



**1010 PRINTING GROUP LIMITED**

**匯星印刷集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock code: 1127)

**ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

\* For identification purpose only

This is the first Environmental, Social and Governance Report (the “ESG Report”) of 1010 Printing Group Limited (the “Company”) about its environmental and social responsibility performance.

The ESG Report focuses on certain aspects of the Company and its subsidiaries (collectively known as the “Group” or “we”) for the year ended 31 December 2016 (the “Reporting Period”). The content is in compliance with the applicable disclosure requirements of the “Environmental, Social and Governance Reporting Guide” under Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). This ESG Report does not include performance data from those companies in which the Company does not have a controlling interest or has been disposed during the Reporting Period.

## INTRODUCTION

The Company was incorporated in Bermuda on 9 March 2011, and was listed on the Main Board of The Stock Exchange of Hong Kong Limited.

We are principally engaged in providing printing services to international book publishers, trade, professional and educational conglomerates and print media companies. Our printed products comprise mainly of illustrated leisure and lifestyle books, educational text books, learning materials and children’s books. We have production plants principally located in the People’s Republic of China (“PRC”), Australia and Singapore.

While promoting the business growth, we pay attention to the environmental and social responsibilities. To be responsible to the stakeholders, we strive to minimize the influence to the environment, concern the employees’ well-being and make contribution to the community.



## OUR MISSION

Our mission is to facilitate and encourage human creativity, innovation and inspiration through the classic book platform. Our 3-year goal is to become a prominent book printer from Asia for the international publishing markets. Our 5 core values are:

- A will to succeed.
- Integrity and honesty in all areas of our business.
- Respect for People and the Environment.
- The continuous pursuit of performance excellence.
- Pride in our service and product quality.

## OUR APPROACH TO SUSTAINABILITY DEVELOPMENT

As a company, we continue to step up sustainability measures as a corporate responsibility as well as meeting the standards of our customers. To make our investors and stakeholders properly informed for assessment, the Group set out below its efforts to minimize the negative influence to the environment, promote our employees’ well-being and contribute to the community during the Reporting Period.

## **LISTENING TO OUR STAKEHOLDERS**

We believe that understanding the views of our stakeholders lays a solid foundation to the long-term growth and success of the Group. We develop multiple channels to a broad spectrum of stakeholders in order to provide them with the opportunity to express their views on our sustainability performance and future strategies. To reinforce mutual trust and respect, we are committed to maintaining enduring communication channels, both formally and informally, with stakeholders to enable us to better shape our business strategies in order to respond to their needs and expectations, anticipate risks and strengthen key relationships. We have identified employees, customers, suppliers, business partners, shareholders, government and the community at large as our key stakeholder groups. The information collected through different communication processes serves as an underlying basis for the structure of this ESG Report.

## **ENVIRONMENTAL**

As a part of our social responsibility, we are committed to environmental-friendly development through rational resources utilization and practices of environmental protection, seeking to contribute to the improvement of ecological environment and sustainable development.

Our printing operations are subject to various environmental rules and regulations, for example, PRC Environmental Protection Law (《中華人民共和國環境保護法》), PRC Law on Appraisal of Environment Impact (《中華人民共和國環境影響評價法》), Environment Protection Management Act of National Environment Agency of Singapore and Environmental Protection and Biodiversity Conservation Act 1999 of Department of the Environment and Energy of Australia.

The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous waste during the Reporting Period.

### **1. Emissions**

Our greenhouse gas emissions are primarily from fuel used in production and purchased electricity for factories and offices. There are other indirect emissions generated, for example, purchased paper, purchased print plates, paper waste and business travelling.

During the offset printing process, chemically tainted waste water is also released through washing of the printing plates in the prepress production and the cleaning of ink rollers from the printing machines. In the ink application process, there are certain Volatile Organic Compounds (“VOC”) emission such as benzene, methylbenzene, xylene and NMHC. Though the emissions are considered insignificant, our PRC factory installed the environmental air filter to minimize the VOC emission.

There are written policies established and implemented in handling wastes. Our hazardous waste produced mainly consists of chemically tainted waste released water during the production process. Non-hazardous waste includes general household and industrial waste. Recyclable waste mainly consists of scrap paper and used printing plates. All hazardous and non-hazardous wastes are stored separately, with recyclable and non-recyclable wastes handled and collected by approved licensed contractors. Our PRC factory has also arranged environmental compliance audits by qualified external organizations.



Policies and procedures are also in place to monitor the discharge of waste waters from each site. For example:

- Our Site Operations Managers would ensure that all drains are known and recorded, each category of discharge drain is separated – storm and rain water drains, process waste water drains, domestic and sewage discharge drains. The locations of the final discharge from the site shall be defined and accessible. Points of access to the drains shall be clearly marked to discourage inappropriate discharge.
- Our Department Managers would ensure that employees and nominated contractors are instructed about the nature and responsible control of drains to avoid the risk of inappropriate discharges.
- The waste waters generated from printing production would be collected by external organization for appropriate discharge.

## 2. Use of resources

We commit to reduce the impact to the environment and continually improve the environmental performance as an integral and fundamental part of the business strategy and operating methods, as well as to comply with relevant government policy and environmental legislation. We have planted trees and lawns outside the factory and dormitories to provide the workers a green environment.

### **Green production**

We have successfully received certification from Forest Stewardship Council™ COC that ensuring our products come from responsibly managed forests that provide environmental, social and economic benefits. We have also received certificate in relation to Programme for the Endorsement of Forest Certification Scheme (“PEFC”) in our Australian plants. PEFC is the programme for the Endorsement of Forest Chain of Custody which began in Europe in 1999 and is now a global organisation whose mission is to motivate and enable people to sustainably manage their forests. Both are chain of custody systems that certify organisations along the supply chain from forests to mills, to merchants and manufacturers that use wood and paper.

### **Computer to plate (“CTP”)**

We use CTP imaging technology in our printing process that removes the use of traditional film and associated chemicals from the prepress process.

### **Vegetable-soy based inks**

The older style printing inks are mineral/ solvent based and aside from not being a renewable source, contribute to ever growing greenhouse gas emissions. We managed to use vegetable-soy based inks in most of our printing plants which are less harmful to the environment than petroleum-based counterparts.

### **Digital printing**

Apart from the conventional offset printing equipment, we use a number of digital printing machines in our production plants in Australia, Singapore and the PRC. Despite the advantage of quick turnaround, digital printing is more environmentally friendly by eliminating the chemically tainted wastewater during the offset printing process.

Set out below are further measures in respect of energy saving, carbon reduction and waste management, implemented by the Group:

#### **Electricity control**

- Our lighting system has been converted to T5 fluorescent tubes for better efficiency
- Monitor and report energy usage in management meetings
- Benchmark energy usage against previous results
- Establish mechanisms to verify the efficiency of electrical distribution systems
- Deploy natural light, energy-saving lightings or LED lighting, where feasible
- Set the temperature for air-conditioning to an energy-efficient level at 24 – 26 °C
- Clean the air filter of air-conditioners regularly to improve cool air flow efficiency
- Switch off unnecessary lighting and energy consumed equipment while not in use

#### **Water control**

- We have installed a recycling system for all water in one of our plants in Australia that runs through our plate room, as well as tanks to collect rainwater from the plant roof
- Benchmark water usage comparing to previous years' results both on a quarterly and trend basis
- Keep abreast of best practice solutions and submit any appropriate information to the management for consideration in reducing water consumption
- Dual-flush toilet has been installed in most sites and these technology-savvy toilets are great to promote water conservation

#### **Wastes reduction**

- We have developed our in-house ERP system that has achieved significant paper reduction
- The leftover papers and aluminum printing plates were collected, labeled and stored for collection by recycling professionals
- Timber pallets are on a reuse system with very few going to waste
- Manage waste generated from our business operations according to the principles of reduction, reuse and recycling
- We have established environmental guidelines on how to handle waste paper, all waste paper should be stored in the “paper cage” and labeled and recycled daily by the administrative department

The overview of energy and water consumption for the Reporting Period was disclosed as below:

	Unit	Year 2016
Electricity	kWh	28,365,889
Natural gas	Mj	1,371,374
Liquefied petroleum gas (“LPG”)	Litres	8,709
Water	m3	149,520

We will continue to look for opportunities to reduce further emissions and wastes on an ongoing basis in order to minimize the Group's impacts of activities on the environment and natural resources.

## OUR PEOPLE

We consider human resources as one of the valuable assets for the business operations and sustainable development. Our Group advocates work life balance and pays close attention to employees' total well-being. We manage to provide a safe and fair working environment for all members.

We are subject to various rules and regulations in relation to employment, for example, the Labour Law and Labour Contract Law of the PRC. Employment Act of Singapore, Employment Ordinance of Hong Kong and Fair Work Act of Australia.

The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare during the Reporting Period.

### 1. Employment

The remuneration package are determined by the management or Remuneration Committee by accessing the employees' or the directors' performance, experience and market benchmark. Directors and senior management receive compensation in the form of salaries, benefits in kind and/or discretionary bonuses relating to the performance of the Group. The Group also reimburses them for expenses which are necessarily and reasonably incurred for providing services or executing their functions in relation to the Group's operations.

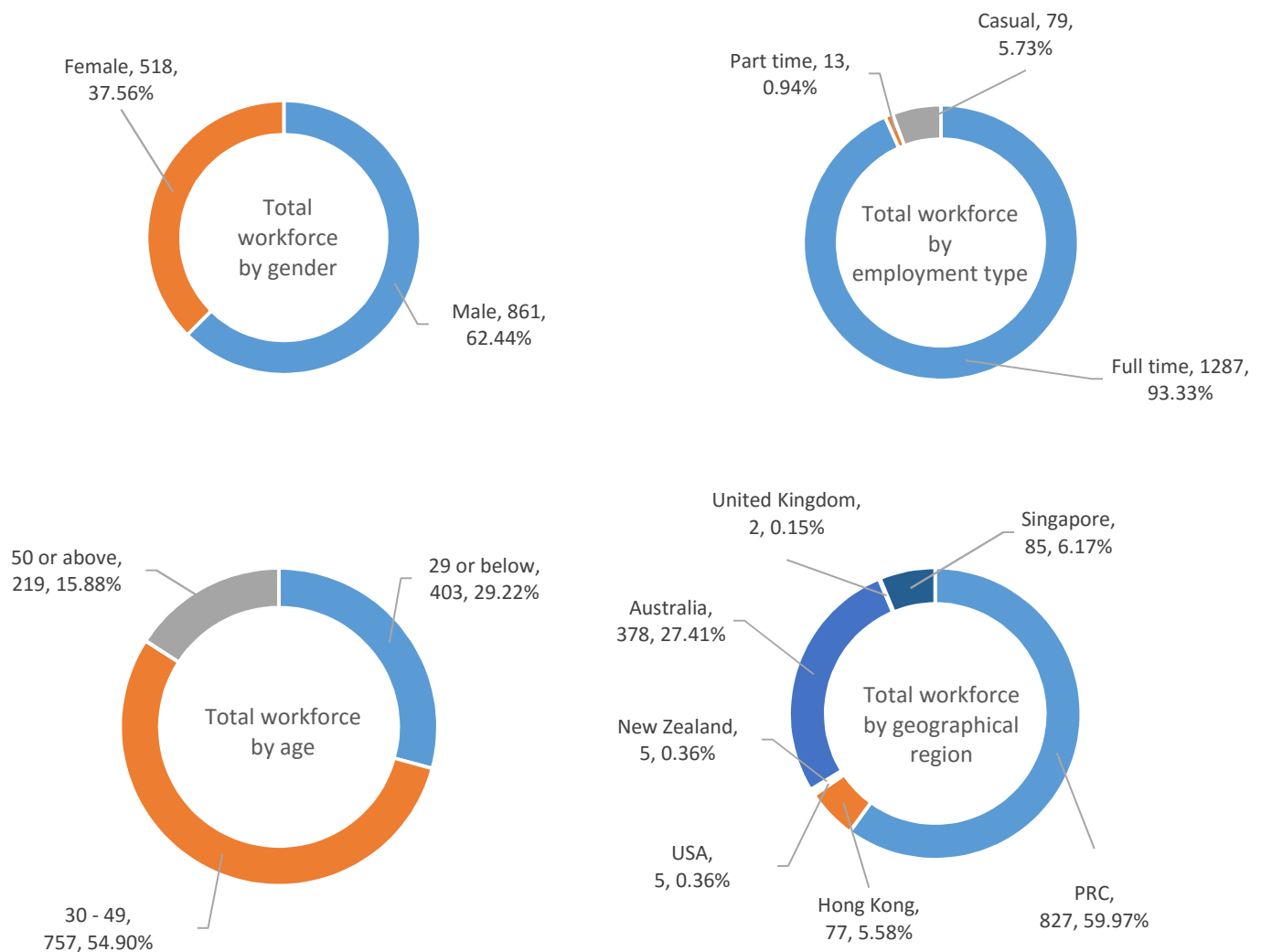
The pay scale of the Group's employees is maintained at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system. Other employees' benefits include five-day work week arrangement, discretionary bonuses, transportation allowance, provident fund, long serving employees awards, insurance and medical cover. Also, OPUS Group has implemented flexible working arrangements so that the employees are able to effectively manage their work, life and family needs. Moreover, we may grant the share options to eligible members in order to reward for their contributions under the share award schemes.

To ensure our salary structure is fair and competitive, we review and determine the remuneration and compensation packages of our employees regularly.

Whenever an employee resigns or gets laid off, designated human resource personnel should perform exit-interview to find out the underlying reasons of departure or dismissal, and to ensure full compliance with the relevant employee laws and regulations.



Our total workforce by gender, employment type, age and geographical region as of 31 December 2016 are shown in the following charts:



## 2. Anti-discrimination

We have anti-discrimination policy. We will not tolerate either workplace or work related discrimination. We are obliged to ensure our work environment is free from discrimination, sexual harassment or any associated victimization.

## 3. Work-life balance

For encouraging work-life balance and enhancing employee relationship, we have organized different kind of activities such as company trip, annual dinner, karaoke contests, tug of war, basketball competition and monthly birthday parties for work-life balance. We also maintained a recreation center in the PRC for our staff to have leisure activities.

#### 4. Diversity

We promote a diverse workforce by aiming to ensure that all employees and applicants for employment are fairly considered according to their skills, qualifications, abilities and aptitudes without regard to factors that are irrelevant to the person's skill or ability to fulfill the inherent job requirements.

OPUS Group has or will introduce the following initiatives to specifically assist with improving gender diversity: (a) mentoring programs and professional development programs targeted at female employees to prepare them for management positions; (b) promoting a safe work environment by taking action against inappropriate workplace and business behaviour (including discrimination, harassment, bullying, victimisation and vilification); (c) networking opportunities; and (d) supporting the promotion of women to management roles.

#### 5. Health and safety

We are committed to comply with all applicable rules and regulations and to provide a safe and healthy workplace for our employees, for example, The Work Safety Law of the PRC (《中華人民共和國安全生產法》), Occupational Safety And Health Ordinance (Chapter 509 of the laws of Hong Kong), Workplace Safety and Health Act (Chapter 354A of the laws of Singapore) and Work Health and Safety Act 2011 of the laws of Australia.

We have received OHSAS 18001 for Occupational Health and Safety in our PRC plant and have well-established guidelines and practices for ensuring healthy and safe working conditions for our employees. A safety orientation has been provided to our new employees so as to ensure a thorough understanding of health and safety, and their roles and responsibilities. Necessary protective equipment, such as safety shoes and ear protection are provided to our factory workers. Regular inspections would be carried out and any unsafe condition would be reported and investigated. In addition, there are regular seminars and workshops held in order to raise awareness of occupational safety.

The following table shows our work-related fatalities and injury statistic for the Reporting Period:

	Unit	Year 2016
Number and rate of work-related fatalities	Number	-
Lost days due to work injury	Days	274

The Group is not aware of any material non-compliance with the above-mentioned relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards during the Reporting Period.

#### 6. Development and training

We deeply believe that our people are our most valuable assets, thus we dedicate significant resources to attract and retain our talented employees, and to ensure that our people will grow alongside our business.

Also, every newly appointed Director will be given an induction training so as to ensure that he/she has appropriate understanding of the Group's business and of his/her duties and responsibilities under the Listing Rules and the relevant statutory and regulatory requirements. The Directors are regularly briefed on the latest development regarding the Listing Rules and other applicable statutory requirements to ensure compliance and upkeep of good corporate governance practices.



Socializing and making friends in the workplace is one of the best ways to increase productivity in the office. Hence, team-building activities have been held for the Reporting Period so as to builds the trust among each other and enhance internal communications between our employees.



Production Management Team



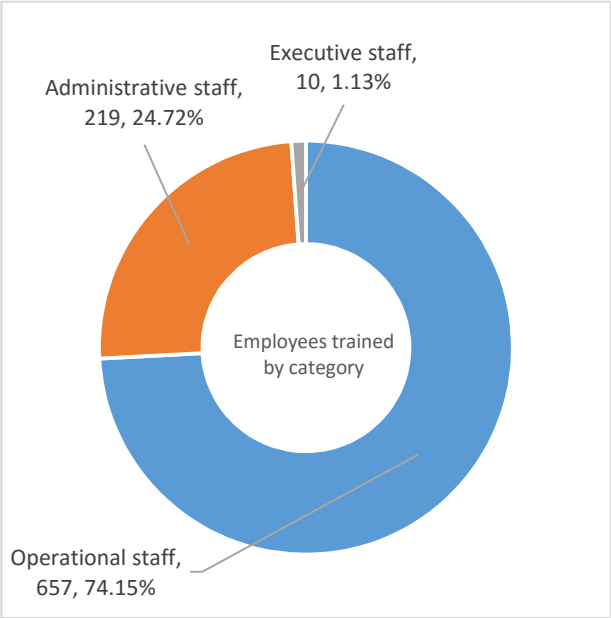
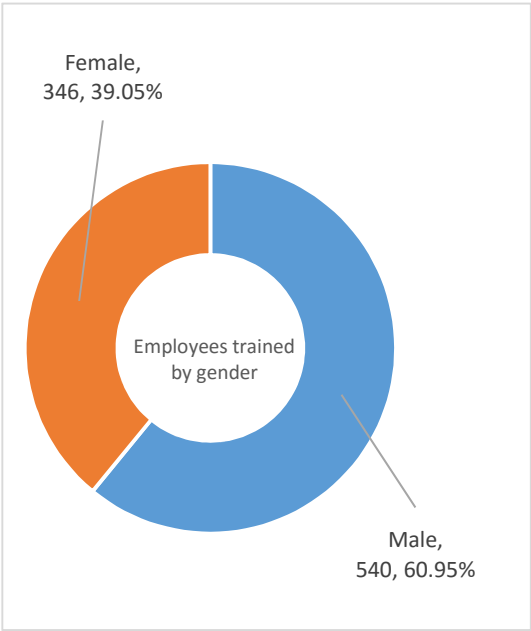
Team building activities



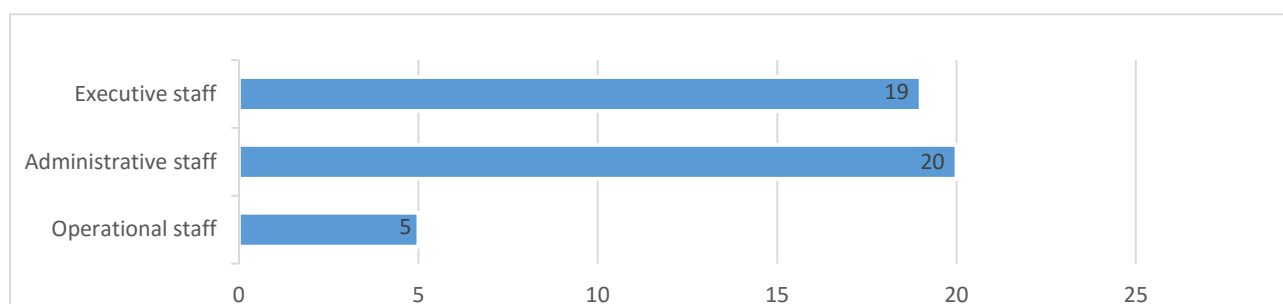
Sales and job controller team

Apart from providing internal training, we strongly encourage our employees and directors to attend talks and seminars held by external professional bodies, to refresh their knowledge and skills. If the training is relevant, we would also sponsor our employees to take the course.

The following charts show our employees trained by gender and category statistic for the Reporting Period:



Our average training hours per employee by employment category for the Reporting Period is as follows:



## 7. Labor standards

We strictly emphasize on the prohibition of engaging child labors and forced labors. As prevention, before hiring any job applicants, human resources department shall verify their ages by checking relevant document proofs. The Group is not aware of any non-compliance with relevant rules and regulations on preventing child or forced labour.

## OUR OPERATING PRACTICE

### 1. Supply chain management

The main raw materials used by the Group include paper, ink, printing plates and chemical glue. Paper, however, is the Group's principal raw material. Purchase requisitions are placed with paper vendors based on sales forecasts and orders which are developed with the Group's customers. The Group mainly purchases paper from paper manufacturers or trading companies in Hong Kong and PRC. The Group endeavours to work with Forest Stewardship Council / chain of custody ("CoC") certified paper suppliers to ensure that paper purchased and used in the production of books for its customers are in compliance with all standards of environmental care and social responsibility as required by customers. In addition, suppliers are typically reviewed for their financial stability before they are accepted by the Group as a constant supplier.

We are committed to developing and maintaining effective and mutually beneficial working relationships with our supply chains. We perform annual assessment on our suppliers and if a supplier is found to be violating our Group's policy or contractual requirements, we will suspend using the supplier until the situation is improved.

Furthermore, environmental criteria are taken into account in the procurement of goods and services and the code of conduct is observed for our major suppliers.

### 2. Product responsibility

We are committed to supplying quality books and printed products and providing quality services that consistently meet or even exceed its customers' expectations. Quality management system is used to ensure the product quality and we have received a number of certifications, including ISO9001, ISO14001, ICTI Code of Business Practices and G7 Master Qualification. Under the quality management system, quality assurance is performed to examine the product's quality against the acceptance quality level standard at every stage of the production process. Incoming raw materials, such as paper and ink, are periodically tested against customers' technical specifications. Colours are matched against the customer's approved blue print. Finished goods undergo a number of tests and visual inspections, before packaging and delivery to ensure the exact specifications of the customers are met. We have also maintained a professional customer services team with high service standard to ensure responsiveness to clients' needs. By implementing the highest level of standard on quality management, we provide not only excellent products, but also safe and secured products to our customers.

Due to our brand new machinery and high quality of craftsmanship, we have consistently earned recognition and awards in relation to our excellent printing capabilities. During the Reporting Period, we won one Gold, four Silver, eight Bronze in the Premier Print Awards and two Gold, one Silver, one Bronze, four Pewter in the Gold Ink Awards.

For the management of personal data privacy, we are committed to protecting privacy and confidentiality of personal data of our employees, customers, business partners and other identifiable individuals. Our employees are instructed to handle customer information with due care. They may get information about the customer only when there is a good reason to do so. We collect and use customer information in a responsible and non-discriminatory manner by restricting the use of the customer information to the purposes consistent with those identified in our contracts.

The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress during the Reporting Period.

### **3. Anti-corruption**

We commit to stringent compliance with all applicable rules and regulations and to maintain a fair and just society, for example, Prevention of Bribery Ordinance (Cap. 201) of Hong Kong, Criminal Law and Anti-Unfair Competition Law of the PRC, Prevention of Corruption Act and Penal Code of Singapore and Division 70 / 141 of the Criminal Code Act 1995 (Commonwealth) of Australia. An anti-money laundering policy has been implemented with the purpose of providing a confidential platform for our employees to report on any issues of concern arising in our operation. We also continue to organize trainings on staff integrity briefing, bribery prevention and equal opportunities. Furthermore, a whistleblowing system, which is monitored by the audit committee of the Company, is in place to ensure all matters of genuine concern are investigated and appropriate actions are taken where necessary. We have no hesitation to adopt disciplinary actions upon any proven misconduct case.

The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering during the Reporting Period.

### **COMMUNITY INVESTMENT**

We are committed to operating as a responsible corporate and continually supporting the economic and social vitality of local communities through corporate sponsorships, charitable donations and supporting youth development.

In order to promoting a caring culture, we encouraged and provided options for staff to receive or donate mooncakes, rice cakes, rice dumplings or to donate cash in equivalent to charitable organizations.

Furthermore, we see youth development as a foundation for the advancement of society. During the Reporting Period, we have sponsored one student and four apprentice for attending Printing Bachelor Degree in Wuhan University and printing relevant course, respectively.