



Time Watch Investments Limited
時計寶投資有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock code: 2033



Environmental, Social and Governance Report 2023



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ABOUT TIME WATCH

Being the leading manufacturer, brand-owner, and retailer of domestic watches in the People's Republic of China (the "PRC"), Time Watch Investments Limited (the "Company", together with its subsidiaries, collectively the "Group" or "we") has a long brand heritage with an extensive sales network. We have approximately 1,867 self-operated points of sales and sales channels in various major e-commerce platforms.

Tian Wang (天王) and Balco are our flagship proprietary brands. Being a well-known and prominent national watch brand in the PRC, Tian Wang was established in 1988 and has successfully positioned in the mass market segment. Additionally, with a strategic focus on the domestic younger middle-income group, the Group acquired Balco in 2002, which was originally registered in Switzerland in 1986, to provide Swiss-made watches.

To meet the needs for future business development, the Company has been listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 2013.



ABOUT TIME WATCH

VISION

The Group strives to provide stylish and high-quality watches at reasonable prices to customers, strengthen our leading position in the market, deliver sustainable value to our shareholders, and help our employees grow and share our success.

MISSION

To ensure sustainable business growth and enhance our overall competitiveness, we are dedicated to:

- Delivering watches with reliable quality to our customers through the provision of excellent pre-sales and after-sales services;
- Improving production and store operation efficiency through strategically expanding sales networks and devoting greater effort to e-commerce;
- Focusing on achieving satisfactory financial performance, delivering stable returns, and creating long-term value for our shareholders;
- Hiring talents participating in the success of the Group and investing in the development of our employees; and
- Focusing on climate-resilience building by creating more sustainable products with optimal working processes, innovative technologies, industrial symbioses, and greater energy efficiencies.

ABOUT THE REPORT

We are delighted to present our seventh Environmental, Social and Governance (“ESG”) Report (the “Report”), which highlights our performance, strategies, and initiatives, as well as the risks, challenges, and opportunities related to ESG.

REPORTING STANDARDS

The preparation of the Report adheres to the mandatory disclosure requirements and the “Comply or explain” provisions of the “Environmental, Social and Governance Reporting Guide” in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange.

REPORTING PRINCIPLES

We have prepared the Report based on the following reporting principles:

Materiality	Material ESG issues are identified through engaging with stakeholders and considering the nature and development of the business. These material issues are then disclosed in the Report.
Quantitative	The key performance indicators are calculated with reference to Appendix 2 and 3 of “How to Prepare an ESG Report” published by the Stock Exchange and disclosed quantitatively where appropriate.
Consistency	Consistent reporting scopes and statistical methodology are adopted to allow for meaningful comparisons of ESG data over time. Any changes to the reporting scope or the methods used have been specified in the Report for stakeholders’ reference.

REPORTING PERIOD AND SCOPE

The businesses of the Group were principally engaged in Hong Kong and the PRC. There have been no material changes in the Group’s major businesses during the Reporting Period. The performance evaluation and statistics disclosure summarizes the performance of the Group’s offices, factories, warehouses, and point of sales.

Unless otherwise stated, the Report covers the key business operations of the Group that are considered as material for the period from 1 July 2022 to 30 June 2023 (the “Reporting Period”):

- i. Manufacturing, distributing, and retailing of watches in the PRC; and
- ii. Trading of watch movements.



ABOUT THE REPORT

ACCESS TO THE REPORT

The Report is available in English and Chinese versions and is uploaded to the website of the Stock Exchange (www.hkexnews.hk) and the Company (www.timewatch.com.hk). If there is any conflict or discrepancy, the English version shall prevail.

ABOUT SUSTAINABILITY

SUSTAINABILITY GOVERNANCE

There has been a widespread global recognition of the significance of ESG in recent years. The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, unveiled the 17 Sustainable Development Goals (“SDGs”) as a comprehensive framework for achieving sustainability. Enterprises across diverse industries acknowledge the crucial role of ESG in their long-term growth and accordingly, they have integrated ESG principles into their strategic business planning.



Beyond the pursuit of profit maximization, the Group places significant importance on fulfilling its corporate social responsibility and strives to contribute to environmental benefits, employee well-being and benefits, and the prosperity of the community and society. The Group has formulated its own ESG policy and strategies with consideration to the concerns and targets to design and establish an ambitious, comprehensive, and integrated framework and targets for sustainable development.

ABOUT SUSTAINABILITY

In light of this, the responsibility for ESG development is shared collectively throughout the entire organization, encompassing not only the Board of Directors of the Company (the “Board”) but also every individual employee. We believe that with a well-established ESG management framework and governance process, the Board can effectively execute its oversight of ESG-related opportunities and risks within the Group. Accordingly, a top-down approach is adopted.

Board of Directors

The Board holds the primary responsibility for ESG strategy and reporting, including developing the Group’s ESG strategies, overseeing the environmental and social performance, setting ESG targets, and ensuring effective internal control and risk management within the Group. Additionally, the Board evaluates, reviews, and approves the ESG performance, business strategy, and sustainability policies of the Group.

In response to the shifting market landscape, the Board also takes on the responsibility of identifying, analyzing, and evaluating key risks, and formulating relevant recommendations in Board meetings. Being informed of the risks in advance, the Group gains an advantage in resilience building and rational capital spending. Through equipment upgrades and adopting more eco-friendly technologies, the Group can prevent or mitigate the threats and pave the way for sustainable development towards a low-carbon economy.

Furthermore, the Board is responsible for the veracity, accuracy, and completeness of the ESG Report’s contents. The Company has engaged Riskory Consultancy Limited, an independent ESG consultant, to assist the Group in ESG reporting and provide ESG-related advisory services.

ESG Management Team

The ESG management team is dedicated to strengthening the implementation of proposed policies, tracking progress against ESG targets, and avoiding any adverse outcomes. Additionally, the management team supervises the daily operational practices and reports significant ESG issues to the Board directly.

Internal Task Force

A designated internal task force is responsible for executing, monitoring, reviewing, and reporting on the efficacy of ESG measures.

CORPORATE GOVERNANCE

The Group is dedicated to upholding good corporate governance to protect the interests of its shareholders. An effective Board directs the business affairs of the Company. The Audit Committee, the Nomination Committee, the Remuneration Committee, and the Corporate Governance Committee have been established to cover specific functions of the Board. For more details on our corporate governance, please refer to the “Corporate Governance Report” of the Annual Report 2023.

STAKEHOLDER ENGAGEMENT

The Group endeavors to generate value for all parties involved and build effective communication channels and positive relationships with all stakeholders.

Stakeholders are groups and individuals who have a significant impact on our businesses or may be affected by our businesses, including but not limited to government and regulators, investors, shareholders, customers, employees, and suppliers.

The Group obtains a comprehensive understanding of stakeholders’ authentic concerns and expectations through actively engaging with them. This enables us to effectively integrate material ESG and sustainability-related issues into our business strategy and operational processes.

The Group communicates with the key stakeholders through different effective channels:

Key Stakeholder Group	Communication Channel
Employees 	Meetings and trainings Performance appraisals Employee activities
Shareholders and Investors 	Annual General Meeting Annual report and financial report Announcements and circulars Website
Customers 	Face-to-face meetings and on-site visits Customer satisfaction surveys Email and customer service hotline Website
Government and Regulatory Authorities 	Direct communication Qualification assessment
Suppliers 	On-site inspections Business conference Annual review
Community 	Media conferences Website and publication



STAKEHOLDER ENGAGEMENT

STAKEHOLDERS' FEEDBACK

We highly value the feedback from stakeholders. You are encouraged and welcomed to share your opinion on our ESG report and performance through:

Tel: (852) 2945 0703

Email: ir@timewatch.com.hk

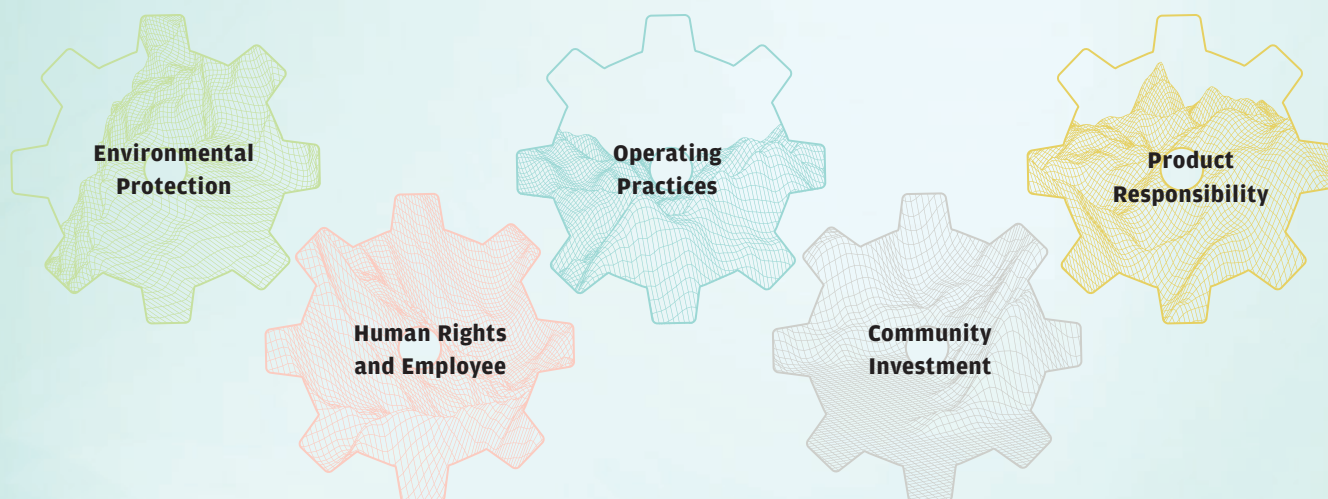
Postal address: 27th Floor, CEO Tower, 77 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong

MATERIALITY ASSESSMENT

An annual internal review is conducted to identify stakeholders' concerns and interests regarding ESG topics. We will adjust our business strategies and sustainability initiatives with reference to the results of the materiality assessment to achieve the Group's sustainable development plans and goals. We adopted a three-step approach to confirm the material topics:

1. Identification

The Group has identified 24 ESG issues from 5 main categories as follows based on the previous year's assessment result and considering the regulatory trends of the Stock Exchange, the Sustainability Accounting Standards Board (SASB) standards for disclosure topics, the ESG Industry Materiality Map of Morgan Stanley Capital International (MSCI), and the disclosure topics of peer companies.



2. Review

The Group reviewed and re-assessed the 24 ESG issues. The overall materiality level of each sustainability issue and a prioritized list can be derived.

3. Confirmation

The Group adjusted and confirmed the materiality level of the topics. 7 issues are classified as the highest importance for the Reporting Period and were disclosed in the Report.

MATERIALITY ASSESSMENT

ESG Issues	Importance
Environmental Aspect	
Air pollutants and greenhouse gas emission	Most important
Risks associated with climate change	Important
Effective use of resource	
Waste management	Relevant
Environmental impact of business activities	
Social Aspect	
Supply chain management	Most important
Product and service quality and safety	
Customer satisfaction	
Employment relationship and employee benefits	
Occupational health and safety	
Training and development	
Suppliers' environmental and social risk evaluation	Important
Handling of complaint	
Intellectual property protection	
Customer information privacy and data security	
Equal opportunity, diversity, and anti-discrimination	
Preventing child labour and forced labour	
Anti-corruption and whistle-blowing system	Relevant
Green procurement (e.g. using environmentally friendly materials, etc.)	
Crisis or emergency management	
Marketing and advertisement	
Participation or organization of volunteer activities	
Charitable donation	
Community inclusive activities	



SOCIAL SUSTAINABILITY

OPERATING PRACTICES

SUPPLY CHAIN MANAGEMENT

Given the intricate nature of watchmaking, which involves the assembly of delicate and sophisticated components, a stable supply chain and standardized operating procedures are imperative to consistently maintain high-quality watches.

We endeavor to foster sustainable partnerships with diverse suppliers responsible for providing watch components, materials, electronic parts, equipment, and services procurement. The Group has implemented comprehensive internal policies and a robust management system with reference to the international normative frameworks and global best practices in the industry. To ensure that the trading of products and services is competitive, fair, and transparent, we have formulated a systematic supplier management system to provide clear criteria for supplier identification, analysis, selection, and management. Quality and cost performance are two crucial indicators of supplier evaluation. Furthermore, in alignment with the Company's new operating system, we have incorporated the supplier management workflows into system management.

Strict Supplier Selection

Suppliers undergo a rigorous assessment and selection process based on the internal procedures of the Group. Under normal circumstances, the Procurement Department, Project Department, and other relevant departments jointly conduct supplier assessments according to internal policies, such as the Quality Management System Control Policy, Intellectual Property Certification Requirements, and Supplier Quality/Price Management Policy.

To regulate supplier selection and management procedures, the "Supplier Audit Report" is utilized to provide and specify the standards for supplier evaluation, such as delivery time, quality, and price. In addition, we have formulated a set of selection criteria in alignment with the requirements and recommendations outlined in the Quality Management Systems (ISO 9001:2015). The selection criteria include factors of reputation, production environment, quality standards, delivery performance, pricing, and locality. Only suppliers who have met all requirements can be chosen as qualified partners as the Group believes that they are competent to provide reliable and quality products with excellent performance.

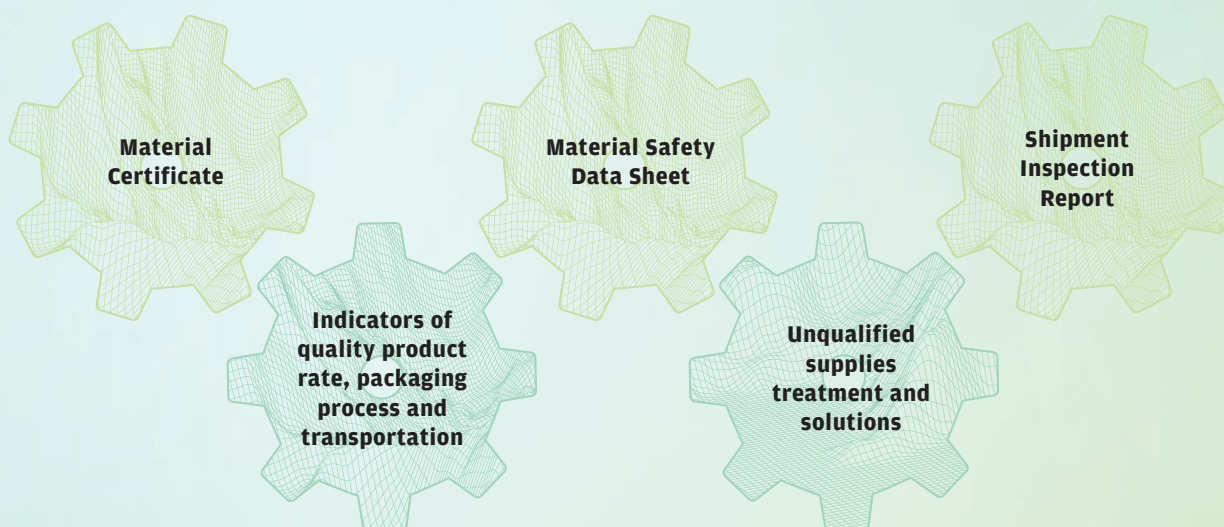
In the Reporting Period, the Group had 118 key suppliers, 95 of the suppliers were from the PRC, 22 were Hong Kong suppliers, and 1 was an overseas supplier adhering to the principle of the "green procurement" policy.

Quality Assurance and Control

To guarantee the stability of the supply chain and the consistency of high-quality products, we periodically monitor suppliers' overall performance. Specifically, we conduct inspections and on-site audits with documented reports for continuous improvement and ongoing cooperation with suppliers. During the Reporting Period, 38 main suppliers of the Group have been assessed.

SOCIAL SUSTAINABILITY

The Group enters a “Supplier Quality Assurance Agreement (供應商質量保證協議)” with its selected suppliers to maintain and regulate product quality by verifying the following documents provided by suppliers:



To minimize the risks of using defective raw materials, we have formulated detailed procedures on incoming goods inspections in accordance with Sampling procedures for inspection by attributes-Part1: Sampling schemes indexed by acceptance quality limit (AQL) for lot-by-lot inspection (GB/T 2828.1-2003計數抽樣檢驗程序第1部分：按接收質量限(AQL)檢索的逐批檢驗抽樣計劃) .

To further ensure product quality, we also engage in monitoring and overseeing the suppliers’ operational processes. Additionally, suppliers are not permitted to make any modifications to the product design, processing techniques, or significant raw materials at any stage of production unless a formal written document, such as a PCN/ECN/ECR sheet, is submitted to and approved by the Group.

Environmental and Social Risk Consideration

The Group takes into account the environmental and social performances and risks of its business partners. Suppliers who promote environmentally preferable products and services are prioritized in the supplier selection.

To identify and minimize the environmental risks in the supply chain, all suppliers are required to provide the Environmental Protection Test Report to ensure that environmentally friendly products are supplied in accordance with the “Supplier Quality Assurance Agreement” (供應商質量保證協議) .

Any child labour or forced labour is strictly prohibited. To identify and reduce social risk, we have scrutinized all our business partners in terms of compliance with relevant labour standards and respect for human rights.

The Group will persistently emphasize the supply chain due diligence. To further enhance the credibility of the due diligence assessment, we also actively consider devoting more resources and engaging an independent third party.



SOCIAL SUSTAINABILITY

PRODUCT RESPONSIBILITY

Our utmost priority lies in upholding the consistency of superior product quality, thereby reinforcing our commitment to excellence, bolstering customer trust, and enhancing our corporate competitiveness in the market.

We strictly comply with all the relevant rules, regulations, and standards in Hong Kong and the PRC including but not limited to:

- The Consumer Council Ordinance (Cap. 216 of the Laws of Hong Kong)
- The Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong)
- The Patents Ordinance (Cap. 514 of the Laws of Hong Kong)
- The Product Quality Law of the People's Republic of China (中華人民共和國產品質量法)
- The Law of the People's Republic of China on Protection of Consumer Rights and Interests (中華人民共和國消費者權益保護法)
- The Advertising Law of the People's Republic of China (中華人民共和國廣告法)
- The Patent Law of the People's Republic of China (中華人民共和國專利法)
- The Trademark Law of the People's Republic of China (中華人民共和國商標法)

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to health and safety, advertising, labeling, and privacy matters relating to products and services that would have a significant impact on the Group.

Product Quality

Upholding the service principles of "Sincerity Wins Trust, Service Create Value" and "Customer First", we are committed to delivering innovative and high-quality products and services to customers. Our concept for innovation stays market-oriented with pragmatic craftsmanship.

To deliver safe, reliable, and good-quality final products to customers, the Group has formulated a set of internal policies and procedures according to the Quality Management Systems (ISO 9001:2015) to ensure that the manufacturing process in different stages of watchmaking is in strict compliance with the procedures stipulated in the Quality Control Manual as follows:

Inventory Control

Production Process

**Quality Control and
After Sales Services**

SOCIAL SUSTAINABILITY

Inventory Control:

Material quality and operational processes significantly impact product quality. The Quality and Engineering Department conducts thorough testing and inspection of all raw materials to ensure their suitability for production.

To enhance operational efficiency in the warehouse and optimize material storage and management, we have formulated the Raw Material Storage and Management Policy to ensure the accuracy of inventory, the efficiency of goods placement, the clarity of accounts, and the standardization and timeliness of products entering and exiting the warehouse.

Production Process:

Factory managers diligently perform regular inspections on machinery and equipment during the production process to proactively mitigate the risk of machinery breakdown.

Quality Control and After Sales Services:

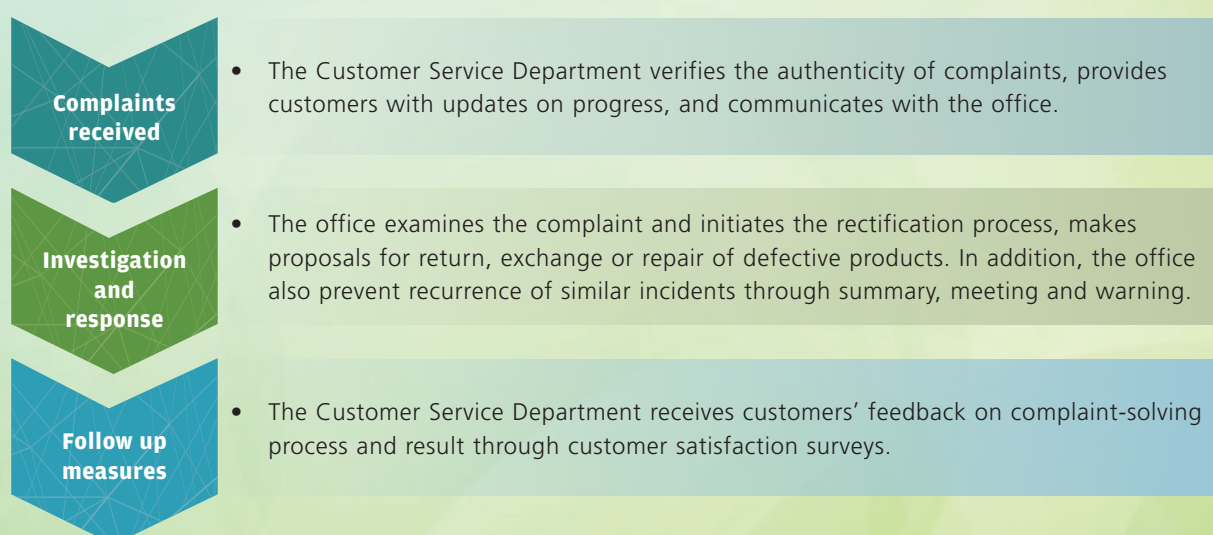
The qualified experts rigorously conducted a series of quality assurance measures, including size and water-proof tests. The manager of the Quality and Engineering Department holds the overall responsibility for product quality and is obligated to approve and sign off on all tests. In addition, the Quality and Engineering Department is also responsible for following up on the complaints received associated with marketing and after-sales quality issues. Defective products, if any, will be collected from customers and either repaired or replaced with new batch of products in general.

During the Reporting Period, the Group did not encounter any product recall due to safety and health reasons.

Handling of Complaints

The Group highly values customer opinions as a means to achieve ongoing enhancements of product and service quality and endeavors to maintain open and efficient communication channels with customers. The Customer Service Department oversees the after-sales services and deals with customers' feedback through customer satisfaction surveys.

The Group has established standardized procedures to manage and handle customer complaints of product defects and service quality issues:



SOCIAL SUSTAINABILITY

According to the Customer Complaint Handling Process (客訴流程) of the Group, all inquiries and substantiated complaints are required to be handled and addressed promptly and efficiently. We have implemented strict requirements for addressing substantiated complaints:

- Raise the solutions within 24 hours of receiving the related complaint, and
- Resolve the complaints with a satisfactory outcome within 48 hours.

During the Reporting Period, the Group received 9 complaints concerning product and service quality, all complaints were properly handled.

Intellectual Property Rights

Intellectual Property (“IP”) development and protection are considered to be one of the key issues in the future with the intensified global innovation competition. We consider IP rights as our intangible and valuable asset, and the promotion and protection of IP rights are pivotal to our sustainable business development.

The Group currently owns and has successfully registered several trademarks, patents, and domain names. We strictly complied with relevant intellectual property rights laws and regulations to safeguard the interest of the Group and our customers. During the Reporting Period, our IP management system covering the research and development, production, and sales of watches was certified to conform to GB/T29490-2013 Enterprise Intellectual Property Management.

Furthermore, we have entered into confidentiality agreements and non-competition agreements with relevant employees, imposing upon them the obligation to maintain trade secrets and prevent the infringement of IP rights. Any employees suspected of breaching the regulations concerning corporate IP rights will be subject to investigation, and appropriate actions will be taken following the Group’s Trade Secret Protection Policy (公司商業秘密保護). In the meantime, we also impose strict requirements on our suppliers to respect our IP rights.

During the Reporting Period, the Group did not encounter any material claims for IP rights infringement.

Customer Data Protection and Privacy

Safeguarding the privacy and confidentiality of customer information and ensuring data protection and security are vital for the business growth and corporate reputation of the Group. To ensure data integrity and safety, we have established internal policies to strictly comply with the regulations concerning data collection, disclosure, usage, retention, and storage, including but not limited to the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

To safeguard the information from unauthorized access or disclosure, we rigorously manage and protect all data collected from customers, employees, suppliers, and other business partners. The Employee Handbook clearly states that employees are made aware of their responsibility to respect the privacy of customers and to protect any customer data from external parties. Furthermore, the company servers and computers are protected with access passwords to prevent unauthorized access and possible information leakage. Offending employees will be liable for direct or indirect information leakage.

The Group did not encounter any breaches of customer privacy, loss of customer data, or any private information leakage during the Reporting Period.



SOCIAL SUSTAINABILITY

Advertising and Labeling

The Group strictly prohibits any form of misrepresentation or exaggeration of offerings in its marketing materials. We strictly complied with relevant laws and regulations in the regions where we operate, including but not limited to the Trade Description Ordinance (Cap. 362 of the Laws of Hong Kong) and the Advertising Law of the People's Republic of China (中華人民共和國廣告法).

We have formulated internal policies to govern the practices of brand promotion involving celebrities, marketing, and planning, as well as graphic design to ensure that the Marketing Department delivers accurate product descriptions and information that align with the applicable local laws, regulations, and code of ethics.

During the Reporting Period, the Group did not have any material non-compliance with laws and regulations in relation to the advertising and labeling of its products and services.

ANTI-CORRUPTION

The Group upholds the highest standards of business ethics and integrity throughout the business operations. We strictly complied with the local laws and regulations relating to anti-corruption, including but not limited to:

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

The code of conduct and internal policies, such as "Company rules on the acceptance of benefits by employees" (有關僱員收受利益之公司規則), are formulated to ensure that business operations are conducted with honesty, transparency, and legality, and to prohibit any forms of misconduct such as corruption, bribery, extortion, fraud, and money laundering within the organization. All employees should abide by the relevant codes of professional ethics and are expected to carry out their responsibilities with integrity, fairness, and professionalism, refraining from participating in any acts of bribery or activities that may exploit their positions to the detriment of the Group's interests. In addition, we have appointed relevant departments and staff to monitor and handle cases, if any.

Furthermore, employees are explicitly forbidden from seeking any personal benefits or advantages from customers, suppliers, or any business partners, as stated in the policy. To further prevent conflict of interest, employees are obligated to report to the management and seek approval if they or their immediate family members possess any interests in business transactions involving the Group. In addition, employees must obtain written consent from the Group before engaging in any part-time employment.

SOCIAL SUSTAINABILITY

The directors and employees are provided with e-learning opportunities and other training programmes relating to the Group's internal policies, anti-corruption initiatives, and the latest updates of the relevant laws and regulations to enhance their understanding of the corporate policies and strengthen their awareness and compliance with the code of conduct.

During the Reporting Period, no concluded legal cases were reported regarding corrupt practices against the Group or its employees. The Group was not aware of any material non-compliance with laws and regulations relating to bribery, extortion, fraud, and money laundering that would have a significant impact on the Group.

Whistle-blowing Mechanism

A robust whistle-blowing system has been adopted to enable employees to report any suspected misconduct through either verbal or written means. A designated whistle-blowing document collection box is provided for suspected misconduct with comprehensive details and supporting evidence. Prompt investigations are conducted upon receiving any report of suspicious or unlawful behavior to safeguard the Group's interests.

All reported incidents will be handled diligently and treated with utmost confidentiality to protect the identities of the complainants and the report content. In cases where criminal activity is suspected, we will promptly notify the relevant regulators or law enforcement authorities, as deemed necessary.

To ensure the effectiveness in safeguarding whistleblowers from unfair dismissal or victimization, the mechanism and procedures are evaluated and enhanced from time to time.



SOCIAL SUSTAINABILITY

EMPLOYMENT AND LABOUR PRACTICES

EMPLOYMENT

Employees are the cornerstone of the Group's business operation. We view employee empowerment as a fundamental principle within our core management philosophy, and uphold the following three concepts:



We strictly adhere to all the relevant laws and regulations in Hong Kong and the PRC, including but not limited to:

- The Employment Ordinance (Cap. 57 of the Laws of Hong Kong);
- The Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong);
- The Labour Law of the People's Republic of China (中華人民共和國勞動法); and
- The Social Insurance Law of the People's Republic of China (中華人民共和國社會保險法).

The Employee Handbook is the primary regulation and work ethics, which provides internal guidelines for employees and covers all aspects of operations, company management practices, employment, benefits, welfare, rights, obligations, and responsibilities. Being a useful instrument, the Employee Handbook assists management and employees in defining their expectations, roles, and responsibilities, enhancing employees' work efficiency, fostering a sense of responsibility, and cultivating a strong sense of belonging within the organization. The Human Resources Department reviews and updates the Employee Handbook and employment policies from time to time to adapt to social changes and comply with all applicable laws and regulations.

Furthermore, employees are motivated to optimize their talents, leverage their strengths in their respective roles, and proactively take leadership roles in various initiatives. This approach aims to enable employees to develop a strong sense of belonging, aligning their aspirations with the organization's shared future. The alignment ensures the Group's sustained competitiveness and dynamism within the market.



SOCIAL SUSTAINABILITY

During the Reporting Period, the Group was not aware of any material non-compliance with the laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare that would have a significant impact on the Group.

Total Workforce

As at 30 June 2023, the Group had a total of 3,090 full-time employees (2022: 3,848). The relevant data was as follows:

	2023
By gender	
– Male	394
– Female	2,696
By age group	
– 18-25	86
– 26-35	790
– 36-45	1,537
– 46-55	636
– 56 or above	41
By geographical location	
– Mainland China	3,058
– Hong Kong	32

Recruitment and Promotion

Recognizing the vital role of talent acquisition in the Group's sustainable development, we value every employee and prioritize the recruitment, retention, and professional development of human resources. A set of clear recruitment policies and procedures has been formulated:



The Human Resources Department will choose qualified candidates for the first-round interview with departmental managers.



The Human Resources Department will conduct background screening and scrutinization to ensure suitable, eligible and lawful candidate is selected after selection interviews.



The Human Resources Department and department supervisor will carry out multiple rounds of examinations before the candidate is accepted and employed.

Any promotions within the Group strictly adhere to the established procedures following the guidelines outlined in the Employee Handbook. We take into account the market benchmarks and provide equal opportunities for promotion and development to eligible employees who have shown outstanding performance and potential.

SOCIAL SUSTAINABILITY

Remuneration and Dismissal

We offer competitive remuneration and benefits based on the applicants' educational backgrounds, personal attributes, job experiences, and career aspirations to attract high-caliber talents. To comply with local and national laws and regulations, we provide provident fund and social insurance, including endowment insurance, medical insurance, unemployment insurance, employment injury insurance, and maternity insurance.

To ensure all employees' efforts and contributions can be acknowledged appropriately, we conduct regular assessments to review the compensation packages and evaluate the capabilities and performance of employees following the Employee Handbook and internal policies. Staff Performance Appraisal is performed in December every year. The department directors are responsible for evaluating employees' work performance and completing the Performance Appraisal Sheet. Adjustment of compensation and termination of employment is determined by various factors, such as the performance of the relevant employee and the Group.

We strictly prohibit any form of unfair or unlawful dismissal and implement robust policies to regulate and govern the procedures associated with employee termination in compliance with the applicable laws and regulations in Hong Kong and the PRC. During the Reporting Period, the turnover rate was as follows:

2023

By gender	
– Male	26%
– Female	46%
By age group	
– 18-25	62%
– 26-35	50%
– 36-45	40%
– 46-55	43%
– 56 or above	51%
By geographical location	
– Mainland China	44%
– Hong Kong	38%



SOCIAL SUSTAINABILITY

Employee Benefits and Welfare

We value and prioritize employees' interests and well-being. The Employee Handbook clearly states the working hours and rest periods. Furthermore, in addition to basic annual leave and statutory holidays, various benefits and welfare are provided to employees, including but not limited to:

- Alternative days off for employees who have worked overtime once the application is approved;
- Additional benefits, such as attendance awards, overtime allowances, festival gifts, and performance bonuses;
- Recreational activities during festivals; and
- Tour packages.

We also strive to cultivate a corporate culture that enables smooth and effective communications among employees and facilitates a sense of belonging and employee motivation.

Equal Opportunity and Anti-discrimination

As an equal-opportunity employer, we endeavor to provide an equal, diverse, and respectful work environment for employees. The equal opportunity policies have been established in accordance with applicable laws and regulations, including but not limited to the Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong) and the Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong).

We have a zero-tolerance policy for any workplace discrimination, harassment, or vilification. Training and promotion opportunities, as well as dismissal policies, are based on factors irrespective of the employees' age, sex, marital status, pregnancy, family status, disability, race, colour, descent, national or ethnic origins, nationality, religion, or any other discriminatory elements. We strive to regulate and monitor corporate daily practices to avoid any circumstances contrary to the principles of equal opportunity and anti-discrimination.

Employee Communication

The Group recognizes that fostering effective employee communication and encouraging staff suggestions contribute to a more collaborative work environment. To address any incidents of discrimination, the Group has implemented a corporate grievance mechanism, encouraging employees to report such incidents. The Human Resources Department holds responsibility for evaluating, documenting, and taking appropriate disciplinary measures upon receiving relevant reports.

SOCIAL SUSTAINABILITY

HEALTH AND SAFETY

Employee health and safety are of paramount importance to the business operation of the Group. We strive to build a safe and healthy working environment for all employees, and strictly comply with applicable policies, laws, and regulations in the PRC and Hong Kong, including but not limited to:

- The Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong);
- The Law of the People's Republic of China on Prevention and Control of Occupational Diseases (中華人民共和國職業病防治法);
- The Work Safety Law of the People's Republic of China (中華人民共和國安全生產法); and
- The Regulation on Work-Related Injury Insurance (工傷保險條例).

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards that would have a significant impact on the Group. The work injury rate and work-related fatalities rate of the Group remained at zero.

Workplace Safety

We place great emphasis on maintaining safe and hygienic working conditions to prevent any potential work-related accidents or injuries. No lost days due to work injury were reported in the Reporting Period, and no work-related fatalities were reported in the past three years (including the Reporting Period).

Various health and safety measures are adopted, including work environment condition evaluation, safety equipment installation, appropriate lighting and ventilation, safety briefing and notice, and noise level monitoring. Furthermore, regular inspections of potential occupational hazards that may exist in the workplace will be conducted by an independent testing agency. In addition, personal protective equipment, such as uniforms, face masks, and gloves are provided to employees engaged in the production process.

To ensure the safety of the equipment in the manufacturing facilities, our suppliers are required to provide relevant testing certificates, conduct functional and safety checks, and arrange maintenance periodically.

Emphasizing Mental Health

In addition to work safety, we are also concerned about the mental well-being of all employees. We plan to implement various measures and programmes to foster a healthy work-life balance, enhance employees' awareness of maintaining good mental health, and improve stress management, as well as mitigate the risk of illnesses arising from accumulated fatigue. For instance, regular stress checks, an external counseling desk, and seminars.



SOCIAL SUSTAINABILITY

DEVELOPMENT AND TRAINING

The Group is dedicated to offering substantial training opportunities to employees. With the goal to enhance employees' specialized skills and expertise, the Human Resources Department coordinates and arranges diverse training programs to ensure all employees receive appropriate and comprehensive training, especially professional training for staff in designated positions.

During the Reporting Period, employees from different position levels including senior management, middle management, and general staff attended internal and external training courses. The in-house training programmes are organized by the senior employees for new and existing staff to ensure they have sufficient job knowledge and skills. In addition, we also arranged public courses held by external organizations and professional consultants for employees.

Courses	Course Objectives
Internal Courses	
<ul style="list-style-type: none"> • Induction Training 	To introduce the corporate history and culture of the Group to new employees.
<ul style="list-style-type: none"> • Pre-job Training • After-probation Training • Watch Knowledge and Updates 	To ensure employees are familiar with the Group's products and technological procedures.
<ul style="list-style-type: none"> • Fire Safety Knowledge • Garbage Classification 	To raise employees' awareness of workplace safety and environmental protection knowledge.
External Courses	
<ul style="list-style-type: none"> • DISC Team Leadership and Management • Cross-Department Communication and Cooperation 	To strengthen employees' future career progression and development.

SOCIAL SUSTAINABILITY

The relevant training data for the Reporting Period was as follows:

	Percentage of employees trained (%)	Average training hours per employee (hour)
By gender		
– Male	82%	26
– Female	95%	69
By employee category		
– Senior management	14%	1
– Middle management	62%	16
– General staff	95%	66

We will explore more training and educational programmes to ensure that employees possess adequate job-related knowledge while simultaneously fortifying the Group's competitiveness within the market.

LABOUR STANDARDS

We strictly prohibit child and forced labour, and adhere to all relevant labour laws and regulations in Hong Kong and the PRC, including but not limited to the Employment Ordinance (Cap. 57 of the Laws of Hong Kong) and the Labour Law of the People's Republic of China (中華人民共和國勞動法).

All job applicants are obligated to submit valid identity documents to the Human Resources Department for verification to prevent the unlawful employment of child labour, underage workers, or forced labour. If any case in breach of the labour standards is found, we will terminate the employment immediately and promptly check for any loopholes in the recruitment process to avoid recurrence of similar issues.

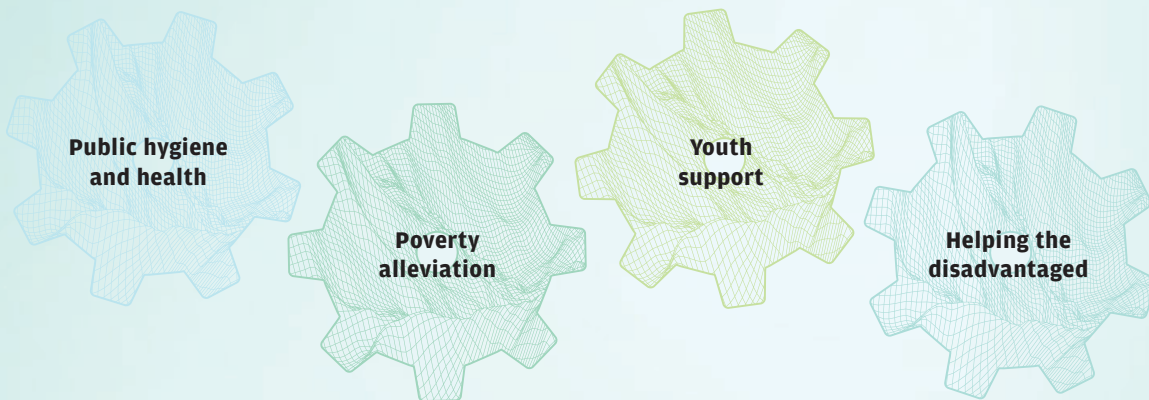
During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations in relation to the prevention of child and forced labour that would have a significant impact on the Group.

SOCIAL SUSTAINABILITY

COMMUNITY

COMMUNITY INVESTMENT

As a renowned Chinese watch brand, we place significant emphasis on community investment to fulfill our corporate social responsibility, while simultaneously cultivating a positive corporate culture and enhancing its reputation. During the Reporting Period, the Group donated over HK\$250,000 to various charitable organizations and events. We have four main focuses in community investment, including:



- i. **Public hygiene and health**
To promote the traditional Chinese virtue of “Unity and Support in times of Difficulty”, we actively extended a helping hand to the people in Guangzhou and actively donated RMB50,000 to the Red Cross of Dapu County, offering our support and contributing to the fight against the pandemic.
- ii. **Poverty alleviation**
To respond to the national policy of targeted poverty alleviation, we donated RMB50,000 to the “Guangdong Poverty Alleviation and Assistance Day” organized by the Bureau of Agriculture and Rural Affairs of Dapu County. With the theme of “Consolidating Poverty Alleviation Achievements, Promoting Rural Revitalization”, the activity aims to further mobilize and unite social forces in addressing the issues of imbalanced rural development, insufficient post-industrial development momentum, and lagging aesthetic rural construction. We actively respond to the call of county governments, and continuously promote the charitable spirit of benevolence and poverty alleviation.

SOCIAL SUSTAINABILITY

iii. Youth support

The Group has donated an accumulated amount of HK\$500,000 to Youth Outreach since 2020. During the Reporting Period, we sponsored the YO Virtual Walk 2022 organized by Youth Outreach in the amount of HK\$50,000, to raise public awareness of its support and services for at-risk youth through the event and contribute towards their efforts in serving the youth.

Moreover, we also donated HK\$50,000 to “YO! Dance It Up 2023” organized by Youth Outreach to provide a grand stage for the youth to showcase their talents and express themselves through dancing. Through this event, we hope to promote a positive understanding and appreciation of street dance among the youth and the general public, helping them rediscover themselves and rebuild their confidence.

iv. Helping the disadvantaged

Up to the Reporting Period, the Group has accumulated a donation of RMB1,750,000 to Guangxi Yuncai Social Welfare Service Centre’s “Set Sail. The D.D. Angels” programme. The programme covers four rehabilitation instructors providing rehabilitation and education services for disabled children from poverty-stricken families in Guangxi, to enable the disabled children to fully develop their gross and fine motor skills, as well as communication, cognition, self-care and social skills. Meanwhile, the programme provides education opportunities for the disabled children, enhances their social interaction and communication skills through social integration and hands-on activities, and facilitates their adaptation and integration into society.

Besides the community investment in the PRC, we also actively participated in the Hong Kong & Kowloon Walk for Millions 2022/2023 organized by The Community Chest and donated HK\$50,000 to support “Family and Child Welfare Services” supported by The Community Chest. The fund raised will be designated to support its 24 member agencies in providing “Family and Child Welfare Services” to maintain and strengthen family bonding, to encourage mutual support relationships among family members, to help them prevent and cope with individual or family problems, as well as to provide services for their unmet needs.

ENVIRONMENTAL SUSTAINABILITY



The accelerated economic and social progress in recent years has elevated sustainability and environmental concerns to a position of utmost urgency for the global population. As a member of society and one of the leading national watch brands in the PRC, we have the corporate responsibility to mitigate the environmental impacts and demonstrate our determination to support sustainable development. Accordingly, environmental protection is one of the key areas in the Group's sustainable strategy.

We adhere to all applicable laws and regulations in the PRC and Hong Kong, including but not limited to:

- The Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法);
- The Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes (中華人民共和國固體廢物污染環境防治法);
- The Law of the People's Republic of China on Prevention and Control of Pollution From Environmental Noise (中華人民共和國環境噪聲污染防治法);
- The Water Pollution Prevention and Control Law of the People's Republic of China (中華人民共和國水污染防治法); and
- The Atmosphere Pollution Prevention and Control Law of the People's Republic of China (中華人民共和國大氣污染防治法).

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes that would have a significant impact on the Group.

ENVIRONMENTAL SUSTAINABILITY

EMISSIONS

We strive to achieve the goals of reducing air pollution, greenhouse gas emissions, and waste, while concurrently enhancing resource utilization.

Air Emissions

The main source of air emissions generated by the Group is the vehicle fuel used for transportation. During the Reporting Period, the emission data was as follows:

Air emissions	Unit	2023	2022
Nitrogen Oxides (NO _x)	Kg	61.71	73.67
Sulphur Oxides (SO _x)	Kg	1.13	1.54
Particulate Matters (PM)	Kg	5.09	5.92

Greenhouse Gas Emissions

The use of vehicle fuel during daily operations (Scope 1 – Direct Emissions) and electricity consumption (Scope 2 – Energy Indirect Emission) are the primary sources of greenhouse gas (“GHG”) emitted from the Group. Energy Indirect (Scope 2) emission accounted for approximately 73% of the Group’s total GHG emission. It is mainly derived from the use of electricity for lighting, air conditioning, and electrical appliances and equipment during the manufacturing process and the office area.

During the Reporting Period, the emission data was as follows:

GHG emissions	Unit	2023	2022
Scope 1 – Direct Emissions	Tonnes of CO ₂ e	245.10	320.57
Scope 2 – Energy Indirect Emissions	Tonnes of CO ₂ e	670.30	664.82
Total GHG Emissions	Tonnes of CO ₂ e	915.40	985.39
Intensity	Tonnes of CO ₂ e/ million revenue (HKD)	0.93	0.70

Compared to the previous year, the total GHG emissions of the Group decreased by approximately 7%. With the targets of continuously reducing air and GHG emissions, as well as enhancing employees’ energy conservation awareness, we have incorporated our environmental code and targets into the internal management policies, and designed and implemented various energy conservation strategies and measures, including not limited to:

Emission Reduction	Enhancement of Employee Awareness
<ul style="list-style-type: none"> Adopt energy-saving lighting fixtures; Switch off idle air-conditioning, lighting, and equipment; and Conduct periodic reviews to improve the daily operating practices. 	<ul style="list-style-type: none"> Post energy-saving slogans at the office, production facilities entrances, and next to power control switches; and Actively participate in environmental-related corporate activities and campaigns.



ENVIRONMENTAL SUSTAINABILITY

Solid Waste

Considering our business nature and activities, we only generated non-hazardous waste and did not directly generate any hazardous waste during the Reporting Period. Major non-hazardous wastes included wastepaper, food waste, other domestic waste, and watch components. The relevant data was as follows:



Non-hazardous waste	Unit	2023	2022
Total non-hazardous waste produced	Tonnes	30.06	42.41
Intensity	Kg/million revenue (HKD)	30.62	30.12

With the target to avoid hazardous waste generation, adhere to relevant environmental laws and regulations, and zero waste generation, we will continue to reduce process residuals, minimize management costs, streamline operations, as well as develop sustainable waste stewardship by adopting various measures, such as making use of technological innovation.

i. Wastepaper Management

Considering wastepaper was one of the primary sources of non-hazardous waste, we attach great importance to wastepaper management. Wastepaper was collected either by the designated service supplier for recycling or by the property management office for further treatment.

Furthermore, we have implemented and advocated for a “paperless office” concept to achieve our target of paper consumption reduction. Consequently, notable advancements have been made. During the Reporting Period, we continue to optimize the operating practices and enhance employees’ environmental awareness by promoting the concepts of “Reduce” and “Reuse” and implementing the following measures to further reduce paper consumption:

Reduce 	<ul style="list-style-type: none"> Disseminate information by electronic means (i.e. emails or e-bulletin boards) if possible to embrace the concept of the paperless office and office automation; Place posters and stickers in the offices to remind the staff to avoid unnecessary printings and spread the idea of ‘think before you print; and Utilize digital technology for operations instead of paper.
Reuse 	<ul style="list-style-type: none"> Prioritize to use of recycled paper; and Use the back of old single-sided documents for printing or as draft paper.

ENVIRONMENTAL SUSTAINABILITY

ii. "Green" Life – Classification approach

We actively advocated for a "Green" lifestyle and encouraged employees to enhance their operating practices to minimize waste and adopt more eco-friendly approaches for disposal. We have implemented a classification approach for solid waste collection, including but not limited to the separation of:

- Wastepaper;
- Glass containers;
- Disposed cans; and
- Plastics.

To further strengthen employees' environmental awareness, we have placed collection bins with prominent labels as instructions for waste classification next to the cargo lift. The non-recyclable solid wastes, such as general refuse, were normally transported to local waste disposal plants for further treatment. The special solid waste, such as watch components, will be recycled and collected by third parties.

iii. Reducing at Source

"Source reduction of waste" stands as one of the key areas and objectives of the Group. We place significant emphasis on the generation and handling of waste from the production process. Thus, raw materials and containers that can be reused and recycled are preferred in the procurement stage.

To ensure a meticulous and comprehensive approach to waste material recycling and disposal, we have established the Waste Material Recycling Policy as a precise guidance throughout the entire recycling process, encompassing activities such as devising disposal plans, accurate inventory counting and packaging, and conducting thorough reviews of reports. We also formulated a proper treatment for packaging wastes generated from materials and components such as watch movement, strap, and bezel.

Ongoing monitoring and reviewing of the materials consumption and the forms of product packaging materials and containers are conducted to obtain more detailed data, such as waste generation and recycling, to minimize unnecessary waste.

ENVIRONMENTAL SUSTAINABILITY

USE OF RESOURCES

Energy

During the Reporting Period, the energy consumption sources of the Group were primarily from the use of diesel, gasoline, gas oil fuel for ships, and electricity. The relevant data was as follows:

Energy consumption	Unit	2023	2022
Direct energy consumption			
– Diesel	kWh	31,054.77	30,674.91
– Gasoline	kWh	672,087.96	925,698.71
– Gas oil for ship	kWh	160,742.88	166,732.61
– Sub-total	kWh	863,885.61	1,123,106.23
Indirect energy consumption			
– Purchased Electricity	kWh	1,220,552.19	1,154,217.24
Total energy consumption	kWh	2,084,437.80	2,277,323.47
Intensity	kWh/million revenue (HKD)	2,123.16	1,617.31

i. **Fossil fuel**




The primary attribution of direct energy consumption was diesel, gasoline, and gas oil fuel for ships during the transportation of products. Compared to the previous year, the direct energy consumption of the Group has decreased by 23%.

ENVIRONMENTAL SUSTAINABILITY

ii. **Electricity**

Electricity accounted for approximately 59% of the total energy consumption of the Group, which was the largest consumption among all kinds of energy uses. Compared to the previous year, the electricity consumption of the Group has increased by approximately 6%.

To effectively manage and monitor energy consumption, we are dedicated to enhancing energy efficiency and continuously developing the Environmental Management System (EMS). We have adopted various measures in different aspects of the operation in its factories and offices to achieve the target of reducing energy consumption and emission, as well as efficient use of energy. In addition, we strive to enhance our logistics management through the overall logistical process improvement to further reduce energy consumption.

<p>Green building design and adaptation of new technologies and equipment</p> 	<ul style="list-style-type: none"> • Utilize natural sunlight to light up the workplace during the daytime; • Adopt energy-saving technologies and equipment for production in the factories and administrative operations in the offices; • Strictly follow maintenance schedules of appliances with reference to the instruction manual; and • Adopt natural ventilation or ventilation fans for areas where air-conditioning is not required.
<p>Operational improvement</p> 	<ul style="list-style-type: none"> • Encourage employees to change their electricity consumption habits during working hours; and • Switch off office equipment after office hours.
<p>Enhancement of employee's environmental awareness</p> 	<ul style="list-style-type: none"> • Provided relevant training and communication to ensure employees understand and engage in energy-saving practices.

ENVIRONMENTAL SUSTAINABILITY

Water

We value water resources and prioritize water utilization efficiency. Considering the business nature of the Group, we did not encounter any issues in sourcing water that is fit for purpose.

During the Reporting Period, the water consumption data was as follows:

	Unit	2023	2022
Total water consumption	m ³	19,333.99	16,932.54
Intensity	m ³ /million revenue (HKD)	19.69	12.03

The water consumption of the Group during the Reporting Period has increased by approximately 14% compared to the previous year. We have implemented the following initiatives to achieve the target of enhancing water utilization efficiency:

- Remind employees to turn off water taps after use through emails and notices;
- Place 'Saving water resources' posters in prominent places in the factories and offices; and
- Fix the dripping taps immediately to prevent any unnecessary waste.

We will consistently optimize the operational processes to improve the precision of water usage measurement and promote environmentally friendly practices in water utilization.

Packaging Materials

Packaging is key to product storage and protection. We primarily utilize packaging materials such as watch boxes, bags, paper products, and various other materials. The packaging wastes, such as carton boxes and plastic bags, were properly handled. We have established the Policy of Procurement, Management, and Use of Product Packaging Materials to establish a standardized process for regulating packaging materials. The policy is regularly reviewed and updated to comply with the latest applicable regulations and policies.

During the Reporting Period, the relevant consumption data was as follows:

Packaging Materials	Unit	2023	2022
Watch Box	Tonnes	268.05	327.48
Bags	Tonnes	38.57	42.88
Paper	Tonnes	38.04	51.38
Others	Tonnes	101.73	112.13
Total amount of packaging materials	Tonnes	446.39	533.87
Intensity	Tonnes/million revenue (HKD)	0.45	0.38

Compared to the previous year, the total amount of packaging materials consumed by the Group has decreased by approximately 16%. To further reduce packaging material consumption and mitigate the environmental effects, we consistently research and discuss new and innovative ideas, such as the integration of environmentally friendly materials into the packaging process.

ENVIRONMENTAL SUSTAINABILITY

THE ENVIRONMENT AND NATURAL RESOURCES

We recognize the immense value and importance of the environment and natural resources to humanity and strive to minimize any potential adverse effects of our business operations on the environment. In light of our specific operational practices, we comply with all environmental protection laws and regulations and did not identify any significant environmental impacts resulting from our activities during the Reporting Period.

We have adopted different initiatives to minimize the adverse impacts on the environment and better use of natural resources:

Enhancement of employees' environmental awareness and daily operation practices

- Promote electricity conservation in its factories and offices through posters, emails, and a variety of formats to reduce GHG emissions;
- Adopt paper-saving initiatives to reduce paper consumption; and
- Organize a series of seminars and activities to encourage employees to be more aware of environmental protection and energy conservation.

Enhancement of energy efficiency and better use of resource

- Monitor and control the consumption of natural resources;
- Consistently optimize the production process and improve daily operating practices;
- Phase out outdated equipment that may jeopardize the environment;
- Shift from traditional energy supply to renewable alternatives for its daily operations; and
- Explore feasible applications of innovative and eco-friendly technologies and design.

ENVIRONMENTAL SUSTAINABILITY

To demonstrate our commitment and effort, we have signed the Energy Saving Charter 2023 issued by the Environment and Ecology Bureau and Electrical and Mechanical Services Department of the Government of Hong Kong SAR to implement measures to reduce energy consumption.



Looking forward, we will continue exploring more efficient methods to optimize our production process and minimize any detrimental effects on the environment in daily operations.

ENVIRONMENTAL SUSTAINABILITY

CLIMATE CHANGE

Climate change has gained tremendous significance and urgency in recent years, posing a significant challenge to the world. With the rise of the decarbonization movement, the Group is aware that various climate-related trends have become more conceivable, including increasingly stringent international policies and regulations on climate change, as well as the recent change in customers' expectations and behaviors. The environmental compliance and building climate resilience are considered as one of our major tasks and challenges.

We have been identifying related risks and opportunities affecting business development in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") from the perspective of Governance, Risk Management, Strategy, and Metrics and Targets. We endeavor to periodically evaluate our business model, strengthen staff's knowledge of climate change, optimize daily practices, and identify hidden climate-related risks together with opportunities alongside corporate growth, to establish the inherent interconnections with the environment. Additionally, we will persist in maintaining and reinforcing the robustness of our governance structure while emphasizing the conformance assessment in corporate ESG management. This approach ensures that the Board remains promptly informed about emerging regulatory changes and can swiftly respond to them.

Aligning with the TCFD recommendations, we endeavor to optimize business operations, enhance energy efficiency, and explore alternative solutions within the value chain to actively mitigate the effects of global warming. We strive to contribute to the goal of limiting global temperature increase to well below 1.5°C compared to pre-industrial levels developed in the Conference of Parties of the United Nations Framework Convention on Climate Change, and the national "dual carbon" goal, peaking carbon dioxide emissions by 2030 and achieving carbon neutrality by 2060. We have implemented various measures outlined in the "Use of Resources" section of the Report to reduce and monitor emissions, aiming to address the escalating levels of GHG emissions.

Furthermore, in response to the globally recognized initiatives of environmental conservation and tightened local regulatory requirements, we will set appropriate environmental goals and develop a progress management system. We are on the way to setting appropriate emission targets based on an in-depth analysis of its business impacts in combination with the latest climate science.



ESG REPORTING GUIDE CONTENT INDEX

Content	Relevant Section	
Mandatory Disclosure Requirements		
Governance Structure	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> (i) a disclosure of the board’s oversight of ESG issues; (ii) the board’s ESG management approach and strategy, including the process used to evaluate, prioritize and manage material ESG-related issues (including risks to the issuer’s businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer’s businesses. 	About Sustainability – Sustainability Governance
Reporting Principles	A description of, or an explanation on, the application of the Reporting Principles (Materiality, Quantitative and Consistency) in the preparation of the ESG report.	About the Report – Reporting Principles
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report.	About the Report – Reporting Period and Scope

ESG REPORTING GUIDE CONTENT INDEX

Content	Relevant Section
'Comply or explain' Provisions	
A. Environmental	
Aspect A1: Emissions	
General Disclosure	Information on:
	(a) the policies; and
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer
	relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.
KPI A1.1	The types of emissions and respective emissions data.
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.
	Environmental Sustainability
	Emissions – Air Emissions
	Emissions – Greenhouse Gas Emissions
	Emissions – Solid Waste
	Emissions – Solid Waste
	Emissions – Greenhouse Gas Emissions
	Emissions – Solid Waste
Aspect A2: Use of Resources	
General Disclosure	Policies on the efficient use of resources, including energy, water, and other raw materials.
KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity.
KPI A2.2	Water consumption in total and intensity.
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.
KPI A2.5	Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.
	Use of Resources
	Use of Resources – Energy
	Use of Resources – Water
	Use of Resources – Energy
	Use of Resources – Water
	Use of Resources – Packaging Materials



ESG REPORTING GUIDE CONTENT INDEX

Content

Relevant Section

'Comply or explain' Provisions

A. Environmental

Aspect A3: The Environment and Natural Resources

General Disclosure Policies on minimizing the issuer's significant impact on the environment and natural resources. The Environment and Natural Resources

KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. The Environment and Natural Resources

Aspect A4: Climate Change

General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer. Climate Change

KPI A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. Climate Change

B. Social

Employment and Labour Practices

Aspect B1: Employment

General Disclosure Information on: Employment

(a) the policies; and

(b) compliance with relevant laws and regulations that have a significant impact on the issuer

relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

KPI B1.1 Total workforce by gender, employment type, age group, and geographical region. Employment – Total Workforce

KPI B1.2 Employee turnover rate by gender, age group and geographical region. Employment – Remuneration and Dismissal

ESG REPORTING GUIDE CONTENT INDEX

Content	Relevant Section
B. Social	
Aspect B2: Health and Safety	
General Disclosure	Information on: Health and Safety
	(a) the policies; and
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer
	relating to providing a safe working environment and protecting employees from occupational hazards.
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. Health and Safety – Workplace Safety
KPI B2.2	Lost days due to work injury. Health and Safety – Workplace Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored. Health and Safety – Workplace Safety
Aspect B3: Development and Training	
General Disclosure	Policy on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category. Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category. Development and Training
Aspect B4: Labour Standards	
General Disclosure	Information on: Labour Standards
	(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.
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour. Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered. Labour Standards

ESG REPORTING GUIDE CONTENT INDEX



Content

Relevant Section

B. Social

Operating Practices

Aspect B5: Supply Chain Management

General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management – Strict Supplier Selection
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management – Environmental and Social Risk Consideration
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management – Environmental and Social Risk Consideration

Aspect B6: Product Responsibility

General Disclosure	Information on: <ul style="list-style-type: none"> (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. 	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility – Product Quality
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility – Handling of Complaints
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – Product Quality
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility – Customer Data Protection and Privacy

ESG REPORTING GUIDE CONTENT INDEX

Content	Relevant Section
B. Social	
Aspect B7: Anti-corruption	
General Disclosure	Information on:
	(a) the policies; and
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud, and money laundering.
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.
KPI B7.3	Description of anti-corruption training provided to directors and staff.
	Anti-corruption
	Anti-corruption
	Anti-corruption – Whistle-blowing Mechanism
	Anti-corruption
Community	
Aspect B8: Community Investment	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.
KPI B8.1	Focus areas of contribution.
KPI B8.2	Resources contributed to the focus area.
	Community Investment
	Community Investment