



GROWN UP GROUP

GROWN UP GROUP INVESTMENT HOLDINGS LIMITED

植華集團投資控股有限公司

(Incorporated in the Cayman Islands with limited liability)
stock code: 1842

2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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ABOUT THIS REPORT

Grown Up Group Investment Holdings Limited (the “Company” together with its subsidiaries, hereinafter referred to as the “Group”) is pleased to present our first annual Environmental, Social and Governance Report for the year ended 31 December 2019 (the “ESG Report”) to provide an overview of the Group’s management of significant issues affecting the operation, including environmental, social and governance (“ESG”) matters.

The board of directors of the Company (the “Board”) has overall responsibility for the Group’s ESG strategy and reporting. The Board is responsible for evaluating and determining the Group’s ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place.

REPORTING PERIOD

The ESG Report illustrates the Group’s initiative and performance regarding the environmental and social aspects during the reporting period from 1 January 2019 to 31 December 2019 (the “Reporting Period”).

REPORTING SCOPE

The ESG Report covers all major subsidiaries of the Group in the People’s Republic of China (the “PRC”) (including Hong Kong) with core business that principally engaged in designing, developing, manufacturing and selling bag and luggage products. The Group will continue in assessing the impacts of its business on the major ESG aspects and to include in the ESG Report.

REPORTING BASIS

The ESG Report is prepared in accordance with the ESG Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Group has complied with the disclosure requirements of the “comply or explain” provisions set out in the ESG Reporting Guide. Certain key performance indicators (“KPIs”) which are considered as material by the Group during the Reporting Period are disclosed in the ESG Report. The Group will continue to optimise and improve the disclosure of KPIs. The ESG Report is prepared and published in both English and Chinese. In the event of contradiction or inconsistency, the English version shall prevail.

CONTACT INFORMATION

The Group welcomes your feedback on the ESG Report for our sustainability initiatives. Please contact us through the Company website www.grown-up.com.

STAKEHOLDERS ENGAGEMENT

We identified the key stakeholders of our business operations and interacted with our stakeholders regularly through various communication channels. The following table illustrates the issues of concern of our major stakeholders and the ways we communicate with them:

Stakeholder	Expectation	Engagement channel	Measures
Government	<ul style="list-style-type: none"> - To comply with laws and regulations - Proper tax payment - Promote regional economic development and employment - To align with local government requirement on daily safety management (rules/facilities/people) 	<ul style="list-style-type: none"> - On-site inspections and checks by different government departments - Research and discussion through work conferences - Work reports preparation and submission for approval - Follow up government regular audit findings and submit corrective report, implement/monitor corrective actions 	<ul style="list-style-type: none"> - Strengthened safety management - Accepted the government's supervision, inspection and evaluation (e.g. accepted monthly on-site inspections throughout the year) - Operated, managed and paid taxes according to laws and regulations - Actively undertook social responsibilities - Government verbal or paper confirmation on the corrective actions
Shareholders and Investors	<ul style="list-style-type: none"> - Low risk - Return on the investment - Information disclosure and transparency - Protection of interests and fair treatment of shareholders 	<ul style="list-style-type: none"> - Annual General Meeting ("AGM") - Interim Reports and Annual Reports - Website - Announcements 	<ul style="list-style-type: none"> - Issued notices of general meeting and proposed resolutions according to regulations - Disclosed the Company's information by holding AGM, and publishing Interim Reports and Annual Reports - Disclosed the Company's contact details on website and in reports to ensure all communication channels are available and effective

STAKEHOLDERS ENGAGEMENT

Stakeholder	Expectation	Engagement channel	Measures
Employees	<ul style="list-style-type: none"> - Safeguard the rights and interests of employees - Working environment - Career development opportunities - Self-actualisation - Health and safety 	<ul style="list-style-type: none"> - Conferences - Training, seminars, briefing sessions - Cultural and sport activities - Emails - Company policy announcement - Face to face meeting/discussion/communication when needed 	<ul style="list-style-type: none"> - Provided a healthy and safe working environment - Developed a fair mechanism for promotion - Cared for employees by helping those in need and organising employee activities - Target at low employees grievance/complaint, no legal case on employee relationship - Maintain certain employee turnover to keep talents for the Group
Customers	<ul style="list-style-type: none"> - Safe and high-quality products - Stable relationship - Information transparency - Integrity - Business ethics 	<ul style="list-style-type: none"> - Website, catalogue and leaflet - Interim Reports and Annual Reports - Email - Regular meeting - By phone 	<ul style="list-style-type: none"> - Established Global Innovation and Design Centre in Europe as well as Global Development and Supply Chain Centre in Shenzhen - Strengthened quality management to ensure stable production and smooth transportation - Entered into long-term strategic cooperation agreements
Suppliers/Partners	<ul style="list-style-type: none"> - Long-term partnership - Honest cooperation - Fair and open attitude - Information resources sharing - Risk reduction 	<ul style="list-style-type: none"> - Business meetings, supplier conferences, phone calls, interviews - Review and assessment - Quotation comparison 	<ul style="list-style-type: none"> - Collect quotations from more suppliers for comparison when needed and select the most suitable suppliers and contractors - Performed contracts according to agreements - Enhanced daily communication, and established long-term cooperation with quality suppliers and contractors

STAKEHOLDERS ENGAGEMENT

Stakeholder	Expectation	Engagement channel	Measures
Peer/Industry associations	<ul style="list-style-type: none"> - Experience sharing - Corporations - Fair competition 	<ul style="list-style-type: none"> - Seminars and courses - Site visits 	<ul style="list-style-type: none"> - Stuck to fair play, cooperated with peers to realise win-win - Attended seminars or courses organised by industry association so as to intake most updated knowledge related to the industry, the market or operations
Financial Institution	<ul style="list-style-type: none"> - Compliance with laws and regulations - Disclosure information 	<ul style="list-style-type: none"> - Consulting - Information disclosure - Reports 	<ul style="list-style-type: none"> - Complied with regulatory requirements in a strict manner - Disclosed and reported true information in a timely and accurate manner according to laws and regulations
Media	<ul style="list-style-type: none"> - Transparent information - Communication with media 	<ul style="list-style-type: none"> - Website - Interviews 	<ul style="list-style-type: none"> - Organised conferences, media gatherings and site visits to enhance the communication with media
Public and communities	<ul style="list-style-type: none"> - Community involvement - Social responsibilities 	<ul style="list-style-type: none"> - Charity - Annual reports 	<ul style="list-style-type: none"> - Gave priority to local people seeking jobs from the Company so as to promote community building and development - Donation

A. ENVIRONMENTAL ASPECTS

ASPECT A1: EMISSIONS

To demonstrate the Group's commitment to sustainable development and compliance with laws and regulations relating to environmental protection, the Group endeavours to minimise the environmental impact of the business activities and maintain green operations and green office practices.

Our production operations are subject to the PRC environmental laws and regulations including the Environmental Protection Law of the PRC. The Group would be subject to fines, suspension of business or cessation of operations if there is any failure to comply with present or future laws and regulations. We continuously observe relevant laws and regulations in relation to environmental protection in the PRC and have been in strict compliance with them. We have implemented environmental protection measures in our operations to reduce emissions, and to treat and dispose of all of our waste in accordance with national and local environmental laws and regulations.

During the Reporting Period, there is no material generation of hazardous waste in the production process. Non-hazardous waste mainly includes domestic waste. They are separately stored and handled with the ledger for record. In order to properly control the disposal of our production wastes, we have formulated detailed environmental protection rules and guidance for our staff to follow during production. We also engage qualified recycling companies to perform waste disposal and treatment, especially for hazardous waste, so as to minimise the impact on nature. In addition, to ensure that the quantities and rates of our production discharge are in compliance with the applicable environmental laws and regulations, we engage qualified third-party pollutant supervision companies to examine, monitor and provide advice on our pollutant discharge conditions for at least once in each financial year.

Thus, we believe that our production process does not generate hazards that have any significant adverse effect on the environment and our environmental protection measures are adequate to comply with all applicable current local and national PRC regulations.

During the Reporting Period, there was no material breach of or non-compliance with the applicable laws and regulations related to environmental protection.

A. ENVIRONMENTAL ASPECTS

Major air pollutants emissions from vehicles and use of natural gas during the Reporting Period are as follows:

Air Pollutant Emission

Type of Air Pollutants	Air Pollutant Emission (kg)
Sulphur Dioxide	13.32
Nitrogen Oxides	68.77
Particulate Matter	5.77

During the Reporting Period, the greenhouse gas ("GHG") emission from the operation is set out below:

GHG Emission

Type of GHG emissions	Equivalent CO ₂ emission (tons)
Scope 1 Direct emissions	79.13
Scope 2 Indirect emissions	1,082.36
Total	1,161.49
Intensity (tons/Revenue HK\$'000)	0.0038

Notes:

The calculation of the GHG gas is based on "A Corporate Accounting and Reporting Standard" from The GHG Protocol.

Scope 1: Direct emissions from vehicles that are owned by the Group

Scope 2: Indirect emissions from the generation of purchased electricity and natural gas consumed by the Group

Scope 3 is not disclosed as it is an optional disclosure and the corresponding emission is not controlled by the Group

Non-hazardous waste

	(tons)
Non-hazardous waste	54.72
Intensity (tons/revenue HK\$'000)	0.00017

A. ENVIRONMENTAL ASPECTS

ASPECT A2: USE OF RESOURCES

The Group places high priority on the efficient use of resources. The major resources used by the Group are fuels, electricity, water, and packaging materials. For usage of water, the Group did not encounter any problems in sourcing water that is fit for purpose. The Group strives to improve the efficient use of natural resources, such as minimising waste/emissions and implementing effective recycling program. Practical measures are implemented as follows.

- Switching off lights and turning off unnecessary energy-consuming devices such as air-conditioning system when staff leaves the office;
- Adopting LED lighting in some production workshops and offices;
- Promoting environmental protection such as saving water and electricity by slogan or poster in office and factories;
- Monitoring usage of water and electricity by designated department and checking for variance with past records;
- Encourage the use of paper by printing or photocopying on both sides of paper, where applicable;
- Encourage the employees to use suitable font size/shrinkage mode to minimise pages, if possible;
- Using online office system to minimise the use of paper;
- Utilising materials that facilitate clean production environment to effectively reduce the consumption of detergents and running water;
- Bringing our own cups to avoid using paper cups;
- Improving product packaging forms to conserve the consumption of carton materials;
- Collection of carton box for recycling purpose;
- Using air-conditioning system only for temperature over 25°C;
- Adopting “one vehicle one card” policy so as to monitor the usage of fuel by each vehicle and to avoid wastage by private usage;
- Regular maintenance of machineries and vehicles with good condition for operational efficiency;
- Strictly following the procurement plan in order to avoid duplication of purchase and idle resources;
- Preference will be given to office equipment with relatively high energy efficiency;
- Focusing on quality management so as to reduce wastage and scrap for less pollution resulted; and
- Enhancing the monitoring for the use of food in canteen to reduce wastage.

A. ENVIRONMENTAL ASPECTS

Energy consumption by the Group during the Reporting Period is set out below:

Energy Consumption

Type of energy	Energy consumed (kWh)
Unleaded petrol	262,915.46
Diesel	38,064.07
Purchased electricity	1,547,662.00
Natural gas	67,712.58
Total	1,916,354.11
Energy intensity (kWh/Revenue HK\$'000)	6.29

Water Consumption

	(tons)
Running water consumed	39,696.47
Intensity (tons/Revenue HK\$'000)	0.13

Packaging materials

Type of packaging materials	(tons)
Plastic	22.30
Paper	171.20

ASPECT A3: THE ENVIRONMENT AND NATURAL RESOURCES

The Group raises staff's awareness on environmental issues through education and training; enlist employees' support in improving the Group's performance; promote environmental awareness amongst the customers, business partners and shareholders; support community activities in relation to environmental protection and sustainability; and evaluate regularly and monitor past and present business activities impacting upon health, safety and environmental matters. With the integration of policies mentioned in the sections "Emissions" and "Use of Resource", the Group strives to minimise the impacts to the environment and natural resources.

B. SOCIAL ASPECTS

ASPECT B1: EMPLOYMENT

The Group believes that a key to our success is our ability to recruit, retain, motivate and develop talented and experienced staff members. We endeavour to attract and retain appropriate and suitable personnel to serve the Group. The Group assesses the available human resources on a continuous basis and will determine whether additional personnel are required to cope with the business development of the Group. The Group's employment handbook sets out our standards for compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, anti-discrimination, and other benefits and welfare.

The Group entered into separate labour contracts with each of our employees in accordance with the applicable labour laws of the PRC and the Employment Ordinance in Hong Kong. The package includes basic wages, over-time work allowances, bonuses, retirement benefits, social security scheme and housing provident fund. We have devised an appraisal system for our employees and we consider the appraisal result in conducting our salary reviews and making promotion decisions. All our staff members undergo a performance appraisal once a year. The appraisal provides us with an opportunity to assess each individual staff's strengths and areas for improvement, thereby enabling us to effectively train and develop each individual staff.

We aim to foster an amicable and motivating environment to enhance our employees' incentives and loyalty to the Group. Our human resources department recruit our employees through employment agent and online recruitment platform, they set out a recruitment plan at the beginning of each year after gathering information about manpower from different departments. We also provide regular training to all of our employees to improve their skills and enhance their technical knowhow as well as their knowledge on relevant product quality standards and work safety. We believe this will also increase the overall competitiveness of our workforce and can maintain good relationship with our employees as we believe that our employees are valuable assets to the Group.

During the Reporting Period, there was no material non-compliance regarding employment brought against the Group or its employees.

B. SOCIAL ASPECTS

Below is a detailed breakdown of our employees by gender, age group and employment category as at 31 December 2019:

	Number of staff	% of total
By gender		
Male	207	32
Female	449	68
Total	656	100
By age group		
30 or below	66	10
31-40	187	29
41-50	310	47
51 or above	93	14
Total	656	100
By employment category		
Normal	558	85
Middle	86	13
Senior	12	2
Total	656	100

Below is a detailed breakdown of our employee turnover rate by gender and age group during the Reporting Period:

Turnover rate by gender

Male	36%
Female	29%

Turnover rate by age group

30 or below	39%
31-40	48%
41-50	24%
51 or above	17%

B. SOCIAL ASPECTS

ASPECT B2: HEALTH AND SAFETY

The Group places emphasis on occupational health and work safety in the workplace. We have implemented measures to address potential risks relating to work safety and health, including (i) conducting on-going training and circulating operation manuals of production process to enhance our employee's awareness of safety and health issues at work; (ii) periodically inspecting the safety conditions of our production units; and (iii) implementing a management system for managing over-time work and holiday arrangement to ensure that the employees have proper rest and are properly compensated for over-time work, if any. In order to prevent and mitigate safety and health issues, we have also implemented and set up communication platform, including email and hotline for our employees where they can complain or express their concerns over various aspect such as work arrangement, overtime compensation etc. on an anonymous basis.

During the Reporting Period, there was no work related injuries case. There were no non-compliance cases noted in relation to laws and regulations for health and safety.

ASPECT B3: DEVELOPMENT AND TRAINING

The Group recognises the importance of training for the development of our employees as well as the Group. We provide various types of trainings to our employees and sponsor our employees to attend training courses as mentioned in aspect "B2: Health and Safety" in this ESG Report. We believe it is a win-win approach for achieving both employee and corporate goals as a whole.

Below is a detailed breakdown of the percentage of employees trained by gender and employment category during the Reporting Period:

Employee trained by gender

Male	0.34%
Female	99.66%

Employee trained by employment category

Normal	89.95%
Middle	9.71%
Senior	0.34%

B. SOCIAL ASPECTS

The average training hours for employees by gender and employment category during the Reporting Period are as follows:

By gender	Hours per employee
Male	0.06
Female	23.35
By employment category	
Normal	16.36
Middle	15.48
Senior	3.04

ASPECT B4: LABOUR STANDARDS

The Group is fully aware that child labour and forced labour violate fundamental human rights and also pose threat to sustainable social and economic development. The Group strictly complies with relevant labour laws in the PRC and the Employment Ordinance in Hong Kong and prohibits the use of child labour and forced labour. Employment contracts and other records documenting all relevant details of the employees (including age) are properly maintained for verification by relevant statutory body upon request.

During the Reporting Period, we did not identify any issue related to child labour or forced labour within the Group.

ASPECT B5: SUPPLY CHAIN MANAGEMENT

The Group works closely with its customer, suppliers and subcontractors who are committed to high quality, environmental, health and safety standards. As stipulated in our internal policy, we select our raw material suppliers taking into account factors including price, quality, reliability, lead time and our past experiences when conducting business with them. We maintain our own approved suppliers list and evaluate potential suppliers before listing them as our approved suppliers. We generally maintain a few suppliers for each type of major raw materials on our approved suppliers list to avoid shortage or delay in supply. We generally obtain price quotes from several suppliers before we place orders with our suppliers.

Regarding subcontractors, we select our subcontractors taking into account factors including price, equipment and machinery required, reliability, manufacturing capacity, lead time, the style of the backpack and luggage and our past experiences when conducting business with them. We regularly, in certain circumstances together with our customers, evaluate the performance and conduct quality control on the semi-finished products and products manufactured by our subcontractors.

B. SOCIAL ASPECTS

Thus, we believe there are no significant environmental and social risks for our management decision on supply chain management during the Reporting Period.

The following is an analysis of the Group's number of suppliers by geographical location during the Reporting Period:

Number of suppliers by geographical area

The PRC	93%
Hong Kong	5%
Others	2%
Total	100%

ASPECT B6: PRODUCT RESPONSIBILITY

Quality control

The Group places strong emphasis on quality, safety and durability of our products by implementing a range of quality assurance and control measures as set out below.

In recognition of our quality in manufacturing processes, both our Shenzhen Factory and Jiangxi Factory obtained BSCI certifications in 2017. Our Jiangxi Factory also obtained ISO 9001:2008 in 2016. Our licensors also require us to comply with their quality specifications. Our customers also conduct factory audit in our production facilities and we did not receive negative feedback from our customers.

As a majority of our products are sold to the overseas markets, we are obliged to comply with the relevant safety standards as required by the importing countries of our products. We engage independent certification organisations to test and certify our raw materials and products on compliance with the relevant standards of the targeted sales region.

We have also adopted effective quality assurance and control measures by inspecting the quality of raw materials, observing and checking our production process, performing tests on work-in-progress and finished products. Our quality assurance and control team is headed by a supply chain director who has over 20 years of relevant experience, supported by three quality control supervisors and eight quality control specialists, whom have an average of approximately 15 years of relevant experience.

Quality control of raw materials

We conduct sample testing on incoming raw materials to ensure that their quality and safety meet the prescribed standards of the Group and conform to our licensors' and customers' requirements.

Raw materials supplied by suppliers are required to go through an incoming material quality control procedure ("IQC"). We require our suppliers to provide inspection reports to ensure that the raw materials supplied fulfil our quality standard. Upon delivery of raw materials by our suppliers, our IQC team will also conduct sample checking on such raw materials. If the incoming materials fail to pass IQC, we will request the relevant suppliers to replace the substandard and defective raw materials for us. In general, our raw material suppliers provide us with a credit period of 60 days.

Quality control in the production process

During production, to ensure that our products comply with the specifications and are free from defects, we carry out inspections at each stage of the production process. Workers at each station has a golden sample for his or her quality control purpose. Team leader and quality assurance and control team in the relevant production line perform regular checks at each stage of the production process to screen out products which are defective and to ensure that the quality of the products satisfy our licensors' or customers' designs and specifications as well as our stringent quality standards.

Quality control of the finished goods

Once a product has been fully assembled, it is subject to testing and checking by our quality assurance and control team in accordance with the specified requirements. Unsatisfactory products will be reworked until they reached the requisite standards. In addition, depending on the requirements of our customers, our products are tested by our internal laboratory and/or third party laboratories.

In our past records, we had not received any material claims or complaints from our customers in respect of the quality of our products and there was no incident of failure of our quality assurance and control systems or penalties from relevant regulatory bodies which had a material and adverse impact on our business operations.

During the Reporting Period, there were no disputes between the Group and our customers in respect of the quality of products produced by us and there were no cases of non-compliance against laws and regulations related to products responsibilities.

B. SOCIAL ASPECTS

ASPECT B7: ANTI-CORRUPTION

To ensure operation efficiency and employees' development in a fair and honest working environment, the Group has formulated whistleblowing policy and established guideline in employment handbook to promote business ethics and integrity so as to avoid suspected corruption, extortion and money laundering. Channels such as by letter, meeting or phone call for employees to report suspected corruption are provided. If there are any suspected case related to corruption, employees are encouraged to report the related cases through the mentioned channels. All these practical actions not only win the trust of customers, but also enhance the sense of belonging and fair play among our employees.

The Group has been in strict compliance with laws and regulations related to anti-corruption. During the Reporting Period, there was no legal case regarding corrupt practices, extortion and money laundering brought against the Group or its employees.

ASPECT B8: COMMUNITY INVESTMENT

As a socially responsible company, the Group is committed to understanding the needs of the communities in which we operate. The Group strives to develop long-term relationship with our stakeholders and seek to make contributions to programmes that have a positive impact on community development.