

# Channel Micron Holdings Company Limited 捷心隆控股有限公司

(Incorporated in the Cayman Islands with members' limited liability)

(Stock Code : 2115)



ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE REPORT

# 2021

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# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THIS REPORT

### Welcome to Channel Micron's 2021 Environmental, Social and Governance Report

This report is Channel Micron Holdings Company Limited's second environmental, social and governance ("ESG") report ("this ESG report") since 2020. It covers Channel Micron's sustainability approach, policy, and reviews its performance and strategy against ESG-related risks and targets. The previous ESG report for 2020 was published in June 2021. This ESG report is published on our website (<https://channelmicron.com/ir/financial-report>) and the Hong Kong Stock Exchange's website (<http://www.hkexnews.hk>).

### Reporting frameworks and content indices

#### The Stock Exchange of Hong Kong's Environmental, Social and Governance (ESG) Reporting Guide

- In 2019, the Stock Exchange of Hong Kong (HKEx) conducted a consultation on the Review of the ESG Reporting Guide and related Listing Rules, and the revised Guide was published in December of the same year. Companies listed on the HKEx are required to meet the updated ESG Reporting Guide disclosure obligations from financial years commencing on or after 1 July 2020.
- The Company's ESG report adopts these new disclosure obligations starting with this 2021 reporting cycle. We comply with a series of mandatory disclosure requirements by including an explicit statement from the board setting out the board's consideration of ESG issues, and description of our governance structure and the management of environmental and social aspects with potential financial risks. A materiality assessment has been conducted to prioritise our reporting on the "comply or explain" provisions of the 12 HKEx Environmental and Social Aspects.
- A content index could be found in the section "The Stock Exchange's ESG Reporting Guide: Index Table" at the end of this report.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

## ABOUT THIS REPORT *(Continued)*

### Overview of Channel Micron Holdings Company Limited

Channel Micron Holdings Company Limited ("**Channel Micron**", "**the Company**") (stock code: 02115) is a cleanroom wall and ceiling systems and cleanroom equipment provider based in the People's Republic of China (the "**PRC**"), Malaysia and the Philippines, with a proven track record of engaging in cleanroom projects in the PRC and Southeast Asia. We provide a comprehensive range of cleanroom products and services, including the development, production and installation of cleanroom wall and ceiling systems, and cleanroom equipment such as fan filter units (which filter and regulate air flow in a cleanroom), air showers, pass boxes and HEPA filters. Our products are mainly used in cleanrooms of different classes in various cleanroom standards, including the most stringent cleanroom class under the FED-STD-209E standard.

We principally generate our revenue from (i) the manufacturing and providing installation services for cleanroom wall and ceiling systems (including cleanroom doors and windows); and (ii) the manufacturing and sale of cleanroom wall and ceiling systems (without installation) and equipment (including mainly fan filter units, air showers, pass boxes, HEPA boxes and clean booths/benches which revenue generated are recognised at a point in time).

We have two well-established manufacturing facilities. Our PRC factory, with a GFA of 2,371 m<sup>2</sup>, mainly manufactures cleanroom wall and ceiling systems for our PRC customers. Our Malaysia factory, with a GFA of 4,515 m<sup>2</sup>, manufactures both cleanroom wall and ceiling systems and cleanroom equipment for sales in Southeast Asia and other overseas countries.

### Reporting boundary

This ESG report covers Channel Micron's sustainability approach, policy, performance, and strategy for the financial year ending 31 December 2021, which is consistent with that of the Company's annual report. Information and data were collected in relation to our cleanroom equipment manufacturing and sales at (i) the factory and sales office in Malaysia, (ii) the factory and sales office in China, and (iii) the sales office in the Philippines, unless otherwise stated. The inclusion of these entities and activities was determined based on their importance to the Company's business model and revenue generation.

There has been no change to our operational or physical scope since the publication of our last ESG report.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

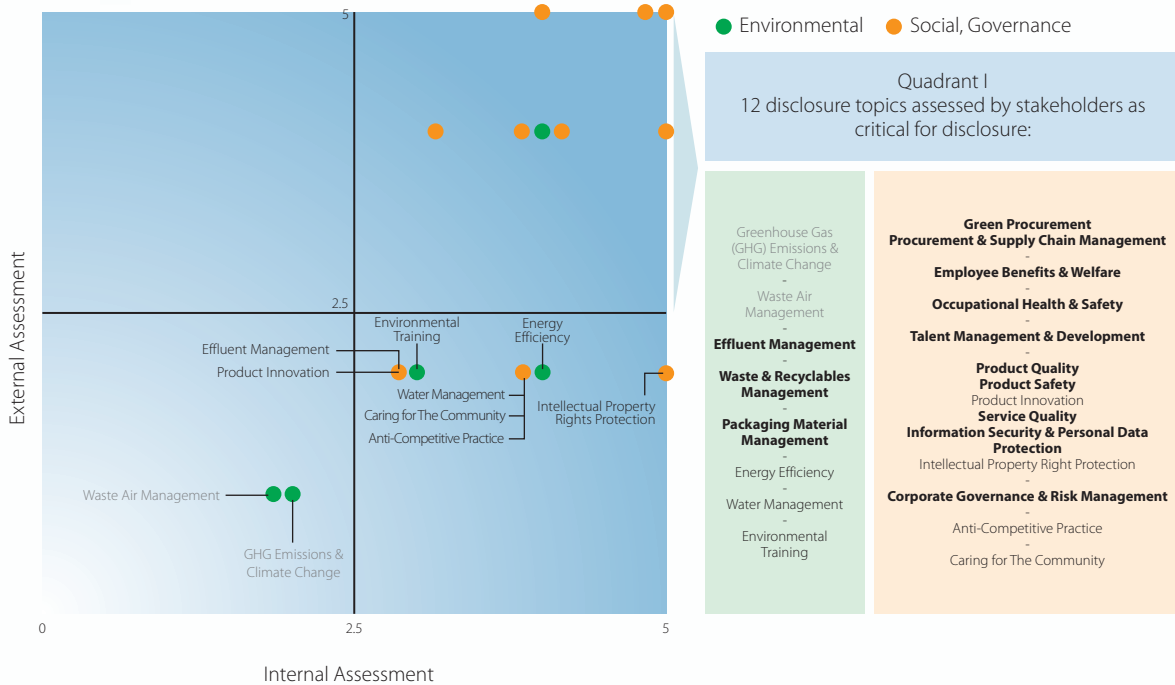
## ABOUT THIS REPORT *(Continued)*

### Reporting principles

According to the Guide, the following principles are underpinned:

**Materiality:** Material issues were decided based on a singular stakeholder engagement surveying at the end of the reporting period, involving Board and employee representatives. A materiality matrix, including an enlarged view of Quadrant I, has been included with this report to present internal and external assessment results, showing our determination of materiality and the prioritisation order of the top 12 material topics. More on the materiality assessment process and outcomes are set out in the section “Materiality assessment” of this report.

Environmental, Social & Governance (ESG) Disclosure Topics Materiality Matrix



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

## ABOUT THIS REPORT *(Continued)*

### Reporting principles *(Continued)*

Two provisions — Waste Air Management and GHG Emissions & Climate Change — are identified as immaterial for disclosure based on assessment scoring, resulting in their placement in Quadrant III. On these topics, we provided basic information on company policies and performance. Disclosure on material topics is set out in the section “Material disclosures” of this report.

**Quantitative:** Published KPIs have been established in a way to be measurable and comparable. *Appendix 3: Reporting Guidance on Social KPIs* and *Appendix 2: Reporting Guidance on Environmental KPIs* issued by the Stock Exchange, and nationally recognised methodologies, served as references for all quantitative calculations.

- **Greenhouse Gas (GHG) calculation references and methodologies** are based on *Appendix 2: Reporting Guidance on Environmental KPIs* issued by the Stock Exchange, *2006 IPCC Guidelines for National Greenhouse Gas Inventories*, *IPCC Fifth Assessment Report*, latest grid emission factors published in *List of Grid Emission Factors, version 10.10* by the Institute for Global Environmental Strategies, and by the PRC’s National Development and Reform Commission.

**Consistency:** Consistent statistical methods have been used in this report to allow meaningful comparisons of relevant data over time. Channel Micron published its first ESG report for the financial year ended 31 December 2020, and there has been no change in report preparation and methodologies as far as consistency is concerned.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

## MATERIALITY ASSESSMENT

The disclosure topics included in the report are identified by the results of a materiality analysis conducted at the end of the reporting period. The analysis (materiality assessment and stakeholder engagement) meets the requirements of the Exchange and demonstrates the application of the four reporting principles towards the preparation of reporting content. In order to ensure consistency with the reporting structure and highlight issuers' full compliance with their "comply or explain" provision disclosure obligations, we present 22 identified topics in the table below, in association with the 12 Social and Environmental Aspects defined by the HKEx:

ESG Topic		HKEX Aspect	
1	Greenhouse Gas (GHG) Emissions and Climate Change	A1	Emissions
		A4	Climate Change
2	Waste Air Management	A1	Emissions
3	Effluent Management		
4	Waste and Recyclables Management		
5	Packaging Material Management	A2	Use of Resources
6	Energy Efficiency		
7	Water Management		
8	Environmental Training	–	–
9	Green Procurement	B5	Supply Chain Management
10	Employee Benefits and Welfare	B1	Employment
11	Occupational Health & Safety	B2	Health and Safety
12	Talent Management & Development	B3	Development and Training
13	Procurement and Supply Chain Management	B5	Supply Chain Management
14	Product Quality	B6	Product Responsibility
15	Product Safety		
16	Product Innovation		
17	Service Quality		
18	Information Security and Personal Data Protection		
19	Intellectual Property Right Protection		
20	Corporate Governance and Risk Management	B7	Anti-Corruption
21	Anti-Competitive Practices		
22	Caring for The Community	B8	Community Investment

### Validation by representative stakeholders

We have derived preliminary results from this year's stakeholder engagement process, which involved conducting an online survey and inviting a small group of representatives from our Board and employees to participate in assessing the materiality level of each topic's influence on business operations.

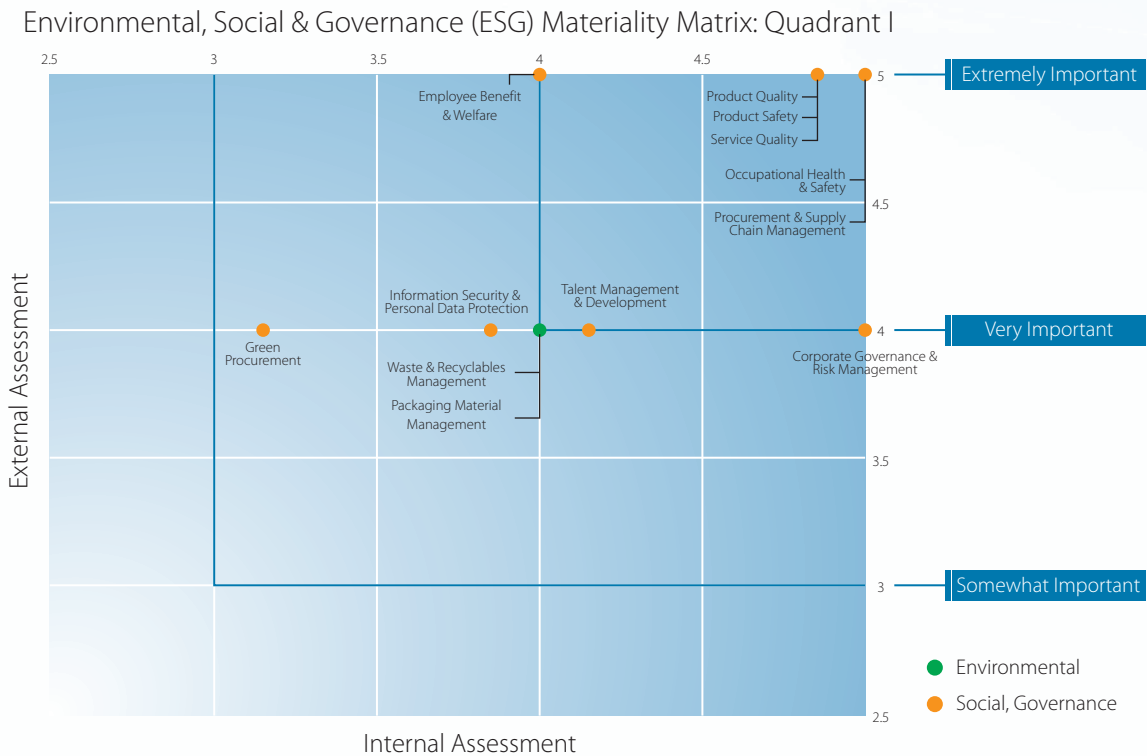
## MATERIALITY ASSESSMENT *(Continued)*

### Materiality matrix and the prioritisation of material disclosures

A materiality matrix graphically represents the engagement outcome. With 12 out of 22 topics placed within Quadrant I, results show that external and internal stakeholders view many topics as material to the business and critical for disclosure.

The top 10 topics by score are:

Occupational Health & Safety, Procurement and Supply Chain Management, Product Quality, Product Safety, Service Quality, Employee Benefits and Welfare, Corporate Governance and Risk Management, Waste and Recyclables Management, Packaging Material Management, Talent Management & Development.



### Future work

We plan to broaden our stakeholder engagement process in the next year by including the participation of other major stakeholder groups across our global network.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

## OUR APPROACH TO SUSTAINABILITY

### Sustainability governance overview

#### Board oversight

Our Board monitors the Company's sustainability performance and provides comments about strategy. To ensure the integration of sustainability-related issues into our reporting priorities, it oversees the review and approval process of i) the annual publication of our ESG report, and ii) the outcomes of stakeholder engagement and materiality assessment.

We are considering establishing an ESG Committee or Working Group in the short-term future, and developing a clear strategy that guides the direction of their work. Chaired by a member of senior management, the Committee will work directly under the control of the Board, acting on its behalf for ESG-related matters. Its primary functions will include developing ESG objectives and plans, collecting data for monitoring and reporting, conducting materiality assessment on an annual basis. The Committee will review the effectiveness of relevant tasks, and report to the Board biannually on the progress towards ESG-related performance goals, and update on latest environmental, social and governance developments.

The Board has assessed that climate-related issues pose no risks to our business and financial performance. Currently, we do not have plans to incorporate ESG factors into our existing risk management and internal control systems.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

## OUR APPROACH TO SUSTAINABILITY *(Continued)*

### Sustainability governance overview *(Continued)*

#### ESG risk assessment

We assessed the following ESG aspects, including climate change, scoring them from extremely low to extremely high for their future risk to our business:

Risk level	ESG topic
Medium risk	Green Procurement
Low risk	Talent Management & Development
	Greenhouse Gas (GHG) Emissions
	Waste and Recyclables Management
	Packaging Material Management
	Energy Efficiency
	Environmental Training
	Employee Benefits and Welfare
	Occupational Health & Safety
	Procurement and Supply Chain Management
	Corporate Governance and Risk Management
	Intellectual Property Right Protection
Extremely low risk	Climate Change
	Waste Air Management
	Effluent Management
	Water Management
	Product Quality
	Product Safety
	Product Innovation
	Service Quality
	Information Security and Personal Data Protection
	Anti-Competitive Practices
	Caring for The Community

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

## OUR APPROACH TO SUSTAINABILITY *(Continued)*

### Sustainability governance overview *(Continued)*

#### Challenges and opportunities

Ensuring consistent governance over sustainability policies and performance has helped the Company with easing supply chain tensions and strengthening occupational, health and safety measures for the employees, allowing the Group to resume operations more quickly during the uncertainty of the ongoing global coronavirus pandemic, and meet stronger demand for its cleanroom wall and ceiling systems in the PRC market as a result of increasing investment in the semiconductor industry due to global chip shortage.

The Board believes that sound sustainability governance and report enhancement bring about benefits to our stakeholders through revenue expansion, corporate brand image building, increasing corporate competitiveness. We value the opportunity to protect the environment for corporate green image establishment, advocate giving back to society through community contributions, and ensure our capacity in complying with ESG-related laws & regulations.

By Order of the Board

**Channel Micron Holdings Company Limited**

**Ng Yew Sum**

*Chairman and Executive Director*

## MATERIAL TOPICS

### Occupational health and safety

#### HKEx B2

Employees' physical and mental well-being contributes to the stable development of the Company. Therefore, the Company takes it as its mission to prevent, control and eliminate occupational health hazards.

The Company believes that prevention is better than treatment and has always adhered to the principle of preventive and constructive comprehensive occupational health and safety rules and regulations. The Company adopts various means which consist of risk and hazard assessment, guidance in the adoption of personal protective equipment, continuous improvement through review and evaluation, etc. to strengthen safety awareness. The safety management team also convenes safety meetings to review the performance of safety management, and all employees are encouraged to participate in safety-themed activities.

There were no work-related fatalities in the Group in the past three years. There were no lost days due to work injuries in the reporting period.

In the reporting year, the Company complied fully with relevant laws and regulations, such as the Occupational Safety and Health Act in Malaysia and the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, relating to providing a safe working environment and protecting employees from occupational hazards.

	2021	2020	2019
Number and rate of work-related fatalities	0 (0%)	0 (0%)	0 (0%)
Lost days due to work injury	0	0	0

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

## MATERIAL TOPICS *(Continued)*

### Procurement and supply chain management and green procurement

#### HKEx B5

The Company expects suppliers to comply with requirements for key factors relating to environmental protection, occupational safety and health, labour standards, business ethics, etc. and reach a certain standard. The Company rates and evaluates all suppliers through annual review with consideration in social and environmental risk. The Company links suppliers' performance in environmental and social responsibility with their business partnership opportunities, thereby effectively encouraging suppliers to improve their performance in sustainability.

The Company is well-aware of the global trend of utilising environmental-friendly materials, and thus convey the message to our suppliers. Through strengthened communication and cooperation with suppliers, the Company aims at boosting its ability to supply environmental-friendly products.

	Number of suppliers
Malaysia	266
PRC	162
The Philippines	35

### Product quality and product safety

#### HKEx B6.1, B6.4

The Company believes that product quality is the cornerstone for the long-term development of any enterprise, and is therefore committed to developing industry-leading and efficient products, and ensuring that all products meet or even outperform relevant laws and regulations, industry standards and client requirements in terms of quality, safety and environmental friendliness. Products delivered have undergone rigorous quality check and assurance processes to ensure the performance meets the established requirements.

In the reporting period, no products sold or shipped were recalled for safety and health reasons.

	2021
Percentage of total products sold subject to recalls for safety and health reasons	0%
Number of product-related complaints received	0

## **MATERIAL TOPICS** *(Continued)*

### **Service quality**

#### **HKEx B6.2**

In general, upon delivery of our products, our customers may, within a defect liability period of 12 to 24 months from the date of final acceptance, inform us of any issue relating to the quality of our products delivered. If any defect or malfunction is discovered, we may first send our engineers to site to investigate the problem and then arrange for replacement of product upon justification. Typically, we offer one to two years warranty against manufacturing defect arising from normal use or as stated in contracts for our products sold.

Customers may convey their feedback or complaints through established communication channels. The Company investigates and creates reports based on the feedback and takes corrective measures such as recall when necessary.

In the reporting period, we had not received any material product return request or any material complaints and claims from our customers in relation to the quality of our products and there had not been any product recalls or material accidents, litigation or investigation related to our products.

In the reporting period, no complaints were received regarding our products or customer service performance.

In the reporting period, the Company was in compliance with relevant laws and regulations, such as the Advertising Law of the People's Republic of China, relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

**2021**

Number of service-related complaints received

0

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

## MATERIAL TOPICS *(Continued)*

### Employee benefits and welfare

#### HKEx B1

The employment contracts signed between employees and the Company stipulate working hours, holidays, termination of contract, fringe benefits and leave entitlement consistent with legal and regulatory requirements. Employees are dismissed based only on reasonable and legitimate reasons and are provided with notification of the termination of the employment contract in writing. All remuneration and compensation are consistent with legal and regulatory requirements.

We uphold equal opportunity, diversity and anti-discrimination by developing preventive and affirmative actions through human resources to ensure fairness in all aspects of the employment cycle, including hiring, training, performance evaluation, compensation and benefits, retention and dismissal. Besides allowing employees to observe religious or national holidays that aren't included in our Company's official schedule, we also ensure that employees feel safe to report any incidents of concern through open door practices and confidential reporting channels. We are committed to prevent and resolve any kind of harassment against our employees, including sexual harassment, to create an inclusive environment where their rights are respected.

In the reporting period, the Company was in compliance with relevant laws and regulations, such as the Employment Act 1955, Employees' Provident Fund Act 1991 and Employees' Social Security Act 1969 in Malaysia, the Labour Law of the People's Republic of China and the Labour Code of the Philippines, relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

	Number of people	Turnover rate (%)
<b>Total</b>	176	22.7
<b>Gender</b>		
Male	130	23.1
Female	46	21.7
<b>Employment type</b>		
Full-time	176	22.7
Part-time	0	–
<b>Age group</b>		
18–24	20	60.0
25–34	45	35.6
35–44	55	14.5
45–54	41	9.8
55–64	15	0.0
<b>Geographical region</b>		
Malaysia	82	23.2
PRC	75	25.3
The Philippines	19	10.5
<b>Employee level</b>		
Senior management	8	N/A
Middle management	72	N/A
Supervisor	4	N/A
General staff	92	N/A

## MATERIAL TOPICS *(Continued)*

### Corporate governance and risk management

#### HKEX B7

##### *Anti-corruption and anti-competitive practices*

The Company is dedicated to preserving business integrity. The Company sets out the relevant requirements in the employees' code of conduct to guide the employees with ways to deal with conflicts of interest. We established a fraud risk assessment and whistleblowing policy in 2019 to facilitate the development of controls that will aid in the detection and prevention of fraud against the Company, and encourage employees, customers and suppliers — our key stakeholders — or any other parties with a business relationship with the Company, who have concerns about any suspected misconduct or malpractice, to come forward and voice their concerns. Our Audit Committee assumes overall accountability for monitoring and reviewing the operation of the policy and any recommendation for action resulting from investigation into complaints, while delegating day-to-day responsibilities for oversight and implementation to the Risk Management Committee. The Risk Management Committee comprises of the Group Chairman and senior management officials.

In the reporting period, none of our directors, management and employed staff received training to improve anti-corruption culture. Due to social distancing measures and new workplace arrangements, it was challenging to arrange training courses and workshops and demand employee attendance. Employee health and well-being has been our top priority.

In the reporting period, no legal cases regarding corrupt practices were concluded or brought against the Company and/or its employees. The Company complied with relevant laws and regulations, such as the Anti-Corruption Commission Act in Malaysia, and the Anti-Unfair Competition and Anti-Monopoly Laws of the People's Republic of China, relating to bribery, extortion, fraud, money laundering, and engagement in improper market activities to undermine business competitors.

2021

Number of concluded legal cases regarding corrupt practices brought against the issuer

0

### Waste and recyclables management

#### HKEx A1, A1.6

The Company aims to control our waste disposal to a minimum by encouraging reduction, reuse, and recycling in our premises, and ensure the non-recyclable waste is handled responsibly downstream by employing qualified contractors.

In the reporting period, the Company was in compliance with relevant laws and regulations, such as the Environment Quality Act and its Regulations in Malaysia, and Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, that have a significant impact on the Company relating to the generation of hazardous and non-hazardous waste.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

## MATERIAL TOPICS *(Continued)*

### Packaging material management

#### HKEx A2.5

The Company attaches great importance to conservation of resources, not only does it benefit the ecosystem, but also boosts the Company's competitiveness in the market by reducing production costs through improvement in resource efficiency.

	Consumption (kg)
Plastic packaging material used	25,285
Paper packaging material used	22,338
Total packaging material used	47,623

### Talent management & development environmental training

#### HKEx B3

The Company has confidence in that supporting employee development is the most valuable strategic investment for an enterprise. Thus, the Company has a diverse growth mechanism in place that highlights cultivating employees and creating learning and development opportunities for employees.

The Company encourages employee growth and explores employee potential by respecting their individual skills, following their pattern of growth, and matching with the Company's development goals.

During the reporting year, none of our directors, management and employed staff received professional development in relation to their work responsibilities and accrued zero hours of training on topics including anti-corruption and environmental topics.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

## STANDARD ESG DISCLOSURES

### ENVIRONMENTAL

The scope of entities and operations for the following environmental aspects can be found in the “Reporting Boundary” chapter, while quantitative data can be found in the “Key Performance Indices” chapter to understand the Group’s information on Key Performance Indicators.

#### Environmental targets

##### HKEX A1, A2, A1.5, A1.6, A2.3, A2.4

Based on Channel Micron’s nature of business, target-setting regarding GHG emission reduction, waste reduction, energy efficiency, and water efficiency have been deemed immaterial for disclosure.

#### Greenhouse gas (GHG) emissions and climate change

##### HKEx A1, A4

In response to the global trend of emissions reduction and the need for a low carbon economy, the Company supports clean production through the application of efficient production technologies and the implementation of new management approaches.

##### *Emissions, waste air and effluent management*

The Company targets to curb greenhouse gas emissions by prioritising the adoption of energy-efficient equipment and lighting arrangements to reduce the indirect greenhouse gas emission from electricity consumption.

In the reporting period, the Company was in compliance with relevant laws and regulations, such as the Environment Quality Act and its Regulations in Malaysia, and Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, that have a significant impact on the Company relating to air and greenhouse gas emissions, and discharges into water and land.

	Quantity (tCO <sub>2</sub> e)	
	2021	2020
Scope 1 (direct)	0.0	0.0
Scope 2 (energy indirect)	217.7	208.0
Total GHG emissions	217.7	208.0

##### *Climate change*

The Company mainly operates in Malaysia, China, and the Philippines. Among the phenomena of climate change, the Company identified extreme weather events as a more possible threat resulting from climate change. In response, the Company has established mitigation measures to minimise the adverse effect caused by extreme weather event on the Company’s operation, with an aim to reduce the risk of casualties and property losses.

The company has identified that climate change poses no or extremely low financial risk to the business.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

## STANDARD ESG DISCLOSURES *(Continued)*

### ENVIRONMENTAL *(Continued)*

#### Energy efficiency and water management

##### HKEx A2

The Company attaches great importance to the conservation of resources, not only does it benefit the ecosystem, but also boosts the Company's competitiveness in the market by reducing production costs through improvement in resource efficiency.

The Company actively invests in adding or replacing equipment and retrofitting existing facilities to realise energy and water efficiency projects. The Company targets to curb electricity consumption by prioritising the adoption of energy-efficient equipment and lighting. As a result of the initiatives, the Company was able to control the energy consumption for production well within 100 kWh per square metre of product. The Company also targets to control its water consumption by raising awareness among its employee through various means.

In the reporting period, the Company faced no water sourcing issues.

	2021	2020
Energy consumption		
Indirect consumption (electricity) ('000 kWh)	312.3	300.0
Per square metre of product production ('000 kWh/m <sup>2</sup> )	0.07	0.07
Water		
Water consumption (m <sup>3</sup> )	10,558.3	8,096.0
Per square metre of product production (m <sup>3</sup> /m <sup>2</sup> )	2.4	1.8

#### The environment and natural resources

##### HKEx A3

The Company acknowledges that working together with different stakeholders is one of the key factors to achieve sustainable development. The Company adopts various measures, such as prioritising the adoption of energy-efficient equipment and regularly evaluating and streamlining production processes, to reduce emissions and improve efficiency in resources utilisation. The Company also promotes environmental awareness among our employees and encourage them to work in an environmentally responsible manner.

In the reporting period, the Company had no significant impact of activities on the environment and natural resources.

## **SOCIAL**

The scope of entities and operations for the following social aspects can be found in the “Reporting Boundary” chapter, while quantitative data can be found in the “Key Performance Indices” chapter to understand the Group’s information on Key Performance Indicators.

### **Labour standards**

#### **HKEx B4**

The Company forbids forced labour and child labour in any form and takes its prevention very seriously. The Company conducts a thorough check of various supporting documents relating to the applicant’s age before employing a candidate and adopts an effective procedure to verify the age to ensure that the applicant has reached the minimum statutory age for work. At the same time, the Company prohibits any form of forced labour or work. It ensures that all employees provide labour or work on a willing basis and forbids the use of any form of forced or bonded labour, punishment, imprisonment, and threats of violence. The Company conducts an annual review on child and forced labour to ensure the operation is free from such malpractices and to initiate systematic improvement in case such malpractice is found.

In the reporting period, the Company complied with relevant laws and regulations relating to preventing child and forced labour.

### **Information security and personal data protection and intellectual property rights protection**

#### **HKEx B6, B6.3, B6.5**

The Company respects intellectual property right such that all designs and tools including software and hardware are properly licensed. Furthermore, the Company also attaches importance to consumer data protection and privacy by ensuring that documents containing such data are properly stored with restricted access.

### **Caring for the community**

#### **HKEx B8**

The Group integrates community investment with the operations to earn the trust of relevant stakeholders. The Group explores collaboration with reputable organisations to support community programmes that meet the needs and expectations of community and encourages employees to participate in community programmes.

There was no focus area of contribution, and no resources contributed, in the reporting period.

We have delayed our plan to contribute resources in enhancing existing information security and personal data protection due to lack of manpower during COVID-19, as well as a move of our workplace in the near future would make current investment on information security to be less viable.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

## THE STOCK EXCHANGE'S ESG REPORTING GUIDE: INDEX TABLE

HKEx ESG Reporting Guide	Description	Chapter
<b>A. ENVIRONMENTAL</b>		
<b>Aspect A1: Emissions</b>		
General Disclosure	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(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.</li> </ul>	Greenhouse gas (GHG) emissions and climate change Waste air management Effluent management Waste and recyclables management
KPI A1.1	The types of emissions and respective emissions data.	The production process does not involve emissions that are material enough to be governed by local authorities. The Company also utilises subcontracted transportation service and does not operate a fleet that is material enough to be reported.
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Greenhouse gas (GHG) emissions and climate change
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	The production process does not produce hazardous waste that is material enough to be reported. Quantitative information is not to be disclosed.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	The production process does not produce non-hazardous waste that is material enough to be reported.
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Information is not to be disclosed due to immateriality to the business.
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Information is not to be disclosed due to immateriality to the business.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

HKEx ESG Reporting Guide	Description	Chapter
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Energy efficiency Water management Packaging material management
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).	Energy efficiency
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Information is not to be disclosed due to immateriality to the business.
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Water management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Packaging material management
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	The environment and natural resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	There was no significant impact in the reporting period.
<b>Aspect A4: Climate Change</b>		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Greenhouse gas (GHG) emissions and climate change
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.	Greenhouse gas (GHG) emissions and climate change ESG risk assessment

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

## HKEx ESG Reporting Guide

### Description

### Chapter

## B. SOCIAL

### EMPLOYMENT AND LABOUR PRACTICES

#### Aspect B1: Employment

General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p>	Employee benefits and welfare
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employee benefits and welfare
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

HKEx ESG Reporting Guide	Description	Chapter
<b>Aspect B2: Health and Safety</b>		
General Disclosure	<p>Information on:</p> <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</li> </ul> <p>relating to providing a safe working environment and protecting employees from occupational hazards.</p>	Occupational health and safety
KPI B2.1	Number and rate of work-related fatalities.	Occupational health and safety
KPI B2.2	Lost days due to work injury.	
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	
<b>Aspect B3: Developing and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Talent management and development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	No training workshops were held in the reporting period due to COVID-19 workplace arrangements.
KPI B3.2	The average training hours completed per employee by gender and employee category.	No training hours were accrued during the reporting period due to COVID-19 workplace arrangements.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

### HKEx ESG Reporting Guide

#### Description

#### Chapter

### Aspect B4: Labour Standards

General Disclosure	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to preventing child and forced labour.	Labour standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	No violations were discovered in the reporting period.

## OPERATING PRACTICES

### Aspect B5: Supply Chain Management

General Disclosure	Policies on managing environmental and social risks of the supply chain.	Procurement & supply chain management
KPI B5.1	Number of suppliers by geographical region.	Procurement & supply chain management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Procurement & supply chain management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Procurement & supply chain management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Procurement & supply chain management

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**Aspect B6: Product Responsibility**

General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p>	<p>Product quality</p> <p>Product safety</p> <p>Service quality</p> <p>Information security and personal data protection</p> <p>Intellectual property rights protection</p>
KPI B6.1	<p>Percentage of total products sold or shipped subject to recalls for safety and health reasons.</p>	<p>Product quality</p> <p>Product safety</p>
KPI B6.2	<p>Number of products and service-related complaints received and how they are dealt with.</p>	<p>Product quality</p> <p>Product safety</p> <p>Service quality</p>
KPI B6.3	<p>Description of practices relating to observing and protecting intellectual property rights.</p>	<p>Intellectual property rights protection</p>
KPI B6.4	<p>Description of quality assurance process and recall procedures.</p>	<p>Product quality</p> <p>Service quality</p>
KPI B6.5	<p>Description of consumer data protection and privacy policies, how they are implemented and monitored.</p>	<p>Information security and personal data protection</p>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

## HKEx ESG Reporting Guide

### Description

### Chapter

#### Aspect B7: Anti-corruption

General Disclosure	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to bribery, extortion, fraud and money laundering.	Corporate governance & risk management Anti-competitive practice
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.	Corporate governance & risk management Anti-competitive practice
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	
KPI B7.3	Description of anti-corruption training provided to directors and staff.	

## COMMUNITY

#### Aspect B8: Community Investment

General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Caring for the community
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Caring for the community
KBI B8.2	Resources contributed (e.g. money or time) to the focus area.	

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