2021

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT
環境、社會及管治報告

STOCK CODE 股份代號: 0450

鴻興印刷集團有限公司
HUNG HING PRINTING GROUP LIMITED

Contents

Corporate Profile

The Hung Hing Printing Group, listed on the Hong Kong Stock Exchange, is a major global player in book and package printing, consumer product packaging production, corrugated box manufacturing, paper trading, and design innovation in these areas.

With a 70-year history of producing tailor-made printing solutions for clients around the world, Hung Hing has a heritage of excellence built on a foundation of craftsmanship and innovation.

Headquartered at the Tai Po Industrial Estate in Hong Kong, we have seven manufacturing facilities, including one in Hong Kong, five in China (Shenzhen, Zhongshan, Heshan and Foshan in the Guangdong province and Wuxi, near Shanghai) and one in Hanoi, Vietnam. The Group's total production floor space around 600,000 square meters, with a workforce of around 6,500 in Hong Kong, China and Vietnam.

All the company's activities focus on pursuing three major goals: to maintain operational excellence, add value, and achieve success for all stakeholders. Its clients include leading local and multinational corporations around the world. Through its design hub Beluga and investments in new development opportunities, the Group is also pioneering new capabilities including digital+print products to help drive innovation.

Hung Hing's financial objective is to deliver consistent returns and long-term growth to shareholders from a leading position in its industry. The strategy to achieve this involves resilience and long-term commitment in fixed and human assets, and an unwavering focus on quality, efficiency and customer service.

Environmental, Social and Governance Report

The Hung Hing Printing Group's Environmental, Social and Governance Report (ESG report) lists out the operating principles and policies of the Group and describes how we put these into action to achieve sustainable growth, keeping major stakeholders in mind.

The Board of Directors sets the Group's ESG strategy and reviews the ESG teams' regular reports to ensure all their efforts align with the Group's overall strategies. An executive management member leads dedicated teams at each operating site to further any executive ESG-related initiatives and report performance data. The following table lists the environmental and ethical standards awarded to Hung Hing's manufacturing sites.

	Shenzhen	Heshan	Zhongshan	GDR	Wuxi	HH Dream
ISO9001	Yes	Yes	Yes	Yes	Yes	Yes
ISO14001	Yes	Yes	Yes	Yes	Yes	Yes
ISO50001	Yes					
SMETA[1]	Yes	Yes	Yes	Yes	Yes	
ICTI-ETP[2]	Yes	Yes				Yes
RBA[3]	Yes					Yes
BSCI[4]		Yes				

In 2021, the Group met a sustainability milestone by joining the United Nations Global Compact (UNGC). The Group is committed to supporting the ten principles of the Compact — covering human rights, labor, environment and anti-corruption — all of which dovetail with our inherent business ethic.

This report covers Scope 1 and 2 emissions data for all sites under the Group's control and our progress on the ten principles of the UNGC, as well as air travel mileage and associated emissions by Group employees for the 2021 report year. We will try to disclose more Scope 3 data in the coming year after we establish the proper and reliable data collection channels for the activities under our control. This report was prepared in accordance with the Environmental, Social and Governance Report Guide issued by the Hong Kong Exchange and Clearing Limited.

The financial data below is extracted from the Group's 2021 Annual Report to compare ESG performance with our financial background. Although these two aspects are not closely related, this comparison provides a broader view of ESG performance.

HK$'000	Year 2021	Year 2020
Revenue	3,528,869	2,554,029
Operating profit	71,671	127,347
Profit before income tax	68,382	121,865
Non-current assets	1,547,938	1,476,811
Current assets	2,757,012	2,663,242
Current liabilities	677,653	577,552
Non-current liabilities	280,161	174,493
Net assets	3,347,136	3,388,008

[1]   Sedex Members Ethical Trade Audit
[2]   International Council of Toy Industries – Ethical Toy Program
[3]   Responsible Business Alliance
[4]   Business Social Compliance Audit

Engaging with our stakeholders

In response to the urgency to combat climate change and our stakeholders' increasing environmental concerns, the Group invested over HK$86.7 million in green energy, environmental and energy improvement projects financed by green loans with competitive interest rates in 2021.

Engaging with our stakeholders

Our stakeholders provide valuable insight to drive the way we operate, prioritise resources toward key priorities, and present the content in this ESG report. We engage openly with our stakeholders through various channels, as outlined in the table below. In the second year of COVID-19, when all international travel and exhibitions were stopped, online business meetings provided more opportunities for interactive engagement and instant feedback from clients about ESG topics. We heard directly from clients about events caused by climate change, such as flooding and strong winds in the U.K. and poor air quality due to wildfires in California.

The UNGC community we joined in 2021 provided useful information on sustainability and climate change impact, highlighting the importance of increasing public awareness about these topics. We have been communicating information from UNGC and other sources to our employees and business partners through regular email newsletters and a dedicated website. We also received valuable input from this channel.

The table below lists the channels and information collected from various stakeholders in 2021.

Stakeholder	Communication channels	Information covered
Investors	Annual report; annual general meetings; company emails, company websites, investor enquiries	Business performance; adoption of new technology; geographical diversification; investment strategy
Customers	Online meetings; customer satisfaction surveys; factory audits; customer requests for information; regular video meetings with global partners; dedicated Group news website	International environmental and ethical trends; knowledge of new technologies and market trends; material supply stability and material safety; conflict minerals; intellectual property protection; modern slavery prevention; business contingency plan
Employees	Regular worker representative meetings; suggestion boxes; suggestion emails; dedicated emails to chairman and independent board director for whistle-blowers; employee interest groups; internal email newsletters; dedicated Group news website	Employee benefits; operational, factory and office facility improvements; employee recreational activities; working environment, sustainable lifestyle
Suppliers	Supplier questionnaires; site visits; business meetings	Cost impact of higher safety and environmental compliance requirements; procurement management, supply chain stability
Community	Engagement with NGOs and charitable organisations; e-newsletters	Labour rights; employee health and benefits; long-term partnerships and collaboration with charitable organisations, internship opportunities
Government, Industry	Factory visits; seminars; industrial association gatherings; government websites, announcements, subscription-based emails for industrial information; UNGC network; email newsletters from audit and certification bodies	Occupational health and safety; environmental protection; fire safety; career development opportunities; intellectual property protection; safety regulation updates

After collecting information from stakeholders, we follow internal guidelines to evaluate and prioritise recommendations and concerns.

External feedback is evaluated and prioritised in descending order according to the guidelines below:

1. Is the concern law- or regulation-related; is it mandatory or voluntary?

2. Is it a global or national trend; is it related to a certain type of certification?

3. What is the issue's urgency or potential impact on safety, environmental, social conduct, or business operations?

4. Does it come from a particular group of stakeholders?

Company concerns are prioritised in descending order according to the guidelines below:

1. Effectiveness to address the concern

2. Resources needed to address the concern

3. Risk level of the concern

4. Impact on business operations

After each concern is evaluated and prioritised, the results are categorised according to the following material aspects:

Environment

A. Reduction in the use of plastic materials for packaging
B. Measures to fight climate change
C. New materials or technologies for environmental protection
D. Environmental impact of our operations
E. Product carbon footprint and carbon offset options

Social responsibility

F. Fire safety
G. Occupational health and safety
H. Fair employment opportunities

I. Employee compensation and benefits
J. Training and career advancement opportunities
K. Modern slavery prevention and protection of minors
L. Conflict minerals
M. Contributions to the community

Governance and business practices

N. Ethical conduct with business partners
O. Material and product safety
P. Anti-corruption measures
Q. Intellectual properties protection
R. Prevention and reporting of misconduct

Environmental

Environment

The slogan "Protecting the earth's environment, implementing clean production, and developing green culture" is the first sentence in our environmental policy (find the full policy on the Group's website at http://www.hunghingprinting.com/en-US/ethical.php).

One concern our stakeholders have recently raised is the ubiquity of plastic pollution on both land and sea. Many nations are instituting laws or regulations to limit the use of plastics, and customers—especially those from the U.K. and European countries—have asked us to source plastic replacements or more environmental friendly derivatives.

To help reduce plastic pollution, we promote the four Rs across the company: Refuse, Reduce, Reuse and Recycle.

In addition, in our Book and Package Printing (BPP) division, which engages with customers from product design through production, we discuss the types of materials used. In our product design work instruction document, we highlight the importance of choosing appropriate materials and recommend to customers using more environmentally-friendly materials or processes whenever appropriate. When we receive product concepts from customers, we check whether any of the plastic components can be replaced by paper. If not, we attempt to either reduce the size of the components or find more environmentally-friendly alternatives. We always suggest that our customers use packaging material with recycled content.

As a result of our work with our customers on these issues, the use of plastic film in the past five years has been reduced by over 66%.

	2021	2020	2019	2018	2017
Plastic film usage in tonnes	581	743	1,376	1,470	1,718

We have a dedicated sourcing team looking for more environmentally-friendly materials. This team has sourced plastic material that can meet UK Plastic Packaging Tax standards, which the UK government will begin implementing in April 2022. However, there are pros and cons for using materials with a high proportion of recycled content, and adapting to the change will take some time. We have shared information about plastic materials with recycled content with our customers, and we will continue to work with them to reduce plastic use or maximise packaging recyclability.

We sell waste plastic that comes from production or the packaging of incoming goods back to manufacturer for recycling purposes, reducing the chances this waste will pollute the land or ocean.

Wood is a carbon sequestration material, so we always promote the use of paper instead of plastic. Beluga, our design division, is designing products that use paper in innovative ways. For example, handbags using durable and recyclable paper provide a green option for fashion, and the same material formed the Maskfolio folder to hold surgical masks—a successful product following the COVID-19 outbreak. In 2021, the team also designed a colorful Christmas tree made from waste paper from our production line. This type of upcycling gives a second life to these materials.

Climate change risk
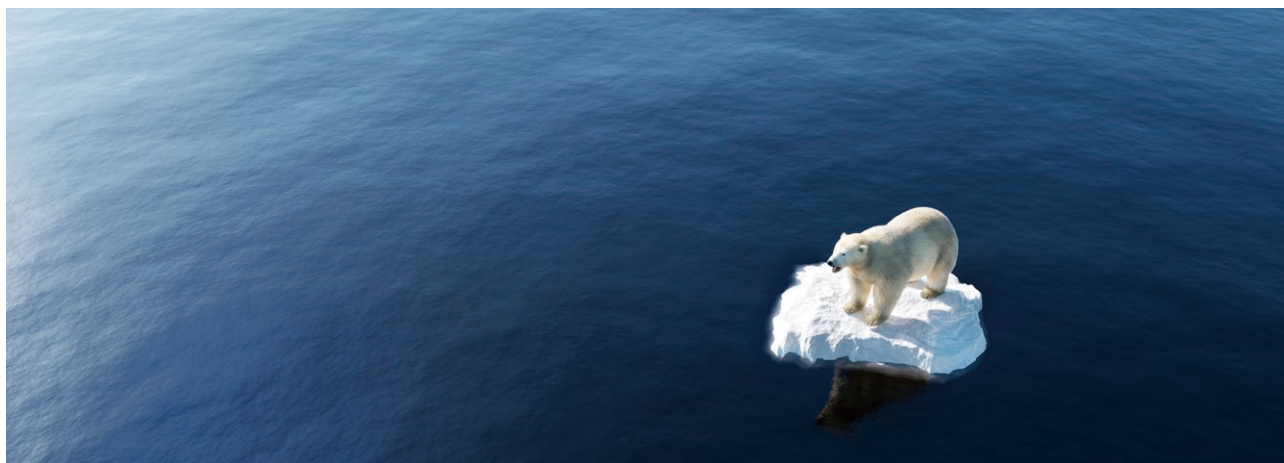
Climate change risk is now an imminent threat. Although we factored in the potential for nature disaster when choosing our sites, extreme weather caused production stoppages due to flooding across large areas that paralysed transportation or to electricity rationing in response to high temperatures.

In response to the increasing threats from climate change, we have strengthened our risk-mitigation efforts such as improving flood water drainage and regularly trimming trees. New buildings are designed to withstand strong winds, and buildings' foundations are higher than surrounding areas to prevent material damage by flooding.

We also updated our Business Contingency plan for all sites to include scenarios of various climate change effects. Each scenario includes a flow chart of proper response and event escalation mechanisms. In the coming year, we will prepare climate risk checklists for each site, which will include regular review of mitigation measures and risk-evaluation matrices.

As summers are becoming hotter, we have upgraded most hand assembly workshops to air-conditioning to accommodate workers in a more comfortable environment. These enclosed work floors provide cleaner environments in which to produce premium products that require hygienic conditions.

Because paper is our primary raw material, acquiring paper from sustainable and well-managed sources is essential to support biodiversity. We have a specific paper statement in our environmental policy that emphasizes our support of responsible forestry. We have established a checking system of due diligence to assess the risk of having paper with content from illegal wood sources, and provide suggestions to mitigate the risk. All our paper mill suppliers have chain of custody certifications[5] that ensure they source wood fiber from lawful forest plantations. Although the price of paper from chain of custody-certified forestry sources has increased significantly in 2021 due to world-wide supply chain disruptions, our certified paper use was around 62,000 tonnes in 2021 compared to around 50,000 tonnes in 2020. The Group remained true to its goals of using certified and high-recycled-content paper; more than 91% of the paper we used came from these sources.

In addition, we planted trees in our sites' open areas, which can provide food and dwelling places for birds and other animals. These trees help absorb CO_2 and contribute to biodiversity.

In order to prevent damage to water-borne organisms, the water supplies for all our sites come from reliable municipal sources. With increased production activities for sanitation and disinfection, our volume of water used increased slightly, from 1,057,315 m^3 in 2020 to 1,093,661 m^3 in 2021. Despite this fact, our water usage intensity decreased from 414 m^3 per HKD million turnover in 2020 to 310 m^3 per HKD million turnover in 2021. This result showcased our efforts in employee training and other environmental improvement efforts for resource conservation.

In 2021, we started to use 100% mineral oil-free printing inks in our products and promote it to our customers as part of our ongoing effort to replace materials containing volatile organic compounds (VOCs). Together with other VOC-reduction efforts, this change has significantly reduced our VOC emissions, from 50.43 tonnes in 2020 to 33.03 tonnes in 2021, and further strengthen our compliance with Chinese air pollution regulations[6]. The table below shows our VOC reduction progress over the past five years.

	2021	2020	2019	2018	2017
VOC emission in tonnes	**33.03**	50.43	96.12	224.67	242.30

In response to more customers expressing concerns about their products' carbon footprint, we provide carbon footprint figures, including an estimated figure at the quotation stage and a more accurate figure soon after production. Using this information, customers can better manage their carbon footprint targets. If they wish to further reduce their carbon footprint, we also offer carbon credits through third parties.

We are sharing our experience using environmental improvement equipment through various channels. The high-efficiency air-conditioning chiller we installed in 2021 is a pilot project, shared to industrial peers through the Hong Kong Productivity Council. The solar panel installation in our Hong Kong headquarters was nominated for the CLP Smart Energy Award 2021 and received the Excellence Award in the Renewable Energy (Corporate/Government Bodies) category. We share our best practices through the CLP platform.

[5] Forestry Stewardship Council Certification and/or Programme for the Endorsement of Forestry Certification Scheme
[6] Atmospheric Pollution Prevention and Control law of the People's Republic of China

Use of energy

In 2021, the total green energy generated by solar panels in Hong Kong reached 640,000 kWh.

Zhongshan is the second site to install rooftop solar panels, with a capacity of 543 kWp. Installation was completed at the end of 2021, boosting the Group's total green energy capacity to 1 MWp with an estimated yearly output of 1.15 MWh — enough to power the electricity consumption for 245 average Hong Kong households[7].

Rooftop solar panels not only generate green energy, they also help to reduce the indoor temperature of the top floor. To take advantage of all these benefits, our Heshan site is the next location slated to install solar panels and is currently undergoing the process for grid connection application and installation design. We expect the project will be completed in 2022, with a total capacity of around 2 MWp, covering a roof area around 20,000 sq.m.

Due to the hike in electricity demand in the summer of 2021, most of our production sites were affected by electricity rationing. These impacts were partly overcome by our established contingency plan to prioritise production and rearrange worker shifts, along with customer support for rescheduled deliveries. For 2022, we will monitor the situation and prepare ahead for the summer season.

Natural gas is used in China for cooking, as a heat source for steam boilers and in corrugated board production, while Towngas is used for cooking in Hong Kong. Both sources have reliable supplies.

[7] According to Hong Kong Government Electrical and Mechanical Service Department information https://www.emsd.gov.hk/energylabel/en/cal/cal.php

In 2021, we added eight electric passenger cars to the Group's vehicle team, bringing the total to 12. The remaining petrol-driven vehicles are more suitable for long-distance travel and comply with relevant car emission regulations[8]. Forklifts are gradually being replaced by electric ones; in 2021, we reached 50 units, an addition of 17. Our electric pallet trucks increased from 220 units in 2020 to 388 units in 2021.

Usage	Electricity (MWh) Power and heating, passenger vehicles, forklifts	Natural Gas (m³) Steam boiler and cooking	Towngas (MJ) Cooking	Diesel (Tonnes) Heavy duty vehicles	Petrol (Tonnes) Passenger vehicles
2021	68,075	4,736,371	307,920	212.2	113.78
2020	60,483	3,595,665	323,328	104.5	92.45

In 2021, employees of the Group only travelled domestically within China, totalling 33,390 km of air miles. The total CO_2 emissions for this combined travel tallies around 2.92 tonnes according to the passenger flight carbon emission calculator provided by the International Civil Aviation Organization (ICAO)[9].

Improvement targets

We implemented our first ISO14001 environmental management system in 1997 and have put a lot of effort toward environmental protection. All seven of our production sites have implemented the same system and have set improvement targets each year.

Beginning in 2021, we have set the following Group targets to improve our performance index for the period from 2021 to 2025, with 2020 as base year:

• Reduce intensity of electricity usage by 10%, an average of 2% per year

• Reduce intensity of CO_2 emissions by 10%, an average of 2% per year

• Reduce intensity of water usage by 5%, an average of 1% per year

• Reduce intensity of non-hazardous and hazardous waste by 5%, and average of 1% per year

Intensity is calculated as unit per HKD million of Group turnover.

Waste handling

Materials not suitable for reuse are separated into recyclable, non-hazardous and hazardous waste. Recyclable materials were sold to collectors and used for other purposes. In 2021, we recycled 45,022 tonnes of paper, 1,126 tonnes of wood, 398 tonnes of plastic and 270 tonnes of metal.

All hazardous waste — including liquid chemicals, chemically contaminated containers, cleaning rags and sludge from wastewater treatment — was collected and treated by authorised agents who have the appropriate qualifications[10] to handle hazardous waste.

We will refine our non-hazardous waste separation processes to increase recyclability, and work with suppliers to reuse chemical containers, thus reducing the amount of hazardous waste we generate.

[8] Measures on Supervision of Exhaust Pollution from Automobiles in the People's Republic of China
[9] ICAO carbon emission calculator https://www.icao.int/environmental-protection/CarbonOffset/Pages/default.aspx
[10] Regulation on the Management of the Shifting of Hazardous Waste (危險廢物轉移聯單管理辦法)

Social Responsibility

Our employees

Employees are the most important asset of the Group. Our success is a result of their continued effort. They build connections with our business partners and shape our operations and culture. Employee wellbeing is safeguarded under our ethical policy (access at this link: http://www.hunghingprinting.com/en-US/ethical.php), which dovetails with the United Nations International Labour Organisation's eight fundamental conventions. All our production sites are audited under one or more ethical standards at least once a year to ensure our practices comply with national law and internationally recognised standards.

Our ethical practice is open and transparent and can be found on the following industry-recognised platforms.

Platform name	Website address	Description
EcoVadis	www.ecovadis.com	A website for business sustainability information
Higg Index	https://portal.higg.org/	A platform developed by "Sustainable Apparel Coalition" with a suite of tools to measure user's sustainability performance
RBA Responsible Business Alliance	https://www.rba-online.org	Formerly the "Electronic Industry Citizenship Coalition" and now focused on "Advancing Sustainability Globally"
ICTI-Ethical Toy Program	https://www.ethicaltoyprogram.org	Advancing ethical manufacturing in the toy industry
Sedex	www.sedexglobal.com	A platform that promotes responsible supply chain management

We offer competitive remuneration and benefits to attract and retain talented individuals, with wages higher than the regional minimum. Voluntary overtime is paid as stipulated by law. All factories offer free or subsidised meals.

Our ethics policy ensures all employees are treated equally. No discrimination of any kind is tolerated, and employee rights are safeguarded from the recruitment stage through their advancement in the Group.

We promote diversity, equity and inclusion in the workplace. Our factories have accessible facilities, including ramp paths and toilets for the disabled. In 2021, we established a program and guidelines to promote Diversity, Equity and Inclusion (DE&I) and will soon implement these into our recruitment process. Such guidelines are adopted from industry best practices, such as redacting applicants' gender and age during the selection stage so they are afforded opportunities for interviews based only on objective qualifications. At the end of 2021, our employee gender equality reached almost 50/50, with total 3,279 male and 3,214 female workers.

We take a zero-tolerance approach to any kind of exploitation of human rights. In the recruitment process, we interview candidates to ensure their documents are genuine, they are coming to work of their own free will and their age meets minimum requirements for employment. Additional checks or queries occur if there is any likelihood of human trafficking. Although underage employment or forced labour has never happened within the Group, we have procedures in place to remedy the situation and ensure any affected persons are protected until they are returned home safety.

All these safeguards are documented in our recruitment procedures, which are regularly reviewed to ensure compliance with current regulations wherever we operate[11], and include remedial action and grievance redressal steps for any violations or compliance issues. Our policies and procedures are open and transparent; employees can request to review them, if necessary.

Our policies support freedom of association, as long as it is lawful. In our China factories, where most workers are migrants and therefore less likely to form associations, we help workers identify representatives to voice their concerns. Departmental representatives are elected by department colleagues. Representative meetings occur at least quarterly; any concerns raised during these meetings are brought to administrative departments and reported to management if follow-up action is needed.

Health and safety

Providing a healthy and safe working environment is at the core of our ethical policy. We remained on high alert to combat COVID-19 throughout the year. We rigidly followed the recommended practice of wearing face masks whenever staff encountered others. Video conferencing platforms were widely used for external and internal meetings. Canteen tables were partitioned to reduce the chance of transmission. Remote working arrangements and staggered team scheduling helped reduce the chances of infection. As of the end of 2021, no infection cases were reported across the Group.

Factory health and safety teams perform weekly checks on the product floor for fire prevention, health and safety and environmental practices. Any new installation of machines or new material undergoes risk assessment to ensure compliance with relevant occupational health and safety regulations[12]. All chemicals used in the production process have a Material Safety Data Sheet (MSDS), which is posted in the workshop, and recommended precautionary steps are strictly followed, including the use of Personal Protection Equipment (PPE). We provide yearly health check-ups to employees who work in areas with high noise levels or who handle hazardous chemicals. Over the past three years, there have been no work-related fatalities in the Group.

---

[11]   Labor Contract Law of the People's Republic of China (中華人民共和國勞動合同法)
         Hong Kong Employment Ordinance (香港僱傭條例)
         The Labour Code of Vietnam (越南勞動法)
[12]   Law of The People's Republic of China on Prevention and Control of Occupational Diseases (中華人民共和國職業病防治法)

As part of our work/life balance initiative, we have table tennis sets in Hong Kong for employees to play during lunch or after office hours. The company has provided areas for enthusiastic colleagues to practice yoga during lunch times. A dedicated team circulates green living practices and other positive-thinking articles to all colleagues to promote sustainable and healthy living.

Development and training

We encourage our employees to learn continually to equip themselves for career advancement. We provide various types of training to our employees, from occupational health and safety to work-related knowledge or practice.

In 2021, we offered business etiquette and impromptu speech training to our marketing colleagues to equip them for formal business gatherings. During the year the Group provided 369,339 hours of training to 75,327 attendees. External web-based or teleconference sessions attended by employees in areas of interest are not counted in these figures.

In 2021, we established a new channel to share the Group's news with our employees and business partners: Vibrance is a web-based platform offering monthly updates on the Group's internal and external activities that are interesting to the audience.
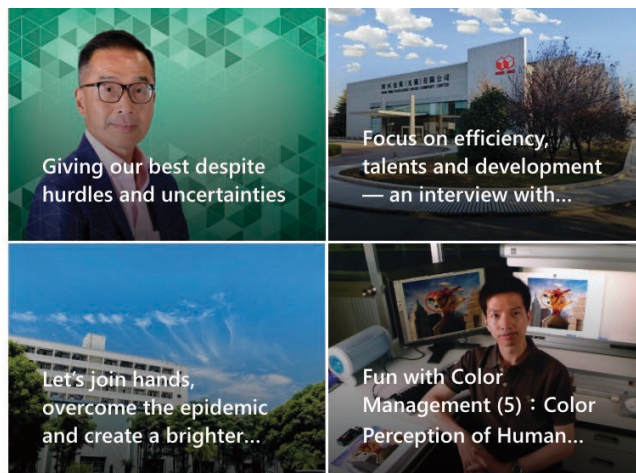
Our community

We are a part of our community, extending wherever our employees come from and anywhere we operate. It is our obligation to nurture this community when we can. In 2021, we provided internships to five candidates to work in our Information Technology Division. These two-month internships provided hands-on working experience and a deeper understanding of the IT industry, as well as soft skills to work with people. We hope the internship program sows the seeds to nourish future talent within the company.

We have participated in the Caring Company programme for more than 15 years, in partnership with a local charity, and we have donated total HK$85,800 to communities in mainland China, Hong Kong and Vietnam. The Group's contributions provide an example to encourage employees to give back to the community by donation or charity work.

Governance

Our suppliers

Suppliers are an integral part of our business success. For key suppliers, we only select companies with high business integrity and operational sustainably, which form the foundation for a long-term relationship. We share our philosophy on ethics and sustainability with our suppliers and communicate openly and transparently with them. We prefer to build working relationships with suppliers, from operations to senior levels of management. Involvement of senior-level management helps to eliminate any misconduct and facilitates mutually beneficial arrangements.

Most of our suppliers are local companies whom we can visit regularly to observe their operations, discuss the development of environmentally-friendly materials, improve material safety to meet updated requirements, or implement cost-saving initiatives. Local delivery of material also ensures shorter lead times and minimises carbon footprint.

Of the 289 major suppliers who provided over 80% of the overall value of our production materials in 2021, 230 completed our ethical and environmental questionnaire and are fully compliant with our requirements.

Business integrity and anti-corruption

Hung Hing's reputation is built on business integrity and operational transparency; we will not tolerate any misconduct or bribery. All our employees and trading partners are aware of our zero-tolerance policy in this regard. Our new employee training programs outline our anti-bribery policies, which are also posted in the meeting rooms at all of our factories. Every year, we remind our employees of this by circulating the company's anti-corruption policy and corporate guidelines for handling any client gifts.

In 2021, we provided 54,977 training hours to 22,741 attendees covering anti-bribery regulations. The Group's directors also attended anti-bribery courses organised by industry bodies.

We have internal audit procedures to regularly evaluate our purchase and order activities to ensure each practice matches the highest business integrity standards. We have set guidelines to minimise the chances of corruption or money laundering, such as limiting the number of cash transactions so money sources remain traceable, and paying extra attention to frequent transactions of similar products with abnormal return rates.

Besides these internal governance procedures, we also established a whistle-blower policy for all stakeholders to report any misconduct in the Group. This policy is posted clearly on the Group's website. Complaints can be directed to various levels of management, ranging from operating unit heads up to independent non-executive directors or the chief executive. In 2021, we did not receive any complaints at the Group level. To the best of our knowledge, no legal proceedings regarding corrupt practices have been brought against the Group or our employees in 2021.

ESG Performance Data

ESG Performance Data

Subject Area A – Environment

Aspect A1: Emissions

Performance Indicator		**2021 Data**	2020 Data	HKEx ESG Report Guide KPI
Emission*	Total Sulphur Dioxide SO_2 emission (tonne)	**6.35**	3.85	KPI A1.1
	Total Carbon Monoxide CO (tonne)	**0.06**	0.03	KPI A1.1
	Total Volatile Organic Chemicals emission (tonne) (From production)	**33.03**	50.43	KPI A1.1
	Total Carbon Dioxide emission (CO_2) (tonne)	**20,587.90**	16,746.78	KPI A1.1, A1.2
	Direct emission (Fuel, natural gas, Towngas, fire extinguishers)	**10,085.35**	7,503.26	KPI A1.1, A1.2
	Indirect Emission (Electricity consumed, Towngas)	**10,502.55**	9,243.52	KPI A1.1 A1.2
	Total nitric oxide NO_X emission (tonne)	**0.20**	0.16	KPI A1.1 A1.2
	Total greenhouse gas emission per million HKD of goods sold (tonne CO_2e)	**5.85**	6.58	KPI A1.2
Hazardous Waste	Solid and liquid hazardous from production and water treatment	**731.07**	607.30	KPI A1.3
	Total hazardous waste produced per million HKD of goods sold (tonne)	**0.22**	0.24	KPI A1.3
Non-hazardous Waste	Non-hazardous waste (tonne) (Office waste, paper, plastic not suitable for recycle, household waste from canteen and dormitories)	**653.37**	1,524.20	KPI A1.4
	Total non-hazardous waste produced per million HKD of goods sold (tonne)	**0.19**	0.60	KPI A1.4
Aspect A2: Use of Resources				
Energy	Fuel and gas (MWh)	**48,334**	36,496	KPI A2.1
	Electricity (MWh)	**68,075**	60,483	KPI A2.1
	Energy consumed per million HKD of goods sold (MWh)	**33**	38	KPI A2.1
Water	In m^3 (Consumption by production, canteen and dormitory)	**1,093,661**	1,057,315	KPI A2.2
	Water consumed per million HKD of goods sold (m^3)	**310**	414	KPI A2.2
Paper	Total paper consumed by production (tonne)	**217,665**	142,027	KPI A2.2
Packaging material	Packaging materials are mainly nylon tape and PP shrinkage film (tonne)	**425.98**	325.48	KPI A2.5
	Packaging materials consumed per million HKD of goods sold (tonne)	**0.12**	0.13	KPI A2.5

Subject Area B – Social

Employment and Labour Practices

Aspect B1: Employment

Performance Indicator		**2021 Data**	2020 Data	HKEx ESG Report Guide KPI
Workforce	Total	**6,493**	6,612	KPI B1.1
	By gender			KPI B1.1
	Male	**3,279**	3,293	KPI B1.1
	Female	**3,214**	3,319	KPI B1.1
	By employment category			KPI B1.1
	Senior Management – male	**108**	139	KPI B1.1
	– female	**48**	57	KPI B1.1
	Middle management – male	**379**	344	KPI B1.1
	– female	**411**	410	KPI B1.1
	Worker – male	**2,792**	2,812	KPI B1.1
	– female	**2,755**	2,850	KPI B1.1
	By age Group			KPI B1.1
	At and below 30	**954**	1,200	KPI B1.1
	> 30 – 50	**4,798**	4,857	KPI B1.1
	over 50	**741**	555	KPI B1.1
	By geographic location			KPI B1.1
	Eastern China	**355**	380	KPI B1.1
	Southern China	**5,475**	5,804	KPI B1.1
	Hong Kong	**292**	290	KPI B1.1
	Vietnam	**371**	138	KPI B1.1

Performance Indicator		**2021 Data**	2020 Data	HKEx ESG Report Guide KPI
Employee turnover %	Total	**72**	30	KPI B1.2
	By gender			KPI B1.2
	Male	**76**	29	KPI B1.2
	Female	**66**	31	KPI B1.2
	By age Group			KPI B1.2
	At and below 30	**91**	55	KPI B1.2
	> 30 - 50	**58**	20	KPI B1.2
	over 50	**19**	9	KPI B1.2
	By geographic location			KPI B1.2
	Eastern China	**35**	39	KPI B1.2
	Southern China	**75**	31	KPI B1.2
	Hong Kong	**16**	17	KPI B1.2
	Vietnam	**14**	6	KPI B1.2
Aspect B2: Health and Safety				
Incident	Number of incidents	**26**	20	KPI B2.1
	Number of work-related fatalities	**0**	0	KPI B2.1
	TIR (Total Incident Rate = number of incidents per 200,000 work hours)	**0.28**	0.25	KPI B2.1
Lost days	Number of days lost due to work injury	**1,613**	959	KPI B2.2
	LTIR (Lost Time Injury Rate = number of hours lost per 200,000 work hours)	**139.38**	95.69	KPI B2.2

Aspect B3: Development and Training

Performance Indicator		**2021 Data**	2020 Data	HKEx ESG Report Guide KPI
Attendee	Total	**75,327**	57,483	KPI B3.1
	By gender			
	Male	**38,961**	27,608	KPI B3.1
	Female	**36,366**	29,875	KPI B3.1
	By employment category			
	Senior Management	**0.55%**	0.74%	KPI B3.1
	Middle management	**2.71%**	3.01%	KPI B3.1
	Worker	**96.74%**	96.25%	KPI B3.1
Training hour	Total	**369,339**	139,724	KPI B3.2
	By gender (Average hours)			KPI B3.2
	Male	**5.41**	2.44	KPI B3.2
	Female	**4.37**	2.42	KPI B3.2
	By employment category (Average hours)			KPI B3.2
	Senior Management	**1.91**	2.74	KPI B3.2
	Middle management	**2.40**	2.81	KPI B3.2
	Worker	**4.99**	2.42	KPI B3.2

Operating Practices

Aspect B5: Supply Chain Management

Performance Indicator		**2021 Data**	2020 Data	HKEx ESG Report Guide KPI
Active Supplier	In China	**1,267**	1,513	KPI B5.1
	In Hong Kong	**57**	58	
	In Vietnam	**20**	9	KPI B5.1
Aspect B6: Product Responsibility				
	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	**0.000%**	0.000%	KPI B6.1
	Number of products and service related complaints received	**211**	470	KPI B6.2
Community				
Aspect B8: Community Investment				
KPI B8.2	Total value of money and product donation	**85,800**	260,115	KPI B8.2

*   Diesel and gasoline emission data according to GHG emission from fuel type, mobile combustions sources in Hong Kong Exchange "HOW TO PREPARE AN ESG REPORT", "Appendix 2: Reporting Guidance on Environmental KPIs" https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Environmental-Social-and-Governance/Exchanges-guidance-materials-on-ESG/step_by_step.pdf

Towngas direct emission data according to Towngas bill data; Towngas indirect emission data according to Towngas 2019 Sustainability Report https://www.towngas.com/getattachment/84a23e36-8aac-41e4-9df3-126b07a948b6/TGC_ESG_Report_2019_Eng_ST20200421_R2.pdf.aspx?lang=en-US&ext=.pdf

Natural gas emission data according to 2006 IPCC Guidelines for National Greenhouse Gas Inventories http://www.ipcc-nggip.iges.or.jp/public/2006gl/index.html

China electricity emission data according to China Southern Power Grid 2020 Green Development Annual Report《中國南方電網有限責任公司之2020年綠色發展年刊》http://www.csg.cn/shzr/zrbg/202108/P020210823416045966061.pdf

Hong Kong electricity emission data according to information listed in CLP 2021 monthly invoices

Vietnam electricity emission data according to https://www.iges.or.jp/en/publication_documents/pub/data/en/1215/IGES_GRID_EF_v10.12_20220228.xlsx Operating Margin EF (average)

Environmental, Social and Governance (ESG) Report Content Index

Environmental, Social and Governance (ESG) Report Content Index

Indicators	Description	Report Page
Subject Area A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Page 6-10
KPI A1.1	The types of emissions and respective emission data.	Page 16
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, intensity (per million HKD of goods sold)	Page 16
KPI A1.3	Total hazardous waste produced (in tonnes) and, intensity (per million HKD of goods sold)	Page 16
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, intensity (per million HKD of goods sold)	Page 16
KPI A1.5	Description of emission target(s) set and steps taken to achieve them	Page 10
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Page 6-7, 10
Aspect A2: Use of Resources		
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Page 8-9
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (per million HKD of goods sold).	Page 16
KPI A2.2	Water consumption in total and intensity (per million HKD of goods sold).	Page 16
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Page 4, 8-10
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Page 8, 10
KPI A2.5	Total packaging material used for finished products (in tonnes) and, intensity (per million HKD of goods sold)	Page 16

Indicators	Description	Report Page
Aspect A3: The Environment and Natural Resources		
General disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Page 6-9
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Page 6-9
Aspect A4: Climate Change		
General disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	Page 7
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Page 7
Subject Area B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Page 11-12
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Page 17
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Page 18
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Page 12
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Page 12, 18
KPI B2.2	Lost days due to work injury.	Page 18
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Page 12

Indicators	Description	Report Page
Aspect B3: Development and Training		
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Page 13
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Page 19
KPI B3.2	The average training hours completed per employee by gender and employee category.	Page 19
Aspect B4: Labour Standards		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Page 12
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Page 12
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Page 12
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Page 14
KPI B5.1	Number of suppliers by geographical region.	Page 20
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Page 14
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Page 14
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Page 14

Indicators	Description	Report Page
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Page 15
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Page 20
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Page 15, 20
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Page 15
KPI B6.4	Description of quality assurance process and recall procedures.	Page 15
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Page 15
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Page 14
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Page 14
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Page 14
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Page 14
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Page 13
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Page 13
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Page 20

United Nations Global Compact Ten Principles Reference Table

United Nations Global Compact Ten Principles Reference Table

Principles	Description	Report Page
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	Page 11-12
Principle 2	make sure that they are not complicit in human rights abuses.	Page 12
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Page 12
Principle 4	the elimination of all forms of forced and compulsory labour;	Page 12
Principle 5	the effective abolition of child labour; and	Page 12
Principle 6	the elimination of discrimination in respect of employment and occupation.	Page 12
Principle 7	Businesses should support a precautionary approach to environmental challenges;	Page 6-10
Principle 8	undertake initiatives to promote greater environmental responsibility; and	Page 6-8
Principle 9	encourage the development and diffusion of environmentally friendly technologies.	Page 8
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	Page 14

United Nations Sustainable Development Goals Reference Table

United Nations Sustainable Development Goals Reference Table

Goals	Icon	Description	Report Page
Goal 1		No poverty	Page 11–12
Goal 2		Zero hunger	Page 11–12
Goal 3		Good health and well-being	Page 8,12
Goal 4		Quality education	Page 13–14
Goal 5		Gender equality	Page 12
Goal 6		Clean water and sanitation	Page 8
Goal 7		Affordable and clean energy	Page 9
Goal 8		Decent work and economic growth	Page 3,7,13
Goal 9		Industry, innovation and infrastructure	Page 4,7
Goal 10		Reduced inequalities	Page 12

Goals	Icon	Description	Report Page
Goal 11		Sustainable cities and communities	Page 6,8,13
Goal 12		Responsible consumption and production	Page 6–8,10,15
Goal 13		Climate action	Page 4,7
Goal 14		Life below water	Page 7–8
Goal 15		Life on land	Page 7–8
Goal 16		Peach, justice and strong institutions	Page 14
Goal 17		Partnerships for the goals	Page 3,9,11,13–14