



SUN HING VISION GROUP HOLDINGS LIMITED

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2022 / 23

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THIS REPORT

Sun Hing Vision Group Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) are pleased to present the Environmental, Social and Governance Report (the “ESG Report”) for the year ended 31 March 2023. This report is prepared in accordance with the applicable requirements of the “Environmental, Social and Governance Reporting Guide” (the “ESG Guide”) as set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Unless stated otherwise, the scope of this report covers the Group’s major production site located in Dongguan city, Guangdong province (collectively referred to as the “Relevant Entity”). The covered production site engages in manufacturing of eyewear products. The Relevant Entity covers the major production facilities of the Group and represents a significant portion of the Group’s operation. The Group has assessed that the Relevant Entity is material to its operation. Key environmental and other information of the Relevant Entity is therefore presented in the ESG Report to allow readers to understand the Group’s performance in various sustainability aspects through the Relevant Entity. The Group will carry out periodical review to examine the scope of the ESG Report and may change its coverage in future if needs arise.

Information contained in this report covers the period starting from 1 April 2022 to 31 March 2023, which is consistent with the period covered in the Annual Report of the Group. There is no significant change in scope of this report from that of the ESG Report of the Group for the year ended 31 March 2022.

## OUR APPROACH TO SUSTAINABILITY

The Group is committed to promote sustainable development for the environment and society. It has set up a project team to monitor relevant environmental and social matters, promote the related policies established by the Group and prepare the information as required to be disclosed by the ESG Guide. The Group believes that cross functional involvement and top management support are two elements which are important to the effective management of environmental and social matters. Therefore, the project team established by the Group is comprised of representatives from various departments and reports directly to the board of directors of the Group (the “Board”) when issues are identified. The Board takes a proactive role in managing environmental and social matters. In line with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, the Board is responsible for evaluating and determining the Group’s risks related to environment and social governance and ensuring that appropriate and effective risk management and internal control systems are in place. Further details of the Group’s risk management and internal control systems are set out in the “Corporate Governance Report” contained in the Annual Report of the Group for the year ended 31 March 2023.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

The Group adopts a proactive approach to manage environmental and social matters, with general objectives including:

- to comply with the applicable and relevant environmental and social laws and regulations;
- to reduce wastage and release of harmful substances (if any) to the environment;
- to minimize the consumption of natural resources;
- to promote product safety and improve product quality;
- to promote workplace safety and ethics; and
- to establish a systematic method to keep track of the Group's performance in environmental and social aspects

During the year ended 31 March 2023, the Group did not receive from related government authorities any notice related to major violation of the applicable environmental and social laws and regulations that have a significant impact on the Group. Important laws, regulations, rules and standards that may affect the Group's operation include:

- Environmental Protection Law of the People's Republic of China ("PRC")
- Atmospheric Pollution Prevention and Control Law of the PRC
- Water Pollution Prevention and Control Law of the PRC
- Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste
- Standard for Pollution Control on Hazardous Waste Storage of the PRC
- Labor Law of the PRC
- Labor Contract Law of the PRC
- Law of the PRC on the Protection of Disabled Persons
- Law of the PRC on the Protection of Minors
- Product Quality Law of the PRC
- Trademark Law of the PRC
- Patent Law of the PRC
- Advertising Law of the PRC
- Anti-Unfair Competition Law of the PRC
- Company Law of the PRC
- Employment Ordinance (Chapter 57 of the Laws of Hong Kong)
- Prevention of Bribery Guidance (Chapter 201 of the Laws of Hong Kong)

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

- Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong)
- Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong)
- Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)
- Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong)
- Disability Discrimination Ordinance (Chapter 487 of the Laws of Hong Kong)
- Family Status Discrimination Ordinance (Chapter 527 of the Laws of Hong Kong)
- Race Discrimination Ordinance (Chapter 602 of the Laws of Hong Kong)
- Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong)
- Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong)
- Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

In order to identify the most significant environmental and social issues, the Group has taken the needs and concerns of key stakeholders including investors, shareholders, employees, customers and suppliers into consideration. The content of the ESG Report is determined based on the extent of impact that various sustainability matters affect the Group's stakeholders and the extent of relevance that various sustainability matters influence the Group. Formal assessment is carried out annually by a specific project team which reviews each major environmental and social issue in the light of materiality after conducting interview with the heads of various departments, examining the position of key stakeholders as well as reviewing different aspects of operation.

### REPORTING PRINCIPLES

This report was prepared in alignment with the key reporting principles recommended in the ESG Guide, including:

Materiality	The materiality of key environmental, social and governance ("ESG") issues is assessed by the senior management members of the Group, including engagement of various internal and external stakeholders. The valuable input obtained from stakeholder engagement activities contributes to steering the Group's ESG management strategy. This is further discussed in the Decision Matrix of the report.
Quantitative	The calculation of key performance indicators ("KPIs") are based on industry best practices. Where relevant, external reference sources have been utilized and have been documented in the corresponding sections of the report.
Balance	This report provides an objective and unbiased overview of the ESG performance of the Group during the reporting period.
Consistency	The Group adopts a consistent set of methodology for quantification of KPIs whenever practicable to maximize comparability of our ESG performance over time.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

## DECISION MATRIX

For the year ended 31 March 2023, the Group's specific project team has completed its annual assessment and the result is summarized in the following decision matrix:

Impact on Stakeholders	HIGH	<p><b>Areas Identified as Relevant for Discussion in the ESG Report</b></p> <ul style="list-style-type: none"> <li>– Anti-Corruption (including bribery prevention and fraud prevention)</li> <li>– Community Investment (including involvement in the community and social contribution)</li> </ul>	<p><b>Areas Identified as Critical for Disclosure in the ESG Report</b></p> <ul style="list-style-type: none"> <li>– Emissions (including greenhouse gas and other emission and wastage disposal)</li> <li>– Use of Resources (including resources consumption and energy efficiency)</li> <li>– Environment and Natural Resources (including usage of scarce resources and influence to environment)</li> <li>– Product Responsibility (including compliance with product safety standards and quality assurance)</li> </ul>
	LOW	<p><b>Areas Identified as Not Material for Discussion and Disclosure in the ESG Report</b></p> <ul style="list-style-type: none"> <li>– Other matters</li> </ul>	<p><b>Areas Identified as Relevant for Discussion in the ESG Report</b></p> <ul style="list-style-type: none"> <li>– Employment (including compensation and dismissal, equal opportunity and anti-discrimination)</li> <li>– Health and Safety (including workplace safety and employee protection)</li> <li>– Development and Training (including employee development and continuous improvement)</li> <li>– Labour Standards (including compliance with employment regulations and standards)</li> <li>– Supplier Chain Management (including quality control and environmental and social risk management on supply chain)</li> </ul>
		LOW	HIGH
Relevance to the Group			

The Group welcomes stakeholders' feedback on our approach to substantiality. Suggestions can be sent to us by registered mail to the Company's registered address and its Hong Kong principal office.

The Group established policies and carried out various measures that cover different sustainability aspects. Their major features, together with the relevant and applicable environmental KPIs as required to be disclosed according to the ESG Guide, are outlined in different sections of this report.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

### ENVIRONMENT

#### BOARD MANAGEMENT OF CLIMATE ISSUES

Climate change is a global issue of high concern, and the Group has taken active measures to identify and assess the potential impact of climate change of the Group's business operations. Climate change gives rise to certain risks to our business, which mainly includes the impact of extreme weather events on the Group's facilities resulting in asset damage and risk to personnel. In addition, extreme weather may affect the operation of our production facilities, as well as the logistics and supply chains of the Group. We monitor climate related risks continuously, and we are committed to reduce our carbon emission.

During the year under reporting, the Group's business is not significantly impacted by climate change. The management will continue to monitor the climate related risks that may affect the Group and take appropriate actions to manage the risks when considered necessary.

#### EMISSIONS AND USE OF RESOURCES

The Group targets to minimize the emission of greenhouse gas and other wastages. Policies are adopted which aim at complying with the applicable requirements of the laws, regulations, rules and practices on emission and use of resources that have a significant impact on the Group. Due to the Group's business nature, the major source of the Group's greenhouse gas emission is indirectly derived from daily consumption of electricity during the operation. The Group has developed policies to reduce electricity usage. Campaigns are carried out and notice boards are installed in the Group's premises to encourage employees to save energy. The Group deploys real-time monitoring systems to look for identify potential abnormal electricity consumption patterns, as well as to gather data through the system to identify opportunities for optimizing energy usage.

Electricity consumption data is analyzed, reported monthly and shared within the Group to allow different departments to benchmark their energy usage and understand the overall energy performance. During procurement of new machineries and equipment, the Group prioritizes the selection of high-energy performance products when possible. The Group also makes efforts to ensure its lighting and air conditioning systems are configured in an optimized way to achieve efficient use of electricity.

The consumption of petrol and diesel oil by vehicles used during operation is another source of the Group's emission of greenhouse gas and other gases. Whenever possible, the Group will acquire vehicles that comply with the prevailing standards on fuel consumption and air emission, with preference for vehicles that demonstrate better fuel efficiency and lower emissions. The Group has policy to require vehicles to be properly maintained in good condition and to be retired if their total travel mileage reaches certain pre-determined levels. In addition, the Group minimizes its use of delivery trucks by optimizing its goods delivery schedule and increases the efficiency of loading per truck.

The Group uses natural gas in some of its facilities, but the consumption and its associated air emission are relatively insignificant.

The management of the Group encourages the use of alternative energy that is cleaner and more sustainable. For example, solar energy installations are deployed at the Group's facilities to reduce the reliance on traditional fossil fuel sources.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

The key environmental data on air emissions and greenhouse gases generated by the Relevant Entity during the years ended 31 March 2023 and 2022 are summarized as below:

Type of Emissions	Total Emissions	Intensity <i>(Note)</i>
<b>For the year ended 31 March 2023</b>		
<b>Air Emissions</b>		
Nitrogen Oxides (NO <sub>x</sub> )	30.52 kg	0.69 g/m <sup>2</sup>
Sulphur Oxides (SO <sub>x</sub> )	0.38 kg	0.009 g/m <sup>2</sup>
Particulate Matters (PM)	2.34 kg	0.053 g/m <sup>2</sup>
<b>Greenhouse Gases (GHG)</b>		
– Scope 1	100.62 tonnes	2.28 kg/m <sup>2</sup>
– Scope 2	13,345.06 tonnes	302.32 kg/m <sup>2</sup>
– Scope 3	1,203.06 tonnes	27.25 kg/m <sup>2</sup>
<b>For the year ended 31 March 2022</b>		
<b>Air Emissions</b>		
Nitrogen Oxides (NO <sub>x</sub> )	15.77 kg	0.24 g/m <sup>2</sup>
Sulphur Oxides (SO <sub>x</sub> )	0.33 kg	0.01 g/m <sup>2</sup>
Particulate Matters (PM)	0.91 kg	0.01 g/m <sup>2</sup>
<b>Greenhouse Gases (GHG)</b>		
– Scope 1	105.44 tonnes	1.58 kg/m <sup>2</sup>
– Scope 2	16,976.14 tonnes	254.08 kg/m <sup>2</sup>
– Scope 3	1,218.09 tonnes	18.23 kg/m <sup>2</sup>

*Note:* Intensity is calculated based on the total floor area of the premises used by the Relevant Entity. For the year ended 31 March 2023, the total floor area of the premises used by the Relevant Entity decreased from 66,815 m<sup>2</sup> to 44,142 m<sup>2</sup>.

During the year ended 31 March 2023, the use of fossil fuels included a higher proportion of diesel as compared to the previous year. This resulted in higher air emission figures for NO<sub>x</sub> and PM. In respect of GHG, scopes 1 and 2 emissions were reduced by 4.6% and 21.4% respectively, while scope 3 emissions for the covered emission sources remained similar to the previous year.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Energy consumed by the Relevant Entity during the years ended 31 March 2023 and 2022 are summarized as below:

<b>Type of Energy</b>	<b>Total Consumption</b>	<b>Intensity <i>(Note)</i></b>
<b><i>For the year ended 31 March 2023</i></b>		
Electricity	23,400,073 kWh	530.11 kWh/m <sup>2</sup>
Petrol and Diesel Oil	24,789 l	562 ml/m <sup>2</sup>
Natural Gas	15,168 m <sup>3</sup>	0.34 m <sup>3</sup> /m <sup>2</sup>
Total Energy Consumption	85,694 GJ	1.94 GJ/m <sup>2</sup>
<b><i>For the year ended 31 March 2022</i></b>		
Electricity	26,612,535 kWh	398.30 kWh/m <sup>2</sup>
Petrol and Diesel Oil	21,524 l	322.14 ml/m <sup>2</sup>
Natural Gas	21,592 m <sup>3</sup>	0.32 m <sup>3</sup> /m <sup>2</sup>
Total Energy Consumption	97,390 GJ	1.46 GJ/m <sup>2</sup>

The Relevant Entity used solar energy in some of its facilities. In view that the consumption is immaterial, the related data is not disclosed above.

*Note:* Intensity is calculated based on the total floor area of the premises used by the Relevant Entity. For the year ended 31 March 2023, the total floor area of the premises used by the Relevant Entity decreased from 66,815 m<sup>2</sup> to 44,142 m<sup>2</sup>.

Electricity and overall energy consumption decreased during the year ended 31 March 2023. The Group will continue to monitor its energy and resource consumption profile to ensure its environmental management efforts can deliver consistent results.

The Group is committed to reduce wastages and incorporates such commitment in its policy. The Group believes that efficient use of resources during operations is fundamental to minimize wastage. It therefore established policy and procedures in different aspects to reduce consumption of various resources. Production processes are well scheduled to minimize excessive stocking and usage of raw materials, packaging materials and loose tools. Surplus materials and scraps are arranged for re-use whenever possible in order to reduce solid waste. The Group encourages employees to reduce paper consumption and recycle used papers. Devices are installed in some of the Group's printers and photocopy machines to monitor paper usage. Non-hazardous wastes generated during the operation are stored, processed and disposed in a hygienic manner. When hazardous wastes are identified, they will be handled by following the applicable requirements of the local laws and regulations. The Group employs government certified service providers to manage the disposal of hazardous wastes. When substitution is available, non-hazardous raw materials is preferred to be used in order to reduce the generation of hazardous waste.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Data of wastages produced by the Relevant Entity during the years ended 31 March 2023 and 2022 are summarized as below:

Type of Wastages	Quantity	Intensity <i>(Note)</i>
<b><i>For the year ended 31 March 2023</i></b>		
Non-hazardous Waste	242 tonnes	5.49 kg/m <sup>2</sup>
Hazardous Waste	154 tonnes	3.49 kg/m <sup>2</sup>
<b><i>For the year ended 31 March 2022</i></b>		
Non-hazardous Waste	242 tonnes	3.62 kg/m <sup>2</sup>
Hazardous Waste	186 tonnes	2.78 kg/m <sup>2</sup>

*Note:* Intensity is calculated based on the total floor area of the premises used by the Relevant Entity. For the year ended 31 March 2023, the total floor area of the premises used by the Relevant Entity decreased from 66,815 m<sup>2</sup> to 44,142 m<sup>2</sup>.

Water used by the Group is sourced from clean and safe source and is properly treated to ensure that it is fit for production. Certain equipment are also installed in the Group's premises to treat water before discharge. As for water conservation initiative measures, water pipelines and other related facilities are checked for leakage or malfunction regularly, any problem found will be reported to the relevant facilities administration department for timely repairment. In addition, the Group requires production units to minimize water consumption. Meters and sub-meters are installed in the factory to monitor and control any inefficient usage of water. Water usage records of the factory are maintained and reported to the management monthly, and any abnormal usage will be analyzed, investigated and rectified.

Due to the Group's business nature, the quantity of materials consumed for the packaging of products represents a significant emission source. Paper boxes and corrugated cardboard boxes are the primary types of packaging materials consumed by the Group, and the Group endeavours to reduce their consumption using approaches such as optimization of packaging approaches and more economical packaging designs to reduce paper consumption. The Group will remain alert for opportunities to further reduce its paper consumption, including the exploration of alternative packaging materials that have less environmental impact.

Water and packaging material consumption by the Relevant Entity during the years ended 31 March 2023 and 2022 are summarized as below:

Type of Resources	Quantity	Intensity <i>(Note)</i>
<b><i>For the year ended 31 March 2023</i></b>		
Water	197,841 m <sup>3</sup>	4.48 m <sup>3</sup> /m <sup>2</sup>
Packaging Materials for Finished Goods	213 tonnes	4.83 kg/m <sup>2</sup>
<b><i>For the year ended 31 March 2022</i></b>		
Water	229,026 m <sup>3</sup>	3.43 m <sup>3</sup> /m <sup>2</sup>
Packaging Materials for Finished Goods	210 tonnes	3.15 kg/m <sup>2</sup>

*Note:* Intensity is calculated based on the total floor area of the premises used by the Relevant Entity. For the year ended 31 March 2023, the total floor area of the premises used by the Relevant Entity decreased from 66,815 m<sup>2</sup> to 44,142 m<sup>2</sup>.

The Relevant Entity's water consumption for the year ended 31 March 2023 decreased by about 13.6%, while packaging materials used for products maintained relatively constant.





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

### ENVIRONMENT AND NATURAL RESOURCES

The Relevant Entity has established an environment management system which is credited with ISO14001:2015 certification. The Group promotes the concept of clean production by carrying out relevant activities in an environmentally friendly manner. Scarce natural resources will not be employed in production where possible and alternative materials with lower environmental impacts are preferred. The Group also promotes green awareness among its workforce. Employees are encouraged to reduce their negative impact to the environment and raise out ideas which can help the Group to operate in a more sustainable way. The Group adopts various measures, supported by established policies, to control the usage of resources as well as minimizing emission and waste disposal. Further details can be referred to the section headed “Emissions and Use of Resources” in the ESG Report.

### ENVIRONMENTAL TARGETS

The Relevant Entity has set KPIs targets in the ESG Report 2021/22 for a number of environmental metrics covering resource consumption, emissions, and waste generation, as summarized in the below table:

	Aspect	Target
	Greenhouse Gas Emissions	3% reduction in 5 years
	Waste Generation	3% reduction in 5 years
	Energy Consumption	3% reduction in 5 years
	Water Consumption	3% reduction in 5 years

While the Group’s operations and business gradually transitions back to normal operations following COVID-19 impact, the Group will continue implementing its environmental management strategy to deliver business growth while minimizing its environmental impacts.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

### SOCIAL

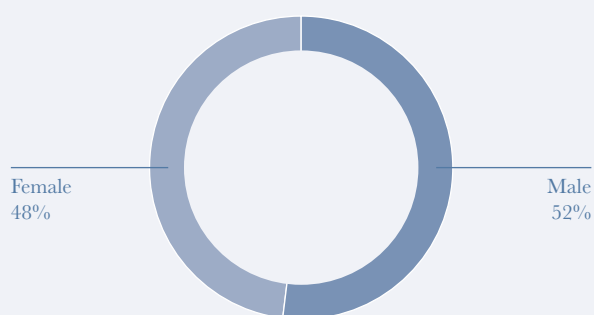
#### EMPLOYMENT AND LABOUR PRACTICES

The Group conceives employees as its important asset and is concerned about their wellbeing. Competitive remuneration package is provided to attract talents to join the Group. The Group adopts human resources policy that follows the applicable requirements of the relevant laws and regulations in connection with compensation, dismissal, recruitment, promotion, working hours, rest periods, equal opportunity, diversity and anti-discrimination. Statutory requirements on minimum wages are observed when compensation is planned for employees. Recruitment, promotion and dismissal are carried out on a fair and objective basis of which their details are further discussed in the section headed “Development and Training” of the ESG Report.

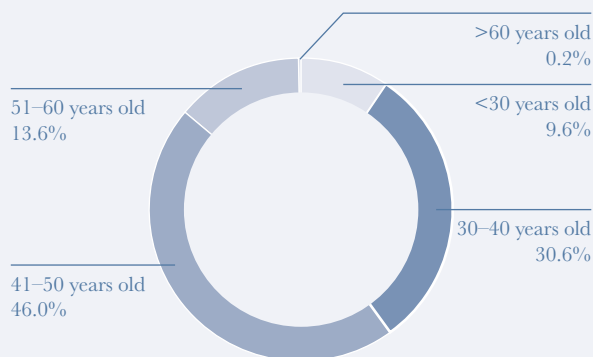
The Group believes that work-life balance is important for stimulating employees’ productivity and innovation, as well as enhancing staff retention. It encourages employees to properly allocate their times for work and other aspects of life. As such, the Group regularly organize recreational activities for employees to relieve their work pressure. The Group also promotes the concept of equal opportunity and incorporates it into the Group’s code of ethics. Employees with different backgrounds are welcome to join the Group so to ensure that a balanced view and diversified skill sets can be maintained within the Group. No employee is allowed to be subject to any form of discrimination in employment on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.

As of 31 March 2023, the Group has a total of 3,237 employees (including full-time and part-time employees). The Group’s employees distributions are presented in the below figures:

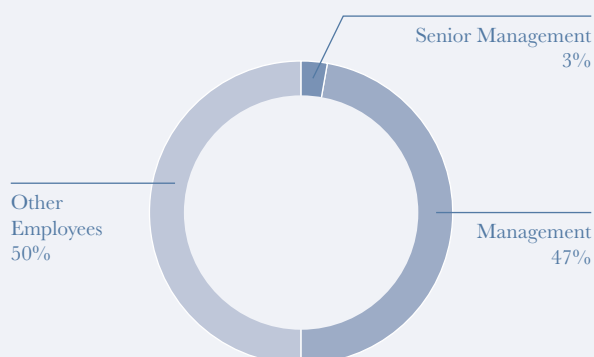
**Gender Distribution**



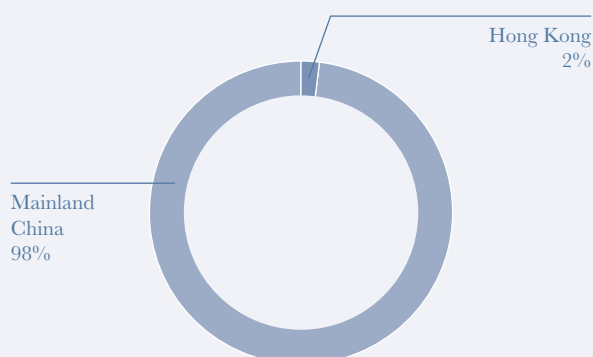
**Age Group Distribution**



**Type Distribution**



**Region Distribution**



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

For the year ended 31 March 2023, the Group's employees turnover rates are analyzed as below:

Turnover Statistics	Turnover Rates (Relative to Individual Categories)	Turnover Rates (Relative to Total Employees)
Overall	27.6%	27.6%
<i><b>By Gender</b></i>		
Male	21.7%	11.2%
Female	33.9%	16.4%
<i><b>By Age Group</b></i>		
<30 years old	83.7%	8.4%
30 – 40 years old	22.9%	7.4%
41 – 50 years old	14.7%	6.5%
51 – 60 years old	39.6%	5.2%
>60 years old	75.0%	0.1%
<i><b>By Region</b></i>		
Hong Kong	41.4%	0.9%
Mainland China	27.3%	26.7%

**HEALTH AND SAFETY**

The Group is aware of the importance of occupational safety and health and is committed to protecting the wellbeing of its staff. It requires every department of the Group to comply with the applicable requirements of the relevant laws and regulations in connection with work environment safety and protection from occupational hazards and adopts policy that follows the applicable provisions of the above laws and regulations.

In order to minimize the occurrence of injury and exposure to harmful substances, the Group provides appropriate protective equipment and clothing to employees. In addition, workplace is maintained in a hygienic condition and its layout is properly designed with first aid facilities and emergency exits installed to enable timely treatment and evacuation of staff in case any accidents occur.

Training is provided to employees and safety procedures are established for the identified work positions that may be exposed to potential dangers, such as operational of machinery and handling of potentially hazardous substances. Insurance and health checks are also provided to the applicable qualified employees according to the policy of the Group and/or relevant applicable laws and regulations.

For the year ended 31 March 2023, the Group recorded 17 workplace injuries, with a total of 6,216 lost hours. The Group will continue to make best efforts to minimize injuries at our workplace and protect the safety of employees. During the past 3 years and including the current reporting period, there were no instances of work-related fatalities at our facilities.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

### DEVELOPMENT AND TRAINING

The management of the Group believes that training plays an important role to enhance productivity and efficiency. It is also critical for building corporate culture. The Group therefore has established policies which aim at improving employees' knowledge and skills for discharging duties at work. For new joining employees of certain applicable job positions, tailor-made pre-job training is provided to them before they are directed to the workplace.

Furthermore, ongoing training programs, ranging from hands-on operating techniques, product knowledge, departmental procedures to management skills, are periodically provided for appropriate positions of employees. The training programs are typically conducted either by internal training team of the Group's human resources department or through external consultants. The Group will subsidize qualified employees to attend job related courses and seminars organized by external service providers.

To help employees establish a well-defined career path, job design and organization structure are carefully implemented to provide employees with appropriate work incentives. The Group has structured assessment program and appraisal system to evaluate the performance of employees based on objective criteria. Promotion, job rotation or dismissal (if any) of employees are determined with reference to the results of assessment.

During the year ended 31 March 2023, the Group's employees received a total of 3,987 man-hours of training, corresponding to an average of 1.2 hours of training per staff. Our training statistics during the reporting period are presented below:

Percentage of Employees Received Training			
By Gender		By Employee Type	
Male	19%	Senior Management	22%
Female	37%	Management	16%
		Other Employees	38%
Average Training Hours			
By Gender		By Employee Type	
Male	0.9	Senior Management	0.6
Female	1.5	Management	1.0
		Other Employees	1.4

### LABOUR STANDARDS

The Group observes the principles of relevant prevailing international labour standards and has established policies that strictly adhere to the laws and regulations related to child and forced labour. In addition, the Group incorporates the applicable principles of labour standards in its code of ethics, which disallows forced labor, prison labor, indentured labor and exploited labor. Such code also disallows persons younger than the age required by the local statutory requirements or the age of completing compulsory education in the country of operation to be employed.

During hiring process, candidates are required to provide official identity proof to confirm that their age is in compliance with local requirements. In case unqualified staff is discovered within the workforce, the Group will terminate any employment arrangements with the concerned personnel and an internal investigation will be carried out to identify the cause of such employment.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

### SUPPLY CHAIN MANAGEMENT

Suppliers and sub-contractors play an important role in maintaining the Group's product quality. The Group has policy on selection of suppliers and sub-contractors, and only allows approved vendors to be employed. Product and service specification are reviewed before orders are placed and incoming materials will be examined by the quality assurance team of the Group according to the preset programs, before they are allocated to the production lines. Where possible, the Group encourages the use of materials that have lower environmental footprints.

#### Supplier Review Procedures

The Group establishes system to monitor vendors' performance based on their product quality and supply lead time. Vendors receiving low scores from the annual assessment will be deprioritized for procurement decisions. The annual performances of vendors are assessed, ranked, and communicated in the periodic vendor meetings so that feedback can be provided to them for further improvement.

As part of the vendor performance review process, the Group also evaluates the vendors' environmental, health & safety, anti-corruption and other corporate social responsibility performance to manage the environmental and social risks associated with supply chain. The Group requires vendors to comply with the Group's code of ethics.

Vendors are required to supply the Group with materials which are free of restricted harmful substances. Where required, materials provided by vendors will be arranged for testing by independent laboratory on sample basis to verify for compliance. Under such scenario, standardized tests will be performed to verify that materials are compliant with regulatory and performance requirements.

A geographical analysis of the Group's suppliers is presented in the below table:

<b>Region</b>	<b>Number of suppliers</b>
China	285
Hong Kong	33
Japan	10
Europe	23
United States	3
Korea	1
Vietnam	2
<b>Total</b>	<b>357</b>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

### **PRODUCT RESPONSIBILITY**

The Group has well established policy that follows the applicable and relevant laws and regulations related to product standards, consumer health and safety and labeling. The aim of the policy is to ensure that the Group's products can meet pre-defined specifications and quality requirements. The Relevant Entity has a quality management system which is certified to comply with ISO9001:2015. Various quality assurance procedures are also developed by considering the prevailing requirements of major international product standards. The Group requires its vendors to comply with the same standards as well as other applicable laws and regulations on aspects such as product safety, product testing, measurement and labeling. In addition, the Group maintains product liability insurance that provides coverage to the applicable products.

During the year ended 31 March 2023, the Relevant Entity received 91 (2022: 71) cases of formal and verified complaint related to product quality from customers. The Group views customers as its important long-term partners to achieve mutual business success and will follow up complaints in a timely manner. When complaints are received and verified as valid, the Group will review their nature, identify the root cause and the critical issues involved. Based on the results of the cause identification exercise, the Group will assign relevant departments (including production team, logistic team and customer service team) to establish remedy action plan for correction. The Group believes that customer complaint is an important channel of market feedback and considers complaint handling as a critical part of its continuous improvement process. In addition to complaint channels, the Group's sales management team also regularly conducts customer satisfaction surveys to seek feedback from customers on delivered products.

The Group periodically reviews its product quality and has established standards and procedures to deal with defective products (if any). When defective products are identified, the Group will carry out appropriate remedy measures (including product rework, product return and product recall) depending on the extent and impact of the defect found. During the year ended 31 March 2023, the Group did not carry out any product recall from consumer market, including and not limited to recalls due to safety and health reasons.

### **PRIVACY AND INTELLECTUAL PROPERTY**

The Group adopts policies which follows the applicable and relevant laws and regulations in connection with consumer data protection. Due to the nature of the Group's business, the Group's customers are mainly corporate entities and they may communicate with the Group for their private data during the ordinary course of business. The Group requires important private data provided by customers to be properly stored in secured physical locations or electronic devices with strict access control. Customer data is only allowed to be accessed by specific employees whose work-related duties require them to view the data. Employees with access to customer data are required to strictly follow the confidential obligations as set out in the Group's code of ethics.

The Group does not often arrange consumer advertising because of its business nature. Its exposure to the social risk in connection with advertising is considered to be low. In case the Group needs to place advertisement, it will observe the prevailing legal requirements on product description and fair competition. Offensive content will be avoided and materials will be used in the advertisement only if they do not constitute any infringement to third party's rights.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

### **ANTI-CORRUPTION**

The Group regards ethics and integrity as its important core values. It has policy which follows the applicable requirement of the relevant laws and regulations on bribery, extortion, fraud and money laundering. Some of those requirements are also incorporated in the Group's employees' handbook and code of ethics. The Group requires its employees to be honest and avoid the situation of any conflict of interests. Employees are also not allowed to receive gift that may exceed normal commercial or courtesy practice.

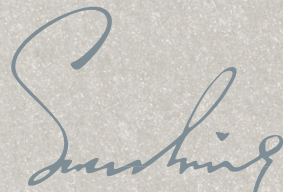
We encourage our employees to report any suspected unlawful conduct, incident of corruption and other fraudulent activities. Our employees can report any suspected case directly to the chief financial officer or to the head of human resources department. Any such reported case will receive immediate, fair and independent investigation, as well as appropriate follow-up action. The whistle-blower's identity will always remain anonymous and be protected throughout the investigation.

During the year ended 31 March 2023, the Group has provided orientation training to new employees in relation to business ethics including anti-corruption. Directors and staff are also encouraged to attend anti-corruption training provided by external parties at the Company's expenses. During the reporting period, there were zero instances of legal cases regarding corrupt practices brought against the Group and its employees.

### **COMMUNITY INVESTMENT**

The Group encourages its employees to dedicate their time to support the local community. The Group also participates, from time to time, in charity activities (such as donation of eyewear products to non-profit organizations and fundraising events). During the year ended 31 March 2023, the Group volunteered in the large scale PCR testing event for the local community in Dongguan city, contributing over 600 hours of volunteering to help safeguard the health and safety of the community.





SUN HING VISION GROUP HOLDINGS LIMITED  
新興光學集團控股有限公司

Stock Code 股份代號 : 125  
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