



森美(集團)控股有限公司
Summi (Group) Holdings Limited

(incorporated in the Cayman Islands with limited liability)
(formerly known as Tianyi (Summi) Holdings Limited 前稱天溢(森美)控股有限公司)
Stock Code: 00756

**ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE REPORT**
2017





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ABOUT THIS REPORT

This report is the first Environmental, Social and Governance (“ESG”) Report of Summi (Group) Holdings Limited (formerly known as Tianyi (Summi) Holdings Limited) (the “Company”) with the focus on the disclosure of the Company and its subsidiaries’ (collectively, the “Group’s”) information on the environment and the society. This report is prepared according to the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). It includes the data and information about the Group and the orange juice processing facilities and orange plantations it operates. This report covers the financial year of the Company from 1 July 2016 to 30 June 2017 (the “Reporting Period”).

Since its inception, the Group always upholds persistence, diligence, pioneering and innovative ideas, and seizes the opportunities available in the market in order to deal with market challenges. The Group commits to provide safe, environmentally friendly, green, high-quality health products and enhances the Group’s competitiveness and profitability efforts.

By adhering to the product philosophy of “Naturally right way”, the Group’s engagement in manufacturing and sales of the Company’s products, including Summi fresh orange juice, frozen concentrate orange juice (“FCOJ”) and related products and fresh oranges, is closely related to environmental protection and utilisation of natural resources. Therefore, the Group has established a series of policies and measures for administering environmental and natural resources protection regarding energy, water, production materials, use of manpower, disposal of wastes and control of emissions, demonstrating its commitment to contribute to the sustainable development of the communities in which the Group operates and fulfilling the social responsibility at different operation levels.



COMPANY PROFILE

The Company was established in 1993 with its headquarters in Hong Kong. The Company was listed on the Stock Exchange (Stock Code: 00756.HK) on July 10, 2008. The Company is one of the national leading enterprises of agricultural industrialisation listed on the main board of the Stock Exchange which operates its own orange plantation, engages in the production, processing and sales of Summi fresh orange juice, FCOJ and its related products and fresh oranges. The Company is also one of the Asia's largest orange juice industry cluster enterprises.

The Group has been focusing on this industry for 24 years, and has established processing facilities in three major citrus plantation areas (i.e. Chongqing, Fujian and Hunan) of the People's Republic of China (the "PRC") with cutting-edge production equipment and standardised professional management team. Our products have passed a number of international quality certifications and are highly recognised by the industry.



STAKEHOLDER COMMUNICATION

The Group places great emphasis on communication with stakeholders and understands stakeholders' requirements and aspirations through various channels so as to review and improve its operation and performance in terms of the environmental, social and governance aspects.

Major Stakeholders	Demands & Expectations	Communication Channels
Shareholders & investors	<ul style="list-style-type: none"> - Good corporate governance - Sustainable profitability - Production safety - Prevention of operational risks 	<ul style="list-style-type: none"> - Company announcements - General meetings - Annual report - Roadshow
Government	<ul style="list-style-type: none"> - Compliance and operation 	<ul style="list-style-type: none"> - Supervision and evaluation
Customers	<ul style="list-style-type: none"> - High-quality products - High-quality services - Cost-effectiveness - Information security - Communication channels 	<ul style="list-style-type: none"> - Business communication - Customer service hotline - Customer's feedback - Industry exhibition
Employees	<ul style="list-style-type: none"> - Good corporate governance - Improvement in employee's remuneration and welfare - Career development - Workers' rights and interests 	<ul style="list-style-type: none"> - Staff meetings and activities - Staff training - Workers' Congress - Staff manual and internal publications - Recruitment
Environment	<ul style="list-style-type: none"> - Energy conservation - Reduce emission of pollutants - Reasonable use of water 	<ul style="list-style-type: none"> - Communication with local residents - Periodical monitoring
Communities	<ul style="list-style-type: none"> - Supporting the public welfare activities - Improving community environment - Promoting employment 	<ul style="list-style-type: none"> - Communication with communities and local government - Charity activities
Media	<ul style="list-style-type: none"> - Transparent information - Improving product quality and maintaining business stability 	<ul style="list-style-type: none"> - Company's website - Company's advertisements - Business interviews



GREEN PRODUCTION

CERTIFICATE OF SUSTAINABLE AGRICULTURE GUIDING PRINCIPLES (“SAGP”)

In December 2016, the Group was awarded a certificate of SAGP by a world leading beverage company, for the orange plantations providing fresh oranges to produce frozen concentrate orange juice to the above-mentioned company. The accreditation signified that the source quality of the orange plantations operated by the Group and the Group’s agricultural practice complies with the stringent requirement for maintaining sustainable supply of healthy agricultural ingredients, in an environmental-friendly manner, to the international beverage giant. The Group will continue to develop its orange plantation business according to the standard of SAGP, so as to maintain the fresh oranges we produce at a top-quality level.

The SAGP set various expectations for the agricultural ingredient suppliers of the above-mentioned beverage giant, to meet sustainability challenges specific to agriculture. The SAGP provides a mutually beneficial basis for it and its partners in the agricultural supply chain. At present, its suppliers are required to meet “Supplier Guiding Principles” (“SGP”), which illustrate its expectations of compliance with all relevant laws, regulations and other legal requirements, and highlight the importance of responsible workplace practices that respect human rights. The SAGP expands on the SGP and provides guidance to its suppliers of agricultural ingredients. The SAGP establishes the framework for defining its commitment to sustainable procurement and incorporating it into the internal governance and sourcing processes.

The Group is the first orange juice supplier in the world certified for the compliance of requirements of SAGP stipulated by the above-mentioned beverage giant. The Group believes that such accreditation will benefit us in enhancing the long-term relationship with this major customer.

POLLUTION CONTROL AND EMISSION REDUCTION

As a leading enterprise in the orange juice market in the PRC, the Company acknowledges that environmental protection and performing social responsibility shall be the fundamental obligations of agricultural products processing enterprises. Meanwhile, it is firmly believed that the sustainable development of the Company also relies on efforts and dedication of its staff as well as the social support and inclusion.

The Group strictly complies with several national environmental laws and regulations and strictly enforces corresponding emission standards in its production, which mainly include the Environmental Protection Law, the Law on Prevention and Control of Atmospheric Pollution and the Law on Environmental Impact Assessment of the PRC, etc. The Company is aware of the “Paris Agreement” on reducing the emission of greenhouse gases. With respect to the emission of greenhouse gases, pollutants and wastes, we have established and implemented a set of effective measures on resources and energy usages, administrative measures on exhaust gas, waste water and solid waste operations. The Group is currently carrying out different energy-saving projects to help the processing plants to achieve energy-saving and emission reduction, and with an aim of phasing out high-polluting, high-carbon energy gradually.

We insist on maintaining a strict environmental control from orange plantations to production facilities and ultimately to the consumers. All of our production facilities were built in accordance with the Environmental Protection Law of the PRC. In the Reporting Period, the Group maintained its top quality in environmental management and operations. We strive to guarantee that our business is developing in green and sustainable ways.

GREEN PRODUCTION

EFFICIENT USE OF RESOURCES

The Group regards reducing energy consumption and recycling of resources as priorities during our production processes. We keep improving our conservation-minded management system and have implemented various energy conservation programs and utilised more green energy, which enables us to reduce the consumption of water, electricity, coal, diesel, and at the same time increase the recycling of resources step by step. On the other hand, through the transformation and upgrade of equipment and advanced treatment system, we apply strict controls on the emissions of exhausted gases, disposal of sewage and various solid wastes to ensure they are properly disposed of for the sake of controlling and reducing the amount of waste discharged.

For the management of energy use, the Group has been monitoring on its energy use and focusing on the improvement of the energy efficiency of equipment to reduce energy consumption. We have also formulated several energy management measures for efficient utilization of energy and gradual enhancement of efficiency.

As an advocate of green office, we support the "Energy Saving Charter on Indoor Temperature". During the summer time, we maintain an average indoor temperature between 24 – 26°C to save energy. We have also reduced paper consumption through application of computer technology (e.g. written communication by email, use computer to store documents etc.). Furthermore, we introduced conference call system to hold part of our meetings for the aim to reduce carbon emission arising from business travels and at the same time, increasing work efficiency.



WORKPLACE QUALITY

EMPLOYMENT

The Group strictly complies with laws and regulations relevant to its operation, including the Provisions on Minimum Wages, the Regulations on Paid Annual Leave for Employees, the Regulation on Work-Related Injury Insurance and the Special Rules on the Labour Protection of Female Employees of the PRC.

The Group regards talents as core resources of the enterprise and provides employees with competitive remuneration and benefits in the market. We continuously improve various systems on the selection, training and retention of employees, so as to create a fair and open working environment for employees and offer diversified career advancement opportunities. The Group strictly guarantees and offers the employees social insurance benefits, as well as various leaves and holidays. The Labour Law of the PRC is stringently complied by the Group in handling the dismissal of employees.

We always hope that the growth of our employees can be synchronized with the development of the Group. For this reason, we design various career advancement paths for suitable employees to expand their development space and for staff retention.

In addition, since the Company seeks for diversified development and abundance of fairness, we provide fair treatments to employees and strongly oppose to any forms of discrimination caused by factors such as gender, age, religion, race, geography, physical condition, etc.

HEALTH AND SAFETY

The Group attaches great importance to the safe production environment for employees and life, health and safety of frontline staff. We strictly comply with the Work Safety Law, the Law of the PRC on the Prevention and Control of Occupational Diseases, the Regulations on the Safety Management of Hazardous Chemicals and the Provisions on Fire Control Safety Education and Training of the PRC to ensure that we provide employees with a healthy and safe working environment.

The Group is continuously improving the production safety rules, standard operation procedures and emergency rescue plans. We have developed operating guidelines in processing plants as clear as possible and requires managements at all levels to conduct field visits for the purpose of timely and effective management. We also have supervision and inspection on how our staff implement relevant rules and operation procedures.

For the safety and protection of front-line employees, the Group concentrates on safety education and training. We provide all staff with necessary labour protection articles, facilities and equipment with reference to their job duties, and requests front-line manager to regularly review the proper implementations and usage of such articles, facilities and equipment. We also conduct all-rounded checks on irregular basis to detect any risk factors. Furthermore, fire drills were conducted regularly in each of the processing plants to help strengthen the ability of the emergency team to meet the challenges from emergencies. We also arrange certain health check-up for all employees regularly. There are no work-related injuries or death of employees in 2016-2017.

DEVELOPMENT AND TRAINING

The Group devotes high attention to staff development and training. In order to improve staff's job skills and professional competence, our human resources department carries out training plans annually taking into consideration training requirements and plans of different departments. We provide a variety of training programs to employees of different levels and offer them with extensive career development opportunities, which cover technical improvement, safety education, corporate values, professional ethics and management ability, operation skills, and quality control system. For short-term seasonal staff, the Company offers pre-service trainings, skill trainings and safety trainings. All of these are designed not only to build a platform for employees so as to help them to continuously improve their overall quality and expertise, but also reserve talents and professionals for better operation and development of the Group.

LABOUR STANDARDS

The Group has developed its labour management system in accordance with laws and regulations such as the Labour Law, the Labour Contract Law and the Work Safety Law of the PRC. Child labour or forced labour is strictly prohibited from taking any positions in the Group and its members. The candidate information is strictly verified. Candidates will be permitted to admit into registration and on-boarding procedures only if ID cards verification and checks on residence registration have not detected any abnormal issues. If any information is found to be in violation of employment laws or standards, the recruitment will be instantly terminated.

OPERATION MANAGEMENT

SUPPLY CHAIN MANAGEMENT

Suppliers are critical parts in the business of the Group. They provide the Group with various products and services, including plant and equipment, transportation services, raw materials and construction services, etc. We pay special attention to supplier management and maintain good communication and cooperation with them. The Company assesses whether suppliers are qualified by considering their locations, transportation methods and means of packaging, and supply history record, and such assessment is carried out at least once every year. We will only work with partners who operate their business in a professional and ethical manner.

The Group's criteria for selecting suppliers are based on fair and clear standards, such as the product quality, post-sale services, prices and payment days and cooperation history, to procure not only most productive but also environmental-friendly resources and products and services with the highest quality. The Group arranges assessment for suppliers on a regular basis and applies timely treatment for those suppliers who fail in the assessment. A majority of suppliers of the Group are located in the PRC.

PRODUCT RESPONSIBILITY

The Group possesses advanced technology to ensure the high quality of our products and complies with the Food Safety Law of the PRC and other relevant laws and regulations. From the selection and inspection of raw materials to the production and delivery of products, strict quality control standards and hygiene standards are implemented throughout the entire process to ensure that the products are of good quality and wholesome, including Summi fresh orange juice, FCOJ and related products and fresh oranges. Our products have passed the ISO22000 certification, the HACCP certification, the SGS certification, the SGF certification and the HACCP certification on food safety as well as a certificate of SAGP awarded from a leading international client, certifying the source quality of the orange plantations operated by the Group. The products supplied to the client by the Group have passed standard sorting and tests to guarantee the environmentally-friendly, high quality, safe and sustainable products being produced.

Increasing competitiveness requires not only technology innovation, but also the protection and management of intellectual property. The Group conscientiously implemented the strategy of intellectual property protection to enhance the market competitiveness. Confirming that intellectual property contributes to promote, guide, safeguard and evaluate innovation advancements, we establish a complete intellectual property management mechanism to coordinate the entire process of internal and external intellectual property management. In addition, the Group has set up a contingency plan for intellectual property rights to provide solutions for the protection or infringement of intellectual property infringement of the Group's trademark and patent rights. During the Reporting Period, the Group recorded no material infringement of intellectual property.

For the confidentiality of information, the Group strictly abides by the Contract Law, the Regulations of the PRC for Safety Protection of Computer Information Systems, the Law on the Protection of Consumer Rights and Interests and relevant laws and regulations of the PRC. It sets the rules applicable for managing market-related documents and enforces these rules stringently. No department and staff should be permitted to access, copy and reproduce the content of customer information without approval. Furthermore, we install firewall and anti-virus software so as to protect the confidential information from improper use of hackers.

The Group strictly complies with relevant laws and regulations such as Advertising Law, Trademark Law, etc. of the PRC. If promotional activities are necessary, the marketing department of the Group will cooperate with external advertising agencies to design the advertisements with reference to market demands and business strategies of the Group. As for labeling for products, we show the contents in a real, legal and clear way in order to comply with the law and promote a healthy lifestyle and high-end brand images.

ANTI-CORRUPTION

The Group has clearly stipulated the “Code of Corporate Governance Practices” and has strictly enforced all relevant anti-corruption laws on anti-corruption in Hong Kong and the PRC. We have taken the laws as the standard to set up the internal rules and regulations for building up an honest and clean administration. The Group has a reporting mechanism in which employees can report any suspicious activity to those charged with governance. Members of the Group shall not accept or ask for gifts or hospitality in any form. Upon receipt of the report, the Group will

conduct a detailed investigation and review. Once the employees are confirmed to be involved in any abuse of power or corruption, they will be severely punished and we will report the misconduct to the judicial department for pursuing liability in accordance with the law. On the other hand, we will take immediate actions and terminate the relevant business contract or cooperation once we confirm that the partners have accepted bribery and report to relevant government authorities if necessary. In 2016-2017, the Group has neither breached nor involved in any corruption cases.

COMMUNITY INVESTMENT

Without the support and trust from society, the Group would not have attained the success since its incorporation. As a leading brand in the PRC, we have contributed to the development of the PRC’s public welfare activities by giving to local communities through practical actions. We proactively communicate with stakeholders around our plantations and incorporate their expectations and needs into our business strategies so as to contribute to local development. While we are seeking business

development and financial returns to shareholders, we actively participate in various social welfare activities to understand the expectations and needs of communities on us. The Group also encourages and organizes our employees to participate in different community activities. We are devoted to public charity and volunteer activities and we will never stop caring for the needy and sponsoring environmental protection and preservation activities.

CONTENT INDEX OF ESG REPORTING GUIDE

Subject Areas	Content	Page Index
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.	5
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	6
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	5-6
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. relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	7
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.	7
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	7



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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 and forced labour.	7
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	8
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.	8
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.	9
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.	9





Summi[®]

100% Not From Concentrate 'NFC'
FRESH ORANGE JUICE

HAND PICKED HIGH QUALITY ORANGES
FRESHLY SQUEEZED WITHIN **24h**







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