



LISI GROUP (HOLDINGS) LIMITED
利時集團(控股)有限公司

(Incorporated in Bermuda with limited liability) (於百慕達註冊成立之有限公司)
Stock Code 股份代號 : 526

Environmental, Social
and Governance Report
環境、社會及管治報告 2023

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ABOUT THIS REPORT

Lisi Group (Holdings) Limited (formerly known as China Automobile New Retail (Holdings) Limited) (hereafter the “Company”) together with its subsidiaries (hereafter the “Group”, “we” or “our”) operates businesses including manufacturing and trading of plastic and metallic household products, retailing and wholesaling. The Group is committed to establishing sustainability principles in daily operations and building an environmentally friendly community.

Having a belief that the environmental, social and governance (“ESG”) is critical for the Group to build long-term trusted relationships with stakeholders, we are very pleased to publish our seventh ESG report (the “Report”), which demonstrates our policies, approaches and practices towards sustainable development. The Report serves as a communicate medium which enables our stakeholders to have a better understanding of the progress and performance of the Group’s ESG development. The board of directors (the “Board”) has reviewed and approved this Report.

Reporting Scope

The Report covers the ESG management approaches and focuses on the environmental and social performance of the Group from 1 April 2022 to 31 March 2023 (the “Reporting Period”, “FY2023”) with the scope of our core operations in Ningbo and Hong Kong as listed in the table below:

Business Segments	Locations	Companies
Head office	Hong Kong	Lisi Group (Holdings) Limited
Investment holding	Ningbo, the People’s Republic of China (the “PRC”)	Ningbo Lisi Household Products Company Limited
Manufacturing and trading of plastic and metallic household products		Ningbo New JoySun Corp.
Wholesaling		Ningbo New JoySun Supermarket Chain Limited
Retailing		

The reporting boundary is defined by the materiality of the businesses. Operations that generate the largest total revenue from each of the segments were selected.

ABOUT THIS REPORT

Reporting Standard

This Report has been prepared in accordance with the “Comply or Explain” provisions of the ESG Reporting Guide under Appendix 27 to the Rules Governing the Listing of Securities on the Hong Kong Exchanges and Clearing Limited (“HKEx”).

Throughout the Report, we adopt the reporting principles of materiality, quantitative, balance and consistency, as described below:

Reporting Principles	Descriptions
Materiality	We made a consensus on the material topics throughout internal discussion and participation of key stakeholders. The outcome is summarised in the section – Materiality Assessment.
Quantitative	To ensure that the competence of our ESG policies and management systems can be evaluated and validated, we presented our ESG performance with the aid of environmental and social key performance indicators (“KPIs”) using robust methodologies, with reference to the ESG Reporting Guide.
Balance	All environmental and social KPIs were computed and presented with reference to the ESG Reporting Guide and robust methodologies were adopted as illustrated in the respective sections of the Report. Data comparisons over years have been made to provide an objective comparison of our ESG performance from time to time.
Consistency	The Report has been prepared on the same methodologies and standards as compared to the previous years. Compared with the previous years, our scope excludes the entities of Tianjin Calistar Automall Operation Management Co., Ltd. and Tianjin Binhai International Auto Mall Co., Ltd. due to the disposal of car-sale business and the car trading platform business.

Contact and Feedback

The Group welcomes your feedback and suggestion on this ESG Report, please feel free to provide your comments via email at info@lisigroup.com.hk.

STAKEHOLDER ENGAGEMENT

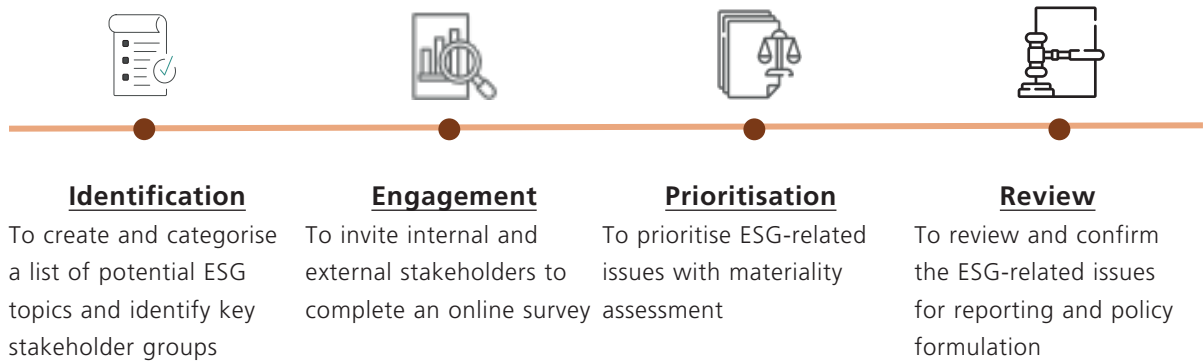
We highly value opinions and views of our stakeholders. To continuously improve our ESG performance and sustainable operations, it is crucial to understand the perspectives and expectations of our stakeholders. Through various communication channels, the Group gathers the stakeholders' opinions concerning the corporate's approaches to ESG management, as well as their expectations of the business operations.

During the Reporting Period, we identified and engaged with our major stakeholders through various communication channels. The following table summarised our stakeholder engagement methods:

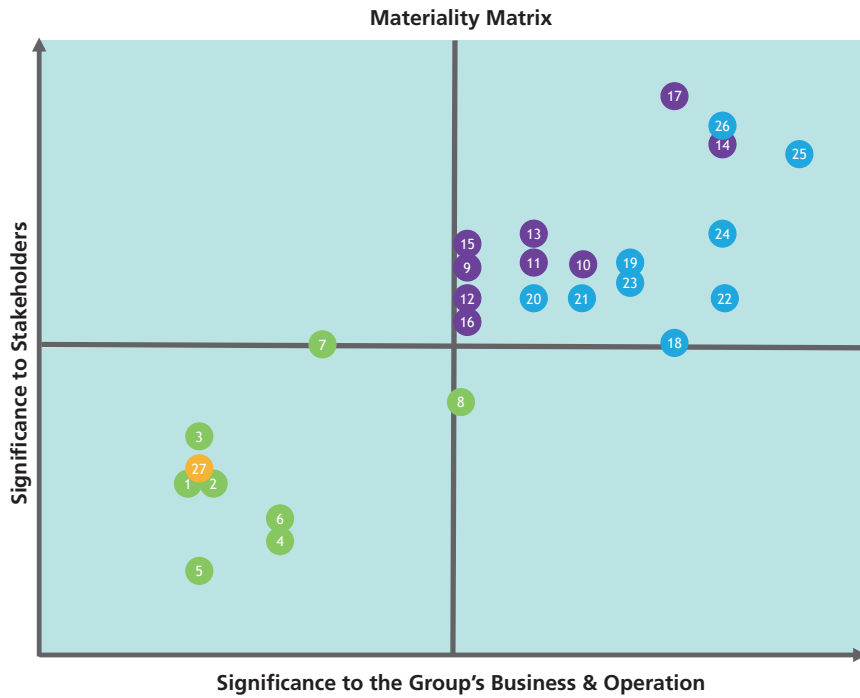
Stakeholder Groups	Communication Channels
Investors and Shareholders	<ul style="list-style-type: none"> • Company website • Company's announcements • Annual general meeting • Annual and interim reports
Customers	<ul style="list-style-type: none"> • Company website • Customer direct communication • Customer feedback and complaints
Employees	<ul style="list-style-type: none"> • Training and orientation • Email and opinion box • Regular meetings • Employee performance evaluation • Employee activities
Suppliers and Business Partners	<ul style="list-style-type: none"> • Selection assessment • Procurement process • Performance assessment • Regular communication with business partners (e.g. emails, meetings, on-site visits etc.)
Government Authorities and Regulators	<ul style="list-style-type: none"> • Documented information submission • Compliance inspections and checks • Forums, conferences and workshops
Non-governmental Organisations	<ul style="list-style-type: none"> • Email • Phones • Charity donations
Communities	<ul style="list-style-type: none"> • Company website • Community activities
Media	<ul style="list-style-type: none"> • Company website • Company's announcements

MATERIALITY ASSESSMENT

We have conducted a materiality assessment through an online survey in order to prioritise material issues to the Group. The survey identified 27 ESG related issues, including environmental protection, operational practices, community involvement and human resources. Different stakeholder groups were invited to rate the relative importance of the ESG issues to the Group’s development as well as to the stakeholders. The survey result was analysed and presented in a materiality matrix, as shown below.



MATERIALITY ASSESSMENT



Environment	Social	
	Employment	Operation
1. Air emission	9. Labour rights	18. Customer satisfaction
2. Greenhouse gas emission	10. Labour-management relations	19. Customer service quality and complaints handling
3. Climate change	11. Employee retention	20. Customer health and safety
4. Energy efficiency	12. Diversity and equal opportunity	21. Marketing and product and service labelling compliance
5. Water and effluents	13. Non-discrimination	22. Intellectual property
6. Use of materials	14. Occupational safety and health	23. Customer privacy and data protection
7. Waste management	15. Employee training	24. Responsible supply chain management
8. Environmental compliance	16. Employee development	25. Business ethics
	17. Prevention of child labour and forced labour	26. Socio-economic compliance
		Community
		27. Community investment

The assessment result shows that the stakeholders have highlighted sustainable operations as an area to prioritise. In particular, they emphasised issues relating to socio-economic compliance, business ethics, prevention of child labour and forced labour, occupational safety and health (“OHS”), and responsible supply chain management. This allows us to prioritise our effort in improving various aspects of our ESG policies and forward-looking strategy.

ESG GOVERNANCE

Governance Structure

In view of the ever-growing importance of ESG in the business setting, the Group realises the need of establishing a comprehensive governance structure. In May 2021, we have established a new governing hierarchy specifically to manage material ESG issues.



In this new structure, the Board is ultimately responsible for overseeing all ESG matters of the Group. Under the Board, an ESG Monitoring Committee has been tasked with the following functions:

1. Review the Group's ESG strategies, risks, opportunities and material issues
2. Assess the Group's progress and performance in implementing ESG policies and initiatives, and devise plans for improvement
3. Discuss and review the recommendations by the ESG Work Group
4. Make recommendations to the Board regarding ESG strategies and policies

An ESG Working Group is formed, which consists of core members from the administrative department, safety committee, environmental protection, human resources, internal control and procurement. The Working Group is responsible for:

1. Execute the Group's ESG policies
2. Set up ESG targets and plans
3. Collect and analyse the Group's ESG data to track the Group's performance in various ESG aspects
4. Monitor the implementation of ESG policies and improvement plans in each department

ESG GOVERNANCE

ESG Risk Management

We have established a “Risk and Opportunity Response Control Procedure” to identify risk assessment and analysis in a timely manner so that we can properly prioritise and manage the risks and opportunities.

This year, the Group delegated its ESG risk assessments to an external consultant to overlook their operations. After thorough revision of our operations and evaluating the likelihood and severity of various risks, the results from external assessments indicated potential ESG material risk factors to the Group, as seen below:

Risks	Impacts	Our Responses
Changing Consumer Needs Risk	As environmental awareness and focus on sustainable development is on the rise in the market, consumers might change their consumption preferences and shift towards favouring companies that demonstrate better environmental and social responsibilities.	We have continuously collected customer feedback via an electronic customer satisfaction survey. We will conduct regular market research to keep up with consumer needs and expectations, and ensure timely planning to meet the growing ESG requirements.
Climate Physical Risk	The continued global average temperature rise is unceasingly making physical impact of climate change an unneglectable threat. The potential impact can be assessed from the physical impacts of climate change, such as rising sea-level, increasing extreme temperature, rainfall, flooding, and typhoons.	The Group has formulated the Climate Change Policy, which prioritises reducing energy consumption as it accounts for a dominant proportion of our carbon footprint. We actively seek new and innovative ways to reduce our carbon emissions, including energy-saving technologies in product design and manufacturing cycle.
Climate Transition Risk	The transition to a low-carbon economy induces environmental, political, and economic actions carried out by the different local governments and markets. In response to the Paris Agreement, given the short-term and long-term national goals, it is anticipated that the government authorities will begin to tighten the environmental laws and regulations.	The Group has established a GHG reduction target, aiming to reduce GHG emission intensity by 15% before 2030, and achieve net zero between 2050 and 2060. We work closely with internal and external stakeholders continuously to promote low carbon practices in their daily operations.

SUSTAINABLE BUSINESS

The Group's success is rooted in the ethos of "Create Better Living" by delivering exceptional products and services that meet the needs of our customers. We recognise that establishing trust among our customers, staff, suppliers, and business partners is critical to sustaining our business. To that end, we prioritise integrity and provide our customers with high-quality services and environmentally friendly products while opposing any forms of corrupt business practices.

Product Responsibility

Our top priority is to ensure the health and safety of our customers, which is why we are committed to delivering high-quality products. To remain competitive in the market, we offer environmentally friendly housewares, particularly in our food storage and kitchenware product lines, that meet the exacting standards of our customers. In compliance with all relevant national laws and regulations, including the "Product Quality Law of the PRC", we have implemented a product quality management system that conforms to ISO 9001 international standards in our houseware manufacturing facilities.

Quality Assurance

We offer our customers a wide range of environmentally friendly housewares, including food storage and kitchenware, to our customers, who use these products daily. Given the importance of product safety and quality, our products are subject to a series of rigorous tests before they are delivered to our customers.

Prior to production, we test the suitability of our materials from suppliers using thermal testing, dynamic stability control, and thermomechanical analysis, especially for plastic materials. The next stage of our quality control process is random sampling, which is carried out regularly to identify any product defects in the production line. Any defective products are then filtered out for additional inspection, ensuring that only high-quality and safe products reach our customers.



We highly value our customers' feedback and encourage them to complete an electronic customer satisfaction survey, which helps us identify areas for improvement. In the event of a complaint, our customer service team conducts a thorough investigation to determine the root cause of the issue. If the complaint is substantiated, we promptly arrange for a refund or replacement of the product. All our products are subject to the "Law on Protection of the Rights and Interests of Consumers of the PRC", which ensures that our customers' rights and interests are protected.

SUSTAINABLE BUSINESS

Data Privacy and Intellectual Property Rights

Confidentiality is a top priority for us, and we are committed to safeguarding our customers' information and preventing its direct or indirect disclosure. As part of our employment terms, every employee is required to sign a confidentiality agreement.



We fully comply with relevant legislation, including "China's Personal Information Protection Law" and "Data Security Law", and have established a comprehensive documents and data control system. All customer data, records, and proprietary documents are stored electronically or in archives, and are accessible only to authorized personnel. To enhance security and minimize the risk and impact of data breaches, our data management system is compartmentalized and managed by different individuals.

During the Reporting Period, we did not receive products- and service-related complaints. There were no sold or shipped products that needed to be recalled for safety and health reasons. The Group was not aware of material non-compliance with relevant laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided.

Supplier Management

Maintaining a trustworthy and long-term relationship with our supply chain is essential to the success of our Group. We are committed to providing our customers with high-quality products that meet their needs, which is why we have established a procurement management system that ensures we select the most suitable suppliers with high-quality raw materials for our products.

At our company, we have been committed to promoting sustainable and socially responsible business practices throughout our supply chain. To ensure that our suppliers share our commitment to ESG (environmental, social, and (governance) considerations, we have incorporated these standards into all aspects of our supplier engagement practices, from selection and evaluation criteria to business conduct expectations. As part of our supplier management policy, we require potential suppliers to demonstrate that they have met or exceeded legal requirements, as well as our high standards for environmental and social responsibility. This ongoing commitment to ESG considerations in supplier management reflects our dedication to promoting sustainable business practices and driving positive outcomes throughout our supply chain.

For our existing suppliers, we prioritise those with a consistent track record of good environmental performance. We regularly review and evaluate our partners based on various criteria, including product quality, safety, service professionalism, and their ability to demonstrate eco-consciousness in their business activities. We also prioritise sourcing from local or neighbouring provinces to reduce the carbon footprint from transportation.

To reduce social risks in our supply chain, we require all suppliers to strictly adhere to our standards of business ethics, OHS, equal opportunity, and labour standards. We will not consider suppliers who fail to meet any of these standards.

During the Reporting Period, the Group worked with a total of 821 suppliers, all of which were from Mainland China.

SUSTAINABLE BUSINESS

Ethical Business

The Company upholds the highest standards of business integrity and accountability to maintain the trust of our employees, business partners, and customers. We strictly prohibit any forms of business misbehaviour to ensure long-term growth and sustainability. To achieve this, we comply with all relevant laws and regulations, including the “Criminal Law of the PRC” and “Anti-money Laundering Law of the PRC”.

We have a zero-tolerance policy for corrupt practices such as bribery, extortion, fraud, and money laundering. We communicate this with all our employees from the beginning of their employment and require new hires to sign an integrity commitment letter. We also provide clear guidelines on business integrity and expectations in our staff handbook to prevent any breach of our codes and national anti-corruption laws. Although we did not conduct anti-corruption training this year due to the ongoing pandemic, we maintain our commitment to business integrity.

Our employees are strictly prohibited from disclosing any business or trade information to third parties, and we prohibit them from exploiting their positions for unauthorized benefits. We also hold our supply chain and business partners to the same high standards of business integrity and practices.

To further promote a culture of integrity, we have established an anonymous reporting mechanism for employees to report any concerns to management. We ensure confidentiality and protect the identities of employees who report any issues. Complaints are collected weekly, and we aim to complete investigations within three working days and report to the relevant department head. We provide written feedback to employees within ten working days, and for sensitive cases, we make special arrangements on a case-by-case basis.

During the Reporting Period, the Group was not aware of any non-compliance with relevant laws and regulations relating to bribery, extortion, fraud and money laundering in Hong Kong and PRC. There was no concluded legal case regarding corrupt practice brought against the Group or employees.

Engaging the Community

Giving back to the community has been a key to the Group’s corporate social responsibility. We endeavour to create a sustainable business as well as a harmonious and sustainable community. This year, the Group donated RMB520,000 to Ningbo Yinzhou District Charity Federation and Daozhen Township Miao Autonomous County Civil Affairs Bureau. The donation would be used to support education and development in the communities where we operate.

RESPONSIBLE EMPLOYMENT

Our employees are highly valued as they play a crucial role in the ongoing development of our Group. We strongly connect the growth of our employees to the growth of the Group by providing them with opportunities to develop their talents and skills, and to demonstrate their quality in a supportive environment.

Total Workforce	
	FY2023
By Gender	
Male	682
Female	729
By Employment Type	
Full-time	1,331
Part-time	80
By Age Group	
18-29	474
30-50	841
> 50	96
By Position	
Senior Management	74
Management/Supervisor	217
General Staff	1,120
By Geographical Region	
China	1,403
Hong Kong	8
Total	1,411
Turnover Rate ¹	
	FY2023
By Gender	
Male	109.68%
Female	101.37%
By Age Group	
18-29	119.41%
30-50	103.92%
> 50	48.96%
By Geographical Region	
China	105.63%
Hong Kong	62.50%
Total	105.39%

¹ The turnover rate is calculated by using the formula below:

$$\text{Turnover rate} = \frac{\text{The total number of employees who left during the Financial Year}}{\text{The total number of employees as of the Financial year End}} \times 100\%$$

RESPONSIBLE EMPLOYMENT

Employment Practices

The Group strive to be a responsible employer. Our labour management policies, as set out below, are devised under a people-oriented principle and designed to attract and retain talents.

Policy Aspects	Descriptions
Recruitment and Dismissal	<p>As part of the hiring process, job candidates are subject to screening and shortlisting for interviews. To ensure the authenticity of their documentation, the human resources department will conduct verification checks. In addition to background checks, written tests, and personality assessments may be administered as needed.</p> <p>Selected candidates will also be required to provide a medical report confirming their physical fitness to perform the job. All employment terms and conditions, including termination, will be detailed in the employment contract, which will be prepared in accordance with applicable laws and regulations.</p>
Work Hours and Rest Period	<p>We guarantee that the working hours at each of our operational locations comply strictly with the relevant labour laws and regulations in Hong Kong and Mainland China, respectively.</p> <p>Employees are also entitled to the following leaves:</p> <ul style="list-style-type: none"> • Annual leave and sick leave • Statutory holidays • Marriage leave • Maternity leave • Bereavement leave • Injury leave • Home leave (for non-local workers)
Wages	<p>Our salary packages adhere to the minimum wage requirements stipulated by the relevant laws and regulations. Any overtime hours worked on weekdays, weekends, and statutory holidays are appropriately compensated.</p>
Welfare and Benefits	<p>All our employees are covered by social security statutory requirements and are entitled to free meals or meal subsidies. We also provide subsidies for their telecommunication fees. To support non-local employees, we offer hostel accommodations at a rate lower than the market rate.</p> <p>In addition, we provide a year-end bonus to employees based on their performance. On special occasions such as the Spring Festival and other major festivities, we send gifts to all employees. And during their birthday month, employees receive cash vouchers as a token of our appreciation.</p>

RESPONSIBLE EMPLOYMENT

Policy Aspects	Descriptions
Anti-discrimination	We prioritise the establishment of a workplace that is entirely free from discrimination. We take significant measures to ensure that any forms of discrimination, including those based on sex, sexual orientation, age, colour, nationality, disability, religion, pregnancy, political views, union membership, or socioeconomic status, are strictly prohibited.
Equal Opportunity	<p>The Group is committed to safeguarding the labour rights and ensuring the safety of all employees. We prohibit the dismissal of female employees due to menstruation, pregnancy, childbirth, or nursing.</p> <p>To support working mothers with infants, we provide them with two 30-minute nursing breaks per day until their infants reach 12 months of age. This helps to ensure that new mothers can balance the demands of work and family responsibilities.</p>

During the Reporting Period, the Group was not aware of any breaches of relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment, and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, and other benefits and welfare.

Labour Standards

The Group places great value on human rights and our social responsibility and reputation. We have established a formal Approach to Social Responsibility that outlines the guiding principles for managing various aspects of our operations. We also ensure that our business adheres strictly to relevant laws and regulations, including the “Labour Law of the PRC” and the “Provisions on the Prohibition of Using Child Labour”.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to child and forced labour in Hong Kong and Mainland China.

Prevention of Forced Labour

To prevent forced labour, all employees enter into a voluntary contractual agreement with the Group, and their rights are protected by relevant labour legislation. We prohibit the practice of demanding deposit payments from job applicants and employees or withholding their identification documents. We also ensure that wage deductions are not taken as a punitive measure. We regularly communicate with employees to ensure they understand the composition of their salary package, including how their salary and other benefits are calculated. Employees are paid their wages and other monetary benefits directly in cash or by check.

RESPONSIBLE EMPLOYMENT

Protecting Children Rights

To protect children's rights, we conduct a thorough examination of new employees to ensure they are of legal working age and fit to work. We collect supporting evidence, such as their identity documents, qualification certificates, and work references, as part of the recruitment screening process.

If the group discovers any child labour in our workplace, the group will take remedial actions, such as recording the incident and reviewing our recruitment processes to prevent future occurrences. We also provide education subsidies to support their schooling.

Juvenile workers aged between 16 to 18 years old are assigned appropriate tasks that do not expose them to a hazardous environment and do not interfere with their academic studies.

Harmonious Workplace

To truly understand and meet the needs of our staff, it's crucial to develop a friendly relationship with them and facilitate two-way communication. That's why we place great value on our relationship with employees, promoting work-life balance and fostering a sense of belonging within the Group. We organize various recreational and team-building activities, including an annual dinner party, to not only help relieve stress but also to build closer connections with our employees.

The Group also fully respects employees' right to collective bargaining and membership in labour unions as a reasonable means to negotiate for favourable labour conditions. We guarantee that employees who participate in these activities will not face discrimination, harassment, or punishment.

We view our employees not just as interchangeable workers, but as companions on our journey towards growth. By building a close relationship with our staff, we aim to share in their joys and offer assistance whenever necessary. To achieve this, we have established the "5 Must-Visit" policy:



1. We must visit employees who are hospitalised due to serious illness or injuries
2. We must visit employees who encounter major disasters
3. We must visit employees who are facing abrupt family difficulties
4. We must visit employees who have given birth to a child
5. We must visit employees who are getting married

RESPONSIBLE EMPLOYMENT

Training and Development

To provide excellent service to our customers and help our employees develop their careers, we offer various types of training opportunities, including induction training, on-the-job training, and professional development for our employees. By equipping our talents with strong knowledge and professional skills, we can remain competitive and keep up with the latest industry developments.

Each functional department conducts a training needs assessment through questionnaires, interviews, and observation of employees and reports the findings to the human resources department. At the end of the previous year, each subsidiary's human resources department prepares an annual training plan and budget.

For new employees, we provide induction training to familiarize them with our corporate development and culture, corporate rules and regulations, and employee welfare and benefits, to help them adjust to the new work environment. Upon completion of the training, employees must pass a mandatory written test before assuming their job responsibilities.

A total of 2,133 hours of training were held in the Reporting Period. Our training data is summarised below:

	Employees Trained (%)	Average Training Hours
Total	711 (50.39%)	1.51
By gender		
Male	335 (49.12%)	1.49
Female	376 (51.58%)	1.53
By employment category		
Senior Management	16 (21.62%)	4.19
Management/Supervisor	81 (37.33%)	2.79
General Staff	614 (54.82%)	1.09



RESPONSIBLE EMPLOYMENT

Occupational Safety and Health

The Group places a high priority on the safety and well-being of our employees in the workplace. We strictly adhere to all relevant laws and regulations, including the “Work Safety Law of the PRC”, the “Law of the PRC on Prevention and Control of Occupational Diseases”, and the “Fire Control Law of the PRC”. Additionally, we provide detailed guidance and instructions for handling emergencies and occupational accidents in accordance with the ISO 18001 OHS standard, which helps us identify potential OHS risks.

To manage these risks, we’ve developed a comprehensive series of guidelines, procedures, and emergency plans to lower the likelihood of and control the impact of OHS incidents. Our safety protocols include safe operation manuals for various machinery, electrical safety management regulations, and emergency procedures for events such as fires and chemical leaks. We also ensure that our manufacturing plant is equipped with the necessary personal protective equipment, such as earplugs and goggles, to safeguard workers in hazardous or high-risk environments. Our safety facilities and fire safety equipment are regularly maintained to ensure their effectiveness.



In the event of an accident, we conduct investigations promptly to identify the root cause and any non-compliance with national safety regulations. We then implement mitigation measures and safety approaches to prevent future incidents and develop plans for continuous improvement where applicable. To promote a culture of safety, we provide OHS training to our employees, which helps to raise awareness and promote best practices. This year, we will continue to offer fire-safety training to further enhance our employees’ safety knowledge and skills.



RESPONSIBLE EMPLOYMENT

During the Reporting Period, the Group was not aware of any material breach of relevant laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards.

	FY2023	FY2022	FY2021
Number of work-related incidents	8	11	10
Number of lost day due to work-related injuries	184	244	196
Number of work-related fatalities	0	0	0

ENVIRONMENTAL SUSTAINABILITY

At Lisi Group, we recognise the crucial role of environmental sustainability in building a better future for all. As such, the Group has developed the Sustainable Development Policy and the Environmental Protection Policy. Our commitment in protecting the planet and promoting green production is reflected in our environmental vision of "Create Better Living" – a vision that extends not only to the present but to the lives of future generations. To ensure that we live up to this vision, we have established a set of environmental commitments and goals that guide our corporations towards environmental sustainable development. By prioritising the health of the planet, we aim to contribute to a more resilient, equitable, and prosperous future for all. During the Reporting Period, the Group was not aware of any non-compliance with the relevant laws and regulations including "Environmental Protection Law of the PRC". The Group was not aware of any issue in sourcing water that is fit for purpose.

Our 4 Commitments

1. Reduce energy usage continually
2. Prevent pollution and comply with relevant laws and regulations
3. Promote waste sorting and reduction
4. Enhance workplace safety and environment management

Minimising Our Impacts on the Environmental and Natural Resources

We believe that every business has a responsibility to minimise its impact on the environment. To achieve this, we have taken proactive steps to identify the environmental factors and hazard sources associated with our operations, products, and services. We have developed and implemented an assessment procedure that applies to all of our business locations and activities, which takes into account the scope, severity, frequency, and degree of public awareness of our impacts. Through this process, we have identified solid wastes, hazardous wastes, noise, and energy consumption as our key environmental factors. To manage these factors, we have established an Environmental Management System ("EMS") with suitable measures in place across different departments. Our EMS policies are formulated based on the recognised international standard of ISO 14001. In the following sections, we will provide details on our current environmental performance and initiatives to improve our sustainability and manage our environmental impacts.

Noise Reduction

Effective noise management is crucial for our manufacturing operations, as inadequate noise control measures can cause disturbances to nearby communities and wildlife habitats. We recognise the importance of mitigating noise emissions, particularly from our comminution operations. To address this issue, we prioritise regular maintenance and inspection of our industrial equipment, with a specific focus on improving insulation for our comminution machines. Any equipment that cannot be repaired is promptly replaced to ensure optimal noise control measures are in place.

In addition, we engage external testing agencies to conduct annual monitoring tests in our factory area. These tests are conducted to ensure that we comply with relevant statutory regulations and standards, such as the "Emission Standard for Industrial Enterprises Noise at Boundary (GB12348-2008)", the "Occupational Exposure Limits for Hazardous Agents in the Workplace Part 2: Physical Agents (GBZ2.2-2007)", and the "Environmental Quality Standard for Noise (GB3096-2008)". By implementing these measures, we are committed to reducing our impact on the environment and surrounding communities while ensuring compliance with noise emission regulations.

ENVIRONMENTAL SUSTAINABILITY

Emission Control

Air Emissions

The combustion of diesel and gasoline fuel in our vehicles is the major contributor to air emissions. Additionally, dust particles are emitted during the transportation and delivery of our houseware products. To address these concerns, we have implemented several mitigation measures to reduce our air emissions.

One of the main strategies we employ is a pollution-reduction scheme aimed at minimising the potential generation of air pollutants. We also use low-styrene contents resins in our production line to reduce VOCs emission. To ensure that our efforts are effective, we engage a third-party service to measure our air quality regularly. These measurements help us to ensure that we meet the "Integrated Emission Standard of Air Pollutants (GB16297-2012)" and fulfil the Prevention and Control of Atmospheric Pollution.

Air Emissions ²	Unit	FY2023	FY2022
Nitrogen oxides ("NOx")	kg	666.39	525.69
Sulphur oxides ("SOx")	kg	1.66	1.84
Particulate Matter ("PM")	kg	56.44	44.33

Greenhouse Gas ("GHG") Emissions

We understand the urgent need to control GHG emissions and mitigate the impact of climate change. To this end, we actively identify and monitor our GHG emissions inventory to facilitate reductions. Direct GHG emission (Scope 1) is generated from the consumption of stationary fuel in power generators, as well as the combustion of fuel for product delivery and other transportation. Indirect GHG emission (Scope 2) is mainly generated from the consumption of purchased electricity for production, which represents a significant amount of our carbon emissions. Additionally, methane gas generated from paper waste disposal in landfills and business air travel by employees contribute to other indirect GHG emission (Scope 3).

During the Reporting Period, our total GHG emissions were 32,393.23 tonnes of carbon dioxide equivalent ("tCO₂e"). Looking forward, we are committed to making continued efforts to reduce our GHG emissions and mitigate our impact on the environment. To achieve this goal, we have implemented several measures, such as improving our energy efficiency and avoiding unnecessary use of resources. We also encourage employee engagement in sustainability initiatives and regularly review and update our GHG reduction targets to ensure that we stay on track. By taking these actions, we are dedicated to playing our part in addressing the challenge of climate change.

² The air emissions figures were calculated with reference to the emission factors published in Appendix 2: Reporting Guidance on Environmental KPIs of the How to prepare an ESG Report Guidebook (March 2022) by HKEx.

ENVIRONMENTAL SUSTAINABILITY

GHG Emissions	Unit	FY2023	FY2022
Scope 1 ³	tCO ₂ e	796.41	809.18
Scope 2 ⁴	tCO ₂ e	31,525.76	43,819.66
Scope 3 ⁵	tCO ₂ e	71.06	50.47
Total	tCO ₂ e	32,393.23	44,679.30
Intensity	tCO ₂ e per m ² floor area	0.42	0.30

Climate Change Preparedness

Given the growing urgency of the impact of climate change, the Group has developed a Climate Change Policy to address this pressing issue. This policy prioritises reducing our energy consumption as it accounts for a dominant proportion of our carbon footprint. To achieve this, we are actively seeking new and innovative ways to reduce our carbon emissions, particularly from our energy use. We are investing in energy-saving technologies and incorporating them into our product design and manufacturing cycle. Additionally, we are prioritising environmental education and knowledge sharing to further reduce our carbon footprint.

In addition to reducing our carbon emissions, we recognise the importance of monitoring climate-related risks and opportunities. We have established effective risk management procedures to predict, prepare, and respond to extreme climate-related events. We believe that by taking these actions, we can contribute to mitigating the impacts of climate change and promote sustainable business practices. Going forward, we will continue to review and update our Climate Change Policy to ensure that we stay on track and remain committed to reducing our carbon footprint and building climate resilience.

³ Scope 1 represents direct GHG emissions generated from the use of unleaded petrol and diesel oil by mobile vehicles.

⁴ Scope 2 represents indirect GHG emissions generated from the use of purchased electricity.

⁵ Scope 3 represents other indirect GHG emissions caused by paper disposal and business travel. The calculation is made reference to the published emission factors of the "How to prepare an ESG Report Appendix 2: Reporting Guidance on Environmental KPIs" published by HKEx.

ENVIRONMENTAL SUSTAINABILITY

Resource Conservation

As the demand for conserving natural resources grows in the market, efficient resource utilisation becomes increasingly important. Our company recognises the role we play in contributing to environmental protection and reducing our carbon footprint. To achieve sustainable development and lower operational costs. We encourage our employees to avoid wastage and have established various measures for resource utilisation with regular supervision. We have implemented energy-saving measures such as efficient lighting systems and equipment. To ensure that our efforts are effective, we regularly monitor and analyse our resource consumption data. We believe by taking these actions and encouraging our employees to adopt sustainable practices, we can contribute to environmental protection, reduce our carbon footprint, and achieve long-term business sustainability.



Electricity

- Use LED lights and natural light
- Reduce the use of air conditioner with better ventilation in building design
- Install energy-saving equipment
- Promote energy-saving practices among employees



Water

- Turn the faucets off when not in use
- Repair promptly when dripping, spraying and leaking faucet is discovered
- Inspection and maintenance faucet regularly



Paper

- Avoid unnecessary printing
- Promote e-platform for internal information circulation
- Encourage the use of recycled paper and double-sided printing



Equipment and Raw Materials

- Use degradable plastics in manufacturing process
- Supervise raw and packaging material consumption to avoid wastage
- Purchase precise amount of raw material to avoid over-ordering and wastage

ENVIRONMENTAL SUSTAINABILITY

Data of the main types of resources consumed by the Group are as follows:

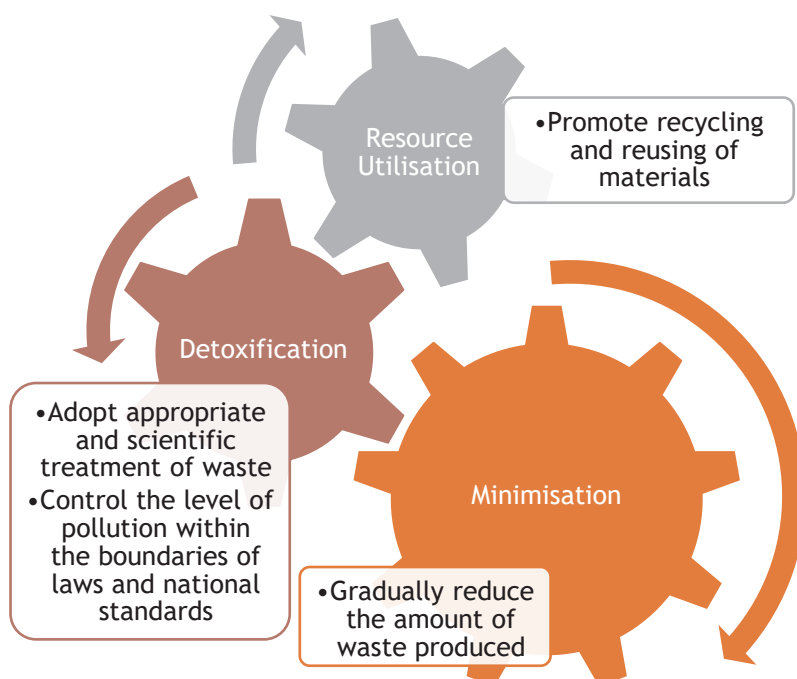
Resource Consumption	Unit	FY2023	FY2022
Electricity	MWh	50,909.60	54,864.58
Intensity	MWh per m ² floor area	0.67	0.37
Stationary Fuel – Natural Gas	m ³	308,880.00	334,812.70
Mobile Fuel - Diesel	L	89,401.46	96,986.20
Mobile Fuel – Gasoline	L	14,900.00	20,000.00
Energy by Fuel Type⁶			
Electricity	GJ	183,274.55	197,512.48
Stationary Fuel – Natural Gas	GJ	10,378.37	11,249.71
Mobile Fuel - Diesel	GJ	3,229.18	3,503.14
Mobile Fuel – Gasoline	GJ	488.45	655.64
Total Direct Energy Consumption	GJ	197,370.55	212,920.97
Intensity	GJ per m ² floor area	2.59	1.44
Water	Tonne	264,248.82	242,439.01
Intensity	Tonne per m ² floor area	3.46	1.65
Paper	Tonne	10.13	10.95
Intensity	Tonne per employee	0.0072	0.0073
Packaging Materials	Tonne	41.92	57.41
Intensity	Tonne per m ² floor area	0.00055	0.00039

⁶ Energy values of non-electricity fuel consumption are converted with reference to the conversion factors published in the GHG Protocol - Emission Factors from Cross-Sector Tools March 2017.

ENVIRONMENTAL SUSTAINABILITY

Waste Management

With the continuous growth of the Group and the increase in production, solid wastes can inevitably be generated. To cope with the increase in waste generation and comply with "China's Law on the Prevention and Control of Environmental Pollution by Solid Waste", the Group implements a comprehensive and integrated waste management hierarchy with three main principles:



In our waste handling practices, the wastes generated are classified into recyclable waste, non-recyclable waste and hazardous waste. Clear classifications and waste handling instructions are listed in the waste management procedures for our employees to follow. For hazardous waste, the collection, transportation and disposal processes are handled by licensed collectors properly. Waste oil containers are stored in a designated location and surrounded by a cofferdam.

Waste Generated	Unit	FY2023	FY2022
Non-hazardous waste ⁷	Tonne	4.00	3.05
Intensity	Tonne per m ² floor area	0.000052	0.000021
Hazardous waste ⁸	Tonne	0.52	0.60
Intensity	Tonne per m ² floor area	0.0000068	0.0000079

⁷ The figure consists of wastepaper used in office, and discarded carton boxes recycled in our supermarket segment. The Group will continue to refine our data collection system and practices in the future.

⁸ The figure consists of toner cartridge and ink cartridge used in our business operations.

ENVIRONMENTAL SUSTAINABILITY

Wastewater Discharge

The Group complies with all relevant laws and regulations including the "Urban Drainage and Sewage Treatment Regulations", the "Integrated Wastewater Discharge Standard of PRC (GB8978-1996)" and "Environmental Quality Standards for Surface Water (GB3838-2002)". To ensure compliance with laws and regulations, environmental inspections and testing on domestic wastewater discharge quality are conducted every year by a third party. In addition, the wastewater is discharged into the municipal sewage system and handled by the government. During the Reporting Period, the Group has a total of 14,492.00 m³ of wastewater discharge.

Our Sustainability Targets

Environmental KPIs	Targets
GHG Emissions	<p><u>By 2030</u></p> <ul style="list-style-type: none"> Reduce carbon intensity emissions (per m² floor area) by 15% (2021 baseline) <p><u>By 2050/2060</u></p> <ul style="list-style-type: none"> Achieve net zero in Hong Kong and China operation
Air Emissions	<p><u>By 2023</u></p> <ul style="list-style-type: none"> Study the feasibility of switching to biodiesel options for existing diesel engine vehicles <p><u>By 2030</u></p> <ul style="list-style-type: none"> Stop procuring fuel-based or hybrid power vehicle Study the feasibility of adopting electric model delivery vehicle
Energy	<p><u>By 2023</u></p> <ul style="list-style-type: none"> Study the feasibility of installing solar panels and skylight systems at manufacturing facilities Study the feasibility of purchasing renewable energy <p><u>By 2035</u></p> <ul style="list-style-type: none"> All facilities controlled by the Group consume renewable energy
Water	<p><u>By 2023</u></p> <ul style="list-style-type: none"> Develop water conservation plan to explore ways to optimise water use in Ningbo manufacturing plant Study the feasibility of installing rainwater collection devices in Ningbo manufacturing plant and accommodation complex

HKEx ESG REPORTING GUIDE INDEX

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/ Reference Section
Aspect A: Environmental		
A1 Emissions	<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 air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p> <p>Note: Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations.</p> <p>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</p> <p>Hazardous wastes are those defined by national regulations.</p>	Environmental Sustainability
KPI A1.1	The types of emissions and respective emissions data.	Environmental Sustainability
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).	Environmental Sustainability – Greenhouse Gas Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Sustainability – Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Sustainability – Waste Management
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Environmental Sustainability – Our Sustainability Targets
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction targets set and steps taken to achieve them.	Environmental Sustainability – Waste Management

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HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/ Reference Section
A2 Use of Resources	<p>Policies on efficient use of resources including energy, water and other raw materials.</p> <p>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc</p>	Environmental Sustainability – Resource Conservation
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).	Environmental Sustainability – Resource Conservation
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Sustainability – Resource Conservation
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Sustainability – Our Sustainability Targets
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.	Environmental Sustainability – Resource Conservation – Our Sustainability Targets
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Sustainability – Resource Conservation
A3 The Environment and Natural Resources	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environmental Sustainability – Minimising Our Impacts on the Environmental 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.	Environmental Sustainability – Minimising Our Impacts on the Environmental and Natural Resources
A4 Climate Change	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environmental Sustainability – Emission Control
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.	Environmental Sustainability – Emission Control

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HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/ Reference Section
Aspect B: Social		
B1 Employment	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.	Care for Our Employees – Employment Practices
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Care for Our Employees
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Care for Our Employees
B2 Health and Safety	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.	Care for Our Employees – Occupational Safety and Health
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the Reporting Period	Care for Our Employees – Occupational Safety and Health
KPI B2.2	Lost days due to work injury.	Care for Our Employees – Occupational Safety and Health
KPI B2.3	Description of occupational safety and health measures adopted, and how they are implemented and monitored.	Care for Our Employees – Occupational Safety and Health

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HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/ Reference Section
B3 Development and Training	<p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p> <p>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</p>	Care for Our Employees – Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Care for Our Employees – Training and Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	Care for Our Employees – Training and Development
B4 Labour Standards	<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 preventing child or forced labour.</p>	Care for Our Employees – Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Care for Our Employees – Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Care for Our Employees – Labour Standards
B5 Supply Chain Management	Policies on managing environmental and social risks of the supply chain.	Sustainable Business – Supplier Management
KPI B5.1	Number of suppliers by geographical region.	Sustainable Business – Supplier Management
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.	Sustainable Business – Supplier 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.	Sustainable Business – Supplier 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.	Sustainable Business – Supplier Management

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HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/ Reference Section
B6 Product Responsibility	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.	Sustainable Business – Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Sustainable Business – Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Sustainable Business – Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Sustainable Business – Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Sustainable Business – Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Sustainable Business – Product Responsibility
B7 Anti-corruption	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.	Sustainable Business – Ethical Business
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.	Sustainable Business – Ethical Business
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Sustainable Business – Ethical Business
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Sustainable Business – Ethical Business

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HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/ Reference Section
B8 Community Investment	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.	Sustainable Business – Engaging the Community
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Sustainable Business – Engaging the Community
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Sustainable Business – Engaging the Community



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