

Arts Group

Arts Optical International Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 1120



2020

Environmental,
Social & Governance Report

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About the Report

Arts Optical International Holdings Limited and its subsidiaries (collectively, the “Group”) (Stock code: 1120) present its fifth Environmental, Social and Governance (ESG) Report describing its management approach, plans, actions and performance on environmental and social aspects for the year ended 31 December 2020. All information disclosed in this report is based on internally collected data.

The board of directors of the Company (the “Board”) confirms that it bears the responsibility for integrity of the report. It has reviewed the report to ensure that all material ESG issues have been addressed and the report informs the Group’s stakeholders of the management approach and performance in management of ESG related matters.

REPORTING GUIDELINE

Materiality, quantitative, consistency and balance are the principles followed in this report and it complies with the ESG Reporting Guide set out in Appendix 27 to the Listing Rules of the Stock Exchange of Hong Kong Limited (the “HKEX”). Besides English this report is published in Chinese also. However, in the event of any discrepancy between the two versions, the English version shall prevail.

REPORTING PERIOD AND SCOPE

Argent Optical Technology (Shenzhen) Company Limited (“Argent”) is the main operating entity of the Group and this report covers the performance of Argent factory and the Group headquarters in Hong Kong, for the financial year from 1 January 2020 to 31 December 2020 (the “Year”). The main business of the Group, as the name suggests, is design, manufacturing and distribution of optical products. The Company’s corporate governance principles and practices are set out in the Corporate Governance Report on pages 21 to 31 of its 2020 Annual Report.

Shareholders may send written enquires, either by post or by email, together with his/her contact details, addressed to the head office of the company at the following address or via email:

Arts Optical International Holdings Limited
Address : Unit 308, 3/F, Sunbeam Centre, 27 Shing Yip Street, Kwun Tong, Kowloon,
Hong Kong
Email : connieleung@artsgroup.com
Attention : Senior Administration and Accounting Manager

The Group has been in business for over 40 years, designing, manufacturing and distributing high quality optical products. It has seen and felt the growing importance of environmental concerns and understands its responsibilities in this context. While producing quality products for customers is important, it is equally essential to ensure that environmental impact of our business is reduced to the extent possible, paving the way for increasingly sustainable operations. The Group has been gradually integrating ESG related issues into its daily operations, striking a balance between commercial profits and sustainability of the business activities.

ESG Management Approach

ESG CONCERNS

Environmental and societal impacts of its business are important issues for the Group and its top management. Being conscious of its corporate social responsibility (CSR), and to move towards increasing sustainability, the Group has formulated detailed action plans for environmental management, employment policies, operating practices and community engagement.



ENVIRONMENTAL

- Use clean and renewable energy as much as possible
- Opt for green production technologies
- Train employees to boost resources conservation and emissions control



EMPLOYMENT

- Ensure there is no employment of forced or child labour
- Give employees all statutory welfare benefits and a safe and healthy workplace
- Employees should get training to hone their skills and advance their careers



OPERATING PRACTICES

- Inspect incoming inputs for quality and assess overall performance of suppliers
- Zero tolerance for corruption in any form, have well-defined anti-corruption policies in place
- Promote integrity as an important part of corporate culture, have an effective whistleblowing policy



COMMUNITY ENGAGEMENT

- Cooperate with peers to drive development of the optical industry
- Support the community with sponsorships of sports and cultural activities

Environmental

ENVIRONMENTAL MANAGEMENT

The Group makes continuous efforts to reduce the impact of its business on the environment and to attain greater sustainability. The Group has a comprehensive environmental management system certified under ISO 14001:2015 standard in place. Environmental Management Department is responsible for overseeing the treatment of wastewater and exhaust gases before discharge, ensuring proper management and maintenance of treatment facilities, proper and compliant disposal of hazardous waste, noise monitoring and other environment-related issues. To minimise impacts on public health and the environment, we strictly comply with the relevant environmental laws and regulations and conduct regular internal and third-party monitoring. In addition, environmental training is provided to relevant employees, ensuring they possess necessary knowledge in environmental management. In the year of 2020, our employees in Argent factory participated in the environmental supervisor training, environmental safety training, wastewater and exhaust gas management training.



Our Environmental Goals

To fulfil the responsibilities toward the environment and the society, we insist that our suppliers behave and work responsibly. We clearly and concisely communicate the requirements to our suppliers. Environmental performance of suppliers is reviewed periodically to ensure they fulfil our requirements.

In addition to fulfil our own responsibilities toward the environment and the society, we are processing the certification with International Sustainability and Carbon Certification (ISCC) which is a globally leading certification system.

To the best of our knowledge, there was no instance of any non-compliance of relevant laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste during the reporting period.

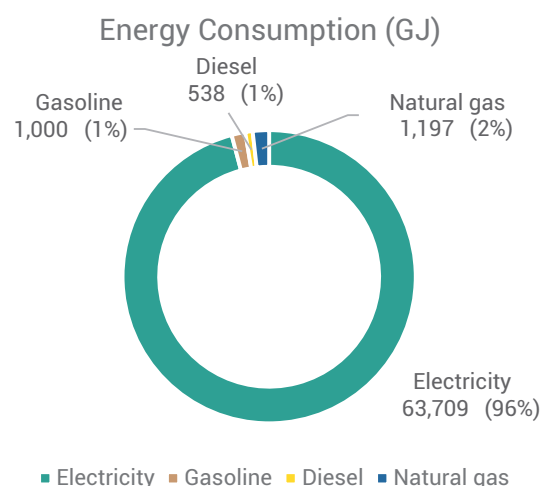
EFFICIENT USE OF RESOURCES

Energy and Resources Management

The Group has formulated an energy and resources management regulation which defines and guides efficient and effective use of energy and other resources. This covers energy, water, office supplies and production materials. Our Production Technology Research and Development Centre audits consumption of energy and resources. Management of conservation measures are the responsibility of the Production Department and the Administrative Department. We continuously monitor the resources consumption usage and we will carry out investigation and take appropriate measures if a significant increase in resources consumption is detected.

Energy

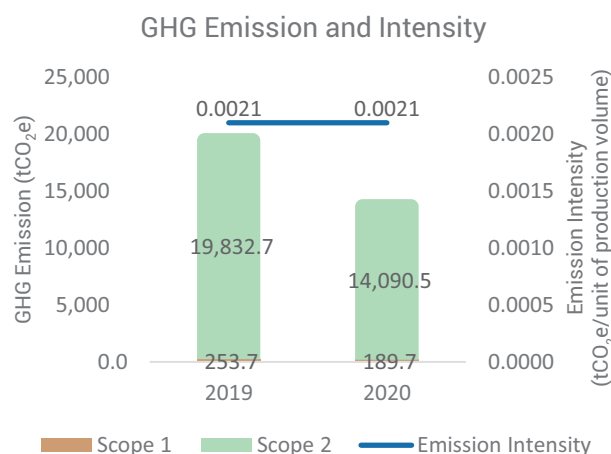
Electricity, gasoline, diesel and natural gas are the major forms of energy consumed by the Group. Consumption of energy during the reporting period was 66,444 Gigajoules (GJ), representing an energy usage intensity of 0.01 GJ per unit of production volume. The decrease in energy consumption is due to the decrease in production volume this year and our response to the government's call for energy and waste reduction through a range of initiatives, including reducing the use of lighting, closing water taps, adopting energy-efficient lighting as well as using natural gas. During the year, electricity was the major component of energy consumption. At 17,696,823 kWh, electricity accounted for 96% of total energy consumption, used mainly for operating machines, and electrical appliances and equipment in offices.



Energy Consumption	2019	2020	YOY
Electricity (kWh)	24,791,593	17,696,823	-28.62%
Gasoline (Litres)	52,314	31,389	-40.00%
Diesel (Litres)	16,332	15,030	-7.97%
Natural gas (m ³)	33,234	30,738	-7.51%
Total energy consumption (GJ)	92,796	66,444	-28.40%
Energy intensity (GJ/unit of production volume)	0.0097	0.0100	3.09%

GHG Emissions

Direct emissions (Scope 1) of greenhouse gases (GHG) of the Group comprise fuel consumption while indirect emissions are attributed to electricity (Scope 2). The Group's total GHG emissions during the reporting period were 14,280.2 tonnes of carbon dioxide equivalent (tCO₂e), representing emission intensity of 0.0021 tCO₂e per unit of production volume. The Scope 2 emissions are the major part of the Group's GHG emissions, accounting for 99% of the total emissions.



2019 greenhouse gas data have been recalculated and adjusted in the above figure due to an adjustment in the 2019 Greenhouse gas emission factors.

Environmental

The group has formulated a specific policy and approach for reducing energy consumption and by implication GHG emissions. Besides prioritising the usage of clean and renewable energy, we are moving to use of LED energy-efficient lighting and are also replacing the conventional switches with automatic switches on electronic appliances. Besides, the blowers and equipment with frequency control are used in Argent factory to minimise electricity usage. To reduce electricity consumption for air-conditioning, Hong Kong office supported the “Indoor Temperature Savings Charter” programme to maintain the room temperature in offices between 24 to 26 °C during summer. Several measures have been implemented for conserving energy.

Increase Lighting Efficiency

- Use LED lighting fixtures to save energy
- Use three tubes light basins since they reflect light and help reduce the use of lamps

Sustainable Procurement

- Give preference to all kinds of recyclable and eco-friendly products
- Procure electrical appliances with high energy efficiency

Use of Renewable Energy

- Install solar panels wherever possible
- Expand consumption of renewable energy

Adoption of Power Control on Machines

- Switch off the electronic appliances when not in use
- Opt for electronic switches since that helps reduce energy wastage
- Adopt automatic switches when possible, to reduce energy consumption

Electricity Usage Monitoring

- Examine and analyse energy consumption every month

Green Production

- Accord priority to green production technologies

Energy Conservation Measures

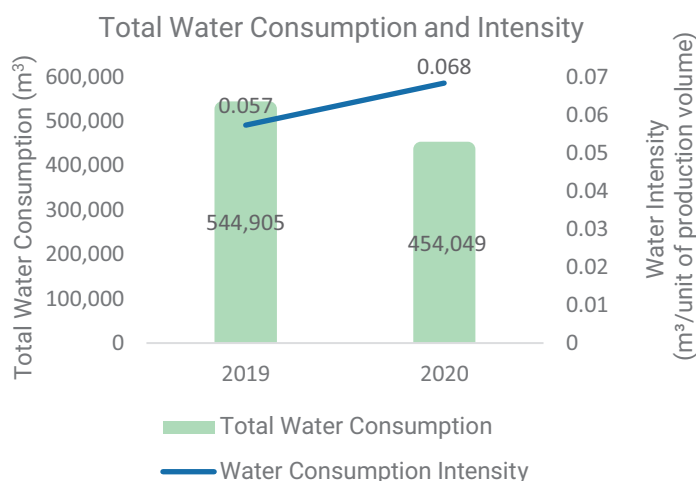
The Group strives to raise employee consciousness about energy conservation by sending descriptive notices. Reducing business travel by resorting to more of online communication channels is another way to reduce carbon footprint. In cases where travel is unavoidable, we opt for economy class and try to use public transport to the extent possible.

As a matter of policy, we select local subcontractors and suppliers which helps reduce GHG emissions attributable to transportation. The Group intends to continue to follow this approach in the future, to keep reducing energy consumption.

Environmental

Water

Water consumption for the Group is for industrial as well as domestic purposes but at our Argent facility it is mainly for industrial production. Total consumption of water during the reporting period was 454,049 m³ from municipal supplies. Intensity of water usage was 0.068 m³ per unit of production volume. There was no difficulty in sourcing water fit for the purpose during the reporting period.



Environmental Target	Result
Reduce total water consumption by 1% year-on-year	Achieved

Besides recycling wastewater where possible, the Group also tries to reduce usage. Our environmental team at Argent factory is responsible for analysing water consumption and taking suitable steps for conservation. In the year of 2020, we controlled our water consumption for production by formulating water-saving plans for each water supply point. Treated wastewater is reused for cleaning and water from packaging washing is recycled for the grinding process to reduce freshwater consumption.

At the Hong Kong office as well as Argent factory, we have posted notices urging employees to be conscious of the need to conserve water and we also use equipment that help reduce wastage and consumption. Broadly, we aim to reduce our total water consumption by 1% each year.

Packaging Materials

Paper and some plastic materials are used at Argent factory for packaging of finished products. Consumption in the year of 2020 was 25.5 tonnes of paper and 1.0 tonnes of plastic materials. For controlling and reducing use of packaging materials, we have adopted simple packaging designs, which has significantly reduced packaging materials consumption since 2019.

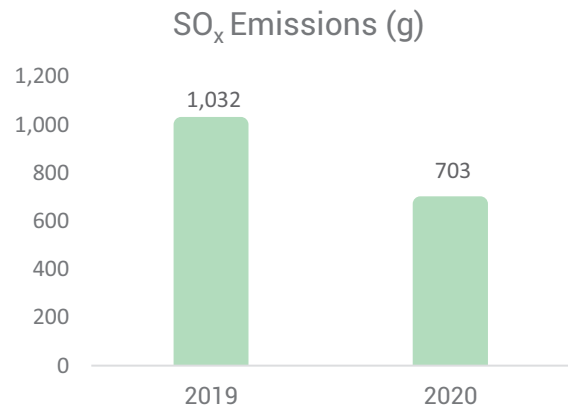
Packaging Material (Tonnes)	2019	2020	YOY
Paper	34.5	25.5	-26.09%
Plastic	0.9	1.0	11.11%

Environmental

EMISSIONS

Air Emission

Sulphur oxides (SO_x) are emitted because of burning of gasoline and diesel by our vehicles in Hong Kong office and Argent factory. Emissions during the reporting period amounted to 703 g of SO_x, which was 31.8% less than 2019 because consumption of fuels declined. We keep impressing upon employees that it is important to reduce exhaust emissions and provide training courses from government organisations to relevant employees. To reduce vehicle emissions and business travel, we continue to promote electronic communications. To this end, we installed additional computers and meeting rooms for video conferencing to reduce the travelling for meetings.



Waste

Operations at Argent factory result in generation of hazardous as well as non-hazardous waste. In the year of 2020, hazardous waste generation was 570.9 tonnes, with a hazardous waste intensity of 0.0856 kg per unit of production volume. Generation of non-hazardous waste was 225.0 tonnes while the non-hazardous waste intensity was 0.0337 kg per unit of production volume.



Waste is handled by well-trained personnel at Argent factory. Hazardous waste collection is entrusted to a qualified environmental company which is responsible for its proper disposal, in compliance with applicable rules and regulations. On the other hand, recyclables such as metals, plastics and paper are stored separately for recycling, while other non-hazardous waste is handled by municipal bodies. Employees responsible for handling waste related issues are provided with annual training to ensure they know how to handle waste properly and safely. To promote clean recycling practices, we also put up slogans and posters to remind our employees on the key points of clean recycling, namely “keeping recyclables clean”, “not recycling composite materials” and “not putting food leftovers and used tissue paper in three-colour recycle bins”.



Hazardous waste

- Gradually introducing environment-friendly equipment and techniques at Argent factory
- Hong Kong office has made it a practice to take useful components out of damaged computers and equipment



Non-hazardous waste

- Encourage reuse of materials such as used envelopes and folders
- Used toner cartridges and damaged furniture are collected and recycled by professional recycling companies
- Avoid using disposable plastic items
- Encourage employees to print on both sides of the paper and reuse single-sided paper
- Reduce paper consumption through communication technology (e.g. increase email communication)

Reduction Measures on Hazardous and Non-hazardous Waste Generation

Specific targets have been set in respect of reduction of emissions. In the year of 2020, the following targets were met and we hope to continue to improve our environmental performance in the future.

Environmental Targets	Results
Disposal and treatment of hazardous waste complies with relevant laws and regulations	Achieved
Wastewater discharge and gas emissions meet the emission standards	Achieved
Noise level at the factory complies with the environmental impact assessment standards	Achieved

Environmental

INDOOR AIR QUALITY MANAGEMENT

To provide employees with a healthy working environment, we enhance the indoor air quality by maintaining the air ventilation in the office. Apart from opening the window regularly to increase the indoor air circulation, the ventilation system and central air conditioning are cleaned regularly, ensuring the systems are operating properly. During procurement, we also select products with low or no Volatile Organic Compounds (VOCs).

ENVIRONMENTAL EMERGENCY MANAGEMENT

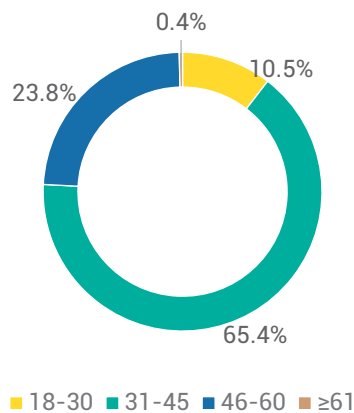
Responding to emergencies that can have a significant environmental impact such as fire, hazardous waste pollution and wastewater leakage, immediate response and actions are needed to be taken for controlling these situations. An emergency preparedness and response procedure have therefore been put in place, providing guidelines for response to incidents leading to emergency situations, i.e. in respect of preparation, handling and investigation. In order to keep the organisation ready to handle emergencies, training is provided to personnel likely to be involved in handling the situation and drills are organised to ensure all employees move in a responsible, effective, efficient and timely manner. To strengthen the emergency response capacity and hone the skills of employees for emergency handling, training programs on the management of emergency situations are held regularly for members of the environmental team. In the year of 2020, emergency drills for pollution incident, chemical leakage and operation in confined space were conducted.

Employment

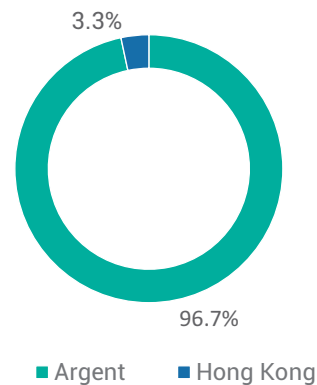
EMPLOYEE PROFILE

The Group believes a safe and healthy workplace is the key for a business to grow and sustain. We ensure all employees get adequate opportunities to realise their potentials. Argent factory and Hong Kong office had a total of 2,602 full-time employees as at 31 December 2020. Male employees accounted for about 60.1% of total employees and the rest were female. Nearly 97% of employees were at Argent factory in Mainland China and the rest were in Hong Kong office. 1,701 employees were aged between 31–45, accounting for about 65.4%. In the year of 2020, the overall employee turnover rate was approximately 40.2%.

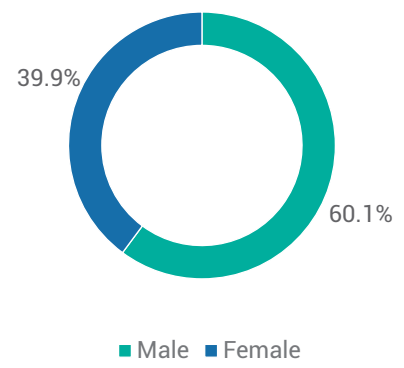
Employee Profile by Age



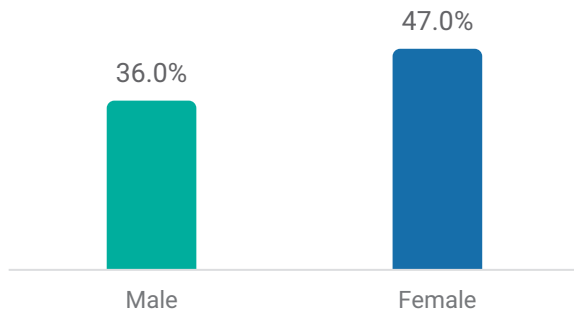
Employee Profile by Geographical Region



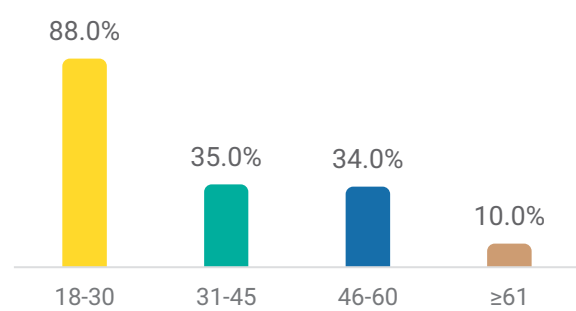
Employee Profile by Gender



2020 Turnover Rate by Gender



2020 Turnover Rate by Age



EQUAL OPPORTUNITY AND DIVERSITY

The Group is committed to creating an equal and working environment, and to ensuring that all employees are free of any discrimination or harassment. It is necessary to follow practices that respect fundamental human rights of all employees and treat all of them equally. When selecting candidates for promotion, we disregard race, colour, social status, origin, nationality, religion, disability, gender, sexual orientation, union membership, political affiliation or age. All employees must enjoy equal, fair, just and open treatment. Performance, experience and personal ability are taken into considerations when we pick top performers.

Employment

LABOUR STANDARDS

The Group has zero tolerance for any form of child or forced labour. With strict labour standards and recruitment policies, we ensure no child or forced labour in our business operation. Identity documents provided by applicants are checked thoroughly and verified by our recruitment personnel.

During the reporting period, the Group was not aware of any non-compliance of relevant laws and regulations that have a significant impact on the Group relating to prevention of any child or forced labour. There was no reported case regarding child or forced labour in the year of 2020.

EMPLOYEE RIGHTS AND WELFARE

To hire and retain competent and sincere employees it is necessary to pay attractive and competitive remuneration and welfare benefits. We offer salary packages (basic salary, end of year double-pay and bonus) to our employees. We strictly follow Hong Kong's Mandatory Provident Fund Schemes Ordinance and monthly contributions are made for all qualifying employees. Leave entitlements are as per laws of the land and include paid leave, sick leave, maternity leave, paternity leave and marriage leave etc.

The Group recognises the importance of balance between work and personal life. We encourage our employees to maintain a work-life balance. Overtime work is strictly voluntary and those opting to work overtime or on public holidays can apply for compensatory leave. We also organise social and entertainment activities regularly to alleviate workplace stress.

During the reporting period, the Group was not aware of any non-compliance of relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, and other benefits and welfare.

HEALTH AND SAFETY

Safety Management

The Group has an Occupational Health and Safety Committee headed by the General Manager which is entrusted the responsibility of maintaining a safe and healthy working environment. This Occupational Health and Safety Committee has been in place since 1987 and has 124 members. It monitors and promotes safe working practices and is responsible for ensuring that the Group meets its commitment to continually improve its occupational health and safety policies and practices. Adhering to the philosophy of promoting the well-being of employees, suppliers and customers, the Group maintained communications with employees through training and promotional materials that are circulated on the Company's website. This helps to enhance safety awareness of employees and improve their knowledge and skills related to occupational safety.

To protect the occupational health of employees, we give them presentations on the principles on identifying and avoiding occupational hazards, so as to lower their chance of suffering from injuries or occupational disease, hence enhancing working efficiency.

Safety at Work

Precautionary measures and work practices are spelled out in a series of occupational health and safety policies and procedures which helps enhance safety at work and prevent injury at work. Personal protective equipment is provided in compliance with applicable rules and laws and strengthen the ventilation system to ensure safety of those exposed to toxic and harmful gases, dust and noise. Working hours of those who are exposed to high-risk occupational hazards are controlled.

Regular inspections of production sites help identify potential hazards and the required rectification measures. Free medical check-ups are also provided to employees at Argent factory to prevent occupational diseases; while medical insurance, travel insurance, personal accident insurance and employee compensation coverage are provided to employees in Hong Kong office. Fair compensation is provided to employees and their families in the event of injury or fatality.

There were 54 cases of work-related incidents and 262.5 lost days due to work-related injuries at Argent factory during the reporting period with no work-related fatalities. By enhancing our safety strategy and providing the best protection for our employees, the Group will continue its efforts to achieve zero injuries at work. During the reporting period, the Group was not aware of any violation of relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protection of employees from occupational hazards.

Occupational Health and Safety Policy

Indoor working conditions and monitoring policy

We appoint an external professional agency for environmental assessments in Argent factory, according to the Occupational Hazards Daily Monitoring and Management System

Working facility safety management policy

Adhering to the principle of “Safety and Prevention First”, we adopt a systematic management approach in managing equipment throughout the production process. We continue to improve and enhance the level of safety technology and timely and effectively eliminate any potential hazards of equipment operations

Employees’ work safety or training policy

We provide employees with appropriate safety training to strengthen and improve their awareness and skills for responding to occupational hazards in the workplace. Besides regular safety training, new employees and transferees are required to receive and pass the training on the potential safety hazards and corresponding preventive measures related to their respective positions before they are on board

Employment

Fighting COVID-19 with Employees

In view of the outbreak of COVID-19 pandemic, we took extra steps to care the health and well-being of our employees. As a member of the eyewear industry, we shoulder our responsibility to protect our staffs against the risk of infection through offering protective goggles to them. The AustSports eyewear goggles are distributed to employees in the Group. We encourage employees to take COVID test regularly. The Group released a guideline for employees based on the pandemic updates such as wear masks, wash hands frequently and reduce the numbers of employees during lunch time. These actions also show the Group's caring and support to its employees under this hard time. During the year, the Group has achieved zero inflection case within the company. In Shenzhen, Argent factory was rewarded the "Advanced Security Unit for the COVID Prevention and Control".



DEVELOPMENT AND TRAINING

We are of the belief that talent needs to be constantly strengthened and skills need to be honed. In fact, this has become even more important than before because of the fast changes in technology and techniques. Therefore, training for enrichment of professional knowledge, skills and abilities and overall development of employees receives considerable attention and reasonable resources.

Training programmes covering business processes, materials management and inventory control, lean production, quality control, visitor reception etiquette, wastewater and environmental management rules, anti-terrorism, fire safety, packaging quality and safety are issues on which we arranged training for employees. All newly appointed employees at Argent factory are required to attend training programmes related to factory regulations and fire safety knowledge, besides production technology. To fully support employees to pursue continual education, we provide subsidies and scholarship for external training and professional development.

Besides training the Group places equal emphasis upon equal and fair treatment to all employees when deciding about promotions. Standardised procedures are in place and decisions are open and transparent, based on abilities and performance. There is also provision for special training to employees having high competence which leads to accelerated career growth to higher-level jobs and responsibilities. Employees are consulted before determining their career paths and training needs.

The total training hours by male and female employees were 205 hours and 147 hours respectively. Total training hour by senior management was 35 hours, by middle management was 40.5 hours and by junior level was 276.5 hours.

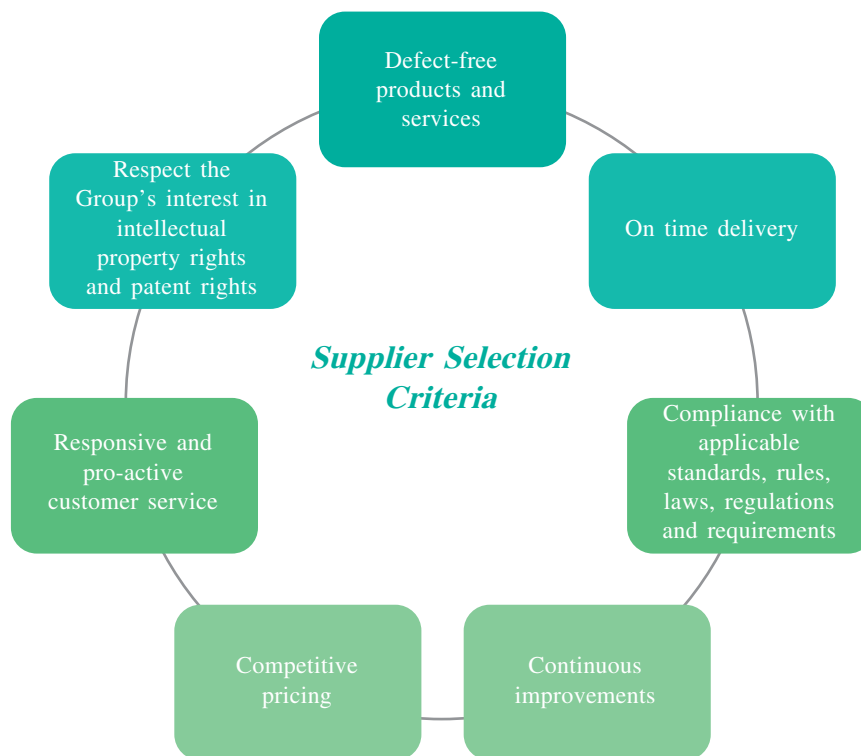
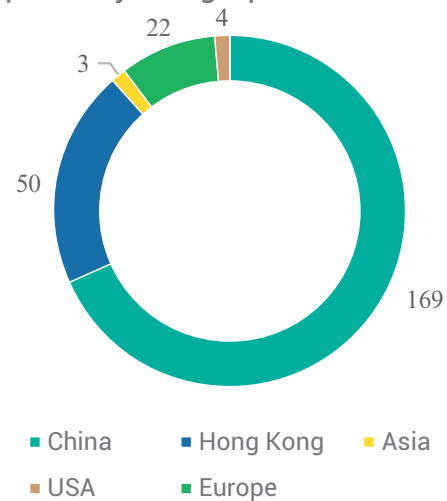
Operating Practices

SUPPLY CHAIN MANAGEMENT

The Group maintains long-term and stable business relationships with its suppliers, so as to ensure the entire supply chain operates smoothly and ESG issues are addressed in all aspects of the supply chain.

Suppliers are selected on the basis of clearly defined procedures and criteria. Performance in corporate social responsibility (CSR) is an important criteria considered and suppliers are expected to follow the social responsibility standard SA8000. The Group expects larger suppliers to designate a compliance officer responsible for interacting with the Group and resolving quality and compliance issues. In the year of 2020, the Group had a total of 248 suppliers, of which approximately 68% were located in Mainland China.

Suppliers by Geographical Distribution



GREEN PROCUREMENT

The Group demonstrates its environmental stewardship through adhering to green procurement in its daily operations. We strive to purchase eco-friendly products including recycled papers, replaceable pens and recyclable laser printing cartridges. Moreover, we procure electrical appliances complied with The Energy Efficiency (Labelling of Products) Ordinance as well as furniture manufactured with environmentally friendly materials.

Operating Practices

Quality of products and services is significantly affected by quality of inputs and therefore the Purchasing Department and Quality Department evaluate suppliers with revenue of over one million Hong Kong dollars on a quarterly basis. Performance in terms of timely delivery and the quality of products supplied is assessed. Corrective measures are initiated after evaluation where necessary. If a supplier fails to rectify and improve performance in tune with our requirements, we may terminate our relationship with such suppliers. In the year of 2020, approximately 8% of the suppliers were assessed. The Group has also been planning to increase supplier's annual on-site review.

PRODUCT RESPONSIBILITY

Quality Management and Assurance

Following the principles of “Improve quality, reduce cost and meet customers’ requirements”, delivering optical products and services of the highest standards and quality to customers is the key concern of the Group. Testing Department and the Quality Control (QC) Department ensure rigorous quality control and verification throughout the production process and before dispatch of finished products.

The Group are certified under ISO 9001:2015 for the quality management system we follow. We comply with the relevant quality and safety requirements and have the Incoming Material Inspection Control Procedure, Non-conformities Control Procedure and Final Inspection Control Procedure in place, for ensuring that non-conforming materials are not used at any stage of the production process and no unqualified products are delivered to customers.

Raw Materials Procurement

- All raw materials provided by the suppliers must provide qualification certificates issued by a third-party testing agency, with strengthened REACH testing of the materials and products.

Product Quality and Safety

- Products are sent to the Testing Department for quality and safety tests, with strengthened REACH monitoring of our products.

Verification Reports

- After the verification is completed, the manager of the QC Department reviews the verification report to strengthen the handling of the non conformity, if any.

After Sale Support

- After the approval of the verification report, the product is launched. We continue to improve our after-sales service, ensuring customer satisfaction.

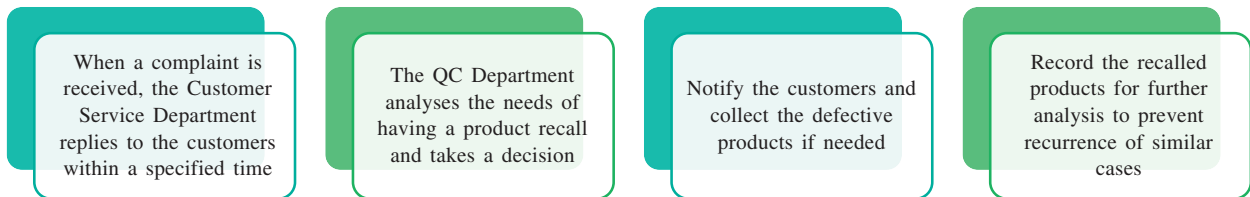
Quality Assurance Process

Regarding management on REACH (the Registration, Evaluation, Authorisation and Restriction of Chemicals), the EU regulation that requires consumer products to provide information of chemicals used was strengthened further in the year of 2020.

Operating Practices

The Recall System

Feedback from customers is taken very seriously. The Group encourages customers to communicate their opinions by email or using our customer service hotline. All required efforts are made to resolve all complaints received from customers and downstream components of the supply chain. If a defective product reaches the market, it is recalled promptly. In the year of 2020, no complaints were received and less than 0.003% of products were subject to recall for health and safety reasons. The goal is that all complaints are responded in a timely manner and resolved satisfactorily.



The Recall System

Data Privacy Protection and Intellectual Property Rights

The Group complies with the requirements of The Personal Data (Privacy) Ordinance. We promote and protect personal data to ensure data privacy is protected. We safeguard customer information zealously. Its Information Technology and Marketing departments control the use of customer information by allowing access only to responsible personnel. Detailed guidelines for determining responsibilities and rights are in place and the data protection-related policies are reviewed on a half-yearly basis. We recognise the need to value and respect intellectual property rights. To this end, our Information Technology Department ensures that only legally obtained software are used in all departments of the Company. All office software must be procured from copyright holders only and purchase of pirated software is prohibited.

Apart from protecting data privacy of customers, we also value the privacy and confidentiality of personal information of our employees. In this regard, we inform employees clearly the intention and purpose when we collect their personal information. When the purpose of data collection is met, the data will be destroyed and no record will be left. Furthermore, employees have the right to access and correct their personal information.



Customer Information Protection Measures

- Customer information is stored in the internal ERP system and is protected by password, only authorised personnel can access the system
- The collected customer information is not disclosed or used for other purposes without their consent

Operating Practices

ETHICS AND ANTI-CORRUPTION

Any forms of corruption, including the acts of receiving or giving bribes, extortion, fraud and money laundering are checked rigorously to ensure integrity. We strictly follow anti-corruption related laws and regulations including but not limited to the Prevention of Bribery Ordinance in Hong Kong and the Criminal Law of the People's Republic of China. All employees are required to uphold high standards of ethical principles. They should never accept or solicit any benefits that can affect a business decision. Violators are subject to immediate termination of employment. The Group will continue to enhance employees' sense of anti-corruption and win customers' trust and hence raise the revenue and productivity of the Group.

The Group has external auditors who monitor accounts to ensure there is no bribery or fraudulent acts, which minimises the possibility of corruption. A series of internal policies have been articulated to ensure compliance with all applicable laws, and adherence to ethical practices.

We require all personnel involved in procurement of goods and services to sign an agreement that they are willing to comply with the Code of Business Ethics. They must not indulge in any corruption or bribery and should always declare any conflicts of interest. Procurement is generally carried out by opened tender policy that outlines standardised rules and regulations to be followed. A minimum of three competing suppliers are considered and the Procurement Director makes the final decision on placing the order, in accordance to the principles of fairness, openness and honesty. Service contracts are subject to approval by authorised personnel of the Company.

A whistleblowing system is also in place as the Group is in favour of encouraging employees to beware of any misconducts and report any suspicious cases. All employees can submit reports of suspicious activities to the Board of Directors via the Company mailbox, suggestion box or phone call. Their identities are kept strictly confidential and independent investigations are carried out accordingly.

During the reporting period, the Group was not aware of any violations of relevant laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering. The Group was not involved in any corruption cases.

Community Engagement

COMBATING COVID-19

In response to the pandemic in 2020, the Group moderated rent reduction for tenants so as to help them overcome difficult times.

The demand of personal protection equipment has been increasing during the pandemic. During the year, the Group donated 987 pairs of AustSports eyewear to 15 charity organizations as listed below. The AustSports eyewear is a kind of protective goggles specially designed for pandemic prevention. This donation is equivalent to a total sales amount of HK\$123,528.00.



- ▶ Community CareAge Foundation
- ▶ Evangelical Lutheran Church Social Service – Hong Kong
- ▶ Habitat for Humanity Hong Kong
- ▶ The Hong Kong Council of Social Service
- ▶ The Federation of Hong Kong Industries
- ▶ The Hong Kong Dental Association
- ▶ ISS Facility Services Ltd
- ▶ The Hong Kong Productivity Council
- ▶ Joyful (Mental Health) Foundation
- ▶ 香港抗疫站
- ▶ Wheel For Oneness
- ▶ Hong Kong Sheng Kung Hui
- ▶ Heep Hong Society
- ▶ Hong Kong Seeing Eye Dog Services
- ▶ Children's Cancer Foundation



Wheel For Oneness



The Hong Kong Council of Social Service

Community Engagement



Habitat for Humanity Hong Kong



Evangelical Lutheran Church Social Service – Hong Kong



Heep Hong Society



Community CareAge Foundation



Children's Cancer Foundation



Hong Kong Seeing Eye Dog Services



Charity Sale of HealthHK



Donations to Joyful (Mental Health) Foundation

Community Engagement

CULTURAL ACTIVITIES

The Group actively engages with the local community. In Argent factory, we organised cultural performances and basketball games jointly with local trade unions, facilitating community involvement.

Going forward, the Group will continue to support the community and fulfill its corporate social responsibility for creating a harmonious society.



Performance Data Summary

		2020	2019
Environment	Air Emissions		
	SOx (g)	703	1,032
	Greenhouse Gas Emissions*		
	Total emissions (tCO ₂ e)	14,280.2	20,086.4
	Scope I (tCO ₂ e)	189.7	253.7
	Scope II (tCO ₂ e)	14,090.5	19,832.7
	GHG intensity		
	(tCO ₂ e/unit of production volume)	0.002	0.002
	Waste Production		
	Hazardous waste (Tonnes)	570.934	515.247
	Hazardous waste intensity (kg/unit of production volume)	0.0856	0.0541
	Non-hazardous waste (Tonnes)	225	230
	Non-hazardous waste intensity (kg/unit of production volume)	0.0337	0.0241
	Resources Consumption		
	Total energy consumption (GJ)	66,444	92,796
	Energy intensity (GJ/unit of production volume)	0.0100	0.0097
	Electricity (kWh)	17,696,823	24,791,593
	Diesel (Litre)	15,030	16,332
	Gasoline (Litre)	31,389	52,314
	Natural gas (m ³)	30,738	33,234
Water (m ³)	454,049	544,905	
Water intensity (m ³ /unit of production volume)	0.068	0.057	
Packaging material			
Paper (Tonnes)	25.5	34.5	
Plastic (Tonnes)	1.0	0.9	

* Greenhouse gas emission factors are adjusted compared to 2019, so the 2019 greenhouse gas data have been recalculated and adjusted in the above table. GHG emissions calculation and emission factors are referenced from the HKEX's "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" and "2019 Emission Reduction Project China Regional Grid Baseline Emissions Factor".

Performance Data Summary

		2020	2019
Employment	Total Number of Employees		
	By Geographical Distribution		
	Hong Kong Office	87	88
	Argent factory	2,515	3,236
	By Age		
	18-30	272	445
	31-45	1,701	2,116
	46-60	619	753
	≥61	10	10
	By Gender		
	Male	1,565	1,928
	Female	1,037	1,396
	By Employment type		
	Full time	2,601	3,324
	Part time	1	0
	Employee Turnover Rate		
	By Age		
	18-30	88%	124%
	31-45	35%	37%
	46-60	34%	18%
	≥61	10%	10%
	By Gender		
	Male	36%	42%
Female	47%	48%	
Total turnover rate	40%	44%	

Performance Data Summary

		2020	2019
Safety	Safety Performance		
	Lost days due to work injury	262	184
	Work-related deaths	0	0
Training	Full-time employees trained		
	By Gender		
	Male	11%	28%
	Female	12%	29%
	By Employee Category		
	Senior executives	15%	16%
	Middle-level executives	6%	5%
	Junior staff	12%	30%
	Average training hours completed per full-time employee		
	By Gender		
	Male	0.1	2.2
	Female	0.1	2.3
	By Employee Category		
Senior executives	0.7	0.6	
Middle-level executives	0.18	0.2	
Junior staff	0.1	2.4	

ESG Content Index

KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks	
A. Environmental			
Aspect A1: Emissions	General Disclosure Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental	
	KPI A1.1	The types of emissions and respective emissions data.	Environmental Emissions
	KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Emissions
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Emissions
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Emissions
	KPI A1.5	Description of measures to mitigate emissions and results achieved.	Environmental Emissions
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Emissions
Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental	
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental – Efficient Use of Resources
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental – Efficient Use of Resources
	KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Environmental – Efficient Use of Resources
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for the purpose, water efficiency initiatives and results achieved.	Environmental – Efficient Use of Resources
	KPI A2.5	Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental – Efficient Use of Resources
Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuers' significant impact on the environment and natural resources.	Environmental	
	KPI A3.1	Description of significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental – Efficient Use of Resources, Environmental Emergency Management

ESG Content Index

KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
B. Social		
Aspect B1: Employment	General Disclosure Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
	KPI B1.1 Total workforce by gender, employment type, age group and geographical region.	Employment – Employee Profile
	KPI B1.2 Employee turnover rate by gender, age group and geographical region.	Employment – Employee Profile
Aspect B2: Health and Safety	General Disclosure Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employment – Health and Safety
	KPI B2.1 Number and rate of work-related fatalities.	Employment – Health and Safety
	KPI B2.2 Lost days due to work injury.	Employment – Health and Safety
	KPI B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	Employment – Health and Safety
Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employment – Development and Training
	KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employment – Development and Training
	KPI B3.2 The average training hours completed per employee by gender and employee category.	Employment – Development and Training
Aspect B4: Labour Standards	General Disclosure Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	Employment – Labour Standards
	KPI B4.1 Description of measures to review employment practices to avoid child and forced labour.	Employment – Labour Standards
	KPI B4.2 Description of steps taken to eliminate such practices when discovered.	Employment – Labour Standards

ESG Content Index

KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
B. Social		
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Operating Practices – Supply Chain Management
	KPI B5.1 Number of suppliers by geographical region.	Operating Practices – Supply Chain Management
	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.	Operating Practices – Supply Chain Management
Aspect B6: Product Responsibility	General Disclosure Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Operating Practices – Product Responsibility
	KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Operating Practices – Product Responsibility
	KPI B6.2 Number of products and service related complaints received and how they are dealt with.	Operating Practices – Product Responsibility
	KPI B6.3 Description of practices relating to observing and protecting intellectual property rights.	Operating Practices – Product Responsibility
	KPI B6.4 Description of quality assurance process and recall procedures.	Operating Practices – Product Responsibility
	KPI B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	Operating Practices – Product Responsibility
Aspect B7: Anti-corruption	General Disclosure Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Operating Practices – Ethics and Anti-corruption
	KPI B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Operating Practices – Ethics and Anti-corruption
	KPI B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Operating Practices – Ethics and Anti-corruption

ESG Content Index

KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
B. Social		
Aspect B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Engagement
	KPI B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Engagement
	KPI B8.2 Resources contributed (e.g. money or time) to the focus area.	Community Engagement