

ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT

2019



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Environmental, Social and Governance Report

About this Report

Reporting Guide

This report is the 2019 Environmental, Social and Governance Report (the “ESG Report”) published by Billion Industrial Holdings Limited (the “Company” or “Billion Industrial”, together with its subsidiaries, the “Group”), which is prepared in accordance with the Environmental, Social and Governance Reporting Guide in Appendix 27 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the actual situation of the Company. This report aims to improve the stakeholders’ understanding of the Company’s environmental and social performance as well as the sustainable development strategy of the Company. The Board of the Company has reviewed this report and confirmed that it is accurate, true and complete in content.

Scope of Report

This report discloses the environmental and social performance of the Group during the period from 1 January 2019 to 31 December 2019, which covers the Group’s two major businesses of polyester filament yarns and polyester thin films. All information contained in this report comes from the communication process of the related departments of the Group and stakeholders.

Feedback

We will continually improve and perfect the content and form of the ESG Report in the future. You are welcome to contact the Company at any time if you have any doubt or advice on this report. The contact information is as follows:

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Sustainability Governance

The Group has all long been insisting on forging a flagship enterprise in the polyester new material industry and continues paying attention to the sustainable development trend associated with the industry, striving to enable the Group to constantly move towards sustainable development through effective governance measures and application of high-tech equipment.

We continue to stress on the importance on creating eco-friendly and green low-carbon development model while pushing forward development and production. We are committed to achieving a recycling economy model through innovative means so as to play a leading role in the industry. We always pay attention to upstream resources, track and keep the technologies for upstream raw materials, as well as raising the proportion of recyclable products. At the same time, we achieve the on-line recycling of wasted filament and wasted film, speed up the resource recycling process and improve recycling efficiency. Meanwhile, the Group actively expands and establishes a polyester filament yarn factory in Vietnam to boost the capacity further.

While constantly exploring the sustainable operation model, the Group insists on independent research and development and innovation, and forges a first-class technology research and development team to reach both the domestic and the world's leading standards in terms of various products and technologies development achievements. The Group will facilitate its industry to achieve high-end upgrading from manufacturing to "intelligent manufacturing" by relying on technology innovation and by virtue of the automatic equipment.

The Group attaches great importance to the experience and satisfaction of customers and other stakeholders on the Group's products. We collected feedback information from parties, combined with market research and analysis results, and timely communicated with the technology research and development and production center of the Group to achieve a sales model that primarily relies on product quality and personalized quality services.

As regards to talents nourishment and management, the Group attaches great importance to staff nourishment and has established an all-round training system to implement staff training projects including orientation training, on-the-job training and technical training, with an aim to facilitate the progress of staff working skills. Meanwhile, we hope that not only can our staff in the Group be able to achieve career development, but also feel about the caring and love from Billion Industry and colleagues in the Group as a big family, thereby develop a family-like friendly corporate culture.

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Stakeholder Engagement

The Group stresses great importance on internal and external communication and keeps abreast of the internal and external information trends on a timely basis to enable the Group's policies and management models to match with its internal demand, industry and regional industry development. In respect of the sustainability governance, we communicate with stakeholders to review our own environmental and social performance and identify those topics that need to be highlighted or improved.

During the year, according to the Environmental, Social and Governance Reporting Guide in Appendix 27 of the Listing Rules, we summarized 26 topics relevant to corporate environmental and social performance and conducted the relevant questionnaire research and communication meeting works in the Group with a view to understand our internally focused sustainable development topics.

According to this research, the Company still believes that all investigation topics are vital for the Company and the stakeholders, among which a total of 4 topics including talents management, environmental protection, patents and product quality have gained more prominent attention. Based on the results of this research, we shall disclose as much management methods and performance in related topics as possible in the report, so that each stakeholder can observe our efforts in sustainable development.



Environmental, Social and Governance Report

Green Production Model

The Group strictly complied with the national and local environmental protection requirements and followed the environmental guidelines of “precaution and treatment with precaution as priority” to reinforce environmental protection. We practiced well clean production and energy saving and consumption cutting and improved the efficiency of resources utilization.

The Group insisted on taking environmental protection policy and criteria of local government as a guidance and adopted advanced contamination control and treatment technologies to control pollutant emissions during the production process, striving to fully implement the internal emission reduction plans.

Optimize the Management Model

The Group pays very close attention to environmental performance during the production process. We took strict precautionary measures against all occurrences of environmental breach through a range of management and precautionary control methods, and committed ourselves to improving the manufacturing process and quality of factory environment to lower the environmental impact of the Group's operation. With our unremitting efforts, our factory in China obtained the ISO14001 environmental management system certification in 2010, and passed certification reviews conducted regularly. During the year, the ISO14001 system operated normally.

During the year, the Environmental Protection Management Committee of the Group re-deployed the relevant members in accordance with position responsibility changes, updated and amended part of the rules and regulations of our environmental protection and modified part of the operation specification in light of local relevant environmental standards. At the same time, the Group arranged every district to conduct regular examination on environmental equipment and set up a laboratory team to take samples and test periodically. The Group established environmental emergency plans and conducted regular trainings and drills and improved emergency measures to enhance the ability to handle emergency.



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Pollutant Emission Reduction

The Group controls stringently the emission of “three wastes” in factories by conducting a systematic control on the treatment and disposal of waste water, waste gas and solid hazardous wastes, so as to strictly comply with the laws and regulations related to emissions. At the same time, the Group requires its internal departments to conduct real-time monitoring and periodic maintenance on environmental protection treatment equipment, so as to ensure all the environmental protection treatment equipment are under normal operation and meet the discharge standards.

The Group strictly complies with the government requirements regarding new projects and projects to be reconstructed or expanded, prepares the environment impact evaluation report and submits for approval according to procedures to ensure the environmental facilities and main projects are designed, constructed and put into use simultaneously.

Wastewater Treatment

The Group adopts various measures to conduct an all-round treatment on waste water and domestic water in the factories during its production. Wastewater segregation collection system is established in the production sites to adopt segregated treatment measures for various wastewater. Waste water treatment sites are set up inside the factories to ensure the standard drainage of waste water after treatment.

The Group positively responded to energy conservation and emission reduction policy, invested funds in constructing the RO reclaimed water reuse system to achieve the reuse of some wastewater, and reduced discharge of wastewater and wastewater treatment costs, so as to create economic benefits, environmental benefits, and social benefits for the Company. In 2019, our Jinjiang factory's waste water pollutant discharge included 0.06 ton of ammonia nitrogen (increased by 60.0% from 0.0375 ton in 2018) and 3.78 tons of chemical oxygen demand (reduced by 16.7% from 4.54 tons in 2018). Meanwhile, the 3,090-cubic-meter sewage tank was constructed and has been put into use to expand our wastewater treatment capacity.

Waste Gas Treatment

The waste gas emission at the Group's factories mainly comes from boiler. We have taken corresponding treatment measures for coal-fired flue gas to ensure the emission of exhaust will eventually comply with the respective requirements of Emission Standards of Boiler Air Pollutants (《鍋爐大氣污染物排放標準》).

The Group constructed a flue gas online monitoring system to conduct real-time detection and analysis of different factors to monitor emissions and ensure compliance with discharge standards. In 2019, our Jinjiang factory's pollutants emissions included 141.91 tons of nitrogen oxides (reduced by 4.3% from 148.22 tons in 2018), 107.18 tons of sulfur dioxide (increased by 7.4% from 99.83 tons in 2018) and 13.27 tons of soot and dust (reduced by 2.8% from 13.65 tons in 2018).

Waste Disposal

The waste produced in the factories of the Group mainly included hazardous waste, general industrial solid waste and domestic waste. We set up applicable storage and disposal systems for different kinds of waste, aiming to achieve reduction, recycling and harmless disposal.

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For hazardous waste, the Group required every department to strictly control their production process to minimize its output at the source. We entered into a hazardous waste entrusted treatment agreement with a third party who fulfills the environmental requirements and qualifications.

For general industrial solid waste generated in the factories of the Group, which includes wasted filament, boiler ashes and wasted packing bags and so on, we will conduct internal recycling and reuse or sell them to downstream manufacturers as raw materials. As for domestic waste, we will collect them at designated locations in accordance with the sanitary requirements and entrust local sanitation department for clearing and disposal. In 2019, our Jinjiang factory generated a total of 4,312 tons of general waste (reduced by 0.7% from 4,343 tons in 2018) during the production process.

Resources Conservation

The Group attaches great importance in controlling resources utilization, conserves resources from the source as far as possible and achieves resources reuse at the same time. The factories of the Group planned and constructed systems of centralized gas supply, heat supply and water supply and achieved efficient utilization of resources through unified allocation to minimize energy consumption.

The Group, in cooperation with a third-party photovoltaic power generation company and financed by a third party, built a 30Mw rooftop distributed photovoltaic power generation project in our Jinjiang factory. After connecting the grid, the factory has the priority to use photovoltaic clean energy to reduce carbon dioxide emissions and make contribution to local energy-saving and emission reduction.

During the year under review, the electricity, coal and diesel oil consumption of the Group's factories are as follows:

Jinjiang factory: 1,250,660 Mw of electricity, 132,000 tons of coal and 466,000 liters of diesel oil, translating into 4,502 TJ, 3,870 TJ and 17 TJ.

Vietnam factory: 8,656 Mw of electricity and 7,000 tons of coal, translating into 31 TJ and 216 TJ.

In addition, we introduced a photovoltaic power generation system that uses clean power of 19,218 Mw (reduced by 14.4% from 22,441 Mw in 2018) in Jinjiang factory in 2019 to effectively reduce traditional energy consumption, as well as the pollutants and greenhouse gas emissions caused by it.

Energy Consumption	Unit	2018	2019	2019
		Jinjiang factory	Jinjiang factory	Vietnam factory
Electricity	Mw/h	1,106,402	1,250,660	8,656
Coal	tons (ten thousand)	10.2	13.2	0.7
Diesel	liters (ten thousand)	40.2	46.6	—

Pursuant to GHG Protocol, in translating the greenhouse gas emission resulted from energy consumption, we end up with Jinjiang factory's total greenhouse gas emission of approximately 889,531 tons of carbon dioxide equivalent (increased by 17.0% from 760,594 tons in 2018) during the year, of which, Scope 1 accounted for 26% and Scope 2 accounted for 74%; and Vietnam factory's total greenhouse gas emission of approximately 16,711 tons of carbon dioxide equivalent during the year, of which, Scope 1 accounted for 73% and Scope 2 accounted for 27%.

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Taking a comprehensive consideration of each factory's situation, we have installed circulating cooling water system and water reuse system in the factories to achieve the cyclical utilization of water resources in the factories. And we utilize local wastewater treatment equipment to improve the treatment capacity and measures outside the factories. Pus water from the water reuse system and strong brine from the soft water system of the factories will be reused as waste gas dust removal water, while the effluent from the sewage station will be used for greening irrigation inside the factories. Through cyclical regeneration and secondary recycling, the consumption of municipal water resources significantly reduced. During the year, Jinjiang factory and Vietnam factory consumed approximately 4,000,000 tons and 16,500 tons of municipal water resources, respectively.

Energy Consumption	Unit	2018	2019	2019
		Jinjiang factory	Jinjiang factory	Vietnam factory
Municipal water	tons	3,743,074	4,000,892	16,530

Packing Materials Consumed

The main packaging materials for the Group's polyester filament yarns products include plastics, foam boards and carton boxes, while the packaging materials for polyester film products include PE films, bubble films and pear pads. Moreover, pallets, wooden supports and iron trays used for product storage and auxiliary transportation will be used in the factories in cycles and be disposed of as general industrial waste until their functions are damaged.

The Group keeps an eye on regulations of packaging usage in regions and optimizes the design of packaging in accordance with environmental requirements, so as to strive to minimize the consumption volume of packaging materials. During the year, the consumption volume of packaging materials is as follows:

Packing materials type	Unit	2018	2019	2019
		Jinjiang factory	Jinjiang factory	Vietnam factory
Paper rolls	piece	94,763,500	93,540,500	7,561,400
Paper boxes	piece	19,848,300	19,710,000	922,700
Foam boards	piece	12,484,500	6,010,100	—
HD bags	kg	631,700	666,200	32,600
Pearl pads (Foam boards)	piece	247,100	194,900	—
Bubble films	kg	60,400	47,800	—

Environment-friendly Industry

The Group focuses its works on resources recycling. We strive to arrange reasonable recycling for all recyclable industrial resources through conducting internal recycling on production materials and leftover materials of product or selling to downstream manufacturers for recycling, collecting packaging materials of raw materials and assigning manufacturers for recycling, and has significantly reduced the produce of industrial wastes.

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During the year under review, the internally recycled wasted filaments, recycled wasted films, wasted film sales and recycled paper rolls of our Jinjiang factory were 10,639 tons, 18,787 tons, 1,740 tons and 23,210,000 pieces, respectively; the internally recycled wasted filaments and recycled paper rolls of our Vietnam factory were 586 tons and 240,000 pieces, respectively.

Recycling and Sale of Resources	Unit	2018	2019	2019
		Jinjiang factory	Jinjiang factory	Vietnam factory
Internally recycled wasted filaments	tons	8,539	10,639	586
Recycled wasted films	tons	9,688	18,787	—
Wasted film sales	tons	2,241	1,740	7
Recycled paper rolls	pieces (ten-thousand)	1,883	2,321	24

Looking forward, we will adhere to the green product strategy, gradually extend the product environmental considerations from production process to its use and waste treatment process, and strive to develop and provide environment-friendly products for our society.

Human-based Management

The Group believes a harmonious employment relationship is a key success element of an enterprise. We adhere to the principle of “Human-oriented Philosophy, Factory-based Family and Co-development” to provide them an improved employment system.

We strictly comply with labour laws, regulations and industry practices and respect local folk cultures and religious belief as well as employees’ lifestyle and dietary habits and also formulate and execute a series of measures to ensure fair and equal protection to all staff.

Apart from providing good promotion prospects and training, the Group also provides a series of facilities and benefits for our staff and their families, which not only develop the work quality of staff, but also enable them to have a harmonious family-like relationship with the Group and make a progress with the Group.

Employment Compliance

The Group actively created employment opportunities for local residents in its operating locations.

The Personnel Department shall strictly check the identity card, grading certificate of related operation skills and graduation certificate of each staff, and make sure each staff is qualified under the recruitment requirements of the Company.

In preventing child labour employment, staff shall produce certificates of his/her identification showing that he or she is a non-child labour force, otherwise he/she will not be employed.

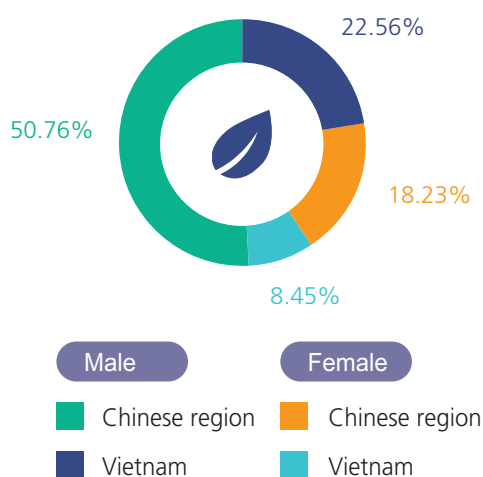
The staff salary of the Group will be executed in accordance with local state regulations. We ensure new staff will receive their respective salary in accordance with the minimum salary standard which is not less than those required by local government during the probation period. We will determine staff salary by reference to the importance, technical requirements and skills level of the position.

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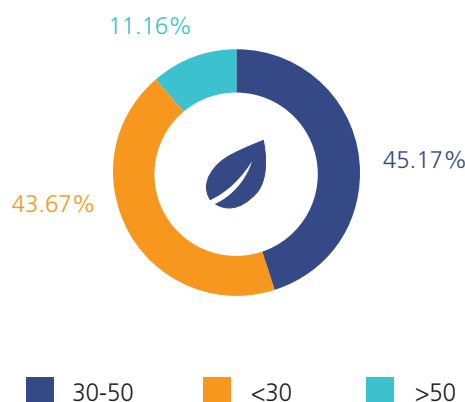
As at 31 December 2019, the Group in Chinese region engaged 5,285 staff, of which, 3,659 are male staff and 1,626 are female staff, representing approximately 69.23% and approximately 30.77% respectively. In respect of ages, 2,095 of our employees are below 30 years old, 2,407 of our work-force are between 30 to 50 years old and 783 are over 50 years old, representing approximately 39.64%, 45.54% and 14.82% respectively. As for education background, about 616 staff hold a junior college degree or higher, accounted for 11.66% of the total staff. While for positions, we have 231 managerial staff, representing about 4.37% of the total staff.

As at 31 December 2019, the Group in Vietnam engaged 1,923 staff, of which, 1,314 are male staff and 609 are female staff, representing approximately 68.33% and approximately 31.67% respectively. In respect of ages, 1,161 of our employees are below 30 years old, 741 of our work-force are between 30 to 50 years old and 21 are over 50 years old, representing approximately 60.38%, 38.53% and 1.09% respectively. As for education background, about 63 staff hold a junior college degree or higher, accounting for 3.28% of the total staff. While for positions, we have 140 managerial staff, representing about 7.28% of the total staff.

2019 Gender Distribution of Staff



2019 Age Distribution of Staff



Employee Benefits

The Group strives to create a friendly home-like working environment for staff and attaches great importance to staff's welfare treatment. Apart from providing social security, mutual medical care insurance and work-related injury insurance, we also have group commercial insurance coverage for enterprise's staff, and establish charitable fund for staff to solve their pressing needs financially, as well as providing a series of livelihood care measures for staff, which enable all staff to live and work peacefully and with contentment.

Comfortable Living Environment

The Group provides free accommodations for employees. Accommodations have separate balconies and separate washrooms, and are equipped with beds, desks, air conditioners, water heaters, televisions and other facilities to meet staff's different needs.

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The Group attaches great importance to staff's privacy, offering separate dormitory for married couple workers to promote family harmony. The Group strives to provide a complete family-like environment for our staff. Employees from the same family will be allocated to a separate dormitory or suite where children and elderly can stay together to effectively resolved the problem of staff's left-behind children and empty nesters in hometowns thus creating a harmonious family atmosphere for reunion.

The Group has a number of canteens and catering windows to provide foods with a wide range of flavors, which are regularly renewed to meet the catering needs of employees in different geographical regions. The canteens have neat dining chairs to provide staff with a convenient, clean, hygienic and atmospheric dining venue.

The Group is equipped with commuter cars to provide free pick-up services for workers in different factories. The Group has dedicated employee car parking spaces and electric car charging piles, which are also free.

Employees' Children Education

The Group runs a kindergarten inside the factories or contacts with local preschool institutions to resolve pre-school education problems for employees' children. The kindergarten strictly complies with the establishment standards required by national regulations to provide care and education for pre-school children of our staff.



The Group actively seeks policy support, pays attention to local school enrollment requirements and timely communicates with employees. The Group helps handling enrollment or transfer application procedures from employees' children's schools.

The Group purchased school buses that meet national standards and provided free pick-up services for the children of our staff from different factories to our in-house kindergarten and primary schools and secondary schools in town for classes. We also recruited security personnel in school buses to make sure the safety of our staff's children on their way to and from school.

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The Group's union set up activities such as "four o'clock" schools, summer camps, winter camps and so on, and invited volunteer teachers to organize singing, dancing, painting, handicraft, calligraphy and other activities as well as homework counselling, to enrich children's extra-curricular knowledge and talent.



Through the above measures, the Group has effectively resolved the education problem of employees' children, thus enabling staff to live and work in Billion Industrial peacefully and with contentment.

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Cohesion Building

The Group set up the “Home of Staff” activity center. The activity center has library, game rooms, movie theatres, KTV which are recreational venues for employees to use. And it also has gymnasium and swimming pool and engages professional coaches and professional lifeguards, offering various options to employees for fitness and entertainment, which enhance staff’s cohesion and sense of belongings and increase their joyfulness in spare time.



Apart from a series of activities regularly held to celebrate festivals like Chinese New Year and Women’s Day, the Group also organized physical and recreational activities which included yoga class, staff travel, outdoor hiking and team-building trainings. Moreover, the Group also introduced other diversified events, such as art performances and outdoor large-screen movies, aiming at providing a balanced living and working environment for our staff.



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The Group offered all-expense-covered travels for honorary staff with over 10-year services and over 15-year services, annual advanced management and outstanding employees regularly, and gave out exquisite gifts and honorary certificates.



Broadening Information Communication Channel between Staff

The Group is committed to establishing an open information and communication feedback channel for staff. The Group constantly develops and enriches employees' suggestion collection channels through integrating online and offline channels, and at the same time, listens voices from staff regarding work and life and helps them solving problems responsively.

The Group also created working WeChat group to establish a "Daily Caretaker" WeChat platform and established the official WeChat of the Group to collect suggestions and opinions from staff and make timely communication and feedback.

The Group sets up a system for collecting reasonable opinions where staff can express their opinions directly for work and life improvement and promotion. Furthermore, upon adopting these opinions, the staff would be awarded and tangible progresses were made in such aspects as safety production, environmental protection and quality improvement, cost control and energy saving and efficiency improvement.

The Group sets up eye-catching staff complaint boxes in each region and collects suggestions and opinions from staff on a regular basis.

The Group also posts contact information of administrative and HR personnel in each region to ensure staff could communicate and obtain feedback at all time if having any concerns.

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Talent Development

Comprehensive Training System

The Group strives to become a learning-oriented enterprise. It establishes a comprehensive hierarchical human resources training mechanism, assists employees to tailor their own career plans and encourages them to improve and hone their educational backgrounds and professional skills through various measures to enhance competitiveness.



The Group entered into cooperative agreements with major institutions and mutually created a win-win cooperation for both the institutions and the Company in bringing more talents to the Group.



For new employees, the Group provides a series of trainings for them within the first month of employment, including induction training, occupational health and safety management training, departmental job responsibilities and operational skills training. Through these trainings, the Group aims to help new employees to integrate into our community in a fast but better manner, strengthen their recognitions on missions, visions and core values of the Company and assist them to solve essential issues in their daily works and lives.

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During the year under review, the Group continued to encourage its staff to attend trainings. A total number of 228,426 staff attended trainings by batches. Training coverage rates of both male and female staff were above 80%, with per capita training hours of more than 89 hours. By functionalities, the number of general staff attended trainings was 16,892 with training coverage rate of 89.27% and per capita training hours of 139.5 hours, and the number of managerial personnel attended trainings was 6,725 with training coverage rate of 86.20% and per capita training hours of 82.7 hours.

To encourage employees to sharpen their working skills, the Group holds all kinds of operational skill competitions on a regular basis. By putting awarding mechanism in place, the Group galvanizes employees to keep on working hard to enhance their professional competence.



Equal Development Opportunity

The Group will identify the underlying positions and number of employees to be recruited and specify position responsibilities and job qualifications which will be announced to internal staff. The Group applauds the practice of self-recommendation and gives priority to internal staff in selecting position promotion.

The Group pays high attention to the principle of fair competition and has a series of comprehensive appraisal methods in place, which aim at seeking the most capable and morally matured staff for promotion. In the Group, promotion opportunities for all employees are equal.



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Implementation of Safety Operation

The Group attaches great importance to staff's occupational health and safety as well as the working environment security. While complying with the relevant national laws and regulations, the Group further channeled its resources on the occupational health and safety management systems and obtained internationally-recognized occupational health and safety management system certification.

The coverage of the Group's occupational health and safety management systems is comprehensive, which includes employees' occupational health and safety education, production safety management and emergencies prevention and handling. We will keep on improving the relevant systems to satisfy all parties.

Stringent Safety Management

The Group puts a high value on staff's workplace safety and strictly complies with the relevant local laws and regulations related to safety production during our operation process. The Group establishes and updates relevant standards and operation criteria on a regular basis and modifies its rules and criteria to ensure safety production.

Efficient Safety Management Structure

The Group established the Safety Production Committee with the president himself as the director of the Safety Production Committee, and vice-president and general manager serving as deputy directors to coordinate safety production work of the Group. Each department established a safety work group with directors of departments and technical personnel joining as members to work closely with the Group's Safety Production Committee to jointly engage in the safety management process.



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Implementation of the “Three Simultaneities” (三同時) System

The Group earnestly implemented the provisions of the “Three Simultaneities” by the government administrators, i.e. simultaneous design, construction, and checking and acceptance, for production and utilization of the safety facilities of the engineering projects that are newly created, reconstructed or expanded, preventive measures for occupational diseases and the principal part of a construction project, so as to ensure that the projects of the Group meet the relevant safety standards during the construction and operation period.

Emergency Response

The Group prepares contingency plans for safety production emergency, conducts regular drills and evaluates its results and makes constant improvement. When an emergency occurs, different departments of the Group will set up a control headquarter in accordance with the guidance set out in the emergency program and the accident ratings, designate relevant personnel to perform repair and evacuation works, provide subsequent services, deal with post-event matters and conduct investigation, in order to minimize the environmental and social impact caused by emergencies. The post-event review is also necessary to avoid occurrence of similar incidents.

The Group has designated personnel to conduct regular inspection and maintenance on emergency equipment and emergency devices and will take follow-up improvement measures immediately when any exceptional situation is found, so as to ensure the safe operation of production devices and safety facilities.



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The Group set up a micro-fire station and formed a voluntary fire fighter team. It has fire-fighting equipment, such as professional suits, water pistols and water bands fully reserved, and regularly invites local professional firemen to deliver on-site trainings and perform emergency drills.



In 2019, there were no severe injuries or fatalities of employees. There was no occupational disease reported by our employees, and there was no fire or explosion accident causing a direct economic loss of RMB5,000 or above.

Allocation of Safety and Health Equipment

To safeguard the health of staff, the Group offers staff various personal preventive equipment, including masks, gloves and earplugs, etc. In addition, to provide a comprehensive protection for staff working in every production segment, the Group establishes a comprehensive fire-fighting alarm system, air conditioning system and others.

The Group also reserves different emergency materials, such as rescue ambulances, air-breathing apparatus, fire-fighting equipment, gas masks, masks, oxygen detector, combustible gas detector, etc. to cope with emergent cases, striving to provide a safe production environment for staff.

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Comprehensive Safety Education

To enhance the safety production effect, the Group offers a series of safety and health trainings to our staff. During the year, the total training hours of occupational health and safety education were 27,734 hours in Jinjiang factory as well as 12,680 hours in Vietnam factory. The cumulative percentage of our new staff attended the safety training was 100%.

The Group arranges workshop for management staff to receive multi-dimensional safety know-how trainings and learn such skills as cardiopulmonary resuscitation first aid, use of fire-fighting equipment and emergency escape to enhance safety awareness of basic staff and management.



Unfolding Assessment of Hidden Risks

The Safety Production Committee of the Group organizes thorough safety inspections regularly. If problems are found, it will arrange each department to formulate rectification plans, implement preventive measures and achieve rectification within a limited time period. Every department will conduct weekly assessment of internal hidden risks and report regularly. Every class/group will report to superior of its level once problems are found.

The Group, pursuant to its requirements, regularly submits to local government the progress of assessing and rectifying hidden risks, accepts supervision and guidance from local government and continues to improve safety management standards.

Product Responsibility

The Group strives to provide quality and safe products for customers, and implements various measures for improving product quality, which include inspection and control on product quality, automatic production and raw materials safety management. The product quality management of the Group has obtained ISO9001 Quality Management System Certification, and the products manufactured have also passed the random inspection of Quality and Technical Supervision Department. Such outstanding results are the recognition of the product quality assurance of the Group.



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Improving Product Quality

The Group is committed to keeping on improving the quality and safety of its own products so as to provide the best quality products for customers. Hence, the Group formulates standards that are more stringent than national standards for polyester filament yarns and conducts full inspection on products. The Quality Control Department of the Group conducts stringent inspection and quality control on raw materials, semi-finished products and finished products, so as to ensure every production process is in compliance with the requirements of the Company.



The Group established an after-sales customer service team handling complaints related to our products and services and verifying customer's feedback, suggestions and complaints. At the same time, we delegated technological professionals to actively communicate with customers to jointly analyze and find out the cause, carefully verify and timely solve the problems that exist. We also obtain regular customer feedbacks in using our products and provide them with relevant technological assistance. Through the above measures, the Company can identify the project inadequacies and the management deficiency appropriately and seek for feasible solutions.

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Automatic Operation

The Group's factories adopt the mechanic and automatic production approach, which promotes the processing system of functional differentiated products and improves labour productivity, product quality, research and development capacity of new products and energy efficiency utilization, so as to form a new model of reproducible polyester filament yarn melt-direct spinning intelligent manufacturing and promote for industry application, as well as leading the industry transformation and upgrade.

During the year, the Group continued to streamline original production lines and product packaging lines for spinning, conduct technical reform and achieve automatic production, so as to satisfy the increasing demand from customers.



Reliable Procurement

The supply of raw material has a considerable impact on product quality of the Group and as such, the Group attaches great importance to safety procurement.

The Group shall conduct a full evaluation on suppliers, which includes material quality, supply stability, safety and environmental protection assessment. Only those suppliers that have passed such evaluation could become our qualified suppliers. In 2019, the Group had 120 major suppliers mainly distributed in Fujian, Guangdong, Jiangsu and other regions.

Achieving Efficient Innovation

The Group is committed to keeping on developing differentiated products in the industry to provide quality and customized product services for customers. Accordingly, we dedicate lots of efforts in research and development as well as innovation.

The Group attaches great importance to the protection of technology and intellectual property for safeguarding innovation results. We also set up the Branding and Intellectual Property Department, responsible for managing the patents of the Company. Also, the Group cooperates with intellectual property service companies and further assures the quantity and quality of future patents applications through means of independent innovation, industry-university-research cooperation and others, so as to develop a sustainable enterprise innovation model.

During the year under review, we obtained 4 new patents for invention.

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Patents obtained in 2019

Item No.	Invention Item	Application Date	Authorization Date	Patent No.	Patent Type	Patentee
1	Cationic polyester filament	7 February 2017	11 January 2019	ZL201710067626.8	Patent for invention	Fujian Billion Polymerization Fiber Technology Industrial Co., Ltd.
2	FDY high strength polyester filament	11 January 2017	25 January 2019	ZL201710019982.2	Patent for invention	Fujian Billion Polymerization Fiber Technology Industrial Co., Ltd.
3	Making method of multifunctional accessory ingredient with low melting point for polyester FDY filament with low melting point	7 February 2017	25 January 2019	ZL201710067627.2	Patent for invention	Fujian Billion Polymerization Fiber Technology Industrial Co., Ltd.
4	A high-performance polyester filament and its application in denim	24 February 2017	31 May 2019	ZL201710101128.0	Patent for invention	Fujian Billion Polymerization Fiber Technology Industrial Co., Ltd.

Information Privacy

The Group attaches great importance to information privacy and personal privacy. We established rules and regulations for keeping the commercial secret of the Company, of which the contents include customer information, customer credit line, customer procurement volume and core technology information. All employees are prohibited from using or disseminating the customer information of the Company privately without the authorization of the Group.

The Group attaches great importance to data security and cyber security. It gives permission to connect external network for staff who have different needs according to their demand, installs anti-virus software and kills virus regularly for each computer and makes backups for server data and database.

Ensure Integrity of Operations

The Group aims at keeping high transparency, probity and accountability, and strives to ensure non-occurrence of any incident that is harmful to the interests of shareholders, investors, customers and the public. The Group has put in place the appropriate corporate policies and guidelines, targeting the improprieties in relate to bribery, extortion, blackmail and money laundering.

For this, the Group formulates whistleblowing policies to improve employees' consciousness to upkeep the internal integrity of enterprise. The president of the Company or authorized person(s) are entrusted to receive information of the whistleblowing incident and set up an independent investigation team according to the nature of the event, and also they will be engaged to conduct investigation or refer the incident to relevant regulatory authorities of local government.



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Community

Care about Community Development

Apart from paying high attention to self-development and for its employees, the Group also cares about the community development where it locates. Not only will the Group provide financial support to those in need, it also organizes employees to participate in community activities to jointly build a perfect and harmonious community.

During the year under review, the Group donated approximately RMB418,000 to schools at our surrounding communities and social organizations and provided about 618 hours of voluntary services.



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Content Index

KPIs	Requirements of HKEX ESG Reporting Guide	Section/Remark
A. Environmental		
Aspect A1	Emissions	
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer. <p>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p>	Optimize the Management Model Pollutant Emission Reduction
KPI A1.1	The types of emissions and respective emissions data.	Pollutant Emission Reduction
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Pollutant Emission Reduction
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Pollutant Emission Reduction
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Pollutant Emission Reduction
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Pollutant Emission Reduction
KPI A1.6	Description of how hazardous and nonhazardous wastes are handled, reduction initiatives and results achieved.	Pollutant Emission Reduction

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KPIs	Requirements of HKEX ESG Reporting Guide	Section/Remark
Aspect A2	Use of Resources	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Resources Conservation Packing Materials Consumed
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Resources Conservation
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Resources Conservation
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.	Packing Materials Consumed
Aspect A3	The Environment and Natural Resources	
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environment-friendly Industry
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment-friendly Industry

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KPIs	Requirements of HKEX ESG Reporting Guide	Section/Remark
B. Social		
Aspect B1	Employment	
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer <p>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.</p>	Human-based Management; Talents Development — Equal Development Opportunity
KPI B1.1	Total work force by gender, employment type, age group and geographical region.	Human-based Management
Aspect B2	Health and Safety	
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer <p>relating to providing a safe working environment and protecting employees from occupational hazards.</p>	Implementation of Safety Operation
KPI B2.1	Number and rate of work-related fatalities.	During the reporting period, there was no work-related fatality
KPI B2.3	Description of occupational health and safety measures adopted, how they are being implemented and monitored.	Implementation of Safety Operation

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KPIs	Requirements of HKEX ESG Reporting Guide	Section/Remark
Aspect B3	Development and Training	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Talent Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Talent Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	Talent Development
Aspect B4	Labour Standards	
General Disclosure	Information on: <ul style="list-style-type: none"> (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.	Human-based Management — Employment Compliance
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Human-based Management
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	During the reporting period, there was no recorded incidents
Aspect B5	Supplier Chain Management	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Reliable Procurement
KPI B5.1	Number of suppliers by geographical region.	Reliable Procurement
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.	Reliable Procurement

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KPIs	Requirements of HKEX ESG Reporting Guide	Section/Remark
Aspect B6	Product Responsibility	
General Disclosure	Information on: <ul style="list-style-type: none"> (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.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	During the reporting period, there was no recall for safety and health reasons
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Improving Product Quality
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Achieving Efficient Innovation
KPI B6.4	Description of quality assurance process and recall procedure.	Improving Product Quality
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Information Privacy

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KPIs	Requirements of HKEX ESG Reporting Guide	Section/Remark
Aspect B7	Anti-corruption	
General Disclosure	Information on: <ul style="list-style-type: none"> (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.	Ensure Integrity of Operations
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.	During the reporting period, there was no reporting of corrupt practices
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Ensure Integrity of Operations
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.	Care about Community Development
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Care about Community Development
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Care about Community Development