

**Environmental,  
Social and  
Governance  
Report  
2021**



**K & P International Holdings Limited**  
**堅寶國際控股有限公司\***

*(Incorporated in Bermuda with limited liability) (Stock Code: 675)*

\* For identification purpose only

# Environmental, Social and Governance Report

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# Environmental, Social and Governance Report

## I. PREAMBLE

Almost two years since the onset of the COVID-19 pandemic (“pandemic”), the global market and economy is poised to stage its strong and resilient recovery from the devastating disaster. While the world recovery may be strong, there are increasing concerns about the “green” and “evenness” of the bounce-back. With the pressing crisis of the virus getting a bit relieved via the roll out of medications and vaccines, another long-time crisis that threaten the existence of human – climate change is being put under the spotlight again.

With the UN Climate Change Conference (COP26) successfully held in late 2021, leaders of major nations have committed to take further actions in eliminating or reducing coal-powered energies in order to catch up with the roadmap of reaching zero carbon in the Paris Agreement. Meanwhile, as the largest developing countries in the world, China has also committed to firm actions by announcing its “3060 target” and the gradual implementation of carbon pricing and trading system. As a carbon-intensive industry, the manufacturing industry is prone to tighter regulation, which may eventually induce potential environmental, social and governance (“ESG”) risks towards businesses.

In light of this, as one of the leading players of manufacturing industrial goods in China, K & P International Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”), which are mainly engaged in the business of the manufacture and sale of precision parts and components including keypads, synthetic rubber and plastic components and parts and liquid crystal displays, is deeply aware that strong performance in ESG management is essential for corporate resilience and risk management towards unpredicted crisis. Reckoning its key role in influencing the sustainability performance of the value chains of its clients, the Group adheres to its objective of speeding up the building of environmental awareness, fulfilment of social responsibility, and corporate sustainability stewardship, so as to exert a positive influence on its stakeholders throughout its entire value chain. By unwaveringly following its original aspiration in seeking sustainable development, the Group aims to further establish environmental awareness among employees, disseminate the importance of fulfilling social responsibilities throughout the organisation, and become a leader and key influencer in pushing all players in its value chain towards sustainability.

# Environmental, Social and Governance Report

## II. ABOUT THE REPORT

In compliance with the requirement under Appendix 27 – Environmental, Social and Governance Reporting Guide (the “ESG Guide”) of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “HKEx”), the Group is pleased to present its sixth Environmental, Social and Governance Report (the “ESG Report”) for the year ended 31 December 2021 (“FY2021”), which illustrates the Group’s governance and disclosure of ESG activities, metrics and performance during its business operations.

### Reporting Boundary

Given the cessation of certain operations in recent years and strategic shift of business plans for future development due to complicated international relationships, volatile economic environment and the impacts of quarantine measures and lockdowns during the pandemic, the Group believes that only by setting a clear and appropriate reporting boundary can its readers have a better understanding about the Group’s commitment and implementation of ESG relevant policies, as well as the environmental and social performance of the Group in the reporting year.

As such, under the operational control approach, the Group identifies the reporting boundary considering its core business, main revenue and the dynamics between its operation with the external environment. Since the two subsidiaries manufacturing industrial goods in the mainland of the People’s Republic of China (the “PRC”) and the one headquarter office in Hong Kong cover the majority of business operations of the Group, thus these three entities are included in the scope and boundary for reporting and discussion in this ESG Report.

For the corporate governance section, please refer to the Group’s Annual Report 2021 (Page 10 to 31). The reporting period of this ESG report is for FY2021 unless specifically stated otherwise.

### Reporting Principles

As the reporting principles underpin the preparation of the ESG Report, the content of this ESG Report has been determined, organised and presented in accordance with the principles of Materiality, Quantitative, Balance and Consistency, which specified therein were utilised as a basis for the preparation of this ESG Report.

#### *Materiality:*

To determine the strategic sustainability priorities for the business, the Group conducted a broad, inclusive and science-based annual materiality assessment based on the continuous engagement with its stakeholders through various channels. The result of the materiality assessment is reviewed and validated by the Board of Directors (“the Board”), which then guide the Group in addressing stakeholders’ expectations more effectively. For more information about the key stakeholders identified and the process and results of the stakeholder engagement can be found in the section STAKEHOLDER ENGAGEMENT.

# Environmental, Social and Governance Report

## *Quantitative:*

The application of the reporting principle of Quantitative was primarily reflected under the environmental disclosure of emissions and resources used in this ESG report. Under the social subject, the quantitative information of the Group's employment structure and training opportunities in terms of age, gender and geographical location is also an example of how the Group has successfully applied the principle in its reporting process.

## *Balance:*

The Group is committed to describing its sustainability progress in an unbiased manner through a fairly presented set of information which includes both its outstanding achievements and room for improvement in FY2021.

## *Consistency:*

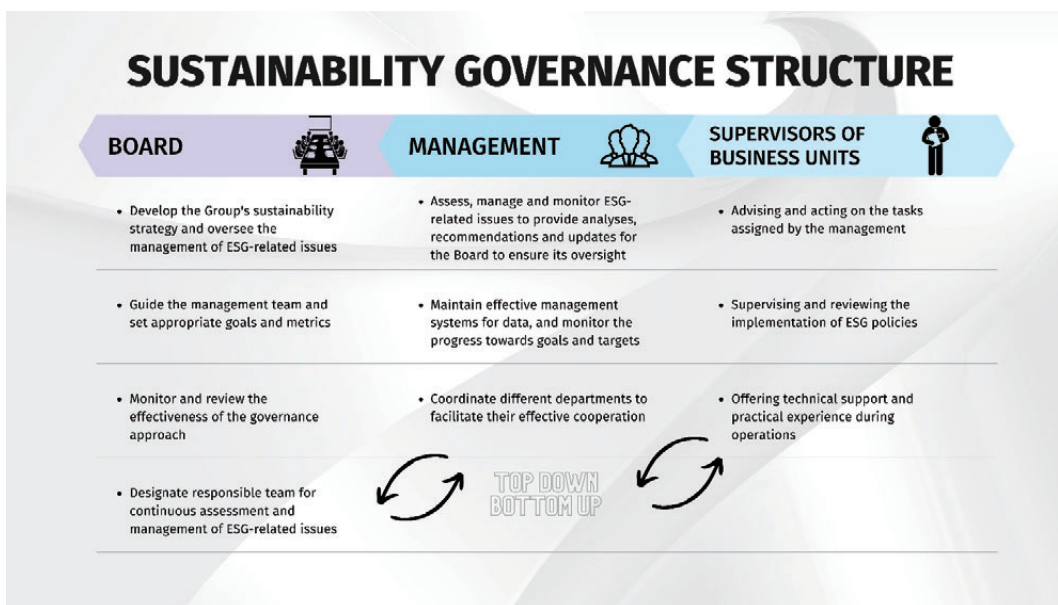
To facilitate meaning comparison, the Group has adopted the methodology and reporting framework that is consistent over years. The calculation of greenhouse gas emissions, in particular, was in alignment with local reporting rules and internationally recognised standards including the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

## **Information Disclosure**

The information in this ESG Report was gathered through numerous channels, including official documents and statistics of the Group, the integrated information of supervision, management and operation in accordance with the relevant policy, the internal quantitative and qualitative questionnaires based on the reporting framework, and sustainability practices provided by different subsidiaries of the Group. To deliver a more formalised ESG report that appeals to our global readership, the Group referenced the Global Reporting Initiative Standards (GRI Standards) and other industry-specific standards for reporting on its ESG performance. A complete content index and a GRI linkage table are available at the end of the ESG report for readers' convenience to check its integrity. If there is any conflict or inconsistency, the English version shall prevail.

# Environmental, Social and Governance Report

## III. SUSTAINABILITY MANAGEMENT



Taking the lead on and having the oversight of ESG issues within the Group, the Board assumes ultimate responsibility for ensuring the effectiveness of the implementation of the Group's ESG policies and the relevant reporting work. Taking a two-way governance approach, the Group believes that only when ESG is championed by the highest authority followed by the effective implementation by the management, can it be truly integrated in the corporate culture and business operations of the organisation. To this end, roles and responsibilities are clearly assigned with the Board principally approving and monitoring the policies and mechanisms, while the dedicated teams appointed by the Board was built to enforce and supervise the implementation of the relevant ESG policies in the Group, and report on the updates of any significant risks and opportunities to the Board regularly through emails and general meetings in an efficient and effective manner. On-site inspections and communication with frontline staff are also actions that the Board has been taking to fulfil its responsibility for overseeing the implementation of ESG policies from time to time.

Despite having different roles, it is essential for both the Board and the management to have sufficient knowledge of ESG issues and acknowledge the potential impacts they may have on the Group's business and operations. As such, the Board, the management and senior staff have been advised to receive ESG-relevant training from time to time to ensure they are aware of the latest developments.

The Group constantly reviews and adjusts its sustainability policies to satisfy the ever-changing needs of its stakeholders, who through various channels can be updated of the robustness of the Group's forward-looking strategies and express their opinions therein. Details of its management approach in both the environmental and social aspects can be found throughout different sections of this ESG Report. The Group believes an effective stewardship of its corporate sustainability is vital to the Group's overall long-term success.

# Environmental, Social and Governance Report

## IV. BOARD STATEMENT



### DEAR VALUED STAKEHOLDERS,

On behalf of the Board, I am pleased to present to our stakeholders the ESG report, demonstrating in detail the Group's approach and performance in terms of sustainable development for the year ended 31 December 2021.

Rising from the recession of 2020, 2021 is a year which was never more important for us to do our part and contribute to a sustainable recovery and thus future. In navigating the pandemic, I am deeply grateful to our colleagues who stepped up to meet challenges during the difficult time while prioritising the health and safety for all.

#### Developing our ESG Strategy

Committed to the success and well-being of all our stakeholders, our sustainability strategy, which encompass environmental, social and governance elements, aims for continuous improvement and we are consistently working towards enhancing its external alignment. To this end, we conduct materiality assessment annually to determine the strategic sustainability priorities for our business. After evaluating stakeholders' feedback, results are passed to the Board for internal discussion to validate the identified themes. The Board, which oversees the overall ESG issues of the Group, makes use of these rich and diverse set of viewpoint to turn this information into well-articulated strategy to help the Group meets its sustainability aspirations via managing the potential risks and opportunities in our operations and value chains.

For instance, waste stewardship has been ranked top in the materiality assessment for consecutively two financial years. As a manufacturing production business, while handling of hazardous waste is unavoidable, we are fully aware of our potential impact on the environment. To address this concern properly, we have developed a series of emissions control and waste management policies to ensure that we do not cause significant negative impacts to the natural environment.

Acting as an orienting framework, we are also using the United Nation's Sustainable Development Goals (SDGs) as a guiding principle when developing our ESG management approach and strategy. With Goal 1: No Poverty, Goal 2: Zero Hunger and Goal 3: Good Health and Well-being being the top concerns of our stakeholders, we especially care for the health and well-being of people and communities. More details about our actions can be found in the section STAKEHOLDER ENGAGEMENT.

# Environmental, Social and Governance Report



## Knowing our progress: ESG-related goals and targets

We believe that in order to make progress, we have to have a set of goals to aim for as our motivation to move forward. To ensure our strategy can be successfully operationalised and our commitments can be delivered, we have specified key performance indicators (KPIs) for targets and goals. In particular, to enhance the well-being of our work force, which is one of the key concerns of our sustainability strategy, we continuously monitor the performance of our occupational health and safety and aim for a zero work-related injury rate. Meanwhile, as we aim to lead a path in sustainable manufacturing, we have also set a series of environmental goals concerning the reduction of emissions and resources used throughout the operations. For more information about our environmental targets and corresponding actions, please refer to the sub-section Targets and Actions.

## Looking into the future

As we re-emerge in the post-pandemic world, we are of the opinion that our culture of sustainability will continue to position us well to create long-term value for all stakeholders. With our efforts and experiences in ESG management of years past, we believe we are well-positioned to deepen our sustainability commitment through setting more specific environmental targets. As we look to significantly enhance our sustainability performance, I am excited about the next chapter in our sustainability journey and look forward to keeping you all informed.

On behalf of the Board, I would like to take this opportunity to present my sincere gratitude to all of our colleagues, business partners and shareholders for their dedicated support and trust in the Group's sustainability journey. I am looking forward to keeping you informed of our progress.

**Lai Pei Wor**  
*Chairman*

Hong Kong, 23 March 2022



# Environmental, Social and Governance Report

## V. STAKEHOLDER ENGAGEMENT



The Group is committed to achieving top client satisfaction while prioritising the health and well-being for all. In addition to conducting materiality assessment and revise the material topic list annually based on the feedback from its stakeholders, the Group also maintains stable and continuous communications with its valuable stakeholders through a wide range of open communication channels, which are listed in the table below.

# Environmental, Social and Governance Report

## Communication with Stakeholders

Stakeholders	Expectations and Concerns	Communication Channels
Government and regulatory authorities	<ul style="list-style-type: none"> <li>– Compliance with laws and regulations</li> <li>– Anti-corruption policies</li> <li>– Occupational health and safety</li> </ul>	<ul style="list-style-type: none"> <li>– Supervision on the compliance with local laws and regulations</li> <li>– Routine reports and tax payments</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>– Return on investments</li> <li>– Corporate governance</li> <li>– Business compliance</li> </ul>	<ul style="list-style-type: none"> <li>– Regular reports and announcements</li> <li>– General meetings</li> <li>– Official website of the Group</li> <li>– Emails and enquires</li> </ul>
Employees	<ul style="list-style-type: none"> <li>– Employee's remuneration and benefits</li> <li>– Health and safety in the workplace</li> <li>– Career development</li> </ul>	<ul style="list-style-type: none"> <li>– Performance appraisals</li> <li>– Regular meetings and training</li> <li>– Emails, notice and team building activities with the management</li> </ul>
Customers	<ul style="list-style-type: none"> <li>– Product quality assurance</li> <li>– Protection of customer's rights</li> <li>– Continuous improvement in reliability of products/services</li> </ul>	<ul style="list-style-type: none"> <li>– Customer satisfaction surveys</li> <li>– Face-to-face meetings</li> <li>– Customer service hotline and emails</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>– Fair and open procurement</li> <li>– Win-win cooperation</li> <li>– Protection of intellectual property rights</li> </ul>	<ul style="list-style-type: none"> <li>– Contracts and agreements</li> <li>– Suppliers' satisfaction assessment</li> <li>– Telephone discussions and on-site visits</li> </ul>
General public	<ul style="list-style-type: none"> <li>– Engagement in local communities</li> <li>– Business ethics</li> <li>– Environmental protection awareness</li> </ul>	<ul style="list-style-type: none"> <li>– Media conferences and response to enquires</li> <li>– Public welfare activities</li> <li>– Corporate website</li> </ul>

# Environmental, Social and Governance Report

## SDG Alignment and Actions

In FY2021, the Group carried out an evaluation on its stakeholders’ opinions on corporate sustainability stewardship, especially the UN Sustainable Development Goals (SDGs) of great concerns to stakeholders. The Group believes that aligning its ESG management with a sustainable long-term trajectory for the world’s people and the planet is increasingly a global business imperative, and it is a very good opportunity for the Group to keep abreast with the global actions and maintain a common language with all.



According to the results, it was found that Goal 1: No poverty, Goal 2: Zero Hunger and Goal 3: Good health and well-being ranked the top of the list among all 17 SDGs in terms of the degree of stakeholders’ attention and interest and the Group’s perspective towards its long-term business development. In response to the call and concerns from stakeholders, the Group has committed to laying the emphasis on specific sub-targets under these three goals, in particular:



Staying in line with the national policy of “targeted poverty alleviation”, the Group understands its corporate responsibility to help those who are in need. As the largest development country in the world, the redistribution of wealth in the PRC is still a tedious process. In support of the national direction of “Third Allocation”, the Group is committed to doing more charity work in facilitating the development of society.

**Actions:**

- The subsidiaries of the Group has formed volunteer teams to engage in local community contributions.

# Environmental, Social and Governance Report



As one of the business players in the PRC where it feeds the highest population on Earth, the Group reckons that conserving, protecting and enhancing the natural environment that allows sustainable agricultural practices is one of its major sustainability tasks.

#### Actions:

- Adhere to responsible production standards to minimise any negative impacts on the natural environment
- Strictly monitors all exhausts and emissions to ensure they are pre-treated and are within the relevant emission standards

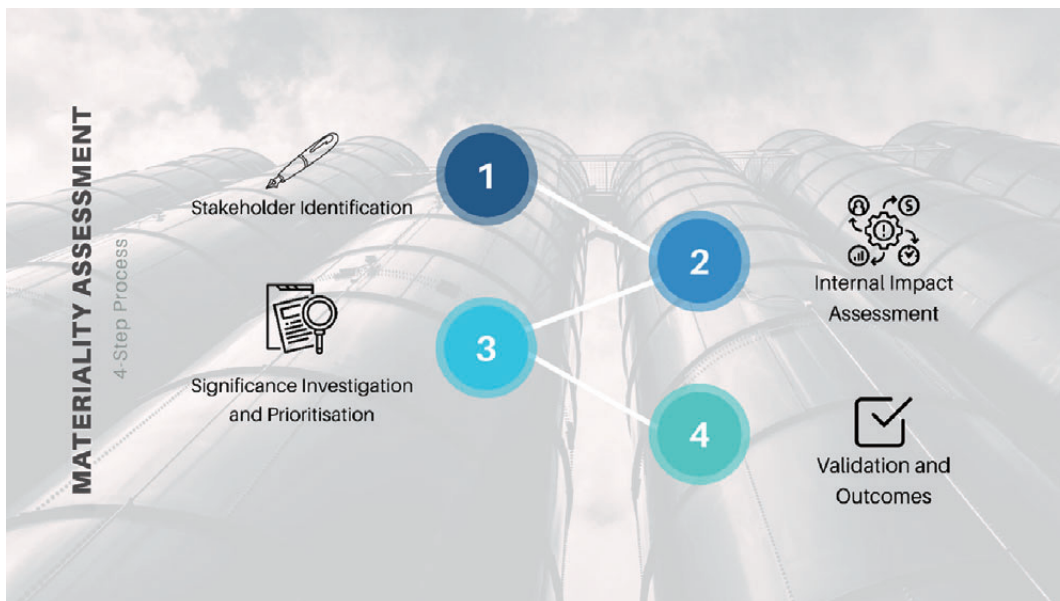


Having experienced the devastation of the pandemic, good health and well-being for all has undoubtedly become the most important thing in people's hearts. Being a responsible employer who values its employees as its precious asset, the Group has paid lots of efforts in safeguarding its staff, even in the post-pandemic period.

#### Actions:

- The Group deploys necessary resources to protect employees' health and safety from hazardous chemicals and processes
- The Group follows the local government's epidemic prevent and control guidelines in managing all operations

## Materiality Assessment



# Environmental, Social and Governance Report

Toward achieving our long-term vision which is based on the Group's management strategy, key issues to be addressed are identified and prioritised from internal perspective and from the external viewpoint of stakeholders. In FY2021, the Group conducted a stakeholder engagement survey to identify the material topics that have significant influence on stakeholder decisions. This allows the Group to consider its actual and potential impacts, each topic's relative importance to the business and the significant influence of the Group's operations and products in both the upstream and downstream of the value chain. The assessment process demonstrated the Group's emphasis on stakeholders' engagement and the results of the survey served as a powerful tool for the Group to develop its action plans for more focused ESG management

## *Step 1: Stakeholder identification*

Key stakeholders were identified based on the degree to which they were affected by the Group's activities, as well as by their ability to influence the Group's business objectives. After the key stakeholder groups were identified, the Group chose the representatives from each stakeholder group for engagement.

## *Step 2: Internal impact assessment*

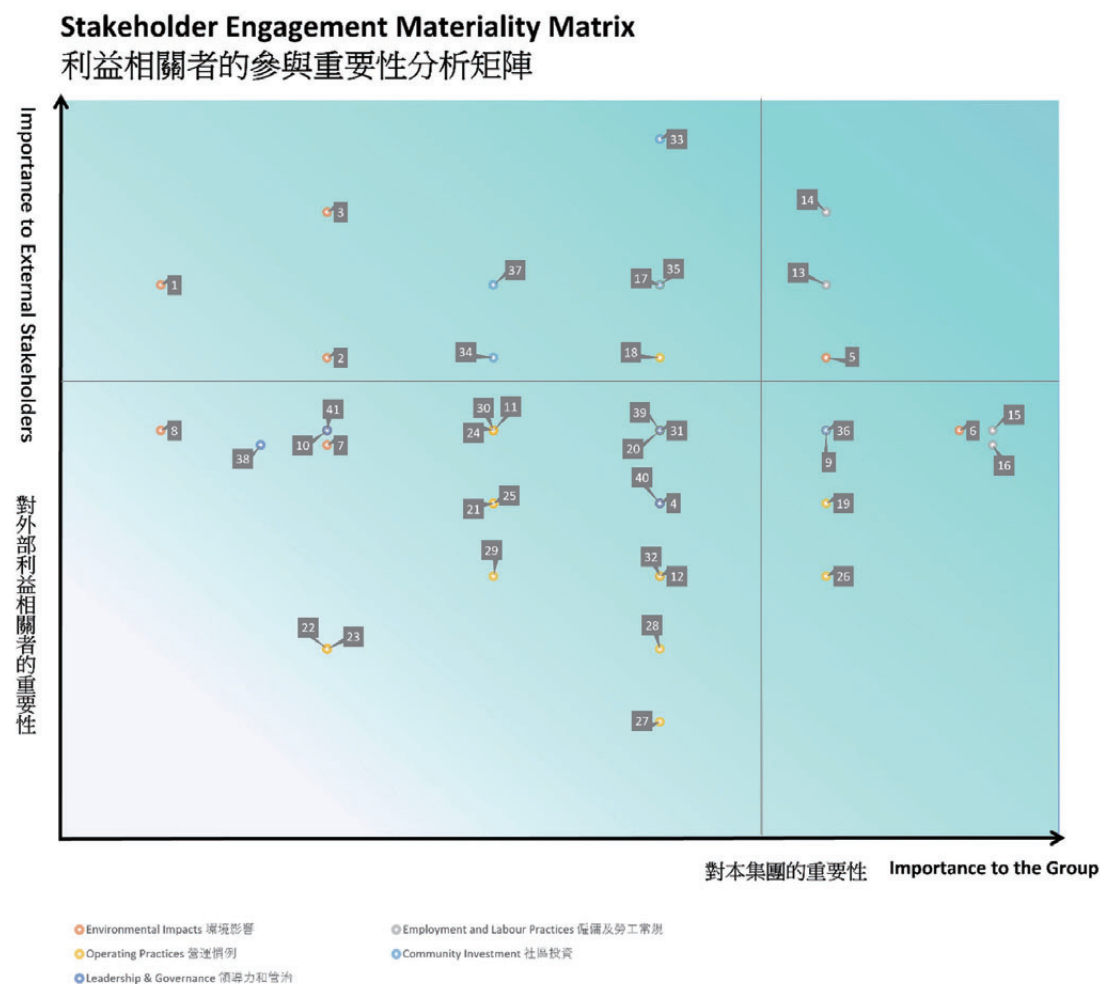
Through an internal desktop impact assessment, a list of 41 priority issues relevant to the Group's development strategy, industry development trend, regulatory market requirements, as well as social responsibility, among others, were generated.

1 GHG Emissions	15 Preventing Child and Forced Labour	29 Product Design & Lifecycle Management
2 Air Pollution	16 Labour Practices	30 Access & Affordability
3 Energy Management	17 Green Procurement	31 Business Ethics & Anti-corruption
4 Water & Wastewater Management	18 Communication and Engagement with Suppliers	32 Internal Communication & Grievance Mechanism
5 Solid Waste Stewardship	19 Environmental Risk (e.g. pollution) Management of Supply Chain	33 Community Engagement
6 Materials Management	20 Social Risk (e.g. human rights or corruption) Management of Supply Chain	34 Participation in Philanthropy
7 Land Use, Ecosystem and Biodiversity	21 Supply Chain Materials Sourcing & Efficiency	35 Cultivation of Local Employment
8 Climate Change Mitigation & Adaptation	22 Health and Safety Relating to Products/Services	36 Local Environmental Protection
9 Packaging Material Management	23 Customers Welfare	37 Support of Local Economic Development
10 Renewable and Clean Energy	24 Marketing and Promotion	38 Business Model Adaptation and Resilience to Environmental, Social, Political and Economic Risks and Opportunities
11 Diversity & Equal Opportunity	25 Intellectual Property Rights	39 Management of the Legal & Regulatory Environment (regulation-compliance management)
12 Employee Remuneration and Benefits	26 Product Quality	40 Critical Incident Risk Responsiveness
13 Occupational Health and Safety	27 Customer Privacy and Data Security	41 Systemic Risk Management (e.g. Financial Crisis)
14 Employee Development and Training	28 Labelling Relating to Products/Services	

# Environmental, Social and Governance Report

## Step 3: Significance investigation and prioritisation

An online evaluation survey was distributed among and completed by the well-selected key internal and external stakeholders. The scores of issues were analysed, prioritised and mapped into a final materiality matrix as shown below.



## Step 4: Validation and outcomes

Given the materiality analysis matrix, the Group identified 3 topics as issues of the highest importance to both the Group and its stakeholders during the year under review. In particular, the following 3 specific areas topped the list of which the participants in this survey were most concerned, namely "Solid Waste Stewardship", "Occupational Health and Safety" and "Employee Development and Training". The result was submitted and reviewed by the Board, which then guide the Group in resources allocation in its sustainability management focusing on these material areas.

### Stakeholders Feedback

As the Group strives for excellence, stakeholders' feedback is always welcomed, especially on topics listed as high importance in the materiality assessment. Readers are also welcomed to share their views via the Group's email at enquiry@kpihl.com or website at www.kpihl.com.

# Environmental, Social and Governance Report

## VI. ENVIRONMENTAL SUSTAINABILITY

Since its inception, the Group has always wanted to be a company that aim at the realisation of a sustainable society where both the environment and business can thrive together. With this in mind, the Group has always been engaging in the reduction of an array of environmental impacts from both production and general corporate activities. Getting a basic benchmark for controlling its emissions and consumption of resources, the Group strictly complied with relevant environmental laws and regulations that are material to the Group's business of the manufacture and sale of precision parts and components in the PRC and Hong Kong office, including but not limited to the:

- Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong);
- Energy Conservation Law of the People's Republic of China 《中華人民共和國節約能源法》；
- Environmental Protection Law of the People's Republic of China 《中華人民共和國環境保護法》；
- Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes 《中華人民共和國固體廢物污染環境防治法》；
- Law of the People's Republic of China on Prevention and Control of Pollution From Environmental Noise 《中華人民共和國環境噪聲污染防治法》；
- Law of the People's Republic of China on Prevention and Control of Water Pollution 《中華人民共和國水污染防治法》； and
- Atmospheric Pollution Prevention and Control Law of the People's Republic of China 《中華人民共和國大氣污染防治法》。



Few years ago, the Environmental Principles was released to serve as the Group's guideline for all environmental initiatives in all scope of its business operations. The Principles articulate the basic stance to reduce environmental impact at every step of production, from materials procurement to production, transportation and sale stages. Meanwhile, through the implementation of Environmental Management System following the requirements and guidelines of ISO 14001, the Group keeps refining its internal environmental frameworks to reinforce the effectiveness of implementation of its ESG-related policies.

# Environmental, Social and Governance Report

This section primarily discloses the Group's policies, practices, targets and actions on emissions, use of resources, the environment and natural resources and climate change in FY2021.

## A.1. Emissions

With the national visions to reduce emission and protect the environment getting gradually ambitious and specific, the Group has laid great emphasis on the emission control of the two manufacturing plants currently being commissioned in the PRC. To strictly control the quantity and quality of emissions according to relevant local environmental laws as set out in the regions where the Group operates, the Group has been committed to monitoring, measuring and recording its emissions during operations.

In FY2021, the Group found no disregard to influential laws relevant to air and greenhouse gas emissions, discharges into water or land, and generation of hazardous and non-hazardous waste. For more detailed information regarding the amount of different categories of emissions, please refer to Table E1 in APPENDIX – PERFORMANCE TABLE.

### *Air & GHG Emissions*

The air emissions of the Group in FY2021 principally included sulphur oxides ("SO<sub>x</sub>"), nitrogen oxides ("NO<sub>x</sub>") and particulate matter ("PM"), as well as the direct and indirect emissions of greenhouse gases ("GHGs").

Similar to the emission pattern in previous years, during FY2021, Scope 2 (Energy Indirect Emissions) dominated the Group's GHG emission profile with around 98%. Meanwhile, attributed to the concerted efforts of the Group's staff in minimising the consumption of fossil fuels, the Scope 1 (Direct Emissions) decreased by 29.81% as compared to the performance of the previous year, leading to a subsequent drop in the total GHG emissions by 1.78%.

Reckoning that these emissions primarily generated by the combustion of fossil fuels, to control its air and GHG emissions, the Group strictly controls the consumption of fossil fuels in transportation by reducing unnecessary business travels and optimising its production processes. The Group keeps implementing effective policies and measures to monitor and control its use of resources during business operations, and encouraged all its employees to pay attention to the details around them, such as switching off idle electrical appliances when leaving the office, in order to mitigate climate-related risks at source.

To further monitor and control its environmental emissions, the Group established an Environmental Safety Force which is responsible for the environment and safety of the operating sites through strictly managing and implementing the Group's environmental policies accordingly. The Force inspected the environmental performance of the Group's operating sites regularly to ensure their performances were up to the Group's standards. The exhaust gas emitted by the manufacturing plants were mainly organic exhaust gas produced during the paint spraying process. The Group ensured that all exhaust gas was treated through adsorption, desorption, catalytic combustion to meet the second-grade standard for the second-time frame of the Emission limits of air pollutants 《廣東省地方標準大氣污染物排放限值》(DB44/27-2001), the standard emission limit in table 2 of the Emission standards for odour pollutants 《惡臭污染物排放標準》(GB14554-1993), and the standard emission limit for the second-time frame of the Emission standard of volatile organic compounds for furniture manufacturing operations 《廣東省地方標準家具製造行業揮發性有機化合物排放標準》(DB44/814-2010) before being emitted.



# Environmental, Social and Governance Report

More policies and actions implemented by the Group to control its emissions are further discussed in the subsections headed “Electricity”, “Other energy resources” and “Targets and Actions” below.

## Wastewater

### Manufacturing Business

In FY2021, the wastewater from the manufacturing business of the Group mainly comprised of both non-hazardous and industrial wastewater which contained paint, spray, air compressor liquid, etc. The wastewater was uniformly collected in the regulating tank for integrated biochemical treatment including precipitation, decomposition, anaerobic decomposition and filtration, and discharged after reaching the emissions standards. A part of the wastewater was reused in the production line after treatment while others were discharged through sewage pipes.



**CASE STUDY: ZHONG SHAN K. S. ELECTRONICS COMPANY LTD.**

The wastewater generated from the Group's painting process was discharged into the wastewater collection tank through special pipelines, followed by processes including “oil separation, coagulation, sedimentation, hydrolysis acidification, SBR treatment, precipitation, MBR filtration and sand filtration”. After a series of measures, the quality of wastewater fully met the requirements of the first standard of the “Discharge limits of water pollutants in Guangdong Province” (DB 44/26-2001) (廣東省水污染物排放限值).

The image shows a collage of six photographs illustrating the wastewater treatment process. The top row includes a large rectangular tank labeled '隔油调节池' (Oil separation and regulation tank), a square tank with a grid pattern labeled 'SBR池' (SBR tank), and another square tank with a grid pattern. The bottom row shows a smaller rectangular tank, a blue industrial structure with a ladder, and a blue industrial structure with a staircase.

To ensure the wastewater discharged from factories of the Group was in full compliance with relevant standards, the Group authorised Global (GuangDong) Quality Technology Service Co., Ltd., a professional testing agency, to monitor and measure the quality of wastewater from factories on a regular basis. The results of the test were all below the emission limits based on a series of national standards, including GB 6920-1986, HJ 637-2012, GB 7494-1987 and BG 11893-1989.

### Hong Kong Office

Since the amount of wastewater generated from the office largely depends on the amount of freshwater that the Group consumes, the Group has adopted specific measures to reduce water consumption in the office, which are further described in the next subsection under **A.2. Use of Resources**. In FY2021, the municipal wastewater was directly discharged into the drainage system of the property building.

# Environmental, Social and Governance Report

## *Solid waste*

The solid wastes generated by the Group were classified into non-hazardous domestic commercial solid waste from the office operations and hazardous industrial solid waste generated by the manufacturing plants in the PRC.

### Hong Kong Office

The solid waste generated from the Group's office operations in FY2021 was general domestic and commercial waste. In order to reduce the amount of daily municipal solid wastes, the Group implemented the following practices:

- Recycle as much solid waste as possible through classification process;
- Educate all employees on reducing the use of disposable items such as plastic tableware;
- Establish a "resource conservation" culture in the office;
- Advocate the reuse of office stationeries; and
- Recycle the office waste such as ink cartridges, toner cartridges, computers, light bulbs, etc.

More initiatives can be found in Targets and Actions.

### Manufacturing Business

Given the business nature, the Group's major solid wastes generated from manufacturing activities were industrial wastes such as activated charcoal, waste barrels, paint sludge, waste mineral oil, waste engine oil and wipes. Other solid wastes included oil rags, dry sludge, waste bulbs etc. All hazardous wastes were collected, classified and placed uniformly according to the warehouse requirements of hazardous waste management with corresponding placement and labels being set.

Under the Environmental Principles, the two plants of the Group abided by the emission-related laws and regulations in the PRC. Notably, the Restriction of Hazardous Substances Directive 2011/65/EU (RoHS 2.0) 《危害性物質限制指令》, which is the restriction of the use of certain hazardous substances in electrical and electronic equipment (EEE), also plays an important role in the manufacturing process and has been strictly followed by the Group. To move towards an environmentally friendly enterprise, the Group has invariably been committed to minimising its environmental impacts of emissions from its factories and already established draconian internal regulations on the energy consumption, sewage treatment and solid waste management. Meanwhile, the "Target Guide and Plan" (目標指示與方案) and "Quality & Environment Management Manual" (質量環境管理手冊) have been effectively implemented in the daily management and operations of factories for the identification, evaluation and update of material environmental pollution-related issues and the formulation of environmental management plans from a lifecycle standpoint in the future.

# Environmental, Social and Governance Report

All wastes generated during the operating and manufacturing processes are properly managed in accordance with the Quality & Environment Management Manual. With clear roles being specified, leaders and staff handling both non-hazardous and hazardous waste perform their duty orderly. While general wastes are weighed, recorded, and collected by the local Housing and Construction Bureau, hazardous wastes are collected and sealed in specific containers by specialists according to the Solid Waste Classification Table. Hazardous Waste Warehouse Manager from the Administration Department is responsible for checking all containers and holds responsibility for coordinating the qualified company for further transportation, management, recycling and disposal of the hazardous waste.

During the year under review, the Group collected and recycled around 100 tonnes of solid waste, in which over 90 tonnes of the waste belong to plastic waste.

## *Noise*

Considering that noise is an unavoidable element during the manufacturing operations, the Group pays special focus on minimising its noise impacts to the surroundings. Whether it is noise detected around operating sites or equipment upgrade in the plants, the Group is endeavoured to control the noise pollution through technical innovation and the acquisition of advanced equipment that is notably quieter and more efficient when compared to the old ones.

Throughout these years, the Group have engaged external testing agencies, such as Global (Guang Dong) Quality Technology Service Co., Ltd, in running tests on the noise level of several locations within the plant operating boundary. According to the testing results, the sound pressure of noise at one meter away from the factory perimeter in the north, south, east and west test points at both day-time and night-time all met the emission standard for the second grade of Emission Standard for Industrial Enterprise Noise at Boundary (《工廠企業廠界環境噪聲排放標準》) (GB 12348-2008).

In FY2021, the Group did not receive any substantiated complaints concerning noise from its nearby residents.

## **A.2. Use of Resources**

In FY2021, the primary resources consumed by the Group were electricity, gasoline, diesel, water, paper and packaging materials. Dedicated to conserve the resources consumed during operations to its best, the Group closely follows the instructions of the Energy Resources Control Approach, which covers the scope of application, roles of departments, monitoring management, and conservation measures of electricity, water and other materials. Meanwhile, the manufacturing plants of the Group also enacted their own environmental strategy to improve their environmental performance according to their own operation characteristics. For instance, Zhongshan K.S. Electronics Company of the Group (中山市堅城電子有限公司) fully implemented its environmental strategy of “Law Compliance, Saving Energy, Active Participation, Continuous Advancement” during the year under review, focusing on areas including the promotion of recycling, green procurement and energy efficiency improvement. Table E2 in APPENDIX – PERFORMANCE TABLE illustrates the amount of different resources used by the Group in past three years.

# Environmental, Social and Governance Report

## *Electricity*

Electricity was principally consumed by the operations of the Group's office and manufacturing processes. During the reporting year, in addition to the impact caused by the power limitation as instructed by the government, the Group's effective implementation of internal monitoring policies also contributed to the 14.37% decrease in electricity consumption.

With the implementation of the "Dual Control (能耗雙控)" Policy, the Group is highly aware of the energy consumption status of all of its business units, in order to comply with the strict regulations of the national and local governments on the restriction of energy especially electricity use. To effectively lower its electricity consumption, the Group has embedded the concept of "Saving Electricity" into its environmental management system and business strategy. In particular, the Group implemented the following practices:

- Regular maintenance of electrical equipment in offices and factories to ensure their high efficiency;
- Develop operating guidelines for departments to use electrical products in control time period;
- Prioritise electric machines with recommended green specifications or rated high with China Energy Labels;
- Replace high energy consumption light bulbs with more efficient LED lighting fixtures;
- Make good selection of the transformer capacity and motors;
- Arrange the operation of machines efficiently and repair malfunctioned ones timely; and
- Optimise the entire operating process by eliminating any unsustainable practice.

More initiatives in saving electricity can be found in Targets and Actions.

## *Other energy resources*

Gasoline and diesel were mainly used by the Group for transportation purposes including forklift during the year under review. Controlling the consumption of fossil fuels is important to the Group as the use of both resources causes adverse impacts on the environment and is believed to be the culprit of climate change. In FY2021, the Group kept up its efforts in using energy-efficient vehicles for transportation and operation, while initiating competitive mechanisms to incentivise factories to optimise their operation process in pursue of a "low carbon and low consumption" working environment.

Reckoning that diesel is a high polluting fuel, the Group has been trying hard to monitor and control the use of diesel during its operations. During the year under review, the Group recorded a significant drop of 48.52% in the usage of diesel, which was encouraging for the Group to see its efforts paying off.

More additional efforts on improving energy efficiency can be found in Targets and Actions.

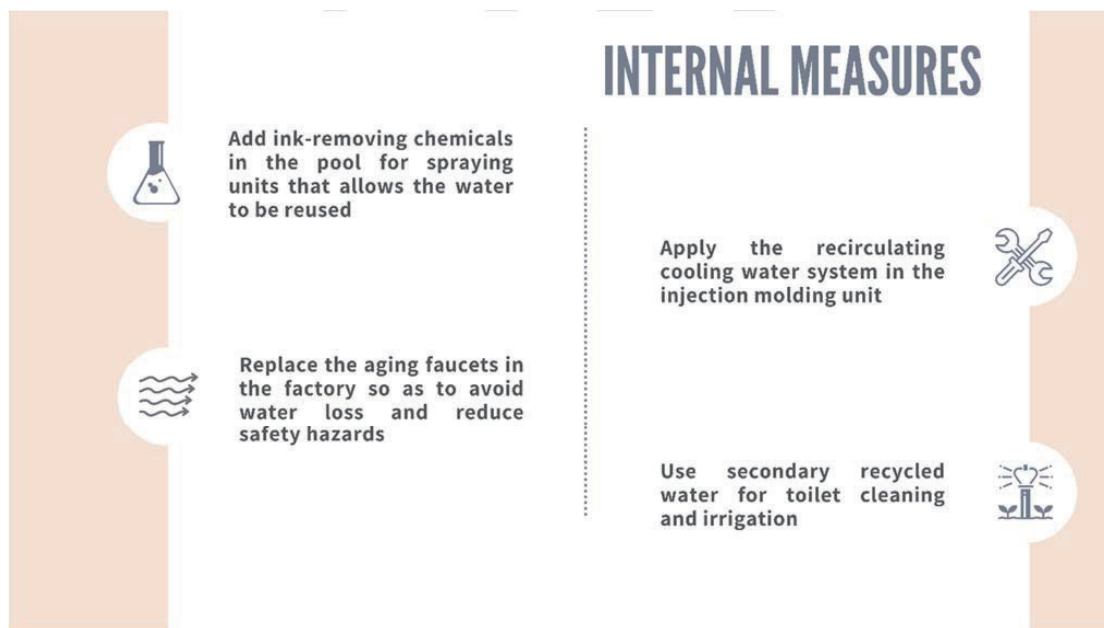
# Environmental, Social and Governance Report

## Water

Water is vital not only to the Group's operations but also to the survival of all living things on this planet. In FY2021, the Group did not face any problems in sourcing water that is fit for purpose. Water management is one of critical issues that centred the corporate sustainability strategy. Employees' daily practices of water usage plays an essential role in water conservation. To further improve the utilisation efficiency of water resources, the Group has adopted the following practices:

- Adopt low-flow faucets or showers in the office and dormitory;
- Fix the broken faucets or taps timely once any leakage is spotted;
- Set a limit for utilisation of water among employees;
- Put "Saving Precious Water Resources" posters in prominent places; and
- Conduct leakage tests and regular maintenance on the water supply system.

Other effective policies and measures that the Group implemented to conserve water are highlighted below:



## Paper

Paper was mainly consumed for administrative work in the Group's office. To minimise the consumption of paper and paper-made products, the Group has been adhering to its internal instruction of Administrative Paper Use Regulation during the year under review and putting great efforts into the implementation of following policies:

- Promote the concept of paperless office, and disseminate information by electronic means (i.e. via email or e-bulletin boards) as much as possible;

# Environmental, Social and Governance Report

- Set duplex printing as the default mode for most network printers when printouts are needed;
- Spread the idea of “Think before print” by using posters and stickers in offices to remind the staff of avoiding unnecessary printings;
- Put boxes and trays as containers to collect single-sided paper for reuse;
- Encourage the use of recycled paper; and
- Strategically reduce the amount of paper purchased.

In FY2021, the Group almost halved its paper consumption when compared to that of FY2020 with a 43.27% drop recorded. Meanwhile, the Group also stepped up its effort in the monitoring and record of paper waste recycling so as to track and pursue for better performance. During the reporting year, the Group collected and recycled 30kg of its used paper. In the future, the Group will insist on the implementation of Environmental Principles and improve the environmental awareness of employees and business partners through training and seminars, in order to save resources.

## *Packaging materials*

The packaging materials used by the Group were mainly cartons, boxes and plastics. Aiming to improve the utilisation efficiency, the Group has been exploring cost-effective and eco-friendly materials as an alternative of the traditional ones. In FY2021, the Group continued to make use of wood as one of the packaging materials which has relatively lower environmental impacts as compared to plastic packaging.

Besides, a made-to-order basis was adopted for the packaging process, which could efficiently control the amount of consumed packaging materials, thereby to a large extent avoiding the unnecessary waste of materials. The Group regarded the recycling of packages for internal use as a crucial step to lower the waste of packaging materials. At the phase of delivery, for instance, plastic containers were collected by the Group and transported to central recycling station. Looking forward, the Group will allocate more resources and manpower to the management of packaging materials throughout the supply chain, carrying out a comprehensive analysis and measurement of the precise weight of various materials for packaging purposes.

## *Targets and Actions*

The Group understands that setting goals and targets is essential for the tracking and monitoring of its progress towards its green business vision. Yet, the Group realises that its environmental impacts including manufacturing emissions and the consumption of resources during operations are highly dependent on the amount of sales order it received during the year. Thus the Group is very cautious in hastily setting specific quantitative environmental targets. Notwithstanding that, the Group still put forth a series of targets to demonstrate its commitment in promoting green production through attaining these challenging targets.



## TARGETS AND ACTIONS

### **Air emissions**

The amount of air pollutants emitted per HKD million revenue in FY2022 should be lower than the corresponding intensity in FY2021.

Strictly controls the consumption of fossil fuel thus the air emissions by:

- Reducing unnecessary business travel through making more use of the digital technology
- Sealing any opened chemicals including paints and solvents timely to prevent the volatilization of VOCs
- Controlling the amount of chemicals used during production

### **GHG emissions**

The amount of GHG emitted per HKD million revenue in FY2022 should be lower than the corresponding intensity in FY2021.

Strictly controls the operating time of manufacturing equipment thus the GHG emissions by:

- Limiting the start time of all devices
- Maximising the production efficiency to reduce the operating time of the equipment
- Assigning joint responsibility to the Maintenance Team and Production Department in daily inspection of emission-related facilities to ensure high efficiency

### **Wastewater**

The amount of both hazardous and nonhazardous wastewater generated per HKD million revenue in FY2022 should be lower than the corresponding intensity in FY2021.

Strictly controls the use of freshwater during operations thus the wastewater discharged by:

- Ensuring the hazardous water are properly treated to meet the national and industrial standards so that it can be reused
- Encouraging the reuse of wastewater for multiple purposes

### **Solid waste**

The amount of both hazardous and nonhazardous solid waste generated per HKD million revenue in FY2022 should be lower than the corresponding intensity in FY2021.

Strictly controls the flow of materials during operations thus the solid waste disposed by:

- Encouraging the reuse of materials to reduced waste such as using reusable towel instead of disposable rags
- Collecting and classifying recyclable materials including cartons and plastics bags and returning them to the factories for recycling
- Ensuring all of the hazardous waste are collected and recycled by qualified third parties

# Environmental, Social and Governance Report



## TARGETS AND ACTIONS

### **Electricity**

The consumption of electricity per HKD million revenue in FY2022 should be lower than the corresponding intensity in FY2021.

Actively promote resources conservation through controlling the consumption of electricity by:

- Switching off all idling appliances and machines when not in use
- Adopting advanced technology such as automatic induction controls to manage the on and off of appliances
- Optimising the working environment with natural sunlight and comfortable temperature to reduce the reliance on artificial lightings and air-conditioners

### **Gasoline & Diesel**

The consumption of gasoline and diesel per HKD million revenue in FY2022 should be lower than the corresponding intensity in FY2021.

Actively promote resources conservation through controlling the consumption of fossil fuels by:

- Prioritising energy efficient vehicles and machine during procurement
- Enhancing efficiencies of vehicles and machine through regular repair and maintenance
- Encouraging staff to take public transport instead of driving
- Adopting electronic device for online communication to avoid unnecessary travelling

### **Water**

The consumption of water per HKD million revenue in FY2022 should be lower than the corresponding intensity in FY2021.

Actively promote resources conservation through controlling the consumption of water by:

- Organising water conservation training programmes for new hires to raise their awareness in water conservation
- Recycling domestic wastewater whenever possible for irrigation purpose after treatment

### **Paper**

The consumption of paper per HKD million revenue in FY2022 should be lower than the corresponding intensity in FY2021.

Actively promote resources conservation through controlling the consumption of paper and office supplies by:

- Encouraging administrative staff to reuse office supplies
- Setting procurement quota for each department to limit the consumption



# Environmental, Social and Governance Report

## A.3. The Environment and Natural Resources

As a manufacturing enterprise, the Group realises that its environmental footprint mainly includes the operations of manufacturing plants and administrative offices with varying regulatory frameworks. Sticking to its strategy of “safety, harmony and green development” (安全、和諧、綠色發展) and internal Environmental Principles, the Group is endeavoured to solve not only its environmental issues but to also upgrade its business operations towards green production and become a pioneer in the industry of Industrial Goods.

In accordance with its “Quality & Environment Management Manual”, the Group performed a self-examination of its influence on the environment and the implications of climate change on its long-term business operations during the year under review. Considering the impact scale, scope, frequency, attention rate, law compliance and other relevant indicators, air emissions and wastewater discharge were regarded as the potentially most significant impacts the Group had on the environment among other factors. To effectively control its emissions from manufacturing plants, the Group implements a series of internal policies according to national guidelines and international standards, which facilitate the Group in achieving yearly improvement on environmental performance. In FY2021, the Group continued to successfully promote the Environmental Management System and “5S” management system, with multiple production lines receiving accreditation of ISO 14001:2015, demonstrating the Group’s efforts in marching towards the building of a sound and comprehensive environmental management system.

Albeit at a preliminary stage, the Group is on the way of building, tracking and monitoring specific quantitative environmental targets to further enhance its commitment in promoting green production and green business. General targets and actions to be taken can be found in the previous section Targets and Actions.

Adhering to the concept of green development in an all-round way, the Group aims to play a vital role in leading the development of the entire industry towards low-carbon economy and uniting its stakeholders to work harder in response to climate change.

## A.4. Climate change

With the pandemic easing and the global event COP26 Climate Summit being held in 2021, climate issues are gaining the world’s attention once again. Ambitious carbon goals were raised including the national carbon goal of “30.60 carbon target” of the PRC. Reckoning that its operations consume energy that leads to unavoidable GHG emissions which highly link to the climate change concerns with growing attention, the Group is dedicated to take actions without hesitation.

Considering the recommendation of the Taskforce on Climate-related Financial Disclosure (TCFD), the Group is committed to disclosing its climate-related information with reference to the framework recommended. As the Group is still at its preliminary stage of creating its specific corporate climate actions, the brief disclosure will be enhanced in the near future.

# Environmental, Social and Governance Report

With the frequency of extreme weather events related to climate change getting gradually higher, the Group notices that there is a subsequent increase in the price of raw materials as the supply-and-demand balance is interrupted by the unstable supply of raw materials. To minimise the financial risk caused to the Group by the surged cost, the Group is proactively exploring ways to mitigate this risk. At the moment, the Group is focusing on the technological upgrade of the manufacturing plants to try to realise automated operations which can consequently reduce the waste of resources and avoid excess emissions through precise operation and improving efficiency. Meanwhile, The Group will keep strengthening the robustness of its governance structure and in particular, integrating the climate-related issues into its agenda in terms of corporate risk management.

## VII. SOCIAL SUSTAINABILITY

The Group has established and implemented an integrated philosophy of “People-Oriented Management and Innovation” since its inception. The Group believes that its employees can only work best when provided with a safe and secure workplace, as well as equal growth opportunities to thrive and prosper. As such, the Group took enormous efforts in articulating the corporate vision of sustainable development from the Board down to all business units and implementing its inclusion and diversity strategy.

### EMPLOYMENT AND LABOUR PRACTICES

#### B.1. Employment

The Group embraces the concept of “To let everybody fully display his/her talents and make the best use of everything” (人盡其才、物盡其用) and aims to offer its people a superior career development experience with rewarding results. The Group also wants to reach higher with its employees such that business growth and personal career fulfilment can be achieved at the same time. As of the end of FY2021, the Group had a total of 765 full-time employees. More related information about the age, gender, employment type and geographical location categorisation of employee data can be found in Table S3 in the APPENDIX – PERFORMANCE TABLE.

#### *Regulatory and legal compliance*

The Group’s employment policies have been updated and adjusted on an ongoing basis to adapt to social changes and to comply with the relevant laws and regulations in Hong Kong and the PRC. In FY2021, the Group complied with all relevant laws and regulations, including the following:

- Employment Ordinance (Cap. 57 of the Laws of Hong Kong);
- Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong);
- Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong);
- Employment Promotion Law of the People’s Republic of China (中華人民共和國就業促進法);
- Labour Contract Law of the People’s Republic of China (中華人民共和國勞動合同法);
- Law of the People’s Republic of China (中華人民共和國勞動法); and
- Insurance Law of the People’s Republic of China (中華人民共和國社會保險法).

# Environmental, Social and Governance Report

During the year under review, the Group provided its employees with mandatory social insurance and medical insurance schemes. The Human Resources Department of the Group is responsible for reviewing and updating the relevant company policies on a regular basis in accordance with the latest laws and regulations.

## *Recruitment and promotion*

Wishing to nurture and promote individual's capacity to think and create, the Group adopts a set of transparent and clear internal procedures to conduct its annual recruitment plan to attract and retain talents such that they can exercise their abilities to the fullest. The Human Resources (HR) Department is responsible for selecting qualified candidates for interviews with departmental managers according to the "Personnel Recruitment Plan". After interview, a background check is performed to evaluate the candidate's suitability and eligibility for the position. Multiple rounds of assessment are conducted strictly by managers to guarantee the quality of the applicants before being hired.

Pursuant to its recruitment policy, to retain high-calibre candidates, the Group also offers fair, competitive remuneration and benefits based on the individuals' past performance, personal attributes, job experiences and career aspirations. The Group references market benchmarks and has formulated "Compensation Management Regulation" in determining its remuneration and benefit policies. The Group constantly reviews its compensation packages and performs probationary and regular evaluations on the employee's capability and performance in the past.

Staff promotion opportunities are equally provided to eligible staff who have shown outstanding performance and potential in their positions, with reference to the established procedures written in the Employee Handbook.

## *Compensation and dismissal*

The adjustment of compensation and termination of employment is based on the requirements of internal policies of the Group, such as the Employee Handbook. Since the Group strictly prohibits any kind of unfair or illegitimate dismissal, stringent policies regulating the procedures of dismissal of employees are in place for employee management according to the relevant laws and regulations in Hong Kong and the PRC.

In FY2021, the turnover rate of the Group was 23.14%. More detailed information can be found in Table S4 in the APPENDIX – PERFORMANCE TABLE.

## *Working hours and rest period*

The Employee Handbook has defined detailed working hours and rest periods for employees according to local employment laws including the Provisions of the State Council on Employees' Working Hours (《國務院關於職工工作時間的規定》). In addition to basic annual leave and statutory holidays, the Group also compensates those who work overtime with extra pay or additional paid leave. In addition, employees are also entitled to additional leave benefits such as marriage leave, maternity leave, compassionate leave, etc.

# Environmental, Social and Governance Report

## *Equal-opportunity and anti-discrimination*

The Group recognises that the talent and diversity of its people drives outstanding performance. To this end, the Group strives to use strict policies to regulate corporate daily practices and avoid any circumstances contrary to the principles of fairness, respect and diversity. Any recruitment, employment, promotion, training, dismissal and all human resources-related decisions are based on factors irrespective of the employees' age, sex, marital status, pregnancy, family status, disability, race, colour, descent, national or ethnic origins, nationality, religion or any other discriminatory elements in all business units of the Group.

Meanwhile, the Group has formulated equal opportunity policies according to Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong) and Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong) and has zero tolerance in relation to any workplace discrimination, harassment or vilification in accordance with local ordinances and regulations. Once any discrimination-related cases are reported and substantiated, the Group will take necessary disciplinary actions on relevant employees or departments immediately.

## *Other benefits and welfare*

Adhering to a health-oriented corporate management approach, the Group believes keeping all employees physically and mentally healthy through sufficient amount of benefits and welfare is essential for them to feel motivated at work. As such, in addition to the provision of social insurance and provident fund to its employees, including endowment insurance, medical insurance, unemployment insurance, employment injury insurance and maternity insurance (五險一金), other corporate benefits provided by the Group throughout these years also included organising team-building activities, annual dinner and recreational activities during festivals.

In FY2021, the Group complied with relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits that have a significant impact on the Group.

## **B.2. Health and Safety**

Upholding its principle of safety for everyone, the Group saves no efforts in building a safe and secure working environment for all. Attribute to its continuous efforts, the Group has recorded zero work-related fatalities in the past three years including the reporting year. In FY2021, the number of lost days of work due to work-related injuries was 368 days with 13 employees injured. To secure the occupational health and safety, regular reviews and audits have been performed in accordance with the statutory and industrial requirements, and the work injury rate of the Group has remained low throughout these years.

<b>Occupational Health and Safety Data</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Number of Work-related Fatalities</b>	0	0	0
<b>Work injury cases</b>	13	17	15

# Environmental, Social and Governance Report

Based on its safety principle, the Group establishes its internal policies for occupational health and safety based on respective regional laws and regulation in Hong Kong and the PRC, including but not limited to the following:

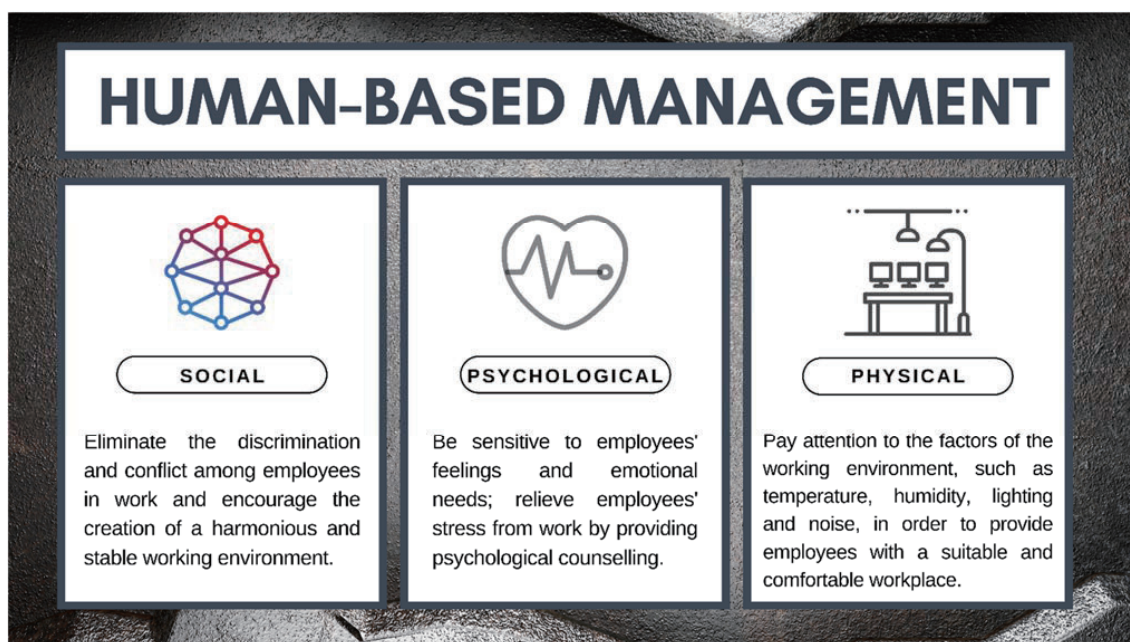
- Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong);
- Law of the People's Republic of China on Prevention and Control of Occupational Diseases (中華人民共和國職業病防治法);
- Report on Production Safety Accident and Regulations of Investigation and Treatment (生產安全事故報告和調查處理條例);
- Production Safety Law of the People's Republic of China (中華人民共和國安全生產法); and
- Regulation on Work-Related Injury Insurance of the People's Republic of China (中華人民共和國工傷保險條例).

To prevent the occurrence and reoccurrence of any industrial accidents, internal policies such as "Quality & Environment Management Manual" are well adhered to enhance the employees' health and safety awareness. Training seminars are arranged by responsible operating department in each plant for its employees including the Proper Handling of Hazardous Materials, Occupational Health and Safety ("OHS"), Emergency Management and "5S" training. The Group also offers free annual physical examination for all employees, especially special medical examinations for workers engaged in work exposed to high risks in industrial undertakings.

Furthermore, employees are provided with personal protective equipment ("PPE") such as uniforms, face masks and gloves for protection and to ensure operation safety. Supervisors of each business unit are responsible in monitoring the implementation of all OHS policies. The Group also emphasises the safety of the equipment in the manufacturing plant by requiring its suppliers to provide relevant testing certificates, conducting functional and safety checks, and arranging maintenance regularly.

Upholding the fundamental approach of human-based management which has been passed on throughout the organisation through years, the Group seeks to realise a workplace that brings real sense of security to all. To this end, the Group's policy considers the social, psychological and physical factors in the operations, aiming to provide a genuinely comfortable and safe environment to its employees.

# Environmental, Social and Governance Report



In FY2021, the Group complied with relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards.

## Actions in the post-pandemic period

In 2021, with the roll out of vaccinations and medications, the seriousness of the COVID-19 pandemic has been easing around the world. As business and economy resume, the Group pays special attention in safeguarding the health and safety of its employees by preventing any potential spread of virus in the workplace. In light of this, the Group established a task force responsible for handling issues related to the pandemic and formulated the "COVID-19 Prevention and Emergency Plan" (《新型冠状病毒肺炎防治應急預案》). In alignment with the national anti-epidemic measures and control the situation in an organised way, the Group enacted a series of measures to proactively cooperate with the community policy, including:

- Illustrate a specified area for parking of incoming foreign vehicles and sanitise them completely before letting them into the work place;
- Check and ensure a "Green Health Code" (綠色健康碼) and normal body temperature for any personnel entering the working sites;
- Employees are required to wear face masks properly in the working area to prevent any potential risks of infection; and
- All work place including the factories are clean and sanitised regularly.

# Environmental, Social and Governance Report

## B.3. Development and Training

The Group is keen on promoting personnel education through building specialised skills and professional capabilities via on-the-job direct experience while placing considerable emphasis on the differentiation on the different needs of new hires and experienced workers. The Human Resources Department of the Group is responsible for guiding and shaping the Group’s policies and practices on delivering tailored training programmes in response to business priorities and talent needs.



The Group also encourages and supports its employees to continue taking up challenges while fully understanding the significance to their work. Employees are motivated to attend external training programmes and take professional qualification exams to enhance their competitiveness. External experts and professionals are regularly invited to provide relevant training to its employees, which is believed to be beneficial to employees’ career paths. Employees who take the professional qualification examinations and obtain vocational qualification certificates could receive reimbursement from the Group.

In FY2021, the Group provided 10,675 hours of training for 725 employees. Notably, the Group has put its emphasis on the training and career development of its general employees, whose time spent on the training course occupied over 97% of the total time of training that the Group provided to all its staff. For more information about the numbers of employees trained and training hours by gender and employee category, please refer to Table S5 and S6 in the APPENDIX – PERFORMANCE TABLE.

# Environmental, Social and Governance Report

## B.4. Labour Standards

In FY2021, the Group complied with the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), the Labour Law of the People's Republic of China (《中華人民共和國勞動法》) and other related labour laws and regulations in Hong Kong and the PRC to prohibit any child and forced labour.

The Group strives to fulfil its responsibilities to employees in respecting their legitimate rights and interests. As such, the Group strictly implements its internal policies such as Management Procedures for Child Labour and Juvenile Labour (《童工與未成年工管理程序》) and Management Procedures for the Prohibition of Forced labour (《禁止強迫勞動管理程序》). To avoid any illegal employing, the Human Resources Department requires all job applicants to provide valid identity documents to ensure that they are lawfully employable prior to confirmation of any employment. Should the Group find any case against labour standards, the employment will be immediately terminated. As for suppliers and business partners, the Group enacts its supplier guidelines which specify its approach to human rights and labour matters and urge all suppliers to put these into practice all the time. The Group scrutinises its business partners in terms of the compliance with relevant labour standards and the respect of human rights on a regular basis.

In FY2021, the Group complied with the relevant laws and regulations in relation to the prevention of child and forced labour.

## OPERATING PRACTICES

### B.5. Supply Chain Management

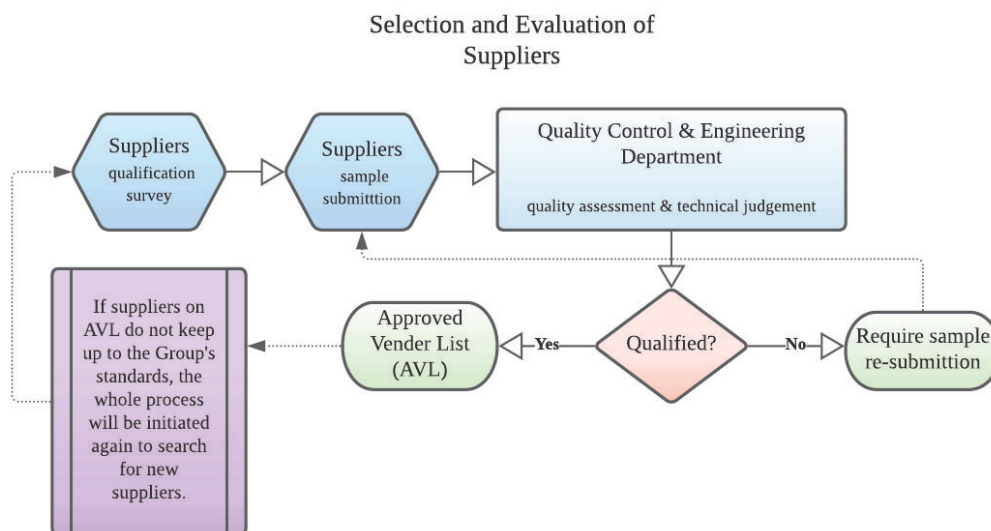
In order to strengthen its supply chain sustainability, the Group strives to provide its customers with timely and stable supply of quality products and services, while putting significant effort into optimising its engagement with suppliers so as to ensure the consideration of environmental and social risks along the value chain at the same time.

The primary raw materials procured by the Group are plastics, electronic optical devices, hardware, and packaging materials. To guarantee minimal environmental and social risks along the supply chain and make sure that all materials meet the quality requirement of the Group, the Group has established strict and clear internal regulations for procurement and the selection of suppliers in accordance with ISO 9001 and ISO 14001, such that the competency of the suppliers can be assured. For instance, the Group necessitates its suppliers to possess legal business licenses and to provide high-quality materials with an environmentally-friendly production process according to the "Selection and Evaluation of Suppliers Control Procedures" (《供應商選擇和評價控制程序》). Monthly and annual suppliers evaluation are conducted to ensure the competence of its external partners with reference to the criteria including product quality, timeliness, price and service quality.

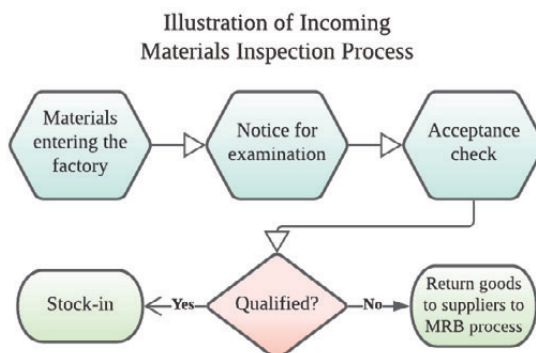


# Environmental, Social and Governance Report

To avoid the inefficient management in the course of procurement and raw material management, the policy standardises the working process in supplier selection from investigation of suppliers to the verification of qualified suppliers. Specifically, it is the duty of the Quality Control Department to collect relevant information on potential suppliers and examine their performance regularly. The Department of Engineering is responsible for the evaluation of the technical capability of suppliers, while the final approval and file management is the work of the Department of Procurement.



Besides, the Group’s “Incoming Material Inspection Control Procedures”（進料檢驗控制程序） defines the responsibility of each department to ensure that the raw materials from suppliers are 100% qualified before being adopted for production. The Warehouse Department and Quality Control Department are responsible for the incoming material inspection, reception and storage.



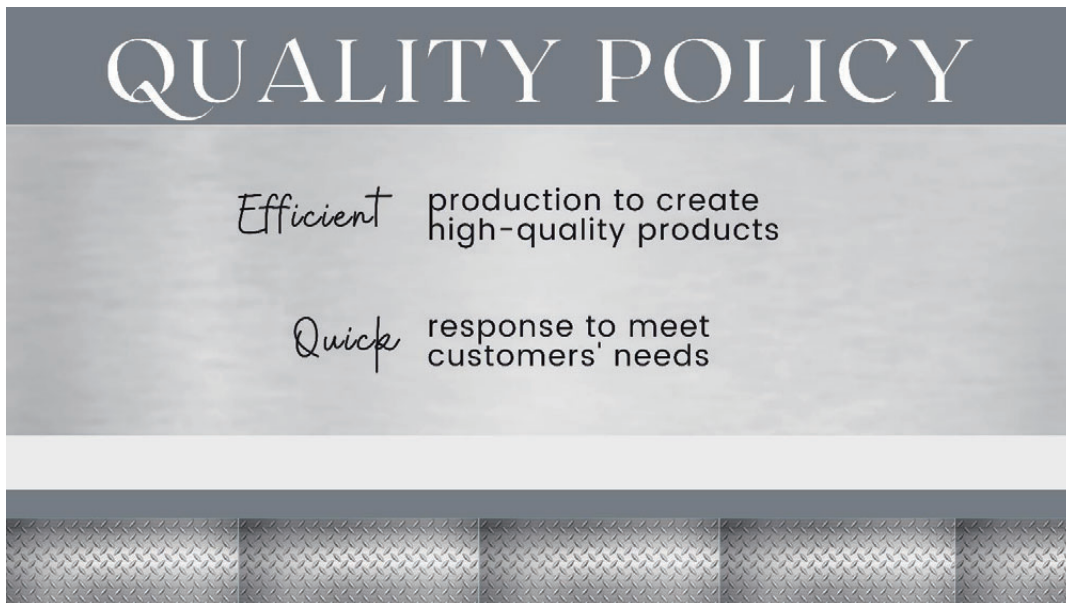
# Environmental, Social and Governance Report

In FY2021, the Group had 108 major suppliers in Mainland China, 6 in Hong Kong and 1 in Taiwan. Reckoning that continuous engagement with its suppliers is the key to maintain a reliable and stable supply chain for the Group, the Department of Procurement builds and keeps a good relationship with suppliers through telephone discussions and on-site visits from time to time for all its suppliers. Meanwhile, the Group has formulated the internal policy about supplier management and classifies suppliers into groups according to various factors so as to implement a differentiated management strategy. Given the solid and steady relationship with suppliers, the Group has not experienced any material delays, conflict or other significant issues with its suppliers in past years. Nevertheless, the Group adheres to the precautionary principle and reserves products in advance where appropriate to handle any critical incidents that may interrupt its supply chain.

Achieving sustainable environment across the supply chain is one of the Group's goals. To this end, the Group always insists on implementing its Green Procurement policy on 100% of its suppliers, which means that the Group prioritises and only accepts the core raw materials for production that meet the RoHS, REACH standards.

In FY2021, the Group strictly adhered to its "Counter-measures to Address Risks and Opportunities Control Policy" (風險和機遇應對措施控制程序) for its social and environmental risk management in the evaluation of suppliers and procurement process, following rigorous and effective steps, from the identification of risks, building the risk management team, formulating and executing plans, to annual audit and validity review, for its supply chain management.

## B.6. Product Responsibility



# Environmental, Social and Governance Report

## *Regulatory & legal compliance*

In FY2021, the Group was in compliance with the relevant rules, regulations and standards in Hong Kong and the PRC relating to health and safety, advertising, labelling and privacy matters with respect to its products and services and methods of redress, including but not limited to the following:

- Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong);
- Consumer Council Ordinance (Cap. 216 of the Laws of Hong Kong);
- Patents Ordinance (Cap. 514 of the Laws of Hong Kong);
- Work Safety Law of the People's Republic of China (中華人民共和國安全生產法);
- Product Quality Law of the People's Republic of China (中華人民共和國產品質量法);
- Price Law of the People's Republic of China (中華人民共和國價格法);
- Law on Protection of Consumer Rights and Interests of the People's Republic of China (中華人民共和國消費者權益保護法);
- Advertising Law of the People's Republic of China (中華人民共和國廣告法);
- Patent Law of the People's Republic of China (中華人民共和國專利法); and
- Intellectual Property Law of the People's Republic of China (中華人民共和國知識產權法).

## *Product quality*

The Group highly treasures its clients' trust and satisfaction. With this in mind, the Group remains keenly aware of the need to do its very best for customers and has established its own Quality Management System in line with ISO 9001 requirements so as to generate high-quality products consistently.

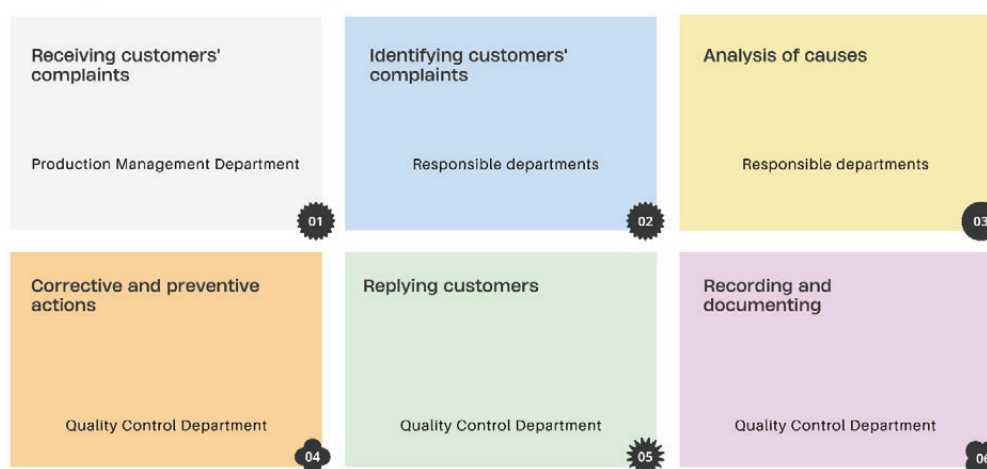
To seek the high quality of final products and ensure that its top-notch services can satisfy customers' needs, the corporate philosophy was incorporated into the Group's business growth and has cascaded through all levels of the enterprise. In compliance with local and global rules and regulations such as the REACH and RoHS in order to obtain the CE marking, the Group established the "Internal Audit Control Procedures" (《內部審核控制程序》) and "Customer Product Requirement Review Control Procedures" (《顧客產品要求評審控制程序》) that acts as a guide to monitor, investigate and manage the products throughout the manufacturing process from accepting new orders to the delivery of final products. Meanwhile, the Group also regulates that all incoming materials comply with the requirements of controlled substances in REACH, RoHS and Sony SS-00259 according to its internal policy of "Controlled Substances Assurance Agreement" (《限禁用物質保證協議書》). With the effective implementation of the policy of "Final Inspection Work Procedures" (《最終檢驗作業程序》), "Incoming Material Inspection Control Procedures" (《進料檢驗控制程序》), "Product Protection Control Procedures" (《產品防護控制程序》) and "Quality & Environment Management Manual" (《質量環境管理手冊》), the Group has been committed to delivering its best services and products to its clients.

# Environmental, Social and Governance Report

## Customer feedback & complaints handling

To improve the product and service quality, thereby further meeting the expectations of clients, the Group has set up standard procedures for handling product enquires and customer's complaints such as the policy of "Customer Service Management Procedures" (《客戶服務管理程序》) and "Corrective and Preventive Action Control Procedures" (《糾正和預防措施控制程序》), which provides a structured working process for dealing with customers' complaints. Through this complaint-resolving process and by constantly reviewing on internal corrective actions, the Group could incessantly strengthen its product offerings and service quality to prevent similar incidents from happening again in the future, and consequently remain competitive in the market.

### Complaint Resolving Process



In FY2021, the Group received 115 complaints from its customers, with feedback mainly concerning the outer appearance of the products, the Group paid great attention to the issue and followed up with customers timely through the format of 8D Report (*Eight Discipline Problem Solving (8D) is a set of problem-solving skills commonly used among quality control engineers and other professionals*). To handle complaints and feedback in a comprehensive manner to minimise any negative impact on the client, different departments of the Group are responsible for various tasks in a parallel manner. In particular, the Quality Control Department is responsible for the back-inspection and corrective actions, the related Production Department is responsible for reviewing the production procedures and improve the product quality, while the Marketing Department is responsible for communicating and coordinating the needs of the clients. To internalise the feedback, the Group has strengthened the training to relevant staff, posted warning pictures about the damages on product surfaces on site to remind employees, and optimised the manner of packing.

In terms of the regulation of any matter in relation to product recall, the Group has implemented its internal policies including the "Control Procedure of Nonconforming Products" (《不合格產品控制程序》) and "Control Procedure of Returned Products" (《退回產品控制程序》). Once the Group receives returned products, a comprehensive inspection process would be initiated immediately, and the Group will take the full responsibility and recall the unqualified products if the case is substantiated.

# Environmental, Social and Governance Report

## *Advertising*

To prevent any untrue or exaggerated advertisement that violates the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), the Group formulates internal guidelines and assign the Marketing Department to monitor all of its marketing materials to ensure their authenticity and uphold its honest and truthful impression for all.

## *Data security and privacy matters*

To protect information assets, including confidential information and personal data, the Group enacts a series of policies which stipulates a systematic structure when handling sensitive information and personally identifiable data. The cybersecurity is monitored and maintained by the Information Technology (IT) Department. All confidential rules concerning the business secrets and sensitive information are clearly listed in the Employee Handbook and all employees are bound by the terms.

Meanwhile, the Group commits to the protection of personal information of its customers. The Administrative Department is responsible for ensuring that only limited access is granted to customers' personal information while any provision of customer's information to external parties without the authorisation of its customers is prohibited. All collected personal data of customers during the course of business must be treated as confidential and accessible by designated personnel only. In FY2021, there were no substantiated complaints concerning the breaches of customer privacy or any incidents of loss of customer data.

In FY2021, the Group was in compliance with relevant laws and regulations regarding health and safety, advertising, labelling and privacy matters of its products and services. Since intellectual property (IP) and labelling are considered not material to the Group given its business nature, the IP-related and labelling-related regulations and policies are not mentioned in this ESG report.

## **B.7. Anti-corruption**

To maintain a fair, ethical and efficient working environment, the Group abided by the local laws and regulations relating to anti-corruption and bribery, irrespective of the region in which the Group operated in FY2021, including:

- Anti-Corruption Law of the People's Republic of China (《中華人民共和國反腐敗法》);
- Law of the People's Republic of China on Anti-money Laundering (《中華人民共和國反洗錢法》);
- Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong); and
- Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong).

In order to earn the trust of customers and society, the Group reckons that it must not only comply with laws and regulations but go beyond these legal frameworks by upholding sincere and ethical business conduct. To prevent all forms of illegal practices, including corruption, extortion and money-laundering within the Group, anti-corruption policies are formulated and strictly enforced in daily operations.

# Environmental, Social and Governance Report

The Group works to instil its code of conduct in each and every associate through actions such as clearly listing all related policies in the Employee Handbook and providing relevant training to all staff. All employees are required to follow the relevant codes of professional ethics, while the Group's Administrative Director is responsible for the oversight of the execution of anti-corruption policies and the handling of related cases.

Whistle-blowers can report verbally or in writing to the Audit Committee of the Group or the Human Resources Department for any suspected misconduct with full details and supporting evidence. The Group promotes an effective grievance mechanism to protect the whistle-blowers from unfair dismissal or victimisation. After thorough investigation, where criminality is suspected, a report will be made promptly to relevant regulators or law enforcement authorities when the management considers it necessary.

During the year under review, the Group did not organise any anti-corruption training for its staff or directors due to disruption caused by the pandemic. Yet, in order to raise internal awareness of the Group's determination in prohibiting bribery, corruption or any other unethical business behaviour, the Group's Administrative Department used to organise anti-corruption training prepared by Responsible Business Alliance (RBA), so as to familiarise staff with anti-corruption initiatives and the latest updates of the relevant laws and regulations.

While raising awareness by integrating corruption prevention-related knowledge into the Group's training programme, the Group also pays special attention to the integrity of its supply chain especially upstream suppliers. With regard to this, all suppliers of the Group are required to sign an Integrity and Confidentiality Agreement (供應商廉潔承諾書) when entering into business partnership with the Group.

In FY2021, the Group complied with relevant laws and regulations in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group. During the year under review, no concluded legal case regarding corrupt practices was brought against the Group or any of its employees.

## COMMUNITY

### B.8. Community Investment

The Group is committed to creating a positive impact in the society while building a culture of community engagement throughout the organisation. As a corporate citizen, the Group has never been stingy in giving back to the society through different kinds of charitable activities. In recent years, the Group has organised and participated in a number of charitable activities focusing on the healthy development of society, including fundraising events and community cleaning activities.

In FY2021, despite the relief of the pandemic thanks to the roll out of vaccines and medications, the world still needs to be rebuilt from the devastation. With epidemic prevention and control measures still rigorous, the Group only organised a limited number of community activities in FY2021. Nevertheless, the Group has never halted its progress on making a positive influence on the people, communities and places that support, rely on and need the Group. In FY2021, the Group donated 5 scholarship places which worth HK\$5,520 each to support the "Future Stars – Upward Mobility Scholarship" aims at commending Secondary 3 to 6 students from less privileged backgrounds. Endeavour to make concerted efforts to build a better world, the volunteer team of the Group composed of employees have make good use of this time to conduct training and to get themselves ready for contributing to the community soon again in the future.

# Environmental, Social and Governance Report

## VIII. APPENDIX – PERFORMANCE TABLE

Table E1. The Group's Total Emissions by Category in FY2021<sup>9,10</sup>

Emission Category	Key Performance Indicator (KPI)	Unit	Amount in FY2021	Intensity <sup>1</sup> (Unit/HK\$ million) in FY2021	Amount in FY2020	Intensity <sup>2</sup> (Unit/HK\$ million) in FY2020	Amount in FY2019	Intensity <sup>2</sup> (Unit/HK\$ million) in FY2019
Air Emissions <sup>3</sup>	SO <sub>x</sub>	Kg	0.37	–	0.54	–	0.55	–
	NO <sub>x</sub>	Kg	84.29	–	25.68	–	23.89	–
	PM	Kg	7.83	–	1.89	–	1.76	–
GHG Emissions	Scope 1 <sup>4</sup> (Direct Emissions)	Tonnes of CO <sub>2</sub> e	63.0	0.15	89.7	–	88.8	–
	Scope 2 <sup>5</sup> (Energy Indirect Emissions)	Tonnes of CO <sub>2</sub> e	5,121.6	12.25	5,190.9	–	6,501.5	–
	Scope 3 <sup>6</sup> (Other Indirect Emissions)	Tonnes of CO <sub>2</sub> e	27.3	0.07	25.9	–	43.0	–
	Total (Scope 1 & 2 & 3)	Tonnes of CO <sub>2</sub> e	5,211.9	12.47	5,306.5	15.6	6,771.0	19.6
Hazardous Waste	Solid Wastes <sup>7</sup>	Tonnes	8.2	0.02	7.9	0.02	3.3	0.010
	Wastewater	Tonnes	450.3	1.08	612.7	1.8	720	2.1
Non-hazardous Waste	Solid Wastes <sup>7</sup>	Tonnes	52.4	0.13	137.2	0.4	101.4	0.3
	Wastewater <sup>8</sup>	Tonnes	59,137.3	141.48	42,802.4	125.9	76,350.3	221.4
Recycled Waste <sup>11</sup>	Plastic	Tonnes	99.4	–	–	–	–	–
	Metal	Tonnes	2.7	–	–	–	–	–
	Others	Tonnes	2.5	–	–	–	–	–

# Environmental, Social and Governance Report

1. Intensity for FY2021 was calculated by dividing the amount of air, GHG and other emissions respectively by the Group's revenue of HK\$418 million in FY2021;
2. The amount and intensity in FY2019 and FY2020 were extracted from the data in the ESG Report FY2019 and FY2020 of the Group;
3. The Group's air emissions only included the air pollutants from fuel consumption of motor vehicles. The surge in air pollutants emissions is mainly due to the advancement of vehicle categorisation during data collection;
4. The Group's Scope 1 (Direct Emissions) included only the consumption of liquid fuels in motor vehicles and stationary consumption on-site during operations;
5. The Group's Scope 2 (Energy Indirect Emissions) included only electricity consumption;
6. The Group's Scope 3 (Other Indirect Emissions) included other indirect emissions from paper waste disposed at landfills, electricity used for processing fresh water and sewage by government departments;
7. The amount of solid waste in FY2021 only covered production and domestic wastes from the manufacturing plants of the Group in the PRC;
8. Since the wastewater generated from the Group's office in FY2021 only covered domestic sewage from employees, the total amount of wastewater discharged from the Group's office in FY2021 was based on the assumption that 100% of the fresh water consumed entered the municipal sewage system;
9. The methodology adopted for reporting on GHG emissions set out above was based on "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, The GHG Protocol Corporate Accounting and Reporting Standard, the 2006 IPCC (Intergovernmental Panel on Climate Change) Guidelines for National Greenhouse Gas Inventories and the Fuel Consumption Limits for Heavy-Duty Commercial Vehicles;
10. Due to technical difficulty in data collection for a full financial year, completed environmental data of the Group was estimated through the equation:  $(\text{data collected for } M \text{ number of months}) / (M \text{ number of months}) \times 12$ . The Group will continue to enhance its data collection method in the future;
11. Recycled waste only includes the data of the manufacturing and operations of HPIL in the PRC.



# Environmental, Social and Governance Report

Table E2. Total Resource Consumption in FY2021

Use of Resources	Key Performance Indicator (KPI)	Unit	Amount in FY2021	Intensity <sup>1</sup> (Unit/HK\$ million) in FY2021	Amount in FY2020	Intensity <sup>2</sup> (Unit/HK\$ million) in FY2020	Amount in FY2019	Intensity <sup>2</sup> (Unit/HK\$ million) in FY2019
<b>Energy<sup>3</sup></b>	Electricity	kWh'000	8,438.23	20.2	9,853.97	29.0	12,299	35.6
	Gasoline	kWh'000	136.12	0.3	128.66	0.4	264	0.8
	Diesel	kWh'000	117.79	0.3	228.82	0.7	99	0.3
	<b>Total</b>	<b>kWh'000</b>	<b>8,692.14</b>	<b>20.8</b>	<b>10,211.44</b>	<b>30.0</b>	<b>12,662</b>	<b>36.7</b>
<b>Water</b>	Water	m <sup>3</sup>	67,809.75	162.2	43,719.02	128.6	74,814	216.9
<b>Paper</b>	Paper	Kg	1,546.84	3.7	2,726.73	8.0	3,544	10.3
<b>Raw materials</b>	Plastic	Tonnes	2,503.94	6.0	1,706.22	-	-	-
	Paper	Tonnes	763.64	1.8	-	-	-	-
<b>Packaging materials</b>	Plastic	Tonnes	2.00	0.003	24,748,286 in factory A and 1 tonnes in factory B	-	23,207,027 in factory A and 30 tonnes in factory B	-
	Paper	Tonnes	1.08	0.005	2,995,879 in factory A and 0.2 tonnes in factory B	-	2,353,186 in factory A and 2 tonnes in factory B	-

1. Intensity for FY2021 was calculated by dividing the amount of resources that the Group consumed in FY2021 by the Group's revenue of HK\$418 million in FY2021;
2. The amount and intensity in FY2019 and FY2020 were extracted from the data in the ESG Report FY2019 and FY2020 of the Group; and
3. The energy conversion of resources consumed was based on the energy coefficient set out in "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange".

# Environmental, Social and Governance Report

Table S3. Number of Employees by Age Group, Gender, Employment Type, Position Type, Geographical Locations of The Group in FY2021<sup>1</sup>

Unit: Number of employees	Age group				Total
	Aged 30 or below	Aged between 31 and 40	Aged between 41 and 50	Aged 51 or above	
Gender					
Male	25	55	109	58	247
Female	29	184	284	21	518
<b>Total</b>	54	239	393	79	765

Unit: Number of employees	Position			Total
	General staff	Senior management	Director and management	
Gender				
Male	204	24	19	247
Female	515	2	1	518
<b>Total</b>	719	26	20	765

Employment type		
Full time	Part time	Total
765	0	765

Geographical location	
Locations	Number of employees
PRC	730
Hong Kong	35
<b>Total:</b>	<b>765</b>

1. The employment data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. The data covered employees engaged in a direct employment relationship with the Group according to relevant local laws and workers whose work and/or workplace was controlled by the Group. The methodology adopted for reporting on employment data set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

# Environmental, Social and Governance Report

Table S4. Employee Turnover Rate by Age Group, Gender and Geographical Locations in FY2021<sup>1</sup>

Unit: Number of employees		Age group			
Gender	Aged 30 or below	Aged between 31 to 40	Aged between 41 to 50	Aged 51 or above	Total
Male	35	16	5	1	57
Employee turnover rate (%)	140.00	29.09	4.59	1.72	23.08
Female	49	50	21	0	120
Employee turnover rate (%)	168.97	27.17	7.39	0.00	23.17
Total	84	66	26	1	177
Total employee turnover rate (%)	155.56	27.62	6.62	1.27	23.14

Geographical locations		
Locations	Employee turnover	Employee turnover rate (%)
PRC	175	23.97
Hong Kong	2	5.71

1. The turnover data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. Turnover rate was calculated by dividing the number of employees who resigned in FY2021 by the number of employees in FY2021. The methodology adopted for reporting on turnover data set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

Table S5. Number and Percentage of Employees Trained in the Group by Gender and Position Type in FY2021<sup>1</sup>

Unit: Number of employees		Position		
Gender	General staff	Senior management	Director and management	Total
Male	203	6	9	218
% of employees trained	28.00	0.83	1.24	30.07
Female	506	0	1	507
% of employees trained	69.79	0.00	0.14	69.93

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Total Employees Trained:

	General staff	Senior management	Director and management	Total
<b>Total</b>	709	6	10	725
<b>% of employees trained</b>	97.79	0.83	1.38	94.77

- The training information was obtained from the Group's Human Resources Department. Training refers to the vocational training that the Group's employees attended in FY2021. The methodology adopted for reporting on the number and percentage of employees trained set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

Table S6. Training Hours Received by the Employees of the Group by Gender and Position Type in FY2021<sup>1</sup>

Unit: Training Hours	Position			Total
	General staff	Senior management	Director and management	
<b>Gender</b>				
<b>Male</b>	3,671	360	540	4,571
<b>Average training hours</b>	18.00	24.00	28.42	18.51
<b>Female</b>	6,044	0	60	6,104
<b>Average training hours</b>	11.74	0.00	60.00	11.78
<b>Total</b>	9,715	360	600	10,675
<b>Average training hours</b>	13.51	13.85	30.00	13.95

- The training information was obtained from the Group's Human Resources Department. The methodology adopted for reporting training hours set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

# Environmental, Social and Governance Report

## IX. REPORT DISCLOSURE INDEX

Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
<b>A. Environmental</b>				
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.	<i>GRI 103: Management Approach: Disclosure 103-2(c-i) (used together with GRI 305: Emissions, and GRI 306: Effluents and Waste)</i> <i>GRI 305: Emissions: Management approach disclosures guidance</i> <i>GRI 307: Environmental Compliance: Disclosure 307-1</i>	14
	KPI A1.1	The types of emissions and respective emissions data.	<i>GRI 305: Emissions: Disclosures 305-1, 305-2, 305-3, 305-6, and 305-7</i>	38
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	<i>GRI 305: Emissions: Disclosures 305-1, 305-2, 305-4</i>	38
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	<i>GRI 306: Waste: Disclosure 306-3(a)</i>	38
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	<i>GRI 306: Waste: Disclosure 306-3(a)</i>	38

# Environmental, Social and Governance Report

Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	<i>GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 305: Emissions) GRI 305: Emissions: Clause 1.2 and Disclosure 305-5</i>	22
	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.	<i>GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 306: Waste) GRI 306: Waste: Disclosures 306-4 and 306-5</i>	16,22
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	<i>GRI 103: Management Approach: Disclosure 103-2(c-i) (used together with GRI 301: Materials, GRI 302: Energy, and GRI 303: Water and Effluents)</i>	18
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	<i>GRI 302: Energy: Disclosures 302-1 and 302-3</i>	40
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	<i>GRI 303: Water and Effluents: Disclosure 303-5</i>	40
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	<i>GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 302: Energy) GRI 302: Energy: Disclosures 302-4 and 302-5</i>	23

# Environmental, Social and Governance Report

Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
	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.	<i>GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 303: Water and Effluents) GRI 303: Water and Effluents: Disclosure 303-1</i>	20,23
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	<i>GRI 301: Materials: Disclosure 301-1</i>	21
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	<i>GRI 103: Management Approach: Disclosure 103-2(c-i) (used together with GRI 301: Materials, GRI 302: Energy, GRI 303: Water and Effluents, GRI 304: Biodiversity, GRI 305: Emissions, and GRI 306: Waste)</i>	24
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	<i>GRI 103: Management Approach: Disclosures 103-1 and 103-2 (used together with GRI 301: Materials, GRI 302: Energy, GRI 303: Water and Effluents, GRI 304: Biodiversity, GRI 305: Emissions, and GRI 306: Waste) GRI 303: Water and Effluents: Disclosure 303-1 GRI 304: Biodiversity: Disclosure 304-2 GRI 306: Waste: Disclosures 306-1 and 306-2</i>	24

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Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
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.	<i>GRI 103: management approach: Disclosure 103-2 (c-i) (used together with GRI 201: Economic Performance) GRI 102: General Disclosures: Disclosure 102-29</i>	24
	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.	<i>GRI 201: Economic Performance: Disclosure 201-2</i>	24
<b>B. Social</b>				
<i>Employment and Labour Practices</i>				
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.	<i>GRI 103: Management Approach: Disclosure 103-2(c-i) (used together with GRI 202: Market Presence, GRI 401: Employment, GRI 405: Diversity and Equal Opportunity, GRI 406: Non-discrimination) GRI 419: Socioeconomic Compliance: Disclosure 419-1</i>	25
	KPI B1.1	Total workforce by gender, employment type (for example, full-or parttime), age group and geographical region.	<i>GRI 102: General Disclosures: Disclosures 102-8 (a), 102-8(b), and 102-8(c) GRI 405: Diversity and Equal Opportunity: Disclosure 405-1(b)</i>	41
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	<i>GRI 401: Employment: Disclosure 401-1(b)</i>	42



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Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
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.	<i>GRI 103: Management Approach: Disclosure 103-2(c-i) (used together with GRI 403: Occupational Health and Safety) GRI 403: Occupational Health and Safety: Disclosure 403-1 GRI 419: Socioeconomic Compliance: Disclosure 419-1</i>	28
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	<i>GRI 403: Occupational Health and Safety: Disclosure 403-9, 403-10</i>	27
	KPI B2.2	Lost days due to work injury.	<i>Not directly covered by the GRI Standards – see comments in the Comprehensive linkage table</i>	27
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	<i>GRI 103: Management Approach: Disclosure 103-2 and 103-3(a-i) (used together with GRI 403: Occupational Health and Safety) GRI 403: Occupational Health and Safety: Disclosures 403-1, 403-3, 403-5, 403-7</i>	28
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	<i>GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 404: Training and Education) GRI 404: Training and Education: Disclosure 404-2(a)</i>	30
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	<i>Not directly covered by the GRI Standards – see comments in the Comprehensive linkage table</i>	42

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Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
	KPI B3.2	The average training hours completed per employee by gender and employee category.	<i>GRI 404: Training and Education: Disclosure 404-1</i>	43
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.	<i>GRI 103: Management Approach: Disclosure 103-2(c-i) (used together with GRI 408: Child Labor and GRI 409: Forced or Compulsory Labor) GRI 419: Socioeconomic Compliance: Disclosure 419-1</i>	31
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	<i>GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 408: Child Labor and GRI 409: Forced or Compulsory Labor) GRI 408: Child Labor: Disclosure 408-1(c) GRI 409: Forced or Compulsory Labor: Disclosure 409-1(b)</i>	31
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	<i>GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 408: Child Labor and GRI 409: Forced or Compulsory Labor) GRI 408: Child Labor: Disclosure 408-1(c) GRI 409: Forced or Compulsory Labor: Disclosure 409-1(b)</i>	31
<i>Operating Practices</i>				
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	<i>GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 308: Supplier Environmental Assessment and GRI 414: Supplier Social Assessment)</i>	31

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Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
	KPI B5.1	Number of suppliers by geographical region.	<i>GRI 102: General Disclosures: Disclosure 102-9</i>	33
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	<i>GRI 102: General Disclosures: Disclosure 102-9 GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 303: Water and Effluents, GRI 308: Supplier Environmental Assessment and GRI 414: Supplier Social Assessment) GRI 303: Water and Effluents: Disclosure 303-1(c) GRI 308: Supplier Environmental Assessment: Disclosures 308-1 and 308-2 GRI 414: Supplier Social Assessment: Disclosures 414-1 and 414-2</i>	31
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	<i>GRI 102: General Disclosures: Disclosure 102-9 GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 303: Water and Effluents, GRI 308: Supplier Environmental Assessment and GRI 414: Supplier Social Assessment) GRI 303: Water and Effluents: Disclosure 303-1(c) GRI 308: Supplier Environmental Assessment: Disclosures 308-1 and 308-2 GRI 414: Supplier Social Assessment: Disclosures 414-1 and 414-2</i>	32
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	<i>GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 306: Waste and GRI 308: Supplier Environmental Assessment)</i>	33

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Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
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.	<i>GRI 103: Management Approach: Disclosure 103-2(c-i) (used together with GRI 416: Customer Health and Safety, GRI 417: Marketing and Labeling, and GRI 418: Customer Privacy) GRI 416: Customer Health and Safety: Disclosure 416-2 GRI 417: Marketing and Labeling: Disclosures 417-2 and 417-3 GRI 418: Customer Privacy: Disclosure 418-1 GRI 419: Socioeconomic Compliance: Disclosure 419-1</i>	34
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	<i>Not covered by the GRI Standards</i>	The Group did not experience any recall incident in the reporting year
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	<i>GRI 102: General Disclosures: Disclosures 102-43 and 102-44 GRI 103: Management Approach: Disclosure 103-2(c-vi) GRI 418: Customer Privacy: Disclosure 418-1</i>	35
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	<i>Not covered by the GRI Standards</i>	Not applicable to the Group's business
	KPI B6.4	Description of quality assurance process and recall procedures.	<i>Not covered by the GRI Standards</i>	34
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	<i>GRI 103: Management Approach: Disclosures 103-2 and 103-3(a-i) (used together with GRI 418: Customer Privacy)</i>	36

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Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
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.	<i>GRI 103: Management Approach: Disclosure 103-2(c-i) (used together with GRI 205: Anti-corruption) GRI 205 Anti-corruption: Disclosure 205-3 GRI 419: Socioeconomic Compliance: Disclosure 419-1</i>	36
	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.	<i>GRI 205: Anti-corruption: Disclosure 205-3</i>	37
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	<i>GRI 102: General Disclosures: Disclosure 102-17 GRI 103: Management Approach: Disclosures 103-2 and 103-3 (a-i) (used together with GRI 205: Anti-corruption) GRI 205: Anti-corruption: Clause 1.2</i>	36
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	<i>GRI 205: Anti-corruption: Disclosure: 205-2: Communication and training about anti-corruption policies and procedures</i>	37
Community 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.	<i>GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 413: Local Communities)</i>	37

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Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	<i>GRI 203: Indirect Economic Impacts: Disclosure 203-1(a)</i>	37
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	<i>GRI 201: Economic Performance: Disclosure 201-1(a-ii)</i>	37

\* The linkage between the GRI standards and disclosures that relate to each aspect in HKEX ESG Reporting Guide refers to the summary table from the "Linking the GRI Standards and HKEX ESG Reporting Guide" updated July 2020.



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