



嘉利國際控股有限公司
Karrie International Holdings Limited

(Incorporated in Bermuda with limited liability)

stock code : 1050

OPERATING WITH CRAFTSMANSHIP
ACHIEVING SUSTAINABLE GROWTH

2020/21
SUSTAINABILITY REPORT





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ABOUT THIS REPORT

Since the listing of Karrie International Holdings Limited (the “Company”), together with its subsidiaries (are collectively referred to as the “Group” or “Karrie”) in 1996, the Company have started to prepare the content of the sustainability report and incorporate it into annual reports as a separate section starting from the annual report for the year ended 31 March 2009. To keep abreast of current sustainability measures and trends, the Group has adopted the latest guidance of sustainability reporting, and has commissioned an independent third party to review and verify the accuracy and readability of the information set out in the report. When preparing the report of the year, the Group has engaged its shareholders, business partners, employees, suppliers, regulators, and the public in coming up with their concerns which have been addressed in the report.

REPORTING STANDARDS

This Report (the “Report”) has been prepared in accordance with the GRI Standards: Core option issued by the Global Reporting Initiative (“GRI”), and Appendix 27 Environmental, Social, and Governance (“ESG”) Reporting Guide of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as well as with reference to the United Nations Sustainable Development Goals (UNSDGs).

SCOPE OF REPORTING

The Report covers the sustainability works and performance during the financial year ended 31 March 2021 (i.e. from 1 April 2020 to 31 March 2021). The reporting boundary covers the operations of the headquarter in Hong Kong and the manufacturing plants in Dongguan, Guangdong. The Group has real estate business in Mainland China, and the number of employees of this business sector has also been disclosed in the Report. There are no significant changes in the scopes of the Report as compared with that set out in the sustainability report for the year ended 31 March 2020.

For detailed information related to the governance and financial performance of the Group, please refer to the annual report for the year ended 31 March 2021.

CONTACT US

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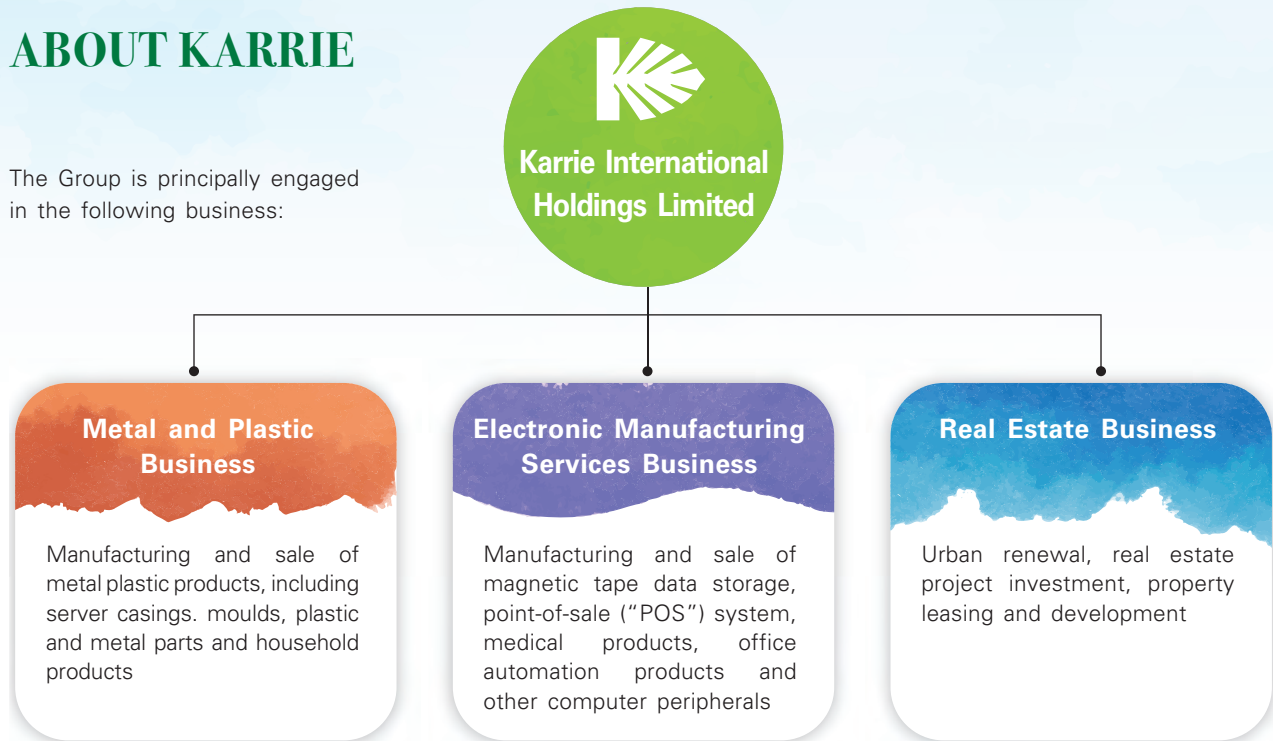
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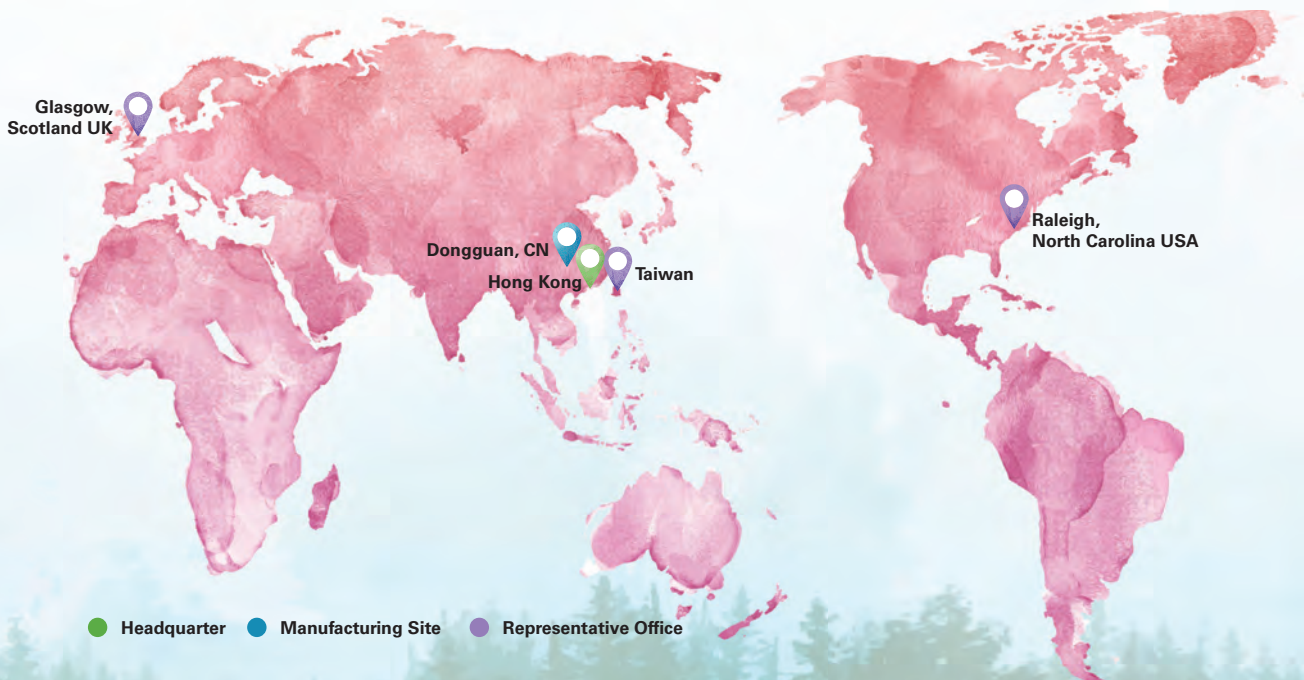


ABOUT KARRIE

The Group is principally engaged in the following business:



Headquartered in Hong Kong, the Group has set up production plants in Dongguan, Guangdong, a design and research and development centre in Taiwan, and representative offices in United States and United Kingdom. During the year, it started to develop automated production lines in Thailand.





CHAIRMAN'S MESSAGE



" 'Adapt to the situation', is one of Karrie's key values in formulating our business model, and we aspire to integrate this value when we develop our human resources, safety, environmental protection, and product and community policies. Understanding that there is a trend of increasing information disclosures and improving corporate governance within the capital market, Karrie continues to strive for better development by adapting the 'corporate social responsibility' and 'sustainable development' concepts in our business, and aspire to undertake remedial actions to every emerging challenge. Karrie will continue to run our business adhering to the traditional value of craftsmanship, which constantly pursuing excellence and perfection at work diligently. Karrie will continue to grow and develop steadily, and become one of those enterprises that last for years."

The world has been hit by the outbreak of coronavirus since late 2019. To secure the interests of our stakeholders and our business development, we have activated our emergency response plan to fight against the pandemic starting from the beginning of 2020. Regardless of the uncertainties, we manage to ensure our business operation and forge ahead by allocating resources to support our employees, customers, suppliers, and communities.

SEEK TO BUILD RESILIENCE AMID THE PANDEMIC

Even though this epidemic has inevitably impacted the operation of the Group, we still actively put resources into our business to maintain our strengths in the industrial field. During the year, we continue to expand our business by equipping our Dongguan plants with an automatic production system, building one more comprehensive production building with our land, establishing a design and research and development centre in Taiwan, and starting our plan to construct auto-assembly lines in Thailand. These investments that we have made will help to strengthen and increase our automatic production capacity, further improve our quality level, and bring better products and services to our customers.

Meanwhile, Karrie continues to take the initiative in environmental protection. The excellent performances that we have achieved from the energy conservation and emission reduction programmes show that our green policies implemented in plants and offices are effective. The efficiency of energy utilisation has also gradually improved and the pollutant emission has declined. During the year, the Group won the "Manufacturing and Industrial Services — Gold Award" in the 2019 Hong Kong Awards for Environmental Excellence organised by the Environmental Campaign Committee of the Hong Kong Government. We have actively adopted prevention policy and applied green technologies in designing and constructing our new buildings and assembly lines.



CHAIRMAN'S MESSAGE (CONTINUED)

"NOTHING IS IMPOSSIBLE"

Karrie is a company that promotes and values people-oriented culture. With the occurrence of COVID-19, our cross-border employees have been suffering from the various social distancing measures. Thus, to ensure that their physical and mental health is in good places, we set up task force groups to take care of them by providing living supplies and communicating with them closely. We have also implemented the new mode of remote working within the Group. Over the past year, Karrie has actively introduced various online courses and online conference tools for our employees. This practice allows us to run businesses across regions simultaneously and enriches our employees' knowledge in harmony with the Group's latest operational strategy. Our employees have taken the initiative in giving full play to the spirit of "nothing is impossible" by working together to fight against the pandemic and striving to ensure productivity, which leads to pleasant results in our business operation.

In addition, we have not stopped serving our community in this difficult time. We work closely with the local charities by donating anti-epidemic and living materials to grassroots elderly, and organised employees to write caring cards to cheer the elderly up. We hope to alleviate the elderly's concerns about the pandemic with those acts. In this year, our annual "Karrie Nothing is Impossible" project was held online, but this did not prevent us from cultivating the spirit of making unrelenting efforts to strive for improvement in children and their parents from grassroots families.

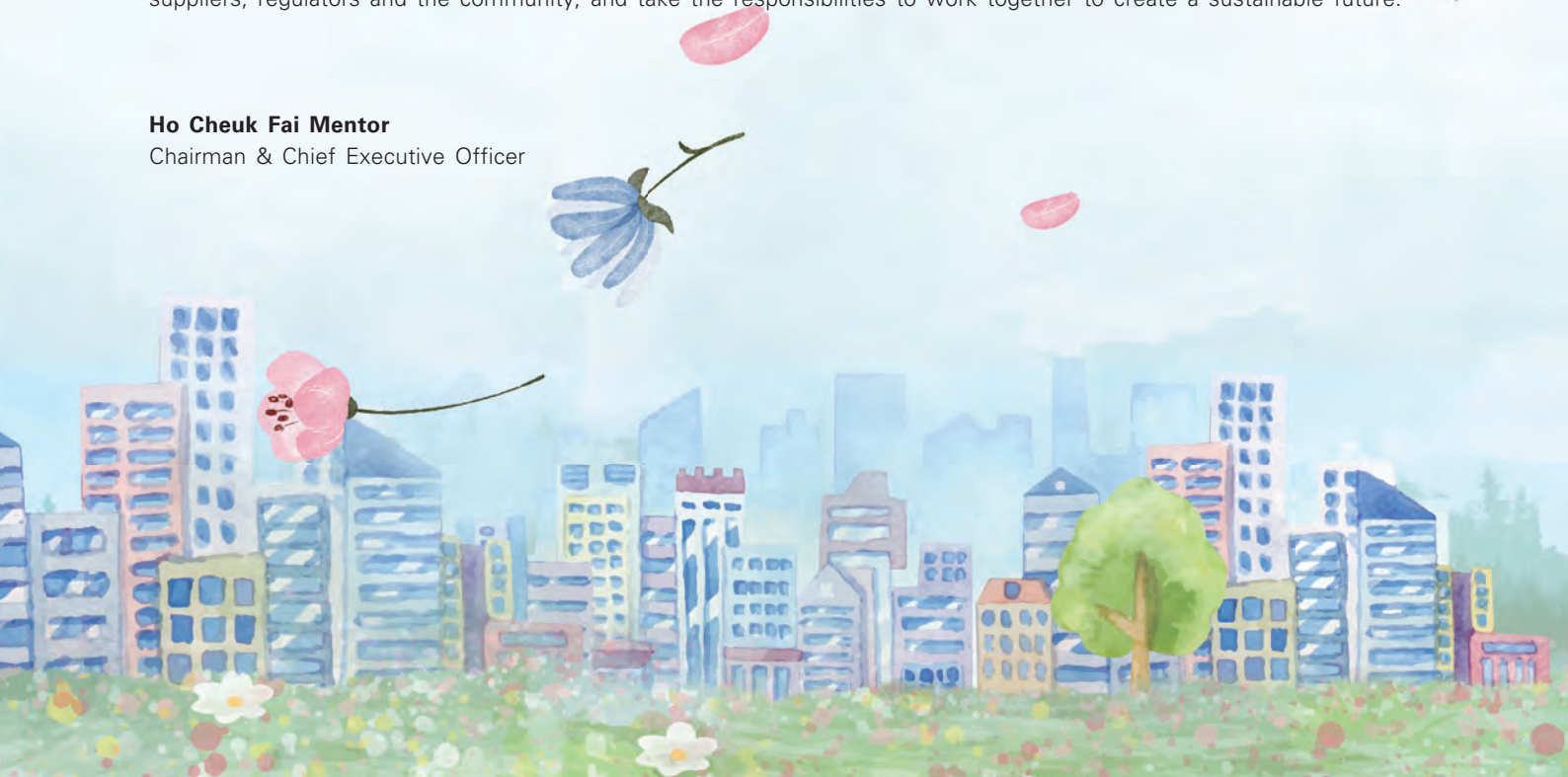
WORK TOGETHER FOR A BETTER TOMORROW

Adhering to the philosophy of 'giving back to the society for good', we take the interests of our stakeholders into account when delivering sustainable business practices. The continuous incorporation of corporate social responsibility has strengthened Karrie's business and our governance as it enhances our reputation, reduces our costs, and avoids necessary risks. These will bring a more conducive future for our shareholders who look for long-term returns. With the increasing attention for sustainable development, Karrie will continue to be concentrated and dedicated like a "craftsman" when pursuing perfection and innovation in sustainable development.

Karrie believes that achieving sustainable development is a joint effort by different stakeholders along the whole value chain. Karrie has been following the United Nations Sustainable Development Goals regarding climate change, energy, health, education and others. We will keep interacting with all the stakeholders, including our employees, customers, suppliers, regulators and the community, and take the responsibilities to work together to create a sustainable future.

Ho Cheuk Fai Mentor

Chairman & Chief Executive Officer



SUSTAINABILITY MANAGEMENT

SUSTAINABILITY PHILOSOPHY

The Group believes “Corporate Social Responsibility (CSR)” refers to “the continuing commitment by a business to operate ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large”. We incorporated CSR into our management and treated it as one of our long-term corporate missions. In the long run, the implementation of CSR will improve the Group’s reputation, cost-saving, decision-making and strengthen the corporate governance ability, which is in line with the interests of shareholders and drives the Group and our stakeholders to sustainable development.

CONCEPT OF CSR

Improving

- Caring brings about mental and life quality improvement, training brings about skill enhancement

Caring

- Care for and love people in need with heartfelt dedications

Giving Back

- Take from the society and give back to the society, to achieve continual harmonious growth together with the society

Missions on CSR

Caring for the society, and improving living standard

Corporate governance, maintaining integrity

Green production, energy saving and emissions reduction to achieve sustainable development of the environment and business

Development of professional, training of talents, emphasis on the physical and mental health of employee, and a work-life balance



SUSTAINABILITY MANAGEMENT (CONTINUED)

Karrie integrates the concepts of Environmental (E), Social (S) and Governance (G) with the United Nations Sustainable Development Goals (UNSDGs) as the guideline of setting our CSR missions for our business operation. During the year, the Group reviewed our operation and studied UNSDGs and decided to adopt the following goals: SDG 1 “No Poverty”, SDG 2 “Zero Hunger”, SDG 7 “Affordable and Clean Energy”, SDG 8 “Decent Work and Economic Growth”, SDG 12 “Responsible Consumption and Production” and SDG 17 “Partnerships for the Goals” to our directions of sustainability.





SUSTAINABILITY MANAGEMENT (CONTINUED)

	Chapter	Karrie's Scope of CSR	Annual UNSDGs Agenda	UNSDGs Targets
Environmental (E)	Environment	Environmental Protection	- Formulated a plan of energy conservation and consumption reduction - Implemented energy-saving projects - Calculated greenhouse gas emissions - Carried out measures to address climate change	7 AFFORDABLE AND CLEAN ENERGY  13 CLIMATE ACTION 
Social (S)	Talent	Caring for Employees	- Provided comprehensive anti-pandemic support to employees - Improved the working environment and increased the level of occupational health and safety - Continuously optimised the compensation package of employees and organised various activities to enrich their life after work	3 GOOD HEALTH AND WELL-BEING  8 DECENT WORK AND ECONOMIC GROWTH 
		Training and Development	- Organised Lean Improvement & Innovation Competition to encourage employees to apply what they have learned and improved the production and operation of the Company - Adopted online training to meet the training needs of employees under the pandemic	4 QUALITY EDUCATION 
	Community	Community Building	- Donated anti-epidemic and living materials to elderly in H.K.S.K.H. Tai Wo Neighbourhood Elderly Centre - Supported the UNHCR to help refugees worldwide fight against the pandemic and assisted the construction of refugee camps in northern Thailand	1 NO POVERTY  2 ZERO HUNGER 
		Passing on Values	- Cultivated the self improvement and spiritual growth among children through the "Karrie Nothing is impossible" Project - Continuously participated in school-enterprise cooperation projects and supported the work of education - Actively participated in communication activities to explore projects that can promote the sustainability development of communities and industries	4 QUALITY EDUCATION  17 PARTNERSHIPS FOR THE GOALS 
Governance (G)	Operation	Corporate Governance	- Maintained the highest integrity standards and carried out anti-corruption training and education - Issued a letter named "Peers' Belief" to our business partners to prohibit transfer of benefits to our employees	
		Product Responsibility	- Continuously strengthened the automatic production capacity - Adopted the Responsible Business Alliance (RBA) Code of Conduct to improve the management work of environmental protection, labour, safety and integrity during the production process	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE  12 RESPONSIBLE CONSUMPTION AND PRODUCTION 
		Suppliers Management	Included ESG requirements into the process of supplier audit so as to evaluate the environmental performance of suppliers and supported green procurement	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 

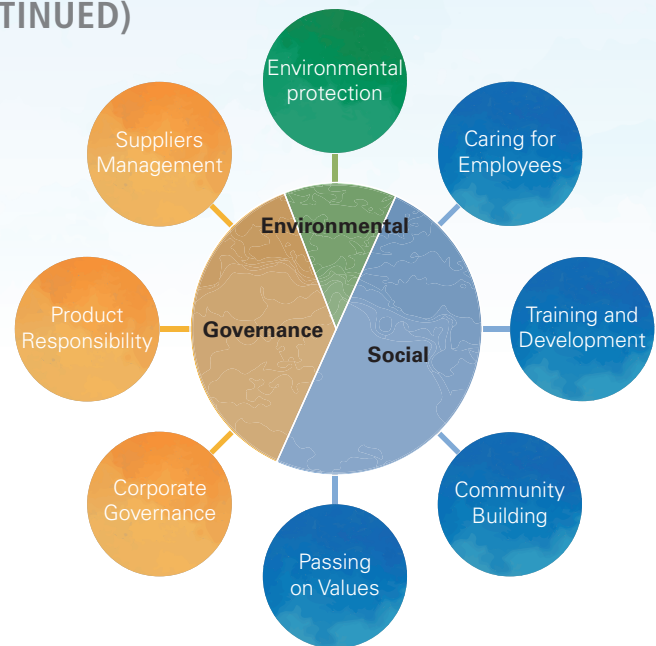


SUSTAINABILITY MANAGEMENT (CONTINUED)

GOVERNANCE STRUCTURE

The Group has a Corporate Sustainable Development Committee which is responsible for formulating and reviewing the Group's corporate social responsibility mechanism and development strategies. The Corporate Sustainable Development Committee is composed of the heads of various departments which are within the scope of corporate social responsibility, with an executive director as the Chairwoman and reporting to the Board of Directors.

During the year, the Corporate Sustainable Development Committee included persons in charge of compliance with the sustainability matters of customers and suppliers, so as to pay close attention to the need of sustainability of customers and make integration with the Group's sustainability strategy for promoting it along the value chain.





SUSTAINABILITY MANAGEMENT (CONTINUED)

SUSTAINABILITY MEASURES

Stakeholders Engagement

17 PARTNERSHIPS
FOR THE GOALS



Relevant goal:

- Target 17.16 — Enhance the global partnership for sustainable development, share knowledge, expertise, and technology with industrial and regional stakeholders

In order to achieve sustainability development, it is essential for the Company to balance the interests of different stakeholders and understand their needs. All departments should take the initiative to identify the needs and views of their corresponding stakeholders on the sustainability work of the Group and report to the Corporate Sustainable Development Committee.

The Group communicates with our stakeholders every year through various activities and reports to understand their needs and views, including tea-breaks with investors, annual general meetings, financial reports, announcements, and receptions for the visiting government and non-governmental organisations.

Shareholders

- Annual general meetings
- Tea-breaks with investors
- Circulars, announcements, annual and interim reports
- Company website and internet information
- Shareholders' communication policies

Employees

- Corporate events
- Staff briefing
- Suggestion box
- Workshops
- Meeting with staff representatives
- Karrie's Monthly

Clients

- Factory tours
- Company website and internet information
- Media
- Survey

Suppliers

- Factory tours
- Corporate events

Government & NGOs

- Factory tours
- Corporate events
- Mega-events
- Seminars and workshops

Local Community

- Corporate tours
- Mega-events
- Volunteering
- Charitable projects
- Seminars and workshops



SUSTAINABILITY MANAGEMENT (CONTINUED)

KPI & Goal Management

The Group adopts Key Performance Indicators (KPI) and Goal Setting (GS) in our management system. Each department is required to set performance indicators and objectives and review them every year. In addition to the indicators related to production and operation, the performance management of each department also includes indicators and objectives about environmental protection, employment, safety, quality, supplier management and others.

The executive directors and the Executive Committee of the Group will examine the performance of departments with the following sustainability indicators and provide guidance to their works, through monthly meetings and annual year-end summary meetings. The result of KPI and GS will also be taken into consideration when deciding whether promotion should be made for employees in relevant departments.

Item	Indicator	Applicable Department
Employee	New hire retention rate	All production and administrative departments
	Training completion rate	Human Resources Department
	Rate of management cultivation	All production and administrative departments
Safety	Injury rate	All production departments
	Completion rate of occupational health examination	Human Resources Department
Environment	Energy consumption	All production departments
	Material utilisation rate	Some production departments
	Energy saving rate	Equipment and safety departments
Product Responsibility	Number of complaints received	All production departments and quality and logistics departments
	Completion rate of supplier audit	Procurement related departments
	Automation rate	Some production departments and the IT Department
	Certification completion rate	Quality and logistics departments and equipment and safety departments
Anti-corruption	Completion rate of audit items	Internal audit department

Lean Improvement

The Group advocates the concept of lean production and sets up a proposal reward system to encourage all departments to continuously improve their work with lean thinking that increase the production capacity and service level. Departments will also propose new strategies and ideas to help to analyse and resolve our problems, and try to include them in our management system and the indicators for appraisal.

This year the Group launched the "Lean Improvement and Innovation Competition", which encourages departments to use the following analysis tools 6 Sigma, Kaizen, FMEA and others to analyse our problems and propose solutions. These proposals provide diversified suggestions for the Group to achieve sustainable development by optimising resource utilisation, improving product quality and production efficiency and strengthening safety level.



ENVIRONMENT

Our Environmental Commitment

Following the philosophy of our Chairman, Ho Cheuk Fai Mentor, "Undertake whatever task at hand with heartfelt dedication, leave a legacy of resources to our next generation", the Group has been working hard to utilise our resources and reduce pollutant emissions. We aspire to lower our energy consumption and seek a balance between business development and environmental protection in combating climate change.

Relevant Scope of Karrie's CSR

ENVIRONMENTAL PROTECTION

- Implemented energy conservation projects continuously to increase energy efficiency
- Achieved 'Hong Kong Awards for Environmental Excellence Gold Award 2019' — Manufacturing and Industrial Services



ENVIRONMENT (CONTINUED)

Management Structure & System

The Group has established the Cleaner Production and Energy-saving Committee in 2005, which is led by the Assistant Corporate Planning General Manager and composed of the heads of the Plant Affairs Department, ISO Task Force Group, Safety and Equipment Management Group and others. The committee is responsible for formulating, implementing and supervising cleaner production and energy conservation programs in factories. The Cleaner Production and Energy-saving Committee also keeps a close relationship with the government, environmental protection technology enterprises and environment protection-related organisations to monitor external environmental regulations and follow the latest environmental protection technology information. To achieve a balance between growing our business and protecting the environment, the Group has actively applied advanced green technologies to meet future environmental protection requirements in our assembly lines.

Since the Group has obtained the ISO14001 Environmental Management System certification in 2001, it has been working strictly in managing our environmental policies and performance within our company. To ensure that the effectiveness of our environmental management system, all relevant departments such as the Plant Affairs Department and the Administrative Department will be required to conduct external and internal audits to evaluate their performance in environmental protection annually.

During the year, the Group strictly complied with the Environmental Protection Law of the People's Republic of China ("PRC"), Air Pollution Prevention and Control Law of the PRC, Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste, Water Pollution Prevention and Control Law of the PRC and other laws and regulations related to environmental management, and there were no non-compliance incidents related to environmental protection.

ENVIRONMENTAL PROTECTION

Energy Conservation

7 AFFORDABLE AND
CLEAN ENERGY



Relevant goal:

- Target 7.3 — Improve global energy efficiency

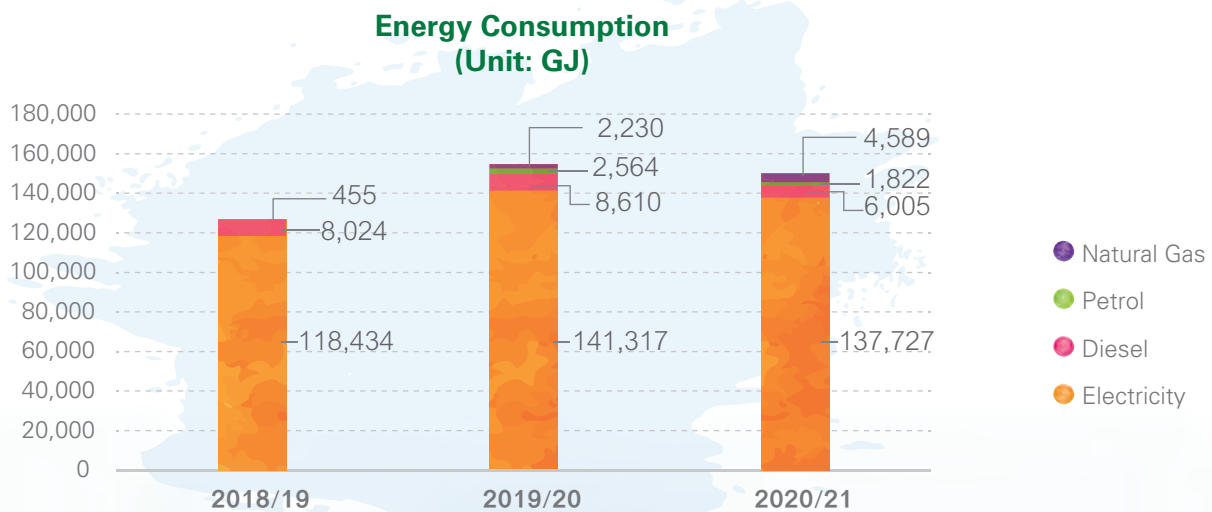
The Group has established an environmental policy called "Resource/Energy Management Procedure" that focuses on resources and energy management, which strictly requires recording all the power, oil, and gas consumptions in offices and plants. By referencing those statics, we will be able to review the effectiveness of our measures and formulate new energy goals for the next year according to all the requirements of the ISO14001 system.

Electricity is the major energy used in plants and offices. The Group aims to improve all of our offices and plants and lower their energy consumptions by implementing an energy management system that monitors their power consumption. The system will report to us instantly when an abnormal situation is found. The Group also continues to implement a number of energy-saving measures, which include: replacing ordinary fluorescent tubes with LED tubes, installing frequency converters for air compressors and water pumps, installing solar photovoltaic power generation devices, implementing air compressor waste heat recycling projects, etc., applying green energy while improving the overall power utilisation efficiency of the plants. Other than upgrading our equipment, the Group also educates our employees to turn off unused electrical equipment, for example, we recommend our employee to turn all the lights off during lunch hours. The headquarters of the Group in Hong Kong has implemented energy-saving measures with reference to the guidelines issued by the Environmental Campaign Committee and received energy-saving certificates for many years.



ENVIRONMENT (CONTINUED)

During the year, the Group consumed 150,143.90 GJ of energy, of which electricity consumption accounted for 91.7%, followed by diesel, 4.0%, natural gas, 3.1% and petrol, 1.2%. Calculated by the floor area, the energy consumption intensity was 1.005 GJ/m², with a year-on-year decrease of 3%; while by industrial revenue, the energy consumption intensity was 0.054 GJ/HK\$'000, with a year-on-year decrease of 8%. It was mainly due to the decrease of power consumption after the improvement of energy efficiency of plant equipment and the decrease of fuel consumption due to the reduction of company vehicle outings because of the pandemic.



Responding to Climate Change

13 CLIMATE ACTION



Relevant goal:

- Target 13.3 — Improve capacity on climate change mitigation, adaptation, impact reduction and early warning

Human-caused greenhouse gas emissions are believed to be the main cause of climate change. Karrie has been monitoring greenhouse gas emissions in accordance with ISO14064-1 standard and preparing a greenhouse gas report, which will be independently verified by a third party every year, since 2014. By identifying the main sources of greenhouse gas emissions, the Group makes efforts to improve the energy efficiency of electricity equipment and reduce indirect greenhouse gas emissions from the use of electricity.

During the year, the Group emitted 967 tCO₂e of Scope I Direct Emissions and 23,282 tCO₂e of Scope II Indirect Emissions, totalling 24,249 tCO₂e. The greenhouse gas emission intensity by the floor area was 0.162 tCO₂e/m²; while the greenhouse gas emission intensity by industrial revenue was 0.0087 tCO₂e/HK\$'000.



ENVIRONMENT (CONTINUED)

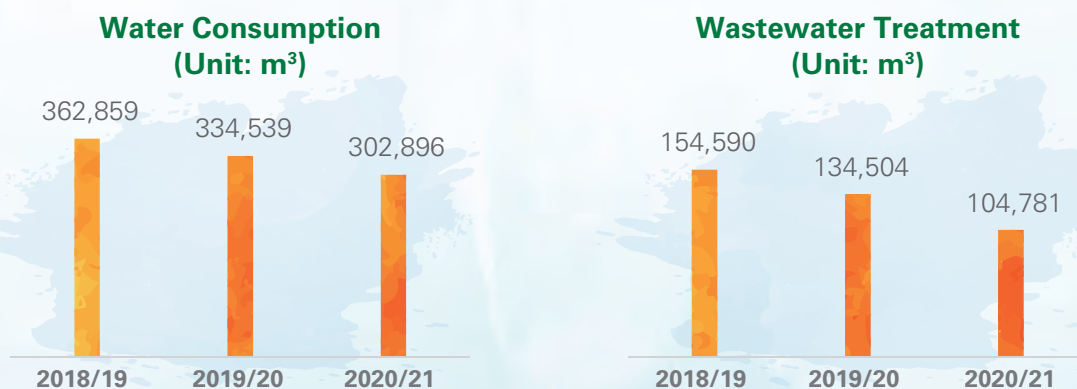
In the face of a series of physical and transition risks caused by climate change, the Group maintains close communication with local governments and timely implements risk mitigation measures. In response to physical risks including sea level rise and extreme weather that happens more frequently and strongly, the Group regularly checks and dredges sewage and rainwater pipes, strengthens doors, windows and outdoor facilities to ensure the flood discharge and wind resistance capacity of plants. The Group formulates the Regulation on Emergency Treatment of Water/Electricity Failure to standardise its emergency procedure and specify response personnel and responsibilities. Recovery plans for the suspension of corporate operation caused by extreme weather events are also stipulated in the Business Contingency Plan.

Integrated Water Resources Management

The Group manages water and wastewater discharge with an overall concept. The use, collection, treatment, reuse and discharge of water are regulated by internal policies, such as Resource/Energy Management Procedure, Water Pollution Control Procedure and Process Operation Specification of Wastewater Treatment Centres.

Municipal water provided by local governments is used in our production bases and office space, and there is no issue in sourcing water that fit for purpose. Each production department is responsible for recording the amount of water consumed for production monthly and regularly inspects and repairs all water equipment and pipes. If the water consumption exceeds the specified amount, responsible departments shall conduct investigation and analysis and implement improvement measures. In terms of the consumption of domestic water, the Group posted water-saving notices to require employees to turn of taps after use. Human Resources and Administrative Department is responsible for inspecting water equipment and water pipes and reporting leakages for repairs. The Group also adopts water-saving appliances to gradually replace the old devices to improve the water-use efficiency.

Thanks to the strengthening of water management and the slight decrease in the number of employees, the Group's water consumption during the year had reduced to 302,896 cubic metres. The water consumption intensity by the floor area was 2.03 cubic metres/square, with a year-on-year decrease of 9%; while the water consumption intensity by industrial revenue was 0.108 cubic metres/HK\$'000, with a year-on-year decrease of 15%.



The Group adopts a "rain-sewage diversion" approach, by which domestic sewage in plant areas is transferred to public sewage treatment works through a network of public sewage pipes, and the quality of the sewage meets the requirements of GB/T 31962-2015, the Wastewater Quality Standards for Discharge to Municipal Sewers of the PRC, while cleaner rainwater is discharged through municipal storm water drains. Water used for production is treated by a wastewater treatment centre with reverse osmosis filtration in plant and finally reused in the process of production, achieving a "zero discharge" of industrial wastewater.

ENVIRONMENT (CONTINUED)

Emissions Control



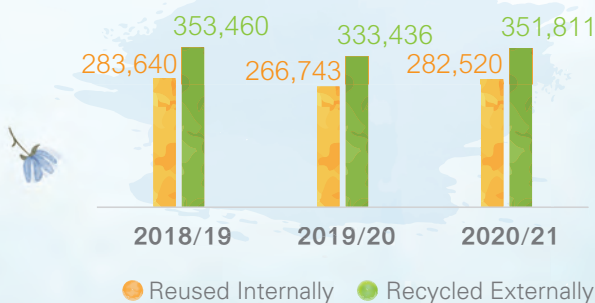
Relevant goals:

- Target 12.4 — Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle
- Target 12.5 — Substantially reduce waste generation through prevention, reduction, recycling and reuse

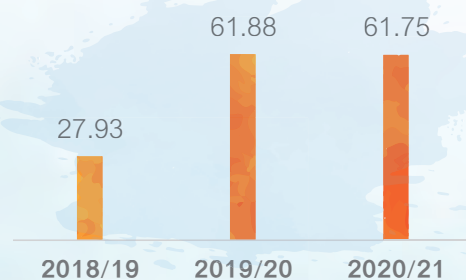
In the process of production and operation, the Group maximises the resource efficiency to reduce the generation of wastes. Metal and plastic scraps left over from production processes, as well as packaging materials which come together with raw materials, are collected separately for internal reusing or external recycling. Recycling boxes for paper, plastic, metal, glass, etc. are set in offices and recycling education is provided for employees. During the year, 282,520 kg of waste paper was reused internally and 351,811 kg was recycled externally.

A small amount of hazardous waste will be generated during the production process of plants, including waste oil and its packaging, activated carbon, batteries and fluorescent tubes. There is a special storage warehouse in plant and a qualified hazardous waste treatment contractor is appointed to transfer and treat hazardous waste regularly in accordance with the law. During the year, the Group generated and transferred 61.75 tonnes of hazardous waste, which was similar to that of the previous reporting year.

External and Internal Waste Paper Recycling (Unit: kg)



Hazardous Waste Disposal (Unit: Tonne)

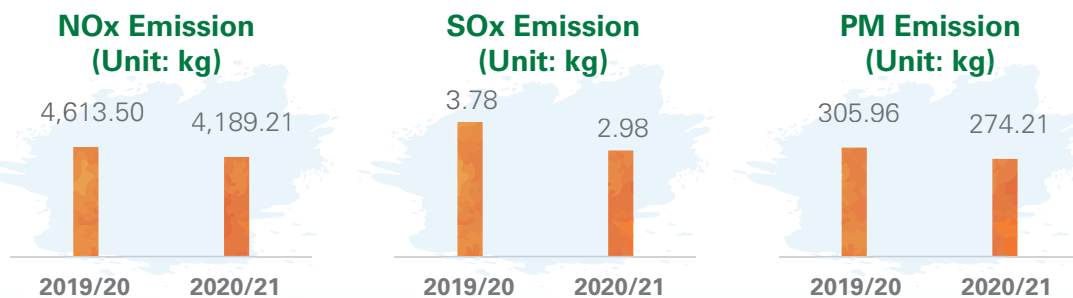




ENVIRONMENT (CONTINUED)

Plants are equipped with a ventilation system to collect volatile organic compounds (VOC) produced during the injection moulding and painting processes. To ensure that the air emission meets relevant standards, the compounds will be treated with UV photolysis + activated carbon adsorption process. Nitrogen oxides (NOx), sulphur oxides (SOx) and particulate matter (PM) are also produced while cooking in the canteen and using fuel vehicle equipment. Since October 2019, Karrie has been using natural gas as cooking fuel, which produce less air pollutants than other fossil fuels. The Group regularly carries out exhaust gas testing on fuel vehicles and equipment and scraps high-pollution vehicles.

During the year, the Group emitted 4,189.21 kg of NOx, 2.98 kg of SOx and 274.21 kg of PM. Due to the impact of the COVID-19 pandemic, the use of motor vehicles has decreased, and the relevant emissions of pollutants emitted by burning fossil fuels have also declined. There were no non-compliance incidents related to emissions during the year.



Promotion of Environmental Education

Environmental education can bring together like-minded people to make greater contributions. Over the years, the Group has organised tree planting days and participated in the “Earth Hour” of the WWF every year to improve employees’ environmental awareness.

Besides, the Group participates in the Hong Kong — Guangdong Cleaner Production Partners Recognition Scheme, BOCHK Corporate Environmental Leadership Award and other award schemes every year to learn the advanced environmental protection projects from other enterprises. During the year, the Group won the “Manufacturing and Industrial Services — Gold Award” in the 2019 Hong Kong Awards for Environmental Excellence and it was also certified as a green organisation of Hong Kong. What’s more, the Group shared its experience in environmental protection with other enterprises through a sharing meeting held by the organiser in October 2020.





TALENT

Our Employment Commitment

The Group believes that employees are the most valuable assets a company has. We put loads of efforts and resources in cultivating talents from different levels.

“Development of professionals, training of talents, emphasis on the physical and mental health of employee, and work-life balance” are parts of Karrie’s CSR missions. The Group determines to cultivate talents for key positions and bring sufficient human resources for its sustainable operation and development.

Relevant Scope of Karrie’s CSR

Caring for the employees

- Supported staff to fight with pandemic
- Organised various activities after work

Training and development

- Adopted online trainings to meet the need of training during pandemic
- Organised Lean Improvement & Innovation Competition to encourage employee to apply what they have learned





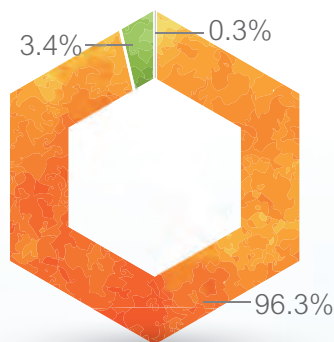
TALENT (CONTINUED)

Employee Composition

The talent management work is led by an executive director, and the Human Resources and Administrative Department is responsible for the management of recruitment, training and development, salary and welfare, promotion assessment, occupational health and safety, employee communication and other related areas. Over 3,000 employees based in the production base in Dongguan, where the Trade Union Office organises various forms of health and entertainment activities that help to build a communication bridge between the Company and employees. The Group listens to employees' opinions and enables employees to understand and support corporate policies through training and communication.

During the year, the monthly average number of employees of the Group was 3,351, of which 96.3% were in Mainland China, 3.4% were in the headquarter in Hong Kong and 0.3% were in Taiwan, the United States and the United Kingdom. Due to the decrease in frontline staffs, the monthly average number of employees slightly decreased by 4.3% when it is compared with previous financial year, while the gender and age distribution of employees were similar.

**Number of employees
(by locations)**



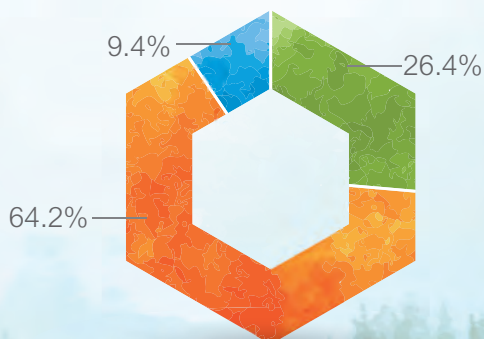
● Mainland China ● Hong Kong ● Others

**Number of employees
(by gender)**



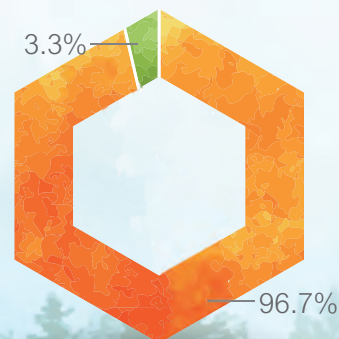
● Male ● Female

**Number of employees
(by age group)**



● Below 30 ● 30-50 ● Above 50

**Number of employees
(by employment type)**



● Full-time ● Part-time



TALENT (CONTINUED)

CARING FOR EMPLOYEES

Occupational Health and Safety

3 GOOD HEALTH
AND WELL-BEING



Relevant goal:

- Target 3.3 — Support our staff to fight communicable diseases
e.g. Covid-19

Facing with the challenge brought by the COVID-19 pandemic, the Group paid close attention to the progress of the pandemic as early as the end of 2019 and made full use of its experience in dealing with SARS in 2003 to lay out pandemic prevention measures as early as possible. In the beginning of 2020, the Group became one of the earliest enterprises to resume work in Dongguan.

During the year, the Group continued to implement its pandemic prevention policies strictly, for example: measuring the body temperatures of employees every day, and providing masks and placing disinfectant hand sanitisers around offices. For the factory, every employee and visitor must scan their “Yuekang code” and present a Green Code before entering our premises. All visitors must provide their health declaration and undertaking forms to the Plants Affairs Department one day ahead of their visitings. Truck drivers must report their vehicles’ information and get permission from the relevant departments before entering our plants, where their activities will be under strict control at this moment. All the goods, packages, and letters will be sanitized before being delivered to different departments. The Human Resources Department of the headquarter in Hong Kong checked the addresses of confirmed cases every day. When it was found that an employee’s residence was in the same building or estate, the employee would be arranged to work at home immediately and fully subsidised to conduct a nucleic acid test by the Group. The employee could come back to the Company only when the test result came back negative. The Group also suspended most of the on-site activities and replaced them with internet and telephone conferences and other forms to maintain social-distancing between employees.

The health and safety management of the Group covers the areas of production, plant areas, equipment, personnel and other levels. A safety responsibility system has been implemented internally for every one of the Group, from the management to employees, who are responsible for safety production. The Executive Director and Managing Director is responsible for supervising the employees in following all the safety guidelines, policies and regulations of safety production, supervising safety work and handling safety incidents. A safety and equipment management team is set up in the Plant Affairs Department to be responsible for the implementation of safety management work, while the Administrative Office is responsible for managing the safety of vehicles, security and surveillance from the surrounding environment. The head of each plant and department is responsible for maintain the safety of the department, and the safety officer assists in executing the work. Safety is one of the key performance indicators that needs to be taken into account in managing our business operation, so, every manager from our plants must report work-related injuries to the management every month.

The safety and equipment management team of the Plant Affairs Department organises safety risk assessment for all departments to participate regularly, reviews and revises the safety production policies and operating procedures, requires all departments to regularly inspect their safety work, supervises the allocation and use of fire equipment and personal protective equipment of all departments and organises fire drills regularly. When an accident occurs, relevant parties including the safety and equipment management team will be responsible for investigating the cause of the accident, holding a safety review meeting and rectifying the existing safety problems. To prevent any fire accidents from happening, the safety and equipment management team will organise fire drills every year, and they are also required to inspect the fire system regularly in accordance with relevant regulations at the headquarter of the Group.

All new employees will receive training that is related to the following topics: occupational health, safety, and fire protection, and are required to take an examination before commencement of their posts, to ensure that all employees clearly understand the company’s safety regulations and the guidance on emergency escape. During the year, the Group strictly complied with the Production Safety Law of the PRC, the Law of the PRC on the Prevention and Treatment of Occupational Diseases, Occupational Safety and Health Ordinance in Hong Kong and other relevant laws and regulations, and there were no non-compliance incidents.

All work injuries are reported to regulatory authorities in accordance with local laws and regulations and work-related injury assessment is implemented. Work-related injury reports will be prepared to analyse the process of accidents. The equipment will be rectified and the safety training will be strengthened based on the causes of accidents. There were no work-related fatalities in the Group during the year.



TALENT (CONTINUED)

Concertedly Building the “Karrie” Family

8 DECENT WORK AND ECONOMIC GROWTH



Relevant goal:

- Target 8.5 — Decent work with equal opportunity and pay among genders and age groups

The Group is committed to creating a harmonious and comfortable working and living environment for its employees. Our production base is equipped with employee dormitories with independent toilets, showers, air conditioners, free WiFi and solar hot water supply. There are canteens, basketball courts, a ping-pong and billiards room, a fitness room, a video game room, a reading room and other leisure and entertainment places to allow employees to relax after work.

In terms of remuneration packages, the Group provides a competitive salary for all employees regarding the results of our annual salary surveys. The Group provides its employees with statutory welfares following the laws of different business locations, including providing social insurance and medical insurance for the employees in Mainland China, arranging Mandatory Provident Fund contributions for Hong Kong employees and providing statutory paid holidays. What's more, the Group provides employees with better benefits than what are stipulated under the law, including the provision of group medical insurance, the extension of paternity leave for men in Hong Kong, etc. As a “family-friendly” employer, Karrie provides wedding and childbirth gifts for employees, sets up nursing rooms and supports employees to take care of family members. During the year, 47 employees of the Group were reinstated after maternity leave or paternity leave, while 44 employees stayed for more than 12 months, with a retention rate of more than 90%.

The Group organises various forms of employee activities to encourage employees to develop interests and hobbies in their spare time, find like-minded colleagues and carry out beneficial team activities. During the year, the Group continued to organise a number of activities, including health activities, sports competitions, cultural essay competitions, festival celebrations and family care.

Health Activities

- “Karrie’s Health Month”
- “Anti-epidemic Package”
- “Zero Time Exercise” Online Lectures
- Online Lectures on Symptoms and Self-treatment of Pandemic Prevention Anxiety
- “Food and Diet” Online Lectures
- Online Lectures on New Exercise Mode Under the Pandemic

Sports Competitions

- Chess Competition
- Billiards Competition
- Basketball Competition
- Badminton Competition
- Ping-pong Competition

Cultural Essay Competitions

- The Group’s 40th Anniversary Celebration-themed Essay Competition
- The Group’s 40th Anniversary Celebration-themed Painting Creative Design Competition
- Spring Festival Couplets Collection

Festival Celebrations

- Concertedly Building the “Karrie” Family Birthday Celebrations
- The “National Day & Mid-Autumn Festival” Celebration Gala
- The “Spring Festival” Celebrations
- The Lantern Festival Gala

Family Care

- Caring for Left Behind Children Activities
- Masks for Children and Adults Selling Activities



TALENT (CONTINUED)

Under the pandemic, employee activities are strictly monitored and organised following local pandemic prevention requirements. The Group has planned a series of activities in Hong Kong to support employees to fight against the pandemic, providing them with protective materials and organising physical and mental support lectures. The Board of Directors used the budget preserved for the annual dinner to prepare “blessing bags” filled with presents, games and lucky draw for our employees, and hope to boost their moods up with the care brought by “Karrie” in these difficult times.



April 2020

The Group held a “Karrie’s Health Month” activity by distributing fruit cups to employees, promoting the use of the facilities in fitness areas and organising mindfulness and decompression workshops.



May 2020

The Group held a “Karrie Cup” Chess Competition to make friends and share their chess skills in the competition.



June 2020

The Group held a “Karrie Cup” Billiards Competition, and a total of 24 employees from various departments participated in the competition.



July 2020

The Group held a “Karrie Cup” Dance Competition for another year, and created a stage for dance lovers to show off their dancing skills and feelings.



August 2020

The Group held a “Caring for Left Behind Children 2020” sponsoring free tickets for our employees’ children who live away from their parents to theme parks. We also organised a number of games for parents to play with their children.



TALENT (CONTINUED)

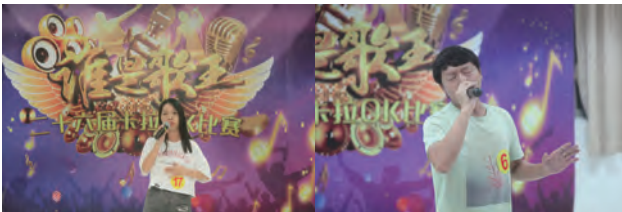
September 2020

The Group held the first “3 on 3 Basketball Competition” for employees who love basketball.



September 2020

The Group held the 26th Karaoke Competition. A group of employees with excellent competence in singing fiercely competed with others, and their performances brought joys to all employees.



29 September 2020

The Group live streamed a “National Day & Mid-Autumn Festival” Celebration Gala to ensure that employees could still enjoy the festival virtually under to social-distancing measures.



November 2020

The Group held a “Karrie Cup” Badminton Competition, which attracted more than 60 players to participate in nearly 100 competitions.



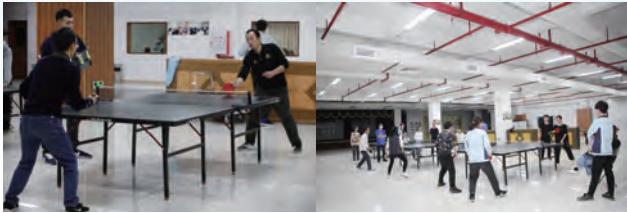
November 2020

The Group held a “Karrie Cup” Basketball Competition, in which 156 members from 13 teams participated.





TALENT (CONTINUED)



December 2020

The Group held a "Karrie Cup" Ping-pong Competition, which attracted 30 colleagues with excellent Ping-pong skills to participate.



January 2021

The Group held the "Spring Festival" Celebrations, and distributed blessing bags to employees and organised games and lucky draw activities.



February 2021

The Group carried out a series of Spring Festival carnival activities and the Lantern Festival Gala for employees who stayed in plants to enjoy the Spring Festival.



March 2021

The Group held games and trips for our female employees to celebrate the International Women's Day.





TALENT (CONTINUED)

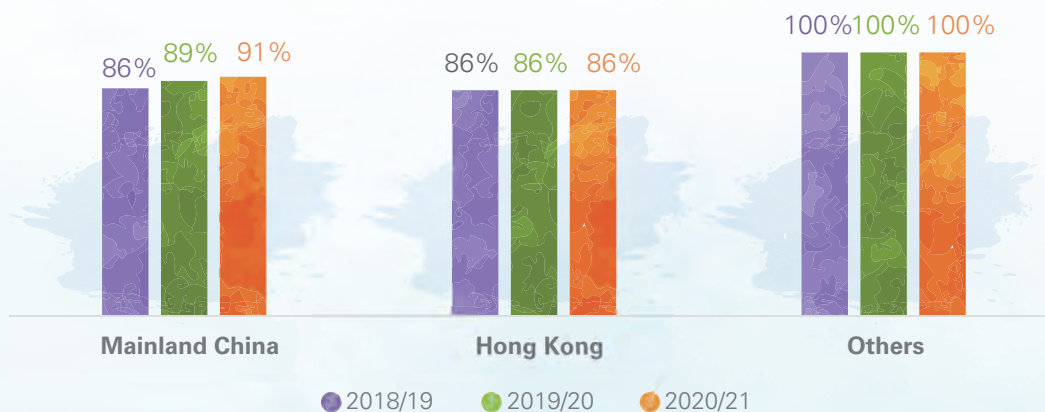
Employment Compliance

The Group strictly abides by the applicable laws and regulations of the place of operation in terms of employment, including but not limited to the Labour Law of the PRC, the Labour Contract Law of the PRC, the Employment Ordinance, Employees' Compensation Ordinance, and Minimum Wage Ordinance in Hong Kong. The human resources team follows up the changes of employment-related laws and regulations, joins relevant training and updates the internal system of human resources management regularly. During the year, there were no non-compliance incident related to employment within the Group.

During the recruitment, selection, appointment, promotion, training and development, the Group adheres to the principles of equal opportunities. We welcome every qualified person to participate and promises that we will not discriminate against anyone because of his/her gender, race and age. The identity of all new employees will be verified during the orientation process under the internal guidelines to prevent any misuse of child labour. The Group does not allow any person to withhold any certificates or documents of employees. All employees can resign anytime they wish by following the instructions stated in employment contracts.

The Group tries to integrate our business cultures in our new business locations. By actively hiring locals from that area, we aspire to promote the economic development of that place and expand the size of our talent pool. Local employees are responsible for managing the offices in Mainland China, Hong Kong, Taiwan, the United States, the United Kingdom and other places. During the year, more than 80% of the employee at the management level were locals.

Proportion of senior management hired from the local community (%)





TALENT (CONTINUED)

TRAINING AND DEVELOPMENT

4 QUALITY EDUCATION



Relevant goal:

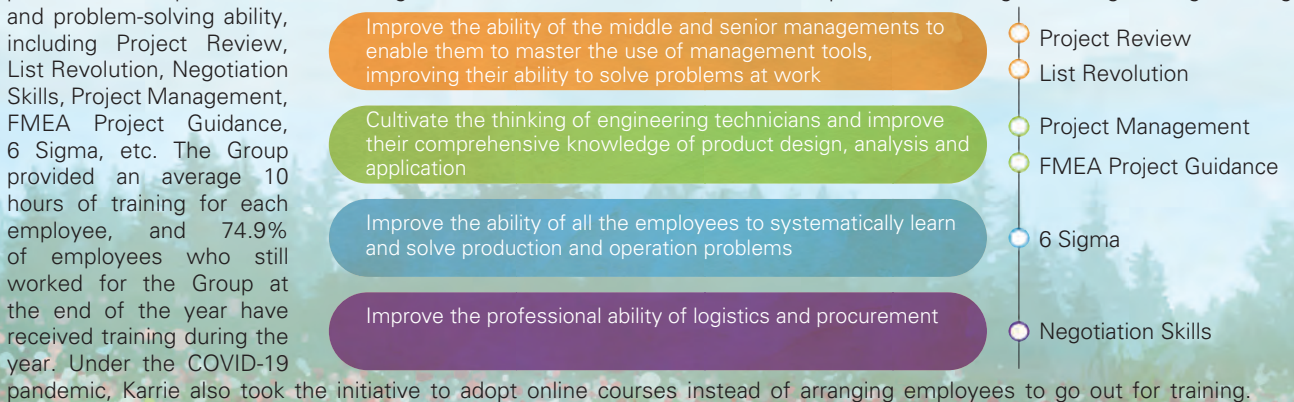
- Target 4.4 — Provide relevant training and skills to employee for achieving success at work

The Group's employee development and training always focuses on "fine-tuning professional performance, releasing employee's potential, appreciating learning culture and embracing the company's vision." There are three categories of training: orientation for new employees, regular training, and specific courses for employees in accordance with their functions. Orientation helps all new employees to quickly integrate into the work and life of the Group; the regular training are provided depends on the job functions of employees and aims to improve the skills required of employees; while specific courses are related to Karrie's development strategy and business layout, providing timely knowledge and technical support for corporate development.



The Group collects training opinions from various departments every year, selects courses in various training categories and arranges training plans in combination with the corporate development trend. The Training and Development Team is responsible for developing training resources, including training employees to act as internal lecturers and contacting external training institutions to carry out training courses. Meanwhile, production departments also organise internal training programmes in accordance with work needs.

During the year, the Group focused on improving the professional skills of middle and senior management, logistics and procurement departments. We arranged a number of relevant courses in hopes of cultivating their engineering thinking





TALENT (CONTINUED)



Lean Improvement & Innovation Competition

In order to encourage the employees of various departments to apply what they have learned and use the knowledge learned in training to analyse and solve practical production and operation problems, the Group launched two proposal competitions during the year, receiving a total of 51 projects. After the preliminary examination and re-examination conducted by the competition panel, 12 projects entered the final. The executive directors, Executive Committee and some professionals served as the judges. Many of the proposals focus on improving the automation level and optimising resource utilisation efficiency.



6 Sigma Training

From 12 May to 30 June 2020, the Group organised engineering personnel, quality personnel and middle-level managers of various departments to participate in 6 Sigma internal training. A qualified engineer with a 6 Sigma qualification certificate served as an internal lecturer and profoundly explained 6 Sigma in simple terms from the perspective of the Company's actual operation so that colleagues could understand easily and applied this tool to solve problems in their work.



Project Review Training

In July 2020, the Group organised the heads of production departments and R&D engineers to participate in project review training, encouraging departments to establish an internal learning mechanism. Through reviewing past projects, the participants summarised, accumulated and promoted the good experience. They also made improvement plans and thought about how to solve problems more successfully and smoothly to avoid making mistakes again.

TALENT (CONTINUED)



Thai Language Training (Entry Level)

From January 2021, the Group hired external Thai teachers to provide 30 hours of Thai language training for employees involved in Thai business. The training happened synchronously in Dongguan and Hong Kong. The training objects include the heads of departments of production, finance and accounting, human resources, procurement and logistics, assisting them in meeting the needs of daily conversation when they travel to Thailand in the future.

The Group guides our employees into their preferred career paths by accessing their performances based on their skills and with the use of indicators. The supervisors evaluate and communicate with corresponding employees every year. To ensure that capable people can make contributions at a higher level, promotion assessment will be determined according to the capacity requirements of target positions, including written examination, interview and personality test. For each position, the Group will establish training plans for talented employees to ensure the effective inheritance of corporate operation.

In order to provide more opportunities to young people and explore potential young talents, the Group has established "Employees' Juniors Programme" and "Summer Internship Programme" to recruit employees' relatives and children and college students to get their internships in the Group. Meanwhile, the Group also launched a "Trainee Programme" for engineers, financial and accounting personnel to cultivate professionals to support the operation and development of the Group.



COMMUNITY

Our Community Commitment

"Caring" is caring for and loving people in need with heartfelt dedications; the spiritual care and love for people in need; "Giving back" is taking from the society and giving back to the society, to achieve continual harmonious growth together with the society. Adhering to above social responsibility, the Group has been integrating our goal of creating a caring society with the local communities by participating in different social services, combating disasters and the pandemic, focusing on youth education, providing care for the elderly and vulnerable groups, etc.

Relevant Scopes of Karrie's CSR

Community Building

- Supported people in need within the community and the globe to fight with pandemic

Passing on Values

- Implemented Karrie's "Nothing is Impossible" Project for the past 16 years
- Partnered and assisted University students to complete their Capstone Projects





COMMUNITY (CONTINUED)

Management Approach and Policy

The Group has established corporate social responsibility policies since 2005, in which we have been allocating 0.3% of our profits from previous year to serve the community every year. Together with Ho Check Fai Foundation, we have donated more than HK\$26 million. Following the lead of our Corporate Sustainable Development Committee, Karrie has set up the volunteer team in Hong Kong, and the Trade Union Office and the Party Branch in Mainland China. Members of these organisations will help to organise and carry out social services in the educational, social, and environmental development fields.

During the year, the Group continued to implement different CSR projects like promoting youth education and development in the community in spite of the pandemic. Through flexible ways, the Group held activities in ways that could reduce social contact while still showing its kindness.

COMMUNITY BUILDING

Relevant goals:



- Target 1.5 — Help those in need to build resilience to environmental, economic, and social disasters



- Target 2.1 — End hunger and ensure access by all people, in particular the poor and people in vulnerable situations, to safe, nutritious and sufficient food



- Target 3.3 — End the epidemics of tuberculosis, water-borne diseases and other communicable diseases

The COVID-19 pandemic has been raging since 2020, bringing challenges and threats to different parts of the world. The Group has been paying close attention to the development of the pandemic, we donate masks, disinfection products and other anti-pandemic materials to communities in Hong Kong and Mainland to fight against the pandemic together. Vulnerable groups are affected more severely by the pandemic, and the lack of medical and health assistance will put their lives at risk. During the year, the Group continued to provide support to the grassroots level of local communities and it also provided assistance to global refugees through the UNHCR.



COMMUNITY (CONTINUED)

Donate materials to fight against the pandemic — Support the work of the H.K.S.K.H. Tai Wo Neighbourhood Elderly Centre

The Group utilised and allocated our resources by using the advantages of global shipping at the beginning of the COVID-19 pandemic, and this secured our resources and helped us to run our businesses without serious disruption. Because of this, Karrie took the initiative and donated anti-epidemic supplies to the H.K.S.K.H. Tai Wo Neighbourhood Elderly Centre to resolve their urgent needs of surgical masks, hand sanitisers, and other anti-virus products.

In the second quarter of 2020, Karrie's volunteer team went to the H.K.S.K.H. Tai Wo Neighbourhood Elderly Centre to meet with their Membership Advisory Committee, and they had addressed their concerns to us. Understanding of their situation, the Group spared no effort to provide assistance to the elderly who were most vulnerable to infection and had difficulties in buying supplies. We even organised colleagues from various departments to pack gift bags with masks, noodles and caring cards that were written by our staff to express love and care to those elderly in the centre. The Group donated more than 20,000 masks and 1,600 pandemic prevention and food blessing bags in that event.

Many social activities held by Karrie and the H.K.S.K.H. Tai Wo Neighbourhood Elderly Centre were cancelled due to the pandemic, but this did not stop us from supporting them. To minimise physical contact as much as possible, the Group has changed our ways by sponsoring activities and donating charity funds in accordance with the centre's needs, for example: donating festive food and giving them thoughtful and practical gifts.



Organising employees to participate in the sorting of pandemic prevention and food blessing bags in their spare time to provide support for grassroots elders of communities

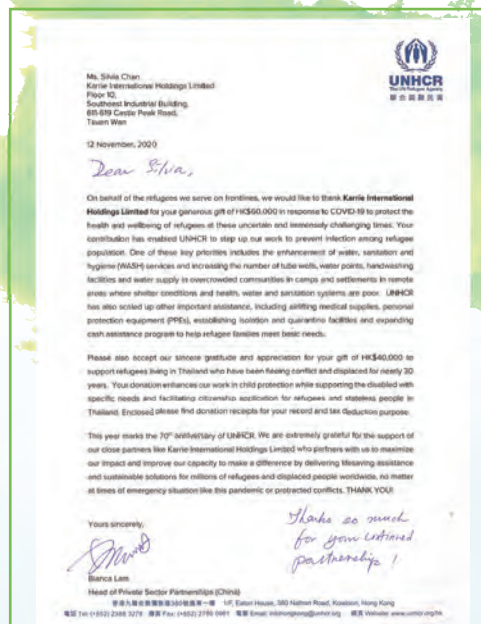


COMMUNITY (CONTINUED)

Donate to the UNHCR — support global refugees to fight against the pandemic and build refugee camps in northern Thailand

In October 2020, the Group donated HK\$100,000 to the UNHCR, among which HK\$60,000 was used to support the UNHCR to assist refugees to fight against the pandemic, and HK\$40,000 was used to support the refugee camps in Thailand that provide care for people with special needs and disabilities, and help them to obtain resident identities.

Karrie's cooperation with the UNHCR dated back to 2012, starting with a donation activity of supporting famine in East Africa. Since then, the Group has been supporting the UNHCR and making annual contributions to their activities such as the World Refugee Day and Refugee Film Festival. Over the past decade, the Group has donated more than HK\$500,000 to the UNHCR.



**A Thank You Letter from the UNHCR
for expressing its gratitude to the
Group for supporting its work**



COMMUNITY (CONTINUED)

PASSING ON VALUES



Relevant goals:

- Target 4.5 — Eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable
- Target 4.7 — Promote the knowledge and skills needed to achieve sustainable development
- Target 4.a — Build and upgrade education facilities that are child, disability and gender sensitive

Realising young people are critical for the future development, Ho Cheuk Fai Mentor, the founder of the Group has put in a lot of efforts to ensure that young people can receive adequate and good education. Ho Cheuk Fai Mentor has invested and built a lot of hope schools in Mainland China, and donated scholarships to tertiary and vocational colleges in Hong Kong. The Group also undertakes this spirit by supporting and mentoring potentials grassroots children and college students to give full play to their strengths.

“Karrie Nothing is Impossible” Adventure Education Programme

The Group has sponsored the “Karrie Nothing is Impossible” Adventure Education Programme organised by H.K.S.K.H. St. Christopher’s Home since 2005, which aims at nurturing children and helps to strengthen their willpower and endurance against adversity with the value of “nothing is impossible”. Although the pandemic prevented us from holding physical activities this year, the Group and St. Christopher insisted on launching the “12 + 1 Concentric • Inheritance” Programme and carried out those activities online. Children who participated the Programme would need to learn how to use social media as it required them to complete some tasks with their family members and report their progresses online. Although we could not carry out the activities face-to-face with the participants, with the assistance of St. Christopher, the participants responded enthusiastically and explained the spiritual meaning of “nothing is impossible” with practical actions.





COMMUNITY (CONTINUED)

Capstone project of the Hong Kong University of Science and Technology

The Group cooperated with the Hong Kong University of Science and Technology again to launch a nine-month capstone project to provide learning opportunities for students who major in environmental management and technology. In this project, students set five work objectives and recommended some suggestions to improve our sustainable development. Colleagues who were responsible for the sustainable development of the Group held monthly meetings with the students to guide them on their work, for example: introducing the management methodologies of corporate sustainable development, the use of data statistics modes, the evaluation methods of sustainable development projects, etc. All students had gained more in-depth knowledge and hands-on experience of corporate sustainable development in this project.



**Welcoming students to visit the headquarter
in Hong Kong to know about the corporate
sustainable development**



**Providing project guidance to the students
through monthly online meetings**



COMMUNITY (CONTINUED)

Community Engagement



Relevant goal:

- Target 17.16 — Enhance the global partnership for sustainable development, complimented by multi-stakeholder partnerships that mobilise and share knowledge, expertise, and technology to support the achievement of the sustainable development goals.

The Group has joined a number of industry organisations, actively participated in the evaluation of sustainable development awards and relevant forums and seminars, shared experience with peers, learned advanced management measures and science and technology from others and continued to establish partnerships with the industry and regions to promote sustainable development partnerships.



June 2020

The Chairman and CEO of the Group, Ho Cheuk Fai Mentor was interviewed by the Professional Validation Council of Hong Kong Industries to share with the industry about the journey of founding Karrie and the meaning of craftsmanship.



August 2020

The Group participated the "Orbis World Sight Day" activity and encouraged employees to donate in order to help those with visual impairment.



October 2020

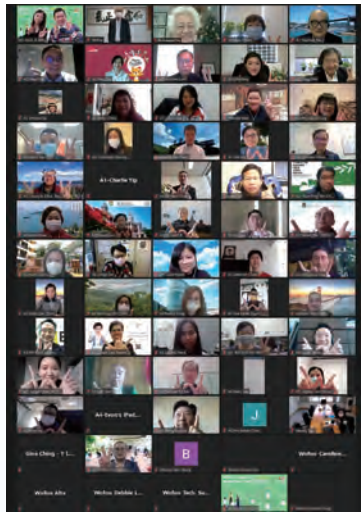
The Group participated in the "environmental protection experience online sharing meeting" hosted by the Environmental Campaign Committee. Karrie shared some of our experiences and insights with the industry on the road of environmental protection and the results that we had achieved.



COMMUNITY (CONTINUED)

November 2020

Representatives of the UNHCR came to visit the Company and seek for possible cooperation.



December 2020

Participated in an online meeting with the Wofoo Social Enterprises, and communicated with different charities and social enterprises to explore new modes of fulfilling corporate social responsibility under the pandemic.

January 2021

The Group participated in the pilot project — “Strategic Sustainability Benchmark Scheme” of the Centre of Business Sustainability of the Business School of the Chinese University of Hong Kong and promised to provide information to them to assess our sustainable development level and provide experimental opinions for the Scheme.



SSBS
Strategic Sustainability
Benchmark Scheme



March 2021

The Group received a visit from the Executive Director and the Chief Human Resources Officer of H.K.S.K.H. St. Christopher's Home. The Executive Director introduced the corporate development history and business situation to the two guests and exchanged ideas on the future cooperation in CSR.



OPERATION

Our Business Philosophy

Adhering to the traditional value of craftsmanship stated by our Chairman Ho Cheuk Fai Mentor, Karrie is meticulous about our product safety, innovation and quality. We will ensure all of our products meet the requirements of relevant internal and external standards. Being well aware of the importance of honesty, integrity, and fairness in corporate operation, the Group aspires to work closely with our customers and suppliers and to achieve a “win-win situation” for all. Karrie aims to bring our customers with excellent product quality, reasonable cost, comprehensive and flexible service, and allow our suppliers to obtain reasonable benefits, and grow together with Karrie by expanding competitiveness and stabilising their positions in the market.

Relevant Scopes of Karrie's CSR

Corporate Governance

- Educated staff and business partners about anti-corruption measures

Product Responsibility

- Adopted RBA Code of Conduct and clients' industrial requirements
- Improved the automated production capacity continuously

Suppliers Management

- Regular supplier audit, covering ESG aspects
- Conducted green procurement, ensuring the materials fulfil environmental requirements





OPERATION (CONTINUED)

CORPORATE GOVERNANCE

The Group has been speeding up the board diversity in balancing the backgrounds of the members. With the update of corporate governance requirements, the Company's Secretary Department assists all board members with relevant information and training in a timely manner. To maximise the decision-making efficiency, an Executive Committee composed by our professional management team has been set up in dealing with daily operation. The Marketing Department, Engineering R&D Department, Procurement Department and Logistics Department will continue to cooperate with each other to optimise the upstream and downstream management of the value chain.

The Group prohibits its employees from using their official positions for personal gains as this will lead to unfair business practises. Employees must maintain high standards of integrity and are strictly forbidden from demanding any personal gains based on the official positions they hold. With reference to the relevant laws and regulations of each business location, the Group has issued "Ethical Disciplinary Requirements" to our employees, which listed out the policies that they have to comply with, e.g. declaring conflicts of interest, handling confidential information, protecting intellectual property rights, ensuring fair competition and others. The Group has set rules in regulating business entertainment, so that the employees can follow the correct reimbursement procedures, the standards of treatment, and maintain clear consumption records. All new employees must receive ethics and integrity management training while the existing employees will get regular reminders through company announcement and other channels.

In respect of suppliers and service providers, the Group has issued a letter named "Peers' Belief" to remind them not to provide anything valuable to employees to avoid any conflict of interest.

The Group has created a complaint system for all employees, suppliers and service providers. Relevant persons can report their concerns directly to two executive directors through different channels, e.g. face-to-face, by letter, telephone, or e-mail. The identities and messages of the informants will be kept confidentially, and the Group will protect the legitimate rights and interests of informants and prohibit retaliation against them. If a report is confirmed to be true after the investigation, the relevant person will be subject to disciplinary actions, or even get terminated if the case is found to be very serious. If the case involves corruption or other forms of crime, the Group will take the initiative to report to the local authority immediately. With the use of the complaint system, the Group can check the potential loopholes in the current policies and complaint system and take corrective action in time.

The Group has an internal audit system that helps us to adopt the risk management policy and internal audit plan. The Internal Audit Department and its Audit Committee will review the effectiveness of the risk management at least once a year. The Internal Audit Department will also conduct regular audits to identify and analyse the major risks in our projects faced by the Company. They will then report the risks and try to resolve them by recommending internal control measures to the Board of Directors and the Audit Committee before taking any actions.

During the year, the Group strictly complied with the provisions of the Criminal Law of the PRC on crimes involving staff of non-state-owned companies and enterprises and the prohibition of commercial bribery, as well as the relevant requirements of the Anti-Unfair Competition Law of the PRC, Prevention of Bribery Ordinance, Personal Data (Privacy) Ordinance and Anti-Money Laundering and Counter-Terrorist Financing Ordinance in Hong Kong, and there were no non-compliance incidents.





OPERATION (CONTINUED)

PRODUCT RESPONSIBILITY

The industrial business of the Group provides international leading technology enterprises with metal and plastic parts, tape drive data storage, POS systems and other computer peripheral products. The Group strictly abides by the Contract Law of the PRC, the Product Quality Law of the PRC and other local laws and regulations, and adopts the Responsible Business Alliance (RBA) Code of Conduct, the European Union's Registration, Evaluation, Authorisation, and Restriction of Chemicals (REACH), Restriction of Hazardous Substances Directive (RoHS), Packaging and Packaging Waste Directive (PPWD) and the American Dodd-Frank Act in accordance with customer standards. There were no non-compliance incidents during the year.

Product Quality Control

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Relevant goals:

- Target 9.4 — Upgrade infrastructure and retrofit industries with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes
- Target 9.5 — Enhance scientific research, upgrade the technological capabilities of industrial sectors

The Group has introduced automatic production technology since 2007. The production base in Dongguan has been equipped with a large number of six axis robot arms and automatic optical detection systems. Most of the manufacturing processes have become automatic production. Automation can effectively offset the surge in labour costs and shortage of workers and realise the continuous rise of product quality and gross profit margin. The Group also invests in associated companies, developing automation technology, continuously improves the automatic level of plants and provides relevant solutions for the industry.

Since 1998, the Group has launched international certification standard quality management system, ISO9001. The Group's quality policy is "to manufacture products that meet customers' requirements with the most effective cost; all our employees uphold the quality-first working spirit, comprehensively enforce the quality system that has been put in place and strive for continual improvements to meet expectations of customers". The Group formulates product safety, environmental protection and quality standards in strict compliance with customer and regulatory requirements, controls quality in accordance with the established procedures. Inspection points are set up in key production areas, and reliability tests are carried out to ensure the quality of products delivered to customers. The Group also adopts scientific quality management and control methods, such as risk assessment, FMEA, SPC, and 6 Sigma, to improve production quality and minimise the risks of errors.

The Group regularly conducts internal and external quality audits to ensure that the quality management system meets the relevant requirements and is effectively implemented. Plants conduct internal quality audit at least twice a year and set up task forces to review the quality management process. If any nonconformity is found, corrective and preventive measures will be formulated and implemented by the audited department. The external quality audit is conducted annually by an independent third-party audit organisation and there are on-site audits by customers from time to time.

Customer Service

The Marketing Department and Engineering R&D Department maintain close communication with customers, transfer customer needs to relevant departments, such as Production, Environmental Protection, Safety and Human Resources, and cooperate with customers to continuously improve the corporate operation.

For products design, development or process for customers, the Group will keep confidential in accordance with the agreements signed with customers, respect the intellectual property rights of customers and third parties and protect our rights through patent application. Employees who have to access to the Company's confidential information, need to sign an agreement with the Company and perform the confidentiality responsibility.

In dealing with customer communication, the Group has established a customer complaint and product reclaim mechanism so that customers can contact the responsible persons in the first instance. Special customer service teams will respond actively and handle the problems within the time permitted by customers, carry out improvement actions internally, which include product reclaim, thorough checking, replenishment, implementation of remedies and preventive measures and report the treatment to customers until they are satisfied.



OPERATION (CONTINUED)

The Group carries out customer satisfaction surveys according to the regular practices of customers' industries. The Group collects customers' opinions through interviews, phone calls, e-mails and other channels to evaluate customers' satisfaction with product quality, engineering technology and delivery cycle. The Group evaluates the overall satisfaction of customers by taking into considerations of some indicators such as return rate, customer complaints, and audit results.

SUPPLIERS MANAGEMENT



Relevant goal:

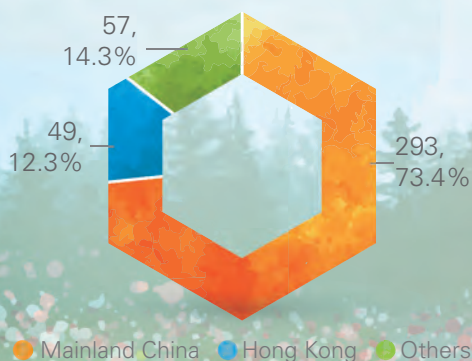
- Target 12.4 — Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle

To ensure the products and services provided are in line with the requirements of customers, the Group has established and implemented Supplier Control Procedures to evaluate and assess suppliers who provide raw materials and auxiliary materials to us strictly. All new suppliers will be evaluated and reviewed by the supply chain team before they can officially become qualified partners of the Group. The supply chain team regularly visits major suppliers, evaluates the quality status and productivity of them and ensures their compliance with the Group's social and environmental responsibility. The Group evaluates suppliers' performance every month. When a supplier is rated lower than a certain level, the procurement will be suspended and improvement measures will be required. In case of continuous non-conformance, the supplier will be disqualified.

In order to comply with the regulations of ISO 9001 Quality Management System and ISO 14001 Environmental Management System, the Group assesses the environmental and social risks of different suppliers and gives priority to suppliers with quality guarantee and environmental protection undertaking. The Group also makes agreements with suppliers to ensure they are in compliance with the environmental protection standards of the Group and customers, including the requirements for environmentally hazardous substances specified in REACH, RoHS, etc. According to the minerals regulations in conflicting regions of the RBA Code of Conduct and the American Dodd-Frank Act, the suppliers are required to confirm that they do not use the "Conflict Minerals" which including tantalum, tin, gold and tungsten, produced by the Democratic Republic of Congo ("DRC") or its neighbouring countries.

The Group continues to implement the local procurement strategies to reduce the transportation of raw materials and the corresponding energy consumption and environmental impact. Mainland China is still the main procurement location of the Group, together with suppliers from Hong Kong, accounting for more than 85% of the total number of suppliers.

Number of Suppliers (by region)





APPENDIX

- 
- A circular floral wreath made of pink and white flowers with green leaves, surrounding the list of contents.
- 1. Key Performance Data Summary**
 - 2. Memberships**
 - 3. Awards and Recognition Received during the year**
 - 4. Materiality Assessment**
 - 5. Content Index**
 - 6. Verification Statement**





APPENDIX (CONTINUED)

1. KEY PERFORMANCE DATA SUMMARY

Environmental

The following data only included data collected from the Hong Kong office and the plants in Dongguan.

Energy Consumption	Unit	2020/21	2019/20	2018/19
Electricity	kWh	38,257,536	39,254,600	32,898,330
Intensity of electricity consumption	MWh/m ²	256	263	220
Diesel	Liter ("L")	158,081	223,449	208,241
Energy consumption of diesel	GJ	6,005.34	8,609.86	8,023.89
Petrol consumption	L	51,924	73,484	13,042
Energy consumption of petrol	GJ	1,821.97	2,563.77	455.02
Natural gas	Cubic Meter ("m ³ ")	117,887	57,679	N/A
Energy consumption of natural gas	GJ	4,589.46	2,229.91	N/A
Total energy consumption	GJ	150,143.90	154,719.99	126,911.95
Total energy intensity (by floor area)	GJ/m ²	1.005	1.036	0.849 ^a
Total energy intensity (by industrial revenue)	GJ/\$'000	0.054	0.059	0.052

^a Total energy intensity of 2018/19 was recalculated due to the adjustment of floor area.



APPENDIX (CONTINUED)

GHG Emissions	Unit	2020/21	2019/20	2018/19
GHG emission Scope I — direct emission ¹	tonne CO ₂ e	967	1,043 ^b	876 ^b
GHG emission Scope II — indirect emission ¹	tonne CO ₂ e	23,282	23,923 ^b	20,048 ^b
Total GHG emission ¹	tonne CO ₂ e	24,249	24,966 ^b	20,924 ^b
Intensity of GHG emissions ¹ (by floor area)	tonne CO ₂ e/m ²	0.162	0.167 ^b	0.140 ^b
Intensity of GHG emissions ¹ (by industrial revenue)	tonne CO ₂ e/\$'000	0.0087	0.0095	0.0086

^b The calculation of GHG emissions from the wastewater treatment plant of 2018/19 and 2019/20 were adjusted, and the scope II emission factor of electricity consumption in Mainland China was changed to use the average value in 2015. The figures were recalculated.

Air Pollutants Emissions	Unit	2020/21	2019/20	2018/19
Nitrogen oxides (NOx) ²	Kilogram ("kg")	4,189.21	4,613.50 ^c	N/A
Sulphur oxides (SOx) ²	kg	2.98	3.78 ^c	N/A
Particulates ²	kg	274.21	305.96 ^c	N/A

^c Data of 2019/20 were recalculated due to the adjustment of vehicle mileages and emission factors, and the addition of the emissions from the canteens.

¹ The types of GHG include: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydro-fluorocarbons (HFCs), per-fluorocarbons (PFCs), and sulfur hexafluoride (SF₆). Emission factors and global warming potential (GWP) calculations and data sources are derived from <Accounting and Reporting Guidelines for Greenhouse Gas Emissions and Deductions for Hong Kong Buildings (Commercial, Residential or Public Use)> by Environmental Protection Department and the Electrical and Mechanical Services Department, <Sustainability reports of CLP Holdings Limited>, <How to Prepare an ESG Report> by HKEX, <GHG Protocol Tool for Energy Consumption in China (ver. 2.1)> by World Resources Institute, <Fifth Climate Change Assessment Report (AR5)> and <2006 IPCC Guidelines for National Greenhouse Gas Inventories> by IPCC.

² The emissions of NOx, SOx, and Particulates were calculated based on the amount of fossil fuels and natural gas that used by The Group; relevant calculations and data sources are derived from <EMFAC-HK Vehicle Emission Calculation> by the H.K. Environmental Protection Department, <Vehicle Emission Modeling Software — MOBILE6.1> by the U.S. Environmental Protection Agency, <EMEP/EEA Air Pollutant Emission Inventory Guidebook — 2019> by European Environmental Agency, and <Accounting Methods for Investigation of Pollution Emissions and Manual of Emission Factors> (《排放源統計調查產排污核算方法和系數手冊》) by the Ministry of Ecology and Environment of PRC.



APPENDIX (CONTINUED)

Use of Resource	Unit	2020/21	2019/20	2018/19
Water consumption	m ³	302,896	334,539	362,859
Intensity of water consumption (by floor area)	m ³ /m ²	2.03	2.24	2.43
Intensity of water consumption (by industrial revenue)	m ³ /\$'000	0.108	0.127	0.150
Paper used (Only paper used for printing in the office is calculated)	kg	15,658.51	17,414.82 ^d	13,724.88 ^d
Total packaging material used for finished products — Paper	tonne	2,457	1,567	2,096
Total packaging material used for finished products — Plastic	tonne	267	151	170
Total packaging material used for finished products — Others	tonne	159	142	158

^d Data of 2018/20 and 2019/20 were recalculated due to the adjustment of paper weight per ream.

Effluent and Waste Management	Unit	2020/21	2019/20	2018/19
Wastewater Treatment	m ³	104,781	134,504	154,590
Total waste disposed to landfill per day (Only relevant data of plants in Mainland China is collected)	m ³	7.74	7.74	7.74
Total chemical waste disposed (Only relevant data of plants in Mainland China is collected)	tonne	61.75	61.88	27.93
Testliner reused internally (Only relevant data of plants in Mainland China is collected)	kg	282,520	266,743	283,640
Waste paper recycled externally	kg	351,811	333,436	353,460



APPENDIX (CONTINUED)

Social

Number of Employees	2020/21	2019/20	2018/19
Average number of employees of the Group during the year ³	3,351	3,500	3,360
By region			
Mainland China	3,228	3,379	3,232
Hong Kong	115	116	123
Others	8	5	5
By gender			
Male	2,167	2,302	2,140
Female	1,184	1,198	1,220
By age group			
Below 30	886	1,084	1,105
30–50	2,151	2,157	2,027
Above 50	314	259	228
By employment type			
Full-time	3,242	3,056	2,867
Part-time	109	444	493
Proportion of senior management hired from the local community			
Mainland China	90.79	89.23	86.44
Hong Kong	85.71	85.71	85.71
Others	100	100	100
Ratio of the China standard entry level wage			
Compared to local minimum wage (Male)	1.19	1.19	1.11
Compared to local minimum wage (Female)	1.19	1.19	1.11
Ratio of the senior management			
Gender ration of the Board members (Male: Female)	8 : 1	8 : 1	8 : 1

³ Monthly average number of employees of the Group during the reporting year



APPENDIX (CONTINUED)

Number and Rate (%) of Full-time Employee Turnover (Monthly Average) ⁴	2020/21	2019/20	2018/19
By region			
Mainland China	262 (8.12)	178 (6.14)	257 (9.36)
Hong Kong and Others	3 (2.10)	3 (2.63)	4 (3.31)
By gender			
Male	183 (8.44)	124 (5.42)	182 (9.97)
Female	82 (6.89)	56 (4.71)	79 (7.58)
By age group			
Below 30	145 (16.40)	83 (7.71)	149 (19.81)
30–50	114 (5.30)	85 (3.99)	110 (5.87)
Above 50	6 (1.72)	13 (4.60)	3 (1.25)

Number and Rate (%) of New Hires (Monthly Average) ⁵	2020/21	2019/20	2018/19
By region			
Mainland China	242 (7.50)	225 (6.75)	144 (5.24)
Hong Kong and Others	3 (2.20)	3 (2.63)	4 (3.44)
By gender			
Male	169 (7.78)	155 (4.48)	103 (5.64)
Female	76 (6.43)	73 (2.12)	45 (4.32)
By age group			
Below 30	142 (16.00)	115 (10.75)	93 (12.37)
30–50	98 (4.57)	112 (5.24)	54 (2.88)
Above 50	5 (1.54)	2 (0.74)	1 (0.42)

⁴ Monthly turnover rate (%) of a type of employee = monthly average number of that type of employee turned over/monthly average number of that type of employee

⁵ Monthly new hires rate (%) of a type of employee = monthly average number of that type of employee new hired/monthly average number of that type of employee



APPENDIX (CONTINUED)

Return to Work and Retention after Maternity Leave/ Paternity Leave	2020/21	2019/20	2018/19
Number of employees who took maternity leave/paternity leave			
Male	27	21	32
Female	30	18	24
Number and rate (%) of employees who returned to work after maternity leave/paternity leave ended⁶			
Male	22 (81.48)	21 (100)	30 (100)
Female	25 (83.33)	10 (100)	11 (100)
Number and rate (%) of employees who remained employed for 12 months after the end of maternity leave/paternity leave⁶			
Male	21 (95.45)	20 (83.93)	33 (77.51)
Female	23 (92.00)	10 (90.91)	19 (95.00)

Occupational Health and Safety	2020/21	2019/20	2018/19
Mainland China			
Number and rate (%) of occupational fatalities	0 (0)	0 (0)	0 (0)
Number of occupational injuries	55	43	64
Rate of recorded occupational injuries (every 200,000 working hours)	1.70	N/A	N/A
Number of serious occupational injuries	4	N/A	N/A
Rate of serious occupational injuries (every 200,000 working hours)	0.12	N/A	N/A
Number of lost day	1,497	1,621	1,462
Occupational disease rate (%)	0	0	0
Number of absentee days	31,490	34,519	31,258
Absentee rate (%) ⁷	3.89	3.53 ^e	4.99 ^e
Hong Kong and others			
Number and rate (%) of occupational fatalities	0 (0)	0 (0)	0 (0)
Number of occupational injuries	0	0	0
Rate of recorded occupational injuries (every 200,000 working hours)	0	N/A	N/A
Number of serious occupational injuries	0	N/A	N/A
Rate of serious occupational injuries (every 200,000 working hours)	0	N/A	N/A
Number of lost day	0	0	0
Occupational disease rate (%)	0	0	0
Number of absentee days	295	217	176
Absentee rate (%) ⁷	0.97	0.73 ^e	0.55 ^e

^e Absentee rates of 2018/19 and 2019/20 were recalculated according to the formula shown on note 7.

⁶ Number and rate (%) of employees who returned to work after maternity leave/paternity leave ended were calculated according to the GRI 401-3.

⁷ Absentee rate refers to the rate (percentage) of the number of absentee days/total number of working days for the employees.



APPENDIX (CONTINUED)

Staff Training	2020/21	2019/20	2018/19
Total training hours	33,464.60 hrs	55,010.50 hrs	48,080.25 hrs
Average training hours per employee (%) ⁸	10.0 (74.9)	15.7 ^f	14.3 ^f
By gender			
Male	11.4 (76.7)	N/A	N/A
Female	7.5 (75.4)	N/A	N/A
By category			
Management	27.4 (73.5)	N/A	N/A
Manager and department heads	23.5 (77.0)	N/A	N/A
Middle level	15.2 (82.1)	N/A	N/A
Technicians and team leaders	10.4 (88.3)	N/A	N/A
Frontline	6.8 (69.6)	N/A	N/A

^f Average training hours per employee of 2018/19 and 2019/20 were recalculated according to the formula shown on note 8. The collection of data for calculating training rates started in 2020/21.

Number and Rate (%) of Suppliers by Region	2020/21	2019/20	2018/19
Hong Kong	49 (12.28)	55 (12.82)	46 (10.51)
Mainland China	293 (73.43)	313 (72.96)	323 (73.74)
Overseas	57 (14.29)	61 (14.22)	69 (15.75)

Social Responsibilities	2020/21	2019/20	2018/19
Volunteer service hours in Mainland China and Hong Kong	86.5 hrs	458.3 hrs	550.5 hrs
Charitable and other donations (HK\$)	307,413	962,923	824,260

⁸ Average training hours completed per employee = total training hours/total number of employees; Training rate = number of employee getting trained during the year (only counting the employees still on job at the end of the year)/total number of employees at the end of the year



APPENDIX (CONTINUED)

2. MEMBERSHIPS

Name of Institution/Association	Member Company	Class of Membership
The Hong Kong General Chamber of Commerce	Karrie Industrial Company Limited	Full Member
The Hong Kong Chinese Importers' & Exporters' Association	Karrie International Holdings Limited	Life Member
The Chinese Manufacturers' Association of Hong Kong	Karrie Industrial Company Limited	Basic Member
Federation of Hong Kong Industries	Karrie Industrial Company Limited	Member
Federation of Hong Kong Industries — Group 7 (Fabricated metal products and iron, steel and non-ferrous metal basic industries and machinery)	Karrie Industrial Company Limited	Member
Occupational Safety & Health Council — Green Cross Group	Karrie Industrial Company Limited	Member
The Hong Kong Management Association	Karrie International Holdings Limited	Member
Hong Kong Institute of Human Resource Management	Karrie International Holdings Limited	Corporate Member
The Hong Kong Polytechnic University Foundation	Karrie International Holdings Limited	Honorary Life Member
The Hong Kong Metals Manufacturers Association	Karrie International Holdings Limited	Company Member



APPENDIX (CONTINUED)

3. AWARDS AND RECOGNITION RECEIVED DURING THE YEAR

Category	Awarding Organisations	Honors/ Recognitions Granted	Companies with Awards
Environmental Protection	Environmental Campaign Committee	"Hong Kong Awards for Environmental Excellence Gold Award 2019" — Manufacturing and Industrial Services	Karrie International Holdings Limited
	Environmental Campaign Committee	Hong Kong Green Organisation Certification	Karrie International Holdings Limited
	Federation of Hong Kong Industries	BOCHK Corporate Environmental Leadership Awards 2019 — Eco-Challenger & 5 Years+ Eco-Pioneer	Karrie International Holdings Limited
Social Responsibility	The Hong Kong Council of Social Service	"Caring Company 15+" Logo (2005–2021)	Karrie International Holdings Limited
	Federation of Hong Kong Industries	"CSR Recognition Scheme Industry Cares 2020" — "The Most Devoted Award" (Enterprise Group) & "The Most Outstanding Awards" (Enterprise Group)	Karrie International Holdings Limited
	Community Investment & Inclusion Fund — Labour and Welfare Bureau	"Social Capital Builder Logo Awards"	Karrie International Holdings Limited
	The Hong Kong General Chamber of Small and Medium Business	The 2020 "Partner Employer Awards 5+"	Karrie International Holdings Limited
	HKSKH Tai Wo Neighbourhood Elderly Centre	"Fighting the Virus Service Award"	Karrie International Holdings Limited
	Dongguan Fenggang Government	"2020 Fenggang Coronavirus Disease Prevention Advanced Organisation"	Karrie International Holdings Limited



APPENDIX (CONTINUED)

Category	Awarding Organisations	Honors/ Recognitions Granted	Companies with Awards
Staff Caring	Labour Department	"Good Employer Charter 2020" & "Family-friendly Good Employer" Logo	Karrie International Holdings Limited
	Mandatory Provident Fund Schemes Authority	"Good MPF Employer Award 6 Years" & "MPF Support Award"	Karrie Industrial Company Limited
	UNICEF Hong Kong	Certificate of Appreciation — "Say Yes to Breastfeeding Campaign"	Karrie International Holdings Limited
	Health Commission of Guangdong Province	"Creditable Enterprise that Promote Health" in Guangdong Province	Dongguan Feng Gang Castfast Metal & Plastics Company Limited
Product Responsibility	Hong Kong Federation of Innovative Technologies and Manufacturing Industries	"Manufacturing Excellence Achievement Award"	Karrie International Holdings Limited
Corporate Governance	The Hong Kong Institute of Directors	"Directors of The Year Awards 2020 — Listed Companies"	Karrie International Holdings Limited
	Guangdong Provincial Administration for Industry and Commerce and China Import and Export Fair	"Creditable Enterprise" of Guangdong Province	Dongguan Feng Gang Caston Metal & Plastics Company Limited Dongguan Feng Gang Castfast Metal & Plastics Company Limited



APPENDIX (CONTINUED)

4. MATERIALITY ASSESSMENT

The materiality assessment can facilitate the Group to understand the sustainability topics and their significance concerning internal and external stakeholders. If there are no significant changes in our business or external environmental factors for the Group, we conduct an assessment every two years.

We have invited customers, shareholders, investors, suppliers, management, and internal staff to conduct a questionnaire survey in 2019/2020. Stakeholders were invited to rank the importance of each topic on a score of 1 to 4 and their responses were returned to the Group for analysis. The analysis on the questionnaire has assisted the Group in defining the major focus of this report.

In 2019/20, a total of 115 questionnaires were sent out and 91 returned (response rate of 79%). Internal and external stakeholders hoped the topmost 11 issues to be covered in the Group's future sustainability reports, which include: by order of importance, occupational health and safety, effluents and waste, water, communication with staff, economic performance, staff training and development, materials, energy, employment, greenhouse gas emissions, as well as environmental compliance.

The List of Material Topics

No.	Topic	Scope	Relevant regulating document and corresponding action
1	Occupational health and safety	Internal	— The Group has adopted the RBA Code of Conduct, the scope of which covers occupational health and safety, and has formulated the "Occupational Health and Safety Management Manual" and "Work Injury Handling Procedures".
2	Effluents and waste	Internal	— The Group has received the ISO 14001 Environment Management System Certificate as early as 2001, and has regularly conducted internal and external audit every year to ensure the Group's policy approach and efficiency on environmental protection.
3	Water	Internal	— The Group continues to strive to promote green manufacturing, enforce RBA environmental policies, respond to the state's energy-saving planning under the 13th Five Year Plan, reduce emissions, explore new environmental protection technologies, and further enhance efficiency and performance of waste processing efforts undertaken to cut emissions of pollutants.
4	Communication with staff	Internal	— The Group collects feedbacks and requirements from different departments regarding administration, human resources and training issues annually, and develops annual plan for each year. — Suggestion boxes are placed in the headquarter and the plants in Mainland China to allow our staff to voice out their opinions anytime. — Staff Care Action Group is established to increase the satisfaction of our staff by providing various channels for effective communication, complaint and feedback as well as actively listening to the voices of our staff and solving the work and life issues which mostly concern our staff.



APPENDIX (CONTINUED)

No.	Topic	Scope	Relevant regulating document and corresponding action
5	Economic performance	Internal	— The Group remained profitable and has been distributing dividends, and apart from the listing and initial public offering in 1996 and the rights issue in 2007, the Company has not raised any funds from public shareholders, whereby it is self-financed and has turned a profit.
6	Staff training and development	Internal	— The training and development work of the Group puts emphasis on knowledge enrichment and elevation of skills and management calibre as the basis for staff nurturing and the direction of sustainable development for the Group and employees.
7	Materials	Internal & Suppliers	— The supply chain team visits major suppliers regularly for review of their quality and production capacity. A document of “Peers’ Belief” is signed with suppliers in which they undertake to abide by the principles of fairness, justice and openness in the course of transactions.
8	Energy	Internal	— The Cleaner Production and Energy-saving Committee is established to be responsible for the overall planning of energy conservation of the Group and its execution, and applies energy saving objectives into all workshops via adopting new technology.
9	Employment	Internal	— The Group is dedicated to provide fair and competitive remuneration package, which includes basic salaries, incentives (year-end bonuses), share option scheme and other benefits such as medical benefits (Hong Kong employees are entitled to medical insurance while PRC employees could join cooperative medical plans), and various paid leaves (such as annual leave, maternity leave/paternity leave, sick-leave, bereavement leave, marriage leave), and Hong Kong employees are further entitled to volunteer leave, birthday leave, celebrative gratuities, and training subsidies.
10	GHG Emissions	Internal	— Greenhouse gas emissions are monitored and recorded monthly and data management is continuously improved. Internal and external audit are conducted regularly every year to ensure the Group’s policy approach and efficiency on environmental protection.
11	Environmental Compliance	Internal	— A legal department has been set up in Mainland China which is responsible for handling all kinds of legal affairs of the Company, including the laws and regulations concerning environmental protection, to avoid legal issues; and there is a long-term cooperative advisory team of lawyers.



APPENDIX (CONTINUED)

5. CONTENT INDEX

This report was prepared in accordance to the Core Option of GRI Standards and “ESG Reporting Guide” issued by the Stock Exchange of Hong Kong. The Table below provides with cross-references to related chapters or direct explanation in respect of each disclosure requirement.

GRI Standard	Disclosure Requirement	Cross-references/explanation	“ESG Reporting Guide” Relevant Disclosure	Page
GRI 101: Foundation 2016				
GRI 102: General Disclosures 2016				
Organisational Profile				
102-1	Name of the organisation	About this Report		2
102-2	Activities, brands, products, and services	About Karrie		3
102-3	Location of headquarters	About Karrie		3
102-4	Location of operations	About Karrie		3
102-5	Ownership and legal form	The Company is a limited liability company incorporated in Bermuda, and was listed on the main board of the Stock Exchange of Hong Kong in 1996.		N/A
		About Karrie		3
102-6	Markets served	Annual Report 2020-21 — Financial Highlights (Page 8-10), Chairman’s Statement (Page 11-32)		N/A
102-7	Scale of the organisation	Annual Report 2020-21 — Financial Highlights (Page 8-10), Chairman’s Statement (Page 11-32)		N/A
		Talent		18-28
102-8	Information on employees and other workers	Appendix: 1. Key Performance Data Summary — Social	B1.1	45-48
102-9	Supply chain	Operation — Suppliers Management	B5.1	40
102-10	Significant changes to the organisation and its supply chain	There was no significant change in relation to the Group’s supply chain		N/A
102-11	Precautionary principle or approach	Environment		12-17
		Sustainability Management — Sustainability Philosophy		6-8
102-12	External initiatives	Operation — Product Responsibility		39
102-13	Membership of associations	Appendix: 2. Membership		49



APPENDIX (CONTINUED)

			"ESG Reporting Guide" Relevant Disclosure	Page
GRI Standard	Disclosure Requirement	Cross-references/explanation		
Strategy				
102-14	Statement from senior decision-makers	Chairman's Message		4-5
Ethics and Integrity				
102-16	Values, principles, standards, and norms of behavior	Sustainability Management — Sustainability Philosophy		6-8
		Operation — Corporate Governance		38
Governance				
102-18	Governance structure	Sustainability Management — Governance Structure		9
		Annual Report 2020/21 — Corporate Governance Report (Page 33-59)		N/A
102-21	Consulting stakeholders on economic, environmental, and social topics	Appendix: 4. Materiality Assessment		52-53
102-22	Composition of the highest governance body and its committees	Appendix: 1. Key Performance Data Summary — Social		45
		Annual Report 2020/21 — Corporate Governance Report (Page 33-59)		N/A
102-23	Chair of the highest governance body	Annual Report 2020/21 — Corporate Governance Report (Page 33)		N/A
102-24	Nominating and selecting the highest governance body	Annual Report 2020/21 — Corporate Governance Report (Page 33-59)		N/A
102-25	Conflicts of interest	Operation — Corporate Governance		38
		Annual Report 2020/21 — Report of the Directors (Page 67-93)		N/A
102-26	Role of highest governance body in setting purpose, values, and strategy	Sustainability Management — Governance Structure, Sustainability Measures		9-11
102-27	Collective knowledge of highest governance body	Annual Report 2020/21 — Corporate Governance Report (Page 43)		N/A



APPENDIX (CONTINUED)

GRI Standard	Disclosure Requirement	Cross-references/explanation	"ESG Reporting Guide" Relevant Disclosure	Page
102-29	Identifying and managing economic, environmental, and social impacts	Sustainability Management — Sustainability Philosophy, Governance Structure		6-9
		Annual Report 2020/21 — Corporate Governance Report (Page 53-55)		N/A
102-33	Communicating critical concerns	Sustainability Management — Sustainability Measures		10-11
		Appendix: 4. Materiality Assessment		52-53
102-40	List of stakeholder groups	Sustainability Management — Sustainability Measures		10-11
102-41	Collective bargaining agreements	No collective bargaining agreement was signed by the Company with the trade union		N/A
102-42	Identifying and selecting stakeholders	Sustainability Management — Sustainability Measures		10-11
		Appendix: 4. Materiality Assessment		52-53
102-43	Approach to stakeholder engagement	Sustainability Management — Sustainability Measures	B6.2	10-11
		Appendix: 4. Materiality Assessment		52-53
102-44	Key topics and concerns raised	Appendix: 4. Materiality Assessment	B6.2	52-53
Reporting Practice				
102-45	Entities included in the consolidated financial statements	About this Report		2
		Annual Report 2020/21 — Notes to the Financial Statements: 9 Subsidiaries (Page 195-197)		N/A
102-46	Defining report content and topic boundaries	About this Report		2
		Appendix: 4. Materiality Assessment		52-53
102-47	List of material topics	Appendix: 4. Materiality Assessment		52-53
102-48	Restatements of information	Appendix: 1. Key Performance Data Summary		42-48
102-49	Changes in reporting	About this Report		2
		Appendix: 4. Materiality Assessment		52-53
102-50	Reporting period	About this Report		2



APPENDIX (CONTINUED)

GRI Standard	Disclosure Requirement	Cross-references/explanation	"ESG Reporting Guide" Relevant Disclosure	Page
102-51	Date of most recent report	The previous report was published on 28th Oct 2020 with the information of the year 2019/2020 disclosed.		N/A
102-52	Reporting cycle	Once per year; About this Report		2
102-53	Contact point for questions regarding the report	About this Report		2
102-54	Claims of reporting in accordance with the GRI Standards	About this Report		2
102-55	GRI content index	Appendix: 5. Content Index		54-66
102-56	External assurance	Appendix: 6. Verification Statement		67
Material Topic				
GRI 201: Economic Performance 2016				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	About this Report		2
		Appendix: 4. Materiality Assessment		52-53
	103-2 The management approach and its components	Annual Report 2020/21 — Chairman's Statement (Page 11-32)	A4 Climate change: General Disclosure	N/A
		Environment — Environmental Protection (<i>Responding to Climate Change</i>)		14-15
	103-3 Evaluation of the management approach	Annual Report 2020/21 — Chairman's Statement (Page 11-32)		N/A
201-1	Direct economic value and generated and distributed	Annual Report 2020/21 — Chairman's Statement (Page 11-32), Notes to the Financial Statements (Page 242-249)		N/A
201-2	Financial implications and other risks and opportunities due to climate change	Environment — Environmental Protection (<i>Responding to Climate Change</i>)	A4.1	14-15
201-3	Defined benefit plan obligations and other retirement plans	Annual Report 2020/21 — Consolidated Financial Statements (Page 105-106, 237-241)		N/A
201-4	Financial assistance received from government	Annual Report 2020/21 — Notes to Financial Statements (Page 243)		N/A



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GRI Standard	Disclosure Requirement	Cross-references/explanation	"ESG Reporting Guide" Relevant Disclosure	Page
GRI 301: Materials 2016				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	About this Report		2
		Appendix: 4. Materiality Assessment		52-53
	103-2 The management approach and its components	Operation — Suppliers Management	A2 Use of Resources: General Disclosure	40
		Environment — Environmental Protection (<i>Emissions Control</i>)	A3 The Environment and Natural Resources: General Disclosure, A3.1	16-17
	103-3 Evaluation of the management approach	Operation — Suppliers Management		40
		Environment — (<i>Management Structure & System</i>)		13
301-1	Materials used by weight or volume	Appendix: 1. Key Performance Data Summary	A2.5	42-44
GRI 302: Energy 2016				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	About this Report		2
		Appendix: 4. Materiality Assessment		52-53
	103-2 The management approach and its components	Environment — Environmental Protection (<i>Energy Conservation</i>)	A2 Use of Resources: General Disclosure A3 The Environment and Natural Resources: General Disclosure, A3.1	13-14
		Environment — (<i>Management Structure & System</i>)		13
302-1	Energy consumption within the organisation	Environment — Environmental Protection (<i>Energy Conservation</i>)	A2.1	13-14
302-3	Energy intensity	Environment — Environmental Protection (<i>Energy Conservation</i>)	A2.1	13-14
302-4	Reduction of energy consumption	Environment — Environmental Protection (<i>Energy Conservation</i>)	A2.3	13-14



APPENDIX (CONTINUED)

GRI Standard	Disclosure Requirement	Cross-references/explanation	"ESG Reporting Guide" Relevant Disclosure	Page
GRI 303: Water and Effluents 2018				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	About this Report Appendix: 4. Materiality Assessment		2 52-53
	103-2 The management approach and its components	Environment — Environmental Protection (<i>Integrated Water Resource Management</i>)	A2 Use of Resources: General Disclosure, A2.4 A3 The Environment and Natural Resources: General Disclosure, A3.1	15
	103-3 Evaluation of the management approach	Environment — (<i>Management Governance Structure & System</i>)		13
303-1	Interactions with water as a shared resource	Environment — Environmental Protection (<i>Integrated Water Resource Management</i>)	A2.4, A3.1	15
303-2	Management of water discharge-related impacts	Environment — Environmental Protection (<i>Integrated Water Resource Management</i>)		15
303-5	Water Consumption	Environment — Environmental Protection (<i>Integrated Water Resource Management</i>)	A2.2	15
Not Applicable	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Not Applicable (Sourcing water is fit for the purpose is not considered to be a material topic for our organisation)	A2.4	N/A
GRI 305: Emissions 2016				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	About this Report Appendix: 4. Materiality Assessment		2 52-53
	103-2 The management approach and its components	Environment — Environmental Protection (<i>Responding to Climate Change, Emissions Control</i>)	A1 Emissions: General Disclosure, A1.5 A3 The Environment and Natural Resources: General Disclosure, A3.1	14-17
	103-3 Evaluation of the management approach	Environment — (<i>Management Structure & System</i>)		13
305-1	Direct (Scope 1) GHG emissions	Environment — Environmental Protection (<i>Responding to Climate Change</i>)	A1.2	14-15
305-2	Energy indirect (Scope 2) GHG emissions	Environment — Environmental Protection (<i>Responding to Climate Change</i>)	A1.2	14-15



APPENDIX (CONTINUED)

GRI Standard	Disclosure Requirement	Cross-references/explanation	"ESG Reporting Guide" Relevant Disclosure	Page
305-4	GHG emissions intensity	Environment — Environmental Protection (<i>Responding to Climate Change</i>)	A1.2	14-15
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions	Environment — Environmental Protection (<i>Emissions Control</i>)	A1.1	16-17
GRI 306: Waste 2020				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	About this Report Appendix: 4. Materiality Assessment		2 52-53
	103-2 The management approach and its components	Environment — Environmental Protection (<i>Emissions Control</i>)	A1 Emissions: General Disclosure, A1.6 A3 The Environment and Natural Resources: General Disclosure, A3.1	16-17
	103-3 Evaluation of the management approach	Environment — (<i>Management Structure & System</i>)		13
	Waste generation and significant waste-related impacts	Environment — Environmental Protection (<i>Emissions Control</i>)	A3.1	16-17
306-2	Management of significant waste-related impacts	Environment — Environmental Protection (<i>Emissions Control</i>)	A3.1	16-17
306-3	Waste generated	Environment — Environmental Protection (<i>Emissions Control</i>)	A1.3, A1.4, A1.6	16-17
306-4	Waste diverted from disposal	Environment — Environmental Protection (<i>Emissions Control</i>)	A1.6	16-17
GRI 307: Environmental Compliance 2016				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	About this Report Appendix: 4. Materiality Assessment		2 52-53
	103-2 The management approach and its components	Environment — (<i>Management Structure & System</i>)		13
	103-3 Evaluation of the management approach	Environment — (<i>Management Structure & System</i>)		13
	Non-compliance with environmental laws and regulations	Environment — (<i>Management Structure & System</i>)	A1 Emissions: General Disclosure	13



APPENDIX (CONTINUED)

GRI Standard	Disclosure Requirement	Cross-references/explanation	"ESG Reporting Guide" Relevant Disclosure	Page
GRI 401: Employment 2016				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	About this Report Appendix: 4. Materiality Assessment		2 52-53
	103-2 The management approach and its components	Talent — Caring for Employees (<i>Employment Compliance</i>)	B1 Employment: General Disclosure	25
	103-3 Evaluation of the management approach	Talent — Caring for Employees (<i>Employment Compliance</i>)		25
401-1	New employee hires and employee turnover	Appendix: 1. Key Performance Data Summary	B1.2	46
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Talent — Caring for Employees (<i>Concertedly Building the "Karrie" Family</i>)	B1	21-24
401-3	Parental leave	Talent — Caring for Employees (<i>Concertedly Building the "Karrie" Family</i>) Appendix: 1. Key Performance Data Summary	B1	21-24 47
GRI 403: Occupational Health and Safety 2018				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	About this Report Appendix: 4. Materiality Assessment		2 52-53
	103-2 The management approach and its components	Talent — Caring for Employees (<i>Occupational Health and Safety</i>)	B2 Health and Safety: General Disclosure, B2.3	20
	103-3 Evaluation of the management approach	Talent — Caring for Employees (<i>Occupational Health and Safety</i>)	B2.3	20
403-1	Occupational health and safety management system	Talent — Caring for Employees (<i>Occupational Health and Safety</i>)	B2 Health and Safety: General Disclosure, B2.3	20
403-2	Hazard identification, risk assessment, incident investigation	Talent — Caring for Employees (<i>Occupational Health and Safety</i>) Potential incidents e.g. machinery accidents, chemical hazards, transport accidents, etc. are all covered by an occupational health and safety management system		20



APPENDIX (CONTINUED)

			"ESG Reporting Guide" Relevant Disclosure	Page
GRI Standard	Disclosure Requirement	Cross-references/explanation		
403-3	Occupational health services	Talent — Caring for Employees <i>(Occupational Health and Safety)</i>	B2.3	20
		Talent — Caring for Employees <i>(Concertedly Building the "Karrie" Family)</i>		21-24
403-4	Worker participation, consultation, and communication on occupational health and safety	Talent — Caring for Employees <i>(Occupational Health and Safety)</i>		20
403-5	Worker training on occupational health and safety	Talent — Caring for Employees <i>(Occupational Health and Safety)</i>	B2.3	20
403-6	Promotion of worker health	Talent — Caring for Employees <i>(Occupational Health and Safety)</i>		20
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Talent — Caring for Employees <i>(Occupational Health and Safety)</i>	B2.3	20
403-9	Work-related injuries	Talent — Caring for Employees <i>(Occupational Health and Safety)</i>	B2.1, B2.2	20
		Appendix: 1. Key Performance Data Summary		47
GRI 404: Training and Education 2016				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	About this Report		2
		Appendix: 4. Materiality Assessment		52-53
	103-2 The management approach and its components	Talent — Training and Development	B3 Development and Training: General Disclosure	26-28
	103-3 Evaluation of the management approach	Talent — Training and Development		26-28
404-1	Average hours of training per year per employee	Appendix: 1. Key Performance Data Summary	B3.2	48
404-2	Programs for upgrading employee skills and transition assistance programs	Talent — Training and development	B3 Development and Training: General Disclosure	26-28



APPENDIX (CONTINUED)

			"ESG Reporting Guide" Relevant Disclosure	Page
GRI Standard	Disclosure Requirement	Cross-references/explanation		
404-3	Percentage of employees receiving regular performance and career development reviews	All employees in Hong Kong and employees who rank Level 5 or above in Mainland China will receive the performance appraisal every year		N/A
Not Applicable	The percentage of employees trained by gender and employee category	Appendix: 1. Key Performance Data Summary	B3.1	48
Communication with Employees (Topics that are not covered in the GRI Standards)				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	About this Report		2
		Appendix: 4. Materiality Assessment		52-53
	103-2 The management approach and its components	Sustainability Management — Sustainability Measures <i>(Stakeholders Engagement)</i>		10
		Talent — Caring for Employees <i>(Concertedly Building the "Karrie" Family)</i>		21-24
	103-3 Evaluation of the management approach	Sustainability Management — Sustainability Measures <i>(Stakeholders Engagement)</i>		10
		Talent — <i>(Employee Composition)</i>		19
Other Topics				
GRI 202: Market Presence 2016				
103-2	The management approach and its components	Talent — Caring for Employees <i>(Employment Compliance)</i>	B1 Employment: General Disclosure	25
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Appendix: 1. Key Performance Data Summary		45
202-2	Proportion of senior management hired from the local community	Appendix: 1. Key Performance Data Summary		45



APPENDIX (CONTINUED)

GRI Standard	Disclosure Requirement	Cross-references/explanation	"ESG Reporting Guide" Relevant Disclosure	Page
GRI 205: Anti — Corruption 2016				
103-2	The management approach and its components	Operation — Corporate Governance	B7 Anti-corruption: General Disclosure, B7.2	38
205-2	Communication and training about anti-corruption policies and procedures	Operation — Corporate Governance	B7.3	38
205-3	Confirmed incidents of corruption and actions taken	Operation — Corporate Governance	B7 Anti-corruption: General Disclosure, B7.2	38
GRI 308: Supplier Environmental Assessment 2016				
103-2	The management approach and its components	Operation — Suppliers Management	B5 Supply Chain Management: General Disclosure, B5.2, B5.3, B5.4	40
GRI 405: Diversity and Equal Opportunity 2016				
103-2	The management approach and its components	Talent — Caring for Employees (<i>Employment Compliance</i>)	B1 Employment: General Disclosure	25
		Talent — (<i>Employee Composition</i>)		19
405-1	Diversity of governance bodies and employees	Talent — Caring for Employees (<i>Employment Compliance</i>)	B1.1, B1.2	25
		Appendix: 1. Key Performance Data Summary		45
405-2	Ratio of basic salary and remuneration of women to men	Talent — Caring for Employees (<i>Employment Compliance</i>)	B1 Employment: General Disclosure	25
		Appendix: 1. Key Performance Data Summary		45
GRI 406: Non-discrimination 2016				
103-2	The management approach and its components	Talent — Caring for Employees (<i>Employment Compliance</i>)	B1 Employment: General Disclosure	25



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			"ESG Reporting Guide" Relevant Disclosure	Page
GRI Standard	Disclosure Requirement	Cross-references/explanation		
GRI 408: Child Labor 2016				
103-2	The management approach and its components	Talent — Caring for Employees <i>(Employment Compliance)</i>	B4 Labor Standards: General Disclosure, B4.1, B4.2	25
408-1	Operations and suppliers at significant risk for incidents of child labor	Talent — Caring for Employees <i>(Employment Compliance)</i>	B4.1, B4.2	25
		Operation — Suppliers Management		40
GRI 409: Forced or Compulsory Labor 2016				
103-2	The management approach and its components	Talent — Caring for Employees <i>(Employment Compliance)</i>	B4 Labor Standards: General Disclosure, B4.1, B4.2	25
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Talent — Caring for Employees <i>(Employment Compliance)</i>	B4.1, B4.2	25
		Operation — Supplier Management		40
GRI 413: Local Communities 2016				
103-2	The management approach and its components	Community	B8 Community Investment: General Disclosure	29-36
Not Applicable	Focus area of contribution	Community	B8.1	29-36
Not Applicable	Resources contributed to the focus area	Community	B8.2	29-36
		Appendix: 1. Key Performance Data Summary		48
GRI 414: Supplier Social Assessment 2016				
103-2	The management approach and its components	Operation — Supplier Management	B5 Supply Chain Management: General Disclosure, B5.2, B5.3, B5.4	40
GRI 416: Customer Health and Safety 2016				
103-2	The management approach and its components	Operation — <i>(Our Business Philosophy)</i>	B6 Product Responsibility: General Disclosure	37
		Operation — Corporate Governance, Product Responsibility		38-39
416-1	Assessment of the health and safety impacts of product and service categories	Operation — Product Responsibility	B6 Product Responsibility: General Disclosure B6.2, B6.3, B6.4	39



APPENDIX (CONTINUED)

GRI Standard	Disclosure Requirement	Cross-references/explanation	"ESG Reporting Guide" Relevant Disclosure	Page
Not Applicable	Percentage of total products sold or shipped subject to recalls for safety and health reasons	There was no product being recalled due to health and safety reasons this year.	B6.1	N/A
Not Applicable	Description of quality assurance process and recall procedures	Operation — Product Responsibility	B6.4	39
GRI 418: Customer Privacy 2016				
103-2	The management approach and its components	Operation — Product Responsibility	B6 Product Responsibility: General Disclosure, B6.2, B6.5	39
418-1	Substantiate complaints concerning breaches of customer privacy or losses of customer data	There was no substantiated complaint concerning breaches of customer privacy or losses of customer data this year.	B6.2	N/A
GRI 419: Socioeconomic Compliance 2016				
419-1	Non-compliance with laws and regulations in the social and economic area	There was no incident of non-compliance with laws and regulation in the social and economic area this year.	B1 Employment: General Disclosure, B2 Health and Safety: General Disclosure, B4 Labor Standards: General Disclosure, B4.1 B6 Product Responsibility: General Disclosure B7 Anti-corruption: General Disclosure	20, 25, 38, 39



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6. VERIFICATION STATEMENT



Scope of Verification

Allied Environmental Consultants Limited (AEC) was commissioned by Karrie International Holdings Limited (“Karrie” or “The Company”) to undertake an independent verification of its 2020/21 Sustainability Report (the “Report”). The Report stated the Company’s efforts towards sustainable development for the reporting period from 1 April 2020 to 31 March 2021 (the “reporting year”). The scope of verification covers the data and information relating to the Company’s sustainability performance at Metal and Plastic Business and Electronic Manufacturing Services Business at Hong Kong Headquarter Office and Dongguan Feng Gang Plants during the reporting year.

Verification Standards and Methodology

The Report was verified in line with International Standard on Assurance Engagement (ISAE) 3000 (Revised) — Assurance Engagements other than Audits or Reviews of Historical Financial Information. The process was designed to obtain a limited assurance. The assurance included an evaluation of the Report’s alignment to GRI Sustainability Report Standards (“GRI Standards”) Core Option and Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “HKEx ESG Reporting Guide”), and the greenhouse gas emission report was verified with reference to ISO 14064-3.

In order to ensure the Report adheres to the reporting principles and standards, the following activities were designed and undertaken to gather evidence before drawing the conclusion:

- Conduct review of material issues and assess the relevance of those to the Company’s businesses;
- Interview staff that are involved in sustainability management, report preparation and provision of report information;
- Provide advice on stakeholder engagement activities with no direct contact with the stakeholders;
- Conduct review of supporting evidence for claims made in the Report;
- Verify all calculated and disclosed data in this Report.



APPENDIX (CONTINUED)

Conclusion

Based on the scope of work and assurance procedures performed, all material aspects, data and information in the Report were prepared in accordance with the Core Option of GRI Standards, and comply with the HKEx ESG Reporting Guide.

Regarding the work undertaken during this assurance process, we are of the opinion that Karrie adheres to the reporting principles of inclusivity, materiality and responsiveness as discussed below:

Inclusivity

Karrie had stated in the report that its daily operations appears to be inclusive to stakeholders such as investors, employees, customers, suppliers and NGOs. During the reporting year, Karrie engaged with stakeholder groups through various communication channels to collect and incorporate their feedback for the material topics identification. This report covers the environmental, social and governance areas of concern to both the Company and its stakeholders with a reasonable level of disclosure. Based on our professional opinions, Karrie adhered to the principle of Inclusivity in preparation of this report.

Materiality

Karrie has conducted a stakeholder survey to identify the material topics to the Company and its stakeholders in the previous reporting year, and disclose its material topics in form of a materiality list. It is believed the method is appropriate and relevant to Karrie. Our view in area for enhancement to the Report was adopted by Karrie prior to the issuance of this verification statement. As per our professional opinion, the report had adhered to the principle of Materiality.

Responsiveness

In response to the expectations and opinions of stakeholders, Karrie has set up various feedback channels including questionnaires, tea break with investors, business visits, Company's website and corporate e-mail for different stakeholder groups. Through the feedback mechanism and stakeholder engagement, Karrie is striving for a strategy for future sustainability efforts. Based on our Company's professional judgement, the report had adhered to the principle of Responsiveness.

Competency and Independence

AEC is composed of sustainability and environmental consultants that are experienced in the industrial sector, and are trained and competent in a range of related standards and skills including but not limited to GRI Standards, GRESB, HKEx ESG Reporting Guide and Carbon Audit.

Besides, AEC conducted the verification and assurance of sustainability data and reporting as an independent consultant. Upholding high ethical standards, it is claimed that there to have been no conflict of interest with the Company while performing the verification. Throughout the process, AEC has verified all disclosed data, content and compliance with the stated reporting standards as per the Company's provision.

Ms. Kwok May Han Grace

Managing Director

Allied Environmental Consultants Limited

Hong Kong

11 October 2021