

# JS

**Global**

## JS 环球生活有限公司

JS GLOBAL LIFESTYLE COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability) Stock code: 1691

### Quality Products, Healthy Lifestyle



# 2019

► **Environmental, Social and Governance Report**



► **Quality  
Products,  
Healthy  
Lifestyle**





# Contents

<b>1</b>	<b>ABOUT THIS REPORT</b>	<b>2</b>
<b>2</b>	<b>MESSAGE FROM THE CHAIRMAN</b>	<b>3</b>
<b>3</b>	<b>2019 ESG PERFORMANCE HIGHLIGHTS</b>	<b>5</b>
<b>4</b>	<b>AT A GLANCE</b>	<b>6</b>
4.1	Overview of the Company	6
4.2	Business Overview	8
<b>5</b>	<b>SUSTAINABILITY STRATEGY</b>	<b>10</b>
5.1	Engagement with Stakeholders	10
<b>6</b>	<b>CORPORATE GOVERNANCE</b>	<b>16</b>
6.1	ESG Governance Structure	16
6.2	Responsible Supply Chain	17
6.2.1	Ethics and Integrity	17
6.2.2	Supply Chain Management	19
6.2.3	Product Responsibility	20
6.2.4	Intellectual Property Rights	20
6.2.5	Promotional Materials and Advertisements	20
<b>7</b>	<b>TALENT CULTIVATION</b>	<b>21</b>
7.1	Talent Recruitment	21
7.2	Labor Standards	22
7.3	Salary and Benefits	23
7.4	Talent Development	24
7.5	Health Protection	26
7.6	Staff Engagement	26
<b>8</b>	<b>CREATING VALUE FOR OUR CUSTOMERS</b>	<b>30</b>
8.1	Complaints Handling	33
8.2	Safeguarding Customer Information	33
<b>9</b>	<b>QUALITY INNOVATION FOR COMMUNITIES</b>	<b>34</b>
9.1	Community Services	34
<b>10</b>	<b>CONSERVING THE ENVIRONMENT</b>	<b>37</b>
10.1	Energy & Water Use	38
10.2	Air Emission	40
10.3	Waste Management	40
10.4	Paper Resources	41
10.5	Promoting Environmental Awareness	42
10.6	Ensuring the Sustainability of Our Operation	42
	<b>APPENDIX 1:</b>	
	Index to the ESG Reporting Guide of Hong Kong Stock Exchange	44

# 1

## About This Report

This is the first environmental, social and governance (“ESG”) report (“the Report”) published by JS GLOBAL LIFESTYLE COMPANY LIMITED (“JS Global Lifestyle”, the “Company” or “we”), which discloses our performance in product and services responsibility, talent development and team building, environmental management and conservation, workplace health and safety, compliance with laws and regulations, responsible supply chain and community investment.

### REPORTING STANDARDS

The report was prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “Guide”) as set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) with contents that comply with the disclosure requirements and principles under the Guide.

### REPORTING PERIOD AND SCOPE

The reporting scope includes all areas of business over which the Company has financial significance and operational influence, as well as those of environmental, social and governance significance to the Company and its stakeholders. The content of the report mainly focuses on the core businesses of the Company, and overall performance of the fulfillment of sustainability and corporate social responsibility from January 1, 2019 to December 31, 2019 (the “Year” or the “Reporting Period”). The policy and environmental metrics reported in this report cover the following operations<sup>(1)</sup>:

- ✧ Joyoung Co., Ltd.
  - Hangzhou Joyoung Household Electric Appliances Co., Ltd.
  - Hangzhou Joyoung Life Electric Co., Ltd.
  - Hangzhou Joyoung Water System Co., Ltd.
  - Hangzhou Joyoung Electronic Technology Co., Ltd.
  - Joyoung Holdings (Hong Kong) Ltd.
  - Tonglu Joyoung E-commerce Co., Ltd.
  - SharkNinja (China) Technology Co., Ltd.
  - Jinan Joyoung Wanjia Real Estate Co., Ltd.
- ✧ SharkNinja Operating LLC
  - Headquarters in United States
  - Distribution Center in United States
  - Office in Canada
- ✧ Euro-Pro Europe Ltd.
  - Offices in United Kingdom
- ✧ UK Euro Pro Ltd.
  - Offices in United Kingdom
- ✧ SharkNinja (Hong Kong) Company Ltd.
  - Offices in China

Remark <sup>(1)</sup>: In case of any discrepancy, the traditional Chinese names of the Company shall prevail.

We are actively working towards the depth and width of such coverage by monitoring regularly our performance in sustainability in the future.

### FEEDBACK ON THE REPORT

We value the opinions of stakeholders and the public on this report. If you have any enquiries or recommendations, please feel free to contact us through the following email address: [esg@jsgloballife.com](mailto:esg@jsgloballife.com).

Last year marked an important milestone for JS Global as it was successfully listed on the Main Board of the Hong Kong Stock Exchange on December 18, 2019. During the reporting year, we have continued to fulfill our responsibility to create long-term value to our stakeholders including shareholders, investors, customers, employees, business partners, and the wider community. We encourage responsible and sustainable practices across our organizations including supply chain, employees base and others by creating shared values with our employees, partners and suppliers. We are pleased to present the first ESG Report, which summarises our efforts and progress in environmental and sustainable development in 2019.

We understand the importance of embedding sustainability into our long term goals and strategies given the global business challenges we face today. Our sustainability strategy was developed and shaped around the five major pillars including governance, talents, customers, communities and environment. It is our corporate responsibility to positively impact our employees, customers and consumers not only through our innovative product offering but also via sustainable supply chain practices and promotion of social and environmental responsibility.

The Company designs and builds innovative small household appliances that meet our consumers' needs and are manufactured with the goal of conserving natural resources. During the past year, we were committed to minimizing climate change and boosting biodiversity conservation by purchasing 3,000 carbon credits to preserve 3,000 trees in the Amazon rainforest. We planted 18,000 trees in Peru and 2,000 in the UK.

In the United States, the SharkNinja segment cooperated with a number of charitable organizations to make donations in the field of health, and the employees of the Company also actively participated in community volunteer services.

In China, the Joyoung segment has been participating in China's public charities in the fields of education and health. Over the past ten years, Joyoung established the "Joyoung Hope Fund" based on the platform of the China Youth Development Foundation of Hope Project, through which it has donated RMB50 million in building more than 1,000 Joyoung Hope Kitchens in 222 counties in 27 provinces and regions across the country. Half a million students are enjoying the meals provided by Joyoung Hope Kitchens per day, and the number of direct beneficiaries in the past decade has exceeded 2.6 million.

The world is now facing a coronavirus (COVID-19) pandemic and this challenge is unprecedented. Not only must we protect our business operations during the crisis, we have the responsibility to safeguard the health and safety of our employees and customers. The pandemic provided an opportunity for us to further strengthen our resilience in managing disaster and fulfilling our obligations to our stakeholders, including global investors, shareholders, customers, business partners, suppliers, employees and the community. In response to the pandemic, instead of making our staff redundant, we actively strengthened and expedited our process to innovate and develop small household appliances that enhance our consumers' health and hygiene quality. After the sudden outbreak of the COVID-19 epidemic, the Joyoung segment provided immediate assistance to the affected areas. Emergency supplies such as Joyoung water purifiers, Shark sanitizing steam mops and medical protective gear worth RMB5 million were donated in several batches to severely effected areas including Wuhan, Xiaogan, Jingzhou and Huanggang in Hubei Province. To protect our employees and their families, our business partners and customers, we have implemented stringent containment measures across our business operations including frequent cleaning and sterilization of workplaces, compulsory face-mask wearing, closing of offices, remote work and reduction of social interactions.



## Message from the Chairman

Recognizing the values of an effective governance structure, an ESG working group was appointed by the board of directors of the Company ("the Board") to enhance communication and streamline various ESG decisions. ESG risks with significant impact on business strategies and operations have been identified as sustainability development opportunities. To that end, the Company has engaged an external ESG consultancy firm to assist the Board to implement a 3-year plan for enhancing our sustainability performance and compliance.

On behalf of the Board, I would like to extend my sincere gratitude to all investors and shareholders and express my appreciation to our staff and professional advisors for their unremitting efforts and dedication to promoting best-in-class ESG practice. Thanks to all our efforts in innovative designs and products for promoting a healthy lifestyle that have gained international recognitions and awards during the year, including the China Red Star Award, iF Design Award, Red Dot Design Award, AWE 2019 Appliance Award and Good Design Award.

Looking forward, we will continue our efforts to make a positive impact on people's daily lives and our planet by becoming the world's best small household appliance company with a focus on sustainability. The Group will continue to explore further opportunities to enhance our resilience to external challenges and propel us to sustainable development.

### **Wang Xuning**

*Chairman*

# 2019 ESG Performance Highlights <sup>3</sup>

## OUR BUSINESS



Turnover

**USD\$3,016.1mm**

Gross Profit

**USD\$1,126.5mm**

## OUR PEOPLE



**33.2%** Female

**66.8%** Male

**24.8%** of our management worldwide is Female

Approximately **4,434** Employees worldwide

## OUR SUPPLY CHAIN



**438** direct suppliers in Mainland China, the United States, Hong Kong, Vietnam, Taiwan and Canada

## OUR COMMUNITIES



**5,900+** volunteer hours

**857** staff members on volunteering teams

## OUR ENVIRONMENT



Scope 1\* (Direct GHG Emission)

**581.7** Tonnes of CO<sub>2</sub> equivalent (CO<sub>2</sub>e)

Scope 2\* (Indirect GHG Emission)

**13,842.4** Tonnes of CO<sub>2</sub> equivalent (CO<sub>2</sub>e)

Total GHG Emissions **14,424.1** Tonnes of CO<sub>2</sub> equivalent (CO<sub>2</sub>e)

\*Scope 1: The direct emissions generated from sources owned and controlled by the Company.

\*Scope 2: Indirect emissions from the generation of purchased electricity, heat and cooling or steam consumed by the Company.

# 4 At a Glance

## 4.1 OVERVIEW OF THE COMPANY

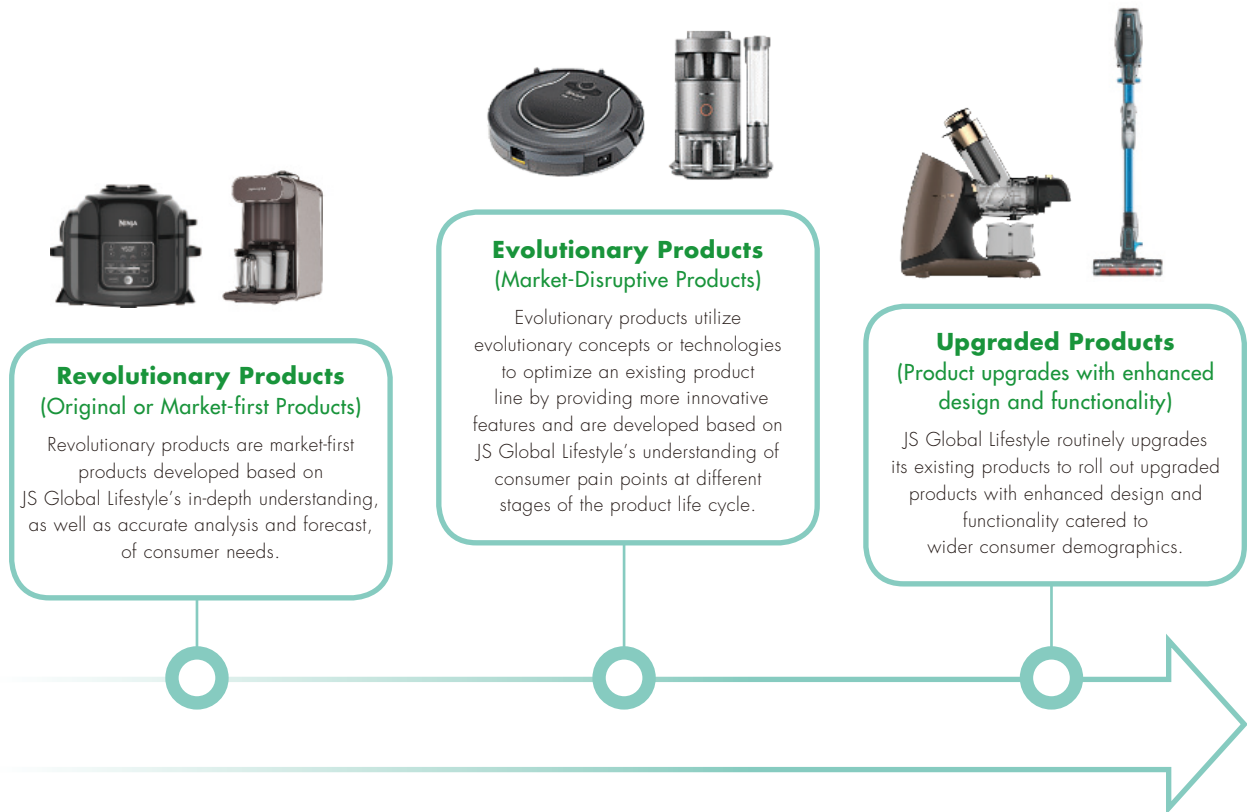


JS Global Lifestyle is a global leader in high-quality, innovative small household appliances. Our success is centered around our deep understanding of consumer needs, and built on our strong product innovation and design capability powered by a global research and development platform, strong marketing that drives a high brand engagement and an Omni-channel distribution network.

With our trusted market-leading brands, Joyoung, Shark and Ninja, we continue to maintain a leadership position in China and the United States, the two largest small household applications markets, and focus on expanding globally in new markets.

### Corporate Mission

- To positively impact people's lives around the world every day through transformational, innovative and design-driven smart home products.



Through its diverse product portfolio, JS Global Lifestyle cultivates markets, creates customer demand, and leads its categories by building up market anticipation around product launches, and reshaping customer behaviors and lifestyles around the world.



## Award and Recognition

During the reporting year, we have been honored and delighted to win a number of awards in recognition of our product design and marketing advertisement. The Company's awards in 2019 are:

### AWARD AND RECOGNITION



Product design awards and marketing awards received in 2019

#### Product design

- China Red Star Award
- iF Design Award
- Red Dot Design Award
- AWE 2019 Appliance Award
- Good Design Award

#### Marketing and Advertising

- The 19<sup>th</sup> AIA International Advertising Award
- Creative Product Marketing Award

#### Best Hit

- "Nikkei Trendy" 2019 Best Hit Award

#### Social

- National Exemplary Enterprise in Technological Innovation
- First Class Award in Science and Technology Progress by Shandong Province



Red Dot Design Award



AWE 2019 Appliance Award



iF Design Award

## 4.2 BUSINESS OVERVIEW

- The family of brands under JS Global Lifestyle are:
  - ▶ Shark — Cleaning appliances in the US, Canada, Japan, UK, China and ROW markets
  - ▶ Ninja — Kitchen appliances in the US, Canada, Japan, UK and ROW markets
  - ▶ Joyoung — Kitchen appliances in China and ROW markets
- With Shark (Cleaning appliances), Ninja (Kitchen appliances) and Joyoung (Kitchen appliances), JS Global Lifestyle was ranked 3<sup>rd</sup> in China, 2<sup>nd</sup> in the US, and 6<sup>th</sup> globally, among the small household appliance-focused companies, each by market share in 2018, and holds leading market position in China and the United States, the two largest small household appliance markets.
- We have established both online and offline sales channels around the world, initially focusing on China, the US and Canada before expanding to the UK, Japan and globally.



5

R&D centers around the globe

3

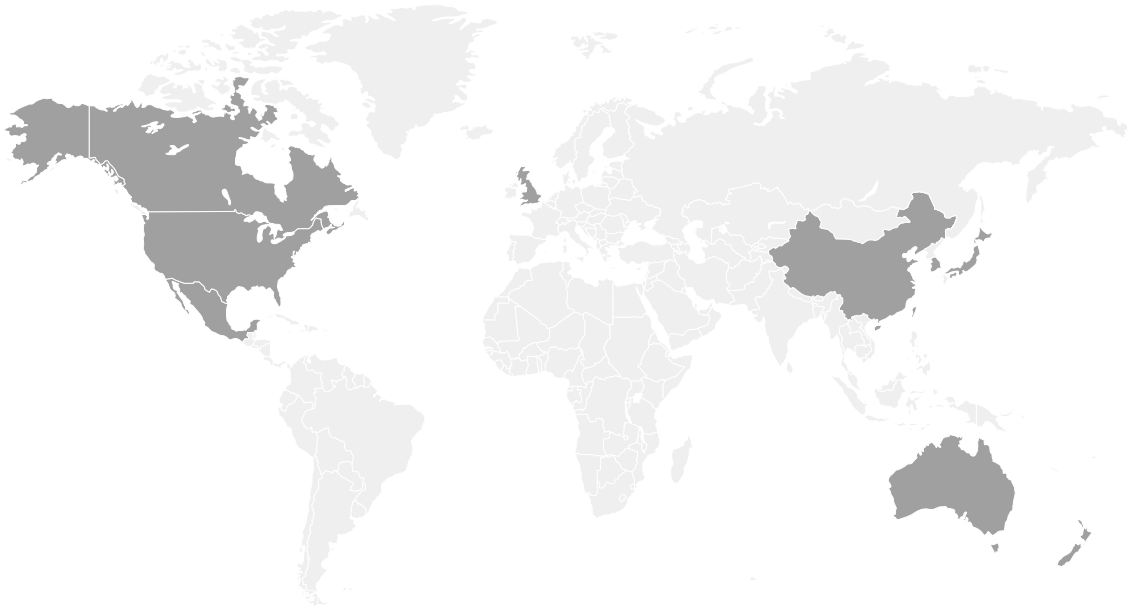
Well-known brands

40,000+

Sales points in China

54

Product lines



To positively impact people's lives around the world every day through transformational, innovative and design-driven smart home products.

# 5 Sustainability strategy

“Quality Products, Healthy Lifestyle” is the theme of this report and explains our belief in sustainable development. As a global leader in high-quality, innovative small household appliances through transformational, innovative and design-driven smart home products, JS Global Lifestyle has committed to creating long-term benefits for a wide range of stakeholders, including our employees, management, shareholders and investors, suppliers, distributors, retailers, government and regulatory bodies, customers and the community. We aim to formulate and consistently implement sustainability and ESG related measures in five principal perspectives, namely (1) Corporate Governance; (2) Talent Cultivation; (3) Creating Value for Our Customers; (4) Quality Innovation for Communities; and (5) Conserving the Environment.

We emphasize sustainability throughout the supply chain. Meanwhile, we also demonstrate our efforts in reinforcing social well-being to reshape customer behaviors and lifestyles around the world.

## 5.1 ENGAGEMENT WITH STAKEHOLDERS

### Stakeholder Identification

The Company is dedicated to spreading our quality products and a healthy lifestyle around the world by delivering transformational, innovative and design-driven smart home products. We believe that effective communication with stakeholders will bring valuable visions to the Company’s business development and assist us in identifying and responding to existing and potential risks and opportunities in the market as well as forming the basis of developing strategies and implementing decisions.

In order to actively engage with stakeholders, the Company has established various communication channels to facilitate ongoing dialogue. The Company engages with our stakeholders through the communication channels listed as follows:

Major Stakeholders	Expectations and needs	Main communication channels
<b>Shareholders and Investors</b>	<ul style="list-style-type: none"> <li>Compliant and sound operation</li> <li>Good return on investment</li> <li>Effective risk management</li> <li>Protection of intellectual property rights</li> </ul>	<ul style="list-style-type: none"> <li>Annual general meetings</li> <li>Interim and annual reports</li> <li>Other shareholder and investor meetings</li> <li>Senior management meetings</li> <li>Corporate communications</li> <li>Results announcements</li> <li>Company website</li> </ul>

Major Stakeholders	Expectations and needs	Main communication channels
<b>Government and regulatory bodies</b>	<ul style="list-style-type: none"> <li>• Economic development facilitation</li> <li>• Communities and livelihood support</li> <li>• Effective corporate governance</li> <li>• Resources utilization</li> </ul>	<ul style="list-style-type: none"> <li>• Forums</li> <li>• Written response to public consultation</li> <li>• Compliance reports</li> <li>• Meetings</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Quality control</li> <li>• Protection of customers' health and safety</li> <li>• Protection of customers' privacy</li> <li>• Compliance with laws and regulations</li> <li>• Customer satisfaction</li> <li>• Sustainability aspects of products and services</li> <li>• Product pricing</li> </ul>	<ul style="list-style-type: none"> <li>• Customer satisfaction surveys and feedback forms</li> <li>• Customer consultation groups</li> <li>• Customer services center and online customer services platform</li> <li>• Daily engagement and communications</li> <li>• Company website</li> <li>• Emails and telephone enquiries</li> <li>• Social media posts</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Corporate culture</li> <li>• Company business and policy updates</li> <li>• Job stability</li> <li>• Benefits and remuneration</li> <li>• Healthy and safe working environment</li> <li>• Career progression</li> </ul>	<ul style="list-style-type: none"> <li>• Staff opinion surveys</li> <li>• Performance appraisals</li> <li>• Meetings and interviews</li> <li>• Business briefings</li> <li>• Volunteer work</li> <li>• Forums/Seminars/Workshops</li> <li>• Publications for staff communication</li> <li>• Town hall meetings</li> </ul>
<b>Media partner</b>	<ul style="list-style-type: none"> <li>• Brand marketing</li> <li>• Business performance and new opportunities</li> <li>• Product development</li> <li>• Community investment</li> <li>• Customer satisfaction</li> <li>• Environmental performance</li> <li>• Labor issues</li> <li>• Product health and safety</li> </ul>	<ul style="list-style-type: none"> <li>• Press releases</li> <li>• Interviews with senior management</li> <li>• Preliminary announcement</li> <li>• Media gatherings</li> </ul>

## Sustainability strategy

Major Stakeholders	Expectations and needs	Main communication channels
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Fair procurement</li> </ul>	<ul style="list-style-type: none"> <li>Regular meetings</li> <li>On-site visits</li> <li>Supply chain management procedure</li> <li>Supplier audit and assessment system</li> </ul>
<b>Distributors and retailers</b>	<ul style="list-style-type: none"> <li>Fair procurement</li> </ul>	<ul style="list-style-type: none"> <li>Regular meetings</li> <li>On-site visits and inspections</li> </ul>
<b>Community/ NGO partners</b>	<ul style="list-style-type: none"> <li>Social harmony promotion</li> <li>Charitable activities support</li> <li>Energy conservation and emission reduction promotion</li> </ul>	<ul style="list-style-type: none"> <li>Strategic partnerships</li> <li>Company announcements</li> <li>Sponsorships and donations</li> <li>Industry forums/Seminars/Conferences</li> </ul>
<b>Trade and industry associations</b>	<ul style="list-style-type: none"> <li>Experience and best practice sharing</li> <li>Labor issues</li> <li>Market trends</li> <li>Social compliance issues</li> <li>Environmental issues</li> </ul>	<ul style="list-style-type: none"> <li>Volunteer work</li> <li>Charity activities</li> <li>Community investment projects</li> <li>Community programmes</li> <li>Forums/Seminars/Workshops/Meetings</li> </ul>

## Materiality Assessment

The objective of materiality assessment is to review the sustainability approach and strategic plan of the Company in order to align with stakeholders' opinions. In addition to regular communications, we have conducted the materiality assessment to identify our most material topics. The assessment provides an objective understanding of our stakeholders' opinions and feedback on different material topics more thoroughly. The assessment was conducted following the below 3 major steps:

### 1) Identifying ESG Material Topics

Through consulting with third parties and by analyzing our operations, development strategy and business plan, we have identified 28 topics applicable to the Company with reference to the results of communicating with existing and previous stakeholders, industry trends and the Guide.

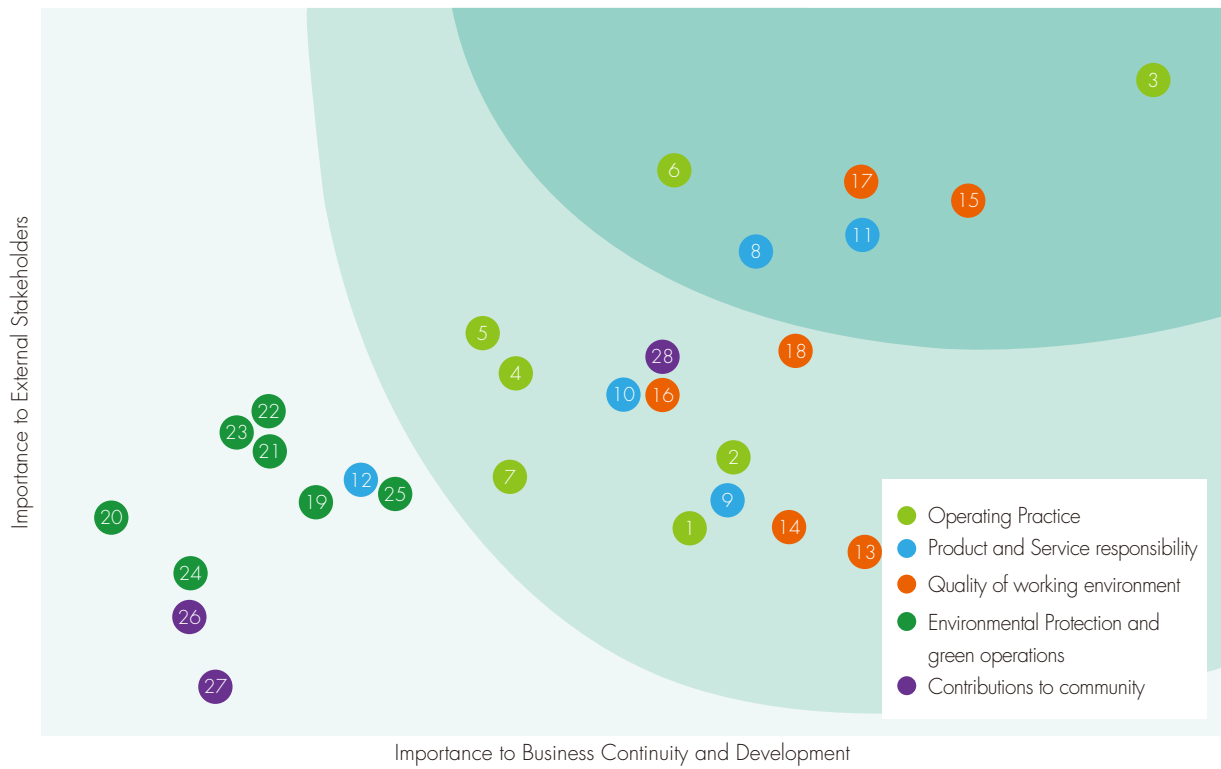
### 2) Rating ESG Material Topics

After identifying the relevant ESG topics, we set up the online stakeholder engagement questionnaire as well as focus group meetings and invited different stakeholders to provide feedback for assessing the different ESG topics. Participants were also asked to provide feedback to share their expectations and comments on the Company's overall sustainability effort and approach.

### 3) Analyzing and Evaluating the Results

The results of the rating exercise were hence analyzed to understand the relative importance of different ESG issues. After compiling the analysis and consolidating the Company's top management opinion and feedback, the materiality matrix was plotted.

## Sustainability strategy



Operating Practice	
1	Economic performance
2	Market competitiveness
3	Compliance with laws and regulations
4	Responsible procurement
5	Protection of privacy
6	Anti-fraud and anti-corruption
7	Whistle-blowing mechanism
Product and Service responsibility	
8	Quality control
9	Technology development and application
10	Compliant handling and responding mechanism
11	Protection of intellectual property rights
12	Promotion and products/services labelling



Quality of working environment	
13	Employment rights
14	Labour relations
15	Occupational health and safety
16	Employee diversity, nondiscrimination and equal opportunity
17	Prevention of child labor and forced labor
18	Employee training and development
Environmental Protection and green operations	
19	Energy consumption and efficiency
20	Water consumption and efficiency
21	Air emissions
22	Wastewater discharge and treatment
23	Waste disposal and treatment
24	Use of material/resources
25	Employees' environmental awareness
Contributions to community	
26	Staff participation and awareness to philanthropic activities
27	Community investment value and influence
28	Satisfaction

Based on the above analysis, it is identified that there are six material topics that are important to our stakeholders and our operations. The identified material topics are hence the key focus for the Company's sustainable development planning.

### Highlighted Material Topics

### Sections

3	Compliance with laws and regulations	Corporate Governance
6	Anti-fraud and anti-corruption	Corporate Governance
8	Quality control	Corporate Governance
11	Protection of intellectual property right	Corporate Governance
15	Occupational health and safety	Talent Cultivation
17	Prevention of child labor and forced labor	Talent Cultivation

Ongoing communication helps us to identify material issues related to its operations, and to review constantly on material issues in depth in order to formulate strategies for improvement.

# 6

## Corporate Governance

### 6.1 ESG GOVERNANCE STRUCTURE

In order to enhance sustainability and strengthen governance, the Company has established an Environmental, Social and Governance Working Group delegated from the Board with the authority to carry out various ESG-related tasks. The ESG Working Group is led by the Chief Financial Officer/Executive Director of the Company who reports to the Board on the interim progress update and also the latest developments of sustainability on an annual basis so that the Board and stakeholders can develop a clear understanding of the Company's sustainability responsibility, strategies and performance through the bilateral communication with ESG Working Group.

The main responsibilities of the Working Group include but are not limited to:

- ▶ Develop and review the Company's Sustainability and ESG vision, strategy, framework, principles and policies;
- ▶ Submit relevant recommendations to the Board, and implement the ESG policies delegated by the Board;
- ▶ Review and monitor the Company's ESG policies and practices to ensure compliance with legal and regulatory requirements;
- ▶ Develop, implement, review and monitor the shareholders communication channels to ensure their effectiveness, and make recommendations to the Board where appropriate to enhance shareholder relationship with the Company;
- ▶ Manage material ESG-related issues and support local and overseas external ESG-related initiatives where appropriate to help promote ESG responsibilities of the Company; and
- ▶ Submit an interim update to Board for their progress reviews made against ESG-related goals and targets associated with our businesses.

In addition to nominating the Chief Financial Officer/Executive Director as the Chairman of the ESG Working Group, we have nominated other senior management representatives from the business segments of Joyoung and SharkNinja as members of the Working Group. The mission of the Working Group is to monitor and guide all business segments and departments to implement the Company's sustainability policies and initiatives. The Working Group shall propose appropriate improvement measures by collecting and analyzing environmental and social performance indicators for improving the Company's sustainability performance.



## 6.2 RESPONSIBLE SUPPLY CHAIN

### 6.2.1 Ethics and Integrity

The Company has a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all business dealings and commercial relationships wherever the Company operates. We conduct all business in an honest and ethical manner. We are required to adhere to the US Foreign Corrupt Practices Act ("FCPA") globally. Additionally, we are subject to the UK Bribery Act ("UKBA"), as well as all applicable laws in the People's Republic of China ("PRC"), Hong Kong (China), Japan, and other jurisdictions where the Company operates.

We set out systematic internal rules and guidelines for our employees, including best commercial practices, work ethics and a prevention mechanism to avoid fraud, negligence and corruption. We also have in place the Anti-Corruption and Anti-Bribery Policies to safeguard against corruption and bribery within our Company. We have an internal reporting channel that is open and available for our employees to report any suspected transactions or corrupt acts under a whistle blowing mechanism. We have a dedicated team that is responsible for investigating the reported incidents and taking appropriate actions. During the reporting year, we have conducted anti-corruption training to promote ethical business practices and awareness of every staff on corruption prevention.

We conduct our business in a manner consistent with all relevant laws and regulations in all the jurisdictions where the Company operates in accordance with our Anti-Trust Compliance Policy which is based on the local anti-trust laws and competition laws with highlighting areas for primary concern.

In cooperation with the Company's attorneys in the US Market, the management of each business unit periodically arranges anti-trust compliance trainings for the purpose of adducing further explanation of the anti-trust laws applying to particular business units.



## Corporate Governance

As soon as an anti-trust question is raised, it will be brought promptly to the attention of the Legal Department so early advice can be given and timely action be taken for complying with the law. When any issues arise, employees or those stakeholders involved are expected to seek the advice and assistance of the Legal Department to minimize the likelihood of an anti-trust violation. In addition, management will report to the Legal Department any possible anti-trust violations by other organizations which may injure the Company's interests so that appropriate action can be taken.

In accordance with the Anti-Money Laundering and Counter-Terrorist Financing Policies, we are committed to helping all applicable law enforcement agencies and regulators combat money laundering and other illicit activities. The Company performs risk-based due diligence on all its non-US distributors and certain other counterparties in compliance with our Trade Controls and Sanctions Compliance Policy. In such case, employees should follow the procedures outlined in our Trade Controls Policy.

We have a system in place with any business relationship or financial transaction unless the true identity of our counterparties is verified. We may request identification information from these counterparties and verify the accuracy of this information where the identity of a counterparty is uncertain.

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. Our internal control and audit team works closely with our business units to:

- ▶ Perform risk assessments and give advice on risk management strategies;
- ▶ Improve business process efficiency and monitor internal control effectiveness; and
- ▶ Promote risk awareness throughout our Company.

In accordance with our procedures, our in-house legal department has the duty to examine the contract terms and review all relevant documents for our business operations, including licenses and permits obtained by our counterparties to perform their obligations under our business contracts and all the necessary underlying due diligence materials, before we enter into any contract or subsequent business arrangements.

We also have detailed internal procedures in place to ensure that our in-house quality and legal departments have reviewed our products and services, including upgrades to existing products, for compliance with regulatory requirements before they are available to the general public. Our in-house administrative and legal departments are responsible for obtaining any requisite governmental pre-approvals or consents, including preparing and submitting all necessary documents for filing with relevant government authorities within the prescribed timelines.

During the Reporting Period, the Company was not aware of any cases or complaints against the Company or its subsidiaries relating to corruption, bribery or money laundering.

## 6.2.2 Supply Chain Management

Ensuring the stability of the supply of materials is essential to the continuation of our business. In view of this, the Company has adopted a stringent management approach for supply chain performance to guarantee their continuity in output sustainability.

With our Suppliers' Code of Conduct, it is the Company's policy to audit and monitor every supplier's main manufacturing facility (OEM) that is involved in the manufacturing of our branded product. Under the Supplier Certification Statement, the Company requires its suppliers to acknowledge its Code of Conduct by way of a certification statement. No further business shall be placed at a facility unless the factory has been audited through the social compliance and supplier process quality audit process. Once approved, the supplier is placed on the Approved Vendors List (AVL).

All OEM's and associated facilities utilized to manufacture products for the Company must comply fully with all applicable national and local laws and regulations, including, but not limited to laws and regulations relating to:

- ▶ Labor
- ▶ Health and safety
- ▶ Environment
- ▶ Fair trade
- ▶ Anti-corruption and anti-bribery
- ▶ Modern slavery and human trafficking
- ▶ Manufacturing environment
- ▶ Management systems (e.g., ISO 9001, ISO 14001 and ISO 45001)

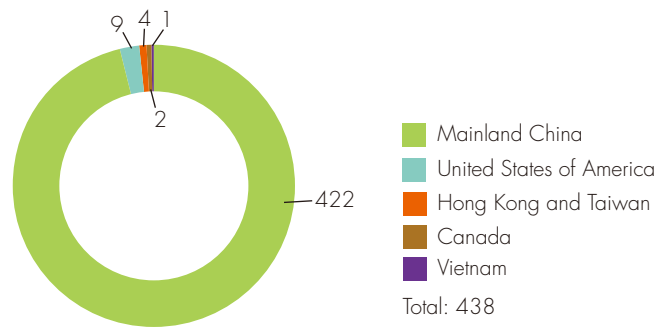
The Company has a comprehensive supply management system to ensure a reliable and responsible supply chain. Our procurement team evaluates suppliers' reliability based on their quality, reputation, delivery punctuality, experience and scale of operation through on-site visits. In addition, we also evaluated ethics and social compliance, quality management and logistics services are reviewed to reduce environmental and social risks along the supply chain.

In promoting business ethics, the Company has communicated with suppliers to ensure that they conduct business with fairness and integrity. To this end, the Company has articulated our expectations of suppliers' business conduct as stated in the Suppliers' Code of Conduct.

In case of any non-compliances from suppliers, the Company will report the necessary follow-up actions and require suppliers to report back to the Company's procurement department. We will assess and review suppliers' improvements within the next audit session. If the supplier does not meet the requirement, the Company will consider terminating its supplier agreement.

During the Reporting Period, the Company had a total number of 438 direct suppliers across Mainland China, the United States, Hong Kong, Taiwan, Vietnam and Canada.

**The breakdown of the number of our suppliers by geographical region is as follows:**



For other information on corporate governance, please refer to the section titled “Corporate Governance Report” in the Annual Report 2019.

**6.2.3 Product Responsibility**

Product safety is one of our top priorities in product design. We strictly comply with the Law on Protection of Consumer Rights and Interest (《中華人民共和國消費者權益保護法》), Product Quality Law of the People’s Republic of China (《中華人民共和國產品質量法》) and the Consumer Product Safety Act, in accordance with the Consumer Product Safety Commission in the US. We implement strict product responsibility policies to provide healthy, safe and high-quality products to customers.

We continuously monitor to ensure the effective implementation of management systems and product quality. We are responsible to record, monitor and review the products in accordance with respective guidelines, laws and regulations. Our products are required to be tested to ensure that they pass the national safety and quality standards.

In order to reduce the probability of product failure during use, we have established relevant standards on product defect. We take corrective and preventive measures to prevent any recurring problem. There are no sold or shipped products of the Company subject to recalls for safety and health reasons in the Reporting Period.

**6.2.4 Intellectual Property Rights**

The Company strictly follows the Copyright Law of the People’s Republic of China (《中華人民共和國著作權法》), Regulation for Computer Software Protection (《計算機軟件保護條例》) and Measures for Computer Software Copyright Registration (《計算機軟件著作權登記辦法》) and Patent Law, Trademark Law, and State and Federal laws in the United States to protect our assets. We register patents as soon as possible after evaluating the needs for patents. We keep monitoring the valid date and ensure registration on time. Our legal team is responsible for the daily management of legal matters involving trademark, patent, copyright and domain names.

**6.2.5 Promotional Materials and Advertisements**

We ensure our operation to complies with Advertisement Law of the People’s Republic of China (《中華人民共和國廣告法》), Anti-Unfair Competition Law of the People’s Republic of China (《中華人民共和國反不正當競爭法》) and State and Federal laws regulating false advertising and consumer protection in the United States for brand promotion. Before publishing promotional materials and advertisements, we will seek cross-functional approval to prevent providing false information.

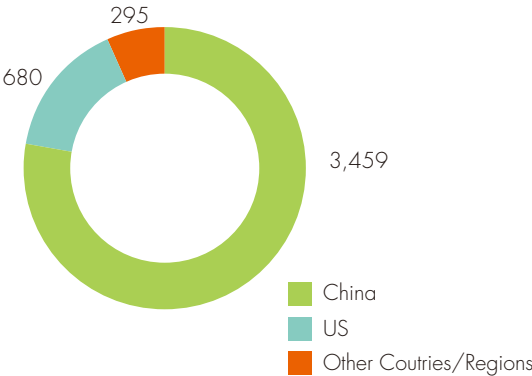
7.1 TALENT RECRUITMENT

In the recruitment process, we identify and invite suitable candidates from both inside and outside the Company to join us. Our recruitment channels include internal referral, online recruitment, job fairs and campus recruitment.

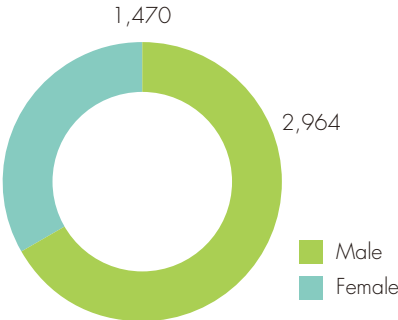
As an internationally oriented enterprise, we strive to maintain a corporate culture which values inclusiveness, diversity, equality and integrity. During the recruitment process, only competence and qualities of the candidates are considered, regardless of their gender, race, age, physical conditions, sexual orientation and marital status. In addition, we endeavor to ensure that all candidates and current employees are not subject to any form of discrimination, and each employee can be treated fairly.

As at the end of 2019, we had a total of approximately 4,434 full-time employees on record, of which approximately 3,459 employees were with our China operation, approximately 680 employees were with our US operations, and approximately 295 employees were with other countries' or regions' operations. The figures of employee distribution by identified categories are as follows:

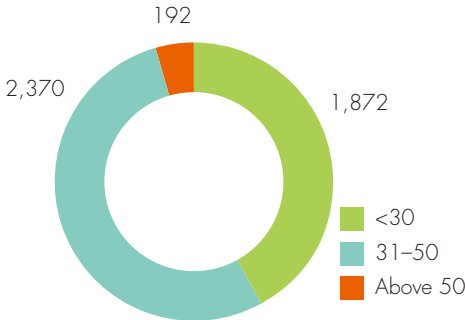
**Distribution of Full-Time Employees by Geographical Region**



**Distribution of Full-Time Employees by Gender**



**Distribution of Full-Time Employees by Age**



The “Talent Assessment System” established by the Company aims to motivate employees and demonstrate their strengths according to the Company’s strategic direction. With periodic assessments of employee performance, the employees are evaluated on work performance, learning and development and work attitude to reflect the performance of the employees and the fairness of the assessment. The results of talent assessment form the basis for salary adjustment and promotion and the basis for improving human resource management.

## 7.2 LABOR STANDARDS

The Company adopts a zero-tolerance attitude towards child labor or forced labor, while strictly abiding by the major human rights declaration. We establish procedures in accordance with relevant national and local laws, regulations and international standards to ensure that the recruitment process and daily operations comply with relevant standards. All new employees are required to submit identity documents at their induction to ensure that they have met the legal working age for complying with relevant laws and regulations including the “Provisions on the Prohibition of Using Child Labor” (《禁止使用童工規定》) in Mainland China, Hong Kong, the United States, and other jurisdictions where the Company operates.

We conclude labor contracts for the establishment of a labor relationship with workers of the Company according to the Labor Law of the People’s Republic of China (《中華人民共和國勞動法》), and the Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法》) (the “Labor Contract Law”). We abide by the aforementioned laws and regulations and perform procedures for dissolution and termination of labor contracts, payment of labor remuneration and economic compensation, the use of labor dispatch and payment of social insurance. Our overseas’ subsidiary SharkNinja abides by relevant anti-slavery regulations in all applicable jurisdictions including the United States and the UK, and has a policy governing anti-slavery practices. We also require employees in the United States and other international jurisdictions to provide proof of age and eligibility to work in the particular jurisdiction.

According to the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》), we strictly control the number of labor dispatch workers such that the number of the dispatched workers shall not exceed 10% of the total amount of our employees in Mainland China. Pursuant to the Labor Contract Law and the Interim Provisions on Labor Dispatch. We may be subject to a penalty ranging from RMB5,000 to RMB10,000 per dispatched worker if we fail to comply with the relevant requirements on labor dispatch being ordered by the labor administrative authorities to make correction within a stipulated period.



## 7.3 SALARY AND BENEFITS

### Salary

We develop a robust remuneration system to provide our employees with competitive salary packages. The Company organizes regular salary reviews and adheres to salary increments and performance bonuses issue based on the market development and work performance of employees on a fair basis.

We provide our technical employees with skills wages, job subsidies, assessment wages, research and development rewards and sales rewards to enhance their incentives on innovation and to recognize their contribution.

### Benefits

The Company formulates “Benefit Management Policies” to regulate and protect employees’ welfare. We offer competitive remuneration packages with a variety of benefits to our employees for attraction and retention.

The Company provides group benefits (i.e. endowment insurance, medical insurance, employment injury insurance) and paid holidays (i.e. annual leave, wedding leave, maternity leave, bereavement leave and breastfeeding leave) to our employees. Employees working in the PRC regions also enjoy “Five Insurances and One Fund” (「五險一金」) in accordance with the “Labor Law of the People’s Republic of China”, high temperature weather subsidies and paid leaves as required under the law. In the United States, the Company has developed comprehensive benefits programs for employees including life insurance, dental care, workers’ compensation insurance and paid holiday.

### Our staff members in the PRC regions also enjoy a wide range of benefits as below:



\* Applicable to SharkNinja

# Applicable to the Company

## 7.4 TALENT DEVELOPMENT

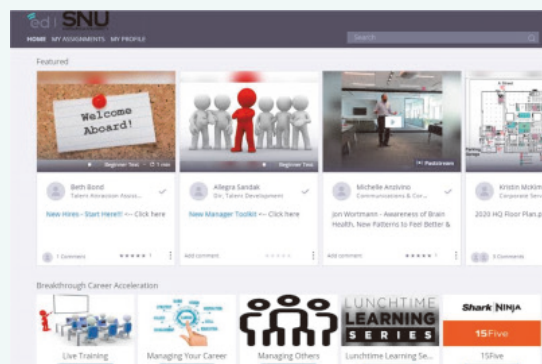
The Company cultivates talent to drive sustainable development. We encourage our employees to upgrade or attend more vocational courses to promote self-learning. By increasing their study incentives, sponsorships are provided to employees who have successfully completed eligible courses.

The Human Resources Department is responsible for developing annual training and evaluating training effectiveness. The training courses covering technical details, product development, sales techniques, management and communication skills aim to provide our employees in the PRC with insights about operations and personal development.

### ▶ Case study : SharkNinja University

SharkNinja University is a mobile learning experience platform designed for employees of SharkNinja. The platform supports online learning by using artificial intelligence to push curated learning content to employees where they work. It also serves as a platform for sharing SharkNinja-Specific contents. It is easy for users to create contents, allowing all employees to enjoy learning.

We aim to bring out innovative new learning experiences to employees and enhance their communication.



### ▶ Case study : The Impact Leadership Forum

The flagship program hosted by SharkNinja is designed for our rising stars. The program teaches "Breakthrough Thinking" and gives participants a chance to apply the taught concept by delivering a Breakthrough Project in their own areas of business over 6 months. This program is designed for 20 cross-functional leaders (Directors and above) who are on the path to make an even bigger impact at SharkNinja.



▶ **Case study : Roundtables**

The Roundtables program organized by SharkNinja is designed for the highest-impact roles that would benefit from frequent regular exposure to senior leaders in their geographic location. High-performing new managers have valuable opportunities to learn from experienced managers to enhance their performance and increase their workplace contributions.



▶ **Case study : Internships**

We offer an internship program for applicable students to gain firsthand working experience and knowledge about the industry. Interns are guided by experienced employees and both learn about and contribute to the organization. Interns are also welcome to apply for full-time positions at the Company after graduating.

**KPIs Performance of the Training and Development in 2019**

**Percentage of employees trained**



Male employees  
**99.9%**



Female employees  
**100%**



Junior employees  
**100%**



Middle management  
**99.5%**



Senior management  
**100%**

### 7.5 HEALTH PROTECTION

Our brands focus on core values including technological innovation, high quality, health consciousness and consumer focus. We recognize that the Company cannot proceed without the support and contributions of our employees. Therefore, we have committed to building a diversified, healthy and harmonious working atmosphere and environment, improving recruitment, remuneration and benefits, promotion, training, staff communication and other systems to fully safeguard the rights and interests of employees whilst paying attention to their physical and mental health. We strive to become their ideal employer and to attract and retain talent to serve as the backbone of JS Global Lifestyle.

We endeavor to minimize any adverse impact on the environment resulting from our business activities and to create a healthy and safe environment for our employees and communities. With in-house OEM production facilities in China and distribution centers in the United States, we are subject to certain environmental, health and safety requirements pursuant to the laws in China, such as the Environmental Protection Law (《中華人民共和國環境保護法》) and Production Safety Law of the PRC (《中華人民共和國安全生產法》).

The Company is dedicated to providing a fair, equal, healthy and safe working environment for our employees. With the impact of COVID-19, the health and safety of our employees and their families, suppliers, other business partners and customers has been our top priority so we have proactively implemented preventative health measures across business operations including frequent cleaning and sterilization of workplaces, compulsory face-mask wearing and reducing social interactions. In both the US and China, we have closed our offices and adopted a remote working policy.

For the past three years including the reporting year, there were zero cases of fatality from work at the Group. We have not been subjected to any fines or other penalties due to non-compliance with health and safety or environmental regulations.

### 7.6 STAFF ENGAGEMENT

We maintain effective communication to improve satisfaction through staff meetings, employee congresses, suggestion boxes, mailbox and networking activities. We enhance our communication with employees across geographical boundaries for operational improvement in the future.

The Company has established social clubs to organize various leisure and sport activities during the reporting year. This enhances the mental and physical health of employees.



### Team volunteering — X-runner UK

Volunteering provided our staff an opportunity to offer value to the community and sense of belonging to the Company. During the year, our SharkNinja UK participated in an obstacle course to raise money for Forget Me Not Children to support children with life-shortening conditions.

### Joyoung 25<sup>th</sup> Anniversary Party

The Party held on November 19, 2019 invited all employees to participate in the event at Joyoung Stadium. The employees who performed in the event had overcome cold weather and short rehearsal time to provide all employees with gorgeous performances (i.e. sing and dance, musicals, sitcoms, choruses, fashion show, material arts, etc.).

The event fully demonstrated the talents of Joyoung employees.



### Joyoung football league

Joyoung organized the 8<sup>th</sup> football league and attracted around 124 employees from different departments to participate. 10 teams were formed and they played 90 games in 4 months.

This event is the best interpretation of the people-oriented culture of Joyoung.

## Talent Cultivation

### Joyoung roller skating class for parents and children

The Joyoung roller skating class is held every summer. The class is taught by our employees who like roller skating. Nearly 100 students were trained to grow and learnt to be strong.



### “Joy for Health” (「悦享健康」) Joyoung 25<sup>th</sup> Anniversary Run

This “Joy for Health” Joyoung 25th Anniversary Run was hosted by the Joyoung Running Team in Jinan and Hangzhou. About 130 Joyoung runners were gathered in this event to participate in the competition and to promote a healthy lifestyle.







### Team outings

SharkNinja organized outings for teams across the globe to socialize and build a stronger bond. The events included Kimball Farm (50 acres of fun), sporting events, beach day and team dinner.

## 8

# Creating Value for Our Customers

The Company makes customer service a top priority and ensures that quality and reputational services are provided during and after sales. The Company organizes regular internal and external customer service trainings for our service team to acquire more experience and relevant communication techniques through class discussion, practical experience and lectures.

### PERFORMANCE HIGHLIGHTS OF 2019

#### Joyoung

- ▶ Guaranteed to have **3** to **5** points of after sales customer services in each provincial capital city
- ▶ Achieved a **96%** customer satisfaction rate
- ▶ Received no case of products/services-related complaint

---

#### SharkNinja

- ▶ Hired **41** employees on customer service team
- ▶ Achieved overall satisfaction rate of **77%**
- ▶ Achieved a customer complaints resolution rate of **91.2%**



Our product sales activities abide by the Product Quality Law (《中華人民共和國產品質量法》) and Protection of the Rights and Interests of Consumers of the PRC (《中華人民共和國消費者權益保護法》) as well as Consumer Products Safety Act of the US. We have zero tolerance for products that have any unreasonable threats to personal safety.

Joyoung formulates the "After Sales Service Policy of Joyoung Apparatus" (《九陽小家電售後服務政策》) to protect the rights and interests of sellers and customers. We clarify the liabilities and duties for the repair, replacement and return ("Three Guarantees") of the products listed in the catalogue.



We provide on-site services that are regulated by "Distribution Management Regulations" (《派單管理規定》) to deliver proactive and timely service and solutions with the following performance benchmark:

<b>Timely</b>	Receive orders and feedback to clients on timely basis
<b>Case closure</b>	Close and resolve cases within 7 days
<b>100% Client review</b>	Conduct client review through messages and phone call
<b>Real time monitoring</b>	Follow up anomalies and monitor efficiency
<b>Penalty</b>	<p>Corresponding penalties will be incurred under the below circumstance:</p> <ul style="list-style-type: none"> <li>• For any violation of timely and handling of complaints</li> <li>• Clients dissatisfying with our service attitudes will be stated in our client review</li> </ul>

▶ Case study : VIP services of Joyoung



**Five free services**

- Free cleaning
- Free maintenance
- Free inspection
- Free drink
- Free water quality testing



**Product trade-in**

Old customers can enjoy the new purchase discount with electrical product



**Extended warranty service of accessories**

Provide repair services to specific accessories with low cost



**Coupon**

Issue coupon for repair and maintenance



**Cleaning of the rice cookers**

Provide life-long cleaning services for the rice cookers

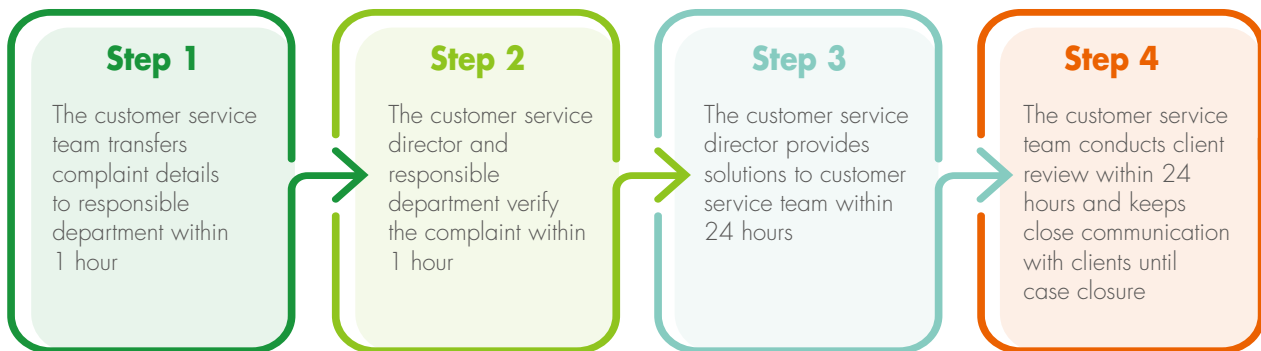
**Case study : Clarabridge platform for SharkNinja**

Clarabridge is a documentation tool that SharkNinja utilizes to manage “Big Data”. The platform enables the business to:

- ▶ Create data visualizations (graphs and tables) for analysis and inspiration;
- ▶ Capture customer feedback and consolidate information in convenient way;
- ▶ Mitigate manual efforts by organizing large quantities of customer feedback;
- ▶ Help identifying the pathways that are worth exploring to surface insights; and
- ▶ Enable deeper exploration within the customer journey to spark discovery and dialogue within SharkNinja.

## 8.1 COMPLAINTS HANDLING

The Company establishes “Complaint Management Regulation” (《投訴管理規定》) in China to handle complaints with standardized procedures. In the US, we provide trainings to customer service staff and compile the complaints summary. We have regular internal meetings on reviewing complaints and developing an improvement plan.



## 8.2 SAFEGUARDING CUSTOMER INFORMATION

We strictly comply with General Information Security Management Procedure of the Company of the People’s Republic of China, E-commerce Law (《電子商務法》) and relevant laws and regulation. The Company formulates “Basic Compliance Requirements to protect the personal information” (《有關於用戶個人信息保護基本合規要求說明》) and to regulate and safeguard customer information protection and security. The access rights in the system server is regulated based on the needs of employees and their identity in order not to disclose excessive information to the employees. In the US, our use of personal data is in accordance with the law (EU General Data Protection Regulation (EU) 2016/679) (“GDPR”) and the Data Protection Act of the relevant regions.

The Company collects and uses only sufficient personal information from customers in accordance with “SharkNinja Information Management Program Policy Book” and “Joyoung Privacy Policy” (《九陽隱私政策》). We forbid our employees to disclose information without written consent from customers or the permissions of the Company. Customers have the rights to reject all the promotions and advertisements of the Company through confirmation from emails or messages.

# 9

## Quality Innovation for Communities

### 9.1 COMMUNITY SERVICES

We recognize the importance of supporting long term community programs in creating meaningful impact on the community. We believe that education empowers continuous development of society. Such community programs enable our employees to contribute their time and skills towards various social and environmental issues. Our community investment programs focus on:

#### Hope Kitchen Program

Since 2010, we have been a major partner of Project Hope, which was organised by the China Youth Development Foundation (CYDF) and the Communist Youth League (CYL). Through the Joyoung Hope Foundation, we contributed to the projects by improving the diet and nutrition of school children in the impoverished areas of rural China, where for every five children, one is reported malnourished. At Joyoung, we believe that balanced diet is essential for child growth and development and this has a great impact on their learning potential.

#### Upgrading Kitchen Facilities

We have completed kitchen facilities upgrades for 1,000 schools across 27 provinces in China. The Hope Kitchen is equipped with essential appliances such as stovetops, hot water dispensers, dishwashers and rice cookers, which in return provide a functional, safe and hygienic food preparation environment. In 2019, we completed around 100 Hope Kitchens in Anhui, Zhejiang, Hubei and Xinjiang.



#### Product Donations and Sponsorships for Associates in the US

Apart from direct monetary donations and offering volunteering work to beneficiaries, we provided opportunities for associates to request financial support for charitable events such as Boys & Girls Club and tournaments, or Shark and Ninja products for donations to a variety of fundraisers.

During the year, we have supported events including Pan-Mass Challenge, Jimmy Fun walk, Leukemia Foundation Benefit Walk and Alzheimer's Association Benefit Walk.



▶ **Case study : Hope Kitchen Program**

Wood and coal burning is a major source of air pollution and it may also be the leading cause of respiratory diseases in rural China. One of our objectives of Hope Kitchen Program is to replace the old-fashioned coal-burning stoves with electric ones in village schools. Maidiping School in Sangzhi County, Hunan Province was still using coal-burning stoves. \*For 40 years, Mr. Peng has worked in the school kitchen preparing meals for the teaching staff and students. The long term exposure to smoke pollutants has caused serious liver problems to him who required medical attention and surgery. Through the upgrade of appliances funded by the Hope Kitchen Project, we hope that Mr. Peng can return to a safer working environment after his recovery.



\* Narrative case study according to a teacher from Maidiping School

.....  
 Joyoung has invested a total of RMB3.2 million in Sangzhi County over four years from 2016–2019.

**Food Education**

To promote healthy eating for children, we have organized workshops and summer camps to educate students on the importance of nutritious diets and to develop their appreciation on food. In 2019, we partnered with 85 schools and engaged students from farm to table via lectures, cooking classes and farming workshops in the vegetable gardens of the schools.



### Walking for Good Health

To encourage an active lifestyle, a community walking event is held every year for corporate partners and the public. As part of the fundraising effort, every 10,000 steps that walked and every dollar raised will support the Hope Kitchen program. In 2019, 117 teams have participated and successfully raised a total of around RMB0.5 million for building 10 Hope Kitchens.



### Disaster Relief Activities

In June 2019, the Sichuan province, China was struck by a 6.0 magnitude earthquake. To ensure the water supply and safety in the immediate aftermath, a team of Joyoung employees travelled to the affected areas with 40 units of water purification equipment to support the rescue effort.

### 2019 Coronavirus (COVID-19) Outbreak

Given the recent outbreak of COVID-19, Joyoung has mobilized resources and assisted in the society's efforts to control the events. To date, we have donated products worth of RMB5 million to Hubei Province in China to fight the virus. These efforts are proof of our commitment towards social contribution as a responsible enterprise.



Looking ahead, we will continue our role as public welfare practitioner and communicator trying to inspire more people to participate in public welfare activities through our practical actions.



We continue to strengthen our management approaches in environmental protection by expanding the focus of our initiatives to address important environmental concerns in our operation in the areas of energy management, waste management, water conservation and climate change.

We strictly abide by the national environmental laws and regulations<sup>[2]</sup> and adopt environmental management system (ISO14001 standards). We have no environmental incidents in 2019.

In order to help facilitate the worldwide government's responsibility under the Paris Agreement and to implement policies such as the National Policies and Actions for Addressing Climate Change (2014–2020), the Company sincerely hopes to mitigate global warming by making changes to our daily operation. We are working to reduce our consumption of energy and natural resources, to reduce waste and to use environmentally friendly products and services wherever possible.

The GHG emission was conducted based on the ISO 14064-1 of the International Organization for Standardization and the Greenhouse Gas protocol developed by the World Resources Institute and the World Business Council for Sustainable Development. The GHG emissions during the reporting period is summarized as follows:

Summary of GHG Emissions		Unit	2019
Scope 1	Direct GHG emissions	Tonnes of CO <sub>2</sub> equivalent (CO <sub>2</sub> e)	581.7
Scope 2	Indirect GHG Emissions		13,842.4
Total GHG Emissions			14,424.1
Total GHG emissions intensity (per floor area)		Tonnes of CO <sub>2</sub> e/m <sup>2</sup>	0.04

Scope 1: The direct emissions generated from sources owned and controlled by the Company.

Scope 2: Indirect emissions form the generation of purchased electricity, heat and cooling or steam consumed by the Company.

The GHG emissions of the Company can be categorized into direct emissions (Scope 1) and indirect emissions (Scope 2). The GHG emissions in each scope are derived from fuel consumption of the Company, the fuel consumed by vehicles of the Company, refrigerant (Scope 1) and electricity consumption during operation (Scope 2). We will regularly monitor and review our greenhouse gas emissions to keep track of and manage our impact on climate change.

Remark <sup>[2]</sup>: Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), Law of the People's Republic of China on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), Law of the People's Republic of China on the Prevention and Control of Air Pollution (《中華人民共和國大氣污染防治法》), Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》).



### 10.1 ENERGY & WATER USE

The Company attaches great importance to energy and water resource conservation. We do not have issues in sourcing water. We promote green office initiatives and continuously strengthen our control over the use of energy as well as other resources such as water and paper.

#### Energy & Water Consumption in 2019

Indicators	Unit	Consumption
Total electricity consumption	kWh	18,324,756
Total electricity consumption intensity	kWh/m <sup>2</sup>	46.3
Municipal water consumption	tonnes	212,061
Municipal water consumption intensity	tonnes/m <sup>2</sup>	0.5

In China, we have investigated the opportunity of installing solar panels in the building. Solar PV panels can help generate electricity which can reduce the dependence on grid power for buildings. We also implemented energy saving measures and conducted monthly inspections at our offices. From an operational perspective, we look for ways in which we can further optimize our efficiency in terms of resources management.

We invested in improving the efficiency of office light fixtures to reduce energy consumption in China, the US and the UK. The below initiatives have been adopted to achieve the improvements.

#### Efficient Air Conditioning Management



- ▶ Affix a reminder label to remind employees to turn off air conditioners
- ▶ Regularly clean the filter of air-conditioning equipment
- ▶ Close door and window gaps to reduce air loss
- ▶ Allow employees to wear casual clothes to work every Friday (when no client meeting is needed) to reduce the use of air conditioning

#### Improved Lighting System



- ▶ Turn off lights when not in the office
- ▶ Use of energy-efficient lamps
- ▶ Keep lighting fixtures and lights clean to maximize their energy efficiency
- ▶ Install occupancy sensors and motion sensors in headquarters

#### Office Equipment Management



- ▶ Use timers or turn off printers completely during non-working hours
- ▶ Set automatic standby mode for computers
- ▶ Monthly monitoring of office electricity consumption

#### Water Resources Management

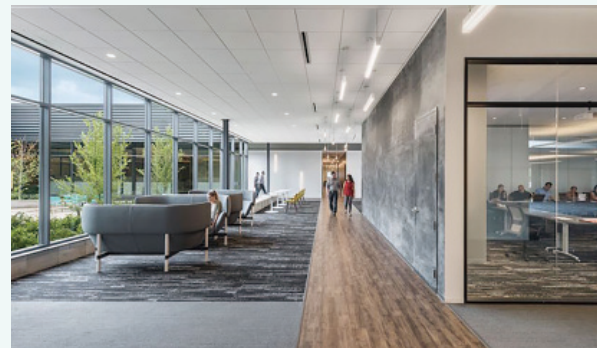


- ▶ Affix water saving reminder stickers in washrooms
- ▶ Repair dripping faucets immediately
- ▶ Regularly conduct concealed water pipe leakage tests and check for overflowing water tanks



▶ **Case study : Achievement of Green Building Certification**

SharkNinja earned a Silver LEED certification at its headquarters in Needham, Massachusetts. The building was incorporated with (i) daylight harvesting system, (ii) occupancy sensors in rooms, (iii) LED lightings, (iv) motion sensors in corridors and staircases, (v) water efficient toilets with low flow and (iv) infrared sensors taps in washrooms.



▶ **Case study : Energy Conservation through Employees Participation**

For the sustainable development of our economy, the environment and mankind, we organised various activities to raise environmental awareness of our employees and to promote a low-carbon lifestyle.

**Staff education and peer sharing**

To engage the employees in environmentally friendly practices, we encourage our employees to share monthly articles on water resources and energy efficiency related topics on social media. Employees are rewarded with small gifts when they spread the message among their families and friends.



## Conserving the Environment



### 10.2 AIR EMISSION

The Company's air emission figure is restricted to company vehicles only<sup>(3)</sup>. In order to reduce air pollutants, we have adopted electric fork trucks in product transport and encouraged our staff to use public transport in China. Our company vehicles are obliged to meet the National V emission standards in China. In the United States and United Kingdom, electric vehicle charging facilities and bike rentals are available to our employees for supporting green transportation.

Remark <sup>(3)</sup>: Due to the defined reporting boundary, air emissions contributed from OEM manufactures are not included from the air emission KPI calculation.

During the year, the types and data of air emissions from vehicles of the Company are as follows:

Emissions type	Unit	2019
Nitrogen oxides (NO <sub>x</sub> )	kg	65.8
Sulphur oxides (SO <sub>x</sub> )	kg	1.9
Particulate matter (PM)	kg	6



### 10.3 WASTE MANAGEMENT

For non-hazardous waste, we provided waste recycling bins for waste paper, metal and plastic. Waste cartons, paper, plastics and other non-hazardous solid wastes are recycled and reused by recycling services providers. We introduced the cooking oil recycling scheme to reduce food waste in our staff canteen. In the United States, we implemented a hazard communication program on safe handling procedures and measures to ensure that these measures are properly carried out at each stage. In 2019, we have actively supported and participated in various recycling programs, such as batteries, electronics waste and food waste.

Waste generation of the Company in 2019<sup>(4)</sup>

Indicators	Unit	2019
Total non-hazardous waste generated	tonnes	1,213.7
Total non-hazardous waste recycled	tonnes	157
Non-hazardous waste intensity (per employee)	tonnes/employee	0.3
Total hazardous waste generated	tonnes	4.3
Total hazardous waste recycled	tonnes	4.1

Remark <sup>(4)</sup>: Packing material generated by OEM is excluded according to the designated reporting scope and due to an unsophisticated data collection system in the first reporting year.

### ▶ Case Sharing : Food Waste Composting Scheme

The Company has implemented the food waste composting scheme with a total of 5,176 lbs of organic material in 21 totes from SharkNinja.

If this organic material had been sent to a landfill, it would have generated 1.84 tonnes of CO<sub>2</sub> equivalent. We aim to reduce carbon emission and reuse food wastage through the food waste composting practices.

By aerobically composting our food waste with local farms, we are putting carbon back in the earth. We keep monitoring the monthly summary of pickup progress in order to achieve our sustainability goal.



## 10.4 PAPER RESOURCES

During the Reporting Period, the Company has consumed 23,832.6 kg of paper, equivalent to the intensity of 5.4 kg of paper/employee. We have adopted a wide range of measures to reduce paper consumption at our offices.

- ▶ Print documents on both sides of paper and use recycling papers for dropping notes;
- ▶ Set printers on duplex and toner save mode;
- ▶ Print documents with smaller font size and margin;
- ▶ Use e-fax to sort and filter useful information;
- ▶ Centralize waste papers, letters and envelopes near printers and dispatch for further treatment; and
- ▶ Encourage our staff to save papers and avoid printing wherever possible by generating and issuing staff printing records.



## 10.5 PROMOTING ENVIRONMENTAL AWARENESS

Promoting environmental awareness essentially serves as a tool to educate our employees and the public about the importance of sustainability and to encourage green practices. To this end, the Company is dedicated to promoting social awareness on environmental protection and climate change to local communities.



### Carbon Credit for Forest Preservation

The Amazon, i.e. the 'lungs of the world', is the biggest deforestation front in the world and is facing irreversible ecological disaster. It is clear that the frequency and magnitude of extreme weather events are increasing. The same phenomenon is happening in the world, where the precipitation pattern is much harder to predict than before. To demonstrate our commitment in addressing climate change and conserving biodiversity the Company has purchased 3,000 carbon credits to preserve 3,000 trees in the Amazon rainforest. In addition, we continued to support green initiatives to combat climate change.



### Tree Planting in Peru and the UK

We planted 20,000 trees (18,000 trees in Peru and 2,000 in the UK) in total. The contribution was well recognised by the public. The tree planting activity also helped to raise the awareness of local people on environmental and ecological protection. We will continue to extend the love and care to more places, and we hope to raise the awareness of environmental protection with society and the Company.

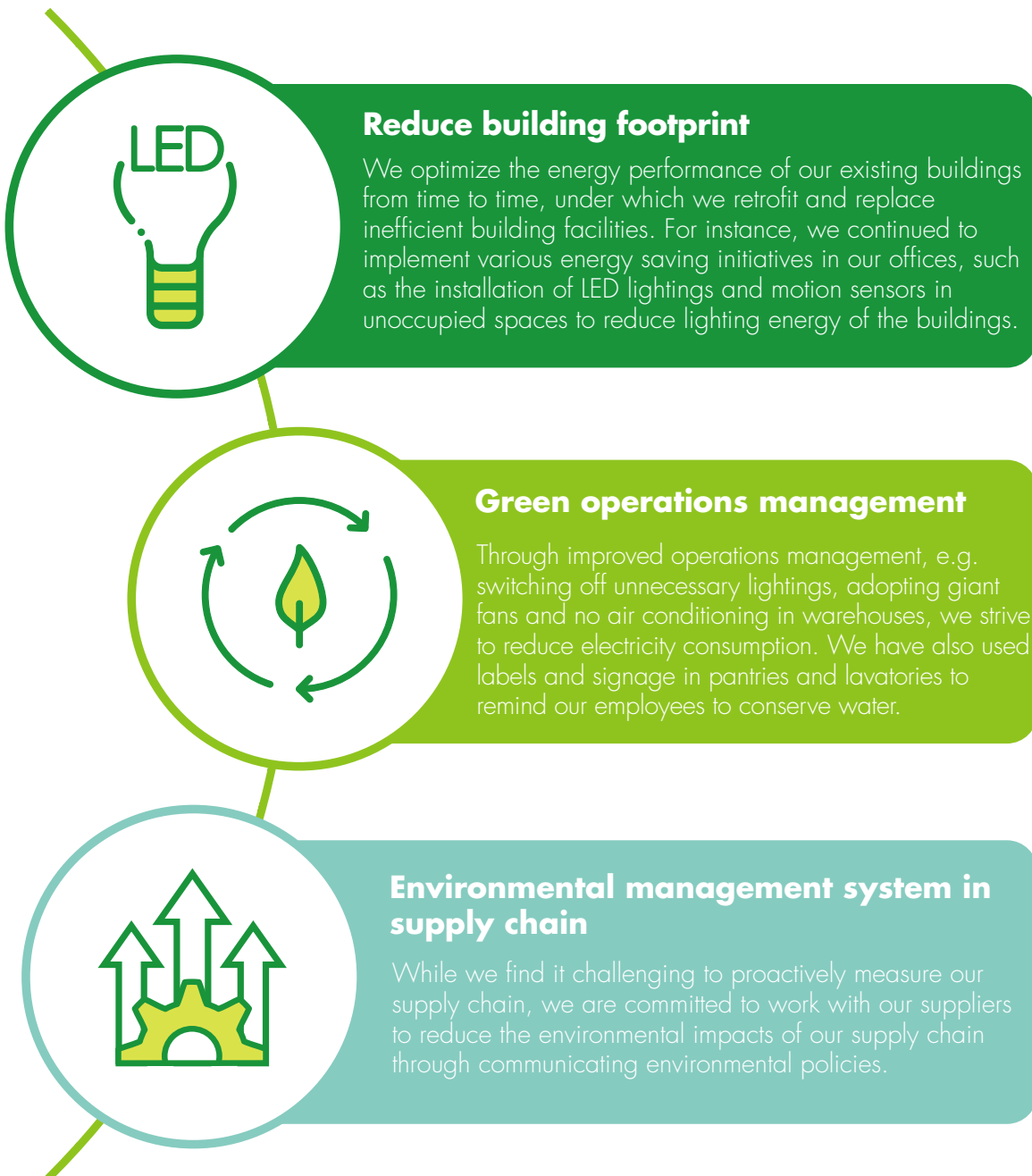


## 10.6 ENSURING THE SUSTAINABILITY OF OUR OPERATION

As the Company refines our business strategy and operations, we will be mindful of the potential impact of ESG and climate change. We refer to the recommendations of Task Force for Climate-related Financial Disclosures (TCFD) to take notice of its four themes: (a) governance; (b) strategy; (c) risk management and (d) metrics and targets of environmental and climate-related matters when preparing our climate change disclosure to reveal the business risks and opportunities. For instance, we are still in the progress to meet the disclosure recommendations of the TCFD, as we identify and mitigate more of our climate-related risks. We have begun to review the potential physical and transition risks to our assets as a result of climate change.

A detailed look at our risk management and internal control systems, and the enterprise risk assessment results is available in the Corporate Governance Report section of our Annual Report 2019.

To reduce the Company's energy consumption and decarbonize our business, we have adopted three major approaches as outlined below:



# Appendix 1: Index to the ESG Reporting Guide of Hong Kong Stock Exchange

Indicator		Related Chapter	
<b>A. Environmental</b>			
<b>A1 Emissions</b>	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	— Conserving the Environment
	A1.1	The types of emissions and respective emissions data.	— Conserving the Environment
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity.	— Conserving the Environment
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	— Waste Management
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	— Waste Management
	A1.5	Description of emissions target(s) set and steps taken to achieve.	— Conserving the Environment — Target setting is not applicable for 1 <sup>st</sup> year ESG report
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	— Waste Management — Target setting is not applicable for 1 <sup>st</sup> year ESG report

Indicator		Related Chapter	
<b>A2 Use of Resources</b>	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	— Conserving the Environment
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity.	— Conserving the Environment
	A2.2	Water consumption in total and intensity.	— Energy & Water Use
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	— Energy & Water Use — Target setting is not applicable for 1 <sup>st</sup> year ESG report
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	— Energy & Water Use — Target setting is not applicable for 1 <sup>st</sup> year ESG report
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	— Waste Management
<b>A3 The Environment and Natural Resources</b>	General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	— Ensuring the Sustainability of Our Operation
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	— Ensuring the Sustainability of Our Operation
<b>A4 Climate Change</b>	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuers.	— Ensuring the Sustainability of Our Operation
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer. And the actions taken to manage them.	— Ensuring the Sustainability of Our Operation

Indicator		Related Chapter	
<b>B. Social</b>			
<b>B1 Employment</b>	General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	— Talent Cultivation
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	— Talent Cultivation
	B1.2	Employee turnover rate by gender, age group and geographical region.	— To be disclosed from the next financial year
<b>B2 Health and Safety</b>	General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards:	— Health Protection
	B2.1	Number and rate of work related fatalities occurred in each of the past three years including the reporting year.	— Health Protection
	B2.2	Lost days due to work injury.	— Health Protection
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	— Health Protection
<b>B3 Development and Training</b>	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	— Talent Development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	— Talent Development
	B3.2	The average training hours completed per employee by gender and employee category.	— To be disclosed from the next financial year



Indicator		Related Chapter	
<b>B4 Labor Standards</b>	General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	— Labor Standards
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	— Labor Standards
	B4.2	Description of steps taken to eliminate such practices when discovered.	— Labor Standards
<b>B5 Supply Chain Management</b>	General Disclosure	Policies on managing environmental and social risks of the supply chain.	— Supply Chain Management
	B5.1	Number of suppliers by geographical region.	— Supply Chain Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	— Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	— Supply Chain Management
	B5.4	Description of practices used to promote environmental preferable products and services when selecting suppliers, and how they are implemented and monitored.	— Supply Chain Management
<b>B6 Product Responsibility</b>	General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	— Product Responsibility
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	— Product Responsibility
	B6.2	Number of products and service related complaints received and how they are dealt with.	— Complaints Handling

Indicator		Related Chapter	
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	— Intellectual Property Rights
	B6.4	Description of quality assurance process and recall procedures.	— Product Responsibility
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	— Safeguarding Customer Information
<b>B7 Anti-corruption</b>	General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	— Ethics and Integrity
	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.	— Ethics and Integrity
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	— Ethics and Integrity
	B7.3	Description of anti-corruption training provided to directors and staff.	— Ethics and Integrity
<b>B8 Community Investment</b>	General Disclosure	Policies on community engagement to understand the needs of communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	— Quality Innovation for Communities
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	— Quality Innovation for Communities
	B8.2	Resources contributed (e.g. money or time) to the focus area.	— Quality Innovation for Communities

# JS

Global  
Climate

# 12

