



## **LION ROCK GROUP LIMITED**

獅子山集團有限公司\*

*(Incorporated in Bermuda with limited liability)*

(Stock code: 1127)

## **ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

\* For identification purpose only

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## **I. ABOUT THIS REPORT**

Lion Rock Group Limited (referred to as the “Group” or we) is a global printing services company that principally engages in the provision of printing services to international book publishers, trade, professional and educational conglomerates, print media companies and government departments. The Group’s printed products comprise mainly of illustrated leisure and lifestyle books, educational textbooks, learning materials and children’s books. The principal printing facilities are located in the People’s Republic of China (the “PRC”), Australia and Singapore.

This report summarises several subjects of the Group’s business practices for the Environmental, Social and Governance (referred to as the “ESG”) report (referred to as the “Report”) and the relevant implemented policies and strategies in relation to the Group’s operational practices and environmental protection. For information regarding corporate governance, please refer to the section “Corporate Governance Report” in the Group’s annual report for the year ended 31 December 2019.

The Report covers the period from 1 January 2019 to 31 December 2019 (the “Reporting Year” or “FY2019”).

### **Reporting Framework**

The Report has been prepared with reference to the ESG reporting guide set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

In preparation of this Report, due diligence has been taken to adhere to the Reporting Principles of “Materiality”, “Quantitative”, “Balance” and “Consistency” as set out in the ESG Reporting Guide. The materiality assessment, as disclosed in page 8 of this Report, has ensured the Report presents the most material ESG topics pertaining to our businesses. Whenever deemed material, the Report details any standards, methodologies, assumptions and/or calculation tools used, or source of conversion factors used, as well as explanations of any inconsistencies to previous reports.

## **Reporting Scope**

The content of the Report covers the Group's ESG policies and measures, and compliance of the major subsidiaries which include 惠州市滙星印刷有限公司 ("1010 Printing"), Left Field Printing Group Limited ("Left Field"), and C.O.S. Printers Pte Ltd. ("C.O.S.") located in the PRC, Australia and Singapore respectively. With regard to data disclosure, the reporting scope additionally covers the Group's printing services management arm located in Hong Kong, United States and United Kingdom to provide more complete representation. There were no changes to the reporting scope compared to the previous reporting year.

## **Comments and Feedback**

We make every effort to ensure consistency between the Chinese and English versions of this Report. However, in the event of any inconsistency, the English version shall prevail.

The progress of the Group depends in part on valuable comments from stakeholders. For any clarifications or advice regarding the content of this Report, please send your comments and suggestions to [investor@lionrockgrouphk.com](mailto:investor@lionrockgrouphk.com) .

## II. MESSAGE FROM THE MANAGEMENT

Dear valued stakeholders,

I am pleased to present to you Lion Rock's fourth ESG Report. Symbolising the "can-do spirit" of Hong Kong, the Lion Rock is an iconic mountain of the Kowloon Peninsula. Pledging to this spirit, the Group takes a proactive stance to be the first-movers and forerunners of the industry. We strive to address sustainability in the same manner.

Long before 'sustainability' was coined, our operations across subsidiaries had embraced environmental and social responsibilities. They had never been considered separate from our business activities. Our policies and management systems have always taken on a systematic and robust approach. We do not stop at regulatory compliance, but go further by continually looking for ways to enhance our sustainability performance. At respective subsidiaries, special committees are devoted to such tasks, such as the Clean Production Management Working Group in 1010 Printing and Workplace Health and Safety Committee in Australia.

In efforts to slash our environmental impact, during this Reporting Year alone, our subsidiaries have invested resources in three major production system upgrades. At both of our facilities in Australia and PRC, we have invested in automated processes that raise the quality of our effluent discharges, as well as lower hazardous waste generation. The introduction of the low-chemistry plate production technology has cut our Australian operation's hazardous waste intensity by 14% from the previous year. The third major investment this year was at our PRC facility, where the new centralised vacuum air supply system is estimated to help save power that is equivalent to yearly savings of approximately RMB300,000. We are also pleased to have reduced as much as 87% of our VOC emissions in the PRC compared to the previous year, reaping benefits from a major investment made end of last year.

The Group's subsidiaries are also demonstrating model approaches to social responsibility. Our Singaporean subsidiary, C.O.S., is proud to be a member of the Ethical Trading Initiative (ETI) - a leading alliance of companies, trade unions and NGOs that promotes respect for workers' rights around the globe. As a pledged corporate member, C.O.S. agrees to adopt the ETI Base Code of labour practice ("ETI Code") not only within its operations but also its supply chain. Walking the talk, C.O.S. substantiates its commitment through external social auditing.

Sustainability is not equivalent to mere corporate responsibility, but it is also to do with how we ensure our business longevity. We believe people are our greatest assets, and tailor macro-level development of our human capital to the Group's corporate strategy. At respective subsidiaries, the Group develops yearly training plans that comply with relevant statutory requirements and address the needs of our workforce. A total of 6,717 of training hours were recorded, of which 3,510 hours were non-safety related. Various apprenticeship and vocational programmes through local institutions provide professional certificates in continuous development. A total of 19 staff across the Group attained vocational certificates related to printing manufacturing.

Externally, the Group is committed to supporting the economic and social vitality of local communities through corporate sponsorships and charitable donations. As a member of the printing industry and general community, the Group directs our charitable efforts towards youth development as the primary focus. Furthermore, the Group sees high literacy as a foundation for the advancement of society. During the Reporting Year, the Group has made sponsorships to a range of activities valued to be a total of approximately HKD 379,000.

The Lion Rock Group shall continue to make advancements in our sustainability journey with exemplary approaches and passion. We thank you for your support.

Yours faithfully,  
Yeung Ka Sing  
*Chairman*

### III. APPROACH TO SUSTAINABILITY

The Group’s board of directors (“the Board”) spearheads our sustainability performance via regular meetings with major organisational functions such as compliance affairs, workplace health and safety, and human resources. At respective subsidiaries, special committees are devoted to enhancing sustainability performance, such as the Clean Production Management Working Group in 1010 Printing and Workplace Health and Safety Committee in Australia. The management conducts regular reviews of ESG-related metrics material to respective subsidiaries. We identify and evaluate the materiality of the diverse range of ESG topics that are interrelated with our business operations (See next section: Materiality Assessment). Validated by the Board, the most material ESG topics guide the Group’s corporate strategy. As we advance our sustainability journey, the Group endeavors to raise the Board’s knowledge and awareness of the ESG landscape.

#### Materiality Assessment

Sustainable development encompasses a holistic spectrum of environmental and social aspects. In order to harness the related risks and opportunities, it is crucial for the Group to determine the most material aspects. The Group adopts the three-step process of identification, prioritisation and validation to ensure sustainability topics are being managed and reported in accordance with their materiality.

#### (1) Identification

In accordance with the ESG Reporting Guide, all fundamental sustainability topics were identified. In the context of the latest sustainability landscape, the Group has determined the following 22 topics that are deemed to have an impact on the environment and society through our operations.

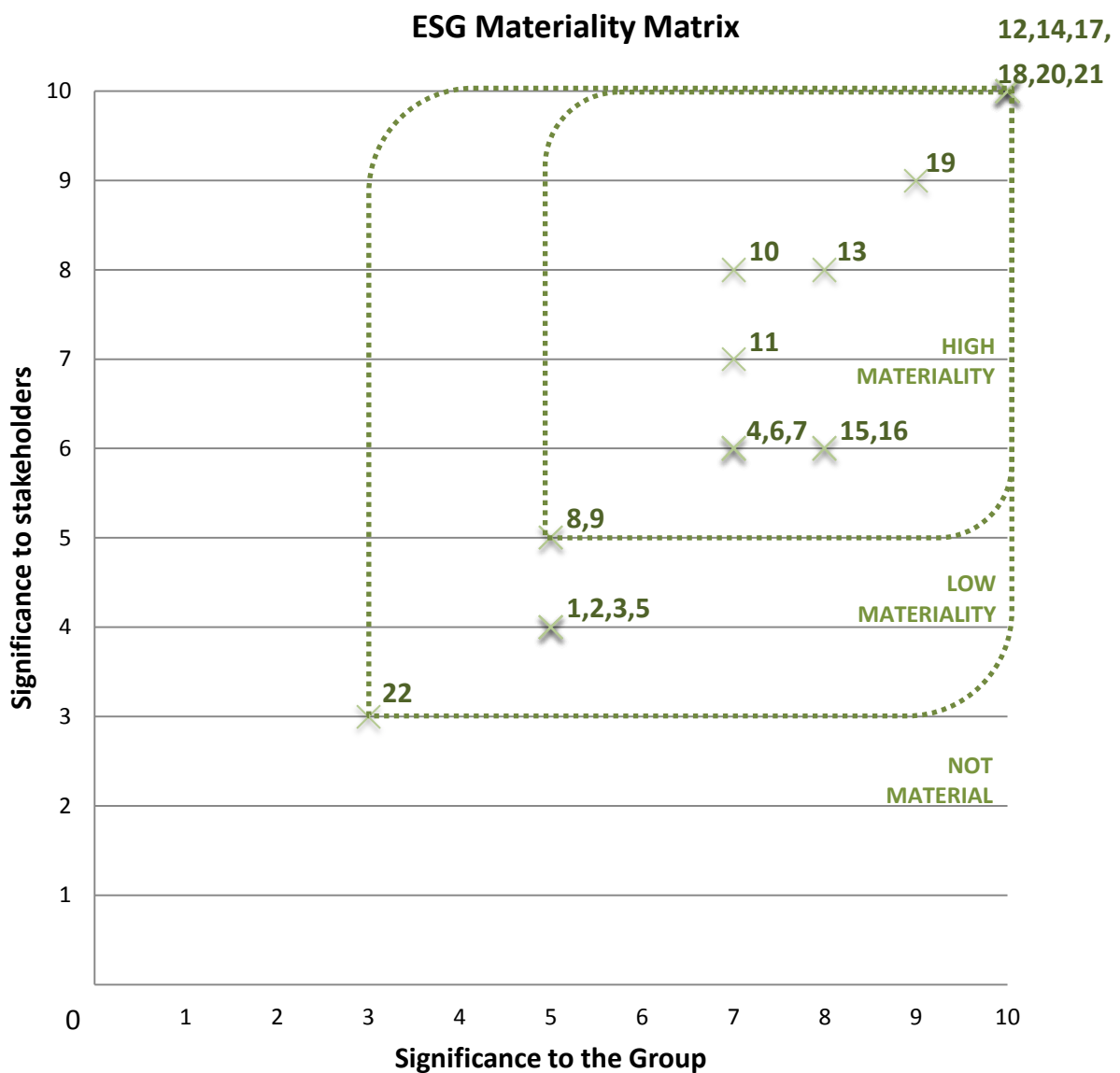
| ESG Aspects      |  | Material ESG issues for the Group                                   |
|------------------|--|---|
| A. Environmental | A1 Emissions                             | 1. Air emissions  |
|                  |  | 2. Effluent discharges  |
|                  |  | 3. Greenhouse gas emissions   |
|                  | A2 Use of Resources                      | 4. Hazardous waste management                                       |
|                  |  | 5. Non-hazardous waste management                                   |
|                  |  | 6. Energy consumption   |
|                  |  | 7. Water consumption  |
|                  | A3 The Environment and Natural Resources | 8. Packaging material consumption                                   |
|                  |  | 9. Environmental risk management (including climate-change related) |

|                                |  |  |
|--------------------------------|--|--|
| <b>B. Social</b>               | <i>B1 Employment</i>   | 10. Employment and remuneration policies |
|                                | <i>B2 Health and Safety</i>  | 11. Equal opportunity and diversity      |
|                                | <i>B3 Development and Training</i>   | 12. Occupational health and safety       |
|                                | <i>B4 Labour Standards</i>   | 13. Employee development                 |
|                                | <i>B5 Supply Chain Management</i>  | 14. Anti-child and forced labour         |
|                                | <i>B6 Product and Service Responsibility</i>   | 15. Supply chain management              |
|                                |  | 16. Sustainable procurement              |
|                                |  | 17. Goods/services' quality and safety   |
|                                | 18. Customer satisfaction  |  |
|                                | 19. Personal data privacy protection   |  |
|                                | 20. Protection of intellectual property rights, ethical marketing communication and product labeling |  |
| <i>B7 Anti-corruption</i>      | 21. Anti-corruption and anti-competitive practices   |  |
| <i>B8 Community Investment</i> | 22. Community investment   |  |



**(2) Prioritisation**

To determine the materiality of the selected ESG topics, the views of senior management of respective operational regions were sought. The senior management, who possess a high-level view of all the topics and have access to stakeholders’ feedback, were asked to score the significance of each ESG topic to stakeholder groups and the Group in each of their perspective. The topmost-right quadrant determines the topics of high materiality.



### Highly material topics

| Ranking   | Number  | Topics   |
|---|---------|----------|
|  | Highest | 12,14,17 |
|   |         | 18,20,21 |
|   |         | 19       |
|   |         | 13       |
|   |         | 10       |
|   |         | 11       |
|   |         | 15,16    |
|   |         | 4,6,7    |
|   |         | 8,9      |
|   | Lowest  |          |

### (3) Validation

The Board has reviewed and validated the materiality process, and hence the Report discloses the Group’s performance on all high and low materiality topics. To address matters most material to the Group’s stakeholders, topics of high materiality are discussed in more depth throughout the Report.

## Stakeholder Engagement

The Group believes that identifying and addressing stakeholders views lay a solid foundation to the long-term growth and success of the Group. The Group engages with a wide network of stakeholders, including employees, customers, suppliers, shareholders, government and regulatory authorities, and as well as the community.



The Group develops multiple engagement channels that provide opportunities for stakeholders to express their views on the Group’s general business conduct and sustainability management. The engagement channels are summarised in the following table. To reinforce mutual trust and respect, the Group is committed to maintaining effective communication channels with stakeholders in both formal and informal ways. This can enable the Group to better shape its business strategies in order to respond to their needs and expectations, anticipate risks and strengthen key relationships.

| Stakeholders | Engagement channels   | Topics of interest/concern   | The Group's actions   |
|--------------|---|--|---|
| Shareholders | <ul style="list-style-type: none"> <li>General meetings</li> <li>Regular corporate publications including financial reports and ESG report</li> <li>Circulars and announcements</li> <li>Direct enquiries</li> <li>Corporate website</li> </ul> | <ul style="list-style-type: none"> <li>Business strategies and sustainability</li> <li>Financial performance</li> <li>Corporate governance</li> </ul>                                      | <p>The Board spearheads our sustainability performance via regular meetings with major organisational functions such as compliance affairs, workplace health and safety, and human resources. At respective subsidiaries, special committees are devoted to enhancing sustainability performance, such as the Clean Production Management Working Group in 1010 Printing and Workplace Health and Safety Committee in Australia.</p>  |
| Employees    | <ul style="list-style-type: none"> <li>Performance appraisals</li> <li>Training sessions</li> <li>Social media</li> </ul>   | <ul style="list-style-type: none"> <li>Training and development</li> <li>Employee remuneration and welfare</li> <li>Occupational health and safety</li> <li>Equal opportunities</li> </ul> | <p>The Group dedicates significant resources to attract and retain talented employees. A total of 6,717 hours of training hours were recorded, of which 3,510 hours were non-safety related. As an equal opportunity employer, we have policies established and implemented to promote a harmonious and respectful workplace. To encourage social bonding in the workplace, the Group arranged recreational events during the Reporting Year, such as staff leisure activities, company trips and festive celebrations. The employee satisfaction survey conducted in the PRC indicated 85% of staff were satisfied with the company's overall efforts.</p> |

|   |   |  |  |
|---|---|--|--|
| <p style="writing-mode: vertical-rl; transform: rotate(180deg);"><b>Customers</b></p> | <ul style="list-style-type: none"> <li>• Business meetings</li> <li>• Complaint and feedback channels</li> <li>• Social media</li> <li>• Corporate website</li> </ul> | <ul style="list-style-type: none"> <li>• Service quality and reliability</li> <li>• Client data security</li> <li>• Business ethics</li> </ul> | <p>The Group is committed to protecting the privacy and confidentiality of personal data collected. The Group has established clear protocols on handling personal data recorded from our customers and employees. Personal data inventories are secured to prevent any unauthorised or accidental access, such as firewalls and physical protection.</p>  |
| <p style="writing-mode: vertical-rl; transform: rotate(180deg);"><b>Suppliers</b></p> | <ul style="list-style-type: none"> <li>• Business meetings</li> <li>• Supplier assessment</li> <li>• Continuous direct communication</li> </ul>                       | <ul style="list-style-type: none"> <li>• Fair competition</li> <li>• Business ethics</li> </ul>  | <p>Our business partners must ensure all operations are environmentally responsible, uphold human rights and business ethics. Suppliers and subcontractors are required to submit statements declaring conformity to the respective code of conduct. Self-assessment questionnaires and/or internal audits are used to evaluate the supply chain. To promote accountability, some supplier premises are provided with confidential communication channels to report actual or suspected breaches of the code of conduct.</p> |

|   |  |   |  |
|---|--|---|--|
| <p style="writing-mode: vertical-rl; transform: rotate(180deg);"><b>Government and regulatory authorities</b></p> | <ul style="list-style-type: none"> <li>• Statutory filings and notification</li> <li>• Regulatory or voluntary disclosures</li> </ul>                        | <ul style="list-style-type: none"> <li>• Compliance with law and regulations</li> <li>• Business strategies and sustainability</li> <li>• Environmental protection</li> </ul> | <p>With strict compliance to law and regulations, we adopt the lowest level of acceptance for corruption risks to build a culture of zero tolerance to corrupt practices. Periodic corruption risk assessments are conducted to review current practices and procedures.</p> <p>Regarding environmental protection, in our PRC facility, we substantially reduced our VOC (Volatile Organic Compounds) emissions from production processes by 87% compared to last reporting year. Investment in an advanced treatment system for emission released from silk screen printing and offset printing processes had been made at the end of last year.</p> |
| <p style="writing-mode: vertical-rl; transform: rotate(180deg);"><b>Community</b></p>                             | <ul style="list-style-type: none"> <li>• Community activities</li> <li>• Corporate donations</li> <li>• Corporate website</li> <li>• Social media</li> </ul> | <ul style="list-style-type: none"> <li>• Fair employment opportunities</li> <li>• Environmental protection</li> </ul>   | <p>The Clean Production Management Working Group established in 1010 Printing takes a proactive lead towards industry best practices through the exploration of clean production technology, as well as the formulation and improvement of production processes.</p> <p>At our PRC facility, we made major investments in advancing the treatment of our effluent discharges. The state-of-the-art system utilises automated components that generate processed wastewater of uniform quality as required.</p>   |

## **IV. ENVIRONMENTAL RESPONSIBILITY**

The Group is committed to providing quality one-stop shop printing solutions and services to clients in a clean and sustainable manner. Our activities typically engage in the processes of digital manipulation, color management, proofing, plate production, printing (offset and digital, bindery and stitching), quality check of finished products, packaging and delivery, warehousing and direct mailing. Environmental impacts of facilities are managed by the environmental management systems (EMS) of each respective subsidiary. The EMS ensures strict environmental compliance, as well as continual improvement towards cleaner practices. Periodic reviews of the system are conducted to ensure its effectiveness. The facilities in the PRC and main site in Australia are certified to the EMS requirements of the ISO14001:2015 standards – incorporated into the ISO Integrated Management Systems (IMS). The Clean Production Management Working Group established in 1010 Printing takes a proactive lead towards industry best practices through the exploration of clean production technology, as well as the formulation and improvement of production processes.

### **Aspect A1: Emissions and waste generated**

The Group implements robust systems to ensure all discharges to air, water and land are compliant with regulatory standards. During the Reporting Year, the Group has not encountered any incident of non-compliance with all applicable laws and regulations related to air emissions, effluent discharges, noise emissions, greenhouse gases, waste at all operating regions. Major laws and regulations applicable are detailed in respective sections.

#### ***Air emissions***

The Group's air emissions are mainly released from vehicle usage and production processes. Company fleet and machinery undergo regular maintenance which ensures fuel efficiency, thereby reducing emissions. Production processes at the PRC facility are another source of air emissions, such as VOCs, benzene, toluene, xylene, and non-methane hydrocarbons. They are treated by our waste gas treatment equipment. Emission licenses are acquired and renewed with periodic exhaust gas monitoring. Qualified third-party testing is also carried out at least once a year, which ensures major problems with processes are rectified.

The major applicable laws and regulations related to control of air emissions include, but are not limited to, the PRC Law on Air Pollution Control, Environmental Protection Acts of Australia, and Air Pollution Regulations of Singapore. In addition to keeping air emission levels meeting statutory requirements, the Group commits to curbing air pollutants further.

- In our PRC facility, we substantially reduced our VOC (Volatile Organic Compounds) emissions from production processes by approximately 87% compared to the last reporting year. This was a result of the investment in advanced emissions treatment systems for silk screen printing and offset printing processes at the end of last year.
- In Singapore, we keep indoor air quality in check to ensure concentration of general irritants, such as respirable dust, do not exceed regulatory levels. In canteens of the PRC facility, oil fumes generated are treated by the stove hood prior to discharge.
- We aim to prioritise the use of clean energy for warehouse forklifts, which emit fewer pollutants. We implement measures on-site to ensure there are no idling vehicles on-premises.

During the Reporting Year under review, the Group's air emissions of sulphur oxides (SO<sub>x</sub>), nitrogen oxides (NO<sub>x</sub>), and particulate matter (PM) released from vehicle exhaust and stationary combustion of LPG fuel were recorded. The Group released 1,444.0 kg, 0.9 kg and 17.5 kg of Nitrogen Oxides, Sulphur Oxides, and Particulate Matter respectively in FY2019. The Group's production processes released 9.5 tonnes of Volatile Organic Compounds (VOC) in FY2019.

| Air emissions  | Unit  | FY2019  | FY2018  | YOY change |
|--|-------|---------|---------|------------|
| <b>Nitrogen Oxides (NO<sub>x</sub>)</b> <sup>(1)</sup>   | kg    | 1,444.0 | 1,704.6 | (15%)      |
| <b>Sulphur Oxides (SO<sub>x</sub>)</b>   | kg    | 0.9     | 0.9     | 0%         |
| <b>Particulate Matter (PM)</b>   | kg    | 17.5    | 21.7    | (19%)      |
| <b>Volatile Organic Compounds (VOC)</b> <sup>(2)</sup>   | tonne | 9.5     | 73.3    | (87%)      |
| <i>Note (1): FY2018 figure was restated to include emissions from forklift operations in Australia.</i>                      |       |         |         |            |
| <i>Note (2): VOC emissions are from PRC operations. Other facilities do not release substantial amounts to be regulated.</i> |       |         |         |            |



## ***Effluent discharges***

The wash water from plate-making processes results in effluent discharges require treatment. Each facility ensures its proper handling, either by qualified subcontractors or on-site processing prior to discharge to municipal sewers. Processing records from subcontractors will then be retained by the Group. Our facilities also generate domestic wastewater that will be monitored prior to discharge. Periodic monitoring and testing a comprehensive list of parameters (including pH, BOD, COD, suspended solids, and other specific compounds) ensure regulatory compliance and no adverse environmental impacts of effluent discharges. The major applicable laws and regulations related to control of effluent discharges include, but are not limited to, the PRC Law on Water Pollution Control, Environmental Protection Acts of Australia, and Environmental Protection and Management (Trade Effluent) regulations of Singapore. During the Reporting Year under review, apart from the chemical water disclosed as hazardous waste in page 22 of this Report, the Group did not discharge any significant amount of wastewater during the production process.

### **Case study I: Advancing our effluent treatment**



At our PRC facility, we made major investments in advancing the treatment of our effluent discharges. Passed through the belt filter, oil water separation tank, flocculation and electrocatalysis processes, the printing/binding waste liquids are processed to quality fit for direct discharge into municipal sewers. The state-of-the-art system utilizes automated components that generate processed wastewater of uniform quality as required. Comprehensive processing is conducted for 5-8 factors, including suspended solids, pH, conductivity, COD, BOD, oil and grease, total nitrogen and total surfactants. An integrated effluent treatment system has enhanced efficiency and bolstered our environmental performance.

### ***Noise emissions***

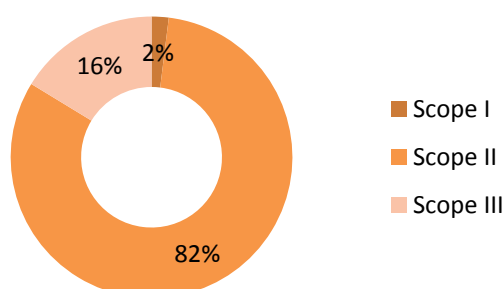
The Group's activities are minor sources of noise emissions, which include mechanical noise from the use of machinery and equipment, as well as aerodynamic noise from transportation vehicles and air compressors. Subcontracted construction projects are also another source of noise emissions. Regular maintenance of machinery, pre-startup inspections and related induction trainings ensure noise levels are kept within regulatory limits. Operational hours are always conducted within stipulated time frames as under regulations. Adherence to strict procedures ensures these hazards are managed effectively. Regular monitoring of noise emission levels ensures operations are compliant to regulatory levels. All equipment used meets noise-related specifications and employees use personal protective equipment that mitigates against noise hazards.

The major applicable laws and regulations related to control of noise emissions include, but are not limited to, the PRC Law on Prevention and Control of Environmental Noise Pollution, Environmental Protection Acts of Australia, and Workplace Safety and Health (Noise) Regulations 2011 of Singapore. In Australia, noise and vibration reduction opportunities are included as criteria for consideration in any change to the workplace layout, selection of new or modified plant or equipment, as well as in the event of any significant change to site noise generation and community complaints or concerns. Noise assessments are conducted to determine the impact of noise emissions on the local community. To serve as a precautionary measure, employees or routine contractors subject to higher noise level exposure are required to undertake an approved audiometric hearing test within three months of work commencement, and every two years thereafter.

## Greenhouse gas (GHG) emissions and climate change mitigation

To implement an effective approach to climate change mitigation, it is important to have a comprehensive understanding of the carbon emission sources of the Group. The Group's carbon footprint is primarily due to electricity usage, accounted under Scope II emissions. During the Reporting Year under review, the Group generated a total of 22,472.9 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) of greenhouse gases (Scope I and II), resulting in a carbon intensity of 13.98 tCO<sub>2</sub>e per HKD million revenue generated.

**GHG Emissions**



| Greenhouse gas emissions <sup>(1)</sup>                   | Unit                  | FY2019                 | FY2018   | YOY change |    |
|---|-----------------------|------------------------|----------|------------|----|
| <b>Scope I (Direct Emissions)</b>                         | tCO <sub>2</sub> e    | 517.3                  | 553.4    | (7%)       |    |
| Stationary combustion                                     | tCO <sub>2</sub> e    | 289.9                  | 295.4    | (2%)       |    |
| Mobile combustion <sup>(2)</sup>                          | tCO <sub>2</sub> e    | 229.2                  | 259.8    | (12%)      |    |
| GHG removal from trees on premises                        | tCO <sub>2</sub> e    | (1.8)                  | (1.8)    | 0%         |    |
| <b>Scope II (Indirect Emissions)</b>                      | tCO <sub>2</sub> e    | 21,955.6               | 21,345.2 | 3%         |    |
| Electricity purchased <sup>(3)</sup>                      | tCO <sub>2</sub> e    | 21,955.6               | 21,345.2 | 3%         |    |
| <b>Scope III (Other Indirect Emissions)<sup>(4)</sup></b> | tCO <sub>2</sub> e    | 4,293.4                | 4,882.5  | (12%)      |    |
| Business air travels                                      | tCO <sub>2</sub> e    | 155.4                  | 198.9    | (22%)      |    |
| Waste decomposition at landfills <sup>(5)</sup>           | tCO <sub>2</sub> e    | 4,138.0                | 4,683.6  | (12%)      |    |
| <b>Total</b>  | (Scope I and II)      | tCO <sub>2</sub> e     | 22,472.9 | 21,898.6   | 3% |
|   | (Scope I, II and III) | tCO <sub>2</sub> e     | 26,766.3 | 26,781.1   | 0% |
| <b>Carbon intensity</b>                                   | (Scope I and II)      | tCO <sub>2</sub> e per | 13.98    | 13.15      | 6% |
|   | (Scope I, II and III) | HKD million revenue    | 16.66    | 16.08      | 4% |

*Note (1): Boundary has been set using GHG Protocol's financial control approach*

*Note (2): FY2018 figure was restated to include emissions from forklift operations in Australia.*

*Note (3): FY2018 figure for electricity purchased has been restated using updated emission factors.*

*Note (4): Scope III emissions from production materials are excluded, as there are limitations in obtaining an accurate representation. Scope III emissions from fresh water and sewage processing are excluded, as they are considered immaterial.*

*Notes (5): FY2018 figure was restated to reflect updated emission factors*

The Group is committed to reducing our carbon footprint. Scope I and II emissions are addressed through our energy reduction initiatives (See Section: A2.1 Energy Consumption). Scope III emissions incur throughout our value chain, and we employ the following measures to minimise such emissions.

- The Group uses a central booking system for business trips and chooses direct flights to reduce emissions. The Group encourages the use of video conferencing or emails for communication as far as possible to minimise the carbon footprint from overseas business trips.
- We carry out regular leakage checks and replacement of pressure gauges, pressure hose and connectors of air compressors to reduce possible leakage of refrigerants.
- We make every effort to reduce waste generation and raise recycling rates to lessen GHG releases from landfill decomposition.

### **Hazardous waste management**

All collected hazardous waste, mainly production chemicals, is transported and treated by authorised contractors who possess qualifications to handle hazardous waste. The amount of disposed waste is checked for consistency with contractor reports to ensure all matter is entirely disposed of in the most appropriate manner. All hazardous waste is stored at designated storage points that are leak-proof and rain-proof. At each stage, clear protocols have been established to ensure all hazardous matter is handled and stored in a safe and secure manner. Any incident of spillage or leakage will be handled under proper protocol and documented. To prevent contamination of stormwater drainage, it is prohibited to wash away any amount of spillage, designated cloths are to be used. Emergency protocol are also implemented to ensure prompt action in the event of suspected contamination. In the event of large-scale contamination, drainage system gates are closed and the contaminated water body is sent to the emergency pool for treatment.

The major applicable laws and regulations related to control of hazardous waste include, but are not limited to, the PRC Law on Prevention and Control of Environmental Pollution from Solid Wastes, Environmental Protection Acts of Australia, and Environmental Protection and Management (Hazardous Substances) Regulations of Singapore. To embody sustainable development principles, we aim to explore opportunities to replace raw materials, equipment and production techniques that are highly hazardous to the environment with less hazardous alternatives. We segregate our hazardous waste to ensure those recyclable are recycled, such as toner cartridges that are returned to suppliers for recycling.

During the Reporting Year under review, the Group generated a total of 411.7 tonnes of hazardous waste, resulting in a hazardous waste intensity of 0.26 tonnes per HKD million revenue generated. Waste cotton and aluminum foil are several types of hazardous waste that may be recycled.

**Hazardous waste generated in FY2019**



| Hazardous waste <sup>(1)</sup>         | Unit                          | FY2019 | FY2018 | YOY change |
|--|-------------------------------|--------|--------|------------|
| Chemical water                         | tonne                         | 99.3   | 113.1  | (12%)      |
| Solids                                 | tonne                         | 95.8   | 103.0  | (7%)       |
| Developer solution                     | tonne                         | 4.2    | N/A    | N/A        |
| Volatile organic solution              | tonne                         | 14.4   | 31.1   | (54%)      |
| Ink tank                               | tonne                         | 152.4  | 143.3  | 6%         |
| Waste cloth                            | tonne                         | 45.6   | 69.5   | (34%)      |
| <b>Total hazardous waste generated</b> | tonne                         | 411.7  | 460.0  | (11%)      |
| <b>Hazardous waste intensity</b>       | tonne per HKD million revenue | 0.26   | 0.28   | (7%)       |

*Note (1): In FY2019, we expanded our data collection scope to include further types of waste i.e. developer solution, volatile organic solution, ink tank, waste cloth.*

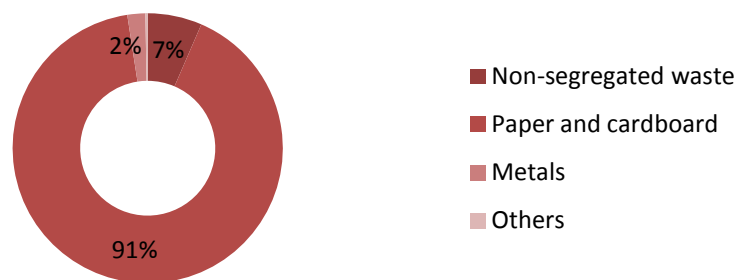
### Case study II: Low-chemistry platemaking solution curbs waste

In the Reporting Year, we brought in a new plate production solution in one of our Australian facilities that embeds the latest technologies for superior environmental performance. The new systems incorporate intelligent monitoring and replenishment in the plate development process which lower the chemical consumption and waste production. Unlike conventional systems which maintain developer solution conductivity at a constant level, the new processors precisely control the replenishment rate according to usage and oxidation levels. The system can drastically reduce hazardous photographic waste generation by as much as 80%. The non-silicate based recipe provides huge environmental benefits, as it extends the bath life without an increase in developer sludge and filter blockages. Offering exceptional efficiency and environmental performance, the cutting-edge system presents immense return on investment.

### ***Non-hazardous waste management***

The typical non-hazardous waste generated by the Group's facilities includes paper, aluminium, cardboard and domestic waste. Waste disposed of at landfills is carried out by qualified contractors. As waste reduction more often incurs less environmental impacts compared to waste recycling, we strive to place greater emphasis on the reduction of waste generated than reusing and recycling of waste.

**Non-hazardous waste generated in FY2019**



The major applicable laws and regulations related to control of non-hazardous waste include, but are not limited to, the PRC Law on Prevention and Control of Environmental Pollution from Solid Wastes and Environmental Protection Acts of Australia. Seeking to contribute to the closed-loop economy, we employ the following measures and initiatives to reduce the generation of non-hazardous waste, and raise recycling rates.

- The Group organises and maintains waste separation systems and recycling bins for collecting materials such as waste paper, metal and plastic. To facilitate proper waste segregation, we provide trainings to employees on sorting methods. Smart printing modes are also available for staff as well.
- The Group monitors and evaluates the usage of material to avoid overstock, as well as strengthen production inspection all through production processes to reduce and avoid rework. Regarding any construction waste, the contracted party is clearly specified in the infrastructure contract or the contract attachment, including waste storage sites, site management, and clearance requirements etc.
- In Australia, as part of our efforts to integrate sustainability principles into our downstream activities, we offer customers various environmentally-friendly options. In addition to paperless billing options, we provide web-printing and digital printing services that reduce paper wastage. Moreover, a wide range of recycled and non-recycled content paper is available for customers' selection. We also work closely with recycling companies to maximise recycling rates, such as reel cores and plastic strapping etc.

During the Reporting Year under review, the Group generated a total of 13,443.5 tonnes of non-hazardous waste, resulting in a non-hazardous waste intensity of 8.37 tonnes per HKD million revenue generated. We collected 11,084.8 tonnes of paper for recycling, a 10% YOY (year on year) increase from previous year. Metal waste from production processes included zinc, aluminium and iron, and as much as 173.5 and 100.1 tonnes of zinc and aluminum were recycled respectively.

| <b>Non-hazardous waste<sup>(1)</sup></b>   | <b>Unit</b>                   | <b>FY2019</b> | <b>FY2018</b> | <b>YOY change</b> |
|--|-------------------------------|---------------|---------------|-------------------|
| <b>Landfill/incineration</b>               | tonne                         | 1,894.3       | 2,125.7       | (11%)             |
| <b>Recycled</b>                            | tonne                         | 11,549.2      | 10,431.4      | 11%               |
| <b>Total non-hazardous waste generated</b> | tonne                         | 13,443.5      | 12,557.1      | 7%                |
| <b>Non-hazardous waste intensity</b>       | tonne per HKD million revenue | 8.37          | 7.54          | 11%               |

*Note (1): FY2018 figures have been restated using consistent methodology with FY2019 figure computation.*



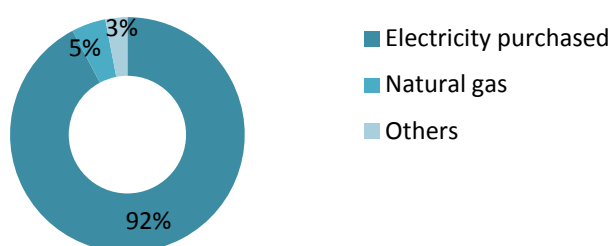
## **Aspect A2: Use of resources**

The Group is committed to continually monitoring and improving resource efficiency as an integral part of business strategy and operating methods, as well as complying with relevant government policies and environmental legislations. During the Reporting Year, the Group has not encountered any incident of non-compliance with all applicable laws and regulations related to the use of energy and water resources at all operating regions. Major laws and regulations applicable are detailed in respective sections.

### ***Energy***

The Group's energy profile consists of the use of electricity, natural gas, LPG, petrol and diesel oil for facility operations. Electricity use fuels the majority of our operations, accounted for 92% of total energy consumption in FY2019. We conduct periodic internal audits of our fuel and electricity consumption. Benchmarking against historic data, the internal audits help determine avoidable energy usage and highlight avenues for more efficient fixtures, equipment and devices. The management also liaises with energy suppliers and networks to respond to prevailing trends and techniques in the energy landscape. During the Reporting Year under review, the Group consumed 8,266.8 GJ and 98,583.1 GJ of direct and indirect energy respectively, resulting a total energy intensity of 66.5 GJ per HKD million revenue generated.

#### **Energy consumption in FY2019**



| Energy consumption       | Unit | FY2019  | FY2018  | YOY change |
|--------------------------|------|---------|---------|------------|
| <b>Direct</b>            | GJ   | 8,266.8 | 8,758.1 | (6%)       |
| <b>Natural gas</b>       | GJ   | 5,037.2 | 5,142.1 | (2%)       |
| <b>Petrol (gasoline)</b> | GJ   | 1,299.2 | 1,336.2 | (3%)       |
| <b>Diesel</b>            | GJ   | 611.9   | 789.3   | (22%)      |
| <b>LPG</b>               | GJ   | 1,318.5 | 1,490.5 | (12%)      |

|                                    |                               |           |           |     |
|------------------------------------|-------------------------------|-----------|-----------|-----|
| <b>Indirect</b>                    | GJ                            | 98,583.1  | 91,852.6  | 7%  |
| <b>Electricity purchased</b>       | GJ                            | 98,583.1  | 91,852.6  | 7%  |
| <b>Total (Direct and Indirect)</b> | GJ                            | 106,849.9 | 100,610.7 | 6%  |
| <b>Energy intensity</b>            | GJ per HKD<br>million revenue | 66.5      | 60.4      | 10% |

The major applicable laws and regulations related to energy use include, but are not limited to, the PRC Law on Energy Conservation. The Group is committed to minimising fuel and electricity consumption through the following initiatives.

- 1010 Printing's Clean Production Management Working Group formulates departmental energy consumption quota that assists departments to plan energy-saving initiatives in advance. Monthly reporting is relayed to the company's upper hierarchy.
- In our PRC facility, we invested in a centralised vacuum air supply system, replacing 33 old vacuum pumps. In addition to cutting high maintenance costs, the new system is estimated to save approximately 5,100,000 kWh of power yearly - equivalent to savings of 294,000 RMB per year.
- We have installed energy-efficient LED lighting and cooling systems in production areas. We have replaced computer equipment, servers, and monitors with energy-efficient models, and minimise energy usage through the utilisation of power-saving modes.
- We deploy as much natural light as possible, and operate the lighting system through different zones to minimise unnecessary lighting use. In the PRC, power consumption for lighting use dropped as much as 30% compared to the previous year through the installation of sound-controlled lighting systems, and de-lamping efforts.

## ***Water resources***

Production processes such as plate-washing, as well as general amenities make use of water. At the Group, our facilities withdraw water majorly from municipal supplies, while surface water and groundwater is used in Australia. We have not encountered any issues in sourcing water that is fit for purpose. However, water resources should not be taken for granted and should be conserved to ensure a sustainable future. As the world's driest inhabited continent, Australia takes water conservation seriously. Our Australian facility sites are united in mitigation against the drier climate trends, particularly in light of the recent bushfire crisis. All water usage is monitored and reported in yearly reports across our facilities. By benchmarking water usage with historic data and highlighting water-intensive activities, the quantity of water use can be reduced.

The major applicable laws and regulations related to water use include, but are not limited to, the Water Law of PRC and Environmental Protection Acts of Australia. The Group practices the following initiatives to curtail our water consumption.

- In the PRC facility, the plate developer filtration system generates output water that is re-used. Burden on external water sources is also alleviated through the facility's fountain solution filter system that extends the lifespan of the process solutions.
- At part of our general maintenance programme, we regularly check piping and taps for leakages and damage, and ensure their prompt repair. We monitor water readings at regular intervals when no water is being used to ensure against hidden water leakages.
- We ensure that services infrastructure is established and maintained to discourage the use of potable waters for non-essential purposes, such as a clear indication of the water nature of piped water services throughout the facility site.
- We make extensive use of water recycling opportunities, such as capturing the first flush waters for less sensitive uses. At one location, we have installed rainwater catchment tanks, and reuse greywater for cleaning and irrigation.
- We give priority to water-saving products, such as the adoption of low or dual flush toilets, and low-flow faucets or water outlets. This is carried out in tandem to the promotion of water-saving habits throughout premises.

During the Reporting Year under review, the Group consumed a total of 132,051 cubic metre of water, resulting in a water intensity of 82.2 cubic metre per HKD million revenue generated.

| Water consumption                  | Unit                                | FY2019  | FY2018  | YOY change |
|------------------------------------|-------------------------------------|---------|---------|------------|
| <b>Total water consumption</b>     | cubic metre                         | 132,051 | 129,438 | 2%         |
| <b>Water consumption intensity</b> | cubic metre per HKD million revenue | 82.2    | 77.7    | 6%         |

### ***Packaging material***

Finished products at the Group uses standard packaging material such as carton boxes and wrapping film. The Group is in the early design phase of considering more sustainable approaches to product packaging, while adhering to the needs of the customers. During the Reporting Year under review, a total of 3,254.9 tonnes of packaging material was consumed for finished products, resulting in an intensity of 2.0 tonnes per HKD million revenue generated. At our PRC facility, in efforts to reduce our consumption, we establish monthly target quotas for major types of packaging material used.

| Packaging consumption                             | Unit                          | FY2019  |
|---|-------------------------------|---------|
| <b>Total packaging consumption <sup>(1)</sup></b> | tonne                         | 3,254.9 |
| <b>Packaging consumption intensity</b>            | tonne per HKD million revenue | 2.0     |

*Note (1): FY2018 figures are not available, as they were estimated by number of pieces.*

### **Aspect A3: The environment and natural resources**

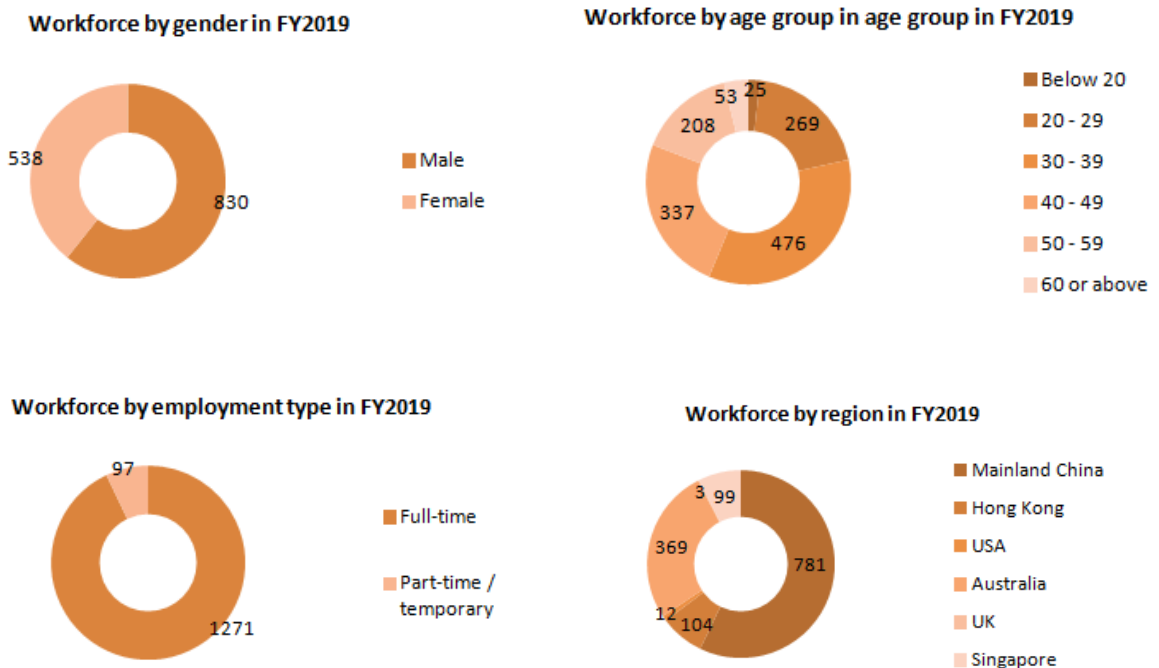
The Group strives to build an eco-conscious culture that ingrains positive lifestyles and habits among employees. For corporate social activities and other events, low-carbon dietary choices and products from social enterprises are prioritised. Waste reduction plans are rolled out for larger-scale events. In Australia, our new staff induction training at some of our locations include an eco-awareness component. As staff becomes more aware, small contributions are made to saving the environment, and pave the way for future sustainability endeavors of the Group. With the integration of policies maintained in the sections headed “Emissions” and “Use of Resources” above, the Group strives to minimise our impacts to the environment and natural resources. We ensure our operation by-products do not degrade the atmosphere, and surrounding water and land bodies. Through our energy and water conservation efforts, we mitigate against climate change impacts.

## V. SOCIAL RESPONSIBILITY

The Group ingrains social responsibility into all aspects of its operations. We seek to address the needs and views of our staff by maintaining honest and authentic dialogue. We commit to offer a fair and safe workplace with staff development opportunities. Furthermore, the Group commits to the delivery of quality products grounded on ethical business conduct and supply chain management, as well as to meaningful engagements with the community.

### Aspect B1: Employment

As at the end of the Reporting Year, the Group employed 1,368 employees of which 830 and 538 are male and female staff respectively. Among which, 1,271 and 97 were full-time and part-time/temporary staff respectively, with a balanced distribution across the age range of 20 to 59 years. In terms of the workforce by region, around 65% of the Group's employees are located in China and Hong Kong, with the remaining staff located in Australia, Singapore, USA and UK.



Based on the principles of fairness and equality, the Group's human resources policies adhere to relevant labour laws, regulations and industry practices, covering areas such as compensation, dismissal, promotion, working hours, recruitment, rest periods, equal opportunities, diversity and other benefits and welfare. During the Reporting Year, the Group has not encountered any incident of non-compliance with all major applicable laws and regulations related to employment at all operating regions. Major laws and regulations applicable include, but are not limited to, the Labour Law of the PRC, National Employment Standards and Fair Work Acts of Australia, Employment Act of Singapore, as well as Hong Kong Employment Ordinance.

### ***Remuneration and welfare***

Employees of the Group are remunerated at a competitive level and are rewarded according to their performance and experience. The Group's human resources policies outline the terms and conditions of employment, expectations for employees' conduct and behaviors, and employees' rights and benefits. The remuneration package of employees may include incentive schemes, discretionary bonuses and/or over-time payments, in addition to salaries. Any applicable restrictions on wage deduction are stated transparently in the human resources policies. The promotion and remuneration of the Group's employees are subject to periodic review. Employees also receive fringe and welfare benefits, including retirement benefits, occupational injury insurance and other miscellaneous items, according to terms specified in the human resources policies of respective subsidiary. In our PRC facility, we offer free-of-charge on-site dormitories for workers.

### ***Recruitment, promotion and dismissal***

The human resources department of respective subsidiary conducts a comprehensive recruitment review process based on pre-determined job function requirements. The Group's recruitment and promotion process are carried out in a fair and open manner for all employees, where they are recognised and rewarded by their contribution, work performance and skills. It is ensured that outcomes will not be affected by any discrimination on the grounds of age, sex, marital status, family status, race, disability, nationality, religion, political affiliation and sexual orientation and other factors. In the case of dismissal, adherence to the Group's human resources policies ensures the entire procedure is compliant with statutory requirements. The Group's human resources policies outline the terms and conditions of employment, expectations for employees' conduct and behaviors, and employees' rights and benefits.

During the Reporting Year under review, the Group-wide employee turnover rate was 51.6%. The table below present turnover rate by gender, age and geographical region.

| Turnover rate                 | Unit | FY2019 |
|-------------------------------|------|--------|
| Group-wide                    | %    | 51.6   |
| <b>By Gender</b>              |      |        |
| Male                          | %    | 53.7   |
| Female                        | %    | 48.3   |
| <b>By Geographical Region</b> |      |        |
| Mainland China                | %    | 76.4   |
| Hong Kong                     | %    | 18.3   |
| Australia                     | %    | 20.6   |
| Singapore                     | %    | 14.1   |
| Others                        | %    | 0      |

### ***Anti-discrimination and diversity***

We embrace inclusive employment that builds a respectful workplace. The Group is an equal opportunity employer and does not discriminate on the basis of age, sex, marital status, family status, race, disability, nationality, religion, political affiliation and sexual orientation. Personnel staff, line manager and all other employees who may be involved in staff recruitment receive training in non-discriminatory practices. We promote a harmonious and respectful workplace for all. In Singapore, two employees with hearing impairment are currently part of our team. Mentorship arrangements are arranged to help them adjust to the working environment and build rapport with co-workers. With the aim to ensure fair and equal protection for all employees, the Group has zero-tolerance for sexual harassment or other forms of abuse in the workplace in any form, which is a violation of the labour laws.

### ***Employee communications***

The Group's policies and procedures included in staff handbooks are reviewed and updated regularly. The Group discourages and disallows any behavior that violates the regulations in staff handbooks. Offenders will receive a warning, and the Group has the right to terminate the employment contract with offenders for any serious violations. The Group's staff grievance mechanism provides confidential channels by which staff may report suspected cases of rights infringement, which are then handled according to formal procedures. Other communication channels include annual performance appraisals, leadership meetings, consultative committee meetings, staff suggestion box, as well as toolbox talks.

### ***Work-life balance***

We seek to cultivate a culture of healthy work-life balance. The working hours management policy ensures no excessive working hours monitored electronic attendance systems. In the case of overtime work due to production demands, employees are informed at least half a day in advance and never coerced to. The Group, subject to the human resources policies of respective subsidiary, assists staff to balance commitments outside of work through a range of leave types, such as maternity, paternity, parental, compassionate, paid community leave, as well as long services leave. Regular reviews are held to refine and improve work-life balance arrangements. To encourage social bonding in the workplace, the Group arranged recreational events during the Reporting Year, such as staff leisure activities, company trips and festive celebrations. In Singapore, a Sports & Recreation Team was formed in 2018, that promote cohesive bonding among employees. In our PRC facility where staff is offered accommodation in on-site dormitories, amenities include gym facilities, billiard rooms and a library. The employee satisfaction survey conducted in PRC indicated 85% of staff were satisfied with the company's efforts.

### **Aspect B2: Workplace health and safety**

The Group is committed to creating and maintaining a workplace that minimises safety risk and maximises the health and welfare of our employees. It is of paramount importance to ensure a safe and healthy workplace for our employees. The Group's safety management systems, led by the safety committees of respective facilities, cover all employees, contractor workers and visitors to our premises. Each committee meets periodically and ensures the latest updates related to legislation and industry practices are identified and addressed in the safety management systems. During the Reporting Year, the Group has not encountered any incident of non-compliance with all applicable laws and regulations related to occupational health and safety at all operating regions. Major laws and regulations applicable include, but are not limited to, the PRC Law on Work Safety, Work Health and Safety Acts of Australia, and Workplace Safety and Health Act of Singapore.

The Group spares no effort to safeguard the safety of our employees and the workplace. We adopt the best practices through the following safety policies and procedures.

- All safety management system responsibilities and accountabilities are identified and allocated. We conduct safety risk assessments that identify and control work hazards within the prescribed hierarchy of control, and residual risk evaluation within the guidelines. We take a prevention-orientation approach where on-site inspections are conducted frequently to rectify any non-conformances before further complications.



- We implement transparent mechanisms for reporting hazards, injuries, illnesses and close calls. It is ensured all accidents are investigated and reviewed by safety committees. Working with line managers, corrective actions that address root causes are drawn up. Any non-compliance to safety rules and regulations, negligence of duties, irresponsibility is to be held responsible.
- We have systematic claims management mechanisms for personnel injured at work. In the unfortunate event of an incident, we place great importance on a healthy rehabilitation process. We assist a smooth rehabilitation process whereby the well being and self-esteem of the individual is promoted.
- We ensure that persons performing tasks are competent and training attendance records are well documented. All new employees undergo general safety orientation. Sign-in procedures are implemented for contractors and visitors to ensure their safety. All subcontracted work, such as construction work, is to be performed with equally stringent safety standards. Prior to work commencement, we request the safety risk assessment reports and monitor at regular intervals.
- The holistic well-being of our staff is cared for through the provision of stress management counselling services and health seminars at several locations. In Singapore, the Group sponsored voluntary health screening to all employees.
- In PRC, the system is certified to the requirements of OHSAS 18001:2007 standards, and subject to yearly internal audit. Moreover, management designates a safe production fund that commits to safety system enhancement. In Singapore, we made multiple efforts to improve working environments for workers, such as building sheltered corridors and areas around the premises.

During the Reporting Year under review, the Group's operations recorded no cases of work-related fatalities and 40 cases of injuries. The total lost days due to work injury amounted to 787 days. A total of 3,207 hours of safety-related training were recorded which raised staff awareness regarding the latest regulatory updates as well as safe operational procedures.

| Workplace safety                  | Unit  | FY2019 | FY2018 | YOY change |
|-----------------------------------|-------|--------|--------|------------|
| Number of work-related fatalities | Cases | 0      | 0      | 0%         |
| Lost days due to work injury      | Day   | 787    | 523    | 50%        |
| Number of work-related injuries   | Cases | 40     | 29     | 38%        |

### **Aspect B3: Development and training**

People are our greatest assets. We tailor the macro-level development of our human capital to the Group's corporate strategy. At respective subsidiaries, the Group develops yearly training plans that comply with relevant statutory requirements and cater to the needs of our staff. During annual appraisal sessions, in-depth consultation ensures micro-level training needs are identified. Internal training programmes provided by the Group include induction training, on-the-job training, mentoring schemes, and cross-departmental training. To further promote continuous development, staff is entitled to educational leave to attend external programmes, such as external public trainings, lectures and seminars. The Group provides tuition reimbursement for eligible staff to engage in programmes that enrich job knowledge. During the Reporting Year, the Group has not encountered any incident of non-compliance with statutory requirements related to staff training and development at all operating regions.

The Group dedicates significant resources to attract and retain talented employees, and to ensure that staff grows in competence and skillsets alongside the business. Initiatives included but were not limited to the following:

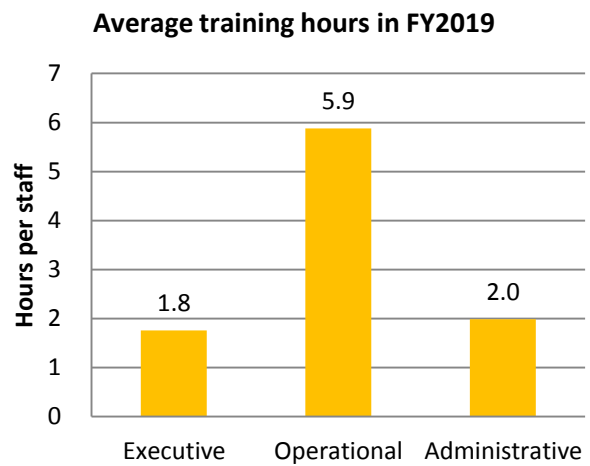
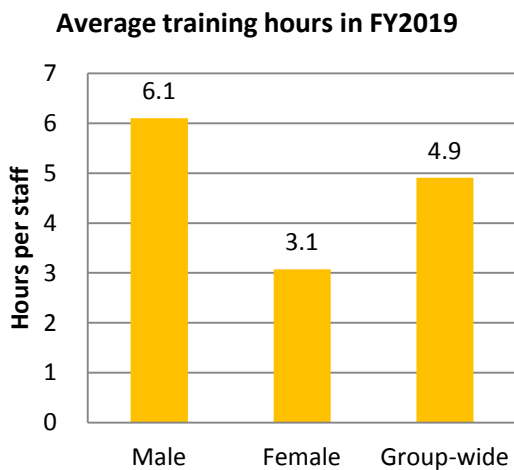
- To ensure the effective implementation of the yearly training plan, 1010 Printing requires each training activity to prepare a Training Implementation Plan. Prior to the training, training goals and nature are identified, and teaching materials prepared subsequently. Session evaluation is carried out by feedback collection from both trainees and trainers.
- A total of 6,717 of training hours were recorded, of which 3,510 hours were non-safety related. Various apprenticeship and vocational programmes through local institutions provide professional certificates in continuous development. A total of 19 staff across the Group attained vocational certificates related to printing manufacturing.
- We encourage knowledge sharing among employees by arranging sharing sessions among staff, circulating training material and industrial news, as well as a communal platform to share reference books and articles.



**Training sessions conducted in the PRC facility**

During the Reporting Year under review, a total number of 3,826 staff participants has received training, of which 2,377 and 1,449 were male and female respectively. In terms of employee category, the total number was composed of 16, 3,129, and 681 participants that were executive, operational and administrative staff respectively.

During the Reporting Year under review, the Group has provided a total of 6,717 training hours that averages to 4.9 hours per staff. In terms of gender category, average training hour amounted to 6.1 and 3.1 hours per male and female staff respectively. An average of 1.8, 5.9 and 2.0 training hours per staff were received by executive, operational and administrative staff respectively.



**Aspect B4: Labour Standards**

The Group has established and implements anti-child and forced labour policies that meet the highest legal and ethical standards. We do not engage in or condone the unlawful employment or exploitation of children in the workplace or the use of forced labour. Staff handbooks contain clear policies relating to relevant labour laws, regulations and industry practices, covering areas such as compensation, dismissal, promotion, working hours, recruitment, rest periods, diversity and other benefits and welfare. Employment contracts stipulate terms and conditions in adherence to statutory regulations, and are available in multiple languages as necessary. The rights and freedoms of every individual are protected as no worker is asked to surrender identification documents nor lodge fees or deposits as a condition of employment. Cases of child labour in our businesses are averted by conducting age verification of all job applicants. Any employee that suspects a breach of the policy should submit reports through grievance mechanisms of respective subsidiaries. All protocol implementation is reinforced through periodic audits.

C.O.S. operations have established a Human Rights Policy Statement that embodies the principles contained in the Universal Rights covering UNGP (United Nations Global Compact) and ILO (International Labour Organisation) Core Conventions on Labour Standards. The Group supports the freedom of association and the right to express views by collective bargaining representatives if desired. Trade union representatives are not discriminated against and have access to carry out their representative functions in the workplace. Seeking to avoid complicity in human rights abuses, C.O.S. selects and evaluates suppliers and contractors, taking into consideration of respective human rights policies, and to monitor their performance where appropriate. Agencies that provide contract labour are carefully monitored, particularly across borders.

During the Reporting Year under review, the Group has not encountered any incident of non-compliance with all applicable laws and regulations related to anti-child and anti-forced labour practices at all operating regions. Major laws and regulations applicable include, but are not limited to, the Labour Law of the PRC, as well as employment and modern slavery legislation of Australia and Singapore.

### **Case study III: C.O.S. walks the talk on ethical labour practices**

Our Singaporean subsidiary, C.O.S., is proud to be a member of the Ethical Trading Initiative (ETI) - a leading alliance of companies, trade unions and NGOs that promotes respect for workers' rights around the globe. As a pledged corporate member, C.O.S. agrees to adopt the ETI Base Code of labour practice ("ETI Code") not only within its operations but also throughout its supply chain.

Walking the talk, C.O.S. substantiates its commitment through external social auditing. Covering workers of all types on-site, including direct employees, agency workers, workers provided by other contractors, the audit sought to raise any non-compliance cases with the ETI Code, as well as additional components. Areas related to Health & Safety, Environment and Business Ethics were included. There were no cases of non-compliance identified, and C.O.S. received a positive review that commended multiple cases of good examples.

**Aspect B5: Supply chain management**

Leveraging on our status as a major industry player, we recognise the multiplied impact through engaging our suppliers. The Group is committed to developing and maintaining effective and mutually beneficial working relationships with our business partners. During the Reporting Year, we have partnered with a total of 1,322 suppliers and subcontractors during the Reporting Year, mainly from Australia, Mainland China, Hong Kong and Singapore. Sub-contracted work includes binding and types of hand-work at some operating regions.

**Number of suppliers by region in FY2019**



The supplier code of conduct of respective subsidiaries requires full compliance with all applicable local and national laws. They must ensure all operations are environmentally-responsible, uphold human rights and business ethics. Suppliers and subcontractors are required to submit statements declaring conformity to the respective code of conduct. Self-assessment questionnaires and/or internal audits are used to evaluate supply chains. To promote accountability, some supplier premises are provided with confidential communication channels to report actual or suspected breaches of the code of conduct.

In Australia, the subsidiary conducts periodic spend analysis across different procurement categories to classify critical and non-critical suppliers based on volume and substitutability. As part of our ongoing supplier risk assessment, we carry out periodic re-evaluation of high-risk suppliers regarding their product/service quality and performance, environmental and quality management, as well as other factors.

In addition to engaging suppliers, sustainable procurement is another avenue to mitigate the impact of supply chain activities. We collaborate with key suppliers in support of environmentally-responsible procurement of goods and services. During the Reporting Year, we allocated spending to the following sustainable products and services.

- In Australia, close to 100% of our paper raw material input is certified under the FSC (Forest Stewardship Council) or PEFC (Programme for the Endorsement of Forest Certification) certification labels. A proportion of paper input is coating-free, which is recyclable. Soy-based inks, a low-VOC content alternative to petroleum-based inks, are also used. At some facility sites, oil-based adhesives were replaced with the eco-friendlier water-based alternative.
- Our cleaning products are a selection of products that are biodegradable, phosphate-free and non-toxic to aquatic ecosystems. Furniture and building products procurement prioritise timber certified by sustainable forest management schemes, and materials of recycled content, where possible.
- We prioritise the procurement of office equipment with energy-saving features, replaceable parts as well as those part of supplier-provided recycling schemes.

#### **Aspect B6: Product and service responsibility**

The Group offers quality products and services grounded on responsible operating practices. We commit to meeting customer needs through innovation and sound business ethics. We provide printing services to international book publishers, trade, professional and educational conglomerates, print media companies and government departments. The Group's printed products comprise mainly of illustrated leisure and lifestyle books, educational textbooks, learning materials and children's books.

#### ***Product quality and safety, and customer satisfaction***

Displaying ability, professionalism and reliability in everything we do, we offer products and services with added value. The printing production process consists of five main stages which include: consultation; pre-press (digital manipulation, colour management, proofing, plates production); printing; post-press; and finally quality check, packaging and delivery, warehousing and direct mailing. This principally involves, but is not limited to, printing and printing materials, machine ink and parts, publishing and allied industries, folding collating and binding, printing machinery, printed stock and warehousing, print and image management service provider, call centre services, design and prepress, digital sheet printing, digital web printing, lamination and mounting, offset sheet printing, offset web printing, secure print facilities, e-data storage, mailing & distribution, warehousing (dispatch and inventory management), and all associated activities.

At some major facilities, the Group’s quality management system (“QMS”) is certified under the requirements of the ISO 9001:2015 standards. During the Reporting Year, the Group has not encountered any incident of non-compliance with all applicable laws and regulations related to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. Major laws and regulations applicable include, but are not limited to, the Product Quality Act of PRC, as well as Trade Practices Act and Fair Trading Regulations of Australia.

With a customer-focused and evidence-based approach, the Group strives for continual improvement to product quality. The Group’s QMS is implemented through the following processes.

- Quality assurance is performed to examine the product’s quality against required parameters at every stage of the production process. Input raw materials are tested against customers’ technical specifications, while color reproductions are delivered to exact customer requirements. Finished products undergo inspections prior to packaging and delivery to clients.
- We conduct due diligence in ensuring procured goods or materials are safe and non-toxic, such as requesting accreditation from suppliers as required. At major facilities, product risk assessments concerning health and safety are carried out, as well as internal audit programmes.
- We develop key performance indicators regarding our quality performance, which assists in understanding the needs of our customer requirements. We ensure claims for products and services offered are met.
- We conduct periodic customer satisfaction analysis, in the form of surveys and/or monthly monitoring at the majority of our subsidiary operations. For example, surveys disseminated in the PRC yielded a good response rate of 70% from 100 customers, and helped us to determine the areas we can strengthen in the following year.
- Customer complaints are handled by the customer service teams. Formal complaint mechanisms handle all cases in a fair and systematic manner. During the Reporting Year under review, there were no products subject to recalls for safety and health reasons. All complaints received are dealt with.



**1010 Printing ambassadors attending top industry exhibition in PRC**

### ***Ethical operating practices***

The Group places great value in conducting all aspects of our businesses with integrity and honest values. From the protection of data privacy and intellectual property to ethical marketing communication, our robust management approaches ensure even the most trivial aspects are not overlooked. Compliance audits are planned and conducted at least once a year. During the Reporting Year, the Group has not encountered any incident of non-compliance with all applicable laws and regulations related to the protection of data privacy and intellectual property to the ethical marketing communication at all operating regions. Major laws and regulations applicable include, but are not limited to, the Criminal and Civil law of PRC; the Privacy Acts, Trade Marks Acts, Competition and Consumer Acts of Australia and Singapore.

### ***Information security safeguarding***

The Group is committed to protecting the privacy and confidentiality of personal data collected. The Group has established clear protocols on handling personal data recorded from our customers and employees. We collect data only in a lawful and fair way, for directly related purposes of which the data subject is clearly notified. Adhering to protocol requirements, we ensure the data is accurate and not kept longer than necessary. Personal data inventories are secured to prevent any unauthorised or accidental access, such as firewalls and physical protection.

Our Australian subsidiary is engaged in ancillary services through our proprietary cloud-based hosting services platform, IPALM™. Customers are offered a wide spectrum of electronic services to enhance their customer and/or supply chain management. The Group has established the privacy policy on handling personal data recorded from our customers, staff, as well as end-users of our online services. We make extensive use of technology platforms such as the webserver log, google analytics, social media features and widgets. Complaint mechanisms are in place for individuals to submit any cases of a privacy breach. The Group secures the personal information from unauthorised access, use or disclosure. All personal information transmitted to the websites is also protected through the use of encryption, such as the Secure Socket Layer (SSL) protocol. Recognising the materiality of security risks, the Group evaluates security risks related to the use of information technology. Security Risk Assessments are carried out at least once every two years, and prior to any major enhancements and changes associated with the systems or applications. Technical compliance tests on information and operating systems against security standards are conducted at least once a year.



### *Intellectual property rights protection*

Business end-user piracy is applicable to all businesses no matter what industry or sector. We maintain a clear registry on the use of legitimate software, as well as copyright and trademark for operation and contractual obligation. Ongoing assessment of the management approach is conducted through top management reviews, as well as periodic audits on the integrity of the registry. Our expectations are communicated clearly to employees and all business partners.

### **Aspect B7: Anti-corruption**

The Group is committed to achieving and maintaining the highest standards of openness, probity and accountability. We adopt the lowest level of acceptance for corruption risks to build a culture of zero tolerance to corrupt and anti-competitive practices. Anti-corruption code of conducts at respective subsidiaries stipulates our management approach towards anti-corruption compliance. During the Reporting Year, the Group has not encountered any incident of non-compliance with all applicable laws and regulations at all operating regions. Major laws and regulations applicable include, but are not limited to, the Criminal Law of the PRC, Anti-corruption Acts of Australia and Singapore.

The code of conducts applies to all employees of the Group, wherever they are located, and must be complied at all times. The Group prohibits the provision or receipt of gifts and/or entertainment that could be considered of material value. Senior management is also clearly provided guidance on what constitutes abuse of office, such as regarding the misuse of company's assets for personal interest. With regard to conflict of interests, the fundamental rule is to avoid any conflict of interest as far as practicable. In the event of an inevitable case, the conflict of interest is required to be declared so that appropriate resolution actions can be taken.

The development of robust internal controls is the key to our management approach. All accounts must accurately reflect and properly describe the transactions they record and all assets, liabilities, revenues and expenses must be properly recorded in the books. Any offering and acceptance of gifts or advantages are recorded and handled via a transparent mechanism. Each subsidiary companies has a form of whistle-blowing channel where any suspected cases of misconduct or failure to act are reported and handled.

The Group promotes fair and open competition through code of conducts on combating anti-competitive practices. We prohibit cartels, and any activities of trade associations and industry bodies which prevents, restricts or distorts competition. No discussion or agreement is carried out on matters related to pricing, production volume and tenders with competitors. The Group recognises that adherence to the principles of competition is essential to the development of long-term relationships with our stakeholders on mutual trust.

The cultivation of a corporate culture of integrity and probity is reliant upon the Group's business ethics training programme. It is ensured all new and existing staff understand the company's code of conduct and probity requirements such as through induction trainings and yearly refresher sessions. To ensure the continuous enhancement of our anti-corruption internal controls, periodic corruption risk assessments will be conducted through reviewing current practices and procedures.

#### **Aspect B8: Community investment**

The Group is committed to operating as a responsible corporate and continually supporting the economic and social vitality of local communities through corporate sponsorships and charitable donations. As part of the printing industry and general community, the Group directs the charitable efforts towards youth development as the primary focus. Furthermore, the Group sees high literacy as a foundation for the advancement of society.

During the Reporting Year, the Group has made donations and sponsorships to a range of activities, valued at a total of approximately HKD379,000. The following is a summary of our noteworthy activities during the Reporting Year:

- Left Field supported the ASX Refinitiv Charity Foundation in Australia in the form of in-kind print sponsorships for events held by local charities and initiatives, which has been valued at a total of approximately HKD220,000.
- Left Field advocated for the advancement of literacy through cash and print sponsorships for events held by the Australian Publishers' Association and Australian Book Designers Association, such as the Australian Book Industry Awards.
- 1010 Printing supports volunteering initiatives of staff, such as through the provision of volunteer service leave and the dissemination of volunteer opportunities information.