



CMON Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1792

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2023



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Table of Contents

ABOUT THE GROUP	2
ABOUT THE REPORT	2
SUSTAINABILITY GOVERNANCE	3
STAKEHOLDER ENGAGEMENT	4
MATERIALITY ASSESSMENT	5
OPERATING PRACTICES	6
Product Responsibility	6
Supply Chain Management	8
Anti-corruption	9
ENVIRONMENTAL PROTECTION	10
Emissions	10
Use of Resources	12
The Environment and Natural Resources	13
Climate Change	13
EMPLOYMENT AND LABOUR PRACTICES	14
Employment	14
Employees' Health and Safety	16
Employee Development and Training	17
Labour Standards	18
COMMUNITY INVESTMENT	18
THE ESG REPORTING GUIDE CONTENT INDEX OF HKEX	19

ABOUT THE GROUP

CMON Limited (“**CMON**” or the “**Company**”, together with its subsidiaries, the “**Group**”, “**our**” or “**we**”) is a hobby games publisher specializing in developing and publishing mainly tabletop games, including board games and miniature war games, as well as mobile games. Besides self-owned games and licensed games, CMON also involves in the distribution of third-party tabletop games.

As at 15 September 2023, CMON offer a total of over 127 games, comprising 121 board games, 3 miniature war games, 2 mobile games and 1 computer game. Our critically acclaimed games include *Marvel United: Multiverse*, *Cyberpunk 2077: Gangs of Night City*, *Dune: War for Arrakis*, *Song of Ice & Fire* and *God of War*. We strive to become a leading developer and publisher of quality tabletop games, and continue to expand our geographical coverage with an aim to increase market share as we make our games known to more Asian players.



The Group has been listed on the Main Board of The Hong Kong Exchanges and Clearing Limited (“**HKEX**”) since 2019 (stock code: 1792) to cater to its development needs.

ABOUT THE REPORT

We are pleased to present our seventh Environmental, Social and Governance (“**ESG**”) Report (the “**Report**”). The Report highlights the Group’s ESG strategies and performances, encompassing the relevant governance framework and policies so that our stakeholders can understand about our sustainability approaches.

Scope and Reporting Period

The Report presents our ESG performances of all offices, facilities, and properties owned by and under our direct operation. The scope of the Report has expanded, including the business activities and operations in Singapore, the United States (“**US**”), Japan, and Foshan, China during the financial year ended 31 December 2023 (the “**Reporting Period**”). The US office and Japan office are excluded from the environmental data to better reflect the actual operation mode of the Group. Our ESG initiatives include environmental protection, employee care, resource management, and product quality assurance.

Reporting Principles

The preparation of the Report was in accordance with the Environmental, Social and Governance Reporting Guide (the “Guide”) as set out in Appendix C2 to the Rules Governing the Listing of Securities on HKEX. The Report has been prepared in full compliance with the mandatory disclosure requirements and “comply or explain” provisions stipulated in the Guide.

The preparation of the Report follows the reporting principles listed in the Guide:

Materiality	Quantitative	Consistency
Stakeholder engagement was conducted through different channels and the board of directors of the Company (the “Board”) has considered the Group’s business nature and development to identify the material ESG issues.	Key performance indicators (“KPIs”) and comparative figures are disclosed where appropriate. The KPIs are calculated with reference to “Appendix 2: Reporting Guidance on Environmental KPIs” and “Appendix 3: Reporting Guidance on Social KPIs” of “How to Prepare an ESG Report” published by HKEX.	A consistent methodology is implemented in data collection and calculation for meaningful comparisons of ESG data over time. In case of any adjustments in the reporting scope or preparation of data, they shall be explained for stakeholders’ reference.

Access to the Report

The Report is available in both English and Chinese versions and is uploaded to the website of HKEX and our company website (<https://cmon.com>). In case of any discrepancies between the two versions, the English version shall prevail.

Stakeholders’ Feedback

We believe that the opinions of our stakeholders can contribute to the ongoing development of the Group. Each opinion is precious for us. If you have any comments on the Report or the sustainable development strategies and performance of the Group, please contact us through the following contact methods:

Address: 31/F, Tower Two, Times Square,
1 Matheson Street, Causeway Bay, Hong Kong
Website: <https://www.cmon.com/contact>





SUSTAINABILITY GOVERNANCE

The Board holds the highest responsibility of evaluating and managing ESG-related risks, preparing ESG reports, establishing and reassessing objectives, and implementing policies and actions pertaining to ESG concerns. The Board identifies, analyses, evaluates, and prioritizes key risks and opportunities concerning the Group’s operation and ESG issues, and reviews progress against the Group’s ESG targets through regular meetings and communication with management. The Group has engaged an independent consultant, Riskory Consultancy Limited, to assist in report preparation and provide ESG- and carbon neutrality-related consultancy services.

For the Group’s other corporate governance details, please refer to the “Corporate Governance Report” section in Annual Report 2023.

STAKEHOLDER ENGAGEMENT

Stakeholders' feedback is critical to the Group's operation and management. Therefore, the Group is aware of the importance of communicating with stakeholders in relation to our approaches to embracing corporate social responsibilities. We engage our stakeholders through various communication channels to acknowledge their expectations. We strive to incorporate stakeholders' concerns into our operation to enhance our performance and secure their interests. We also aim to collaborate with them to create greater value for the community on a sustainable basis.

<p>Customers</p> 	<p>Employees</p> 
<ul style="list-style-type: none"> • Hobby site and online forums (http://www.coolminiornot.com/) • Customer service officer • Company's website 	<ul style="list-style-type: none"> • Training and workshops • Performance evaluations of employees by managers
<p>Investors and shareholders</p> 	<p>Suppliers</p> 
<ul style="list-style-type: none"> • Annual general meeting and other shareholder meetings • Financial reports • Announcements and circulars 	<ul style="list-style-type: none"> • Periodic site visits • Production workshop inspections • Periodic evaluations
<p>The community, NGOs, and media</p> 	
<ul style="list-style-type: none"> • Press releases and conferences • ESG reports 	

MATERIALITY ASSESSMENT

Through consistent communication with stakeholders and discussions in Board meetings, the Group has identified 22 sustainability issues material to our operation. We have reviewed, evaluated, and prioritized the material issues based on stakeholders' concerns and interests.

ESG Issues	Materiality
Environmental Aspect	
Efficient use of resources	Important
Climate change-related risks (e.g. typhoons, flooding)	
Waste management	
Impact of business activities on the environment	Relevant
Emission of pollutants and greenhouse gases ("GHGs")	
Social Aspect	
Users' privacy and data protection	Most Important
Product and service quality and safety (including game content health)	
Customer service (including complaints handling)	
Anti-corruption system and whistle-blowing mechanism	
Occupational health and safety	
Supply chain management (including suppliers' management of environmental and social risks)	
Protection of intellectual property ("IP") rights	Important
Game research and development ("R&D")	
Game advertising and labeling	
Corporate governance	
Employment relationship, policies and employee welfare	
Diversity and equal opportunities, and anti-discrimination	
Prevention of child labour and forced labour	
Training and development	
Green procurement	Relevant
Participation in or organising of volunteer activities	
Charity donation	

OPERATING PRACTICES

The Group's prosperity hinges on delivering products of high quality and safety that fulfill our customers' anticipations. To guarantee the excellence of our products and foster the sustainability of our business, we have instituted a range of policies and processes that span our diverse business activities, operational practices, and production lines.

Product Responsibility

We are deeply committed to product responsibility, ensuring sustainability, ethical sourcing, and safety are at the core of our business practices. We strictly abide by all applicable laws and regulations in our operational areas relating to products and services, including but not limited to:

- The Copyright Act 2021 of Singapore;
- The Trade Marks Act 1998 of Singapore;
- The Personal Data Protection Act 2012 of Singapore;
- The Leahy-Smith America Invents Act of the US; and
- The Copyright Law of the US.

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

Product Quality and Safety

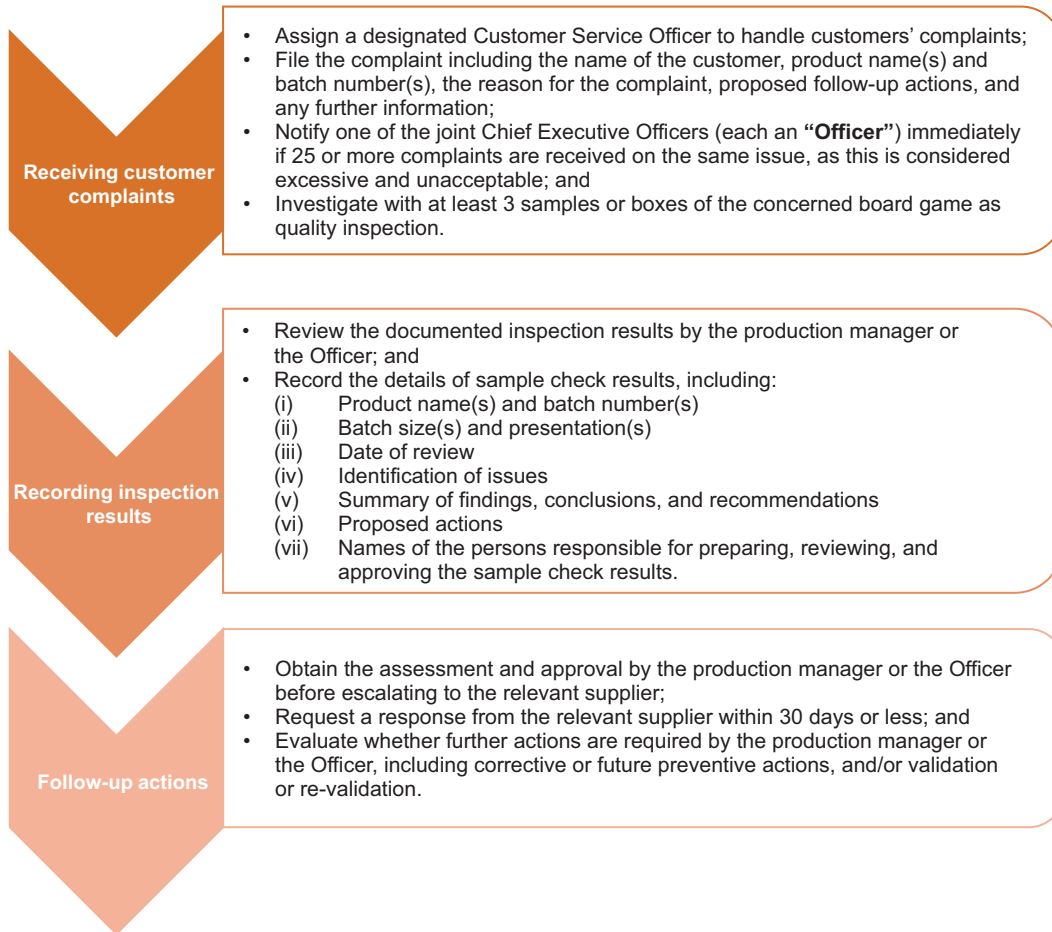
Before offering our products for sale, we perform rigorous safety assessments to mitigate environmental harm and guarantee product safety. Safety labels have been added to all packaging materials. During the Reporting Period, all products were compliant with relevant safety standards. Due to our business nature, we were not involved in product recall for safety and health reasons.

Game Research and Development

Our commitment to Research and Development ("R&D") involves substantial investment in both effort and resources. It is essential for sustaining product excellence and aligning with current market trends. Through R&D, we are dedicated to innovating and enhancing our products with unique features continually. We encourage creativity in our production guide to developing innovative and attractive components. The R&D team is provided with resources and training to equip them with professional knowledge and to expand our R&D capabilities.

Customer Service

To improve our sustainable development efforts, the Group places significant importance on the feedback from stakeholders and customers. We have established a comprehensive procedure to handle complaints from customers.



During the Reporting Period, no material products and service-related complaints were received.

Customers Privacy Protection

We handle personal data with utmost confidentiality and care, prioritizing the protection of customer privacy. The Group maintains the secrecy of confidential information, which encompasses personal details, customer data, contracts, and our business strategies. The Employee Handbook clearly states the relevant guidance that employees are required to use confidential information only for the Group's business and disclose the information only with authorization. Employees shall pay extra attention when handling customers' data and follow their respective Non-disclosure Agreements.

Intellectual Property

The Group acknowledges the significance of intellectual property rights, especially within our design and development processes. As hobby game developers, we respect our designers' efforts and are dedicated to safeguarding intellectual property rights throughout production, dissemination, and publication. We strictly comply with all the applicable laws and regulations related to IP rights for all of our products, including but not limited to the Copyright Act 2021 and the Trade Marks Act 1998 of Singapore for the operations in Singapore, and the Copyright Law of the US.

The Group publishes games that are either self-owned or licensed. We secure the IPs of self-owned games through in-house development, transfers from Controlling Shareholders, or purchases from external entities, whereas we obtain IP rights for licensed games from external game developers. To regulate the acquisition of IP rights and prevent any infringement, we have developed the Trademark Registration Policy. In addition, the Licensing Procedure Document of the Group is circulated to employees to follow when dealing with graphic assets and texts which require approval from licensors.

Game Advertising and Labelling

The Group is dedicated to fostering trust with our customers by engaging in truthful and accurate advertising and labeling practices. We commit to advertising without deception, inaccuracies, fraud, or unlawful components, adhering to our high standards of decency, taste, and dignity.

We have established specific policies governing product advertising and labeling to meet the legal standards of product safety across all locations where our products are marketed. These policies ensure that product packaging is rigorously inspected and reviewed to comply with regulatory requirements.

Supply Chain Management

Our company is dedicated to responsible supply chain management, prioritizing ethical practices, environmental sustainability, and transparent partnerships in our ESG commitments. We have an extensive and global supply chain network. Our suppliers are experts from diversified fields, including miniatures producers, game designers, and creators as well as outsourced manufacturers and game manufacturers. During the Reporting Period, the Group had a total of 108 suppliers and their distribution is as follows:

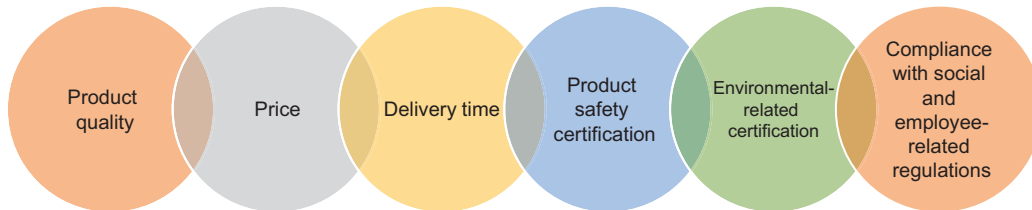
Region	Number of suppliers
Hong Kong	6
Mainland China	15
Other Asian Countries	7
North and South America	38
Europe	42

To guarantee the procurement of quality products and services, we have implemented rigorous internal controls within our procurement and payment processes. We have formulated a comprehensive supplier selection process, including on-site review, inspection of production workshops, and periodic evaluations to engage the best-suited suppliers. We adhere to all applicable laws and regulations regarding product safety and performance in suppliers' product manufacturing.

Periodic site visits by our management team are conducted to assess supplier performance. Evaluation of production facilities, business backgrounds, and internal control processes of suppliers are performed accordingly. In the Reporting Period, 34 major suppliers have been assessed using the above procedures.

Supply Chain Risk Management

Policies have been put in place to manage social risks and minimize the environmental impact of our production activities. We evaluate and choose respected outsourced manufacturers. Suppliers which use environmentally friendly products are preferred in the selection process. Only suppliers who can fulfill our internal standards, are legally compliant, socially responsible, and financially sustainable are engaged. The assessment criteria include but are not limited to:



Anti-corruption

Our group’s reputation and sustainability are upheld by our commitment to anti-corruption, which is rooted in our core values of honesty, integrity, and fairness. These practices are essential for preserving trust, ensuring integrity, and complying with legal standards. The Group strictly adheres to relevant laws and regulations, including but not limited to the Prevention of Corruption Act 1960 of Singapore, as well as the Foreign Corrupt Practices Act of the US. We have established various policies to prevent unlawful business operations, including but not limited to:

Whistleblowing policy

To enhance our corporate governance, and to encourage employees and other stakeholders to report unethical behaviors, malpractice, wrongful conduct, fraud, etc.

Inside Information Policy

To summarize inside information and lay out when and how inside information related to the Group should be treated and disclosed, for the promotion of an effective compliance scheme for the Group and its subsidiaries.

Anti-corruption Policy

To prevent unlawful business operations including bribery, fraud, extortion and other forms of corrupt practices by setting out a system of rules, practices and processes.

Providing anti-corruption training to employees is vital for promoting ethical conduct, preventing legal breaches, and embedding a culture of transparency within the Group. During the Reporting Period, the Board and senior management were provided with online training materials to raise their awareness of anti-corruption. In the future, we will consider extending the training to all employees in order to ensure all of them understand the Group’s emphasis on honesty in the operation.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to bribery, extortion, fraud, and money laundering, which would have a significant impact on the Group. There was no concluded legal case regarding corrupt practices brought against the Group or our employees.

ENVIRONMENTAL PROTECTION

Environmental protection is imperative for sustaining ecosystems, mitigating climate change impacts, and ensuring corporate accountability for future generations. Therefore, the Group strives to achieve better environmental and sustainability performance. Considering our business nature, we do not have a significant adverse influence on the environment. Nonetheless, we still recognize and fulfill our corporate responsibility to minimize our potential environmental impact through resource management and waste treatment.

The Group strictly adheres to relevant laws and regulations related to environmental protection, including but not limited to:

- The Environmental Protection and Management Act 1999 of Singapore;
- The Environmental Public Health Act 1987 of Singapore;
- The Atmospheric Pollution Prevention and Control Law of the People’s Republic of China;
- The Environmental Protection Law of the People’s Republic of China;
- The Clean Air Act of the US;
- The Clean Water Act of the US; and
- The Toxic Substances Control Act of the US.

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 waste, which would have a significant impact on the Group.

Emissions

Exhaust Gas Emissions

Vehicles are the primary sources of our exhaust gas emissions. The emission data for the Reporting Period is as follows:

	Unit	2023	2022
Nitrogen oxides (NO _x)	kg	2.83	2.93
Sulphur oxides (SO _x)	kg	0.05	0.05
Particulate matter (PM)	kg	0.21	0.22

We are dedicated to reducing our exhaust gas emissions by committing to more efficient vehicle use in our daily operational activities, relevant measures include but are not limited to encouraging our employees to switch off engines whenever the vehicles are idling and plan routes ahead of time to reduce route repetition; as well as conducting regular maintenance of our vehicles to ensure optimal engine performance and fuel use.

Greenhouse Gas Emission

Petrol consumption of vehicles (Scope 1) and electricity consumption (Scope 2) are the major sources of our greenhouse gas emissions. The emission data for the Reporting Period is as follows:

	Unit	2023	2022
Direct GHG emissions (Scope 1) ¹	tonnes CO ₂ e	8.31	8.60
Energy indirect GHG emissions (Scope 2) ¹	tonnes CO ₂ e	26.47	33.53
Total GHG emissions	tonnes CO ₂ e	34.78	42.13
Intensity ²	tonnes CO ₂ e/employee	0.50	0.54

- GHG emission data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, the latest released emission factors of China's regional power grid basis, the latest released emission factors of Singapore's power grid basis, "How to prepare an ESG Report — Appendix II: Reporting Guidance on Environmental KPIs" issued by the HKEX, "Global Warming Potential Values" from the IPCC Sixth Assessment Report, 2021 (AR6).
- As at 31 December 2023, the Singapore office and Foshan office have a total of 70 employees. The data is also used for calculating other intensity data.

We actively pursue various strategies to boost energy efficiency and cut our GHG emissions. For details on these measures, please refer to the "Energy Consumption" section.

Waste Management

Due to the business nature of the Group, no material hazardous waste was generated in our operation. The relevant data of the Reporting Period is as follows:

	Unit	2023	2022
Total non-hazardous waste generated	tonnes	4.22	3.49
Intensity	tonnes/employee	0.06	0.04

We have implemented numerous measures to reduce waste generation and enhance waste reduction awareness among our employees. All non-hazardous waste is managed and disposed of using appropriate methods. To reduce paper use, employees are encouraged to use online messaging services, such as emails and e-filing for both internal and external communications, and use recycled paper and double-sided printing or copying in offices. In addition, we utilize old or obsolete computers as backups for junior or temporary employees.

Moving forward, we aim to further diminish the waste we produce by exploring various potential initiatives.

Use of Resources

Energy Consumption

The use of diesel oil in vehicles is the Group's main direct energy consumption source, while purchased electricity is the main source of indirect energy consumption. The energy consumption data for the Reporting Period is as follows:

	Unit	2023	2022
Direct energy consumption	MWh	31.50	32.62
Indirect energy consumption	MWh	56.25	68.36
Total energy consumption	MWh	87.75	100.98
Intensity	MWh/employee	1.25	1.29

The Group has been actively implementing measures to reduce energy consumption. In particular, we have installed energy-efficient LED lights and environmentally friendly air conditioning units. Our employees are also reminded to switch off unused lighting, air conditioners, and other electronic appliances in offices to reduce energy consumption.

Going forward, the Group plans to adopt additional potential initiatives for energy conservation to increase efficiency in resource utilization.

Water Consumption

Given the nature of our business and the locations of our operations, we do not face any significant issues in sourcing water that is fit for purpose. Our operations are not water-intensive, resulting in no significant water consumption. The amount of water consumption represents the volume of wastewater discharge since our wastewater is mainly generated from offices.

The water consumption data for the Reporting Period is as follows:

	Unit	2023	2022
Total water consumption	m ³	576.00	493.80
Intensity	m ³ /employee	8.23	6.33

We are committed to enhancing water usage efficiency by considering further potential initiatives and have encouraged employee conservation efforts through prominent environmental signage with water-saving messages. Our ongoing efforts aim to increase our water efficiency in the future.

Packaging Materials Consumption

Due to the business nature of the Group, consumption of packaging materials is involved. The consumption data for the Reporting Period is as follows:

	Unit	2023	2022
Total packaging materials consumption	tonnes	9.10	7.99
Intensity	tonnes/revenue in million USD	0.20	0.18

We actively promote the integration of environmental sustainability into our product and packaging design process. We plan to increasingly adopt eco-friendly materials for packaging in the future.

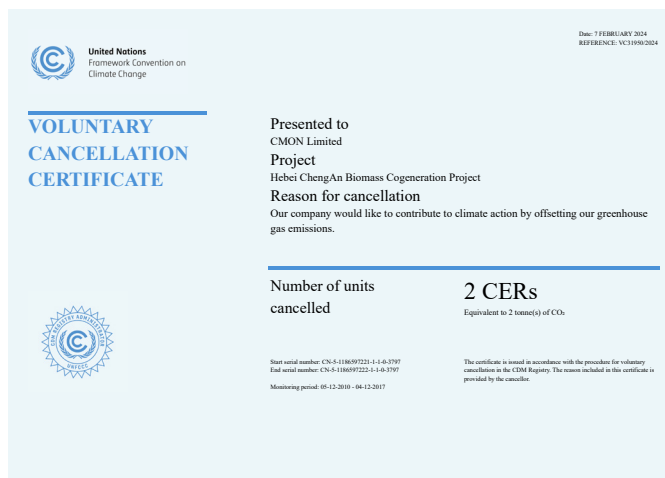
The Environment and Natural Resources

Our company policies and procedures are shaped by a strong commitment to environmental sustainability and a green philosophy, despite our business operations not having a major negative impact on the environment. We acknowledge our corporate social responsibility and consistently ensure adherence to the relevant environmental regulations in the communities where we operate. To foster a culture of environmental stewardship among our employees, we regularly communicate the importance of environmental protection through various means such as emails, notices, and workshops.

Climate Change

Climate change as a defining issue of our time carries profound implications for the planet, economies, and societies. We are committed to playing our part in addressing this challenge, aligning with global efforts, such as the Paris Agreement, to secure a sustainable and resilient future. Extreme weather induced by climate change, such as intensified and more frequent typhoons and heavy rainfall, is identified as the Group’s climate risk. Physical risk has implications for the health and safety of our employees, therefore we have established an emergency plan in relation to work arrangements under extreme weather conditions to ensure employee safety.

During the Reporting Period, we have successfully implemented various reduction measures and utilized carbon offsets to achieve reduction in our greenhouse gas emissions. The carbon offset project we have utilized is the Hebei ChengAn Biomass Cogeneration Project (Project ID: 3797) from the United Nations Clean Development Mechanism (“CDM”), which focuses on generating electricity by utilizing local straw from cotton. The electricity generated from this project is sold to the Hebei Provincial Power Grid, replacing the capacity of coal-fired power plants. The project contributed to greenhouse gas emission reduction, comprehensive utilization of resources, environmental protection, and providing job opportunities and increasing income of local residents. Certified Emission Reductions (“CERs”) from this project were also used for carbon neutrality at the 19th Asian Games Hangzhou 2022 and the 4th Asian Para Games Hangzhou 2022.



EMPLOYMENT AND LABOUR PRACTICES

Employee is imperative to the Group's business operation. The high quality of our products and services stems from our employees' qualifications, professional skills, and experience. Recognizing them as our most valuable asset, we ensure a safe and healthy workplace, along with various training and development opportunities.

We strictly adhere to applicable laws and regulations, including but not limited to:

- The Employment Act 1968 of Singapore;
- The Employment of Foreign Manpower Act 1990 of Singapore;
- The Central Provident Fund Act 1953 of Singapore;
- The Labour Law of the People's Republic of China;
- The Fair Labour Standards Act of the US; and
- The Americans with Disabilities Act of the US.

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

Employment

Recruitment and Promotion

The group is committed to fairness and justice, upholding standardized procedures for recruitment, promotion, and dismissal. As an equal-opportunity employer, we ensure a non-discriminatory, transparent, and merit-based recruitment process, which is designed to meet our current and future organizational needs effectively. Employees are selected based on their merits and suitability for the particular position. As at 31 December 2023, the Group had a total of 87 full time employees (2022: 78 employees).

	Unit	2023	2022
By gender			
— Male	person	56	49
— Female	person	31	29
By age group			
— 30 years old or below	person	29	29
— 31–50 years old	person	47	41
— 51 years old or above	person	11	8
By geographical region			
— Mainland China	person	36	36
— the US	person	7	8
— Singapore	person	34	34
— Japan	person	10	—

Periodic performance appraisals to assess employees for promotion are conducted by the Human Resources Department. In addition, the Human Resources Policy clearly states that employee promotion is determined by their job-related skills, responsibilities, experience and duties.

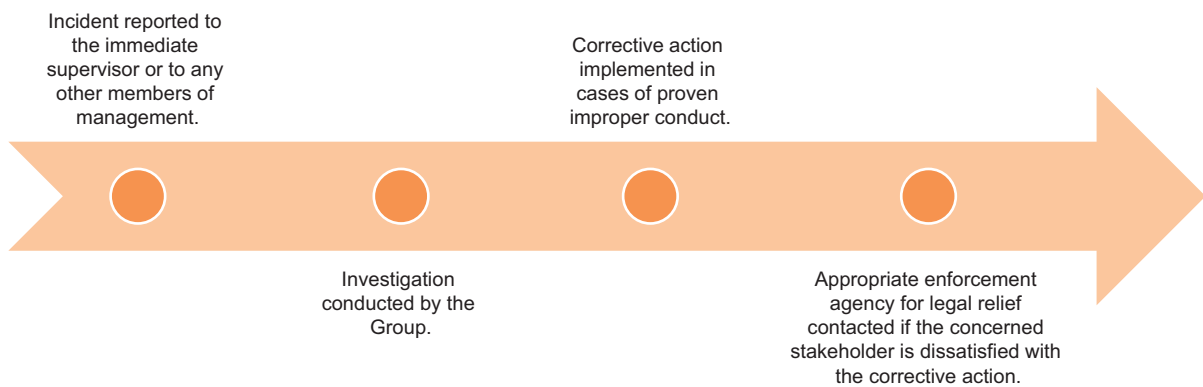
Benefit and Remuneration

To attract and retain talent, the Group offers a competitive compensation and benefit package. Benefits include, but are not limited to Mandatory Provident Fund, basic medical insurance, and work injury insurance, public holidays, marriage, compassionate and maternity leaves, as well as additional compensation such as discretionary bonuses and share options for eligible staff.

Anti-discrimination

We are dedicated to maintaining a workplace devoid of harassment and discrimination, upholding a policy of zero tolerance towards any form of abuse or misconduct in the workplace. We are committed to eradicating physical and verbal harassment and discrimination against any individual based on race, religion, colour, gender, physical or mental disability, age, place of origin, marital status, and sexual orientation at the workplace.

Bullying, harassment, intimidation, or any form of employee humiliation will not be tolerated. Employees are urged to report such behavior to management or their managers, whereupon stringent and formalized processes will be initiated to investigate and address the reported incidents. The Employee Handbook specifically states the escalation process for reporting discriminatory acts:



Dismissal

Our internal policies dictate that employment terminations must strictly adhere to relevant laws and regulations, firmly prohibiting any unfair or illegitimate dismissals. Furthermore, management conducts face-to-face interviews with resigned staff to obtain their opinions. During the Reporting Period, the Group's employee turnover rate is as follows:

Turnover rate	Unit	2023	2022
By gender			
— Male	percentage	8.9	4.1
— Female	percentage	6.5	3.5
By age group			
— 30 years old or below	percentage	13.8	10.3
— 31–50 years old	percentage	6.4	0
— 51 years old or above	percentage	0	0
By geographical region			
— Mainland China	percentage	13.9	8.3
— Singapore	percentage	2.9	0
— the US	percentage	14.3	0
— Japan	percentage	0	—

Employees' Health and Safety

The well-being and safety of our employees are fundamental to the sustainable progress and expansion of our operations. To ensure employee health and safety, the Group strictly complies with relevant laws and regulations, including but not limited to:

- The Workplace Safety and Health Act 2006 of Singapore;
- The Work Injury Compensation Act 2019 of Singapore;
- The Radiation Protection Act 2007 of Singapore;
- The Occupational Safety and Health Act of 1970 of the US; and
- The Law of the People's Republic of China on the Prevention and Control of Occupational Diseases.

We have adopted different measures to raise employees' awareness of health and safety at work. Employees are provided with regular safety training and communication materials such as the Employee Handbook. A set of standard handling procedures have also been established in case of any work-related injuries.

Although the Coronavirus Disease 2019 (“**COVID-19**”) has been alleviated, the Group still closely monitor the pandemic situation to safeguard the health and safety of our employees and business partners, and comply with public health requirements of local regulatory authorities if needed. We persistently implement a range of initiatives to minimize the risk of infections.

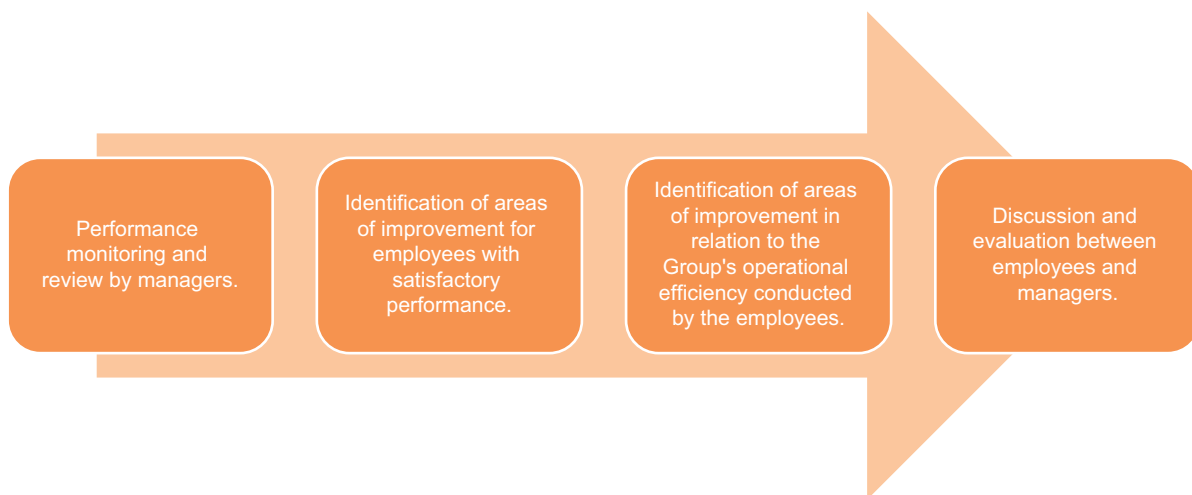
There were no work-related injuries or fatalities for the past three years including the Reporting Period. During the Reporting Period, no lost days due to work-related injuries were reported. The Group was not aware of any material non-compliance with laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards, which would have a significant impact on the Group.

Employee Development and Training

To uphold the quality of our goods and services, the Group prioritizes employee development and training. Employees are offered a clear trajectory for career advancement and a variety of growth opportunities, such as workshops and on-the-job training, to enhance their capabilities and professional expertise.

For existing staff, production guides and producers training programs are provided to employees to enhance their management skills of different stages in the production chain, such as the miniatures manufacturing process and communication with the artists and graphic designers.

For new recruits, newly recruited designers are given the opportunity to engage with local suppliers through comprehensive team training to gain a deeper understanding of the Group's operations. Meanwhile, new staff can better understand their roles and responsibilities, and establish connections with co-workers in an introductory period. To assist our new joiners in setting and managing their expectations, we have taken the following steps in the introductory period:



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The training and development data in the Reporting Period is as follows:

	2023	2022
Percentage of employees trained by gender		
— Male	41.1%	44.9%
— Female	58.1%	34.5%
Percentage of employees trained by employee category		
— Senior management	71.4%	83.3%
— Middle management	100.0%	69.2%
— Frontline employees	38.0%	30.5%
Average training hours completed per employee by gender		
— Male	3	9
— Female	3	7
Average training hours completed per employee by employee category		
— Senior management	1	5
— Middle management	5	7
— Frontline employees	3	9

Labour Standards

Our operations strictly forbid the use of child labour and forced labour. We comply with all relevant laws and regulations, including but not limited to the Employment Act 1968 in Singapore, the Labour Law of the People's Republic of China in Mainland China, as well as the Fair Labour Standards Act in the US.

To prevent child and forced labour within the Group and our supply chain, we implement thorough verification of candidates' ages by collecting personal data during recruitment. The Human Resources Department meticulously reviews all identity documents as part of the hiring process. Additionally, we perform unscheduled audits and walkthroughs of our outsourced manufacturers at least annually. Should any labour standard violations be detected, employment will be terminated immediately, and employment procedures will be revised to avert future incidents.

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

COMMUNITY INVESTMENT

The Group is deeply invested in the sustainability of the communities where we function and is dedicated to making a positive contribution to these areas. Our business strategy is firmly rooted in the principles of social responsibility and community service. We foster community care through active participation in local initiatives that focus on caring for the people and the community. We also encourage our employees to engage in such activities.

During the Reporting Period, we donated around SGD 10,000 to Lutheran Community Care Services Singapore for medical assistance and community support.

Looking ahead, our commitment is to work collaboratively with community stakeholders, contributing to communal sustainability through diverse community investment endeavors.

THE ESG REPORTING GUIDE CONTENT INDEX OF HKEX

Subject Areas, Aspects, General Disclosures and KPIs

Relevant Section

Mandatory Disclosure Requirements

Governance Structure	A statement from the board containing the following elements: (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, prioritise 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.	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 — Scope and Reporting Period

“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 GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Protection
KPI A1.1	The types of emissions and respective emissions data.	Emissions — Exhaust Gas Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) GHG emissions (in tonnes) and, where appropriate, intensity.	Emissions — Greenhouse Gas Emission
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Emissions — Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Emissions — Waste Management
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Emissions — Exhaust Gas Emissions
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.	Emissions — Waste Management

Subject Areas, Aspects, General Disclosures and KPIs

Relevant Section

Aspect A2: Use of Resources

General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in'000s) and intensity.	Use of Resources — Energy Consumption
KPI A2.2	Water consumption in total and intensity.	Use of Resources — Water Consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources — Energy Consumption
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) and steps taken to achieve them.	Use of Resources — Water Consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources — Packaging Materials Consumption

Aspect A3: The Environment and Natural Resources

General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	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: (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.	Employment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment — Recruitment and Promotion
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment — Dismissal

Subject Areas, Aspects, General Disclosures and KPIs

Relevant Section

Aspect B2: Health and Safety

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 providing a safe working environment and protecting employees from occupational hazards.	Employees' Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Employees' Health and Safety
KPI B2.2	Lost days due to work injury.	Employees' Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Employees' Health and Safety

Aspect B3: Development and Training

General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employee Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category.	Employee Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Employee Development and Training

Aspect B4: Labour Standards

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards

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
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
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

Subject Areas, Aspects, General Disclosures and KPIs		Relevant Section
Aspect 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.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility — Product Quality and Safety
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility — Customer Service
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility — Intellectual Property
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility — Product Quality and Safety
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility — Customers Privacy Protection
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.	Anti-corruption
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.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
<i>Community</i>		
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.	Community Investment
KPI B8.1	Focus areas of contribution.	Community Investment
KPI B8.2	Resources contributed to the focus area.	Community Investment