

2024 Environmental, Social and Governance Report 環境、社會及管治報告

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Management Mission Statement

Raymond Industrial Limited ("**RIL**" or the "**Company**", and together with its subsidiaries, the "**Group**") was founded more than half a century ago. In recent years, we have embraced the Concept of Corporate Stewardship so as to manage, nurture and grow what has been entrusted to us for handing over in a better condition to the next generation. We are delighted to present our standalone *Environmental, Social and Governance ("ESG") Report, whose ESG Strategy section details our management approach and elaborates on the performance in seven key forces that drive sustainable business development.*

In 2024, the Group is at an inflection of making ever more greater contribution to economic and social progress. We tackled problems spanning climate impact, air pollution, and digital piracy. In fostering an ecologically friendly and healthy environment for all stakeholders, we have shown determination to use clean production techniques, and taken positive steps to provide solutions that restrain greed, irresponsibility and short-termism. This is particularly timely because the Group's production plants and laboratories are located in Guangzhou Nansha, China, where environmental and safety laws and regulations are becoming more stringent.

ESG Strategy

The Group has a leadership driven by clear values, vision and mission. We pursue this vision along eight key forces that drive the business and work in unison to give the Group a solid foundation from which to promote sustainable development:

- Long-term Viewpoint and Strategic Approach
- The Importance of People and Human Merit Systems
- Customer Oriented and Building the Economy
- Growing an Outstanding and Effective Team
- Socially Minded and Cultivating the Community
- Continuous Innovation and Improvement
- Frugality and Prudent Use of Natural Resources
- Embody and Sustain Culture and Legacy

The Group has established sound systems and measures in all our business areas and effectively implemented our policies through a sustainable organization structure. We regularly review our sustainable development strategies and examine our policies on a timely basis to ensure that our sustainable development approach is implemented in daily decision- making and operations.

RIL is determined to achieve sustainable development. We are grateful to our internal and external stakeholders (customers, suppliers, employees, community, investors, government, etc.) for their support to achieve this common goal. It is our wish to go forward together so that, while achieving outstanding results for the Group, we can also create a healthier, cleaner and more comfortable environment for the community, and help realise a low-carbon sustainable future.





Long-term Viewpoint and Strategic Approach

RIL focuses on the following Key Elements of Global ESG Standard to formulate effective long-term viewpoint and ESG strategy. The Board believes that companies should invest in ESG orientation since ESG activities build up social capital and provide insurance safety net when a company faces crisis related to our reputation and operational disruption following the core theories postulated by academic scholars from the Strategic Philanthropy School of ESG. According to the stakeholder theory (Freeman and Jones) and strategic and institutional approaches (Fombrun and Suchman), superior social performance enhances firm value by serving as an ex-ante insurance mechanism that reduces the risk to decrease firm value; and establishment of good stakeholder relations helps manage a company's reputation and legitimacy to enable the management to deliver better financial performance. Corporate donation also positively affects firm financial performance because it helps a firm to gain sociopolitical legitimacy, which enables the firm to elicit positive stakeholder responses and gain legitimate political access.

The Importance of People and Human Merits Systems

To embrace a high standard of sustainable development governance, the Group strives to increase the firm value, build up both financial capital and social capital for our stakeholders and maintain the firm's sustainability for the benefits of our stakeholders. To achieve this mission, ESG activities are spearheaded by the board of directors of the Company (the **"Board**"). Comprising three executive directors, two non-executive directors and three independent non-executive directors as of 31 December 2024, the Board is responsible for formulating the Group's overall objectives and strategies, as well as monitoring risks. Every year, the Board examines the Group's various risk issues, including those related to the environment, society, governance and climate change, then prioritises risk-management tasks for the year ahead in accordance with internal and external factors. Progress made on each task is reviewed at each Board meeting. Under the Board is the Senior Management Team ("**SMT**") which comprises the Chairman, Chief Executive Officer and other top management personnel of the Company. The SMT is charged with supervising the internal operations of the Group and executing plans developed by the Board. The Group's main business lies in the household small appliances industry, and the SMT provides clear guidelines to effect sustainable development measures within day-to-day operations.

The Company's Health, Safety and Environment ("**HSE**") Committee was established in 2012 and for the year ended 31 December 2024, it comprised of the Group's Chairman, two General Managers and key management personnel from the Human Resources Department of the Group. It is responsible for updating the Group's Health, Safety and Environment Policy and managing related risks and issues, including organisational structure and resource inputs. Policies are then implemented by the Human Resources Department. In the reporting period, the HSE Committee had convened quarterly meetings to review the Group's HSE performance and examine related projects.



Stakeholders Engagement

The Group values the importance of communication with our stakeholders and maintains open communication channels with them in order to build trust and long-term relationship. We believe that this improves the transparency of the Group, as well as provides useful feedback from stakeholders that can boost our operational performance and reporting content. We maintain close contact with our stakeholders so that we understand their views on the Group's sustainable development efforts. We draw on our stakeholders' insights to help determine the material ESG issues to be addressed in our daily work or this report. The following table summarises our key stakeholders and the main channels through which we maintain everyday communication with them.

Stakeholder Groups	Main Communication Channels
Customers	Corporate website, Customer satisfaction surveys, On-site visits, Overseas visits, Meetings
Employees	Group WeChat corporate account, Intranet, Employees training/communication sessions
Shareholders and investors	Annual and interim reports, AGM, Investors meetings/emails
Government/regulatory bodies	Meetings/On-site visits
Suppliers	Regular supplier on-site assessments, meetings, Procurement processes, product launch briefings
Media	Press releases, Press conference
Educational Institutions/ Non-Profit Organizations	Sponsorships and donations, Volunteer work



Target Setting and Tracking

To enhance our sustainable development performance, the Group regularly examines and reviews the targets it has set. The following sets out our short- and medium-term targets, and monitors progress made during the reporting period.

Тор	ic	2024 ESG Target
1.	Minimize climate change risks	Take measures to avoid risk from flooding and typhoon, and disasters from extreme weather. Complete the draft and implementation of crisis management guidelines and procedures
2.	Achieve NetZero carbon emission by 2050	Use more energy efficient machineries. Install more solar panels. Increase the use of recycled material in manufacturing; and replace the whole fleet of vehicles with electric cars. NetZero emission disclosure including scenario analysis and Scope 3 emission disclosure.
3.	Minimize Supply Chain Risks and Logistics Risks	Develop more stable and more agile global supply chain and logistics for import/export of finished goods and raw material
4.	Cybersecurity and Data Protection	Obtained ISO 27001 certification in 2023. Will further optimize internal procedures to mitigate cybersecurity risk.
5.	Digital Transformation	Reduce paper usage through cloud technology and started running a paperless operation with more e-banking and digitalized processes in Hong Kong headquarter in 2023. Will implement more digitalized processes in Nansha factory in the PRC in 2024 and 2025.

Customer Oriented and Building the Economy

Customers

The Group's management team members partner closely with our customers. We help execute those strategies by delivering processes, technology solutions, thought leadership, consultation, marketing and digital communication services, unique insights, and exceptional experiences directly to our customers. We follow a digital strategy to transform our ability to anticipate and serve customer needs to provide distinctive value-add to customers. We follow two guiding principles – (1) Customer First; (2) Team Up to Win – to tailor make products at relatively affordable prices; and provide faster and more responsive service to our customers.

Consequently, to preserve the environment, energy and natural resources, and minimize wastage, we have invested in the following areas to improve our customer services. First, we have invested in video conference technology and equipment to reduce the number of physical trips overseas to meet with valued customers to cut down on carbon emission due to unnecessary travelling. Second, the Group has a policy to work closely with customers to cooperate on any recalls and safety/health related issue; and the Group has a quality system that handled customers (and related products) complaints. Third, root cause analysis would be conducted on each major customer complaint to avoid reoccurrence of product defects. Fourth, we have procedures to safeguard intellectual property (IP) rights to protect our customers' intangible assets. Finally, in 2023, we were certified for ISO27001 so we have cybersecurity best practices to safeguard consumer data protection and privacy policies. In 2024, we were audited again by SGS to ensure all departments followed ISO27001 procedures. Regarding recalls and safety/health related issues, we recorded the number and percentage of total products sold or shipped that have been subject to quality recalls for possible risk to safety and health. In 2024, total products sold were 11,705,458 pieces of finished goods; and 583 pieces were recalled due to quality issues, representing 0.005% of total products shipped subject to recalls for malfunctioning reasons. We would like to emphasize that none of the recalled products were related to safety and health reasons.

Regarding number of products related complaints received, we received a total of 11 cases of customer complaints in 2024. We have a standard procedure to deal with customers' complaints: for each case of customer complaint, we would set up a team/committee to investigate the root cause of the complaint and identify all the potential root causes in our supply chain and along our internal processes. We would take corrective actions to solve the problems by adopting a temporary short-term solution and a longer term solutions with continuous improvement.

Regarding practices relating to observing and protecting IP rights, our standard practices are as follows: we would sign a non-disclosure agreement (NDA) with all customers to safeguard any IP rights arising from product development discussion. Furthermore, the Group had been an OEM manufacturer for over 50 years and not once, did our management or staff copy our customers' IP or design and sell similar products in the market without consent from our customers. The Group also retains legal advisory services from a law firm in Chicago, USA and a law firm in Guangzhou, China to safeguard both IPs from our customers' and IPs from our own R&D innovations. On several occasions, the Group has taken legal actions against those manufacturers who infringed our IPs and our customers' IPs.

Regarding practices relating to implementing and monitoring consumer data protection and privacy policies, we have started our ISO 27001 certification process in 2020 and obtained the certification in 2023. Our goal is to enable a safe cyberspace to conduct business on e-commerce platforms and enable multifactor authentication for all our web-based processes. We will provide cybersecurity training for our staff and perform random security testing of our staff, making sure we have instituted policies to protect against whaling, phishing and other forms of cyber-attack. E-commerce is becoming increasingly important for our customers and for us to sell more products to our end-customers, and it is very important that we have policies that can safeguard consumer data and privacy; and protect our sensitive data and trade information from hackers.

With full commitment to delivering the best products for our customers, the Group will continue to innovate and develop new products that can improve air quality, reduce air pollution, promote responsible drinking, create a healthy living environment, and offering hygiene and medical solutions to end customers. With our efforts, we hope to improve people's health and well-being through meaningful innovation and products offering. Together we deliver superior long-term value to our customers and shareholders, while acting responsibly towards our planet and society, in partnership with our stakeholders.

AEO (authorized economic operator)

According to the World Customs Organization (WCO), an **authorized economic operator (AEO)** is "a party involved in the international movement of goods in whatever function that has been approved by or on behalf of a national Customs administration as complying with WCO or equivalent supply chain security standards. AEO include manufacturers, importers, exporters"

The AEO concept is one of the main building blocks within the WCO SAFE Framework of Standards (SAFE). SAFE sets out a range of standards to guide international Customs administrations towards a harmonized approach based on Customs to Customs cooperation and Customs to Business partnership.



RAYMOND Industrial Ltd. Environmental, Social and Governance Report 2024 SAFE is based on four core elements:

- 1. harmonization of the advance electronic cargo information
- 2. each country that joins SAFE commits to employing a consistent risk management approach to address security threats
- 3. on request of the Customs administration of the receiving nation, the Customs administration of the sending nation will perform an outbound inspection of high-risk containers and cargo.
- 4. definition of benefits that Customs will provide to businesses that meet minimal supply chain security standards and best practices.

The essence of the AEO-concept can be found in the Customs-to-Business partnerships. Operators can be accredited by Customs as AEOs when they prove to have high quality internal processes that will prevent goods in international transport to be tampered with. The Customs-Trade Partnership Against Terrorism (C-TPAT) is a safety measure that the trade industry takes against terrorism. When shipping internationally, safety is of the utmost importance. The C-TPAT provides an added feature to shipping internationally that gets customers cargo to its destination quickly and safely, and ensure the integrity of the information (what is said to be in a container, really is in the container and nothing else, more, or less); ensure the integrity of its employees (that they will not put goods in the container that should not be there); and secure access to its premises, to prevent unauthorized persons to put goods in the container.

As a result, Customs will trust the operator and perform less or no inspections on goods imported or exported by or via the AEO. This benefits the mover of the goods as goods are available more quickly, which means lower transportation costs. The Group is proud to announce that we were certified by the PRC China Customs as an AEO in 2020, and the certification was renewed in 2023, and our customers can be reassured of the highest safety standard of products manufactured at our production facilities (AEO status is an internationally recognised quality mark that shows the Group's role in the international supply chain is secured, customs controls and procedures are efficient and meet EU standards).

Shareholders and Investors

Institutional investors, such as BlackRock and RobecoSAM, have been taking an approach to investing that aims to incorporate ESG factors into investment decisions to better manage risk and generate sustainable long-term returns. ESG criteria are therefore conditions precedent that responsible investors use to screen potential investments. As there are more and more ESG investment funds in the market, the Group sees taking a more proactive approach will attract potential investors to buy our shares and may help the Company to increase firm value for existing shareholders.

Employees

The Group has around 2,300 employees. All of them, from production workers to personnel from supporting departments, have made significant contribution to the success of our businesses. Since we are committed to building a diversified and adaptable team, our talent management policies are people-oriented, with particular emphasis on the professional development and personal growth of employees while we strive to nurture a fair, just and inclusive working environment.

Total Workforce by Gender

	No. of Employees	Percentage (%)
Male	954	39.80%
Female	1,443	60.20%
Total	2,397	

Total Workforce by Employment Type

	No. of Employees	Percentage (%)
Full-time	2,397	100.00%
Part-time	0	0.00%
Total	2,397	

Total Workforce by Age Group

	No. of Employees	Percentage (%)
Under 30 years old	489	20.40%
31-40 years old	504	21.03%
41-50 years old	720	30.04%
Over 50 years old	684	28.53%
Total	2,397	

Total Workforce by Age Group





Total Workforce by Region of Geographical Region

Total Workforce by Region of Geographical Region



Employment Turnover Rate by Gender

	No. of Employees	Percentage (%)
Male	218	46.58%
Female	250	53.42%
Total	468	





	No. of Employees	Percentage (%)
Under 30 years old	211	45.09%
31-40 years old	96	20.51%
41-50 years old	104	22.22%
Over 50 years old	57	12.18%
Total	468	

Employment Turnover Rate by Age Group





	No. of Employees	Percentage (%)	
Guangdong	155	33.12%	
Guangxi	93	19.87%	
Hunan	85	18.16%	
Henan	35	7.48%	
Sichuan	28	5.98%	
Yunnan	7	1.50%	
Guizhou	17	3.63%	
Other regions	48	10.26%	

Employment Turnover Rate by Region of Geographical Region



Employment Turnover Rate by Region of Geographical Region

– Guangxi 93 (19.87%)

Diversity, Equity and Inclusion

To promote diversity, equity and inclusion, the Group builds and fosters an inclusive workplace where everyone feels valued and heard. The Group has a "No Labelling" policy to issues related to gender equality and LGBTQ+. The Group says "No" to racism and promotes a culture that is open, embraces different views and opinions, flexible, creative and improve cohesion and togetherness amongst employees and other stakeholders. We stand for what we believe in and accelerate diversity and changes. We firmly believe that life would be better when "you are you" (roots and a sense of belonging by being your unique self).

To quote from former CEO of Philips, Mr. Frans van Houten, we, RIL, are also a group that believes "the best innovation derives from a fully inclusive environment that is open to all people, ideas and new way of thinking." With an active diversity programme, we hope to create the best place for people to work, especially for those who share our passion to promote personal development, inclusion and diversity.

We were inspired by the "Hygge" attitude from Danish culture that fosters togetherness and team work while appreciating good things in life at our factory, though with a Chinese cultural twist. Instead of the Scandinavians" fika", where staff and workers typically talk informally over all aspects of life during a coffee break in Norway, Sweden and Denmark, we held numerous "BaiShen" events, or diety worshipping rituals, when we launched new products and invited major stakeholders from customers or suppliers to build up better rapport while sharing food and happiness, in anticipation of the first products coming out from our production assembly lines.

Growing an Outstanding and Effective Team

The principles of "AIM" (Align with strategy, Internal consistency and Management involvement) are central to the Group's talent management philosophy. With these principles defining our corporate culture, employees are given equal opportunities to move up their corporate ladder and be fairly rewarded and compensated – based on top management appraisal from time to time. Our systems and initiatives emphasize the qualities we value in our employees. The Human Resources Department has been empowered to provide clear guidelines for its systems, decision making and action, and in compliance with the ISO 9001 standard.

We have strict procedures for dealing with any conflict of interest, and employees are refrained from participating in activities that are considered unethical and illegal. There are rules regarding employees' acceptance of gifts and benefits, business entertainment and utilisation of corporate resources; there are also rules on how should deal with connected transactions and related business. We provide training on anti-corruption law to our staff. In an effort to eradicate corruption, we follow the Hong Kong Independent Commission Against Corruption's Code of Conducts to avoid conflicts of interest, bribery and corruption in the workplace, and work with local authorities in PRC China to eliminate any types of bribery, corruption, fraud and misconducts that are socially unacceptable behavior. The Board has approved and implemented a whistleblowing mechanism in place to help prevent the violation of laws and regulations. Under this mechanism, any stakeholders (including employees) should first present his/her case to his/her direct supervisor or the Human Resources Department. If necessary, the stakeholder may file a complaint directly to the members of the Audit Committee and the Board. During the reporting period, the Company did not receive any report about fraud and corruption, and the Board was not aware of any material irregularities.

We do not tolerate any form of discrimination in the workplace and ensure that employee remuneration does not differ because of age, gender, race, marital status or other factors. The Group abides strictly by equal opportunity and antidiscrimination. The Group bans any form of child labour and forced labour at our production facilities and requests our suppliers to adhere to the same principles. We have not been made aware of any concerns on this topic during the reporting period.



Talent Development and Nurturing

The Group is committed to cultivating an environment for continuous education. Every year, we provide in-house training for our employees, with topics ranging from work-related management skills and techniques to workplace safety. We also encourage lifelong learning by offering subsidies for external professional training, and we sponsor employees to study part-time Master and Doctorate programs. During the reporting year, we collaborated with the Hong Kong Polytechnic University ("**PolyU**") and the Hong Kong University of Science and Technology ("**HKUST**") to enroll our exceptional young talents in the Master (Engineering and MBA) and Doctorate (PhD, DBA) programs.

Nurturing talent is essential to the Group's success in sustainable development. We have a long-term succession plan overseen by the Group's Chairman and members of the SMT. High-potential employees will be hand-picked by the SMT to groom them to join the senior management one day, and to foster the young talents' trust and loyalty through the Talent Development Programs. Since 2010, the Group had nurtured 4 doctors, 3 MBAs, 4 Masters in engineering/ quality management who graduated from either PolyU or HKUST through their participation in the Talent Development Programs.

The new industrial revolution is one characterised by free-flowing data, tighter connectivity between people, places and things and an increased pressure on workers to continuously upgrade their skills to keep up with the pace of change. Besides creating an innovation-friendly space, the Group also needs to upskill its workforce to take full advantages of a rapidly changing global economy. That could happen through a deeper emphasis on skills training for workers through partnership with consulting companies, such as in an ERP upgrade, to initiate digital transformation in the work processes. The Group will also invest in more automation in the near future. The displacing effect of automation will force many staff and workers into periods of transition from one role to the next. The more education and training programs the Group can offer to our staff, the more adaptable and the more efficient they will become to handle digital transformation.

The Group provides directors and senior executives with latest Listing Rules training, the Group also provides middle management, regular employees and production line workers with various relevant training. The KPIs in the development and training of the Group are illustrated in the chart below:

	No. of Employees Trained	Percentage of Employees Trained (%)	Average Training Hours per Employee (hrs)
Male	954	39.80%	68.0
Female	1,443	60.20%	87.1

Percentage of Employees Trained and Average Training Hours Completed Per Employee by Gender

Percentage of Employees Trained and Average Training Hours Completed Per Employee by Employee Category

	No. of Employees Trained	Percentage of Employees Trained (%)	Average Training Hours per Employee (hrs)
Middle management	558	23.28%	38.0
Regular employees	211	8.80%	39.0
Production line workers	1,628	67.92%	99.0

Safe Working Environment

Work safety is the most important aspect at our production facilities and our management team would try our best endeavor to create a safe work place for all employees. We strictly abide by all laws and regulations that are of significance to the Group, related to workplace safety, and that help employees guard against occupational hazards. The Human Resources Department is responsible for ensuring compliance with local laws and regulations, and for conducting regular safety inspections at our production facilities. In the reporting period, the Human Resources department had worked closely with our customers and their respective retail customers, such as WalMart, CVS, Walgreen, etc. to conduct safety inspections and factory audits. Without exceptions, we passed our factory audits and safety inspections, and we are in full compliance with the Occupational Safety and Health Administration (OSHA) Regulations from the USA. For certain products that required higher quality and safety standard, our production facilities met ISO 13485 standard for medical devices, FDA and HACCP standard for products that are in direct contact with food and beverages when in use.

To ensure all employees understand the safety requirement, all employees are asked to attend safety trainings after they were hired, and they need to pass our internal safety tests before they were assigned to their job positions at the production facilities. On every floor of a factory, there are emergency response instructions, a gas detection fire alarm, fire extinguishers, and an eye washing station for use when necessary. All the safety equipment meets the local Fire Department requirement and will be checked regularly to avoid malfunctioning and obsolescent parts that would lead to safety hazard.

The Group was also in full compliance with the labour laws of the PRC and Hong Kong applicable to the staff in the corresponding locations. Occupational health and safety KPIs were illustrated in the chart below:

Lost Days Due to Work Injury

	FY 2024
Lost Days Due to Work Injury	189

Work-related Fatalities

		FY 2024	FY 2023	FY 2022
	Number of work-related fatalities	0	0	0
Y	Percentage of work-related fatalities	0%	0%	0%

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Nurturing Employee Welfare

Employees are the Group's most valuable assets, so we pay utmost attention to the recruitment process and the retention of talent. As the Group grows, the Group expects every employee will do well, do good and do the right thing for the Group and for the society. We also endeavour to create a work-friendly environment that takes care of not only our employees, but their family members as well. Therefore, our medical benefits also extend to employees' family members. In our pursuit of excellence, we promote life-time learning, and we welcome employees' opinions that can help management to identify opportunities for new training programs, new skills (such as digital transformation and FinTech) that can inject extra momentum into employees' career development. The Human Resources Department conducts exit interviews with resigning employees to understand their reasons for resigning, so that the Group's talent management system can be optimised.

Supply Chain

The Group places special attention to development of a socially responsible and environmentally friendly Supply Chain as our Customers request many components used in our products to be eco-friendly and meet stringent quality & safety standards such as RoHS and REACH (for European Union countries). Our customers require that materials to be halogen-free, ozone-free and do not contain Conflict Minerals (those that have been linked with violence/human rights abuses in the conflict zones).

Suppliers are important partners to ensure our Group's success, and we depend on each other to improve our quality, delivery time and agility during time of crisis. The Group's suppliers can broadly be classified into: raw material procurement, machinery and equipment, construction engineering, information technology and goods shipment. For a proper management of the social and environmental performance of our suppliers, we must ensure that they adhere to our strict standards regarding regulatory compliance, production and quality management, labour practices and environmental protection.

Geographical Region	No. of Suppliers	Percentage (%)		
Pearl River Delta Region	251	86.55%		
Yangtze River Delta Region	17	5.86%		
Overseas	14	4.83%		
Others	8	2.76%		
Total	290			

Number of Suppliers by Geographical Region

Supply Chain Management

The Procurement Department has a list of qualified suppliers approved by the SMT, and the Procurement Department conducts annual assessments, regular assessments and individual-item assessments of these suppliers. All suppliers must meet safety and environmental standard of respective raw materials according to local safety and environmental laws. Our staff can only engage partners from the list of gualified suppliers stored in our ERP database. This policy ensures that the Group only engages the best suppliers gualified by the Procurement Department to supply critical components to our production facilities. From time to time, we request samples from our suppliers to run RoHS and REACH tests at our laboratory to make sure all raw materials are free of Conflict Minerals and chemical and bio-hazards. Each batch of incoming raw material is subjected to random quality inspection and testing, and our Quality Assurance Department keeps digital records of all raw materials that passed our incoming quality check. Non-conforming raw materials would be rejected and returned to our suppliers. Repeated failure to pass our incoming guality check would result in delisting of qualified suppliers from the pre-approved list. Suppliers are encouraged to invest and participate in socially responsible ESG activities even though ESG investment is not a prerequisite and mandatory requirement to become our gualified suppliers according to our ESG policy.

The Group requires its suppliers to adhere to strict ethical standards. The Group has a zero-tolerance policy towards corruption and bribery by its business partners. When qualified suppliers sign the supply agreement, they implicitly agree to refrain from engaging in prohibited behavior regarding accepting offering gifts and benefits to our staff and they promise to behave ethically and lawfully. During the reporting period, no supplier was warned or disqualified for violating anti-bribery declarations or undertakings, nor was there any litigation involving bribery or fraud.

When it comes to practices relating to selecting and engaging gualified suppliers, the Procurement team follows the basic principles of excellent quality, competitive costs, good service and on time delivery in the supplier selection process. The Procurement team works closely with the Quality team to perform incoming quality inspection sample check for all components delivered from our suppliers. In case of non-compliance, the Procurement team, together with the Quality team reject the defective parts and asks our suppliers to deliver replacement parts with good quality. Every quarter during the year the Procurement and Quality teams would hold quality review and identify suppliers who do not meet our required quality standard. Furthermore, from time to time, both Procurement and Quality teams would send representatives to certain suppliers to inspect their factories and quality systems on site as part of the monitoring practices.

Glocalization

In 2023, the Procurement team followed a strategy that "think globally, act locally", which is called "Glocalization," blending globalization and localization. With the Glocalization strategy, the Procurement team will pursue regional and local strategy to reap the two-sided benefits of Glocalization. These benefits include improving lead time by having production facilities closer to our customers; shortening supply chain by reducing lead time and reducing inventory; managing geopolitical risks such as tariffs and local consumers buying preference; and mitigating business continuity risk such as disaster recovery and pandemic readiness. By improving lead time, reducing supply chain complexity, improving service to customers and mitigating tariffs, our Procurement team can align our customers' need in our product development process and manufacturing operations.





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Socially Minded and Cultivating the Community

Community

Philanthropic initiatives by a ESG conscious company serve to support long-standing needs of communities. Many global leaders have promoted a range of business models aimed at "doing good," such as social enterprises, purposedriven businesses and many wealthy owners even set up their own charitable foundations to pursue these social initiatives.

The Group's policy on ESG Investment, Sponsorships and Donations provides guidelines on which community projects to invest. The Group's strategic community investment projects range from "environmental protection oriented" to "fostering global harmony". The Group encourages employee participation in volunteer activities to foster connections with staff and strengthen relationship with local communities in pursuit of sustainable development.

Environment

In order to have healthy communities, we need clean air, natural resources, and a nontoxic environment. Sustainability and healthcare are intricately related since the quality of our environment affects public health. The Group has the mission to preserve the environment for the next generation, and provides a better world for the children of our stakeholders.

The Group has always been proactive in promoting environmental management; working closely with our employees and suppliers to put clean production strategy into practice. We focus on emissions reduction, energy and water conservation, and waste management. We are developing a range of consumer well-being products (air purifiers and other health care and grooming/hygiene products) to help build a better overall environment for all stakeholders. We have the desire to create a greener community by investing in innovations and technology that can make our living environment become cleaner and better, while optimizing operations' efficiency and alleviating environmental impact from production to product development.

The Group has received the ISO 14001 certification since 2006.

Prudent Environmental Management

The Group's HSE Committee outlines environmental policy guidelines and executes specific tasks on a daily basis and monitoring progress. Production processes have been scrutinized to make sure full environmental compliance is met, and clean production principles have been adopted to achieve optimal waste reduction, energy conservation, and create emissions and pollution free eco-friendly workplace. All products manufactured at our production facilities will conform to environmental safety standards as well as meeting our customers' quality requirement. We are committed to run production processes that would fulfill local environmental regulatory requirements.

The Group has formed an International Sustainability and Carbon Certification (**"ISCC**") team to initiate energy savings projects such as installing solar energy panels to utilize green energy, and installing LED lightings in our offices (both in Hong Kong and in the PRC) and in our manufacturing facilities in the PRC and in Batam, Indonesia. Both energy savings initiatives not only generated savings for the Group, also fostered a strong corporate culture to promote sustainability from workers to top management.



Continuous Innovation and Improvement

Green Innovation

In addition to adopting clean production principles and creating an eco-friendly workplace for our employees, the Group's R&D Department also develops environmentally friendly products and offers a range of innovative products that creates a healthy lifestyle at homes for consumers.

Our WiFi connected, internet of things (iOT) compatible air purifiers can be easily integrated into a Smart Home and linked up through devices such as Google Home Mini to allow remote access so consumers can return to their home with fresh clean air free of pollutants. The Group will continue to innovate and develop green products that save energy and offer clean air and healthy environment for end-users. Apart from small household appliances, the Group's R&D team is also looking into opportunities to develop residential/commercial air purification systems for existing and potential new customers. In light of recent coronavirus outbreak, the Group's R&D team is actively developing new line of products focusing on sanitization, improving personal hygiene and monitoring personal health well-being.

Green Travel and Green transportation

Since 2021, the Group had purchased electric cars to replace old diesel/gasoline automobiles for transportation purposes. The Group also encouraged our Sales team to reduce the number of overseas trips and stop attending irrelevant trade shows to cut down the number of business trips in an effort to reduce carbon emission.

Digital Transformation and ERP System Upgrade

Technology, such as data analytics and the iOT, can increase the Group's competitiveness when we can have faster information flow and processing. Technology can also improve cybersecurity. In 2019, the Group started our ERP system upgrade and completed our Digital Transformation project in 2020. By the end of this project, the Group's management expects that we can have faster data processing capabilities to handle automatic query and reporting, data mining, optimization and predictive analysis. We will also transform our workplace from a static information processing center to a dynamic information network which allows mobile remote access (such as using DocuSign to sign contracts online, to equip ERP Finance module with e-banking capability). If ERP upgrade is successful, we hope that we can implement cross-functional operations transformation to unlock the Group's full and unfettered operational potential. In addition, we can scrutinize the entire end-to-end process, from understanding customer needs to the delivery of finished products. Addressing the entire value chain, we can open up larger opportunities to grow our business. Finally, faster information processing can lead to more efficient use of working capital, and better management decisions for discretionary spending.

The Group's SMT is looking at implementing Robotic Processing Automation (RPA), which is used to automate workflow, infrastructure, back office process which are labor intensive, as the next phase of Digital Transformation program. Nevertheless, we shall not consider investing in Apache Hadoop to initiate the use of artificial intelligence at this stage because of our business nature and the investment costs.



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SQOPE Strategy to Create a Future Smart Factory

SQOPE Strategy stands for (1) Spend management; (2) Quality and regulatory compliance; (3) Operational performance; (4) Productivity; and (5) Excellence.

With the SQOPE Strategy, we hope to create a future smart factory that exemplifies a fully connected way of manufacturing products. A Smart Factory should possess the following characteristics: (a) Data-driven tier governance; (b) Analytics oriented; (c) Connected and collaborative; and (d) Lean/Agile. A Digital Smart Factory eco-system should be scalable and focus on changing management and adoption (people and process). A Digital Smart Factory should also address cybersecurity, adopt cloud computing, utilize big data and realize mass customization such as on-demand flexible manufacturing that perfectly matches with customers' need.

Ultimately, sensors (traceability and predictability) will be implemented in smart factory to enhance advanced manufacturing system that integrates cyber-physical hybrid systems with full automation. Advanced logistic, advanced materials, rapid prototyping, robots and iOT will also become essential parts of a smart factory. As a result, we can achieve highly flexible mass production that can be rapidly adapted to market changes and shorter product cycle time. Digitized manufacturing value chain; highly flexible and resource friendly mass production; and the usage of human centered digital tools, will make our key processes more flexible, more efficient and more innovative.

Continuous Improvement and ITAKONA Program to Use More Recycling Materials

Innovation comes down to creating a better process, finding ways to become more efficient and delivering more value to customers.

Our MIS team will adopt a Big Data Strategy in parallel as we complete our ERP system upgrade. With the Big Data Strategy, we hope that we have access to real-time data from various process activities that allow us to gain insights into many factors, including the following:

- (a) Tracking of product quality and defects;
- (b) Supply Chain management and planning;
- (c) Optimizing machines;
- (d) Engineering analytics;
- (e) Predictive maintenance;
- (f) Process and quality analysis;
- (g) Enterprise resource planning operations, service delivery, supply chain management, and automation of routine decisions.

To achieve continuous improvement, our Quality team also considers strengthening the human elements to give more value to our customers:

- (a) Monitor product quality by getting feedback from customers and analyzing defective units returned from retail market to conduct root cause analysis
- (b) Improving products based on call center data and feedback (eliminate bad features from new product development)
- (c) Identify customers' needs and integrate desired product features in R&D new product development process
- (d) Soliciting inputs from end-users (Amazon users rating and reviews, etc.) to continuously improve existing products design, and make products more user friendly

From our Japanese customers, we learnt the continuous improvement technique called "ITAKONA." ITAKONA stems from the concept of closely analyzing the origins of costs to the levels of 'Ita' and 'Kona', where 'Ita' means metal plates and printed circuit boards, and 'Kona' refers to component materials such as resins and die-cast metals. The term refers to the identification of correct costs by making all theoretical aspects down to the level of such materials "visible".

We applied the ITAKONA principle in our endeavor to use more plastic resins recycle materials in our products shipped to Japan while achieving no impairment in quality through a meticulous and methodological process. The Group has a designated ITAKONA team to carry out this eco-friendly cost improvement project and we have started to see promising results from both financial and quality aspects of using more recycled materials while at the same time we can preserve the environment and reduce wastage. We will try to apply similar concept to more products in 2023 so we can reduce even more waste and use more recycle material in our production processes.

Frugality and Prudent Use of Natural Resources

Lagom är bäst (中庸之道) is the doctrine of moderation about the assimilation process through which individuals and groups of differing heritages acquire the basic habits, attitudes, and mode of life of an embracing culture. A common etymological explanation of the Swedish word "Lagom" is the "group sharing" from the Viking era, which can mean that people of the tribe enjoy the same enough diet and fair distribution, and everyone is "no more, no less, just right." It does not mean perfection, and it has no negative connotations. This modest attitude towards life is the thinking the Group wishes to foster her ESG culture on energy and water conservation, and the practice of frugality and careful use of natural resources in daily operations.

Energy Saving and Emission Reduction

Volatile organic compounds (VOC) were released during our production processes and these chemical substances are harmful to the environment. Since the release of VOC is unavoidable during the manufacturing processes, careful handling of VOC emissions in accordance with local government laws and regulations is necessary, VOC emissions to the environment must be reduced by investing in certain chemical stripping equipment and clean manufacturing processes, especially for painting and pad printing processes.

The Group also adopts effective energy conservation solutions to save energy such as replacing metal halide lamps with LED lamps; using electrically charged instead of diesel operated forklifts; and replacing part of our fleet to electric cars, to reduce carbon emissions. During the reporting period, our Nansha factory have increased carbon emissions as illustrated in the table below because of increased commercial activities in post COVID period and increased transportation of parts between Nansha factory, PRC China and Batam factory in Indonesia:

Emissions Data from Vehicles Owned by the Group

Vehicle Type	Nitrogen Oxides (NOx) (g)	Sulphur Oxides (SOx) (g)	Particulate Matter (PM) (g)	
Private Car	5,052.86	154.19	372.03	
Goods Vehicles	25,516.89	43.59	1,994.79	
Total Emission:	30,569.75	197.78	2,366.82	



CO2 Emissions

	FY 2024	FY 2023	FY 2024 vs FY 2023 (%)	
Electricity (kilotonnes CO2)	20.24	19.83	2.09%	
Oil (kilotonnes CO2)	0.010	0.040	-83.99%	
Gas (kilotonnes CO2)	0.015	0.025	-37.48%	
Total CO2 emission (kilotonnes)	20.27	19.89	1 .9 1%	

Energy Consumption

	FY 2024	FY 2023	FY 2024 vs FY 2023 (%)	
Electricity (GWh)	25.78	25.26	2.09%	
Oil (tonnes)	2.18	13.72	-84.11%	
Gas (kgs)	8,048.00	12,876.15	-37.50%	
Water (000 m ³)	206.87	190.73	8.46%	
Packaging Materials Used for Finished Goods (tonnes)	4,199.18	3,483.61	20.54%	

Waste Management

In carrying out industrial production, not only is it necessary to strictly control emissions, but also to deal properly with waste in order to avoid polluting soil and water sources with chemical pollutants. The Group is vigorously managing non-hazardous wastes, which can be classified into recyclable and non-recyclable waste. During the reporting period, our Nansha factory collected 781.81 tonnes of non-hazardous waste, which was a decrease of 181.73 tonnes from the previous year. There are 70.68 tonnes hazardous waste in 2024, which was an increase of 10.62 tonnes from 2023. The increase of hazardous waste was probably due to wastes generated from the manufacturing processes mainly from the newly developed products and increased sales, hence more units of products were produced.

Water Conservation

The Group tries its best endeavor to minimize water usage and strives to conserve water resources through desalination of river water. The Group's Nansha factory had installed a desalting treating tower to enable us to use recycled river water for cooling during the injection molding process and other production processes as our factory is located next to the Pearl River in Guangzhou district. These water-saving measures have contributed to our 70% water reuse rate.

Embody and Sustain Culture and Legacy

Promote Green Living

Healthy lifestyle brings physical, mental and spiritual health to any individuals and societies. To create a green living world and preserve ecological balance, we start at the micro-level first by creating a living and work environment for our employees and their families that embraces harmony and balance. Our core values to promote green living are health, beauty and peace. We believe healthy environment ultimately will bring happiness to all stakeholders, and our lifestyle health care solutions will bring all walks of life together to cross different paths together in a better world.

Culture

We believe in frugality, and as financial stewards, we have obligations to our shareholders to make sure that expense growth does not outpace revenue growth. The Group's management uses sound business planning, budgeting, and financial analysis techniques to evaluate where we spend our precious and limited resources effectively to achieve our strategic goals.

We believe in building mutual trust and better relationship with our stakeholders. Trust is the core foundation upon which we build everything; and building the right culture starting from building trust, is extremely important to our corporate success.

We become adaptable to changes and we embrace technology, and we are committed to lifelong learning and innovation to create a better world.



Community Activities Linking Arts, Corporate Governance, Education and Environment

RIL's investments in community activities offer support to people in need while promoting stronger social network and foster inclusiveness. Starting from 2019, the Group focused on key areas to enhance management in order to create a better community by implementing programs that built a better society through a wide range of activities and initiatives:

- (i) Investment in Environment: The Group encouraged the use of recycled paper, and began a program to use more recycled paper in operations including printing interim & annual report booklets. The Group also worked with customers to print product instruction books by using recycled paper materials.
- (ii) Investment in Education: The Group continued to sponsor programs at the PolyU during FY2024. The Group arranged to sponsor 3 6 months internship for 2 students from the PolyU.
- (iii) Corporate Governance: Members of the Group's management founded the HKiNED Association (Hong Kong Independent Non-Executive Directors Association) in October 2015 in Hong Kong.
- (iv) Create a Better Society: In 2023, the Group continued to give back to the society according to the corporate philanthropic practice of making donation for educational purposes that would benefit the society, and actively making CSR investment for educational infrastructural projects in the Greater Bay Area.



(v) Members of the Group hosted a lunch seminar for the Educational University of Hong Kong for a group of secondary schools vice-principals, and arranged a visit to Minxin Hong Kong School (Guangzhou Nansha) in Nansha, PRC China for educational exchange in May 2024.









(vi) Recognition on Sustainability Improvement: Philips recognized our sustainability performance and presented the Gold award to recognize the Group's continuous improvement in sustainability in 2020. The Group continued to excel and invest in sustainability improvement in 2024 and the years to come.



Climate Change Impact and NetZero Emission Disclosure

Recently, climate change becomes a pressing issue that threatens the sustainable growth of the world. In view of the aim to keeping the rise in global temperatures below 2°C as per the Paris Agreement, as well as the recommendation of the Task Force on Climate-related Financial Disclosures (TCFD) to enterprises, the Group will continue to strengthen our current environmental measures to manage the downside risk due to climate change. We identified the relevant health and environment hazards due to climate change that would have adverse effect on our manufacturing operations:

- (a) Heatwave during hot summer would cause illness, injuries, cardiovascular disease, respiratory disease and heat stroke. The Group will adopt measures to protect our employees' health during the time of heatwave.
- (b) As our Nansha factory is located adjacent to the Pearl River, we have contingency plan and preventive measures ready for natural disaster caused by flooding.



(c) To engage in NetZero Carbon emission effort and activities and to prepare for proper ISCC disclosures, RIL Top Management has set up an ISCC team to handle the NetZero Carbon Emission Disclosure Preparation works.



(d) To tackle climate-related extreme weather, the Company has adopted crisis management with contingency plans to ensure safety of employees and the company. In 2024, Raymond Nansha Factory faced a total of 18 flood incidents, with contingency plans and preparations, the factory did not suffer any loss of life and property due to extreme weather. The company had arranged 8 emergency drills (flood prevention, fire protection, first aid, chemical leakage prevention, limited space operations drills) during the year to teach employees the essential skills to handle any crisis. These crisis management contingency plans not only guarantee safety and protection for the employees, also safeguard the company's valuable assets to ensure the company can achieve sustainability.





Climate Change Governance Process

Strategy development and approval 1.

- The Board of Directors is fully responsible for overseeing the Group's environmental and social affairs, (a) formulating practical climate governance strategies and policies, clarifying the greenhouse gas emission reduction targets for 2030 and the path to achieving carbon neutrality by 2050, and approving the annual climate budget;
- (b) The ISCC Team, approved by the Board, coordinates the implementation of decision-making, drafts strategic plans and integrates the results of IPCC scenario analysis, organizes regular external expert review meetings to ensure that the strategic solutions are both scientific and feasible, and examines all matters related to environmental, social and governance in daily operations.

2. **Refinement and implementation of goals**

- The ISCC Team breaks down the goals set by the Board of Directors into various departments, formulates a (a) "climate change action plan", and clarifies the timeline and responsible persons;
- (b) Production department: phasing out high-energy-consuming equipment and upgrading and introducing high-efficiency equipment to improve production efficiency;
- Finance Department: Establish a carbon cost accounting model to evaluate the impact of carbon price (C) fluctuations on profits;
- (d) Material Sourcing Department: Suppliers are required to provide carbon footprint information, and priority is given to enterprises that have obtained green certification;
- (e) Other non-production administration: Implement water-saving and paper-saving measures, and gradually realize full electronic office.



3. Monitoring, evaluation and feedback

- (a) The ISCC Team is responsible for summarizing the climate data of each department on a quarterly basis;
- (b) Prepare a Climate Change Performance Report and submit it to the Board of Directors for review;
- (c) The Board of Directors evaluates the achievement of objectives at quarterly meetings and makes adjustments to strategic direction as necessary.

4. Information Disclosure and Continuous Improvement

- (a) The ISCC Team prepares an annual climate-related financial disclosure report in accordance with TCFD standards;
- (b) publicly disclose progress towards climate targets and risk mitigation measures;
- (c) The Board of Directors approves and comments on the disclosure to ensure that it meets regulatory requirements and investor expectations.

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Governance structure for climate change

Information on the members of the Board of Directors responsible for climate change governance

Name	Position	Responsibility	Background
Wong Man Hin	Chairman of the Board/ Chairman of ESG Committee	Overseeing the Group's climate change strategic planning: Leading the formulation and regular revision of policies and action plans to address climate risks; Lead and supervise ESG working groups.	He holds a Bachelor's degree in Chemical Engineering, a Master degree in Economics and a Doctorate degree in Business Administration. He is also a member of the American Institute of Certified Public Accountants (CPA), Chartered Global Management Accountant (CGMA), Certified Management Accountant (CMA), and holds a Certificate in Financial Management (CFM).
Mok Kin Hing	Executive Director	Implementing the Group's established climate strategy and related plans: Leading the ESG working group to implement the work.	He is currently the general manager of Nansha Plant, fully responsible for plant operations, with 35 years of factory management experience, and rich practical experience in on-site execution and risk control.
Wong Yin Wai	Executive Director	Responsible for external coordination and communication to drive climate action for clients and partners in ESG work.	Deputy General Manager of Business Development and Purchasing with a bachelor's and doctorate degrees in mechanical engineering and a Master degree in Business Administration, he has in-depth research on technology and market integration.

Directors and Other ISCC Team Leaders' background and responsibilities



Name	Position	Responsibility	Background
Fong Henry	Supply Chain Director	Coordinating the climate action of the entire supply chain: formulating and promoting a low- carbon transition plan; cooperating with relevant departments to optimize logistics and procurement processes to reduce energy consumption and carbon emissions in the whole chain	With a bachelor's degree in Mechanical Engineering, a Master degree in Quality Management and a Doctorate in Business Administration, he has a deep theoretical and practical foundation in supply chain management and environmental standards.
Shen Kehui	Deputy General Manager	Responsible for the statistics, analysis and tracking of the "Climate Performance Report" of the Nansha plant: Leading the development and rehearsal of emergency plans in the factory's climate risk response.	He is in charge of the Company's environmental safety management, has 25 years of practical experience in responding to climate risks and environmental safety, and is good at coordinating on-site resources and promoting continuous improvement.

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Climate risk identification and impact analysis

Global climate change has become a major challenge to sustainable development. In line with the Paris Agreement and the guidance of the Task Force on Climate-related Financial Information (TCFD), the world is working to limit temperature rise to 2°C. The ISCC Team will continue to strengthen its existing efforts to identify environmental risks and take effective measures to address the uncertainties and potential challenges brought about by climate change.

(a) Increase in extreme weather events: Climate change has exacerbated the frequency and intensity of extreme weather, such as heavy rain, typhoons, high temperatures, etc., which may cause damage to the Group's production facilities, storage centers, office buildings and other physical assets, and even threaten the safety of employees and affect the stability of business operations.

The ISCC Team will take the following measures:

Facility Hardening: Hardening production facilities, warehouses, and office buildings to reduce the impact of extreme weather on operations.

Emergency plan: Formulate a detailed emergency plan to ensure that you can respond quickly and reduce losses when extreme weather occurs.

Employee training: Conduct regular safety training for employees to enable them to master self-protection measures under extreme weather conditions.

Insurance coverage: Improve insurance policies to ensure that critical production facilities, inventory and office space are fully covered.

- (b) Changes in rainfall patterns: Climate change is changing global precipitation patterns, with heavy rains leading to disasters such as floods and landslides, and prolonged droughts affecting water availability, which in turn can be adversarial.
- (c) Sea level rise: Sea level rise poses a long-term threat to coastal businesses, potentially leading to damage to coastal factories, land salinization and increased flood risk. The Group's Nansha factory is located in the coastal area and will take the following measures to reduce the relevant impact.

Facility relocation: Gradually relocate facilities located in high-risk areas to higher and safer areas from 2025. An example is to expand the factory in Batam, Indonesia to mitigate both the geopolitical and climate related risk in the near future (Climate change impact at Batam, Indonesia will not be considered in this 2024 ESG report because currently sales revenue from the Indonesian factory still constitutes a small percentage of the Group's total sales revenue)

Flood control facilities: In the future, additional flood control dikes and drainage gates will be installed around the plant area to reduce the risk of seawater backflow and salt water intrusion.

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(d) Increase in hot weather: The rise in global temperature may lead to frequent high temperature weather, affecting the health of employees and the stability of production equipment. The ISCC Team will adopt the following response strategies:

Cooling facilities: Install cooling facilities in the workplace to ensure that employees work in a comfortable environment.

Adjust working hours: Optimize outdoor work schedules during hot periods to reduce employee exposure to high temperatures.

Health monitoring: Provide employees with anti-heat and cooling supplies, and conduct regular health monitoring to ensure employees' health.

Equipment maintenance: Regularly inspect and maintain production equipment to ensure that it can still operate normally in high temperature environments.

(e) National policy adjustment: In order to achieve the "dual carbon" goal (carbon peak, carbon neutrality), according to PRC"s apparent national strategy to continue to optimize carbon emissions and energy policies, reduce its dependence on fossil fuels, which may affect the energy use and operation of the Group, the ISCC Team will take the following countermeasures:

Energy transformation: Gradually reduce dependence on traditional energy, increase the proportion of renewable energy, such as solar and wind energy use, and reduce carbon emissions.

Carbon Footprint Assessment: Regularly evaluate the Group's carbon footprint, identify high carbon emission links, and formulate emission reduction plans.

Technological innovation: Invest in clean energy and energy-saving technologies to improve energy use efficiency and achieve green manufacturing.

Policy tracking: Pay close attention to changes in national policies, adjust the Group's strategy in a timely manner to ensure compliance with policy requirements.

(f) The industry environment requirements are improved: With the advancement of the "dual carbon" goal, environmental protection supervision requirements in various industries are constantly being strict, especially the compliance costs of high-energy-consuming industries will further increase. The ISCC Team will take the following actions:

Environmental compliance management: Ensure that all production and business activities comply with the latest environmental regulations and reduce risks caused by violations.

Environmental protection technology upgrade: introduce advanced environmental protection equipment and processes to reduce pollutant emissions and reduce the impact of production on the environment.

Employee training: Regularly carry out environmental protection regulations training to make employees familiar with and strictly implement relevant standards.

Cooperating with manufacturer audits: Entrust professional institutions to conduct regular environmental compliance audits to ensure that environmental protection measures comply with national and international standards.

(a) Carbon emission trading mechanism: The development of the carbon trading market may increase the operating costs of enterprises, especially in the high-carbon emission industries, which require additional emission guotas to be purchased. The ISCC Team will take the following measures to deal with it:

Carbon emission management: Monitor and optimize carbon emissions to ensure that enterprises comply with national carbon emission quota requirements.

Carbon trading strategy: By rationally allocating carbon emission quotas, we will improve the ability to participate in the carbon market and reduce transaction costs.

Green Finance Policy: China is increasing support for green finance policies and encourages enterprises to invest (h) in sustainable development projects. If a company fails to meet green finance standards, it may face the risk of rising financing costs. The ISCC Team will take the following measures:

Green project investment: Expand capital investment in green projects to ensure compliance with the requirements of the national green finance policy.

Green certification: Passing green enterprise certification will improve the Group's competitiveness in the green financial market

Cooperate with financial institutions: Establish long-term cooperation with financial institutions that provide green financing to obtain low-cost financing support.

Impact of international climate agreements: PRC China actively participates in international climate agreements (i) (such as the Paris Agreement), which will promote the continuous escalation of domestic environmental regulations. The ISCC Team will adopt the following response strategies:

International standards docking: Ensure that enterprises' environmental protection and emission reduction measures comply with international standards and reduce the risks of international market access.

International cooperation: Actively participate in international emission reduction projects, learn from the world's advanced low-carbon technology and management experience, and enhance the competitiveness of enterprises.





Qualitative Scenario Analysis

Scenario Assumptions:

Based on the IPCC AR6 SSP2-4.5 scenario (global warming 2.5°C, 2100), the plane rise forecast for the southern coastal areas of China is 0.3 meters (2030), 0.6 meters (2050), and 1.1 meters (2080).

For typhoon data, please refer to the "Guangdong Provincial Climate Blue Book" and the CMIP6 regional model.

Financial quantification method:

The loss ratio is calculated through the asset replacement cost method, combined with historical disaster loss data (such as the direct economic loss of Nansha District by Typhoon Mangosteen in 2018 was about 33.03 million yuan).

Uncertainty description:

The regional climate model has limited resolution, and there may be $\pm 10\%$ error in extreme high temperature prediction.

Assume that the government has not significantly upgraded regional flood control facilities.

TCFD Alignment:

Governance: The board of directors considers progress on climate adaptation projects quarterly.

Strategy: The ISCC Team will incorporate climate resilience into supply chain management standards by 2030.

Risk management: Cooperate with the Meteorological Bureau to establish a typhoon early warning response mechanism.

Indicators: Annual asset risk exposure report is released.

Qualitative narrative

	IPCC AR6 SSP2-4.5 Scenarios of Risk Value		IPCC AR6 SSP5-8.5 Scenario Percentage of Risk Value				
Physical risk	assumptions	2030	2050	2080	2030	2050	2080
Extremely cold	We evaluate how extreme weather events affect the location of our assets and the potentially risky asset value resulting from	0%	0%	0%	0%	0%	0%
Extremely high temperature		1%-3%	3%-8%	8%-15%	5%-10%	15%-25%	30%-50%
Coastal flooding		2%-5%	5%-10%	10%-15%	5%-10%	15%-25%	30%-50%
Typhoon		3%-6%	6%-12%	12%-20%	8%-15%	20%-35%	40%-60%


Scenario Assumptions:

SSP2-4.5: Assuming that the global warming by 2.5°C (2100), China's carbon price will reach 200 yuan/ton in 2030 and 800 yuan/ton in 2050 (refer to "China Carbon Market Outlook").

SSP5-8.5: Assuming that the global warming up by 4.4°C (2100), carbon prices fluctuate violently due to delayed emission reduction policies (150 yuan/ton in 2030, and sharply rose to 1,200 yuan/ton in 2050).

Guangdong Province's industrial electricity price data comes from the "14th Five-Year Plan for Energy Development in Guangdong Province" and the Southern Power Grid forecast model.

Quantitative logic of risk value:

Carbon offset cost: calculated based on the increase in carbon price \times the proportion of energy consumption.

Increase in electricity bills: based on the increase in electricity price × the proportion of electricity consumption.

Green asset upgrade: Estimated by the proportion of technical transformation costs to fixed assets.

Regional adaptability adjustment:

As the core area of the Guangdong-Hong Kong-Macao Greater Bay Area, Nansha District is subject to the "Guangzhou Green Building Regulations". The green certification cost is higher than the national average, so the green asset upgrade cost value is increased by 20%.

There are frequent typhoons in Guangdong Province, and the power grid is more vulnerable under the SSP5-8.5 scenario, and the electricity bill increase is limited to the upper limit.

	Relevance and	IPCC AR6 SSP2-4.5 Scenarios of Risk Value			os IPCC AR6 SSP5-8.5 Scenario Percentage of Risk Value			
Transformation risks	assumptions	2030	2050	2080	2030	2050	2080	
Carbon offset increases	We expect rising carbon prices to lead to increased fuel and energy costs.	3%-5%	6%-10%	10%-15%	5%-8%	12%-18%	20%-30%	
Increased electricity bill	We anticipate rising electricity and electricity bills will affect our energy expenditures.	2%-3%	4%-6%	8%-12%	4%-6%	8%-15%	15%-25%	
Increased cost of upgrading assets to green assets	We expect that the increase in effective building efficiency will translate into higher costs.	5%-8%	10%-15%	15%-20%	8%-12%	15%-25%	25%-40%	





Quantitative scenario analysis

Quantitative logic and data sources

Extreme Cold Risk:

There are very few historical extreme cold events in Nansha District (≤ 0 °C days <1 day/year), and the risk will be further reduced under the future heating trend, so the quantitative value is <1%.

Source: Guangdong Provincial Meteorological Bureau "Nansha District Climate Statistical Yearbook".

Coastal flood risk:

SSP2-4.5: Sea level rises by 0.3 meters in 2030, 0.6 meters in 2050, and 1.1 meters in 2080 (IPCC AR6 regional forecast).

SSP5-8.5: 0.5 meters in 2030, 1.2 meters in 2050, 2.0 meters in 2080.

The loss ratio is based on the altitude of the factory (average altitude of 2 meters in Nansha District) and historical flood loss data (such as the direct economic loss of Nansha District by typhoon Mangosteen in 2018 was about 33.03 million yuan).

Tropical cyclone (typhoon) risk:

SSP2-4.5: Wind speed increases by 10%, and destructive power increases by 20%-30%.

SSP5-8.5: Wind speed increases by 20%, and destructive power increases by 40%-60%.

The loss ratio is referenced to the "Guangdong Province Typhoon Disaster Risk Assessment Report" and the enterprise's historical typhoon loss data.

Quantitative Modeling

	Relevance and		5 scenario of II tage of value			P5-8.5 scenario of IPCC AR6 Percentage of value of risk			
Physical risk	assumptions	2030	2050	2080	2030	2050	2080		
Extreme cold	The frequency of extreme low temperature events $(\leq 0^{\circ}C)$ has increased, which may lead to equipment failure and production interruption (the probability of extreme cold events in Nansha District is relatively low in history, and the probability of their occurrence in the future is also relatively low).	<1%	<1%	<1%	<1%	<1%	<1%		
Coastal flooding	Sea level rise and storm surges will significantly increase flood risks in low-lying areas of Nansha District (such as factory areas) (SSP2-4.5: 0.3 meters in 2030 and 0.6 meters in 2050).	2%-5%	5%-10%	10%-15%	5%-10%	10%-20%	20%-40%		
Typhoon	The intensity and frequency of typhoons have increased (SSP2- 4.5: wind speed +10%; SSP5-8.5: wind speed +20%), directly damaging factories and supply chains.	3%-6%	6%-12%	12%-20%	8%-15%	15%-30%	30%-50%		





Climate Change Transition Plan

1. Current situation assessment

Carbon emissions assessment: Quantify the Group's current carbon emissions, including direct emissions (Scope 1), indirect emissions (Scope 2) and supply chain emissions (Scope 3).

Climate risk analysis: Identify the impact of climate change on the Group's business, including physical risks and transition risks.

Industry Benchmark Comparison: Compare with companies in the same industry to understand the Group's position in carbon emissions and climate risk management.

2. Climate-Related Risks & Opportunities

Time Horizon	Risks	Opportunities
Short-Term (1-3 Years)	 Physical Risks: Increased flooding/ typhoon damage to Nansha factory (located near Pearl River). Transition Risks: Rising energy costs due to stricter emissions regulations in Guangdong. Reputational Risks: Failure to meet 2025 ESG targets (e.g., ISO certifications, Scope 3 disclosure). 	 Cost Efficiency: Reduced energy bills via solar panel installations and LED upgrades. Market Trust: Enhanced brand reputation by achieving ISO 27001/14001 certifications. Operational Resilience: Improved crisis response through annual flood/ typhoon drills.
Mid-Term (4-10 Years)	 Supply Chain Risks: Disruptions from suppliers failing to meet carbon footprint requirements. Regulatory Risks: Penalties for lagging behind China's "3060" carbon neutrality policies. Technological Risks: Higher R&D costs for green product innovation (e.g., energy-efficient appliances). 	 Market Leadership: Launch of eco- friendly products (e.g., IoT air purifiers) to capture green consumer demand. Supply Chain Agility: Partnerships with low-carbon suppliers to reduce Scope 3 emissions. Funding Access: Eligibility for green loans/subsidies by aligning with HKMA/ PRC climate finance policies.
Long-Term (10+ Years)	 Physical Risks: Chronic sea-level rise threatening coastal facilities (e.g., Batam factory). Transition Risks: Stranded assets from outdated, high-emission machinery. Market Risks: Loss of competitiveness if competitors adopt net-zero strategies faster. 	 Net-Zero Leadership: Achieve 2050 net-zero target via EV fleet transition and 100% renewable energy. New Markets: Expand into EU markets with strict carbon border taxes (e.g., CBAM) using recycled materials. Talent & Innovation: Attract ESG- focused talent through sustainability- driven R&D (e.g., ITAKONA program).



3. Risk Management

Physical risks: Develop contingency plans for extreme weather events to ensure business continuity.

Transformation risks: Pay close attention to policy changes, market trends and technological advances, and adjust strategies in a timely manner.

Reputational risk: Enhance company reputation through transparent climate actions, reporting, and avoid "greenwashing".

4. Monitoring and reporting

Regular monitoring: Establish a monitoring system for carbon emissions and climate action to regularly assess progress.

Public reporting: Publish climate-related financial disclosure reports in accordance with international standards to enhance transparency.

Continuous improvement: Based on monitoring results, continuously optimize the climate transition plan to ensure the achievement of goals.

5. Stakeholder Engagement

Internal communication: Ensure the understanding and support of the climate transition plan among senior management, departments and employees of the Group.

External cooperation: Cooperate with governments, industry associations, NGOs, etc. to jointly address the challenges of climate change.

Customer and Investor Communications: Communicate the Group's climate actions to customers and investors to build trust and support.

6. Financial Planning

Budget allocation: Allocate a dedicated budget for climate transition planning to ensure funding is in place.

Financing channels: Explore green financial instruments, such as green bonds and sustainable development loans, to support climate action.

Cost-Benefit Analysis: Assess the costs and benefits of various climate actions to ensure a return on investment.



7. Case reference

Industry best practices: Refer to the climate transition plans of leading companies in the same industry and learn from their successful experiences.

International cooperation: Participate in international climate initiatives to enhance the company's global influence.

8. Continuous Improvement

Regular review: Review the progress of the climate transition plan annually and adjust goals and strategies.

Innovation-driven: Continue to focus on new technologies and market trends to maintain the Group's leading position in climate action.

2024 vs 2023 Carbon Emission Comparison (SGS Standard)

	2024	2023	
Category	Emission (tonnes/year)	Emission (tonnes/year)	2024 vs.2023(%)
Scope 1	296.31	352.53	-15.95%
Scope 2	14,355.74	14,062.48	2.09%

Remark:

SGS standard:

Scope 1 includes diesel, natural gas, forklift gas, liquefied petroleum gas, propane, acetylene and gasoline.

Scope 2 (purchased electricity) adopts the "National Average Carbon Dioxide Emission Factor for Electricity in 2021" published on April 12, 2024.

2024 Carbon Emission Summary (SGS Standard)

	Category	Emission (tonnes/year)
	Scope 1	296.31
	Scope 2	14,355.74
	S3-1 Purchased goods and services	52,593.10
	S3-2 Capital goods	115.48
	S3-3 Fuels and energy	4,672.58
	S3-4 Up-stream distribution and transportation	68.50
	S3-5 Emission during normal operations	11.85
	S3-6 business travel	21.98
	S3-7 staff going to factory	87.80
Scope 3	S3-8 Up-stream leased capitals	-
	S3-9 Down-stream distribution and transportation	140.58
	S3-10 Finished goods assembly	-
	S3-11 Finished goods usage	678,199.61
	S3-12 Disposal of finished goods at end of life cycle	-
	S3-13 Down-stream leased capitals	-
	S3-14 franscised activities	-
	S3-15 investment	-
	Subtota	l: 735,911.48
	Tota	l: 750,563.53



Cybersecurity Risk Management and ISO27001 certification at RIL

Privacy leaks, information loss, hacker attacks, network viruses, etc. are the problems one encountered at work. Both enterprises and individuals are highly dependent on information. Once information is compromised can result in irreparable damages.

In addition to the direct loss of data, there is also an indirect loss of time, legal fees, reputation, productivity, etc., which is 6-53 times the direct loss.

According to statistics, about 50% of enterprise information security incidents are caused by human errors, and human errors originated from the confusion of enterprise information security management. Therefore, it is very important for enterprises to establish a complete information security management system!



Passing the ISO27001 certification of the information security management system shows that the enterprise has excellent information security management capabilities, can effectively resolve information security risks, and ensure the confidentiality, integrity and availability of information.

At present, ISO27001 has become one of the core competitiveness of an enterprise. RIL Nansha passed the audit on April 28, 2023, and RIL Hong Kong passed the audit on May 4, 2023, and the Group will always follow the best practices of ensuring information security, customer satisfaction, continuous improvement, and full participation from all stakeholders.

ISO27001 is the management system standard in the field of information security, requiring enterprise management to establish strict information security norms from all aspects, covering systems, personnel, technology, environment, etc., to prevent and resolve information security risks and ensure confidentiality and integrity of information and availability.

ISO27001, formerly known as BS7799, was first released as an industry standard in the UK in 1992, providing a basis for information security management. After more than 20 years of development, it was officially revised to the ISO/ IEC27001:2013 version in 2013 and has been used until now.

ISO27001 standard covers the following aspects:

- 1. Comprehensive and systematic protection of key information assets
- 2. Focus on information security requirements and norms, processes management and personnel management
- 3. When the information system is violated, ensure business suffers minimal losses
- Obtain international recognition, expand the business of the enterprise, and enhance the investment confidence 4. of investors and other stakeholders
- To prove the enterprise's compliance with relevant laws and regulations 5.

In order to pass the ISO27001 certification, RIL has made taken the following steps:

- Invite information security consultants to conduct professional training for the company, provide detailed answers 1. to difficult points in information security management, conduct research and diagnosis on the company's current information security management system, and put forward rectification suggestions.
- Establish an information security management committee, with management personnel as the general manager, 2. and members covering RIL Nansha and RIL Hong Kong's functional departments, continuously promoting the construction of information security management systems, and formulating and issuing company information security manuals, system specifications, etc., escort for information security. The official committee is as follows:



Environmental, Social and Governance Report 2024



3. Set up the company's information security internal audit team, carry out regular training, and through internal self-correction and self-examination of the company, find problems in a timely manner, take corrective and preventive measures, and continuously improve the information security management system.



- 4. Regularly carry out training activities to improve employees' information security awareness, remind employees to be alert to common information security risks in their work, standardize information operation behaviors, and prevent information leakage, virus attacks and other issues.
- 5. Through the collective efforts of all employees of the company, guided by the information security policy of "information security, customer satisfaction, continuous improvement, and full participation", the company has established a complete information security management system, and invited a professional third-party testing platform SGS to carry out Strict audit, and finally passed the certification.
- 6. Information asset security is the cornerstone of an enterprise's long-term development. In order to continuously improve and maintain the ISO27001 information security management system, the company is always on the road: inviting consultants, carrying out training, introducing norms, self-inspection and self-correction to protect the company's information security and strive to achieve customer satisfaction and all employees Participation, continuous improvement. The official security roadmap is as follows:

Monitoring	Responsible	Indicators		Objection	Statistical	Description	Criteria
department	department	Indicators	Items	Objective	frequency	Description	Criteria
MIS	All	Information	Information security	Zero information security incident	Monthly	Departments should determine whether	
	departments	security	incidents			there are potential information security	
		indicators				situations and vulnerabilities in accordance	
						with the '15-10-99192 Information Security	Frequency of occurrence
						Incident Handling Work Instructions.' If any	
						are found, they should be reported to the IT	
						department for follow-up and resolution	
Administrative	All	Information	Availability of	>95%	Monthly	Important information systems include LN	
Department	departments	security	important information			and NAS.	Availability = Number of days in
		indicators	systems			Regularly monitor the backend operational	normal operation / Total number
						data to ensure the availability of important	of days in a month
						information systems and prevent any impact	or days in a month
						on the company's business operations.	
Administrative	All	Information	Repeated occurrence	Zero recurrence	Yearly	Conduct assessment and analysis of	Departition and a New base of
Department	departments	security	of important			information security incidents, continuously	Repetition rate = Number of repeated occurrences / Total
		indicators	information issues			improve, in order to achieve the goal of zero	number of occurrences
						recurring incidents.	number of occurrences
Human	All	Information	Information security	100% coverage	Yearly	All departments must participate in the	
Resources	departments	security	training for all			training, and the training process is preserved	
Department		indicators	employees			through screen recording. If any personnel	Coverage rate = Number of actual
						are unable to attend on the day, they can	participants in training / Number
						watch the playback later to ensure that	of planned participants in training
						information security training covers all	
						personnel in the organization	
Business	All	Information	Customer complaint	Zero complaints on major	Yearly	Major incidents from customers refer to	
Development	departments	security		information security incidents from		direct economic losses of over 10,000 yuan.	Number of complaints
Department		indicators		customers			

Objectives of Information security:

Note:

Responsibilities of the monitoring department: Responsible for data collection, analysis, and formulation of corrective actions, as well as ensuring the effectiveness of corrective actions. Non-compliant departments: Implement corresponding improvement plans in response to the corrective actions proposed by the monitoring department.

It is worth mentioning that, in addition to the information security management system ISO27001 certification, the company has also obtained quality management system (ISO9001:2015), medical device quality management system (ISO13485:2016) and environmental management system (ISO14001:2015) and other certifications.



RIL Nansha Factory 30th Anniversary and RIL Group 60th Anniversary

1. Special benefits during Nansha Factory 30th Anniversary Celebration

2023 marked the 30th anniversary of the establishment of the Group's Guangzhou Nansha factory. The company actively shared our fruits of success with employees and rewarded employees with benefits and awards. Giving out special mid-year bonuses to all employees; organizing a trip to Zhuhai Chimelong Marina World for all employees; and holding a dinner party with entertainment and luck draw for all employees to participate, we provided employees with special care in order to improve employees' morale and provided them a sense of belonging, and maintain a sustainable team spirit.

The company always revered employees' loyalty and took pride in retaining long serving talents. The company awarded gold medals to 248 employees who have served the company for more than 20 years during the 30th anniversary celebration. The company always believed that talents were the most valuable assets of the company and emphasized great importance to the education of employees' children. The company awarded scholarships to 56 employees' children who have entered higher education institutions in the past three years.

The above special benefits not only rewarded the hard work of employees, but also showed the company's commitment to attract and retain talents in the current fiercely competitive job market. The company hoped to form a positive interaction between the company and its employees by providing better benefits to her employees and building a better reputation of the company to attract more outstanding talents and foster a positive corporate culture.

2. Special benefits during RIL Group 60th Anniversary Celebration

2024 marked the 60th anniversary of the establishment of RIL Group. Giving out special mid-year bonuses and approving share option scheme for all employees; organizing a trip to Foshan's Guangdong Romance Park for employees working over 20 years and their families; and holding a dinner party with entertainment for senior management and strategic suppliers to join our celebration, we provided employees with special care in order to improve employees' morale and provided them a sense of belonging to the company, and fostered a stronger strategic partnership with our key suppliers.

To celebrate the Group's 60th anniversary, the Group also engaged in the following CSR activities:

A. Give Back to the Society:

The Group has always been committed to corporate social responsibility and believes that enterprises are not only the driving force of economic development, but also active participants in social progress. We take it as our mission to give back to the community and are committed to promoting community well-being and sustainable development through a wide range of social welfare activities. In 2024, the Group's Nansha factory continued to vigorously support social public services such as education and elderly care, showing the company's deep concern for education development and vulnerable groups, and contributing to the promotion of social equity and the improvement of public service quality. In 2024, Nansha Factory has donated more than 711,000 yuan to support a number of social welfare projects.

In March 2024, the company donated 160,000 yuan to a nursing home in Nansha District to purchase electric water heater equipment to provide a safer and more comfortable living environment for the elderly in the hospital and improve the safety and comfort of the living facilities for the elderly in the hospital.





In July 2024, the company donated 200,000 yuan to the Harbor Street Nursing Home to purchase care equipment for the elderly with cognitive impairment in the hospital, upgrade the living facilities of the nursing home, and improve the professional equipment level of the nursing home.





In August 2024, the company donated 351,000 yuan to Nansha Primary School, which was specifically used to purchase educational information equipment, improve the modernization level of the school's teaching facilities, and help upgrade education methods.

子回单号码: 0085	5-6401-8975-1100						
户名	利民(番禺南沙)电	器发展有限公司		户	名	广州市南沙⊵	【教育基金会
付款 人 账号			收款 人	账	号		
开户银行	珠江东			开户	银行	广州农村商业 支行	也银行股份有限公司南
金额	¥ 351,000.00元		金	额(大	写)	人民币 叁拾(五万壹仟元整
摘要	捐赠款		业务	(产品))种类	跨行发报	
用途	捐赠款						
交易流水号	80735895			时间翟	ł	2024-08-30	-13.07.19.043622
● ^{中国工廠} 电子回单 专用章	备注:) 						
记账网点	00308	记账柜员 0	0012			记账日期	2024年08月30日

2.本回单不作为收款方发货依据,并请勿重复记账。

3.您可以选择发送邮件,将此电子回单发送给指定的接收人。



We firmly believe that through these social welfare projects, the group not only contributes to the sustainable development of society, but also demonstrates the company's commitment and responsibility in fulfilling social responsibilities. In the future, the Group will devote itself to more social welfare undertakings and work with all society stakeholders to create a better future.



B. Cultural Exchange between Guangzhou and Hong Kong

As a Hong Kong based enterprise with facilities located inside China, the company has been promoting cultural exchange and cooperation between Guangdong and Hong Kong and serving as a bridge between the two cities of Guangzhou and Hong Kong. In 2024, the company continued to promote in-depth cultural exchange between Guangdong and Hong Kong in education and culture exchange through various initiatives.

On May 28, under the active promotion of the company's independent non-executive director Ms. Imma Ling (Ms. Ling also serves as a council member and the treasurer of the Education University of Hong Kong), Raymond Nansha and the Education University of Hong Kong jointly organized a study tour and exchange activity between Guangdong and Hong Kong. A total of more than 30 people, including deputy principals and representatives of primary and secondary schools in Hong Kong and representatives of Raymond Nansha management, attended the event. The representatives visited Raymond Industrial Limited Nansha Factory and Nansha Minxin School specially build for children coming from Hong Kong.

At Raymond Industrial Limited Nansha Factory, Mr. Raymond Wong, Chairman of Raymond Industrial Limited, personally led the delegation to visit the factory's production facilities and testing laboratory and explained the production process to manufacture small household appliances and how the quality control system of the company can guarantee good product quality. After the visit, Mr. Raymond Wong shared the development trends, management experience and insights of modern manufacturing processes with the delegation members through meaningful discussion with members of the delegation.





Nansha Minxin School is a special school for children coming from Hong Kong with parents working in PRC China. The general principal of Minxin School personally accompanied the delegation to visit the school's teaching facilities and campus to help the delegation understand the school's educational philosophy, the curriculum and how they deal with and interact with students.







This educational exchange event between Guangdong and Hong Kong has laid a solid foundation for further cooperation in education, industry and culture between the two cities, and injected new impetus to construct and demonstrate a new educational model between Guangzhou Nansha and Hong Kong. The Group will continue to shoulder the mission of bridging the two cities together to help Guangdong and Hong Kong to create a better future.



C. Welfare of the Stakeholders

The group has always regarded employees as the most valuable asset of the company, actively giving back to them in order to improve and enhance their work and life quality, enhance their sense of belonging and satisfaction, and ensure the common development of the enterprise and employees. In 2024, the company has made the following active efforts in terms of people's livelihood and welfare:

1. Mid year Special Award:

On the basis of last year's special award, the company has issued another mid year special award in 2024, giving different bonuses according to the length of service of each employee, with a certain increase in bonuses compared to last year.

2. Awarding Scholarships:

In 2024, the company continued to award scholarships totaling 59,000 yuan to 24 employees' children who were admitted to higher education institutions that year, as an encouragement.







3. Construction of new parking lot for employees' private vehicles:

Facing the increasing demand and with limited parking space for employees' private cars, the Group built a parking lot in an open space near the river, providing about 60 additional parking spaces for the company's employees. At the same time, the Group cooperated with Youlian International School to provide another 40 parking spaces for employees to solve the problem of parking space shortage to accommodate employees' private cars.



4. Renovate staff dormitory and cafeteria areas:

In 2024, the company continued to renovate and upgrade the living and public areas, including interior decoration of 200 dormitories and 2 dining rooms, replacement of 616 bed frames, 126 wardrobes, 72 bookshelves, and 100 dining tables. These measures have effectively improved the living environment and living conditions of employees.











5. Heatstroke prevention and cooling:

In order to maintain the physical health and safety of the majority of employees, the Nansha factory provides refreshing drinks to 2100 frontline workers every day during the summer high temperature period, helping them cope with the hot weather and ensuring their health and work efficiency in the high temperature environment.

6. Special occasions' celebration:

For traditional festivals, the company would prepare surprises for employees and foster a joyous and harmonious corporate culture by giving out holiday gifts to all employees and offering extra culinary dishes at the canteens. On employees' birthdays, employees will have birthday parties with birthday cakes.





7. Suitable awards for employees to reward their hard work and contribution is an important measure for the Group to attract talents in a very competitive market environment to retain talents. The group hopes to provide suitable rewards for the employees, foster a stronger bondage between the group and employees, and build a good image, reputation and corporate culture to attract outstanding talents.

D. Green and Sustainable Development

Green and low-carbon has always been one of the core concerns for the company's development. The company has always attached great importance to environmental protection work, striving to minimize the impact of the production process on the environment. In 2024, the company continued to promote green and sustainable development work:

- 1. The Nansha factory was awarded the SSP Sustainable Development Performance Gold Award by Philips for its outstanding performance in environmental protection practices, energy management, and social responsibility
- 2. Raymond Nansha factory was awarded the "Cleaner Production" green enterprise designation by the local government. The group's headquarters and the Guangzhou Nansha factory won the 2024 "Guangdong-Hong Kong Cleaner Production Partner" recognition jointly awarded by the Environment Department of the Hong Kong SAR and the Guangdong Provincial Department of Industry and Information Technology. The "Guangdong-Hong Kong Cleaner Production Partner" enhances the group's reputation and recognition.







3. In 2024, the Group's Nansha factory continued to increase environmental protection investment in 2024, effectively reducing the emissions of volatile organic compounds (VOCs) by increasing the frequency of activated carbon replacement and upgrading environmental protection facilities.



4. The Nansha factory actively promotes the application of environmentally friendly paints and inks, accelerates the verification and testing of UV and water-based products, gradually replaces traditional paints and inks, and further reduces VOCs emissions.



5. By the end of 2024, the "Photovoltaic Power Generation Project" of the Group's Nansha factory in Guangzhou was successfully completed. The project will be fully operational on January 10, 2025, with an annual power generation of over 2 million kWh and an annual reduction of over 2000 tons of carbon dioxide emissions, effectively reducing greenhouse gas emissions and injecting strong momentum into the company's green and sustainable development.



6. In 2024, the Nansha factory of the Group actively promotes paperless office by optimizing internal processes and strengthening the application of electronic management systems, effectively reducing paper usage. A total of approximately 362700 sheets of paper were reduced throughout the year, a year-on-year decrease of 30.67%. This not only lowered operating costs but also reduced resource consumption, further practicing the green and low-carbon concept.

By adopting these practical environmental preservation measures, the Group not only demonstrates its commitment to promoting a green economy, but also demonstrates its firm determination to make long-term contributions to better the social environment. We will continue to uphold the concept of sustainable development, actively fulfill our environmental protection responsibilities, and contribute to building a harmonious society and a sustainable future.

3. Nansha Factory Facilities Renovation

In 2023, the Company invested a large amount of money to build new production facilities, upgrade and transform the factory facilities, and build a 2,293-square-meter modern dust-free production line, covering injection molding, spraying, chipping, assembly and other processes; through upgrading and transforming the warehouse, the storage area will be increased 1,600 square meters; at the same time, the facade of the production plant was fully maintained and renovated; offices, conference rooms, training centers, staff dormitories, staff restaurants, and VIP restaurants were also renovated and upgraded.

In 2023, affected by global warming and extreme weather, the Guangzhou Nansha factory suffered floods in September. Some low-lying areas in the factory were affected by flooding, causing the loss of some materials and machinery and equipment. In order to prevent such incidents from happening again, the company has also invested in the reinforcement and renovation of lower-lying factory facilities in order to improve its ability to withstand sudden weather; by raising the first floor and painting the lower-lying workshops, Measures such as waterproofing layers and reinforced walls, and installing waterproof boards at the workshop entrance can effectively prevent floods from entering the workshop during heavy rains and ensure the safety of materials, machinery and equipment. The company has also strengthened protection in the surrounding areas. By reinforcing the walls and painting waterproof layers, installing movable sluice gates at drainage outlets and adding forced drainage facilities, it ensures that floods outside the factory cannot flow into the company during heavy rains, and ensures that accumulated water in the factory area is drained out in a timely manner.



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The above measures and actions have improved the company's overall image and made the factory more modern, tidy and beautiful, and also enhanced the company's ability to withstand sudden disasters.





In 2024, the Group's Nansha factory was further renovated as follows:

1. Renovation and upgrading of production facilities

The Company has always adhered to the goals of achieving innovative and sustainable development by constantly optimizing and upgrading the production facilities. By improving the production facilities, the company can enhance the corporate image. In 2024, Raymond Nansha factory has made substantial investment to upgrade the metal stamping, injection molding and surface treatment departments' workshops including repainting walls, repairing floors, installing new lighting and ventilation in an area of 22,127 square meters of production area. These upgrading and renovation projects have greatly improved the factory's production facilities and provided a foundation for the company to achieve long-term sustainable goals.





2. Upgrade production equipment and process

To achieve global transition to a green economy, the Company has been actively accelerating the modernization of equipment and the updating and upgrading of automation, promoting the integration of automation and environmental protection technology, and adopting efficient and low-carbon production enterprise models. In 2024, the group's Nansha factory has made substantial investment in equipment upgrading, including disposal of 16 high-energy-consuming old injection molding machines, purchasing 15 new energy-saving frequency conversion injection molding machines, and adding 23 new automated machines to realize fully automated processes. The addition of assembly line automation equipment and new surface treatment "two coatings and two baking" spray production lines greatly improve production efficiency, reduce energy consumption, and promote the company's sustainable development.





About the Report

The 2024 *Environmental, Social and Governance Report* of Raymond Industrial Limited is prepared in accordance with the Environmental, Social, and Governance Reporting Guide set out in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Sustainability disclosures are applicable and material, and disclosures of the Group's sustainability performance are made in a balanced manner. The reporting scope is based on the influence of businesses to stakeholders and the consideration of providing in-depth disclosures of material issues. This report covers the Group's performance and measures relating to sustainable development for the period from 1 January 2024 to 31 December 2024, unless otherwise specified.



Environmental, Social and Governance Reporting Guide – Content Index

Aspects, General Disclosures and KPIs	Description	Page No. of ESG Report 2024
A. Environmental		
Aspect A1: Emission	ons	
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 	Pages 17-22
KPI A1.1	The types of emissions and respective emissions data	Page 20-21
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Page 20, 39, 41-42
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Page 22
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Page 22
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them	Pages 17-22, 26, 28, 33-34
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	Page 22



Aspects, General Disclosures and KPIs	Description	Page No. of ESG Report 2024
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KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Page 21
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Pages 18, 20-21, 28, 33
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	Page 21
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Page 21
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Aspect A4: Climate	e Change	
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	Page 26
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	Page 26-28, 39



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Aspects, General Disclosures and KPIs	Description	Page No. of ESG Report 2024
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KPI B1.1	Total workforce by gender, employment type (for example, full- or part- time), age group and geographical region	Pages 8-11
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Pages 9-11
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 	Page 14
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Page 14
KPI B2.2	Lost days due to work injury	Page 14
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	Page 14

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Aspects, General Disclosures and KPIs	Description	Page No. of ESG Report 2024
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General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Pages 13-14
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		De
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Page 12
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Aspects, General Disclosures and KPIs	Description	Page No. of ESG Report 2024
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General Disclosure		
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 	Pages 12, 16
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	Page 12
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Page 12
KPI B7.3	Description of anti-corruption training provided to directors and staff	Page 12



Aspects, General Disclosures and KPIs	Description	Page No. of ESG Report 2024
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	Pages 12, 17-18, 22-25
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Pages 12,17-18, 22-25
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	Pages 12, 17-18, 22-25



