



Feiyang International Holdings Group Limited

飛揚國際控股(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 1901





# 2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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# 2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## About this Report

### Purpose of the Report

Feiyang International Holdings Group Limited ("**Feiyang**" or the "**Company**"), and its subsidiaries (collectively the "**Group**" or "**We**"), are pleased to publish its first Environmental, Social and Governance ("**ESG**") Report (the "**Report**") after its listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), which outlines our commitments, approaches and performance in creating sustainable value through our operations. For corporate governance section, please refer to the section headed Corporate Governance Report in the Group's 2019 Annual Report.

### Reporting Standard

In preparing this Report, we have strictly complied with the applicable disclosure requirements of the "ESG Reporting Guide" (the "**ESG Reporting Guide**") as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

### Reporting Scope

This Report covers the period from 1 January 2019 to 31 December 2019 (the "**Reporting Period**"), with certain contents dating back to previous years. Unless otherwise stated, this Report covers the Group's major businesses, including (i) design, development and sales of package tours which consist of traditional package tours and tailor-made tours; (ii) sales of free independent travellers products ("**FIT Products**") which mainly include provision of air tickets and/or hotel accommodation; and (iii) provision of ancillary travel-related products and services, including but not limited to visa application processing, admission tickets to tourist attractions, conferencing services and arranging purchase of travel insurance for the customers.

The board of directors of the Company (the "**Board**") acknowledges that it has overall responsibility for the Group's ESG strategy and reporting and for evaluating and determining the Group's ESG related risks. On the basis of confirmation provided by the management of the Group and through ongoing discussions with the management, the management has confirmed to the Board, and the Board believes that the Group has in place appropriate and effective ESG risk management and internal control systems.

### Feedback

The Group welcome any comments and suggestions on this Report and our sustainability performance. Please contact us by email at [fygd@feiyang.cn](mailto:fygd@feiyang.cn).





# 2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## About the Group

The Group is a well-established travel service provider based in Ningbo, Zhejiang Province of the People's Republic of China (the "PRC"). The Group is principally engaged in (i) the design, development and sales of package tours which consist of traditional package tours and tailor-made tours; (ii) the sales of FIT Products which mainly include provision of air tickets and/or hotel accommodations; and (iii) provision of ancillary travel-related products and services, including but not limited to visa application processing, admission tickets to tourist attractions, conferencing services and arranging purchase of travel insurance for the customers.

With our various sales channels such as tourism square, retail branches, sales offices, website and mobile application, we are able to effectively acquire a broad customer base. Our tourism square has an operating area of over 5,700 square meters and a spacious hall as our headquarters in Ningbo, Zhejiang Province, as well as a venue for our promotional events and pre-tour briefing sessions with our customers. It also serves as an effective marketing tool for us to serve our customers. Customers can visit our tourism square to make enquiries, reservations and purchases of travel products and services from our customer service officers and personal travel consultants. As more travel products and services are delivered through online travel agencies, we launched our own online platform to sell travel products in 2011. As of 31 December 2019, we operated 29 points of sales (including tourism square, retail branches and sales offices) in various cities in the PRC, such as Ningbo, Wenzhou, Taizhou, Hangzhou and Suzhou.

## Corporate Objective of Feiyang

Creating delightful travel for the public, building a career platform for employees, contributing to the sustainable development of the organisation and contributing responsibility values to the society

## Corporate Mission of Feiyang

Making Life Journey Better

## Corporate Vision of Feiyang

Travel is Feiyang

## Corporate Culture of Feiyang

Feiyang, because of dreams

# 2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Awards and Recognitions

Name of award	Issuing authority
2018 Outstanding Unit in Municipal Workers' Rehabilitation Operation Service (2018年度市級職工療休養經營服務優秀單位)	Ningbo Federation of Trade Unions (寧波市總工會), and Ningbo Culture, Radio, Television and Tourism Bureau (寧波市文化廣電旅遊局)
2018 "Word-of-mouth" Gold Award Top 10 Travel Agencies (2018年度金口碑十佳旅行社)	Ningbo Travel Agency Association (寧波市旅行社協會)
Zhejiang Province's AAA Enterprise accredited for "Fulfilling Contract and Valuing Credit" (浙江省AAA「守合同重信用」企業)	Zhejiang Administration for Market Regulation (浙江省市場監督管理局)
2018 Top 100 Travel Agencies (2018年度百強旅行社)	Zhejiang Travel Agency Association (浙江省旅行社協會)
2018 Top 10 Profit and Tax Agencies (2018年度利稅十強旅行社)	Zhejiang Travel Agency Association (浙江省旅行社協會)
2018 Top 10 Quality Travel Agency (2018年度十強品質旅行社)	Zhejiang Travel Agency Association (浙江省旅行社協會)
Lianchuang 4-star Quality Travel Agency (Continued) (聯創四星品質旅行社延續)	Ningbo Travel Agency Quality Assessment Committee (寧波市旅行社品質評定委員會)
73th in 2019 Top 100 Companies of Service Industry in Ningbo (2019寧波市服務業百強第73位)	Ningbo Enterprise Confederation (寧波市企業聯合會), Ningbo Entrepreneur Association (寧波市企業家協會), and Ningbo Federation of Industrial Economics (寧波市工業經濟聯合會)
Best Organisation Award of 2019 Haishu District Tour Guide Competition (2019年度海曙區導遊風采大賽最佳組織獎)	Haishu District Culture, Radio, Television, Tourism and Sports Bureau (海曙區文化和廣電旅遊體育局), Haishu District Federation of Trade Unions (海曙區總工會), Haishu District Human Resources and Social Security Bureau (海曙區人力資源和社會保障局), and Haishu District Committee of the Communist Youth League (共青團海曙區委)

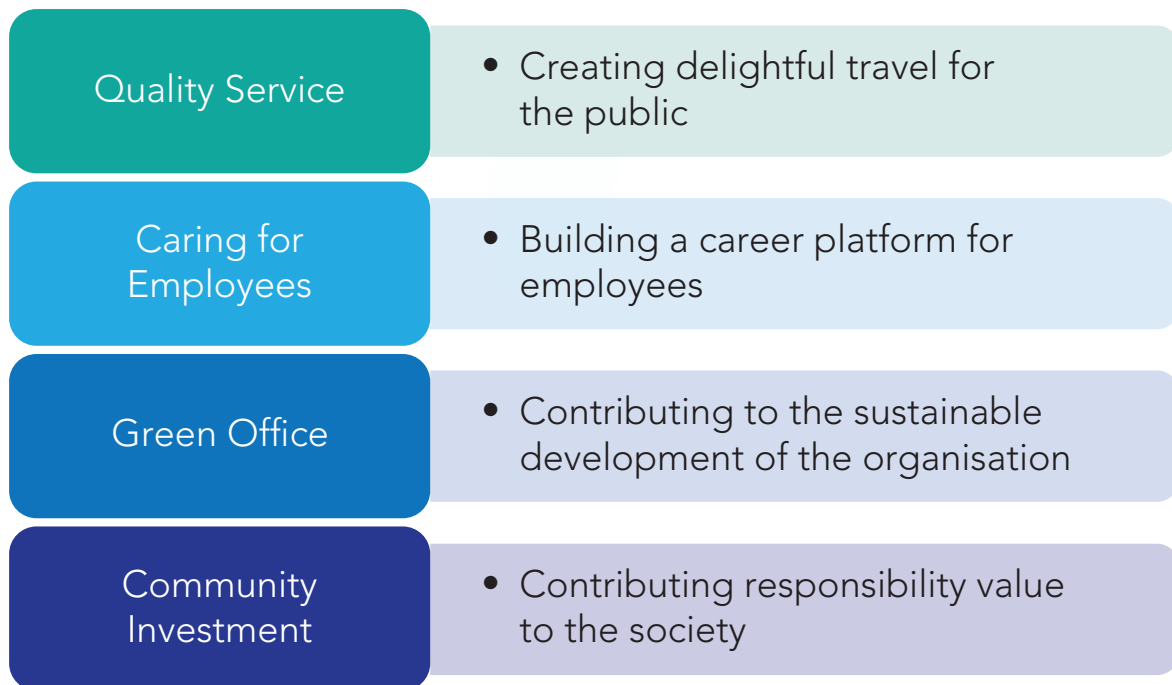




# 2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Sustainability Strategies

Adhering to the corporate objective of the Group, as a responsible corporate citizen, the Group has formulated sustainable development related policies to fully integrate the value of sustainable development into daily operations, and create long-term value for stakeholders through four dimensions, namely Quality Service, Caring for Employees, Green Office and Community Investment.



## Sustainability Governance

The Group continues to improve the ESG system, and clarifies the division of responsibilities from management to implementation level to ensure that the concept of ESG is integrated into the decision-making process regarding corporate planning and operation more intensively. The Board assumes the ultimate responsibility for overseeing the ESG work, evaluating and managing material ESG issues.

The Group considers risk management as an integral part of daily management and sound corporate governance. As economic, industry, regulatory and operating conditions change rapidly in the competitive business environment, the risk management mechanism can assist the Group to evaluate and minimise the risks that may hinder the achievement of our business objectives. The Group assesses and determines the risks and opportunities relevant to ESG matters and reviews their effects. We have also established ESG-related control measures to address material ESG risks which operate effectively. Together with complete internal controls, these measures help identify, assess, manage and monitor the risks encountered by the Group in the course of operation. For details of our risk management approaches, please refer to the Corporate Governance Report section.

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## Stakeholder Engagement

Stakeholder engagement is an indispensable part of our sustainability strategies. The Group's stakeholders can be divided into employees, customers, suppliers, shareholders and investors, government and regulatory authorities, media and the broader community. We continue to communicate with our stakeholders to understand their needs and expectations towards the Group.

### OUR KEY STAKEHOLDERS AND COMMUNICATION CHANNELS

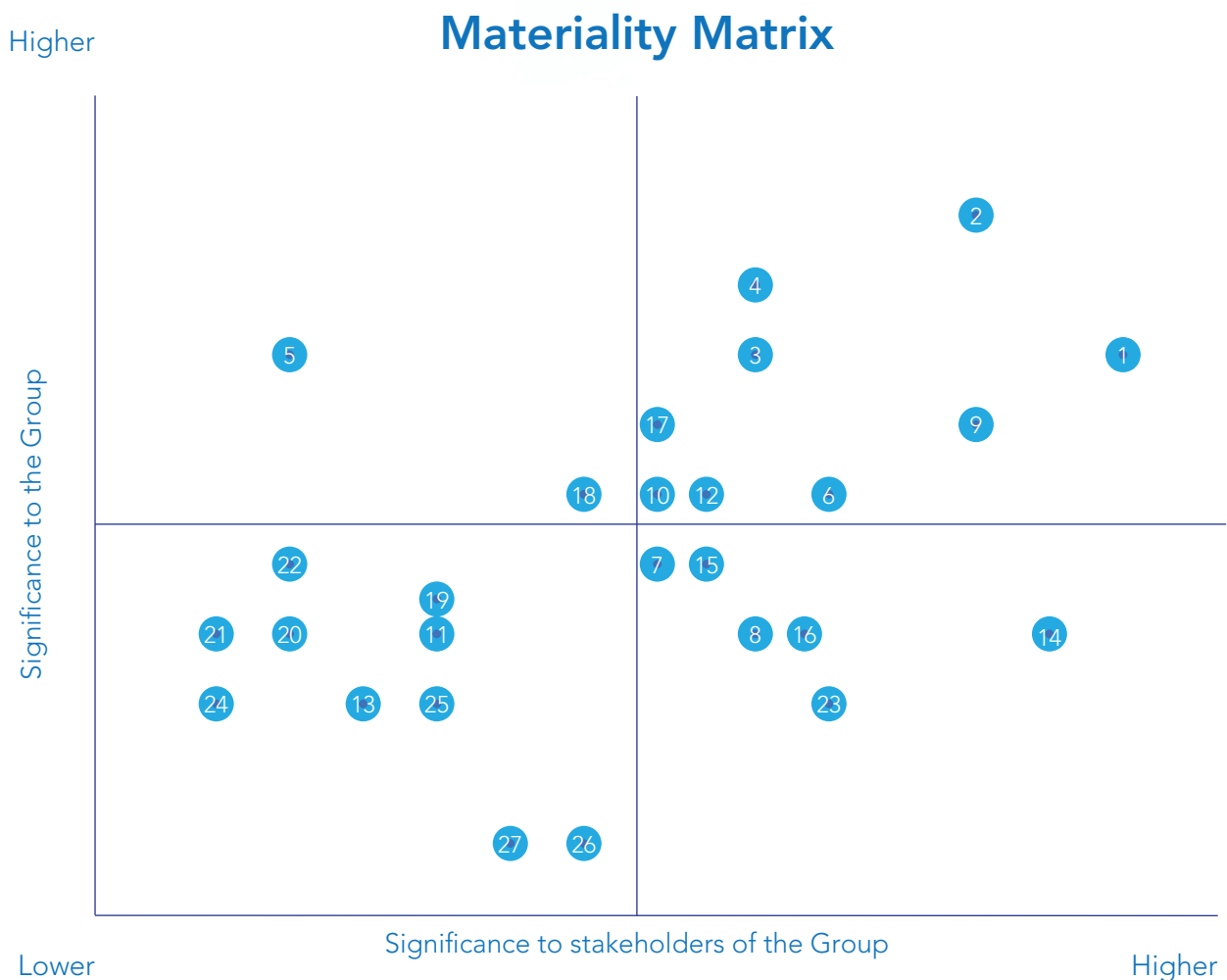
Key Stakeholders	Communication Channels
Employees	<ul style="list-style-type: none"><li>• Daily communication and meetings</li><li>• Training sections</li><li>• Welfare events</li><li>• Regular performance appraisal</li><li>• Questionnaires</li></ul>
Customers	<ul style="list-style-type: none"><li>• Telephone interviews/customer service hotline</li><li>• Website</li><li>• Mobile application</li><li>• Social media</li><li>• Customer activities</li><li>• Questionnaires</li><li>• Travel expos and promotion events</li><li>• Tourism square, retail branches and sales offices</li></ul>
Suppliers	<ul style="list-style-type: none"><li>• Meetings</li><li>• Regular assessments</li><li>• Site visits</li><li>• Exchange visits</li><li>• Travel Expo and Promotion Activities</li></ul>
Shareholders and Investors	<ul style="list-style-type: none"><li>• Annual or extraordinary general meetings</li><li>• Periodical corporate publications including annual reports</li><li>• Issuance of circulars and announcements as and when necessary</li><li>• Website</li></ul>
Government and regulatory authorities	<ul style="list-style-type: none"><li>• Direct communication</li><li>• Information disclosure</li><li>• Communication in writing when necessary</li></ul>
Media and the broader community	<ul style="list-style-type: none"><li>• Website</li><li>• Mobile application</li><li>• Social media</li></ul>



# 2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Materiality Assessment

In order to understand the concerns of our key stakeholders and identify material issues of the Group, we engaged an independent third party to conduct an online survey to undergo stakeholder engagement activities during the Reporting Period identify material issues of the Group. Based upon our existing and previous outcomes of stakeholder communication activities, industry trends and the ESG Reporting Guide of the Stock Exchange, we have identified 27 ESG issues applicable to the Group. During the materiality assessment process, we invited internal and external stakeholders to rate in relation to 27 issues through online survey questionnaires. We summarised the outcomes of the stakeholder surveys and developed a materiality matrix based on the analysis outcomes. The materiality matrix can reflect the real concerns of our stakeholders on ESG issues accurately, and the analysis outcomes are used as references for the Group's strategic planning and risk management assessment and serve as the basis for preparing this Report.





# 2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Products and Services		Supplier Management		Staff Management	
1	Product and Service Compliance	10	Supplier Review	13	Workplace Diversity, Anti-discrimination and Equal Opportunity
2	Product and Service Quality	11	Sustainability and Social Responsibility of Suppliers	14	Occupational Safety and Health
3	Service Stability and Incidence Response	12	Anti-corruption	15	Staff Training and Development
4	Customer Communication and Satisfaction			16	Prevention of Child and Forced Labour
5	Complaint Handling			17	Employment Relationship and Communication with Employees
6	User Privacy and Data Security			18	Talent Acquisition and Employee Retention
7	Internet Information Security			19	Employee Benefits
8	Intellectual Property Protection				
9	Technology Research and Development				
Environmental Protection		Charity			
20	Greenhouse Gas and Exhaust Gas Emission	26	Charity Engagement		
21	Waste Disposal and Management	27	Charity Donation		
22	Electricity and Water Conservation				
23	Sustainable Use of Other Resources				
24	Green Procurement				
25	Publicity and Promotion of Environmental Protection				

The vertical axis of the materiality matrix is “Significance to the Group” and the horizontal axis is “Significance to stakeholders of the Group”, while the top right point shows the issues that are considered the most significant in ESG aspects.

Based on the above analysis, we identified nine issues that are significant to our stakeholders and the Group, including:

1	Product and Service Compliance
2	Product and Service Quality
3	Service Stability and Incidence Response
4	Customer Communication and Satisfaction
6	User Privacy and Data Security
9	Technology Research and Development
10	Supplier Review
12	Anti-corruption
17	Employment Relationship and Communication with Employee



# 2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

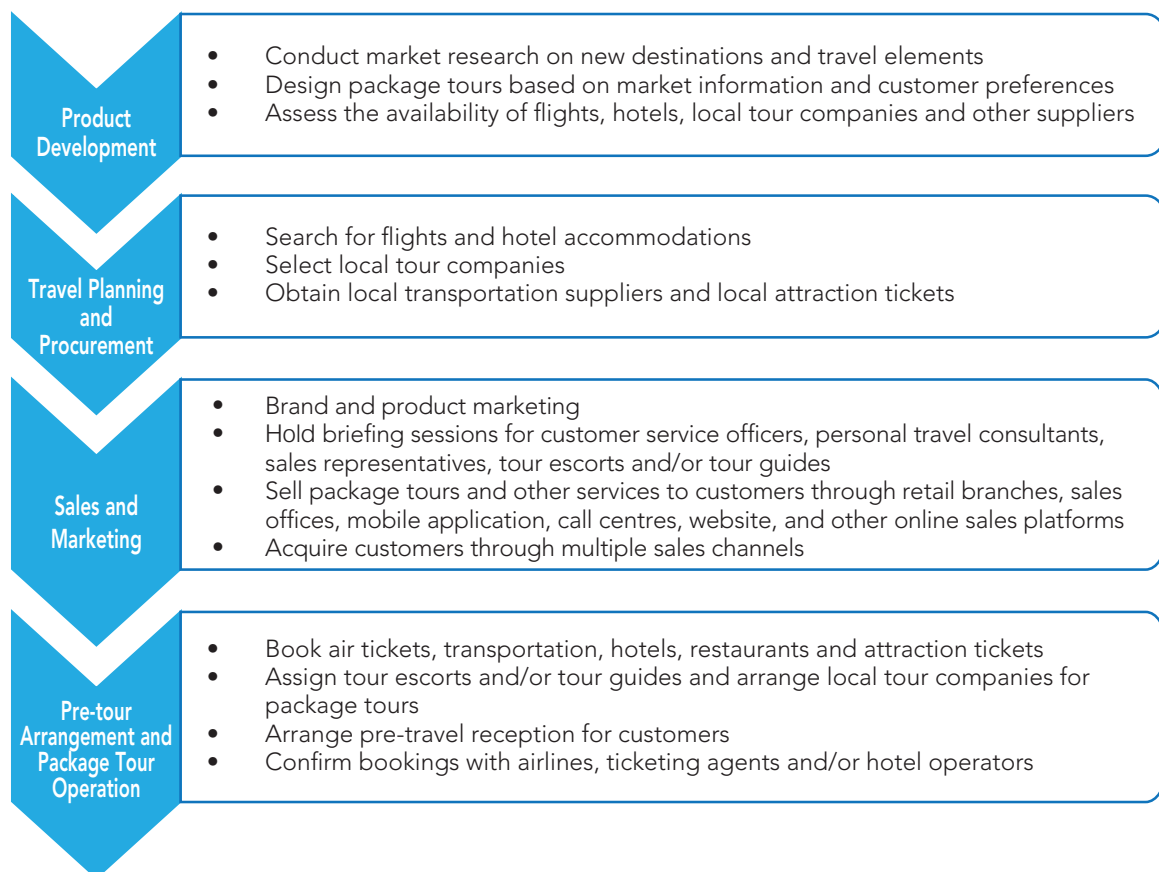
## Quality Service

### *"Creating Delightful Travel for the Public"*

## Quality Control

Adhering to the Group's corporate mission of "Making Life Journey Better", the Group strictly abides by the Tourism Law of the PRC, the Regulation on Travel Agencies and other laws and regulations related to travel business, from product development, travel planning and procurement, to sales and marketing, pre-travel arrangement and package tour operation, as well as to collection of customers' feedback and conduct of evaluation, striving to provide quality travel services and products, so that customers can enjoy a pleasant and enjoyable journey.

## Our Business Process



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## Product Development

We develop different travel products primarily through market analysis and in line with national policies. We use the data collected to conduct forecast of the market, analyse the product preference of consumers and to initially determine the product type through the consumers' preference and reputation of travel product destinations and the outcomes of customer revisit survey. While conducting market analysis, we pay attention to the national policies to ensure product sustainability and compliance with relevant national guiding policies. We also conduct site visits to new and existing travel destinations to identify new travel destinations, new tourist attractions and other travel elements for inclusion in our package tours or FIT Products. When designing new package tours, we also take into account recommendations from tour escorts, tour guides and local tour companies and factors such as the availability of new hotels and attractions in addition to the market trend and with reference to customers' feedback. For FIT Products, we analyse our customers' purchasing patterns, match different travel elements such as domestic and international air tickets with different hotel accommodation arrangements, and develop new travel products which cater to changing customer needs and preferences. We closely monitor market trends and develop FIT Products to meet the changing preferences of our customers. We introduce new travel products from time to time to provide our customers with brand-new travel experiences. We believe our commitment in developing new travel products and our diversity of product offerings will enable us to further expand our customer base.

## Travel Planning and Procurement

We procure products and services from different suppliers, including but not limited to airlines, ticketing agents, hotel operators, local tour companies and GDS service providers. Our package tour and FIT operation department liaise with airlines and ticketing agents to check the availability of flight seats and carry out detailed planning on selection of accommodation, local tour companies, ground transportation and restaurants. To ensure the quality of our products and services, our local tour companies can only select local travel elements that meet our quality and safety standards, such as local transportation, food and beverage and hotel accommodation. For potential suppliers, service quality, safety standards, responsiveness, reliability and pricing are taken as the assessment criteria. Feedback is collected from tour escorts, tour guides and tour participants to continuously monitor the performance of each supplier and identify substandard travel elements in a timely manner. For our new package tours and products, our package tour and FIT operation department brief our customer service officers and personal travel consultants to enable them to understand the characteristics of each product and hence provide relevant suggestions and assistance to our customers.

## Sales and Marketing

We sell our travel products and services to individual customers through our retail branches, sales offices, website, mobile application and other online sales platforms. We have an information management system which is able to update the latest enrolment status of each of our retail branches and sales offices and the availability of package tours, air tickets and hotel accommodations on a real-time basis to assist our frontline personal travel consultants in the sales of our travel products and services. At the same time, our customer service officers and personal travel consultants input all customer preferences, details and sales data into the system on a real-time basis for future follow-up.

## Pre-tour Arrangement and Package Tour Operation

Package tour booking is generally confirmed around one to four weeks prior to departure. Once a tour is confirmed, we will assign tour escorts and tour guides and liaise with the local tour companies. Local tour companies generally operate package tours in accordance with our approved hotel, food and beverage, local transportation and activity specifications. For domestic tours within Zhejiang province, surrounding areas outside Zhejiang province and Beijing, we are primarily responsible for arranging travel elements. Tour escorts and tour guides employed by us will take care of customers' needs and accompany the package tours throughout the entire tour.



# 2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## **Tour Escorts and Tour Guide Management**

We adopt a series of quality control measures on our tour escorts and tour guides to ensure the quality of our products and services. First, we conduct interviews with the tour escort and tour guide candidates during the recruitment process and check their qualification certificates to ensure their competence and experience. In addition, comprehensive training which covers product and service knowledge, customer services, communication skills as well as safety and emergency handling skills will be provided to newly recruited tour escorts and tour guides before serving customers. The Group also provides detailed working guidelines for tour escorts and tour guides by formulating the Tour Guide Management System. They are also subject to regular assessments and continuous training to maintain their service quality after their commencement of service.

In accordance with the Regulations on the Administration of Tour Guide Personnel, the Regulations on Travel Agencies and the Implementation Rules of the Regulations on Travel Agencies, we only hire tour escorts and tour guides who have passed the national general tour guide qualification examination and hold valid tour guide qualification certificates. In addition, we arrange tour escorts to accompany our tour teams when organising outbound tours for Mainland Chinese residents. In addition to holding a tour guide qualification certificate, the tour escorts we engage have more than two years of relevant experience in the industry. For tour escorts travelling to Taiwan, we require them to comply with the requirements stipulated in the Measures for the Administration of Travel of Mainland Residents to Taiwan.

## **Product Recall**

Our package tours may be cancelled prior to the departure date for various reasons, including but not limited to safety issues at the tour destinations, outbreak of any serious epidemic or contagious disease and insufficient number of tour customers. In such circumstances, we are entitled to cancel the tour at our discretion and offer another tour, refund or compensate to customers in accordance to the situation. During the Reporting Period, package tours cancelled due to the above reasons and circumstances accounted for approximately 7% of all package tours.



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## Customer Satisfaction

In pursuit of the “Customer First” service concept, our customer service officers will conduct telephone interviews with our customers within one week after the completion of the tour to collect their feedback on the quality of our products and services. In addition, customers can also provide their feedback through our customer service hotline, website or mobile application. Our tour escorts and tour guides are also required to provide a Travel Completion Report on the service quality of our suppliers. The local tour companies engaged by us would provide comments on each tour from time to time and forward any feedback from our customers, tour escorts and tour guides to us. This on-going evaluation process allows us to monitor and improve the quality of our products and services and assess our customers’ preferences.

Due to the service-oriented nature of our industry, we believe that the provision of quality services tailored to each customer’s needs differentiates us from our competitors. We have implemented “4+T” service system in our sales and operation process:

- (i) Customer service: Our customer service officers in our call centres will be responsible for recording the preferences of our customers when they first approach us. Based on the customers’ preferences of travel destinations and products, our officers will input the data into our system and assign a personal travel consultant who is familiar with the destination our customers selected to provide suggestions and advice to them. They are also responsible for carrying out evaluation and survey with customers after the end of their journey;
- (ii) Personal consultation: Each of our travel consultant is a specialist for certain type of travel products, such as outbound long-haul tours, outbound short-haul tours and domestic tours, and they are only responsible for customers assigned to them by the customer service officers. Our personal travel consultants oversee and monitor the whole sales process from answering queries, providing advice to placing orders and following up with customers that are assigned to them from time to time;
- (iii) Product management: Our product managers are responsible for product research and design, procurement, quality control and supervision of customer service officers and personal travel consultants. We review the performance of our customer service officers and personal travel consultants from time to time and communicate with our customers upon receipt of complaints;
- (iv) Operation of package tours: Our tour escorts and tour guides are responsible for serving our customers during the tour and taking care of our customers’ needs. We also monitor the quality of the services provided by our suppliers (such as hotel operators and local tour companies) to our customers during the tour and collect feedback from our customers; and
- (v) Technology: We have adopted a customer relationship management software system (“**CRM System**”) to track customer interactions and manage customer accounts. We analyse the data accumulated from the CRM System from time to time to understand our customers’ behaviour in depth, including resell patterns, product preferences and customer lifestyles. We believe the CRM System serves as a tool to examine and uncover market trends, customer preferences and other useful information that can help us provide accurate travel advice to different types of customers.



As customer satisfaction is our core value, we have also adopted a complaint handling system to enhance customer satisfaction and to resolve any disagreements in an amicable manner. At the same time, we have also formulated the “Measures for the Handling and Prevention of Complaints (Revision)” to standardise the complaint handling process and reward and punishment system, so as to ensure that customer feedback is properly handled.



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## Loyalty Program

We launched a loyalty program known as “Feiyang Silver Age Leader Club (飛揚老班長俱樂部)” in 2014 for our customers. Customers aged between 50 and 70 can join our loyalty program. Members of this program will enjoy privileges such as member-tailored exclusive products and fast-access services at our branches.



Ningbo Travel Fair

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## Safe Tourism

According to the Tourism Law of the PRC, the Group has established a safety management system and a responsibility system to ensure that the service premises, service items and facilities and equipment comply with the relevant safety laws and regulations including the Fire Protection Law of the PRC.

We take various measures to mitigate safety and health risks. We require our tour guides to conduct on-site inspection in accordance with the Travel Agency On-site Inspection Registration Form before using the tour buses to ensure that the tour buses are equipped with safety equipment including on-board safety hammers, on-board fire extinguishers and seat belts in good condition. They will also provide information including safety reminders, folk contraindications, weather conditions, special circumstances to our package tour customers before the commencement of the tour, and count the number of our package tour customers as and when appropriate. In addition, we produce and issue safety information cards for our outbound tour customers, which include information such as traveller's name, outbound document number and nationality, as well as contact person and contact information in case of emergency, and inform them to complete the information such as blood type, allergic medicine and severe diseases in person. The safety information card is filled in Chinese and the official language of the destined country (or English) so that customers can carry with them while travelling. To further ensure the health and safety of our customers during their trips, we would recommend our customers to purchase on their own or purchase our travel insurance products before the tours commence. The Notice of Travel Safety Matters has also been included as part of the travel contract, in which customers are required to read carefully before travelling.

For emergencies such as natural disasters, accidents and hazards, public health incidents, social safety incidents and brand crisis, we have formulated the Emergency Plan for Tourism Incidents, and regularly hold drills to enhance the awareness of the responsible personnel on prevention and efficiency of handling. If there is any problem during the tour or in case of emergency, the tour escorts and tour guides will immediately report to our tour operation department, and our tour operation department will assist the tour escorts and tour guides in solving the problem.



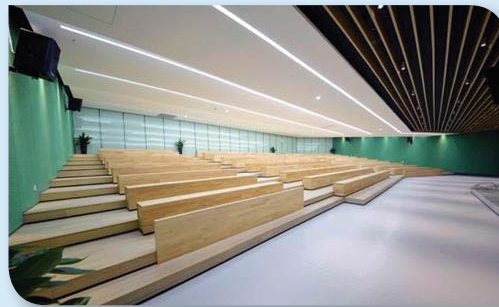
Photo of tour guide leading a tour



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## Responsible Promotion

We are committed to continuously promote our “Feiyang” brand as a well-known brand, representing one-stop professional and personalised travel products and services. We believe brand recognition is critical to our ability to attract customers. We adopt marketing strategies such as media advertising, organising travel expos and joint promotional events with our suppliers, displaying at our tourism square, retail branches and sales offices to enhance our brand recognition and promote our business. In accordance with the Advertising Law of the PRC, we have assigned marketing managers to review advertising information and marketing materials before publication to ensure that the content is free from false, misleading, untrue and exaggerated statement and infringement of intellectual property rights.



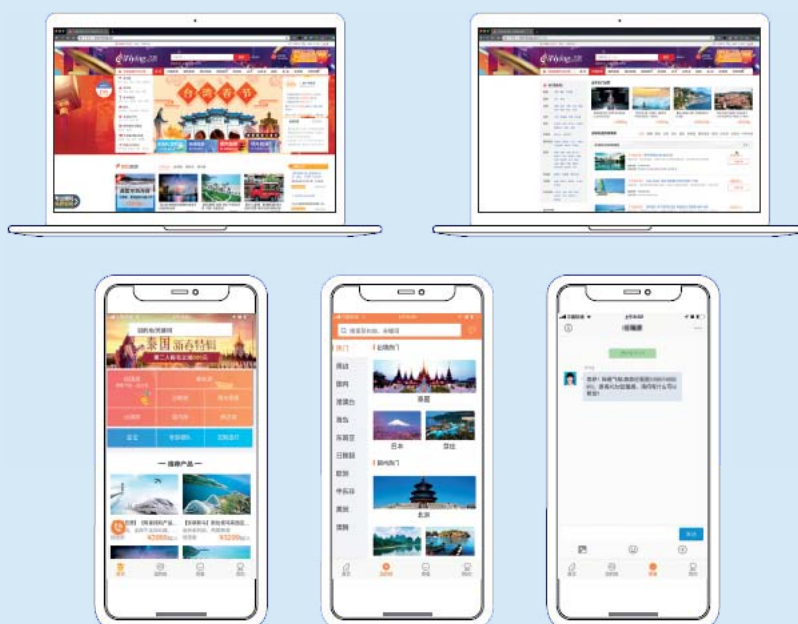
The tourism square has a total of four floors with a total GFA of approximately over 5,700 square meters and is our headquarter in Ningbo, Zhejiang province. Promotion events and pre-tour briefing sessions with our customers are held at our tourism square from time to time. Customers can visit our tourism square to make enquiries, reservations and purchases of travel products and services from our customer service officers and personal travel consultants. We believe our tourism square will further enhance the purchasing experience of our customers and further strengthen our position as a “purchase all at one stop” travel service provider in the Zhejiang province.



Our retail branches and sales offices are located in various cities in the PRC, including Ningbo, Wenzhou, Taizhou, Hangzhou and Suzhou. Customers can visit our retail branches and sales offices to make enquiries, reservations and purchases of travel products and services. Our personal travel consultants at our retail branches and sales offices provide one-to-one assistance and advice to the customers to address their needs and concerns. The information technology system at our retail branches and sales offices are linked to our centralised booking system, and our personal travel consultants are able to check real-time availability of our package tours, FIT Products and other travel-related products and services.



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We launched our own online platform and mobile application software for the sales of our travel products and services in 2011 and 2014, respectively. We established website and mobile application in order to enable our customers to (i) view our package tours and FIT Products and their pricing on a real-time basis; (ii) book travel products and services and pay directly through website and mobile application; (iii) initiate online chat with personal travel consultants to seek advice and assistance; and (iv) review other customers' comments on our past package tours. Our website and mobile application are also a marketing platform for promoting our products and providing our customers with our latest travel product information and promotional offers.

## Privacy Protection

In compliance with the Administrative Measures for Internet Information Services and the Provisions on Protection of Personal Information of Telecommunication and Internet Users, the Group ensures that in the course of marketing, the Group, with the consent of its customers, collects and uses the personal information of its customers in accordance with the principles of legality, rationality and necessity and within the stated purposes, manners and scopes. The Group has formulated the Information System Security Management System and the Information System Lapse or Disaster Emergency Response System, which are implemented by a team of specialised personnel to strengthen the information system security management to maintain and encrypt the confidential information of enterprises such as customers' personal information. Employees of the Group are also required to sign the Non-disclosure Agreement to undertake to fulfil the confidentiality obligation of the company's confidentiality and confidential documents.



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## Maintenance and Protection of Intellectual Property Rights

In order to maintain and protect intellectual property rights, we have formulated the Intellectual Property Management System in accordance with the Trademark Law of the PRC and other applicable laws and regulations to regulate the management, registration and application of intellectual property rights including trademarks and self-developed computer software, as well as the handling process of infringement cases. We organise annual training and promotion on intellectual property rights or require our staff to attend relevant training courses organised by third party institutions to enhance the related responsible personnel's knowledge on trademark and intellectual property management. As of 31 December 2019, we were the registered owner of 14 trademarks in the PRC and seven trademarks in Hong Kong. We have also filed four trademark applications in Hong Kong which we consider to be or may be material to our business. In advertising and marketing materials, we may use online materials or images or materials provided by our suppliers, such as articles and video clips. In accordance with the Tort Law of the PRC, we have designated our marketing manager to review all materials used in advertisements before publication to ensure that no unauthorised materials are used and to minimise the risk of any possible infringement of intellectual property rights when using authorised materials.

## Supplier Management

The quality of purchased materials and the quality of suppliers are critical to the service quality of the Group. The Group has formulated the Supplier Management System and the Procurement Management System to regulate the supplier management system. We obtain supplier information through online platforms, peer consultation, open tendering and employee recommendation. We adhere to the principles of fairness, impartiality, openness and transparency in our supplier review process. We require new suppliers to provide qualification documents such as business license and quotation and conduct on-site inspection. To reduce the environmental and social risks of the supply chain, we only cooperate with suppliers with common moral values and standards. The Group also supports and encourages suppliers to use resources more efficiently and promote environmental protection and fulfil corporate social responsibility. Taking into consideration of various factors, including qualification, pricing, resources, services, mutual business synergies, brand reputation, settlement clauses and compliance, the supplier which is recognised and approved by relevant personnel will be included in the Qualified Supplier Register.

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We require our tour escorts and tour guides to provide a tour evaluation report on the service quality of our suppliers upon the end of the tour, and conduct assessments on our suppliers annually. In the event that we experience significant safety incidents during our cooperation with our suppliers, or frequently receive poor evaluations from our tour escorts or tour guides or itinerary managers, we will consider removing these suppliers from our approved list or terminating our cooperation.



Supplier conference



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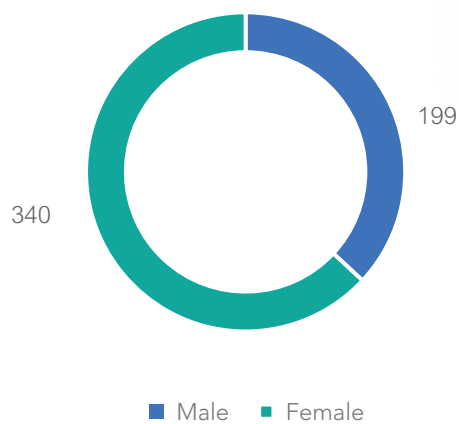
## Caring for Employees

### *"Building a career platform for employees"*

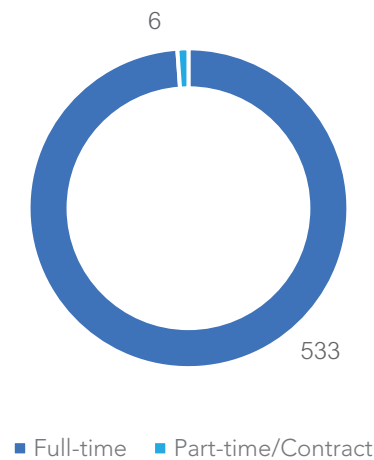
#### Staff Overview

As of 31 December 2019, we had a total of 539 employees. All of our employees are based in the PRC.

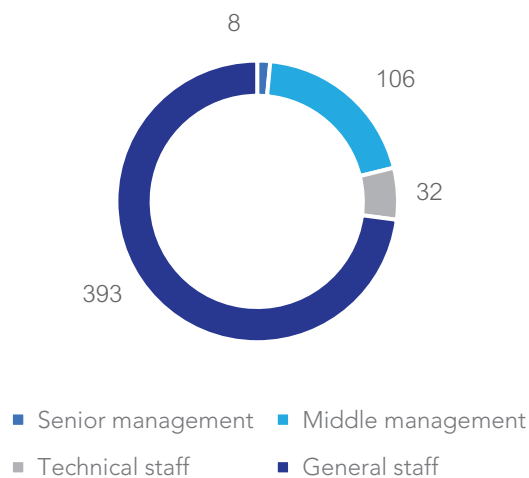
Total employees by gender



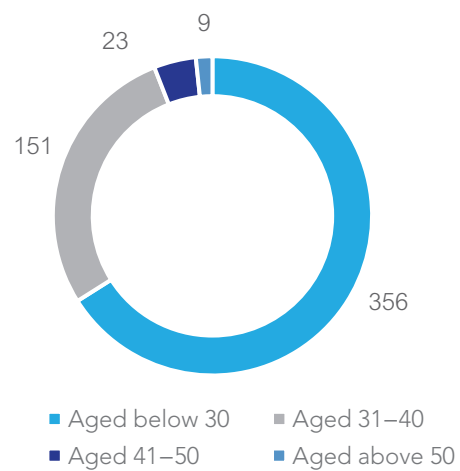
Total employees by type of employment



Total employees by category



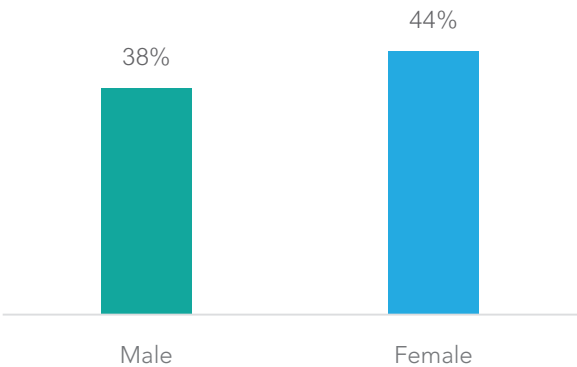
Total employees by age group



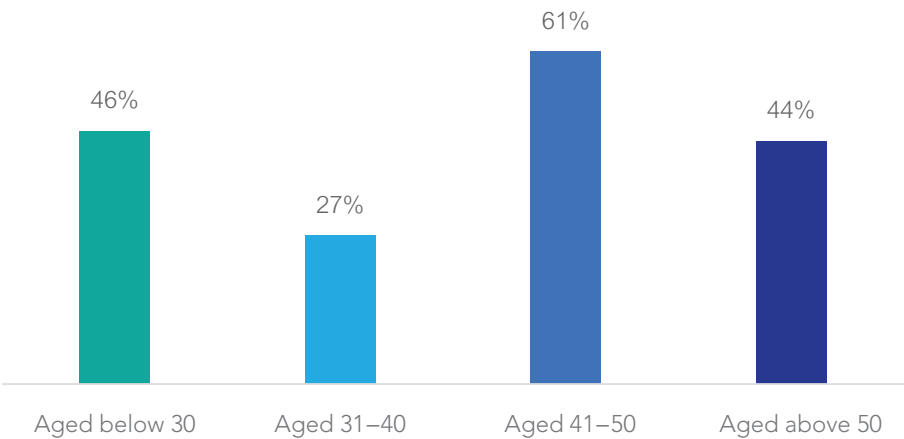


# 2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employee turnover rate by gender



Employee turnover rate by age group





# 2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Talent Acquisition

We believe that maintaining a positive working environment is conducive to the promotion of harmonious employee relationships and talent retention, thereby improving the quality of our customer services. According to the Labour Law of the PRC and the Labour Contract Law of the PRC, the Group enters into labour contracts with employees based on the principles of equality and consensus, establishes and improves its labour safety and health system, strictly implements national rules and standards on labour safety and health, provides employees with labour safety and health education, prevents accidents during employment and reduces occupational hazards.

## Remuneration

In order to create a working environment that attracts and motivates employees to unleash their potentials, we motivate and retain valuable and talented employees through incentive schemes that link performance with remuneration and compensation. The Board reviews the remuneration packages regularly to ensure competitiveness. The Group implements a structure-based remuneration system of the tourism industry and determines the level of employees according to their duties, responsibilities, positions, qualifications, education background and abilities, so as to achieve fairness and reasonableness as far as possible. In principle, the basic salary and job allowance of the Group remain unchanged, and will be adjusted based on the annual efficiency (with priority in efficiency while giving consideration to fairness as the adjustment principle) and work contribution.

## Dismissal

We terminate the labour contract with employees in accordance with the Labour Law of the PRC and provide economic compensation in accordance with relevant national regulations. Employees are required to submit the Application Form for Resignation to the OA system 30 days in advance (or three days in advance if the resignation is proposed during the probation period) to be agreed by the centre manager, the deputy director of human resources department and the general manager. Before resignation, employees are required to fill in the Staff Resignation Procedures Form and complete their work, hand-over of the company's assets, final salary calculation and financial settlement according to the requirements of each department, which shall be signed and confirmed by each handover person, and finally signed by the deputy director of the human resources department to check whether all procedures are in place. In general, the Group will only dismiss employees if they are in serious violation of labour discipline.

## Recruitment

Recruiting outstanding employees is closely related to our continuous improvement of customer service. We actively recruit suitable staff to join the Group, in particular experienced and quality tour escorts and tour guides, personal travel consultants and other operational management talents. In general, we conduct the personnel requirement planning once a year, but also plan on a quarterly or ad hoc basis if required. The Group's employment principles and standards include candidates with tertiary education in tourism or a bachelor's degree or above of other majors, while those without the aforementioned education background but have excellent competence in certain areas and have outstanding strengths can be employed with special approvals. We recruit our employees primarily through campus recruitment, online recruitment, social recruitment and internal recruitment. Candidates for permanent employees are required to pass basic written tests, tests on professional competence and management capability of corresponding positions, multiple interviews and background checks. For example, cashiers, airport counter officers or level of manager or above are sensitive or key positions and we will further require the staff to provide Personal Credit Report or Certificate of No Crime Conviction issued by third-party institutions. We must ensure that the information provided by the candidates is true before they are employed.

# 2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Promotion

All employees have the opportunity to be promoted mainly based on their performance contribution, ability, working attitude and business proficiency. The promotion of management personnel is mainly based on team building, talent cultivation and departmental performance. There is no probation period required for transfers and rotations among jobs with same or similar natures within the Group. For job transfers of different natures, relevant staffs are subject to a probation period of one to three months. If their work performance and capability meet the requirements, they will be formally appointed by the Group and their remuneration packages will be adjusted accordingly. In principle, the salary can only be raised by one grade once a year based on individual results performance or performance.

## Working hours

The Group implements a system of five-day work per week with alternate holiday on Saturday on a department rotation basis.

## Holidays

Employees are entitled to national statutory holidays in accordance with the Labour Law of the PRC, and can apply for sick leave, casual leave, marriage leave, maternity leave, nursing leave and funeral leave in respect of personal needs.

## Equal opportunities, diversity and anti-discrimination

The Group provides equal opportunities in matters such as recruitment, training, promotion, transfer, remuneration, benefits and termination of contracts. We ensure that these opportunities are not affected by factors such as age, gender, physical or mental health, marital status, family status, etc.



Internal staff meeting



# 2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Other benefits and welfare

In addition to the social insurance benefits of “Five Insurances and One Fund (五險一金)” such as pension, medical, unemployment, work injury, maternity insurance and housing provident fund prescribed by the State, the Group also provides other benefits and welfare. The Group formulates the bonus assessment indicators of each department according to the operation situation, and implements monthly, quarterly or annual assessment, and then distributes bonus on a monthly, quarterly or annual basis. In addition, the Group pays catering allowance on a daily basis, which is calculated based on the attendance records and is paid together with wages. For birthdays of employees who have joined us for more than three months, we will send exclusive books, chocolate and birthday blessings or otherwise to celebrate. There is a small book access centre which offers a wide range of books with specialised knowledge and lifestyle books at the Group’s headquarter, and employees can access these books upon registration with the human resources department. For employees who need to work outside during high temperature seasons (such as tour guides and drivers) are entitled to the high temperature fee prescribed by the State. The Group will organise and distribute other welfare activities or holiday benefits irregularly in irregular forms according to the specific situation and personnel.

During the Reporting Period, we were not aware of any non-compliance or violation of laws by the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.



Listing Feast



Chinese New Year Annual Meeting



Listing Ceremony



# 2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Work Safety

The Group adheres to the safety production policy of "Safety first, prevention dominant, comprehensive management". According to the Work Safety Law of the PRC, the Group has formulated the 2019 Work Safety Plan, with the following three as the safety targets of the year: (i) the number of deaths and property losses due to travel accidents shall not exceed the control indicators; (ii) no major travel safety accidents have occurred; and (iii) the safety production target management assessment is above the qualified level. The Group has established various supervision and management mechanisms, rules and regulations, and organisations for sound safety work. According to the safety work targets and work safety plans, the Group carries out specific supervision and inspection on the implementation of various safety rules and regulations as well as the completion of safety targets and plans, and assesses the implementation of safety work by safety responsible personnel at all levels. The Group establishes sound safety management files, formulates and implements safety training system, carries out safety education and training for management personnel at all levels and staff, advocates the "people-oriented" work safety concept, improves the legal concept of safety production for employees, and fundamentally eliminates unsafe behaviours. Monthly safety production inspections are carried out to identify any potential accident and to propose corrective measures in a timely manner and resolve the potential issues within a limited period of time, so as to eliminate the potential issues while they are still in their infancy. The following are some of the measures implemented during the Reporting Period:

- The Safety Management Working Group regularly organises training on tourism safety knowledge;
- Tour guides can apply for travel accident insurance as needed, which will be implemented after approval;
- The fire safety equipment is checked regularly and recorded on the Fire Prevention Inspection Record Card;
- Establish emergency measures for emergency incidents such as of fire;
- Organise fire safety training on a regular basis; and
- Arrange first aid, fire prevention and evacuation drills regularly.

During the Reporting Period, we were not aware of any non-compliance or violation of laws by the Group in relation to providing a safe working environment and protecting employees from occupational hazards, nor were we aware of any work-related injury incidents or work-related fatalities.



# 2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Safety training



Fire safety training



Evacuation drill



Elevator safety knowledge seminar



Training on the use of fire extinguishers



# 2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Continuous Training

The performance of our staff has a direct impact on the quality of our services, so the Group places great emphasis on staff training. We continue to strengthen our employee training programs, develop coaching and on-the-job training to enhance our employees' skills and knowledge in sales, marketing, customer management, customer service, product information, quality control and industry knowledge. In order to regulate the training management of the company, the Group has formulated the Training Management System to provide support for the establishment of a learning organisation. We provide training to our employees based on three principles, namely effectiveness, practicability and pertinence. Our major types of training include the following:

<b>Pre-employment Training</b>	Prior to the formal employment procedures, a trial training period for about five days will be arranged for employees, with contents including the description of the use of the company's OA system, the attendance and leave system, introduction of corporate culture, and the standard training of service etiquette for front-line venues and greetings.
<b>Corporate Culture Training</b>	New employees are required to participate in a corporate culture training once they are on duty, which is promoted by the chairman or a person designated by the chairman. The Group also holds staff meetings from time to time to study the corporate culture and understand the latest development and development plans of the Group. New employees are required to participate in a centralised corporate culture training, which is generally delivered by the chairman.
<b>External Expert Seminars</b>	By engaging industry-related experts or management experts, open lectures which are beneficial to the comprehensive quality of employees and help improve their professional knowledge are organised, providing a good platform for employees to enrich their professional knowledge and grow rapidly.
<b>Intra-Departmental Training</b>	Each department regularly organises internal professional training to improve employees' professional skills and service level in an all-round and targeted manner.
<b>Learning and Enhancing Through Books</b>	Management officers above all levels must study at least one job-related book (recommended by the human resources department) every quarter, submit book review within the prescribed time, and regularly select some of them to share at staff meetings and weekly meetings.
<b>Sharing Sessions</b>	Generally certain group of employees are organised to learn and improve through discussion and case sharing.
<b>Internal Trainer System</b>	In general, specific professional trainings are provided to certain positions by middle and senior management or internal part-time trainers of the company.



# 2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Prevention of Child and Forced Labour

The Group strictly adopts a zero-tolerance policy towards the use of child and forced labour, and prohibits the use of child labour or forced labour as banned by the Law of the PRC on the Protection of Minors, the Regulations on Labour Security Supervision, the Provisions on the Prohibition of Using Child Labour and other relevant regulations. We have adopted measures to prevent child or forced labour, including checking the age of candidates during the recruitment process and signing labour contracts with specified working hours on a voluntary basis by the employed employees, which are also constantly monitored and reviewed by the human resources department of the Group. In case of any non-compliance, the Group will take immediate measures to terminate his/her work.

During the Reporting Period, we were not aware of any non-compliance or violation of laws by the Group in relation to child or forced labour.

## Anti-corruption

Ethics and integrity are the cornerstone of the Group's success. The Group adopts a "zero tolerance" attitude towards bribery, extortion, fraud and money laundering. All directors, management and employees must comply with the relevant laws and regulations of the national and local governments on the prevention of bribery, extortion, fraud and money laundering, including the Criminal Law of the PRC. In order to effectively prevent operation and management risks, the Group has particularly formulated the "Identification and Reporting Mechanism for Misconduct" to encourage employees to take initiatives to participate in the company management, and to timely supervise and report internal operation defects or violations in the company, so as to ensure that the Group operates in compliance with laws and regulations. Employees can report the situation in writing or verbally to the Group's internal reporting management leading group office. The Group has implemented a confidentiality system for employees who report major violations of laws and regulations and successfully prevent the case, and will directly reward the personnel within two weeks after the case is settled.

During the Reporting Period, the Group was not aware of any concluded legal cases regarding corrupt practices brought against the Group or its employees.

# 2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Green Office

### *“Contributing to the Sustainable Development of the Organisation”*

We have always been committed to reducing the impact of our business operations on the environment and promoting environmental awareness throughout the Group. Due to the nature of our business, the Group’s daily operations are mainly office-based, however, we have not lessened our efforts to devote ourselves to protecting environment in various aspects. The Group has taken measures to protect the environment in compliance with the Environmental Protection Law of the PRC and other relevant laws and regulations. The Group’s major greenhouse gas emissions come from the use of electricity in offices and a small number of business vehicles, while vehicles also generate exhaust gas emissions. The Group’s main water consumption comes from domestic water in the office. We have not encountered any problem in sourcing suitable water. The domestic sewage generated by us has been properly connected to and discharged into the communal sewer system. Water leaking faucets are repaired in a timely manner to minimise water wastage. For the domestic waste generated in the office, third-party companies are arranged properly to collect and dispose of it. We are actively seeking new ways to operate our business in an environmentally-friendly manner. To fulfil our environmental commitment, we have implemented a number of environmental protection measures. We have incorporated energy conservation and emission reduction into the employee assessment to comprehensively enhance the level of environmental protection management of the corporate and fulfil the responsibility of environmental protection. Specific environmental protection projects included in the assessment and calculation system include:

- The temperature of the air conditioner is adjusted higher than the specified temperature of the air conditioner
- Turn off personal office equipment including lights, air conditioners, power of computers in non-operation areas beyond working hours
- Comply with the relevant regulations on restoring the original cleanliness in public areas such as meeting rooms and employees’ homes, including turning off equipment such as air conditioners, projectors, electric lights in the area
- Make sure the printer cartridge is exhausted before replacing
- Make good use of the IT systems and electronic communication equipment and only use paper when necessary to avoid paper waste
- Clean up trash containing food waste in time to avoid leaving overnight

During the Reporting Period, the Group was not aware of any cases of non-compliance or concluded legal cases brought against the Group in relation to exhaust gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.



# 2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Environmental Performance Data Summary

Environmental key performance indicators <sup>1</sup>	2019	Unit
<b>Greenhouse gas</b>		
Total emissions — Indirect emissions (Scope 2)	314.21	tCO <sub>2</sub> e
GHG emissions per sq.m. of floor area	35.05	kgCO <sub>2</sub> e (per m <sup>2</sup> )
<b>Non-hazardous waste<sup>2</sup></b>		
Total non-hazardous waste	36.25	tonnes
Non-hazardous waste per sq.m. of floor area	0.094	tonnes (per sq.m.)
<b>Energy<sup>3</sup></b>		
Total consumption (purchased electricity)	449.95	kWh in '000s
Energy consumption per sq.m. of floor area	0.22	kWh in '000s (per sq.m.)
<b>Water consumption<sup>3</sup></b>		
Total water consumption	3,985.84	m <sup>3</sup>
Water consumption per sq.m. of floor area	2.02	m <sup>3</sup> (per sq.m.)

- <sup>1</sup> During the Reporting Period, the Group's business involved a small number of business vehicles which produce exhaust emissions and consume energy. However, considering the materiality principles and inadequate related data collection system, no relevant data is disclosed in this Report. We will continue to optimise the relevant aspects and include relevant disclosures in the report in a timely manner. In addition, the Group's business does not involve material hazardous waste and packaging materials consumption.
- <sup>2</sup> During the Reporting Period, as the Group's non-hazardous waste data collection system is still being improved, it only includes the non-hazardous waste data of the Group's headquarter. We will continue to optimise the relevant data statistics of other operating points and set out relevant disclosures in the report in due course.
- <sup>3</sup> As the Group leases different office areas for operation, water supply and power supply are controlled by the building's management office and some related management offices are unable to provide water and electricity consumption data to individual tenants. Therefore, the water and electricity consumption data only cover 11 and 10 operating points respectively.



# 2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Community Investment

### ***“Contribute Responsibility Value to the Society”***

The Group takes the initiative to undertake social responsibility and pays attention to the well-being of the underprivileged and underprivileged families. During the Reporting Period, we donated HKD1,000,000 to The Community Chest of Hong Kong through the “Stock Code Balloting for Charity Scheme” of the Stock Exchange to support the organisation’s charity works in children and youth services, elderly care services, family and child welfare services, medical and healthcare services, rehabilitation and aftercare services, and community development.



# 2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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KPI A1.1	The types of emissions and respective emission data.	Green Office — Environmental Performance Data Summary	29
KPI A1.2	Greenhouse gas emissions in total and intensity.	Green Office — Environmental Performance Data Summary	29
KPI A1.3	Total hazardous waste produced and intensity.	The Group's business does not involve hazardous waste.	Not applicable
KPI A1.4	Total non-hazardous waste produced and intensity.	Green Office — Environmental Performance Data Summary	29
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Green Office Since this Report is the first ESG report of the Group after its official listing on the Stock Exchange, and it is also the first time we collect data on environmental aspects, we therefore do not have sufficient data to disclose the results of our emission reduction measures. We will continue to optimise the relevant aspects and include relevant disclosures in the report as and when appropriate.	28

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KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Green Office Since this Report is the first ESG report of the Group after its official listing on the Stock Exchange, and it is also the first time we collect data on environmental aspects, we therefore do not have sufficient data to disclose the results of our reduction initiatives on non-hazardous wastes. We will continue to optimise the relevant aspects and include relevant disclosures in the report as and when appropriate.	28
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KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Green Office — Environmental Performance Data Summary	29
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KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Green Office Since this Report is the first ESG report of the Group after its official listing on the Stock Exchange, and it is also the first time we collect data on environmental aspects, we therefore do not have sufficient data to disclose the results of our energy use efficiency initiatives. We will continue to optimise the relevant aspects and include relevant disclosures in the report as and when appropriate.	28
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Green Office Since this Report is the first ESG report of the Group after its official listing on the Stock Exchange, and it is also the first time we collect data on environmental aspects, we therefore do not have sufficient data to disclose the results of our water efficiency initiatives. We will continue to optimise the relevant aspects and include relevant disclosures in the report as and when appropriate.	28
KPI A2.5	Total packaging material used for finished products and with reference to per unit produced	The Group's business does not involve packaging materials.	Not applicable

# 2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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KPI B2.2	Lost days due to work injury.	Caring for Employees — Work Safety	24
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KPI B3.1	The percentage of employees trained by gender and employee category.	Not disclosed during the Reporting Period	Not applicable
KPI B3.2	The average training hours completed per employee by gender and employee category.	Not disclosed during the Reporting Period	Not applicable
<b>Aspect B4: Labour Standards</b>			
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KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Caring for Employees — Prevention of Child and Forced Labour	27
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KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Quality Service — Supplier Management	17–18

# 2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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KPI B8.1	Focus areas of contribution.	Community Investment	30
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