



JINHUI HOLDINGS COMPANY LIMITED

金輝集團有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code : 137



Environmental, Social and Governance Report

2017

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Jinhui Holdings Company Limited (“Jinhui Holdings” or the “Company”) and its subsidiaries (the “Group”) recognize the importance of its sustainability performances and promote accountability of our actions to the environment and our stakeholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) STRATEGIES AND REPORTING

The Board has the overall responsibility and accountability for ESG strategy and reporting. We follow the guidelines in the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”) with deviations explained on provisions that are not applicable to the Group’s business operations and corporate-wide operations throughout the year ended 31 December 2017, or not included or reported in this report. This report focuses largely on our shipping operations which are carried out internationally and on working environments and corporate-wide practices relating to our sustainability performances.

PRINCIPLES

The Board

The Board has overall responsibility for the long term sustainability and ESG strategies which support growth and enhance value for the business and its stakeholders, as well as contribution to the environment and the community. In line with the ESG guideline, the Board reports on an annual basis regarding the ESG performance and publish the ESG information on the websites of Hong Kong Exchanges and Clearing Limited and the Company no later than three months after the publication of the annual report. The management has provided confirmation to the Board on the effectiveness of the ESG risk management and internal control system.

A. ENVIRONMENTAL

A1: Emissions

Jinhui Holdings owns a modern and high quality fleet of dry bulk carriers and as at 31 December 2017, the Group had twenty three owned vessels which comprised mainly of grabs fitted Supramaxes. We strive to operate and maintain our vessels in compliance with all applicable environmental rules and regulations as well as in our daily working environment to avoid the emission of noxious liquids into the environment. The Group’s owned vessels are well maintained and we place great emphasis on our compliance with safety and environmental laws and regulations including but not limited to the International Safety Management Code (“ISM Code”), the International Ship and Port Facility Security Code (“ISPS Code”), the International Convention for the Prevention of Pollution from Ships (“MARPOL”) and other applicable rules regulated by the International Maritime Organization (“IMO”).

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We ensure our own fleet be equipped with proven green and energy efficiency equipment and technologies to minimize the emission of toxic pollutants, which include:

Nitrogen Oxides (NOx) – our vessels are built with the main engine and auxiliary engines that are fuel-efficient and comply with the latest emission of pollutants limits;

Sulfur Oxides (SOx) – our vessels burn the required low sulfur content bunker fuel;

Ozone depleting substances – majority of our vessels' equipment do not contain ozone depleting substances and comply with all material aspects of MARPOL regulations pertaining to hazardous ozone depleting substances;

Ballast water – our vessels follow the latest requirements on ballast water exchange and operations; and

Carbon Dioxide (CO₂) emission reduction – since February 2013, the Group has adopted the Ship Energy Efficiency Management Plan (“SEEMP”), a plan that individual vessel can follow and improve each vessel's energy efficiency through a series of procedures and efforts. Implementing of SEEMP will contribute towards reducing fuel oil consumption and carbon emission which influence the global environment.



Purifiers



Main Engine



Auxiliary Engines

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KPI A1.1	Types of emissions and respective emissions data	<p>Energy Efficiency Operational Indicator (“EEOI”) is an index showing the amount of CO2 emission per ton of cargo carried per mile of sea voyage.</p> <p>2017: the average EEOI of the fleet is about 10.8 grammes CO2/MT.Mile</p> <p>2016: the average EEOI of the fleet is about 10.0 grammes CO2/MT.Mile</p>
KPI A1.2	Greenhouse gas emissions in total in tonnes and intensity per vessel	<p>Our fleet consisted of 28 bulk carriers in 2016 and fleet size reduced to 23 bulk carriers in 2017. The fuel oil consumption and the corresponding CO2 emission of the fleet are as follows:</p> <p>Fuel oil consumption: 2017: Fuel oil consumption – 106,211 tons</p> <p>2016: Fuel oil consumption – 124,411 tons</p> <p>Corresponding CO2 emission: 2017: CO2 Emission – 334,961 tons</p> <p>2016: CO2 Emission – 387,535 tons</p> <p>Less fuel oil consumption and CO2 emission in 2017 as compared to 2016 is mainly due to the reduction of fleet size.</p>
KPI A1.3	Total hazardous waste produced in tonnes and intensity per vessel	Not applicable to the Group
KPI A1.4	Total non-hazardous waste produced in tonnes and intensity per vessel	Not applicable to the Group

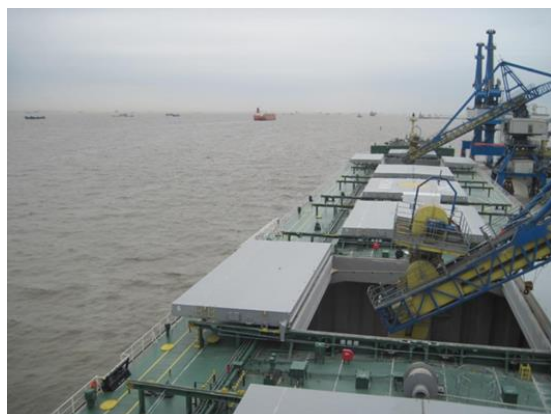
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KPI A1.5	Description of measures to mitigate emissions and results achieved	<p>The fleet vessels' SEEMP plans are Nippon Kaiji Kyokai certified in compliance to IMO Resolutions.</p> <p>CO2 emission reduction – since February 2013, the Group has adopted the SEEMP, a plan that individual vessel can follow and improve each vessel's energy efficiency through a series of procedures and efforts. Implementing of SEEMP will contribute towards reducing fuel oil consumption and carbon emission which influence the global environment.</p>
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Not applicable to the Group

A2: Use of resources

It has always been our policy to maintain high standard of environmental protection awareness and to operate our vessels in a safe and environmental friendly manner. We maintain our modern first-class fleet to enable maximum environmental performance and ensure our compliance to safety and environmental laws and regulations including ISM Code, ISPS Code, and other applicable rules regulated by IMO. These conventions have been ratified by majority of maritime nations and apply to all vessels registered in these countries or calling in the waters of these countries.



Cargo Operation

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KPI A2.1	Direct and/or indirect energy consumption by electricity, gas and oil in total and intensity per vessel	<p>Fuel oil consumption: 2017: heavy fuel oil consumption – 105,157 tons</p> <p>2016: heavy fuel oil consumption – 123,657 tons</p> <p>2017: low sulphur fuel oil consumption – 1,054 tons</p> <p>2016: low sulphur fuel oil consumption – 754 tons</p>
KPI A2.2	Water consumption in total and intensity per vessel	<p>Water consumption remains at about 8 tons of water per vessel per day for both 2017 and 2016.</p> <p>2017: Water consumption – 67,160 tons</p> <p>2016: Water consumption – 80,640 tons</p>



Main Deck



Navigation Bridge

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KPI A2.3	Description of energy use efficiency initiatives and results achieved	<p>The EEOI of 2017 is about 0.8 grammes increase from the 2016 EEOI figure. The main reasons being that vessels run more on full navigation speed that consume more fuel and vessels run more on ballast voyages due to trade pattern change.</p> <p>In 2018 our aim is to reduce the EEOI by 2 percent of the 2017 figure. The main effort will still be on better management on fuel economy and better arrangement on cargo carriage with less ballast passage.</p>
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Fresh water is produced by vessel's own desalination plants running on waste heat of engines.
KPI A2.5	Total packaging material used for finished products in tonnes	Not applicable to the Group

A3: The environment and natural resources

We realize the importance of environmental stewardship and share the same environmental preservation objective with our crew and our people. In order to foster the environmental friendly practices in our vessels, we follow an internal safety management manual, which defines our objectives and commitments in complying with all applicable national and international rules and regulations, code and guidelines and standards recommended by IMO, flag states and other maritime industry organizations. These codes and guidelines and standards, together with our safety manual have been kept ashore and on our fleet and strictly followed by our team. We will closely monitor environmental regulations development to ensure compliance with all applicable environmental regulations in our business operation. We obtain safety management certificate, document of compliance and go through annual verification and audit for compliance with ISM Code issued by recognized organization on behalf of the flag states.

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B. SOCIAL

Employment and Labour Practices

B1: Employment

In order to attract and retain the best people for the sustainable growth of the Company, we place emphasis on a healthy and safe workplace on board in our vessels and ashore at our office and support all kinds of community activities that contribute to our community.

We are not aware of any material non-compliance with rules and regulations on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare issues during the reporting period.

We provide fringe benefits and welfare to our people including but not limited to medical and life insurance, pension schemes, paid leave for various purposes, travel or meals for business-related work, and other benefits to improve employees' well-being.

B2: Health and safety

We put safety as our top priority in business operation. Accident preventions and efforts for improvement in working environment are given high priority in the business management, conventions and all parts of operations. We strive to comply with applicable safety and environmental laws and regulations to which seafarers of all ranks must be trained and certificated in order to be able to carry out their respective duties on board in our vessels. We ensure all crew on board are trained and certificated in accordance with the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers ("STCW Convention").

During the year 2017, there were no work related fatalities and the Group's overall lost day rate due to sickness was 1.2% (2016: 1.0%) and no lost day due to work injury (2016: nil) as there were no serious injuries or accidents of any kind among the employees of the Group.

B3: Development and training

We ensure all crew on board are trained and certificated in accordance with STCW Convention. Our owned vessels are also subject to the laws, regulations and rules of each country and port they visit. We have developed policies and procedures intended to ensure our compliance with these laws, regulations and rules.

Given the nature of business operations is principally engaged in the businesses of ship chartering and ship owning, the operating practices are non-labour intensive and do not involve supply chain management. We also do not manufacture products, nor provide services that require product responsibility / product recalled in the business operations. Hence, we consider the provisions as set out in B4: Labour standards; B5: Supply chain management, B6: Product responsibility of Appendix 27 of the Listing Rules are not applicable to the Group and no discussion is included in this ESG report.

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Operating Practices

B7: Anti-corruption

Jinhui Holdings has a sound and sufficient risk management and internal control measures in place. We understand the importance of anti-corruption and anti-money laundering and always uphold a high standard of corporate governance and maintain an ethical corporate culture. The Group's whistle-blowing policies and internal ethical guidelines are stated in our staff handbooks. Our employees can access the management or members of the Audit Committee to report any malpractices or misconduct internally. During the year 2017, there was no report on any corrupt practices brought against the Group or its employees.

Community

B8: Community investment

We encourage management and employees to take part in environmental preservation with best efforts. We support all kinds of environmental friendly practices or energy saving ideas throughout our operations and dedicate to conserve water, energy, resources and materials by reduce, recycle and reuse in our office and to strengthen environment preservation consciousness as an integral part of our corporate culture.

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GLOSSARY

This glossary contains the abbreviations and main terms used in the ESG report 2017.

Abbreviations / Main terms	Meanings in the ESG report
Board	Board of Directors;
Company / Jinhui Holdings	Jinhui Holdings Company Limited, a company incorporated in Hong Kong, whose shares are listed on the Hong Kong Stock Exchange (stock code: 137);
EEOI	Energy Efficiency Operational Indicator;
Group	Company and its subsidiaries;
IMO	The International Maritime Organization;
ISM Code	The International Safety Management Code;
ISPS Code	The International Ship and Port Facility Security Code;
Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
MARPOL	The International Convention for the Prevention of Pollution from Ships;
SEEMP	The Ship Energy Efficiency Management Plan; and
STCW Convention	The International Convention on Standards of Training, Certification and Watchkeeping for Seafarers.