



嘉利國際控股有限公司
Karrie International Holdings Limited

(Incorporated in Bermuda with limited liability)

stock code : 1050



*Stable Development,
Innovative Advancement*



2022/23

SUSTAINABILITY REPORT

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ABOUT THIS REPORT

Since the listing of Karrie International Holdings Limited (the “Company”), together with its subsidiaries (which are collectively referred to as the “Group” or “Karrie”) in 1996, the Group has started to prepare the content of sustainability and incorporate it into annual reports as a separate section starting from the annual report for the year ended 31 March 2009. The Group has proactively adopted the latest guidance on sustainability reporting, and has commissioned an independent third party to review and verify the accuracy and readability of the information set forth in the report. When preparing the report for the year, the Group has engaged its shareholders, business partners, employees, suppliers, regulators, and the public in coming up with their concerns, which have been addressed in the report.

Reporting Standards

This Report (the “Report”) has been prepared in accordance with the GRI Standards issued by the Global Reporting Initiative (“GRI”), and Appendix 27 Environmental, Social, and Governance (“ESG”) Reporting Guide of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKEX”), as well as with reference to the United Nations Sustainable Development Goals (“UNSDGs”).

This Report has adopted the following reporting principles:

- **Materiality:** The content in this Report has been determined based on the significance of the Group’s sustainability impact, together with stakeholders’ opinions obtained by different departments from daily work. Please refer to the section “Sustainability Management — Sustainability Measures” for relevant information.
- **Quantitative:** The Report discloses key performance indicators for material topics in compliance with the reporting standards mentioned above, and historical data has been provided for trend comparison. Please refer to the section “Appendix — Key Performance Data Summary” for relevant information.
- **Balance:** The Report provides an unbiased picture of the Group’s sustainability performance. Regardless of whether the performance is good or not, the historical data has been disclosed in the section “Appendix — Key Performance Data Summary”.
- **Consistency:** The Report adopts consistent methodologies to allow for meaningful comparisons of the data over time.

ABOUT THIS REPORT (CONTINUED)

Scope of Reporting

The Report covers the sustainability work and performance during the financial year of 2022/23 (i.e., from 1 April 2022 to 31 March 2023, the “Year”). Taking into account the principle of materiality, the reporting boundary covers the operations of the Headquarters in Hong Kong and the production base in Dongguan, Guangdong. In the year of 2021/22, the Group started to set up a production base in Thailand, which did not have high-volume production during the Year. Except for labour data, other data in Thailand's production base has not been included in the Report. On 23 March 2023, the Group successfully spun off KRP Development Holdings Limited for separate listing on the Main Board of the Stock Exchange under the stock code 2421. The sustainability work and performance have been disclosed by KRP Development Holdings Limited independently. Therefore, the data related to the employees of real estate business will not be disclosed in this Report. The number of employees of this business is less than 2% of the total headcount of the Group, as such there is minimum impact on the Group's data.

For detailed information related to the governance and financial performance of the Group, please refer to the Annual Report 2022/23.

Contact Us

Should you have any suggestions or opinions on the sustainable development of the Group, please contact:

Mr. Yip Chi Shing, Nigel
Senior Manager, Human Resources and Sustainability

Karrie International Holdings Limited
9th Floor, Southeast Industrial Building,
611-619 Castle Peak Road, Tsuen Wan, New Territories,
Hong Kong

Telephone: (852) 2411-0913
Fax: (852) 2415-1608
Email: sustainability@karrie.com

ABOUT KARRIE



Karrie International Holdings Limited

Metal and Plastic Business

Providing mechanical engineering solutions, manufacturing and sale of metal plastic products, including server casings, moulds, plastic and metal parts and household products

Electronic Manufacturing Services Business

Manufacturing and sale of magnetic tape data storage, point-of-sale ("POS") system, medical products, office automation products and other computer peripherals

Headquartered in Hong Kong, the Group has set up a production base in Dongguan, Guangdong, a design and research and development centre in Taiwan, and representative offices in the United States, the United Kingdom and Canada. The Group developed a new production base in Thailand in the year of 2021/22. The factory was under trial production during the year and did not start high-volume production. The new production complex "Karrie Craftmanship Tower" continued the interior decorating work during the Year.



CHAIRMAN'S MESSAGE



Ho Cheuk Fai Mentor
Chairman & Chief Executive Officer

In response to the unprecedented business challenges brought by the changes in epidemic prevention policies and international political situations, Karrie has adopted a pragmatic attitude, focused on its core business, adhered to a diversified product strategy, and strived to achieve steady and sustainable development. We advocate innovative thinking that adapts to the situation, deepens intelligent manufacturing, widely applies automation technology, and develops new process technologies to explore new business opportunities. As the demand for sustainable development continues to increase across society, Karrie keeps pace with the times and continues to optimise its work performance related to sustainability issues.

Pragmatic Governance

Sustainability matters have a broad and profound impact on the entire value chain, and many of them need to be managed from the perspective of the whole value chain. For many years, Karrie has established the Corporate Sustainable Development Committee, closely monitoring changes in external regulations and global sustainability trends, identifying issues that have a significant impact on corporate operations and stakeholder expectations, implementing management measures, and regularly reporting to the Board of Directors. Sustainability matters are further broken down into key performance indicators for different departments, incorporated into the performance management system, and all departments take a unified action to pragmatically respond to market demands for sustainability issues.

Stable Development

As the physical impacts of climate change become increasingly apparent, market regulators around the world are developing stricter transition policies. During the Year, Karrie has developed a framework for responding to climate change, focusing on creating more environmentally friendly solutions for mechanical engineering at the production level, and developing low-carbon transformation funds, technology, and talent support at the back-end support level. At present, Karrie has implemented multiple energy efficiency optimisation measures, has formulated future plans to expand on-site solar photovoltaic power generation projects, and has developed external renewable power supplies to further reduce greenhouse gas emissions in the company's operations and products, and to achieve the Science-Based Target initiative's reduction goals.

With adjustments to China's COVID-19 prevention and control policies, Karrie has provided support for the livelihood and work environment of employees during the policy transition period, doing its best to slow down the rate of infection among employees and arrange sufficient personnel for production and operations. During the Year, we have also adopted innovative safety education methods, using competitions and fun activities to enhance employees' safety knowledge and provide a safe and stable working environment for employees. To attract and retain talent, Karrie maintains interpersonal relationships of mutual respect and care, creates a family-like atmosphere, and provides competitive welfare benefits for employees. Whilst our employees build on the company's knowledge and ability, we provide suitable skills training and establish career growth roadmap to achieve mutual improvement between the company and employees. In order to cultivate talent for the sake of a stable corporate succession, Karrie has been implementing "Employees' Junior Family Member Programme" and "University Summer Internship Programme" for many years, providing internship opportunities for the children of the employees as well as university students.

CHAIRMAN'S MESSAGE (CONTINUED)

Customer-oriented, Karrie is committed to creating safe and environmentally friendly products. Depending on the type of product, we incorporate relevant safety regulations and environmental requirements into the quality control process, covering procurement and production processes. At the same time, we strengthen information security management from the physical security and system software protection aspects to protect important data of ourselves and our customers. Karrie also ensures that employees master and effectively implement product and service standards by providing relevant training courses continuously.

Karrie's social responsibility is deeply rooted in Karrie's corporate culture, and we pay special attention to cultivating young talents and supporting disadvantaged communities. In line with the Hong Kong SAR government's promotion of youth education, we signed a cooperation memorandum with La Salle College during the Year, committing HK\$1 million to support the construction of national education classrooms and the development of design and application subject areas. In the community, we continue to cooperate with local social welfare organisations to provide care for elderly people in the community. In response to the Turkey-Syria earthquake that occurred during the Year, we once again took timely action with our long-term partner, the United Nations Refugee Agency, and called for more public support for rescue work.

Innovation Drives Progress

Karrie adapts to the situation, develops innovative production processes and automation solutions to efficiently provide customers with products of higher quality. During the Year, we have implemented more than 10 innovative projects to enhance processing technologies such as printing, welding, and assembly. By breaking through technological limitations and improving production capacity, we are committed to continuously providing better solutions for customers and exploring broader opportunities. In addition to technological innovation, in the face of increasing sustainability issues and market demands, Karrie will also continue to work with stakeholders in the value chain with an innovative attitude to jointly manage sustainability matters, create sustainable industrial models and greater value for society.

Ho Cheuk Fai Mentor

Chairman & Chief Executive Officer

SUSTAINABILITY MANAGEMENT

GOVERNANCE STRUCTURE

The Board of Directors of the Group is responsible for overseeing the sustainability issues. The Corporate Sustainable Development Committee is steered by an Executive Director and reports to the Board. The members of the Committee are heads of various departments related to sustainability issues. They are responsible for formulating and reviewing the corporate social responsibility mechanisms and development strategies together, communicating with stakeholders and implementing management measures.



SUSTAINABILITY PHILOSOPHY

The Group has incorporated "Corporate Social Responsibility (CSR)" as one of its long-term corporate missions, continuing to operate ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society. The Group believes the implementation of CSR will improve its reputation, save cost and strengthen its corporate governance ability, which is in line with the interests of shareholders and drives the Group and our stakeholders to sustainable development.

Concept of CSR

Improving

- Caring has both mental and physical benefits and improves quality of life, and training makes skill enhancement.

Caring

- Care for and love the people in need with heartfelt dedication

Giving Back

- Take from society and give back to society, in order to achieve continuous harmonious growth alongside society.



Missions on CSR

Caring for society, and improving living standards

Corporate governance, maintaining integrity

Sustainable development of the environment and business requires sustainable production, energy savings, and emission reductions

Professional development, talent training, an emphasis on employees' physical and mental health, and a work-life balance

SUSTAINABILITY MANAGEMENT (CONTINUED)

Karrie's scope of CSR covers eight areas, integrating the concepts of Environmental (E), Social (S) and Governance (G) with the United Nations Sustainable Development Goals (UNSDGs) as the guidelines, caring about the environment, employees, clients, investors, suppliers, communities and other stakeholders' benefits. Regarding our CSR missions and the correlation of our business operations, the Group mapped 11 SDG goals to strive for contribution.



SUSTAINABILITY MANAGEMENT (CONTINUED)

SUSTAINABILITY MEASURES

Risk Management

Under the supervision of the Board, the Internal Audit Department of the Group conducts risk assessments every year, identifying current and future, internal and external, financial and non-financial risks and opportunities, evaluating risk levels and formulating management approaches. Department heads are involved in the risk and opportunity investigation. The Internal Audit Department analyses the survey results, summarises the risk and opportunity information and countermeasures, and reports them to the management. According to the risk assessment results, relevant departments are in charge of implementing the risk mitigation measures following instructions from the management. The Board discusses the risk management and the internal control systems with the management to review the risk factors and urgency, and ensure that effective systems are in place.

Stakeholders Engagement



Relevant goal:

- Target 17.16 — Enhance the global partnership for sustainable development by sharing knowledge, expertise, and technology with industrial and regional stakeholders

Every year, the Group communicates with stakeholders through a variety of activities and reports in order to understand their needs and perspectives, including annual general meetings, results conferences, financial reports, announcements, and receptions for visiting government and non-governmental organisations, supplier evaluations, training, and other activities, as well as understanding the needs and perspectives of various stakeholders in order to contribute to sustainable development. All departments actively collect the stakeholders' opinions on the sustainability performance of the Group in their daily work, and report to the Corporate Sustainable Development Committee.



SUSTAINABILITY MANAGEMENT (CONTINUED)

Material Topics Identification and Management

In the year of 2021/2022, the Group updated its material topics. Based on its business model, the Group compiled a list of sustainability topics that are relevant to our industry, major customers, suppliers, and peers, as identified by the GRI standards, the Sustainability Accounting Standards Board (SASB), and MSCI. The Group evaluated the impact of each topic on its sustainable operations and prioritised them based on stakeholders' opinions. After review by the Corporate Sustainable Development Committee, the identified material topics and priority order for the year of 2021/2022 continue to be applicable.

The Group continuously adopts Key Performance Indicators (KPI) and Goal Setting (GS) in our management system. Each department is required to set and review performance indicators and target every year. In addition to the indicators related to production and operation, the performance evaluation of each department also includes indicators and targets about environmental protection, employment, safety, quality, supplier management and others. The Executive Directors and the Executive Committee of the Group will examine the performance of departments with the following sustainability indicators and provide guidance to their work, through monthly meetings and annual year-end summary meetings. The results of KPI and GS will also be taken into consideration when deciding whether promotions should be made for employees in relevant departments.

Order	ESG-related Topics	Relevant Index	Main Impact Scope	Concerns and Expectation of Stakeholders	Management Indicator	Relevant Department
1.	Climate Change	GRI 201-2 GRI 305-1, 305-2, 305-3, 305-4, 305-5 HKEX A4 Climate Change	Internal, suppliers and customers	Assist customers in achieving supply chain emission reduction goals	Energy consumption Energy saving rate	All production department Safety and equipment department
2.	Business Ethics and Morality	GRI 205 Anti-corruption HKEX B7 Anti-corruption	Internal, suppliers and customers	Maintain a fair and honest cooperative environment	Completion rate of audit items	Internal audit department
3.	Employment Compliance	GRI 401 Employment GRI 408 Child Labor GRI 409 Forced or Compulsory Labor HKEX B1 Employment B4 Labor Standards	Internal, suppliers and customers	Assist customers in safeguarding the rights and interests of all workers in the supply chain	Administration audit	Human resources department Procurement department
4.	Energy Management	GRI 302 Energy HKEX A2 Use of Resources	Internal	Improve operational efficiency for shareholders	Energy consumption Energy saving rate	All production department Safety and equipment department
5.	Occupational Health and Safety	GRI 403 Occupational Health and Safety HKEX B2 Employee Health and Safety	Internal and suppliers	Provide a safe and healthy working environment for employees	Injury rate Loss time	All production departments, Quality and logistic departments, Safety and Equipment department
6.	Product Safety	GRI 416 Customer Health Safety HKEX B6 Product Responsibility	Internal	Assist customers in achieving product quality	False rate of raw materials testing	Quality department
7.	Risk Management in Compliance	GRI 2-27 Compliance with laws and regulations HKEX A1 Emission B1 Employment B2 Health and Safety B4 Labour Standards B6 Product Responsibility B7 Anti-corruption	Internal and suppliers	Maintain compliance with regulations and meet the requirements of government and regulatory agencies to protect shareholder interests	Completion rate of audit items	Internal audit department

SUSTAINABILITY MANAGEMENT (CONTINUED)

Order	ESG-related Topics	Relevant Index	Main Impact Scope	Concerns and Expectation of Stakeholders	Management Indicator	Relevant Department
8.	Privacy and Information Security	GRI 418 Customer Privacy HKEX B6 Product Responsibility	Internal, suppliers and customers	Protect customer confidential information	Completion rate of system screening Completion rate of software inspection	IT department
9.	Service and Product Innovation	HKEX B6 Product Responsibility	Internal	Improve business competitiveness, provide customers with superior products, and increase shareholder returns	Number of new technology R&D	Engineering and R&D department
10.	Protection of Intellectual Properties	HKEX B6 Product Responsibility	Internal	Ditto	Number of transformations of new technology into production	Engineering and R&D department
11.	Smart Manufacturing and Lean Production	HKEX B6 Product Responsibility	Internal	Ditto	Number of lean operation proposals Number of automated projects imported	All departments Some manufacturing departments
12.	Green Product Innovation	HKEX A3 The Environment and Natural Resources	Internal and suppliers	Assist customers in creating more environmentally friendly products	Number of complaints related to quality	Quality department
13.	Responsible Procurement	GRI 308 Supplier Environmental Assessment GRI 414 Supplier Social Assessment HKEX B5 Supply Chain Management	Internal and suppliers	Build a supply chain that meets customer's sustainability development requirements	Completion rate of supplier audits	Procurement department
14.	Diversity and Inclusion	GRI 405 Diversity and Equal Opportunity HKEX B1 Employment	Internal and suppliers	Protect employee rights and maintain good employee relations	New hire retention rate Activities completion rate	All departments Trade union office of administration department
15.	Training and Development	GRI 404 Training and Education HKEX B3 Development and Training	Internal and suppliers	Provide employees with knowledge enhancement and development opportunities	Training completion rate	Human resources department

Lean Improvement

The Group advocates the concept of lean production and sets up a proposal reward system to encourage all departments to continuously improve their work, and include them in the departments key performance indicators. Since 2020, the Group has launched the annual "Lean Improvement and Innovation Competition", which encourages departments to use the Value Engineering, Six Sigma and other tools to analyse the problems and propose solutions. These proposals provide diversified suggestions for the Group to achieve sustainable development by optimising resource utilisation, improving product quality and strengthening safety levels.

ENVIRONMENT

Our Progress

Facing with the risks of climate change, the Group has been implementing lean production and adopting energy-saving and emission-reducing new technologies. Karrie has also developed a corporate action framework this Year to promote action across all departments, with the goal of continuously reducing energy consumption and greenhouse gas emissions intensity in line with the requirements of science-based targets. With the adjustment of production cycles and the continued implementation of environmental protection measures over the years, the Group's energy consumption, emissions, and water consumption have achieved significant reductions this Year. However, facing changes in the external competitive environment and the acceleration of global climate action, the future is still full of challenges.

The Group will continue to inherit the notion of Ho Cheuk Fai Mentor:

“Do everything with heart and leave resources for the next generation”, and explore the path of environmental protection consistent with corporate development.

Performance in Relevant Scope of Karrie's CSR

Environmental Protection

Establish a **corporate climate action framework**

Energy consumption and GHG emissions intensity, **17%** off



ENVIRONMENT (CONTINUED)

Management Structure & System

The Group established the Cleaner Production and Energy-saving Committee in 2005, which is led by the Assistant Corporate Planning General Manager and composed of the heads of the Administration Department, ISO Task Force Group, Safety and Equipment Management Group and others. The committee is responsible for formulating, implementing and supervising cleaner production and energy conservation programmes in factories. The Cleaner Production and Energy-saving Committee also maintains a close relationship with the government, environmental protection technology enterprises and environmental protection-related organisations to monitor external environmental regulations and follow the latest environmental protection technology information.

Since the Group obtained the ISO14001 Environmental Management System certification in 2001, it has been working strictly to manage our environmental policies and performance within the company. To ensure the effectiveness of our environmental management system in Mainland China's production plants and Hong Kong Headquarters, all relevant departments, ISO Task Force Group, and Administrative Department are required to conduct external and internal audits to evaluate their performance in environmental protection every year. During the year, the Group passed the external assessment and remained certified.

The Group strictly complied with the Environmental Protection Law of the People's Republic of China ("PRC"), Air Pollution Prevention and Control Law of the PRC, Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste, Water Pollution Prevention and Control Law of the PRC, the Law of the PRC on the Prevention and Control of Pollution from Environmental Noise, Waste Disposal Ordinance in Hong Kong and other laws and regulations related to environmental management, and there were no non-compliance incidents related to environmental protection.

ENVIRONMENTAL PROTECTION

Energy Conservation



Relevant goal:

- Target 7.3 — Improve global energy efficiency

The Group has established a Resource/Energy Management Procedure that focuses on resources and energy management, and strictly requires recording of all the power, oil, and gas consumptions in offices and factories. By referencing those statistics, we are able to review the effectiveness of our measures and formulate new energy goals for the next year according to the requirements of the ISO14001 Environment Management System. Energy-intensive departments take the ratio of energy consumption cost to processing value as a KPI and report to the Group's Executive Committee every month to review the energy consumption performance.

ENVIRONMENT (CONTINUED)

The ratio of energy consumption cost to processing value (Unit: %)	2022/23 Target	2022/23 Performance	Achievement*	2023/24 Target [^]
Metal	9.27	9.64	-4%	10.60
Plastic	10.57	13.79	-30%	10.57
Moulds	5.60	4.82	✓	4.70
Storage products	5.11	6.96	-36%	7.00

* The 2022/23 targets were not fully met in some production processes due to the continuous increase in electricity price, and the gap between the actual values and the target values is listed as a percentage;

[^] In 2023/24, the targets will still be affected by the high electricity price for domestic sales in mainland China.

Electricity is the major energy source used in factories and offices. The Group implements an energy management system to monitor its power consumption. The system will report to us instantly when an abnormal situation is found. The Group also continues to implement several energy-saving measures and turn all the lights off during lunch hours, in order to remind our employees to turn off unused electrical equipment. During the Year, the implementation of two major energy-saving measures, including cloud-based intelligent control of the air compressor room and continuous replacement of fluorescent lamps that have reached their service life with LED lamps, achieved a saving of approximately 300,000 kWh of electricity per year. The photovoltaic power generation system installed in our production base in 2015 also provides the Group with more than 35,000 kWh of renewable energy every year. The Group also developed a plan to increase the capacity of solar photovoltaic power plant in the production base during the Year, with the goal of increasing the proportion of renewable energy used by the Group in the coming years.

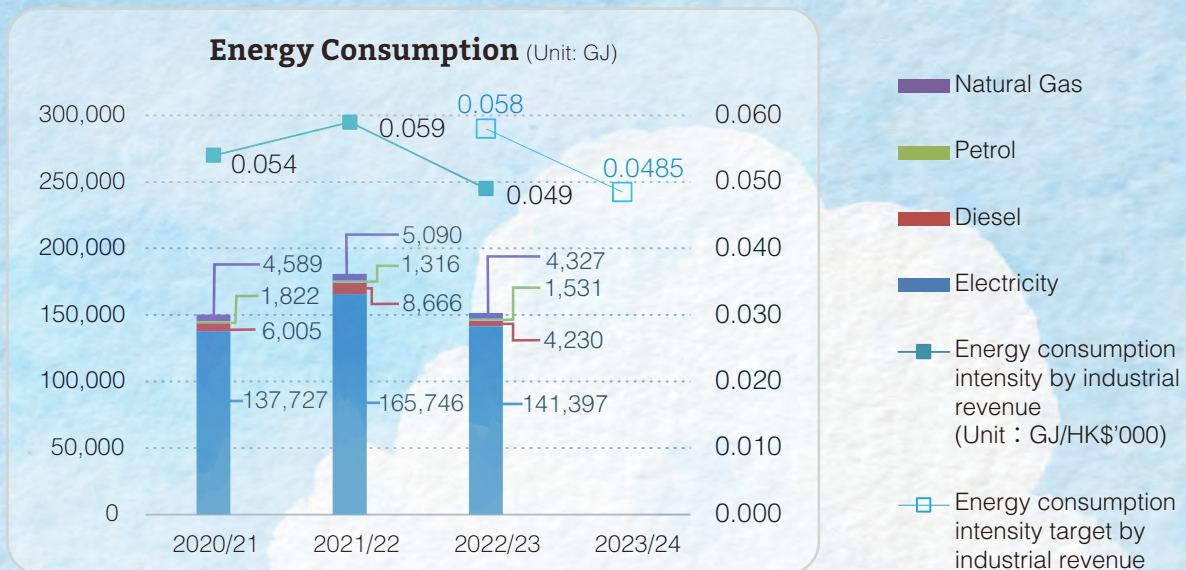
Cloud-based intelligent control of the air compressor room

By installing flow meters, pressure gauges, and electric valves in the pipelines, the Group's Yuquan production base achieves real-time data analysis of compressed air usage, and automatically controls the start and stop of the air compressor based on gas demand. After the system is in operation, it saves approximately 200,000 kWh of electricity per year and helps reduce Scope 2 greenhouse gas emissions by about 110 tonnes of CO₂ equivalent.



ENVIRONMENT (CONTINUED)

During the Year, the Group consumed 151,485 GJ of energy, of which electricity consumption accounted for 93.3%, followed by natural gas at 2.9%, diesel at 2.8% and petrol at 1.0%. Calculated by industrial revenue, the energy consumption intensity was 0.049 GJ/HK\$'000, with a year-on-year decrease of 17%, which was mainly due to the completion of new equipment commissioning work for the OEM business of building block products and the Group's actions to reducing inventory and adjusting production volume according to customer demand during the Year. In addition, due to the strict epidemic prevention policies implemented in China for the Year, the Group's use of trucks and their diesel consumption has decreased. It is expected that there will be no significant changes in the production process of the Group in the coming year, and with China's relaxing epidemic restrictions, vehicle traffic will return to pre-epidemic levels, which is expected to increase the pressure on energy consumption intensity. The Group will continue to require production departments to implement lean improvements and implement multiple energy-saving projects through the Administration Department. Combining this with the next business performance forecast, the Group aims to reduce unit energy consumption by 1% to 0.0485 GJ/HK\$'000 in the next fiscal year.



Responding to Climate Change



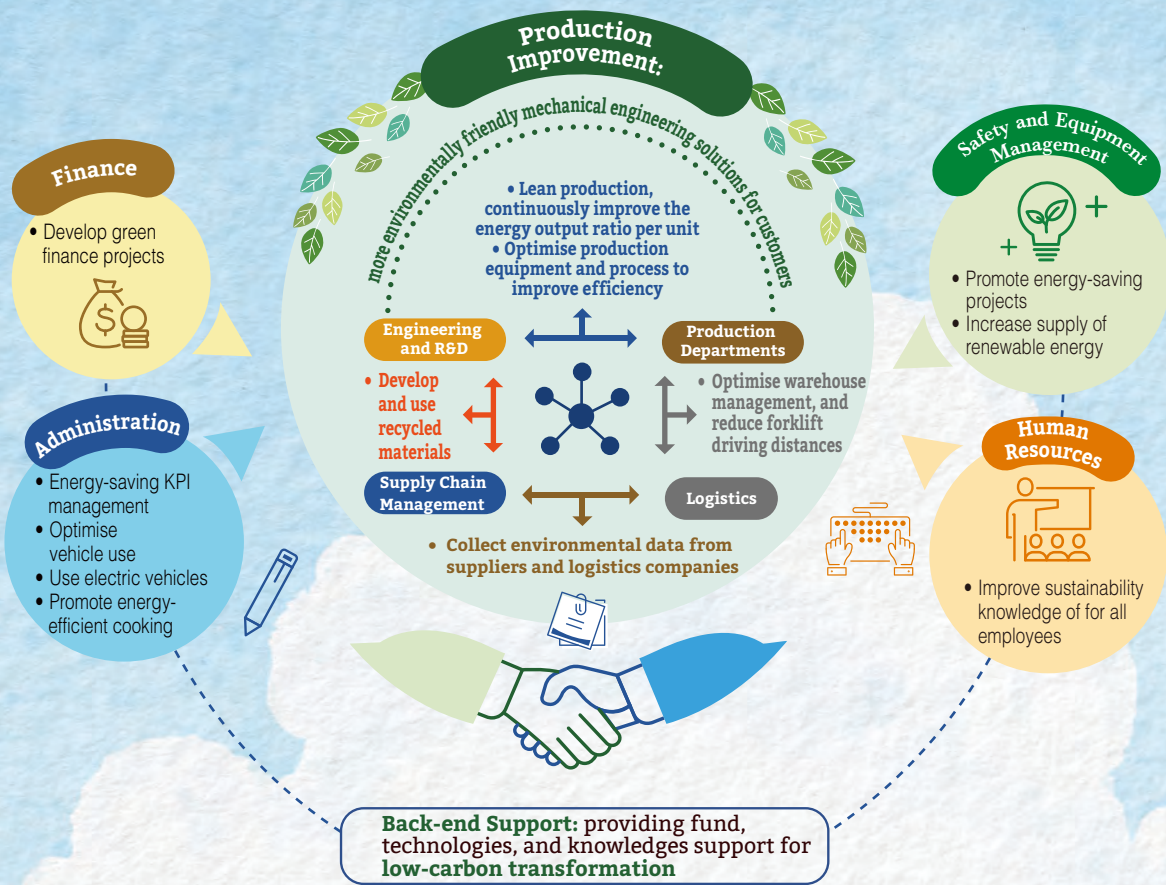
Relevant goal:

- Target 13.3 — Improve capacity on climate change mitigation, adaptation, impact reduction and early warning

To address climate change, the Group supports global actions to control global warming to no more than 1.5°C, and is in the process of setting medium-term and long-term emission reduction targets in accordance with the Science-Based Targets initiative (SBTi). During the Year, the Group has established a framework for emission reduction, promoted climate change goals to all department managers, and aims to achieve net-zero emissions by 2050 or earlier, in line with global emission reduction trends.

ENVIRONMENT (CONTINUED)

The Group's emission reduction framework includes two levels: production improvement and back-end support. The Group will study and adopt feasible measures to reduce greenhouse gas emissions while ensuring business development. In terms of production improvement, we are committed to creating more environmentally friendly mechanical engineering solutions for our customers. Relevant departments such as design, procurement, production, and logistics will work together to reduce greenhouse gas emissions required for the production of each product. In terms of back-end support, departments such as finance, equipment management, administration, and human resources will cooperate with each other to implement projects such as introducing green electricity and green finance, providing fund, technologies, and knowledge support low-carbon transformation at the production level.



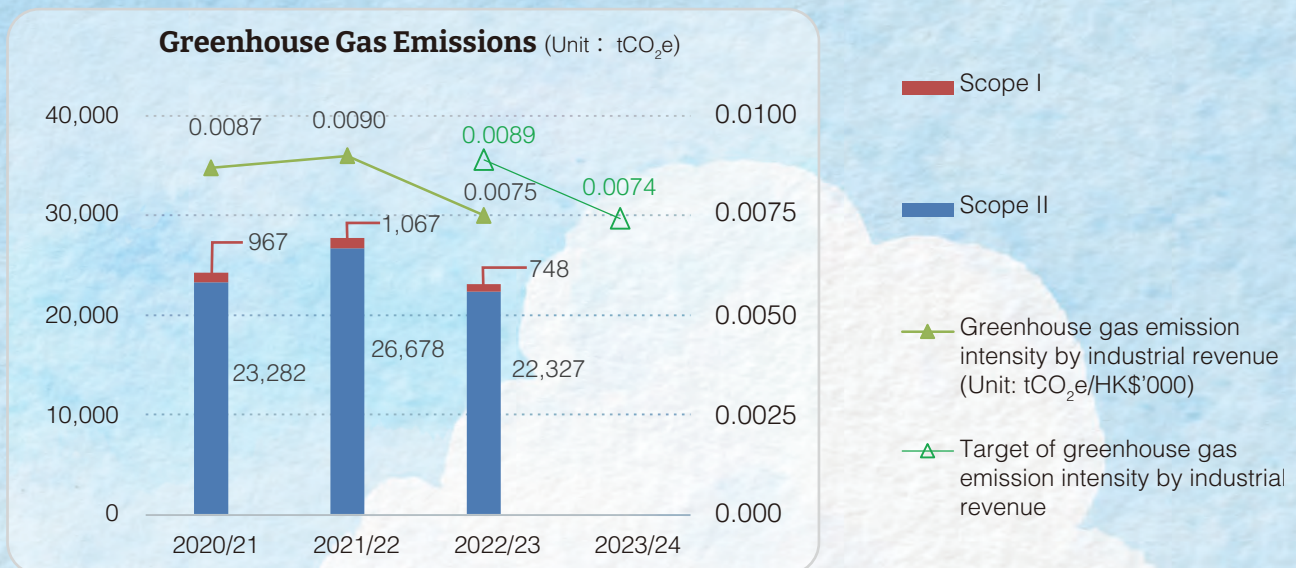
In the face of a series of policy risks that may arise from climate change, the Group closely monitors local and international policy trends related to greenhouse gas emissions, including but not limited to China's carbon emissions trading market, the EU's carbon border adjustment mechanism, and the US Clean Competition Act. The Group has identified the potential impact of relevant policies on its business model and is taking measures to mitigate them, including gradually strengthening the accounting of greenhouse gas emissions in our supply chain and products.

In response to physical risks including sea level rise and extreme weather that happens more frequently and strongly, the Group regularly checks and dredges sewage and rainwater pipes, and strengthens doors, windows and outdoor facilities to ensure the flood discharge and wind resistance capacity of plants. The Group has formulated the Regulation on Emergency Treatment of Water/Electricity Failure, standardised the emergency procedure and made clear the responders and responsibilities. Recovery plans for the suspension of corporate operations caused by extreme weather events are also stipulated in the Business Contingency Plan.

ENVIRONMENT (CONTINUED)

Karrie has been monitoring greenhouse gas emissions in accordance with the ISO14064-1 standard and preparing a greenhouse gas report that has been independently verified by a third party since 2014. With reference to the major source of greenhouse gas emissions, the Group also continues to improve energy efficiency and adopt renewable energy, to reduce the indirect greenhouse gas emissions from the use of electricity.

During the Year, the Group emitted 748 tCO₂e of Scope I Direct Emissions and 22,327 tCO₂e of Scope II Indirect Emissions, totaling 23,075 tCO₂e. The greenhouse gas emission intensity by industrial revenue was 0.0075 tCO₂e/HK\$'000, a decrease of 17% year-on-year, consistent with the trend and reasons for the total energy consumption. In line with the energy consumption intensity target and in combination with the expected downward trend of the Chinese electricity emission factor, the Group aims to reduce the greenhouse gas emissions intensity in 2023/24 by 1% to 0.0074 tCO₂e/HK\$'000 of industrial revenue.



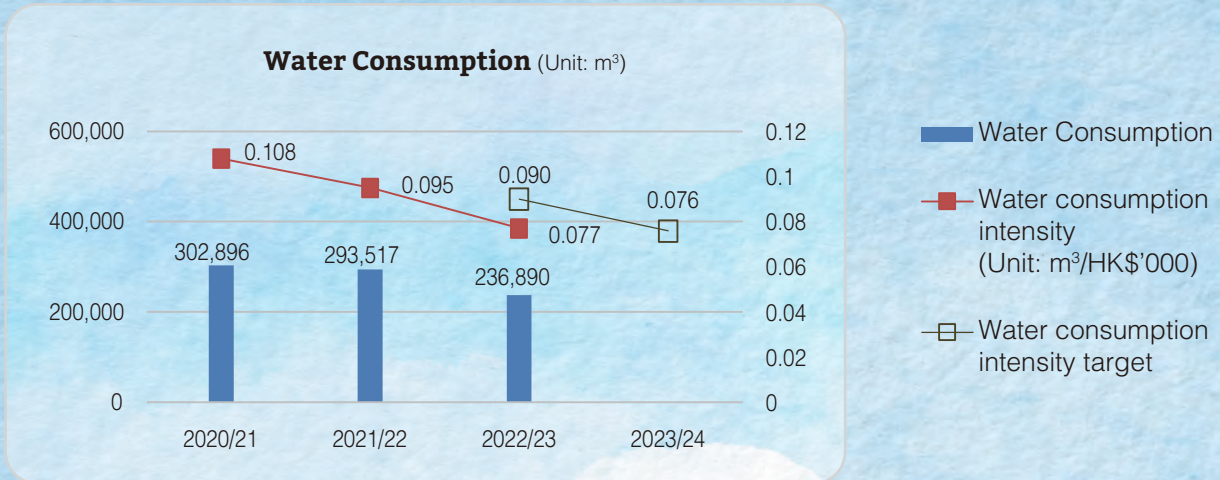
Integrated Water Resources Management

The Group manages water and wastewater discharge with a comprehensive concept. The use, collection, treatment, reuse and discharge of water are regulated by internal policies, such as Resource/Energy Management Procedure, Water Pollution Control Procedure and Process Operation Specification of Wastewater Treatment Centre.

Municipal water provided by local governments is used in our factories and offices, and there is no issue with sourcing water that is fit for purpose. Each production department is responsible for recording the amount of water consumed for production each month and conducting regular inspections and repairs of all water equipment and pipes. If the amount of water consumption exceeds the specified amount, the responsible departments shall conduct an investigation and analysis, and implement improvement measures for the irregularities. In terms of the consumption of domestic water, the Group posted water-saving notices to require employees to turn off taps after use. The Human Resources and Administration Department is responsible for inspecting water equipment and pipes and reporting leakages for repairs. The Group also adopts water-saving devices to gradually replace the old ones and timely replaces the aged water mains to improve water-use efficiency.

During the Year, the Group's water consumption was reduced to 236,890 m³ thanks to the implementation of water-saving taps, the replacement project of leaky water pipes and other measures. The water consumption intensity by industrial revenue was 0.077 m³/HK\$'000, with a year-on-year decrease of 19%. The Group has set a target for water consumption intensity in its environmental management system. Under the condition that the product types and processing remain stable, the Group aims to reduce water consumption intensity by 1.5% to 0.076 m³/HK\$'000 industrial revenue in 2023/24.

ENVIRONMENT (CONTINUED)



The Group adopts a “rain-sewage diversion” approach, in which domestic sewage is transferred to public sewage treatment works through a network of public sewage pipes, and the quality of the sewage meets the requirements of GB/T 31962–2015, the Wastewater Quality Standards for Discharge to Municipal Sewers of the PRC, while cleaner rainwater is discharged through municipal storm water drains. The water used for production is treated by a wastewater treatment centre with reverse osmosis filtration in the plant and finally reused in the process of production, achieving a “zero discharge” of industrial wastewater.

Emissions Control



Relevant goals:

- Target 12.4 — Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle
- Target 12.5 — Substantially reduce waste generation through prevention, reduction, recycling and reuse

The main production plants of the Group set targets for raw material utilisation efficiency to reduce waste generation, and make a monthly KPI report. Metal and plastic scraps left over from production processes, as well as packaging materials that come together with raw materials, are collected separately for internal reusability or external recycling. Recycling boxes for paper, plastic, metal, glass, etc., are set up in offices and recycling education is provided for employees. During the Year, 241,005 kg of waste paper were reused internally and 299,830 kg was recycled externally. Owing to the growth of production output, the total volume of recycling relatively increased when compared with the last year.

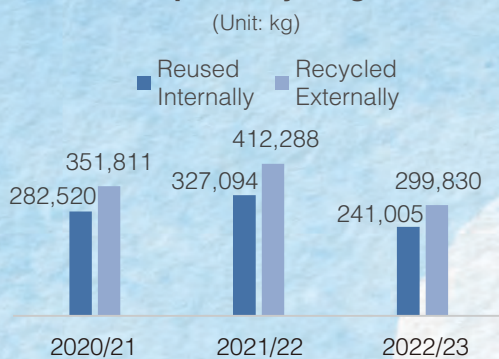
	2022/23 Target	2022/23 Performance	Achievement	2023/24 Target
Rate of packaging material internal reuse (%)	≥ 44.55	44.56	✓	≥ 44.56
Scrap rate of raw material	2022/23 Target	2022/23 Performance	Achievement	2023/24 Target
Metal — scrap metal rate (%)	0.52	0.46	✓	0.42
Plastic — scrap rate of raw material (%)	3.15 *	2.20	✓	2.00

* The target for 2022/23 disclosed in the 2021/22 report is 3.30%. In response to the changes in production and market during the Year, the Group has adjusted the target value in a more stringent direction.

ENVIRONMENT (CONTINUED)

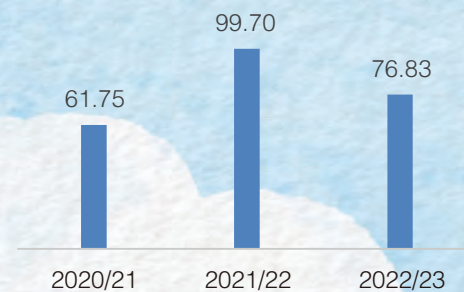
A small amount of hazardous waste will be generated during the production process in plants, including waste oil and its packaging, activated carbon, batteries and fluorescent tubes. There is a special storage warehouse in the production base and a qualified hazardous waste treatment contractor is appointed to transfer and treat hazardous waste regularly in accordance with the laws. During the Year, due to the reduced demand for mold production for OEM businesses of building block products, the related waste mineral oil also decreased, and the hazardous waste transferred by our group decreased to 76.83 tonnes.

External and Internal Waste Paper Recycling



Hazardous Waste Disposal

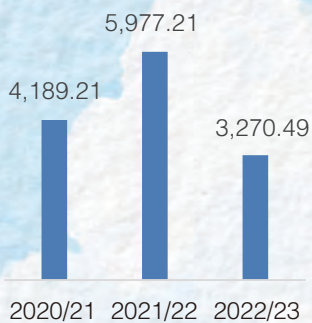
(Unit: Tonne)



The plastic injection moulding and painting processes will generate volatile organic compounds (VOCs), and a ventilation system is equipped in plants to collect the compounds treated with UV photolysis + activated carbon adsorption processes, to ensure that the air emission meets relevant standards. Nitrogen oxides (NO_x), sulphur oxides (SO_x) and particulate matter (PM) is also generated while cooking in the canteen and using fuel vehicle equipment, and the Group regularly conducts exhaust gas testing. During the Year, the Group emitted 4,189.21 kg of NO_x, 2.98 kg of SO_x and 274.21 kg of PM. Due to the strict epidemic control measures in China for the year of 2022/23, the use of company trucks and the pollutants emitted by their exhaust gases have decreased synchronously.

NO_x Emission

(Unit: kg)



SO_x Emission

(Unit: kg)



PM Emission

(Unit: kg)



TALENT

Our Progress

As the local epidemic prevention and control policies were adjusted, the Group provided support for employees to help them with the transition smoothly. Through continuous strengthening of daily education and inspections, the Group's safety performance improved during the Year, and the number of work-related injuries continued to decrease. The Group has also maintained various employee-friendly measures to create a fair and harmonious working atmosphere. At the same time, the Group continues to develop training resources and provide employees with continuous training and development opportunities. The average training hours per person and the rate of employees receiving training both significantly increased during the Year.

Performance in Relevant Scope of Karrie's CSR

Caring for the employees

- Provide support for employees in response to adjustments of the government epidemic prevention policy
- **Continuous decrease in the occupational injury rate for three consecutive years**

Training and development

- The average training hours reached **11.6** hours, increased **8%** YoY
- **98%** of employees received training during the Year, with an increase of **8%** YoY

TALENT (CONTINUED)

Our Employment Commitment

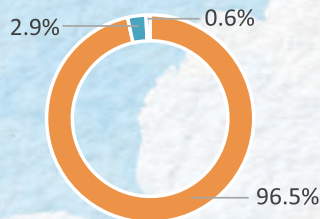
The Group established “Development of professionals, training of talents, emphasis on the physical and mental health of employees, and work-life balance” as parts of Karrie’s CSR mission. The Group treats all employees sincerely, continually maintaining a safe workplace, and providing a diverse, inclusive and supportive working environment. By providing development channels and technical training for employees and coordinating with corporate development, the Group committed to growing together with its employees.

Employee Composition

The talent management work is led by the Group Human Resources and Administration General Manager, and the Group Human Resources and Administrative Department is responsible for the management of recruitment, training and development, salary and welfare, promotion assessment, occupational health and safety, employee communication and other related areas. The Administration Department coordinates the human resource affairs of the production base in Dongguan, together with the human resources department, administrative office, back office, trade union office and other committees, to provide employees with training and development, daily life care, and organise various forms of health and entertainment activities to build a bridge of communication. All departments set up administrative specialists to collect employees’ opinions and provide feedback to managers through monthly administrative meetings, in which the Group collectively discusses and solves problems encountered by employees, and explains the Company’s policies to employees at the same time.

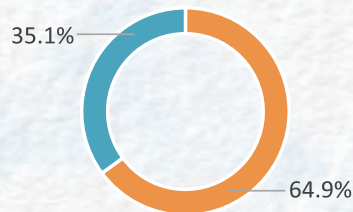
During the Year, the Group optimised workforce allocation according to production demand, resulting in a decrease of 5.3% in the monthly average number of employees compared to the previous year. The monthly average number of employees of the Group was 3,559, of which 96.5% were in Mainland China, 2.9% were in the Headquarters in Hong Kong, and 0.6% were in Taiwan, Thailand, the United States, the United Kingdom and Canada. When compared with the previous financial year, the gender, age distribution of employees and employment type were similar.

**Number of Employees
(by Locations)**



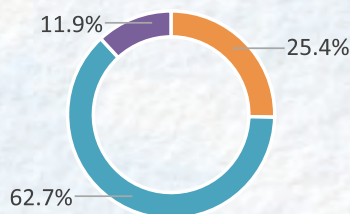
■ Mainland China ■ Hong Kong ■ Others

**Number of Employees
(by Gender)**



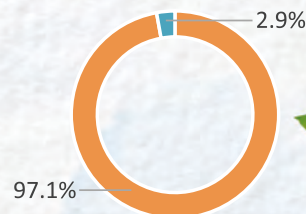
■ Male ■ Female

**Number of Employees
(by Age Group)**



■ Below 30 ■ 30-50 ■ Above 50

**Number of Employees
(by Employment Type)**



■ Full-time ■ Part-time

TALENT (CONTINUED)

CARING FOR EMPLOYEES

Occupational Health and Safety

3 GOOD HEALTH
AND WELL-BEING



Relevant goal:

- Target 3.3 — Support our staff to fight communicable diseases e.g. Covid-19

During the Year, there was a significant adjustment in the epidemic prevention and control measures in the operating areas of the Group due to the COVID-19 outbreak. During the period of policy transition, the Group provided multiple support measures for employees, including the provision of medicines, rapid testing kits, and flexible work arrangements, to help employees smoothly adapt to the new government policy and reduce the impact on the corporate operations.

Dongguan's Production Base


- Provide hygienic and safe isolation facilities for infected employees
- Provide free rapid testing kits for employees and conduct company-wide testing
- Flexible adjustment of production arrangements to support recovered employees to return to their work positions as soon as possible
- Provide work-from-home support for applicable positions

Hong Kong's Headquarters


- Provide work-from-home arrangements for employees with appropriate needs
- Provide guidelines for employees in case of a confirmed case in their families
- Provide free rapid testing kits for employees and conduct regular self-testing
- Provide material and support for employees on business trips

TALENT (CONTINUED)


After the policy adjustments, the COVID-19 prevention and control measures have been significantly relaxed. The Group has also made timely adjustments to internal policies in accordance with relevant regulations, while retaining some appropriate health measures to improve the health protection of employees.




Workplace entrances are equipped with temperature detectors, and everyone entering must have their temperature measured




Provide free masks for employees, and disinfectant hand sanitiser is placed around the office



Goods and letters are distributed to departments after disinfection



Continuously promote hygiene knowledge, employees who feel unwell should wear masks



The canteens maintain a one-way seating arrangement

The occupational health and safety management of the Group covers the areas of production, plant areas, equipment, personnel and other levels. A safety responsibility system has been implemented internally for everyone in the Group, from the management to employees, responsible for safety production. All employees and visitors, including external contractors, are regulated by the related safety policy when they enter the production base.

Executive Director and General Manager	Safety and Equipment Management Group of Administration Department	Administration Department	Head of Each Department	External Contractor of Maintenance Project
<ul style="list-style-type: none"> To supervise the employees following all the safety guidelines, policies and regulations of safety production To supervise safety work and handle incidents 	<ul style="list-style-type: none"> To implement safety management and objectives To organise safety risk assessment To analyse industrial accidents and verify the corrective and preventive measures of responsible departments 	<ul style="list-style-type: none"> To manage the safety of vehicles, security and surveillance from the surrounding environment 	<ul style="list-style-type: none"> To maintain the safety of the department Safety officer assists in executing the work To set safety key performance indicators 	<ul style="list-style-type: none"> Equipped with safety production capacity and relevant qualifications to undertake the project Operators shall be certified and receive safety education and training from the Group

TALENT (CONTINUED)

The Group organises a safety production summary and outlook meeting every year for the management team and department heads to review the effectiveness of safety management work in the past year and make work arrangements for the coming year. Each department sets safety goals and plans, and the responsible person signs a commitment letter and instills the responsibility requirements for all personnel to jointly assume safety responsibilities in the department. Any employee can raise concerns about safety and health matters with the department safety officer, supervisor, or directly to the safety and equipment management group of the Administration Department. The Group holds a monthly administrative meeting for the entire production base to report on employee feedback received that month and to develop improvement measures by the safety and equipment management group.

The safety and equipment management group of the Administration Department organises safety risk assessments for all departments to participate regularly, identify potential hazards and potential accidents in different positions, places and activities, evaluate the degree of danger, and review and revise the safety production policies and operating procedures. The Group analyses the potential occupational hazards that may occur in various positions and provides appropriate personal protective equipment for employees who may be exposed to dangers such as noise, mechanical injuries and dust, including earplugs, gloves, masks, etc. Karrie also installs safety light curtains. When personnel are detected to have entered the working area of the machinery, the operation will be immediately suspended, minimising the chances of mechanical injuries. During the Year, the Group did not receive any reports of employees suffering from occupational diseases.

All departments regularly inspect their safety work, including supervising the allocation and use of fire equipment and personal protective equipment and participating in fire drills regularly. For the Headquarters in Hong Kong, an external third party conducts regular compliance check-ups of the fire safety systems, and the Group also arranges employees to participate in fire drills organised by the building management company. All new employees will receive training about occupational health, safety, and fire protection, and they are required to take an examination before commencing of their posts. During the Year, the Group held the "Safety Production Month" event, which included safety production knowledge competitions and fun activities to convey safety knowledge to all employees in a lively manner.



In June 2022, the Group held safety knowledge competitions and fun activities to raise employee awareness of safety

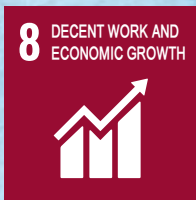
The Group has developed the Work Injury Treatment Procedure and regularly updates it. If employees find any situation in the factory that may cause injury, they can leave in time and report it to their supervisors when it is safe. If there is a serious work-related injury or illness, the patients shall be directly sent to the hospital for treatment, and the case can be reported later.

When an accident occurs, relevant parties, including the safety and equipment management group, will be responsible for investigating the cause of the accident, holding a safety review meeting and rectifying the existing safety problems. During the Year, most of occupational injuries were caused by unsafe behaviours, and the following reasons included inappropriate environmental settings and traffic accidents. All work injuries are reported to regulatory authorities in accordance with local laws and regulations and work-related injury assessment is implemented. Work-related injury reports will be prepared to analyse the causes of accidents. The equipment will be rectified and the safety training will be strengthened based on the causes of accidents.

TALENT (CONTINUED)

During the Year, the Group strictly complied with the Law of the PRC on Work Safety, the Law of the PRC on Prevention and Control of Occupational Diseases, the Laws of Hong Kong of Occupational Safety and Health Ordinance and other relevant laws and regulations. There was no record of any violation.

Concertedly Building the “Karrie” Family



Relevant goal:

- Target 8.5 — Decent work with equal opportunity and pay among genders and age groups

Our production base is equipped with employee dormitories with independent toilets, showers, air conditioners, WiFi and solar hot water supply. There are canteens, basketball courts, a ping-pong and billiards room, a fitness room, a video game room, a reading room and other leisure and entertainment places to allow employees to relax after work.

In terms of remuneration packages, the Group provides competitive salary for all employees based on the results of annual salary surveys. The Group provides its employees with statutory welfare following the laws of different business locations, including providing social insurance and medical insurance for the employees in Mainland China, and arranging Mandatory Provident Fund contributions for Hong Kong employees. Besides, the Group provides employees with better benefits than what is stipulated under the laws, including the provision of group medical insurance, the extension of paternity leave for men in Hong Kong and the employees' medical cooperation funds for Mainland employees and Children's education bursary funds, etc. As a “family-friendly” employer, Karrie provides wedding and childbirth gifts for employees, sets up nursing rooms and supports employees in taking care of family members. During the Year, 39 employees of the Group were reinstated after maternity or paternity leave.

The Trade Union Committee of the Group is the representative of the workers' congress, which is not only responsible for supervising and urging the execution of the conference, but also for participating in labour relations coordination and mediating labour disputes. Suggestion boxes have been set up in production and living areas, in order to offer a method for employees to submit suggestions. The Group also distributes the latest management regulations and employee activity information through the notice boards and the intranet. Through the monthly administrative meeting of the entire production base, the Group extensively listens to employee feedback and provides optimisation measures or support for employees.

TALENT (CONTINUED)

The Group organises various forms of employee activities to encourage employees to make friends with colleagues and develop interests and hobbies in their spare time. During the Year, the Group continued to organise a number of activities, including health activities, sports competitions, festival celebrations and family care.



May 2022

Held a parent-child flower arrangement activity on Mother's Day to promote filial piety and enhance the relationship between parents and children



May 2022

Organised a social activity for young employees to provide a platform for them to socialise and make friends



June 2022

Held the "Karrie Cup" table tennis competition, which had 29 skilled colleagues participating in the tournament



August 2022

Held the 16th "Care for Left-behind Children" event to enhance the relationship between parents and children.



August 2022

Held the "Karrie Star" Employee Talent Competition, with a vocal category competition



September 2022

Held the 14th "Karrie Cup" Dance Competition, with 14 skilled employee dancers participating in the competition



September 2022

Held the "Karrie Cup" Badminton Competition, with many skilled employees participating in the tournament



TALENT (CONTINUED)



September 2022

Held a health and wellness seminar on "Preventing Three Highs"



September 2022

Held a "Poetry Gathering: Original Poetry Appreciation" cultural event



September 2022

Held a Mid-Autumn Festival celebration "Karrian Gathering: Celebrating the Festival Together" which featured performances and entertainment



September 2022

Karrie Group and Castfast Development Group jointly held a 2022 National Day Celebration Cultural Evening



September 2022

Organised an adiponectin screening event providing preventive screening for approximately 180 employees



November 2022

Held the "Karrie Cup" Table Tennis Competition, with 28 colleagues participating in the tournament



November 2022

Held the 23rd "Karrie Cup" Basketball Tournament, with 15 teams of male and female athletes participating in the competition



TALENT (CONTINUED)



December 2022

Held the "Karrie Cup" Chinese Chess Competition, with 16 Chinese chess enthusiasts playing against each other



December 2022

Organised an art and mind-body activity workshop "Horticultural Therapy" with the Occupational Safety and Health Administration



January 2023

Organised a "Fitness Experts" workshop with the Occupational Safety and Health Administration



January 2023

Organised a series of "Spring Festival Carnival" activities to allow employees who stayed at the plant during the Chinese New Year holiday to have a joyful and peaceful celebration



February 2023

Held a "Guessing Lantern Riddles" activity to celebrate the Lantern Festival



February 2023

Organised a "Towel Exercise/Balance Training" workshop with the Occupational Safety and Health Administration



March 2023

Organised a stress-reducing workshop through Zentangle drawing with the Occupational Safety and Health Administration



March 2023

With the support of the Group, several departments held spring outing activities



TALENT (CONTINUED)

Employment Compliance



Relevant goal:

- Target 8.5 — Provide relevant training and skills to employee for achieving success at work

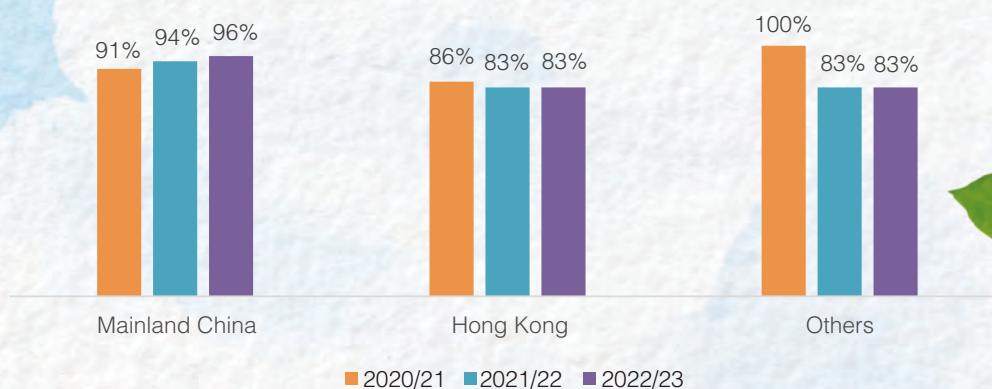
The Group strictly complies with the applicable laws and regulations of the place of operation in terms of employment, including but not limited to the Labour Law of the PRC, the Labour Contract Law of the PRC, the Trade Union Law of the PRC, the Employment Ordinance, Employees' Compensation Ordinance, and the Minimum Wage Ordinance in Hong Kong. The human resources team follows up on the changes in employment-related laws and regulations, attends regular training and updates the internal system of human resources management. During the Year, the PRC Law on the Protection of Rights and Interests of Women was revised and updated. The Group has reviewed the relevant updated content to ensure that the current corporate policies and regulations meet the latest legal requirements. During the Year, there were no non-compliance incidents related to employment within the Group.

During recruitment, selection, appointment, promotion, training and development, the Group adheres to the principles of equal opportunity. We welcome every qualified person to participate and promise that we will not discriminate against anyone because of his/her gender, race and age. The Group's employee compensation is determined based on their job responsibilities, providing consistent salary and benefits for the same position without discrimination based on age or gender. We respect and protect human rights, ensuring that all employees are not harassed in the workplace. We do not allow any form of harassment, including intimidation, verbal abuse, or sexual harassment, and provide reporting channels for all employees.

All operating locations of the Group do not have significant risks of child labor or forced labor. The Group has also developed a hiring process to avoid any unexpected incidents. The employment procedure has been standardised in the internal guidelines. The Human Resources Department will verify the age and other information of the candidates before recruitment. The Group set out the remedial measures in the established guidelines to deal with the wrong recruitment of child labour, including escorting the children back to their original place of residence to receive education. During the Year, there were no cases of any misuse of child labour. The Group strictly prohibits any form of forced labor, including slavery and human trafficking. All employees voluntarily apply for their jobs and enjoy the freedom to choose an occupation. The Group does not allow any person to withhold any certificates or documents from employees. All employees can resign at any time they wish by following the terms as stated in the employment contracts.

The Group actively integrates into the local communities where it operates and is willing to hire local talents to promote local economic development while enhancing the human resources advantage. In Mainland China, Hong Kong, Taiwan, as well as offices in the United States, the United Kingdom, and our newly established production base in Thailand, Karrie employs local people to take on management roles. During the Year, more than 83% of employees at the management level were locals.

Proportion of Senior Management Hired from the Local



TALENT (CONTINUED)

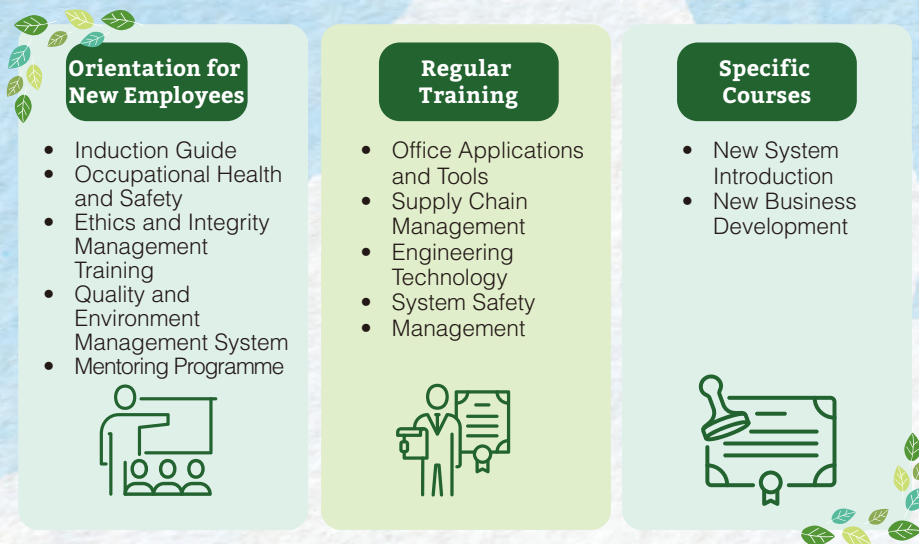
TRAINING AND DEVELOPMENT



Relevant goal:

- Target 4.4 — Provide relevant training and skills to employee for achieving success at work

In line with the corporate development strategy, the training, development and performance group executes the training programme and performance evaluation according to the Training and Development Policy. Training can be divided into three categories: orientation for new employees, regular training, and specific courses. Orientation helps all new employees quickly integrate into the work and life of the Group; the regular training provided depends on the job functions of employees and aims to improve the skills required of employees; while specific courses are related to Karrie's development strategy and business layout, providing timely knowledge and technical support for corporate development.



The Group collects training demands from various departments every year, selects courses in various training categories and arranges training plans in combination with corporate development. The training, development and performance group is responsible for developing training resources, including training employees to act as internal lecturers and contacting external training institutions to carry out training courses. Meanwhile, production departments also organise internal training programmes in accordance with work needs. The training, development and performance group will conduct an examination paper, questionnaire, or check the certificates of completion and assess the work performance to evaluate the implementation of the training. The Group also encourages employees to continue their studies in their spare time, and rewards employees who have upgraded their academic qualifications.

TALENT (CONTINUED)

During the Year, the Group implemented the following key training courses to meet the professional development needs of various departments. The average training hours per employee reached 11.6 hours, and the percentage of employees who received training during the year was 97.5% of the total number of employees at the end of the Year.

<p>Enhance the production knowledge of all employees</p> <ul style="list-style-type: none"> • Server development and design • Plastic material and injection molding process • Metal stamping process 	<p>Improve design optimisation abilities of engineers</p> <ul style="list-style-type: none"> • Value Analysis/Value Engineering (VAVE) • Six Sigma 	<p>Enhance the on-site production quality control abilities</p> <ul style="list-style-type: none"> • 8D report • Statistical Process Control (SPC) 	<p>Strengthen safety management knowledge</p> <ul style="list-style-type: none"> • Safety knowledge refresher training • Hazardous waste management knowledge training • Work injury prevention training 	<p>Develop comprehensive cognition and teamwork abilities</p> <ul style="list-style-type: none"> • Team leader training • RBA training • Team-oriented problem-solving methodology 8Ds 
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Team leaders are the basic units to organise production activities, and their abilities and management skills determine the work performance of frontline employees and are the foundation of the corporate management. The Group conducted two batches of team leader training from July to August 2022, which included role positioning, employee management and on-site management skills, quality management and improvement, communication and coordination, safety management, and Excel training.



The goal was to strengthen the capabilities of team leaders and to play a leading role.



Team Leaders Training



TALENT (CONTINUED)



Server Development and Design Training

The Group organised internal trainers to provide server development and design training for core staff in engineering research and development, tooling, assembly, and other design and manufacturing areas. The internal trainers introduce the various stages of server development and design, and share examples of problems that may arise during the development process, as well as solutions. They also share their experience in optimising design and problem-solving through communication with customers.



Fire Drill Activity

On 14 November 2022, the Group's Yuquan production base held the annual joint fire drill activity. During the drill, all employees participated in a simulation of a fire outbreak. When the employees discovered the fire, they immediately notified the security team, who quickly organised volunteer firefighters to rush to the scene and evacuated all staff within a specified time. The exercise also included department representatives participating in practical fire extinguisher drills.

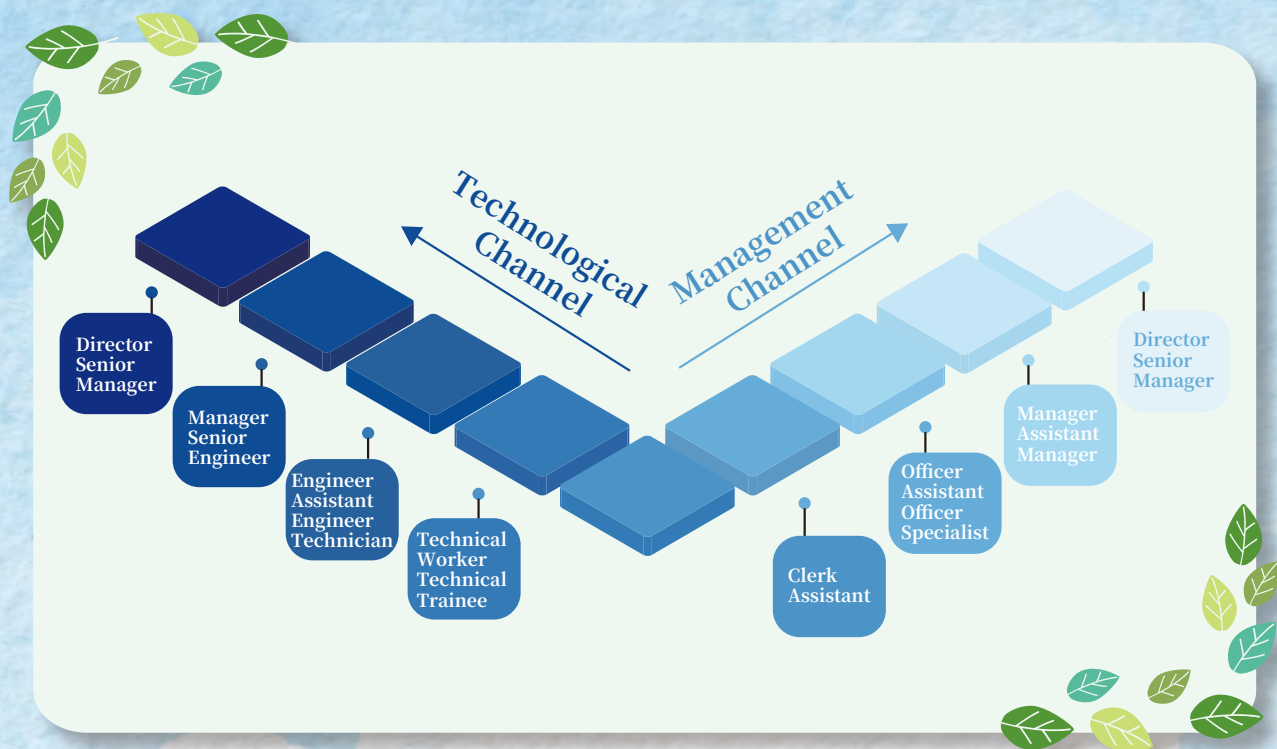
In order to ensure that employees have the correct knowledge and skills to provide first aid assistance in emergency situations, the Group invites professional rescue personnel to hold annual courses on CPR and AED use. During the course, colleagues learn about first aid operations and practice practical skills using mannequins in simulated scenarios. Professional rescue tutors provided guidance and ensured that the trained employees can master first aid skills.



First Aid Training

TALENT (CONTINUED)

Employees in different positions enjoy opportunities for development and promotion. The Group has formulated the assessment indicators in combination with the job responsibilities and personal professionalism and willingness. The supervisors evaluate and communicate with the corresponding employees every year. To ensure that capable people can make contributions at a higher level, promotion assessment will be determined according to the capacity requirements of target positions, including written examination, interview and personality test. For each position, the Group establishes training plans for talented employees to ensure the effective inheritance of corporate operations.



In order to provide more opportunities to young people and explore potential young talents, the Group has established the “Employees’ Junior Family Member Programme” and “University Summer Internship Programme” to recruit employees’ relatives and children, and college students to get their internships in the Group. Meanwhile, the Group also launched a “Trainee Programme” for engineers, and financial and accounting personnel to cultivate professionals to support the operation and development of the Group. Karrie also provides supporting measures for eligible retired employees. For suitable positions and with the employee’s voluntary consent, the Group can offer re-employment arrangements.

COMMUNITY

Our Progress

Since 2005, Karrie has incorporated community work into its social responsibility initiatives. This Year, the Group continued to provide support to the elderly, youth in the local community, and disaster victims around the world. With the establishment of the production base in Thailand, the Group participated in local community activities in Thailand for the first time. In response to the educational needs of Hong Kong youth to understand more about the country and its situation, the Group will donate HK\$1 million over the next two years to support the renovation of the national education classroom at La Salle College, and to promote academic development in the fields of design and applied technology.

Performance in Relevant Scopes of Karrie's CSR

Passing on Values

- Donate **HK\$1 million** to support the academic development of national education, design, and applied technology at La Salle College
- Inherit the "**Karrie Nothing is Impossible**" project and continue to **innovate the content of the activities**

Community Building

- Support the UNHCR's **aid project for earthquake victims in Turkey and Syria**
- Support tree-planting activities in the local community where our business operates in Thailand, to **promote greening of the community**

COMMUNITY (CONTINUED)

Our Community Commitment

Karrie is committed to the spiritual care and love of those in need. Adhering to the philosophy of 'giving back to the society for good', Karrie will grow harmoniously and continuously with the society. The Group actively participates in social services, forming two focus areas of "Community Building" and "Passing on Values", and continuously contributes to projects such as disaster prevention, youth education and development, and caring for the elderly and vulnerable communities.

Management Approach and Policy

Since 2005, the Group has established corporate social responsibility policies, allocating 0.3% of the previous year's profits to serve the community every year, and has donated more than HK\$8 million. Following the lead of the Corporate Sustainable Development Committee, the Group has set up the community service team in Hong Kong, and the Trade Union Office and the Party Branch in Mainland China. Karrie has long-term cooperation with local social welfare institutions and educational organisations, and have participated in various social welfare activities in the fields of talent education, helping the disadvantaged, disaster relief and crisis relief, etc.

COMMUNITY BUILDING



Relevant goals:

- Target 1.5 — Help those in need to build resilience to environmental, economic, and social disasters
- Target 2.1 — End hunger and ensure access by all people, in particular the poor and people in vulnerable situations, to safe, nutritious and sufficient food
- Target 3.4 — End the epidemics of tuberculosis, waterborne diseases and other communicable diseases

COMMUNITY (CONTINUED)

This Year, Karrie continued to support community care activities for local vulnerable groups. As the pandemic gradually subsided, the Group's support measures for the community were gradually adjusted from epidemic prevention to community care. Karrie supported the co-prosperity and development of communities where its businesses are located through site visits, organising or participating in social activities, and other means. In response to the strong earthquake that occurred in the border area between Turkey and Syria in February 2023, the Group actively responded to the invitation from the UNHCR and appealed for donations to support the relief work, lending a helping hand to the local disaster victims.

Community Care — Bringing Festive Joy to Elderly Residents

Karrie has maintained a long cooperative relationship with H.K.S.K.H. Tai Wo Neighbourhood Elderly Centre and Dongguan Fenggang Elderly Home, actively organising care activities for the elderly residents in the community. In Fenggang, the Group organised volunteer visits to the elderly home during the Dragon Boat Festival and Mid-Autumn Festival, distributing festive food and daily necessities and chatting with the elderly residents. In Hong Kong, the Group supported the Tai Wo Neighbourhood Elderly Centre to hold Dragon Boat Festival, Mid-Autumn Festival, Christmas, and Chinese New Year events for the community's elderly residents, organising interactive games to bring laughter and festive joy to the elderly.



Caring for Disaster Victims — Collaborated with the UNHCR for the Earthquake Relief in Turkey and Syria

In February 2023, a strong earthquake hit the border region between Turkey and Syria, affecting millions of people in both countries. Karrie responded promptly by working with the UNHCR to publish a donation appeal for the disaster victims in several local newspapers in Hong Kong. The Group also issued an internal appeal, encouraging employees to contribute to the relief efforts for the disaster victims.



COMMUNITY (CONTINUED)

Greening Communities — Supported Tree-Planting Activities in AMATA Industrial Park, Chonburi, Thailand

Karrie's production base in Thailand (KWT) is committed to upholding the Group's environmental values. Upon learning about the tree-planting activities planned for the AMATA Industrial Park, where its factories are located, the company actively invited employees to participate. On 5 December 2022, in celebration of World Soil Day, KWT and local enterprises collaborated to plant 500 local tree seedlings in the AMATA Industrial Park, Chonburi.



PASSING ON VALUES



Relevant goals:

- Target 4.5 — Eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable
- Target 4.7 — Promote the knowledge and skills needed to achieve sustainable development
- Target 4.a — Build and upgrade education facilities that are child, disability and gender sensitive

The Group carries on the founder Mentor Ho's sense of mission towards education work. Through donating scholarships to colleges and vocational schools, organising youth development activities, and hosting visits for young students to experience the business operations, it supports the potential development of children and teenagers.

Nurturing Talent — Signed a Memorandum of Understanding with the La Salle Foundation

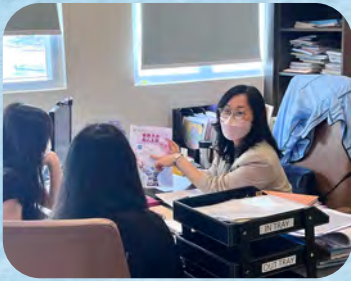
In celebration of La Salle College 90th anniversary in 2022, Karrie signed a memorandum of understanding with the La Salle Foundation to establish a strategic partnership. The Group donated HK\$1 million to support the renovation of national education classroom and the academic development of design and applied technology at La Salle College. The two parties will also explore opportunities to promote the development of the design and applied technology curriculum together. Karrie will leverage its experience and industry networks to help enhance the flexibility of subject learning and increase students' exposure to industrial processes, jointly cultivating the next generation of creative and innovative talents. The signing ceremony was attended by representatives from both parties on 20 January 2023.



COMMUNITY (CONTINUED)

Job Shadowing Mentorship Programme

In the Year, Karrie's Executive Directors and senior management continued to serve as corporate mentors, supporting the Job Shadowing Mentorship Programme organised by the Social Welfare Department of the HKSAR and various organisations. They personally guided six secondary school students to participate in a two-day of work experience. During the programme, department heads also participated, introducing different job experiences to help students gain a deeper understanding of the enterprise' operations. Corporate mentors encouraged students to participate in their work and shared their previous work challenges and problem-solving methods, inspiring students to evaluate their own abilities and plan for their future careers.



“Karrie Nothing is Impossible — Great Challenge” for Fitness and Resilience under the Pandemic

The Group has sponsored the “Karrie Nothing is Impossible” Programme organised by H.K.S.K.H. St. Christopher's Home since 2005, which aims at nurturing children and helping to strengthen their willpower and endurance against adversity. This Year, the programme added a public participation element called the “Great Challenge” for fitness and resilience under the pandemic, inviting public to join a daily walking challenge of achieving 8,000 steps within October 2022 to enhance their resilience during challenging times. The event successfully recruited over 400 Hong Kong citizens and enlisted Hong Kong's renowned artist, Mr. Hung Wing Shing, Tony, as the ambassador to increase the programme's impact.



COMMUNITY (CONTINUED)

Community Engagement



Relevant goals:

- Target 17.16 — Enhance the global partnership for sustainable development, with multi-stakeholder partnerships that mobilising and sharing knowledge, expertise, and technology to support the achievement of the sustainable development goals

The Group has joined a number of industry organisations, actively participated in the evaluation of sustainable development awards and relevant forums and seminars, shared experience with peers, learned advanced management measures and science and technology from others, and provide resource support for communities and partners. The Group continues to establish partnerships with the industry and regions to promote sustainable development partnerships.



April 2022

Received the visit of Zhang Yaohong, Secretary of the Fenggang Town Committee, to investigate and inspect the company's production and operation, as well as its future development plans



April 2022

Received the visit of Tang Jiexun, Chairman of the Fenggang Town People's Congress and Chairman of the Trade Union, and his delegation to guide the company's work



April 2022

Participated in the "Protecting Our Beautiful Home Together — Fenggang Town's Mask-Wearing Campaign" by donating 30,000 masks to the town government







COMMUNITY (CONTINUED)



May 2022

Received the visit of senior leaders from Guangqing Holding Group to investigate and conduct research at the company



June 2022

Organised a Dragon Boat Festival visit to the Dongguan Fenggang Elderly Home, distributing rice dumplings and daily necessities to the elderly



June 2022

The 2022 'Karrie Nothing is Impossible' programme, co-organised with K.S.K.H. St.Christopher's Home, officially began the 'Great Challenge' for fitness and resilience under the pandemic



August 2022

Launched Job Shadowing Mentorship Programme and series work experience activities



August 2022

Supported the Mid-Autumn Festival celebration at H.K.S.K.H. Tai Wo Neighbourhood Elderly Centre, joining the "Old Buddies" to celebrate the festival in advance altogether



September 2022

Organised a Mid-Autumn Festival visit to the Dongguan Fenggang Elderly Home to offer holiday greetings



COMMUNITY (CONTINUED)



December 2022

Supported the "Green Tour" programme of English Wise Learning Centre, promoting environmental awareness among young students



December 2022

Supported the tree-planting event held in the AMATA Industrial Park in Chonburi, Thailand, where the Group's new production base is located



January 2023

Supported H.K.S.K.H. Tai Wo Neighbourhood Elderly Centre's "Tai Wo Jade Rabbit Spring Festival Celebration" and offer greetings



January 2023

Signed a memorandum of understanding for strategic cooperation with the La Salle Foundation, providing funding support for the renovation of national education classroom and the academic development of design and applied technology at La Salle College



February 2023

Sponsored the Hong Kong charity organisation "Travel Kind" to raise funds for a charity organisation in Nepal



February 2023

Sponsored the UNHCR to publish donation appeals in multiple local newspapers in Hong Kong, giving hands to the victims of the Turkey-Syria earthquake.



COMMUNITY (CONTINUED)



February 2023

Supported the "Greeners Action — Red Packet Recycling Campaign" and set up recycling bins in the Hong Kong office.



February 2023

Received a visit from Prof. Ho Shun Man, President, and Prof. Ip Po-keung of the Hang Seng University of Hong Kong at the Hong Kong Headquarters



March 2023

Supported WWF's "Earth Hour" campaign



OPERATION

Our Progress

To achieve sustainable operations, the Group regularly monitors any changes in external laws and regulations, and adjusts policies and systems in a timely manner to maintain an honest and upright corporate governance model. In order to keep a competitive advantage, the Group continues to strengthen its production capabilities, and create products for customers with high quality and efficiency through process innovation and automation solutions. In terms of supplier management, the Group continues to strictly implement the new supplier audit and existing supplier regular review systems, and updates them in conjunction with external sustainability norms, instilling new rules and requirements in all business partners.

Suppliers Management

- Regular supplier audit covering ESG aspects
- **86%** of the suppliers are located in Mainland China and Hong Kong, beneficial to reducing the GHG emissions from the transportation of raw materials.

Product Responsibility

- Research and development of automation technology, received more than **60** patents
- Created **11** new production technologies during the Year

Performance in Relevant Scopes of Karrie's CSR

Corporate Governance

Provide clear **whistleblowing channels** for employees and business partners

OPERATION (CONTINUED)

Our Business Philosophy

Adhering to the “Craftsmanship Spirit”, Karrie is meticulous about product safety and quality to ensure that all products meet internal and external standards; adhering to the innovative idea of “adapting to the situations”, Karrie pursues technological advancement and strives for excellence. The Group also works with clients and suppliers in an honest and fair way, respects the intellectual property rights of all parties, ensures information security, and creates a win-win situation.

CORPORATE GOVERNANCE



Relevant goals:

- Target 16.5 — Substantially reduce corruption and bribery in all their forms

The Group has built up a diverse and balanced Board of Directors. The Company's Secretary Department assists all board members with the updating of corporate governance requirements and training in a timely manner. An Executive Committee composed of our professional management team has been set up to deal with daily operations. The Internal Audit Department conducts regular audits to identify and analyse the major risks faced by the Company and the risk management projects, reviews the operational compliance, and reports to the Board and the Audit Committee.

To maintain a fair business environment, employees must maintain high standards of integrity and are strictly forbidden to use their positions to solicit any personal interests. With reference to the relevant laws and regulations of each business location, the Group has issued the “Ethical Disciplinary Code” to employees. In respect of suppliers and service providers, the Group has issued a letter named “Peers’ Belief” to remind them not to provide anything valuable to employees to avoid any conflict of interest. During the Year, the Group updated these two policies to provide employees and business partners with more diverse channels for whistleblowing. The Group has set rules and standards for regulating business entertainment.

Code of Employee Ethical Disciplinary

- Policies governing the acceptance of benefits and hospitality, as well as the declaration of conflicts of interest
- It is forbidden to provide benefits directly or indirectly to any staff of the business partner
- Requirements for the handling of confidential information, protection of intellectual property rights and protection of fair competition, etc.
- Whistleblowing system and measures to protect whistleblowers

"Peers Belief" Letter

- It is strictly prohibited to convey any benefits to the employees of the Group and their relatives and friends.
- It provides a channel for partners to report any employee of the Group who is seeking benefits.

OPERATION (CONTINUED)

All new employees must receive ethics and integrity management training while existing employees will get regular reminders through company announcements and other channels. The Internal Audit Department organises internal trainings on ethics and integrity management several times a year, covering employees at manager level or above or in core positions.

The Group has established a whistleblowing system for all employees, suppliers and service providers. They can directly report their concerns to two executive directors and the Audit Committee members through different channels, such as face-to-face, by letter, telephone, or email. The identities and information of whistleblowers will be kept confidential, and the Group will protect their legitimate rights and interests and prohibit retaliation against them. If a report is confirmed to be true after the investigation, the person concerned will be disciplined, or even terminated if the case is found to be very serious. If it is suspected of violating the law, the Group will report it to the local authority immediately. With the use of the whistleblowing system, the Group can check potential loopholes in the current policies and take timely corrective measures.

During the Year, the Group strictly complied with the provisions of the Criminal Law of the PRC on crimes involving staff of non-state-owned companies and enterprises and the prohibition of commercial bribery, as well as the relevant requirements of the Anti-Unfair Competition Law of the PRC, Prevention of Bribery Ordinance, Personal Data (Privacy) Ordinance and Anti-Money Laundering and Counter-Terrorist Financing Ordinance in Hong Kong, and there were no non-compliance incidents.

PRODUCT RESPONSIBILITY

The Group provides international leading technology enterprises with mechanical engineering solutions, manufacturing metal and plastic parts, tape drive data storage, POS systems and other computer peripheral products. The Marketing Department and Engineering R&D Department maintain close communication with customers, transfer customer needs to relevant departments, such as Production, Environmental Protection, Safety and Human Resources, and cooperate with customers to continuously improve the corporate operation.

The Group strictly abides by the Contracts Chapter of the Civil Code of the PRC, the Product Quality Law of the PRC and other local laws and regulations, and adopts the Responsible Business Alliance (RBA) Code of Conduct, the European Union's Registration, Evaluation, Authorisation, and Restriction of Chemicals (REACH), Restriction of Hazardous Substances Directive (RoHS), Packaging and Packaging Waste Directive (PPWD) and the American Dodd-Frank Act in accordance with clients' requirements. There were no non-compliance incidents during the year.

Innovation and Intelligent Manufacturing



Relevant goals:

- Target 9.4 — Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency
- Target 9.5 — Enhance scientific research and upgrade the technological capabilities of industrial sectors

OPERATION (CONTINUED)

The Group introduced automatic production technology in 2007. After years of development, the Group has more than 900 six-axis robot arms and AOI systems, which realise automation in most manufacturing processes. Automation helps the Group to improve product quality control, and mitigate the impact of rising labour costs and labour shortage. The Group also invests in affiliated companies to develop automation technology. The R&D results are not only applied in its factory, but also provided relevant solutions for the industry.

The Group has established the R&D Project Management Committee, led by an Executive Director and General Manager, and comprising the heads of major departments such as Engineering and R&D, Production Management, Finance and Marketing. The Committee is responsible for the innovation in new products, production technologies, automation and control systems. During the Year, the Group has implemented multiple new technology applications, including innovative production processes and innovative automation projects, to improve its automated production capabilities for new products and continuously provide reliable production for the customers. The intelligent management system has also been continuously strengthened, including the development of a mold repair management system to achieve a faster repair response to abnormal production situations.

Innovative Production Technology

- Water transfer printing process
- Flexible laser stacking welding
- Large-scale shared pot riveting process
- Implant injection molding process
- Automatic tube insertion
- Automatic seal ring installation

Innovative Automation

- Flexible visual automatic binding
- Large-scale automatic flipping welding
- Automatic bending for large products
- Automation of hard disk bracket riveting
- Flexible visual loading and silk screen printing

The R&D Project Management Committee is also responsible for patent protection applications of self-developed technologies and has obtained more than 60 practical patent certificates issued by the China National Intellectual Property Administration. The production base in Dongguan has also been awarded the “High and New Tech Enterprise Certificate” jointly by the Department of Science and Technology of Guangdong Province, the Department of Finance of Guangdong Province and the Guangdong Provincial Tax Service, State Taxation Administration.

Creating Safe and Green Products

Since 1998, the Group has introduced the ISO9001 Quality Management System. The Group’s quality policy is “to manufacture products that meet customers’ requirements with the most effective cost; all our employees uphold the quality-first working spirit, comprehensively enforce the quality system that has been put in place and strive for continual improvements to meet expectations of customers”. The Group has developed product safety, environmental protection and quality standards in strict compliance with customer and regulatory requirements, and controls quality in accordance with the established procedures.

The Quality Management Committee has been established under the Group’s Executive Committee, and is responsible for formulating the corporate quality policies and improving the quality management of all production departments. The Quality Department is composed of Measurement Team, ISO Task Force Group, Central Documentation Team and IQC Group, and is responsible for quality control. The Quality Department also works closely with the Marketing Department, Engineering and R&D Department, Procurement Department, and other production departments to ensure product safety and control hazardous substances.

OPERATION (CONTINUED)



Measurement

- To measure the first model of all new projects
- Calibration of measuring instruments in the factory

ISO System Coordination

- To coordinate the implementation of ISO systems
- To monitor the implementation of the systems

Documentation

- To control the documentation system according to ISO standards
- To maintain and update the information on the production system

Material Control

- To check all raw materials in the factory

Marketing Dept.

- To communicate with clients and collect their requirements on product design and hazardous substances

Engineering and R&D Dept.

- To develop new products according to the design requirements of clients
- To provide the ISO Group with material lists for new products

ISO Group

- To summarise the requirements for hazardous substances from clients and external regulations such as RoHS and REACH, etc.
- To disseminate this information to procurement and production departments, as well as to monitor its implementation

Procurement Dept.

- To deliver the material investigation requirements to suppliers and collect hazardous substance testing report
- Suppliers are required to sign the Declaration of Non-use of Hazardous Substances



Inspection points are set up in key production processes, and reliability tests are carried out to ensure the quality of the products delivered. Based on the application scenarios of the OEM products and clients' requirements, the Group conducts testing on food contact safety, metal rust resistance, mechanical strength, etc. Unqualified materials and products found in procurement or production or the products returned by customers will be recorded, isolated and disposed of according to a standard procedure, and improvement measures will be implemented according to the Corrective and Preventive Measures Procedure. The Group also adopts scientific quality management methods, such as risk assessment, FMEA, SPC, and 6 Sigma, to improve product quality and minimise the risks of errors.

The Group regularly conducts quality audits to ensure that the quality management system meets the relevant requirements and is effectively implemented. Production plants conduct internal quality audits at least twice a year and set up task forces to review the quality management process. If any non-conformity is found, corrective and preventive measures will be formulated and implemented by the audited department. The external quality audit is conducted annually by an independent third-party audit organisation and there are on-site audits by customers from time to time.



OPERATION (CONTINUED)

Information Security and Customer Service

The Group will keep products designed, developed or processed for customers confidential in accordance with the agreements signed with customers, respect the intellectual property rights of customers and third parties and protect our rights through patent application. All employee computers' hardware and software systems are managed by the IT Department, and protective measures are in place to prevent employees from installing any software by themselves, in order to eliminate the possibility of using pirated software. Employees who require access to the Company's confidential information, need to sign an agreement with the Company and fulfill the confidentiality responsibility. The Group implements information security works covering physical control, employee education and network and software.

Physical Control

- To implement access control by using employees cards
- Goods entering and leaving the company have to go through security checks
- Equipped with fire safety equipment according to local laws and regulations, Emergency Rescue Plan is in place to deal with accidents such as fire and leakage of hazardous substances.
- To keep the server room temperature in an appropriate range

Employee Education

- Employees in sensitive positions have confidentiality clauses in their employment contracts that are explained to them before they sign
- The Employee Handbook and the Code of Employee Ethical Disciplinary stipulate confidentiality requirements and all new employees must attend the training.
- To provide information security training for all computer users

Network and Software

- All computers are enabled with anti-virus functions
- To regularly check the vulnerabilities of servers and user computers and release security updates in time
- To check the running status of servers regularly, including the CPUs load and fans operation of servers
- Depending on the type of data stored in each system, the data has been backed up daily or weekly and stored in a fire-resistant antimagnetic cabinet far from the server room

In dealing with client communication, the Group has established a client complaint and product reclaim mechanism so that clients can contact the responsible persons in the first instance. Special client service teams will respond actively and handle problems within the time permitted by clients, carry out improvement actions internally, which include product reclaim, thorough checking, replenishment, implementation of remedies and preventive measures, and report the treatment to clients until they are satisfied. During the Year, the Group took actions to any customers' feedback, all of which were resolved through communication with the customers and subsequent improvement work, resulting in customer satisfaction, without causing any significant complaints.

The Group carries out customer satisfaction surveys according to the regular practices of its clients' industries. The Group collects their opinions through interviews, phone calls, emails and other channels to evaluate their satisfaction with product quality, engineering technology and delivery cycle. The Group evaluates the overall satisfaction of clients by taking into considerations of some indicators such as return rate, customer complaints, and audit results.

OPERATION (CONTINUED)

SUPPLIERS MANAGEMENT

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Relevant goal:

- Target 12.4 — Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle

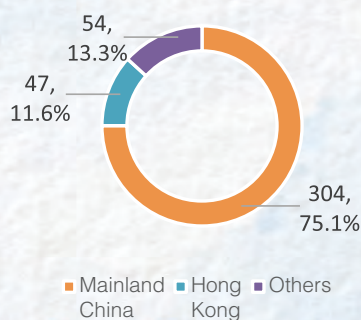
To ensure the products and services provided are in line with the requirements of clients, the Group has established and implemented Supplier Control Procedures to strictly evaluate and assess suppliers who provide raw materials and auxiliary materials. All new suppliers will be evaluated and reviewed by the supply chain team, which includes an assessment of suppliers' environmental, labor, and safety performance. Only those who meet the Group's requirements can become qualified supply partners. The supply chain team regularly visits major suppliers and evaluates their quality status and productivity. The Group evaluates suppliers' performance by month. When a supplier is rated lower than a certain level, the procurement will be suspended and improvement measures will be required. In the case of continuous non-conformance, the supplier will be disqualified.

In order to comply with the regulations of ISO9001 Quality Management System and ISO14001 Environmental Management System, the Group assesses the environmental and social risks of different suppliers, and prefers suppliers with quality guarantees and environmental protection commitments. The Group has also signed agreements with suppliers to ensure that they comply with the environmental protection standards of the Group and clients, including the requirements for environmentally hazardous substances specified in REACH, RoHS, etc. According to the minerals regulations in conflicting regions of the RBA Code of Conduct and the American Dodd-Frank Act, suppliers must confirm that they have not used the conflict minerals, including tantalum, tin, gold, tungsten, cobalt and mica produced by the Democratic Republic of Congo ("DRC") or its neighbouring countries. The Group conducts due diligence for suppliers. During the Year, among the suppliers directly cooperating with the Group that use raw materials containing tantalum, tin, gold, tungsten, cobalt, and mica, 42 provided conflict minerals reports, accounting for 100% of the total. The relevant smelters and refineries numbered 107 in total, of which 77 were RMI-compliant smelters. There were 19 suppliers involved with smelters and refineries that have not yet obtained certification, all of which were designated by customers. These suppliers have been requested to encourage upstream smelters and refineries to apply for certification or to remove relevant smelters and refineries.


The Group refuses to cooperate with any supplier who may be involved in forced labour or human trafficking and adopts the RBA Code of Conduct as an internal standard to evaluate the labour conditions of suppliers. The Quality Department's ISO Task Force Group works with the Supplier Management Team to supervise suppliers' compliance with the Group's social and environmental responsibility standards and to collect and evaluate their compliance with the RBA Code of Conduct. 100% of new suppliers are required to participate in the Group's RBA investigation and evaluation, while all existing suppliers are required to complete the Group's RBA investigation every two years.

The Group continues to implement local procurement strategies to reduce the transportation of raw materials and the corresponding energy consumption and environmental impact. Mainland China is still the main procurement location of the Group, together with suppliers from Hong Kong, accounting for more than 86% of the total number of suppliers. Through the process of new supplier assessment or regular supplier reviews, the Group has not identified any suppliers with significant environmental or social risks.

Number of Suppliers (by region)



APPENDIX

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1. **Key Performance Data Summary**
 2. **Memberships**
 3. **Awards and Recognition Received during the Year**
 4. **Content Index**
 5. **Verification Statement**

APPENDIX (CONTINUED)

1. KEY PERFORMANCE DATA SUMMARY

Environmental

The scope of the following data included the Hong Kong Headquarters and the Yuquan production base in Fenggang, Dongguan.

Energy Consumption	Unit	2022/23	2021/22	2020/21
Electricity	kWh	39,276,959	46,040,593	38,257,536
Intensity of electricity consumption	MWh/m ²	263	308	256
Diesel	Litre ("L")	111,349	228,116	158,081
Energy consumption of diesel	GJ	4,230.07	8,665.92	6,005.34
Petrol	L	43,641	37,514	51,924
Energy consumption of petrol	GJ	1,531.36	1,316.33	1,821.97
Natural gas	Cubic Meter ("m ³ ")	111,156	130,734	117,887
Energy consumption of natural gas	GJ	4,327.41	5,089.61	4,589.46
Total energy consumption	GJ	151,485.89	180,818.00	150,143.90
Total energy intensity (by floor area)	GJ/m ²	1.014	1.21	1.005
Total energy intensity (by industrial revenue)	GJ/\$'000	0.049	0.059	0.054

GHG Emissions	Unit	2022/23	2021/22	2020/21
GHG emission Scope I — direct emission ¹	tonne CO ₂ e	748	1,067	967
GHG emission Scope II — indirect emission ¹	tonne CO ₂ e	22,327	26,678	23,282
Total GHG emission ¹	tonne CO ₂ e	23,075	27,745	24,249
Intensity of GHG emissions ¹ (by floor area)	tonne CO ₂ e/m ²	0.154	0.186	0.162
Intensity of GHG emissions ¹ (by industrial revenue)	tonne CO ₂ e/\$'000	0.0075	0.0090	0.0087

¹ The types of GHG include: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydro-fluorocarbons (HFCs), per-fluorocarbons (PFCs) and sulfur hexafluoride (SF₆). Emission factors and global warming potential (GWP) calculations and data sources are derived from the Accounting and Reporting Guidelines for Greenhouse Gas Emissions and Deductions for Hong Kong Buildings (Commercial, Residential or Public Use) by Environmental Protection Department and the Electrical and Mechanical Services Department, the sustainability reports of CLP Holdings Limited, the How to Prepare an ESG Report by HKEX, the Accounting Methods and the Accounting Methods and Reporting Guidelines for Greenhouse Gas Emissions of Enterprises for Power Generation Facilities (2022 Revision) and the Notice on Doing a Good Job in 2023–2025 Reporting and Management of Greenhouse Gas Emissions of Power Generation Enterprises by the Ministry of Ecology and Environment of PRC, the GHG Protocol Tool for Energy Consumption in China (ver. 2.1) by World Resources Institute, the Fifth Climate Change Assessment Report (AR5) and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories by IPCC.

APPENDIX (CONTINUED)

Air Pollutants Emissions	Unit	2022/23	2021/22	2020/21
Nitrogen oxides (NO _x) ²	Kilogram ("kg")	3,270.49	5,977.52	4,189.21
Sulphur oxides (SO _x) ²	kg	2.00	2.60	2.98
Particulates ²	kg	211.43	394.05	274.21
Use of Resource	Unit	2022/23	2021/22	2020/21
Water consumption	m ³	236,890	293,517	302,896
Intensity of water consumption (by floor area)	m ³ /m ²	1.59	1.96	2.03
Intensity of water consumption (by industrial revenue)	m ³ /\$'000	0.077	0.095	0.108
Paper used (Only paper used for printing in the office is calculated)	kg	14,206.27	16,390.07	15,658.51
Total packaging material used for finished products — Paper	tonne	2,246	2,966	2,457
Total packaging material used for finished products — Plastic	tonne	323	345	267
Total packaging material used for finished products — Others	tonne	125	140	159
Effluent and Waste Management	Unit	2022/23	2021/22	2020/21
Wastewater Treatment (Only relevant data of plants in Mainland China is collected)	m ³	92,779	109,831	104,781
Total waste disposed to landfill per day (Only relevant data of plants in Mainland China is collected)	m ³	7.74 per day	7.74 per day	7.74 per day
Total chemical waste disposed (Only relevant data of plants in Mainland China is collected)	tonne	76.83	99.70	61.75
Testliner reused internally (Only relevant data of plants in Mainland China is collected)	kg	241,005	327,094	282,520
Waste paper recycled externally	kg	299,830	412,288	351,811

² The emissions of NO_x, SO_x and Particulates were calculated based on the amount of fossil fuels and natural gas that used by The Group; relevant calculations and data sources are derived from the EMFAC-HK Vehicle Emission Calculation by the H.K. Environmental Protection Department, the Vehicle Emission Modeling Software — MOBILE6.1 by the U.S. Environmental Protection Agency, the EMEP/EEA Air Pollutant Emission Inventory Guidebook — 2019 by European Environmental Agency, and the Accounting Methods for Investigation of Pollution Emissions and Manual of Emission Factors by the Ministry of Ecology and Environment of PRC.

APPENDIX (CONTINUED)

Social

Number of Employees	2022/23	2021/22	2020/21
Average number of employees of the Group during the Year ³	3,559	3,760	3,351
By region			
Mainland China	3,434	3,631	3,228
Hong Kong	103	116	115
Others	22	13	8
By gender			
Male	2,309	2,455	2,167
Female	1,250	1,305	1,184
By age group			
Below 30	904	1,046	886
30–50	2,233	2,331	2,151
Above 50	422	383	314
By employment type			
Full-time	3,457	3,562	3,242
Part-time	102	198	109
Proportion of senior management hired from the local community (%)			
Mainland China	95.83	93.83	90.79
Hong Kong	83.33	83.33	83.33
Others	83.33	83.33	100
Ratio of the China standard entry-level wage			
Compared to local minimum wage (Male)	1.13	1.13	1.19
Compared to local minimum wage (Female)	1.13	1.13	1.19
Ratio of the senior management			
Gender ratio of the Board members (Male: Female)	8:1	8:1	8:1

³ Monthly average number of employees of the Group during the reporting year.

APPENDIX (CONTINUED)

Number and Rate (%) of Full-time Employee Turnover (Monthly Average) ⁴	2022/23	2021/22	2020/21
By region			
Mainland China	318 (9.26%)	412 (11.36%)	262 (8.12%)
Hong Kong and Others	3 (2.67%)	3 (2.45%)	3 (2.10%)
By gender			
Male	230 (9.98%)	301 (12.26%)	183 (8.44%)
Female	91 (7.26%)	115 (8.78%)	82 (6.89%)
By age group			
Below 30	158 (17.49%)	232 (22.16%)	145 (16.40%)
30–50	159 (7.10%)	178 (7.62%)	114 (5.30%)
Above 50	5 (1.09%)	6 (1.57%)	6 (1.72%)
Number and Rate (%) of New Hires (Monthly Average) ⁵	2022/23	2021/22	2020/21
By region			
Mainland China	281 (8.18%)	446 (12.27%)	242 (7.50%)
Hong Kong and Others	4 (3.20%)	4 (3.42%)	3 (2.20%)
By gender			
Male	208 (9.01%)	319 (12.99%)	169 (7.78%)
Female	77 (6.15%)	131 (10.05%)	76 (6.43%)
By age group			
Below 30	150 (16.63%)	247 (23.60%)	142 (16.00%)
30–50	133 (5.96%)	198 (8.51%)	98 (4.57%)
Above 50	1 (0.32%)	5 (1.22%)	5 (1.54%)

⁴ Monthly turnover rate (%) of a type of employee = monthly average number of that type of employee turned over/ monthly average number of that type of employee.

⁵ Monthly new hires rate (%) of a type of employee = monthly average number of that type of employee new hired/ monthly average number of that type of employee.

APPENDIX (CONTINUED)

Return to Work and Retention after Maternity Leave/ Paternity Leave	2022/23	2021/22	2020/21
Number of employees who took maternity leave/ paternity leave			
Male	18	26	27
Female	27	22	30
Number and rate (%) of employees who returned to work after maternity leave/paternity leave ended⁶			
Male	14 (77.78%)	22 (84.62%)	22 (81.48%)
Female	25 (92.59%)	18 (81.82%)	25 (83.33%)
Number and rate (%) of employees who remained employed for 12 months after the end of maternity leave/ paternity leave⁷			
Male	18 (81.82%)	18 (81.82%)	21 (95.45%)
Female	8 (44.44%)	16 (64.00%)	23 (92.00%)
Occupational Health and Safety	2022/23	2021/22	2020/21
Mainland China			
Number and rate (%) of occupational fatalities	0 (0%)	1 ^a (0.028%)	0 (0%)
Number of occupational injuries	36	59	55
Rate of recorded occupational injuries (every 200,000 working hours)	1.05	1.62	1.70
Number of serious occupational injuries	3	6	4
Rate of serious occupational injuries (every 200,000 working hours)	0.09	0.17	0.12
Number of lost day	1,317	1,249	1,497
Occupational disease rate (%)	0%	0%	0%
Number of absentee days	38,248	41,355	31,490
Absentee rate (%) ⁷	4.47%	4.55%	3.89%
Hong Kong and others			
Number and rate (%) of occupational fatalities	0 (0%)	0 (0%)	0 (0%)
Number of occupational injuries	2	0	0
Rate of recorded occupational injuries	1.66	0	0
Number of serious occupational injuries	0	0	0
Rate of serious occupational injuries	0	0	0
Number of lost day	90.5	0	0
Occupational disease rate (%)	0%	0%	0%
Number of absentee days	315	278	295
Absentee rate (%) ⁷	1.05%	0.94%	0.97%

^a During the year of 2021/22, an employee suffered from a sudden illness during work and passed away after being hospitalised. According to the Regulations of the PRC on Work-related Injury Insurance, he was recognised as a work-related injury. The Group expressed heartfelt condolences and provided care and support to his family.

⁶ Number and rate (%) of employees who returned to work after maternity leave/paternity leave ended were calculated according to the GRI 401-3.

⁷ Absentee rate refers to the rate (percentage) of the number of absentee days/total number of working days for the employees.

APPENDIX (CONTINUED)

Staff Training	2022/23	2021/22	2020/21
Total training hours	41,323.68 hrs	40,117.6 hrs	33,464.6 hrs
Average training hours per employee (%) ⁸	11.6 (97.5%)	10.7 (88.9%)	10.0 (74.9%)
By gender			
Male	11.9 (97.9%)	11.4 (89.7%)	11.4 (76.7%)
Female	11.1 (96.8%)	9.2 (87.5%)	7.5 (75.4%)
By category			
Management	28.5 (94.9%)	27.4 (75.6%)	27.4 (73.5%)
Manager and department heads	20.5 (97.8%)	18.4 (79.8%)	23.5 (77.0%)
Middle level	16.4 (93.2%)	13.3 (82.8%)	15.2 (82.1%)
Technicians and team leaders	13.2 (99.1%)	12.9 (99.2%)	10.4 (88.3%)
Frontline	9.0 (97.6%)	8.4 (88.0%)	6.8 (69.6%)
Number and Rate (%) of Suppliers by Region	2022/23	2021/22	2020/21
Hong Kong	47 (11.61%)	49 (12.28%)	49 (12.28%)
Mainland China	304 (75.06%)	288 (72.28%)	293 (73.43%)
Overseas	54 (13.33%)	62 (15.54%)	57 (14.29%)
Social Responsibilities	2022/23	2021/22	2020/21
Volunteer service hours	150.0 hrs	191.5 hrs	86.5 hrs
Charitable and other donations (HK\$)	\$699,010	\$335,958	\$307,413

⁸ Average training hours completed per employee = total training hours/total number of employees; Training rate = number of employees getting trained during the year (only counting the employees still on job at the end of the year)/total number of employees at the end of the year.

APPENDIX (CONTINUED)

2. MEMBERSHIPS

Name of Institution/Association	Member Company	Class of Membership
The Hong Kong General Chamber of Commerce	Karrie Industrial Company Limited	Full Member
The Hong Kong Chinese Importers' & Exporters' Association	Karrie International Holdings Limited	Life Member
The Chinese Manufacturers' Association of Hong Kong	Karrie Industrial Company Limited	Basic Member
Federation of Hong Kong Industries	Karrie Industrial Company Limited	Member
Federation of Hong Kong Industries — Group 7 (Fabricated metal products and iron, steel and nonferrous metal basic industries and machinery)	Karrie Industrial Company Limited	Member
Occupational Safety & Health Council — Green Cross Group	Karrie Industrial Company Limited	Member
The Hong Kong Management Association	Karrie International Holdings Limited	Member
Hong Kong Institute of Human Resource Management	Karrie Industrial Company Limited	Corporate Member
The Hong Kong Polytechnic University Foundation	Karrie International Holdings Limited	Honorary Life Member
The Hong Kong Metals Manufacturers Association	Karrie International Holdings Limited	Company Member
Hong Kong Mould and Product Technology Association	Karrie International Holdings Limited	Company Member

APPENDIX (CONTINUED)

3. AWARDS AND RECOGNITION RECEIVED DURING THE YEAR

Category	Awarding Organisations	Honors/Recognitions Granted	Companies with Awards
Environmental Protection	Environmental Campaign Committee of HKSAR Government	Hong Kong Green Organisation Certification — Good Level of Energywise Certificate	Karrie International Holdings Limited
	Federation of Hong Kong Industries	“EcoChallenger” and “5 Years+ EcoPioneer” in the “BOCHK Corporate Environmental Leadership Award 2021”	Karrie International Holdings Limited
Social Responsibility	The Hong Kong Council of Social Service	“Caring Company 15+” Logo (2005–2023)	Karrie International Holdings Limited
	Community Investment & Inclusion Fund, Home and Youth Affairs Bureau of HKSAR Government	Social Capital Builder Award	Karrie International Holdings Limited
	Federation of Hong Kong Industries	“Industry Cares Recognition — Caring Certificate”	Karrie International Holdings Limited
	Hong Kong Sheng Kung Hui Welfare Council	Outstanding Corporate Caring Award	Karrie International Holdings Limited
	Hong Kong General Chamber of Small and Medium Business	“Partner Employer Award 10+” and “Retaining Current Employees” Recognition by the 2022 “Partner Employer Award” Award Scheme	Karrie International Holdings Limited
	Mandatory Provident Fund Schemes Authority	“Good MPF Employer Award 5 Years+”, “MPF Support Award” and “e-Contribution Award”	Karrie International Holdings Limited
	UNICEF Hong Kong	Certificate of Appreciation (2022–2023) — “Say Yes to Breastfeeding Campaign”	Karrie International Holdings Limited
Product Responsibility	New Product Development and Materials Technology Department of ZTE	Best Technical Support Award	Karrie Group — Shenzhen Zhetong Electronics Company Limited
Stakeholder Engagement	Graphic Arts Association of Hong Kong	Hong Kong Print Awards — Gold Award of Annual Reporting Printing	Karrie Group 40th Anniversary Supplement
	Printing and Printing Equipment Industries Association of China, The Hong Kong Printers Association and Macao Printers Association	China Print Awards — Bronze Award in the Sheetfed Books Category	Karrie Group 40th Anniversary Supplement

APPENDIX (CONTINUED)

4. CONTENT INDEX

This Report was prepared in accordance with the GRI Standards and “ESG Reporting Guide” issued by the Stock Exchange of Hong Kong. The Table below provides cross-references to related chapters or direct explanations in respect of each disclosure requirement.

Statement of use	Karrie International Holdings Limited has reported in accordance with the GRI Standards for the period 1 April 2022 to 31 March 2023
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION/REMARK	HKEX ESG REPORTING GUIDE RELEVANT DISCLOSURE	PAGE
General disclosures				
GRI 2: General Disclosures 2021	The organisation and its reporting practices			
	2-1 Organisational details	About Karrie The Company is a limited liability company incorporated in Bermuda, and was listed on the main board of the Stock Exchange of Hong Kong in 1996. Annual Report 2022/23 — Financial Highlights (Page 8-10), Chairman’s Statement (Page 11-21)		4
	2-2 Entities included in the organisation’s sustainability reporting	About this Report	Mandatory Disclosure Requirements — Reporting Boundary	2–3
	2-3 Reporting period, frequency and contact point	About this Report		2–3
	2-4 Restatements of information	Environment — Environmental Protection (Emissions Control) After the last reporting period, the waste target has been adjusted to respond to changes in the market and production conditions		18
	2-5 External assurance	Appendix: 5. Verification Statement		73–74
Activities and workers				
	2-6 Activities, value chain and other business relationships	About Karrie Annual Report 2022/23 — Financial Highlights (Page 8-10), Chairman’s Statement (Page 11-21)		4
	2-7 Employees	About Karrie Talent Appendix: 1. Key Performance Data Summary — Social	B1.1	20–21
	2-8 Workers who are not employees	There was no workers who are not employees and whose work is controlled by the Group		53

APPENDIX (CONTINUED)

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION/REMARK	HKEX ESG REPORTING GUIDE RELEVANT DISCLOSURE	PAGE
Governance				
	2-9 Governance structure and composition	Sustainability Management — Governance Structure Annual Report 2022/23 — Corporate Governance Report (Page 32-50)		7
	2-10 Nomination and selection of the highest governance body	Annual Report 2022/23 — Corporate Governance Report (Page 32-50)		N/A
	2-11 Chair of the highest governance body	Annual Report 2022/23 — Corporate Governance Report (Page 32-50)		N/A
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability Management — Governance Structure, Sustainability Philosophy Annual Report 2022/23 — Corporate Governance Report (Page 51-56)	Mandatory Disclosure Requirements — Governance Structure	7-8
	2-13 Delegation of responsibility for managing impacts	Sustainability Management — Governance Structure, Sustainability Philosophy Annual Report 2022/23 — Corporate Governance Report (Page 32-56)	Mandatory Disclosure Requirements — Governance Structure	7-8
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Management — Governance Structure, Sustainability Philosophy	Mandatory Disclosure Requirements — Governance Structure	7-8
	2-15 Conflicts of interest	Operation — Corporate Governance Annual Report 2022/23 — Senior Management (Page 62-67), Report of the Directors (Page 91-95)		44-45
	2-16 Communication of critical concerns	Sustainability Management — Sustainability Measures		9-11
	2-17 Collective knowledge of the highest governance body	Sustainability Management — Governance Structure, Sustainability Philosophy Annual Report 2022/23 — Corporate Governance Report (Page 32-42)		7-8
	2-18 Evaluation of the performance of the highest governance body	Annual Report 2022/23 — Corporate Governance Report (Page 32-56)		N/A
	2-19 Remuneration policies	Annual Report 2022/23 — Chairman's Statement (Page 24), Corporate Governance Report (Page 32-50)		N/A
	2-20 Process to determine remuneration	Annual Report 2022/23 — Corporate Governance Report (Page 32-50)		N/A
	2-21 Annual total compensation ratio	Due to confidentiality restrictions, the disclosure of this item is omitted as the median employee income is considered confidential information.		N/A

APPENDIX (CONTINUED)

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION/REMARK	HKEX ESG REPORTING GUIDE RELEVANT DISCLOSURE	PAGE
Strategy, policies and practices				
	2-22 Statement on sustainable development strategy	Chairman's Message		5–6
	2-23 Policy commitments	Sustainability Management — Sustainability Philosophy Operation — Product Responsibility		7–8 45
	2-24 Embedding policy commitments	Sustainability Management — Sustainability Measures Talent — Caring for Employees (Employment Compliance) Operation — Corporate Governance		9 29 44–45
	2-25 Processes to remediate negative impacts	Sustainability Management Environment		7–11 12–19
	2-26 Mechanisms for seeking advice and raising concerns	Operation — Corporate Governance		44–45
	2-27 Compliance with laws and regulations	Sustainability Management — Sustainability Philosophy Operation — Corporate Governance		7–8 44–45
	2-28 Membership associations	Appendix — 2. Memberships		57
Stakeholder engagement				
	2-29 Approach to stakeholder engagement	Sustainability Management — Sustainability Measures	Mandatory Disclosure Requirements — Reporting Principles (Materiality)	9–11
	2-30 Collective bargaining agreements	Within the Year, the Group did not have any effective collective contracts. The Group had previously signed a collective contract with the union, which expired in 2018. As the relevant contents were already protected by laws and regulations, the employees and company representatives agreed to terminate the contract through negotiation.		N/A
Material topics				
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Sustainability Management — Sustainability Measures	Mandatory Disclosure Requirements — Reporting Principles (Materiality)	9–11
	3-2 List of material topics	Sustainability Management — Sustainability Measures	Mandatory Disclosure Requirements — Reporting Principles (Materiality)	9–11

APPENDIX (CONTINUED)

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION/REMARK	HKEX ESG REPORTING GUIDE RELEVANT DISCLOSURE	PAGE
Climate Change				
GRI 3: Material Topics 2021	3-3 Management of material topics	Environment — Environmental Protection (Responding to Climate Change)	A4 Climate Change: General Disclosure	15–17
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	Environment — Environmental Protection (Responding to Climate Change)	A4.1	15–17
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Environment — Environmental Protection (Responding to Climate Change)	A1.2	15–17
	305-2 Energy indirect (Scope 2) GHG emissions	Environment — Environmental Protection (Responding to Climate Change)	A1.2	15–17
	305-3 Other indirect (Scope 3) GHG emissions	Due to incomplete information, disclosure is omitted. The Group has identified the main sources of scope 3 GHG emissions, including raw materials such as purchased iron and plastic, production equipment, and transportation processes. Emissions from other activities are relatively low in proportion. Accurate calculation of these emissions requires data collection from suppliers and service providers, and the Group is currently developing a data collection method. It is expected to be completed by 2025.		N/A
	305-4 GHG emissions intensity	Environment — Environmental Protection (Responding to Climate Change)	A1.2	15–17
	305-5 Reduction of GHG emissions	Environment — Environmental Protection (Energy Conservation, Responding to Climate Change)	A1.5	13–17
HKEX ESG Reporting Guide	A1.5 Description of emission target(s) set and steps taken to achieve them	Environment — Environmental Protection (Responding to Climate Change)	A1.5	15–17
Business Ethics and Morality				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Management Operation — Corporate Governance	B7 Anti-corruption: General Disclosure, B7.2	7–11 44–45

APPENDIX (CONTINUED)

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION/REMARK	HKEX ESG REPORTING GUIDE RELEVANT DISCLOSURE	PAGE
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	All operational sites conduct an annual review of the effectiveness of their risk management. Sustainability Management Operation — Corporate Governance Annual Report 2022/23 — Corporate Governance Report (Page 52-56)		44–45
	205-2 Communication and training about anti-corruption policies and procedures	Operation — Corporate Governance All Board members and employees are required to receive information and training on integrity and ethics, and all partners are required to sign a code of ethics agreement.		44–45
	205-3 Confirmed incidents of corruption and actions taken	Operation — Corporate Governance	B7 Anti-corruption: General Disclosure, B7.1	44–45
HKEX ESG Reporting Guide	B7.3 Description of anti-corruption training provided to directors and staff	Operation — Corporate Governance	B7.3	44–45
Employment Compliance				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Management Talent — Caring for Employees (Employment Compliance)	B1 Employment: General Disclosure B4 Labour Practice: General Disclosure, B4.1, B4.2	7–11 29
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Appendix: 1. Key Performance Data Summary	B1.2	54
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Talent — Caring for Employees (Concertedly Building the “Karrie” Family) Annual Report 2022/23 — Consolidated Financial Statements (Page 258) The Group provides statutory benefits for part-time employees, while full-time employees can additionally enjoy benefits that are more favorable than statutory benefits, including extended maternity leave, cooperative medical funds, children’s education funds, and some employees are entitled stock options.	B1 Employment: General Disclosure	25–29
	401-3 Parental leave	Talent — Caring for Employees (Concertedly Building the “Karrie” Family) Appendix: 1. Key Performance Data Summary All full-time employees have the right to take maternity leave or paternity leave	B1 Employment: General Disclosure	25–29 55

APPENDIX (CONTINUED)

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION/REMARK	HKEX ESG REPORTING GUIDE RELEVANT DISCLOSURE	PAGE
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Talent — Caring for Employees (Employment Compliance)	B4.1, B4.2	29
		Operation — Suppliers Management The Group does not have operational sites or suppliers with significant risks of child labour		49
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Talent — Caring for Employees (Employment Compliance)	B4.1, B4.2	29
		Operation — Suppliers Management The Group does not have operational sites or suppliers with significant risks of forced labour		49
Energy Management				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Management Environment — Environmental Protection (Energy Conservation)	A2 Use of Resources: General Disclosure A3 The Environment and Natural Resources: General Disclosure, A3.1	7–11 13–15
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Environment — Environmental Protection (Energy Conservation) Appendix: 1. Key Performance Data Summary	A2.1	13–15 51
	302-2 Energy consumption outside of the organisation	Due to incomplete information, disclosure is omitted. Similar to 305–3 other indirect (Scope 3) GHG emissions, the accurate calculation of the data requires data collection from suppliers and service providers. The Group is currently developing a data collection method, and it is expected to be completed by 2025.		N/A
	302-3 Energy intensity	Environment — Environmental Protection (Energy Conservation)	A2.1	13–15
	302-4 Reduction of energy consumption	Environment — Environmental Protection (Energy Conservation)	A2.3	13–15
	302-5 Reductions in energy requirements of products and services	Environment — Environmental Protection (Energy Conservation)	A2.3	13–15
Occupational Health and Safety				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Management Talent — Caring for Employees (Occupational Health and Safety)	B2 Health and Safety: General Disclosure, B2.3	7–11 22–25

APPENDIX (CONTINUED)

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION/REMARK	HKEX ESG REPORTING GUIDE RELEVANT DISCLOSURE	PAGE
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Talent — Caring for Employees (Occupational Health and Safety)	B2 Health and Safety: General Disclosure, B2.3	22–25
	403-2 Hazard identification, risk assessment, and incident investigation	Talent — Caring for Employees (Occupational Health and Safety) Potential risks, including machinery—related injuries, chemical — related injuries, and traffic accidents, have all been covered in the scope of safety management.		22–25
	403-3 Occupational health services	Talent — Caring for Employees (Occupational Health and Safety) Talent — Caring for Employees (Concertedly Building the “Karrie” Family)	B2.3	22–25 25–28
	403-4 Worker participation, consultation, and communication on occupational health and safety	Talent — Caring for Employees (Occupational Health and Safety) Each department has administrative personnel responsible for collecting employee feedback. Monthly administrative meetings are held to provide feedback to management and collectively discuss solutions to problems encountered by employees, including safety policies and measures.		22–25
	403-5 Worker training on occupational health and safety	Talent — Caring for Employees (Occupational Health and Safety)	B2.3	22–25
	403-6 Promotion of worker health	Talent — Caring for Employees (Occupational Health and Safety)		22–25
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Talent — Caring for Employees (Occupational Health and Safety)	B2.3	22–25
	403-8 Workers covered by an occupational health and safety management system	Talent — Caring for Employees (Occupational Health and Safety) All employees of the Group and people who enter the Group’s workplace are covered by the Group’s health and safety management system. The relevant management system follows the ISO 45001 Occupational Health and Safety Management System and is developed in accordance with the Responsible Business Alliance (RBA) Code of Conduct and has been reviewed by RBA.		22–25

APPENDIX (CONTINUED)

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION/REMARK	HKEX ESG REPORTING GUIDE RELEVANT DISCLOSURE	PAGE
	403-9 Work-related injuries	Talent — Caring for Employees (Occupational Health and Safety) Appendix: 1. Key Performance Data Summary During the Year, there were no non-employees who have suffered occupational injuries at the Group's workplace	B2.1, B2.2	22–25 55
	403-10 Work-related ill health	Talent — Caring for Employees (Occupational Health and Safety)		22–25
Product Safety				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Management Operation — (Our Business Philosophy) Operation — Corporate Governance, Product Responsibility	B6 Product Responsibility: General Disclosure	7–11 44 44–48
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Operation — Product Responsibility During the Year, the Group did not have any products evaluated as needing improvement in health and safety impacts	B6 Product Responsibility: General Disclosure, B6.4	45–48
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Operation — Product Responsibility	B6 Product Responsibility: General Disclosure, B6.4	45–48
HKEX ESG Reporting Guide	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons	During the Year, the Group did not have any products subject to recalls for safety and health reasons	B6.1	N/A
	B6.4 Description of quality assurance process and recall procedures	Operation — Product Responsibility	B6.4	45–48
Risk Management in Compliance				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Management Environment — (Management Structure & System) Operation — Corporate Governance		7–11 13 44–45

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GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION/REMARK	HKEX ESG REPORTING GUIDE RELEVANT DISCLOSURE	PAGE
HKEX ESG Reporting Guide	<p>A1 Emission: General Disclosure</p> <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>	Environment — (Management Structure & System)		13
	<p>B1 Employment: General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p>	<p>There were no violations of laws and regulations in the social and economic fields during this Year.</p> <p>Talent — Caring for Employees (Employment Compliance)</p>	B1 Employment: General Disclosure	29
	<p>B2 Health and Safety: General Disclosure</p> <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 providing a safe working environment and protecting employees from occupational hazards.</p>	Talent — Caring for Employees (Occupational Health and Safety)	B2 Health and Safety: General Disclosure	22–25

APPENDIX (CONTINUED)

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION/REMARK	HKEX ESG REPORTING GUIDE RELEVANT DISCLOSURE	PAGE
	B4 Labour Standards: General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Talent — Caring for Employees (Employment Compliance)	B4 Labour Standards: General Disclosure	29
	B6 Product Responsibility: General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Operation — Product Responsibility	B6 Product Responsibility: General Disclosure	45–48
	B7 Anti-corruption: General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Operation — Corporate Governance	B7 Anti-corruption: General Disclosure	44–45
Privacy and Information Security				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Management Operation — Product Responsibility	B6 Product Responsibility: General Disclosure, B6.2, B6.5	7–11 45–48

APPENDIX (CONTINUED)

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION/REMARK	HKEX ESG REPORTING GUIDE RELEVANT DISCLOSURE	PAGE
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Operation — Product Responsibility During the Year, the Group had no confirmed cases concerning breaches of customer privacy and losses of customer data, and there were no complaints received from external or regulatory organisations.	B6.2	45–48
Service and Product Innovation				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Management Operation — Product Responsibility	B6 Product Responsibility: General Disclosure	7–11 45–48
Internal Management Indicator	Number of new technology innovation	Operation — Product Responsibility	B6.3	45–48
Protection of Intellectual Properties				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Management Operation — Product Responsibility	B6 Product Responsibility: General Disclosure	7–11 45–48
HKEX ESG Reporting Guide	B6.3 Description of practices relating to observing and protecting intellectual property rights.	Operation — Product Responsibility	B6.3	45–48
Smart Manufacturing and Lean Production				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Management Operation — Product Responsibility	B6 Product Responsibility: General Disclosure	7–11 45–48
Internal Management Indicator	Number of lean operation proposals Number of automated projects imported	Operation — Product Responsibility	B6 Product Responsibility: General Disclosure	45–48
Green Product Innovation				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Management Operation — Product Responsibility	B6 Product Responsibility: General Disclosure	7–11 45–48
HKEX ESG Reporting Guide	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Operation — Product Responsibility Environment — Environmental Protection (Responding to Climate Change)	B6.3	45–48 15–17

APPENDIX (CONTINUED)

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION/REMARK	HKEX ESG REPORTING GUIDE RELEVANT DISCLOSURE	PAGE
Responsible Procurement				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Management Operation — Suppliers Management	B5 Supply Chain Management: General Disclosure, B5.2, B5.3, B5.4	7–11 49
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Operation — Suppliers Management		49
	308-2 Negative environmental impacts in the supply chain and actions taken	Operation — Suppliers Management		49
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Operation — Suppliers Management All new suppliers must complete evaluation and screening using the RBA Code of Conduct adopted by the Group.		49
	414-2 Negative social impacts in the supply chain and actions taken	Operation — Suppliers Management		49
HKEX ESG Reporting Guide	B5.1 Number of suppliers by geographical region	Operation — Suppliers Management	B5.1	49
Diversity and Inclusion				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Management Talent — Caring for Employees (Employment Compliance)	B1 Employment: General Disclosure	7–11 29
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Talent — (Employee Composition) Talent — Caring for Employees (Employment Compliance) Appendix: 1. Key Performance Data Summary Annual Report 2022/23 — Corporate Governance Report (Page 35-37)	B1.1, B1.2	21 29 53
	405-2 Ratio of basic salary and remuneration of women to men	Talent — Caring for Employees (Employment Compliance) Appendix: 1. Key Performance Data Summary	B1 Employment: General Disclosure	29 53
Training and Development				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Management Talent — Training and Development	B3 Development and Training: General Disclosure	7–11 30–33

APPENDIX (CONTINUED)

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION/REMARK	HKEX ESG REPORTING GUIDE RELEVANT DISCLOSURE	PAGE
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Appendix: 1. Key Performance Data Summary	B3.2	56
	404-2 Programmes for upgrading employee skills and transition assistance programmes	Talent — Training and Development The Group provides re-employment opportunities for retired employees based on job requirements and individual employee wishes. In the event of business adjustments, the Group provides affected employees with the opportunity to transfer to other positions.	B3 Development and Training: General Disclosure	30–33
	404-3 Percentage of employees receiving regular performance and career development reviews	Mainland employees at Level 5 or above and all employees in Hong Kong will receive annual performance evaluations.		N/A
HKEX ESG Reporting Guide	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Appendix: 1. Key Performance Data Summary	B3.1	56
Other HKEX ESG Reporting Guide Disclosures				
HKEX ESG Reporting Guide	Mandatory Disclosure Requirements — Reporting Principles	About this Report Sustainability Management — Sustainability Measures Appendix: 1. Key Performance Data Summary	Mandatory Disclosure Requirements — Reporting Principles	2–3 9–11 51–56
	A description of, or an explanation on, the application of the following Reporting Principles, including materiality, quantitative and consistency, in the preparation of the ESG report			
	A1.1 The types of emissions and respective emissions data.	Environment — Environmental Protection (Emissions Control)	A1.1	18–19
	305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Appendix: 1. Key Performance Data Summary		52
A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environment — Environmental Protection (Emissions Control)	Appendix: 1. Key Performance Data Summary	A1.3	18–19 52

APPENDIX (CONTINUED)

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION/REMARK	HKEX ESG REPORTING GUIDE RELEVANT DISCLOSURE	PAGE
	A1.4 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Environment — Environmental Protection (Emissions Control) Appendix: 1. Key Performance Data Summary	A1.4	18–19 52
	A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	Environment — Environmental Protection (Emissions Control)	A1.6	18–19
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Environment — Environmental Protection (Integrated Water Resources Management) Appendix: 1. Key Performance Data Summary	A2.2	17–18 52
	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	Environment — Environmental Protection (Integrated Water Resources Management)	A2.4	17–18
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Appendix: 1. Key Performance Data Summary	A2.5	52
	B8 Community Investment: General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Community	B8 Community Investment: General Disclosure	34–42
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Community	B8.1	34–42
	B8.2 Resources contributed (e.g. money or time) to the focus area	Community Appendix: 1. Key Performance Data Summary	B8.2	34–42 56

APPENDIX (CONTINUED)

5. VERIFICATION STATEMENT



Independent Assurance Statement

Introduction

TÜV Rheinland (Guangdong) Ltd., member of TÜV Rheinland Group, Germany (hereinafter "TÜV Rheinland", "We") has been entrusted by the management of Karrie International Holdings Limited (hereinafter "Karrie", "the Company") to conduct independent assurance of the Karrie Sustainability Report 2022/2023 (hereinafter "the Report"). All contractual contents for this assurance engagement rest entirely within the responsibility of the Karrie. Our task was to give a fair and adequate judgment on the Report.

The intended users of this assurance statement are stakeholders who have relevance to the Karrie's overall sustainability performance and impacts of its business activities during year 2022/2023 (1 April 2022 ~ 31 March 2023).

TÜV Rheinland is a global service provider of Corporate Social Responsibility (CSR) & Sustainability Services in over 65 countries, having qualified professionals in the field of Corporate Sustainability Assurance, Environment, Social and Stakeholder Engagement. We have maintained complete impartiality and independence during the assurance engagement, and we were not involved in the preparation of the Report contents.

Assurance Standard

TÜV Rheinland undertook the assurance work in accordance with the AA1000 Assurance Standard v3 (AA1000AS v3), Moderate level of assurance.

Scope & Type of Assurance

Our assurance engagement was carried out in accordance with the AA1000AS v3, Type 1 Moderate level on Karrie's sustainability performance in the Report. The following assurance criteria were used in performing the assurance work:

- In accordance with the GRI Sustainability Reporting Standards (GRI Standards).
- In accordance with ESG Reporting Guidelines in Appendix 27 of the Main Board Rules issued by Hong Kong Exchanges and Clearing Limited (HKEX ESG Reporting Guidelines).
- With reference to the United Nations Sustainable Development Goals (SDGs).
- Adherence to the AA1000 AccountAbility Principles of *Inclusivity, Materiality, Responsiveness and Impact*.

Assurance Methodology

Our assurance activities included:

- Reviewed management practices, processes, performance to assess Karrie's sustainability management system, which includes sustainable development concepts and policies, risk assessment, stakeholder engagement, determination of material topics, and goals and metrics setting.
- Interviewed management with responsibility for management of sustainability performance, information collection and reporting.
- Reviewed and inspected sustainability performance information and data including key performance indicators (KPIs), to test accuracy of information and data on a sample basis, by using analytical procedures.
- Collected and assessed documentary evidence and management representations that support adherence to the AccountAbility Principles.

Limitations

TÜV Rheinland performed the assurance based on the scope of defined engagement agreement, and on a moderate level assurance under the AA1000AS for engagement. Information and performance data subject to assurance is limited to the contents of the Report.

Our assurance work did not cover financial data and other information not related to sustainability.

APPENDIX (CONTINUED)

5. Verification Statement (Continued)



Conclusions

Based on our methodology and activities performed within the scope of this assurance, we can reach a conclusion that no instances or information came to our attention that would be to the contrary of the statement made as below:

- Karrie Sustainability Report 2022/2023 and its contents adhere to the AccountAbility Principles, and follow GRI Standards.
- Karrie has implemented processes to collect and aggregate quantized key performance data in relation to important material topics within the reporting boundary.
- Data of key performance indicators (KPIs) disclosed in the Report are assessed, and they are accurate and consistent for comparability with historical data, to follow HKEX ESG Reporting Guidelines.
- Information and performance data of sustainability disclosed in the Report are assessed and they are supported by documentary evidence.
- TÜV Rheinland shall not bear any liability or responsibility to a third party for perception and decision on the Karrie based on this Assurance Statement.

Adherence to the AA1000 AccountAbility Principles

Inclusivity

Karrie has identified its key stakeholders such as shareholders, employees, customers, suppliers, government and NGOs, and local communities. Through interactions, Karrie understood stakeholders' views and expectations, and took into consideration their opinions in the promotion of sustainable development work including routine KPI mechanism.

Materiality

By considering regulations, global sustainability trends, and industrial benchmarking, Karrie determined 15 material topics from its topics pool for reporting, each of them has relevance to key indicators or topic disclosures of the GRI Standards and HKEX ESG Reporting Guidelines, and has impacts on key stakeholders and its operations. The Company disclosed results of prioritization of material sustainability topics in the Report, and topics covered climate change action, business ethics and integrity, employment compliance, energy management, and occupational health and safety, etc.

Responsiveness

Karrie is responsive to stakeholder concerns associated with sustainability topics via multiple communication channels, which include bulletin board, meetings with shareholders, conferences and workshops, financial report disclosures, irregular communications with government and NGOs, supplier audits, and employee trainings, etc. The Company disclosed sustainability governance, goals and performance indicator management, sustainability work progress, and sustainability information and data of KPIs in the Report against HKEX ESG Reporting Guidelines.

Impact

Periodically, Karrie conducted a process to identify, evaluate and control risks by considering key impact factors associated with financial and non-financial risks and opportunities, present and future in its operations. The Company integrated the United Nations Sustainable Development Goals (SDGs) into its sustainability management for tracking achievements of sustainability KPIs such as GHG emissions, energy consumptions, and work-related injury, etc. Within this reporting period, Karrie has set up climate action framework to manage potential impacts to its business and operations.

Daniel Pan

Corporate Sustainability Service Technical Manager
TÜV Rheinland (Guangdong) Ltd
Shanghai, China, 7 July 2023

