,668	2,994
	Scope I	tCO ₂ e	212	283
	Scope II	tCO ₂ e	2,456	2,711
	Waste Type			
	Non-hazardous waste	tonnes	9.2	12
Total Resources Consumption				
Electricity	kWh	4,659,234	4,303,395	
Natural Gas	m ³	97,500	129,500	
Petrol	Litres	455	–	
Municipal Water	tonnes	75,000	84,500	

* Emissions were calculated based on the fuel consumption of vehicles in Hong Kong office.

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ESG CONTENT INDEX

KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
A. Environmental		
Aspect A1: Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Sustainability
	KPI A1.1 The types of emissions and respective emissions data.	Performance Data Summary
	KPI A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity.	Resources Consumption
	KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Emissions and Waste Management
	KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Emissions and Waste Management
	KPI A1.5 Description of measures to mitigate emissions and results achieved.	Emissions and Waste Management
	KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions and Waste Management
Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Resources Conservation
	KPI A2.1 Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity.	Resources Conservation
	KPI A2.2 Water consumption in total and intensity.	Resources Consumption
	KPI A2.3 Description of energy use efficiency initiatives and results achieved.	Resources Conservation
	KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Resources Conservation
	KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	No packaging material is used by our business

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KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimizing the issuers' significant impact on the environment and natural resources.	Environmental Sustainability
	KPI A3.1 Description of significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Sustainability
B. Social		
Aspect B1: Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Our People Employee Benefits
	KPI B1.1 Total workforce by gender, employment type, age group and geographical region.	Employee Composition
Aspect B2: Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
	KPI B2.1 Number and rate of work-related fatalities.	Health and Safety
	KPI B2.2 Lost days due to work injury.	Health and Safety
	KPI B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety
Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training

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KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
Aspect B4: Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	Our People
	KPI B4.1 Description of measures to review employment practices to avoid child and forced labour.	Our People
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain	Supply Chain Management
	KPI B5.1 Number of suppliers by geographical region.	Supply Chain Management
	KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management
Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Operating Practices
	KPI B6.3 Description of practices relating to observing and protecting intellectual property rights.	Privacy Protection
	KPI B6.4 Description of quality assurance process and recall procedures.	Quality Management
	KPI B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	Privacy Protection

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KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
Aspect B7: Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
	KPI B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
Aspect B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Care
	KPI B8.1 Focus areas of contribution.	Community Care