



僑雄國際控股有限公司  
Kiu Hung International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code : 00381)

*Leading  
the Way Towards*  
**A BRIGHT FUTURE**

ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT  
2022

# Environmental, Social, and Governance Report 2022

## INTRODUCTION

Kiu Hung International Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) have six segments, namely “Manufacturing and trading of toys and gifts items”, “Exploration of natural resources”, “Fruit plantation”, “Leisure”, “Culture” and “Chinese herbs”. Its major business segment is the manufacturing and trading of toys and gifts items in the People’s Republic of China (the “**PRC**”) which involves designing, manufacturing, and selling a wide range of plush stuffed toys as well as decorative gift items on Original Equipment Manufacturer (“**OEM**”) and Original Design Manufacturers (“**ODM**”) basis.

This Environmental, Social and Governance Report (the “**Report**”) summarises the environmental, social and governance (“**ESG**”) initiatives, plans and performances of the Group and demonstrates its commitment to sustainable development.

## Reporting Period

Unless otherwise stated, this Report specifies the ESG activities, challenges and measures by the Group for the year ended 31 December 2022 (the “**Year**” or “**2022**”).

## Reporting Scope

The reporting scope is determined based on the materiality and revenue share of the business segments as directly operated and controlled by the Group. This Report covers the Group’s ESG performance of its major business segment which is the manufacturing and trading of toys and gifts items. The key performance indicators (“**KPIs**”) are gathered and cover the Group’s directly operated factory, office and staff dormitory in Putian, Fujian Province, the PRC as well as its office in Hong Kong.

## Reporting Framework

The Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) issued by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as set out in Appendix 27 of the Rules Governing the Listing of Securities (the “**Listing Rules**”). The Report provides an overview of the ESG performance of the Group. The information in the Report is derived from the Group’s official documents and statistics, as well as the integration and summary of monitoring, management and operational information provided by the Group. For the corporate governance structure of the Group and other relevant information, please refer to the Corporate Governance Report on pages 22 to 27 of the annual report.

In preparing this Report, the Group has adopted the reporting principles set out in the aforementioned ESG Reporting Guide as follows:

*Materiality:* the Group has conducted a materiality assessment during the Year to identify materiality issues, and considered the identified materiality issues as the takeaways in preparing the ESG report. The materiality of the issues has been reviewed and confirmed by the board of directors (the “**Board**”) and senior management. For further details, please refer to the sections headed “Stakeholder Engagement” and “Materiality Assessment”.

*Quantitative:* the criteria and methodologies used to calculate key performance indicator data and applicable assumptions have been supplemented in the notes.

*Consistency:* unless otherwise stated, this Report has been prepared in the same way as the previous year for comparison purposes. In case that any change to the scope of disclosure and calculation methods may affect the comparison with previous reports, the Group will explain the corresponding data.

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## THE ESG GOVERNANCE STRUCTURE

The Group has established a governance structure to ensure that the ESG management approach is consistent with the Group's business strategy, and to integrate ESG management into the Group's business operations and decision-making processes.

The Board has overall responsibility for the Group's ESG issues and is required to formulate ESG management policies, strategies, priorities and objectives. In order to better manage the Group's ESG performance, related issues and potential risks, the Board regularly assesses and determines the Group's ESG risks and opportunities, and reviews the performance and progress of the ESG-related goals under the assistance of ESG taskforce (the "**Taskforce**"). The Board is also responsible for ensuring the effectiveness of risk management and internal control systems, as well as reviewing information for disclosure in the ESG reports.

The Taskforce has been authorised by the Board to systematically manage the Group's ESG issues. The Taskforce is composed of core members from different departments, and assists the Board in supervising the ESG issues. Besides collecting and analysing ESG data, the Taskforce is responsible for monitoring and evaluating the Group's ESG performance, following up and reviewing the progress of the Group's ESG-related objectives, and ensuring compliance with ESG-related laws and regulations. Furthermore, the Taskforce assists in conducting materiality assessments, and prepares ESG reports. The Taskforce regularly schedules meetings to assess the effectiveness of existing policies, process risk management and internal control system, and develops appropriate solutions to improve the overall performance of ESG management. Moreover, the Taskforce is required to report the Group's ESG-related issues to the Board on a regular basis.

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## STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their feedback regarding its businesses and ESG aspects. The Group maintains close communication with its key stakeholders, including but not limited to, employees, customers, suppliers, government and other regulatory authorities, shareholders and investors, media and the public as well as the community.

Stakeholders' expectations have been taken into consideration by utilising diversified engagement methods and communication channels as shown below:

| Stakeholders                                | Communication Channels                                                                                                                                                                            | Expectations                                                                                                                                                                                  |
|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Employees                                   | <ul style="list-style-type: none"> <li>• Training, seminars, and briefing</li> <li>• Email and internal memos</li> <li>• Regular meetings</li> </ul>                                              | <ul style="list-style-type: none"> <li>• Remuneration, compensation and benefits</li> <li>• Safe working environment</li> </ul>                                                               |
| Customers                                   | <ul style="list-style-type: none"> <li>• Customer service hotline and email</li> </ul>                                                                                                            | <ul style="list-style-type: none"> <li>• Customer satisfaction</li> <li>• High-quality products</li> </ul>                                                                                    |
| Suppliers                                   | <ul style="list-style-type: none"> <li>• Site visits</li> <li>• Business meetings and discussion</li> <li>• Supplier audit</li> </ul>                                                             | <ul style="list-style-type: none"> <li>• Fair and open procurement</li> <li>• On-time payment</li> <li>• Sustainable relationship</li> </ul>                                                  |
| Government and other regulatory authorities | <ul style="list-style-type: none"> <li>• Written or electronic correspondences</li> </ul>                                                                                                         | <ul style="list-style-type: none"> <li>• Compliance with local laws and regulations</li> <li>• Stability in business operations</li> </ul>                                                    |
| Shareholders and investors                  | <ul style="list-style-type: none"> <li>• General meeting and other shareholder meetings</li> <li>• Financial reports</li> <li>• Announcements and circulars</li> <li>• Company website</li> </ul> | <ul style="list-style-type: none"> <li>• Sustainable profitability</li> <li>• Corporate governance</li> <li>• Compliance with local laws and regulations</li> </ul>                           |
| Media and the public                        | <ul style="list-style-type: none"> <li>• ESG reports</li> <li>• Company website</li> </ul>                                                                                                        | <ul style="list-style-type: none"> <li>• Transparency of ESG issues and financial disclosure</li> <li>• Compliance with local laws and regulations</li> <li>• Corporate governance</li> </ul> |
| Community                                   | <ul style="list-style-type: none"> <li>• Community activities</li> <li>• Company website</li> </ul>                                                                                               | <ul style="list-style-type: none"> <li>• Active participation in worthy causes</li> <li>• Community development</li> </ul>                                                                    |

The Group endeavours to actively listen to and collaborate with its stakeholders to ensure that their opinions can be voiced out through a proper communication channel. In the long run, the stakeholders' contribution will aid the Group in improving its potentially overlooked ESG performances and sustaining the success of the Group's business in the challenging market.

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## MATERIALITY ASSESSMENT

The Board and management who are responsible for key functions of the Group, have participated in the preparation of the ESG Report. They have assisted the Group in reviewing its operations, identifying key ESG issues and assessing their importance to its businesses and stakeholders. To ensure that the disclosures in the ESG Report reflect the Group's effort on ESG-related issues, a materiality assessment has been conducted to identify ESG issues that are deemed to be material to different stakeholders.

With reference to our business development strategies and industry practices, the Group identifies and confirms a list of material ESG issues covering five major aspects: corporate governance, environmental protection, employment practices, operational practices and community engagement. The Group compiled a questionnaire based on the checklist, and invited relevant stakeholders to rate materiality ESG issues according to the materiality of ESG issues.

The Group prioritised those ESG topics for better strategic planning and resource allocation. The topics which fell in the category of "Most material" in the following table were defined as the topics that matter most to the Group's business operations and its stakeholders as far as they are concerned. Acknowledging the expectations of its stakeholders, the Group is committed to improving its ESG performance, management and policies.

A summary of the material ESG aspects of the Group is as follow:

| Least material                                                                                                                                                                                                                                                 | Material                                                                                                                                                                                                                                                                                                                                                                                       | Most material                                                                                                                                                                                                                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• Customer satisfaction</li><li>• Supply chain management</li><li>• Product quality assurance</li><li>• Prevention of child and forced labour</li><li>• Intellectual property rights</li><li>• Anti-corruption</li></ul> | <ul style="list-style-type: none"><li>• Waste management</li><li>• Water management and sewage discharge</li><li>• Energy efficiency</li><li>• Use of packaging materials</li><li>• Recruitment, promotion and dismissal</li><li>• Remuneration and benefit</li><li>• Occupational health and safety management</li><li>• Development and training</li><li>• Data privacy protection</li></ul> | <ul style="list-style-type: none"><li>• Air emissions</li><li>• Greenhouse gas ("GHG") emissions</li><li>• Climate change</li><li>• Equal opportunity, diversity and anti-discrimination</li><li>• Community investment</li></ul> |

During the Year, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the disclosed contents in the ESG Report are in compliance with the requirements of the ESG Reporting Guide.

## CONTACT US

The Group welcomes stakeholders to provide their opinions and suggestions. You can provide valuable advice in respect of the ESG Report or the Group's performances in sustainable development by email to [info@kiuhung.com](mailto:info@kiuhung.com).

# Environmental, Social, and Governance Report 2022

## A. ENVIRONMENTAL

As the society demands greater acceleration in the progress of environmental protection, the Group strives to closely monitor its environmental and social impacts and incorporate environmental sustainability measures into its daily business operations. During the Year, the Group set environmental targets covering GHG emissions, waste management, water consumption and energy consumption. The Group believes that these targets and environmental initiatives are effective in raising the environmental awareness of the Group's employees, which in turn will enhance the ESG performance of the Group.

### A1. Emissions

The Group puts great effort into the environmental management and has formulated an Environmental Management Procedure to monitor the emission of air pollutants, GHG, sewage and wastes generated during its operations, and to ensure that all productions are in compliance with the national and local environmental laws and regulations. The Group also keeps its policies and procedures in line with the latest amendment to the relevant laws and regulations and brings in necessary changes in a timely manner. Furthermore, training is provided to related staff to enhance their knowledge in environmental protection and to ensure that they conduct their work in full compliance.

During the Year, the Group was not aware of any material non-compliance with laws and regulations concerning waste gas and GHG emissions, sewage discharges into water and land, and hazardous waste generation that would have a significant impact on the Group, including but not limited to, the Waste Disposal Ordinance of Hong Kong, the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Water Pollution Law, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution Law, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste.

#### *Air Emissions*

The majority of air emissions are generated from the combustion of petrol and diesel by vehicles. In response to the above sources, the Group has actively adopted the following measures to control air emissions:

- Plan routes ahead of time to avoid route repetition and optimise fuel consumption;
- Switch off the engine whenever the vehicle is idling; and
- Conduct regularly vehicle inspection and maintenance to ensure optimal engine performance and fuel use.

During the Year, the Group's air emission performance is summarised as follows:

| Type of air emissions      | Unit | 2022         | 2021  |
|----------------------------|------|--------------|-------|
| Nitrogen oxides ("NOx")    | kg   | <b>26.72</b> | 70.03 |
| Sulphur oxides ("SOx")     | kg   | <b>0.26</b>  | 0.16  |
| Particulate matters ("PM") | kg   | <b>0.86</b>  | 6.65  |

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## GHG Emissions

The major GHG emissions of the Group are the direct GHG emissions from petrol and diesel consumption of private cars and light goods vehicles and the diesel consumption of diesel stoves in cafeterias (Scope 1) and the indirect GHG emissions from purchased electricity (Scope 2). In line with the national strategy of overall GHG emissions reduction to achieve the sustainable development goal of energy conservation and carbon reduction, the Group has set a target to gradually reduce the intensity of GHG emissions for the next five years on a gradual basis. The Group also actively enhances the Group's image by reducing energy consumption to minimize GHG emissions. For the above emission sources, we actively take the following emission reduction measures:

- Actively control the use of vehicles, the relevant measures of which are described in the section headed "Air Emissions" under this aspect; and
- Actively implement energy-saving and energy efficiency measures, the relevant measures of which are described in the section headed "Energy Efficiency" under aspect A2.

As a result of the aforesaid measures, the awareness of emissions reduction among the Group's employees increased. Therefore, compared to 2021, the Group's total GHG emissions intensity decreased by approximately 1.80% during the Year.

During the Year, the Group's GHG emission performance is summarised as follows:

| Indicators <sup>1</sup>                                                        | Unit                                                 | 2022          | 2021   |
|--------------------------------------------------------------------------------|------------------------------------------------------|---------------|--------|
| Scope 1-direct GHG emissions                                                   |                                                      |               |        |
| • Fuel consumption of vehicles and fuel consumption of cafeteria diesel stoves | tCO <sub>2</sub> e                                   | <b>44.68</b>  | 45.50  |
| Scope 2-indirect GHG emissions from energy                                     |                                                      |               |        |
| • Purchase electricity                                                         | tCO <sub>2</sub> e                                   | <b>622.84</b> | 940.23 |
| Total GHG emissions (Scopes 1 and 2)                                           | tCO <sub>2</sub> e                                   | <b>667.52</b> | 985.73 |
| Total GHG emissions intensity                                                  | tCO <sub>2</sub> e/HK\$ million revenue <sup>2</sup> | <b>2.28</b>   | 3.73   |

Notes:

1. GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "Baseline Emission Factors for Regional Power Grids in China During 2019", the "Global Warming Potential Values" from the IPCC Fifth Assessment Report, "How to prepare an ESG report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, and the latest 2021 Sustainability Report published by the HK Electric Investments Limited.
2. For 2022 and 2021, the Group recorded a revenue of approximately HK\$293 million and HK\$264 million, respectively, for the manufacturing and trading of toys and gift items business. This data is used for calculating other intensity data.

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## ***Sewage Discharge***

The sewage of the Group mainly comes from domestic sewage discharged from its offices and dormitory. It is the Group's obligation to control water pollution by proper sewage treatment, therefore, the Group has formulated relevant policies to handle different types of sewage in order to comply with local government laws and regulations.

Since sewage discharged by the Group's offices and dormitory is disposed through the municipal sewage pipe network to the regional water treatment plant, the amount of water consumed is considered as the amount of sewage discharge. Data on water consumption and water-saving measures will be described in the section headed "Water Management" under aspect A2.

Water consumed in the Group's factory was mainly used for the production of toys and gifts items. Since water was reused during the production process, an insignificant amount of sewage was discharged from the factory during the Year. Nevertheless, the Group has formulated the relevant measures to ensure that all industrial sewage is properly handled and purified by qualified contractors before getting discharged into the municipal sewage system for further treatment.

The Group will continue to strengthen its monitoring in daily operations to ensure the discharged sewage meets the statutory discharge standards.

During the Year, the Group's sewage discharge performance is summarised as follows:

|                                  | Unit                                 | 2022            | 2021     |
|----------------------------------|--------------------------------------|-----------------|----------|
| Total sewage discharge           | m <sup>3</sup>                       | <b>3,415.00</b> | 7,711.00 |
| Total sewage discharge intensity | m <sup>3</sup> /HK\$ million revenue | <b>11.66</b>    | 29.21    |

## ***Waste Management***

In persisting with the waste management principle, the Group is committed to the rational management and disposal of waste generated from business activities. The Group maintains high standards in waste reduction, educates employees on the importance of sustainable development, and provides relevant support to enhance their skills and knowledge in sustainable development.

### *Hazardous Waste*

Due to the Group's business nature, hazardous waste was generated by the Group's factory in the PRC. The major hazardous waste generated were chemical waste and chemical containers, which were generated during the production of toys and gifts items. The Group remains vigilant in proper waste disposal and management. Guidelines on the handling and storage of chemical waste disposal have also been formulated in the Environmental Management Procedure. Licenced waste collectors have been contracted to lawfully handle and dispose of its chemical waste and chemical containers.

The Group strives to continue to minimise and avoid the use of hazardous materials during its production process. The Group has set a target to gradually reduce the intensity of total hazardous waste for the next five years.

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During the Year, the Group's hazardous waste generation performance is summarised as follows:

| Type of waste                                 | Unit                    | 2022        | 2021   |
|-----------------------------------------------|-------------------------|-------------|--------|
| Chemical waste and chemical containers        | kg                      | <b>620</b>  | 537.00 |
| Total hazardous waste generation              | kg                      | <b>620</b>  | 537.00 |
| Intensity of total hazardous waste generation | kg/HK\$ million revenue | <b>1.83</b> | 2.03   |

## *Non-hazardous Waste*

The principal non-hazardous waste generated by the Group were fabric scraps, paper and cardboard, and general waste. The Group has adopted relevant policies in waste prevention, reduction, separation, recycling and responsible disposal of waste. Meanwhile, it has adopted several waste reduction measures, including but not limited to the following:

- Practise waste separation and recycling at the workplace;
- Reuse single-sided paper for draft documents;
- Ship the waste office paper to paper mills or scrap paper companies for recycling;
- Print electronic correspondences only when necessary;
- Reduce the use of single-use disposable items; and
- Recycle the leftover fabric scraps for other products.

The Group will continue to invest substantial efforts in educating its staff about the importance of waste reduction and recycling. The Group will set a target to gradually reduce the intensity of total non-hazardous waste for the next five years.

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During the Year, the Group's non-hazardous waste generation performance is summarised as follows:

| Type of waste                                  | Unit                    | 2022            | 2021     |
|------------------------------------------------|-------------------------|-----------------|----------|
| Fabric scraps <sup>3</sup>                     | kg                      | <b>100.00</b>   | 48.00    |
| Cardboard and paper products <sup>4</sup>      | kg                      | <b>150.00</b>   | 638.00   |
| Office paper <sup>5</sup>                      | kg                      | <b>1,485.00</b> | 1,202.48 |
| General waste <sup>3</sup>                     | kg                      | <b>500.00</b>   | 589.00   |
| Total non-hazardous waste generation           | kg                      | <b>2,235.00</b> | 2,477.48 |
| Total non-hazardous waste generation intensity | kg/HK\$ million revenue | <b>7.63</b>     | 9.38     |

Notes:

3. Approximately all general waste and fabric scraps are handled by the local environmental protection department.
4. Approximately all cartons and paper products are disposed of by qualified recyclers.
5. This figure includes recycled office paper. During the Year, approximately 102 kg (2021: approximately 30.00 kg ) of office paper were recycled.

## A2. Use of Resources

The Group recognises the scarcity of finite natural resources and has therefore taken the initiative to introduce green measures and implement relevant policies to better govern the use of resources and reduce the environmental impact arising from its business operations.

### *Energy Efficiency*

The major sources of energy consumed by the Group are purchased electricity consumed in daily operations and petrol consumed for vehicles, as well as petrol and diesel consumed by cafeteria stoves. The Group strives to further reduce energy consumption by adopting the following energy-saving measures:

- Install auxiliary electricity meters to monitor electricity consumption;
- Encourage staff to switch off unnecessary lighting, equipment, personal computers and monitors during lunchtime, after office hours, while away or in meeting;
- Select energy-efficient equipment, electrical appliances and lighting for use in production and office areas;
- Post energy-saving reminders near lights switches and electrical appliances; and
- Deploy LED lighting and natural light as much as possible in the offices.

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The Group will continue to control the use of energy and improve energy efficiency through daily management and monitoring of energy consumption. The Group has set a target to gradually reduce the total energy consumption intensity for the next five years.

During the Year, the Group's energy consumption performance is summarised as follows:

| Types of energy                        | Unit                     | 2022            | 2021     |
|----------------------------------------|--------------------------|-----------------|----------|
| Direct energy consumption <sup>6</sup> | MWh                      | <b>131.88</b>   | 174.14   |
| • Petrol                               | MWh                      | <b>56.64</b>    | 87.73    |
| • Diesel                               | MWh                      | <b>77.23</b>    | 86.41    |
| Indirect energy consumption            |                          |                 |          |
| • Purchased electricity                | MWh                      | <b>1,050.84</b> | 1,195.66 |
| Total energy consumption               | MWh                      | <b>1,182.72</b> | 1,369.80 |
| Total energy consumption Intensity     | MWh/HK\$ million revenue | <b>4.04</b>     | 5.19     |

Note:

6. The calculation method of energy consumption data is based on the "Energy Statistics Manual" published by the International Energy Agency.

## Water Management

The Group's water consumption mainly falls into two types, including the water used for manufacturing toys and gifts items in the factory and domestic water used in the offices and dormitory. To conserve water resources, the Group strives to achieve efficient water use and water recycling. In addition to closely monitoring the water use, the Group has implemented the following measures:

- Reuse water in the production processes after proper treatment;
- Inspect water pipes regularly to prevent water leakage;
- Promote water-saving behaviour to all staff;
- Conduct timely maintenance in case of water leakage to avoid wastage; and
- Install dual-flush water cistern in toilets.

The Group has set a target to gradually reduce the intensity of total water consumption for the next five years. In the future, the Group will continuously implement different measures to reduce water consumption.

During the Year, the Group's total water consumption was approximately 47,583.00 m<sup>3</sup> (2021: approximately 59,211.00 m<sup>3</sup>) with an intensity of approximately 163.32 m<sup>3</sup> per HK\$ million revenue (2021: approximately 224.28 m<sup>3</sup>).

Due to the Group's business nature, the Group did not encounter any problem in sourcing water that is fit for purpose.

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## *Use of Packaging Materials*

The Group aims at operating its toy manufacturing business with maximum resource efficiency by minimising unnecessary waste of materials in the production process. Being a responsible OEM and ODM, the Group is committed to complying with the specifications of products stipulated in all contracts signed with its customers, including the nature and quality of the packaging materials for each of the designated products. In general, packaging materials, including cardbox and padding are used for packaging its products.

During the Year, the Group's performance on the use of packaging materials is summarised as follows:

| Type of packaging materials                                     | Unit                         | 2022          | 2021   |
|-----------------------------------------------------------------|------------------------------|---------------|--------|
| Cardbox                                                         | Tonnes                       | <b>450.00</b> | 468.02 |
| Padding                                                         | Tonnes                       | <b>200.00</b> | 210.20 |
| Total use of packaging materials                                | Tonnes                       | <b>650.00</b> | 678.22 |
| Total use of packaging materials per unit produced <sup>7</sup> | Tonnes/million unit produced | <b>152.94</b> | 159.45 |

Note:

7. During the Year, the Group has produced a total of approximately 4,521,739 pieces (2021: approximately 4,253,378 pieces) of toys and gifts items.

## **A3. The Environment and Natural Resources**

The Group endeavours to minimise the negative environmental impacts of its business operations as an ongoing commitment to corporate sustainability. It remains conscious of its potential impact, therefore, regularly assesses the environmental risks of its business model, devises a comprehensive set of policies and procedures to ensure full compliance with industry standards, customer requirements, as well as relevant environmental laws and regulations. It is also devoted to achieving sustainable development for generating long-term values for the community and its stakeholders.

The Group also realises that environmental protection is a continuous process, including management of energy and water consumption, and waste reduction. Therefore, the Group has promoted the messages of "Energy Conservation, Start by Us" and "It's Everyone's Responsibility to Protect the Environment" at the workplace from time to time. In addition, the energy use and water use were monitored and reviewed regularly by the designated personnel pursuant to the environmental requirements. The Group continues to review and monitor its energy consumption performance, and identify water-saving and energy-saving measures to optimise the usage of resources.

Furthermore, the Group has established the Emergency Preparedness Plan for the employees as a guideline to respond to potential incidents arising from its operations, including natural disasters, chemical spillage, explosions and more. Any adverse environmental impact would be minimised with effective follow-up actions. The Group also has the Environmental, Health and Safety Committee (the "**EHS Committee**") in place to formulate emergency response plans to minimise the likelihood of accidents and emergency situations. The EHS Committee is responsible for coordinating drills and preparing reports for the Group's management to review. When emergencies occur, the emergency team will carry out appropriate emergency procedures. Root causes and any preventive actions are identified and accident reports are submitted to the management afterwards.

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## A4. Climate Change

Climate change poses escalating risks and challenges to the global economy and may have a negative impact on the Group's business. As such, the Group understands the importance of identifying and mitigating any significant impacts of climate change. In accordance with the international recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") established by the Financial Stability Board, the management of the Group has assessed and fully recognized the climate related risks and corresponding opportunities that affect the Group's business. Based on the assessment results, the Group has incorporated climate risks into the Enterprise Risk Management System and related processes, and held internal meetings to discuss related matters in order to manage and review climate-related risks and capture related opportunities. With reference to the risk classification of TCFD, the climate-related risks identified by the Group and the corresponding management measures are as follows:

### ***Physical Risks***

The increasing frequency and severity of extreme weather events, such as extreme cold or heat, storms, rainstorms and typhoons, may increase the risk of power shortages, disrupt the supply chain and damage the Group's assets, disrupting the Group's operations and resulting in reduced revenues and increased costs to repair or restore damaged sites. These events could also disrupt the work of employees and even cause casualties. As a countermeasure, the Group has contingency plans in place to reduce or avoid losses in the event of extreme weather affecting the Group's business premises. The Group will identify such risks and give priority to those with serious impacts so that preventive measures can be taken in the first instance.

### ***Transition Risks***

Governments around the world have implemented emission reduction measures and enacted climate-related legislation or tightened relevant regulations to support the global vision of decarbonization. For example, in order to achieve the goal of "Carbon Peak by 2030, Carbon Neutral by 2060", the PRC government has been striving to reduce the GHG emissions, and has introduced measures such as "limitations on use of electricity and production" in recent years, which has potential operational impact on certain production facilities of the Group. The Group has responded in a timely manner by implementing a work shift system to ensure the continuity of its production operations and to reduce the impact of the policy changes on the Group. In addition, the Group will actively provide complete solutions for energy saving and storage applications to work in line with the government's new energy policies. In addition, the Stock Exchange also requires listed companies to strengthen climate-related disclosures in their ESG reports, which may result in increased compliance costs. Failure to meet the compliance requirements of climate change may result in a decline in corporate reputation. The Group will regularly monitor current and emerging trends, policies and regulations related to climate to avoid reputational risk due to delayed response. The Group will continue to evaluate the effectiveness of the Group's actions to address climate change and enhance its ability to respond to climate-related issues.

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## B. SOCIAL

### B1. Employment

The continued success of the Group owes much to its talents and their contribution. Therefore, the Group strives to protect its employees through implementing comprehensive employment policies. Employment policies are formally documented in the Employee Handbook, covering recruitment, compensations, remuneration, diversity and equal opportunities, etc. The Group periodically reviews existing policies and employment practices to ensure continuous improvement of its employment standards and competitiveness against other industry peers. The Group is pleased to announce that the Group has been certified by the International Council of Toy Industries ("ICTI") Ethical Toy Program during the Year which is one of the most recognised labour and social standards in the toy industry.

During the Year, the Group was not aware of any material non-compliance with the relevant laws and regulations concerning compensation and dismissal, recruitment and promotion, working hours, rest days, equal opportunities, diversity, anti-discrimination, other benefits and welfare, including but not limited to the Employment Ordinance, the Sex Discrimination Ordinance and the Minimum Wage Ordinance of Hong Kong, the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China.

As of 31 December 2022, the Group had a total of 335 employees (2021: 326 employees) within the reporting scope of this Report. The breakdown of employees of the Group according to gender, age group, employment type and geographical region is as follows:

| Employee breakdown            | 2022 | 2021 |
|-------------------------------|------|------|
| <b>By Gender</b>              |      |      |
| Male                          | 68   | 96   |
| Female                        | 267  | 230  |
| <b>By Age Group</b>           |      |      |
| Under 30 years old            | 91   | 22   |
| 30 to 50 years old            | 168  | 224  |
| Above 50 years old            | 76   | 80   |
| <b>By Employment Type</b>     |      |      |
| Full-time                     | 335  | 326  |
| Part-time                     | –    | –    |
| <b>By Geographical Region</b> |      |      |
| The PRC                       | 308  | 297  |
| Hong Kong                     | 27   | 29   |

# Environmental, Social, and Governance Report 2022

During the Year, the Group's overall employee turnover rate<sup>8</sup> was approximately 33.13% (2021: approximately 32.82%) within the reporting scope of this Report. The following table shows the employee turnover rate by gender, age group and geographical region:

| Employee turnover rate <sup>9</sup> | 2022<br>Turnover rate<br>(%) | 2021<br>Turnover rate<br>(%) |
|-------------------------------------|------------------------------|------------------------------|
| <b>By Gender</b>                    |                              |                              |
| Male                                | <b>32.35</b>                 | 22.92                        |
| Female                              | <b>33.33</b>                 | 36.96                        |
| <b>By Age Group</b>                 |                              |                              |
| Under 30 years old                  | <b>15.38</b>                 | 27.27                        |
| 30 to 50 years old                  | <b>32.73</b>                 | 16.96                        |
| Above 50 years old                  | <b>55.26</b>                 | 78.75                        |
| <b>By Geographical Region</b>       |                              |                              |
| The PRC                             | <b>35.06</b>                 | 10.34                        |
| Hong Kong                           | <b>11.11</b>                 | 35.02                        |

Notes:

8. The turnover rate is calculated by dividing the number of staff dismissed during the year by the number of staff as at the end of the year.
9. The turnover rate is calculated by dividing the number of staff dismissed in the specified category during the year by the number of staff in the specified category as at the end of the year.

## ***Recruitment, Promotion and Dismissal***

The Group's employees are recruited via a robust, transparent and fair recruitment process. Job applicants are assessed based on their suitability for the positions and potential to fulfil the Group's current and future needs, regardless of their race, gender, religion, physical disability, marital status, sexual orientation, etc.

The Group offers promotion and development opportunities for outperforming employees through an open and fair assessment system so as to explore their capability and contribute the Group's sustainable growth. The Group periodically assesses the performance of the employees, the results of which are used in their annual salary review and promotion appraisal. The Group also gives preference to internal promotion to encourage consistent and continuous effort.

Besides, unreasonable dismissal under any circumstances is strictly prohibited; dismissal would be based on reasonable and lawful grounds in accordance with the internal policies of the Group.

# Environmental, Social, and Governance Report 2022

## ***Equal Opportunities, Diversity and Anti-discrimination***

The Group strives to provide a collaborative and inclusive workplace to welcome prospective employees equipped with unique skills and experience and maintain its current pool of talents. It is of the Group's firm belief that all employees should have the right to work in an environment free of discrimination, harassment, victimisation and vilification. Therefore, the Group emphatically states its zero-tolerance stance on any aforementioned behaviours in the workplace of any form.

## ***Remuneration and Benefit***

The Group's employees are offered with a competitive remuneration package, which is stated in the Employee Handbook and reviewed annually to ensure compliance with the latest laws and regulations and to keep up with industry's standards. The Group's basic remuneration packages of employees include salary, bonus and various subsidies (such as overtime pay, meal allowance, telecommunication allowance, housing subsidy, holiday allowance and marriage subsidy, etc.). All employees are entitled to statutory holidays, including statutory festive holiday, paid annual leave, sick leave, marriage leave, maternity leave, paternity leave and compassionate leave. The Group also signs and executes labour contracts with all employees in the PRC in accordance with the Labour Contract Law of the People's Republic of China. The Group pays "five social insurance and one housing fund" for its employees in the PRC in compliance with the laws and regulations, namely endowment insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance and housing provident fund to ensure employees are covered by social insurance.

Furthermore, staff salaries are set according to their knowledge, skills, experiences and educational background against their corresponding work requirements. The Group periodically assesses the performance of the employees, the results of which are used in their annual salary review and promotion appraisal. The Group also gives preference to internal promotion to encourage consistent and continuous effort.

## ***Working Hours and Rest Periods***

The Group cares the well-being of employees and recognises the importance of work-life balance. Therefore, the Group develops basic working hours and overtime system according to different business needs, with the hope to enable employees to achieve work-life balance. The Group has formulated policies in determining the working hours and rest periods for employees following local employment laws and regulations. As stated in the Employee Handbook, employees of the Group work five days a week. Employee consent must be obtained for any necessary overtime arrangement, and the employee must be compensated in accordance with the laws and regulations to prevent any forced overtime work.

# Environmental, Social, and Governance Report 2022

## B2. Health and Safety

### *Occupational Health and Safety Management*

The Group endeavours to provide and maintain a safe and healthy working environment for all its employees. The Group has established the Environmental, Health and Safety Management Procedure and the Employee Health and Working Environment Management Procedure in compliance with the latest statutory requirements to strengthen its management and to ensure a safe and healthy working environment for its employees.

During the Year, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group, including but not limited to the Occupational Safety and Health Ordinance, the Employees' Compensation Ordinance of Hong Kong, the Labour Law of the People's Republic of China and the Law of the People's Republic of China on Prevention and Treatment of Occupational Diseases. In the past three years (including the Year), the Group did not record any material safety incidents and work-related fatalities or injuries, as well as no lost working day was recorded and no claims or compensation was paid to its employees due to such incidents.

To ensure the equipments and facilities in the factory are kept in good condition and to control risk and prevent incidents from happening, the Group has established the Personal Protective Equipment Management Procedure. The Group inspects production equipments, manufacturing facilities, and fire facilities (including fire extinguishers and fire hose, etc.) according to the procedure on a regular basis. Regular inspection and maintenance records are properly kept and immediate repair is arranged for reported abnormalities. In particular, the Group pays attention to fire safety in its factory and has established the Fire Management Procedure in this area. Fire drills are also organised regularly so as to raise employees' awareness of fire safety. Furthermore, other potential emergency measures such as the Emergency Preparedness Plan and the Unexpected Event Handling Procedure are established to minimise structural damage and severe employee injuries during accidents.

For the health and safety management of the offices, the Group has adopted a preventive approach to prevent the occurrence of illness and injury. For example, working arrangement during extreme weather has been clearly specified by the Group to avoid any confusion which might lead to safety issue. In addition, fire extinguishers are strategically placed and fire exits are free from obstruction, and first aid boxes are available at easily accessible locations in the offices.

# Environmental, Social, and Governance Report 2022

## B3. Development and Training

The Group recognises the importance of skilled and professionally trained employees to its business growth and future success. Therefore, the Group has implemented the Employee Training Management Procedure and the Human Resource ("HR") Management System specifically addressing the Group's responsibility to encourage sustainable learning of its employees through coaching and further studies in order to align the staff career development with the Group's long-term corporate business plan. The Group's HR Department is responsible for carrying out related employee assessment and training. During the Year, the Group launched a comprehensive staff training programme aiming at building an excellent, professional, well-trained and responsible corporate team. The training programme raised its employee's quality and ability and enhanced their team cohesion, thereby increased their work efficiency. The Group also conducts performance evaluation each year and provides appropriate training to staff based on the assessment result.

During the Year, approximately 91.94% (2021: approximately 91.10%) of employees of the Group participated in training<sup>10</sup>. The average training hours<sup>11</sup> was approximately 3.63 hours (2021: approximately 21.87 hours) per employee. A summary of the Group's training data is presented as follow:

| Employee training           | 2022                                              |                                                           |
|-----------------------------|---------------------------------------------------|-----------------------------------------------------------|
|                             | Percentage of employees trained <sup>12</sup> (%) | Average training hours per employee <sup>14</sup> (hours) |
| <b>By Gender</b>            |                                                   |                                                           |
| Male                        | <b>89.71</b>                                      | <b>3.59</b>                                               |
| Female                      | <b>92.51</b>                                      | <b>3.70</b>                                               |
| <b>By Employee Category</b> |                                                   |                                                           |
| Senior management           | <b>66.67</b>                                      | <b>2.67</b>                                               |
| Middle management           | <b>63.64</b>                                      | <b>2.54</b>                                               |
| General staff               | <b>93.91</b>                                      | <b>3.76</b>                                               |

10. The percentage of total trained employees is calculated by dividing the number of trained employees during the year by the total number of employees as at the end of the year. The relevant data has been disclosed since 2021.
11. The average training hours per employee is calculated by dividing the total number of training hours of the employees during the year by the total number of employees as at the end of the year. The relevant data has been disclosed since 2021.
12. The percentage of employees trained is calculated by dividing the number of trained employees in the specified category during the year by the number of employees in the specified category as at the end of the year. The relevant data has been disclosed since 2021.
13. The breakdown of employees trained is calculated by dividing the number of trained employees in the specified category during the Year by the total number of trained employees during the year. The relevant data has been disclosed since 2021.
14. The average training hours per employee is calculated by dividing the training hours of the employees in the specified category during the year by the number of employees in the specified category as at the end of the year. The relevant data has been disclosed since 2021.

# Environmental, Social, and Governance Report 2022

## B4. Labour Standards

### *Prevention of Child and Forced Labour*

The Group respects human rights and strictly prohibits any unethical hiring practices, including child labour and forced labour in the workplace. The Group guarantees that no employee will be made to work against his/her will or be coerced to work. Meanwhile, the recruitment of child labour is strictly prohibited. The Group has implemented the Underage Labour Management Procedure to ensure that all employees recruited by the Group are above the legal working age of respective jurisdictions. Personal data is carefully checked by the HR Department during the recruitment process to assist the selection of suitable candidates and to verify candidates' personal data. Moreover, to prevent non-compliance with labour standards of respective jurisdictions, it has set up the Procedure on Preventing Forced Labour, Slavery and Human Trafficking in which overtime working is compensated and not recommended. Should any violation be found, the issue will immediately be dealt with in light of the circumstances.

During the Year, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Ordinance of Hong Kong, the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China.

## B5. Supply Chain Management

The Group is dedicated to maintaining long-term, stable and strategic cooperative relationships with leading suppliers, and committed to a strategic procurement-led approach, achieving co-development with its suppliers on the basis of equality. To strengthen the supply chain management, the Group has adopted the Purchasing Control Procedure and the Suppliers Assessment Procedure to strictly manage the procurement process and evaluate the new and existing suppliers. The Group has also implemented the Business Partner/Supply Chain Management Procedure for the engagement of suppliers. The Group requires the suppliers of products or services to possess recognised qualifications and with a good internal control system, maintain a stable quality, ensure on-time delivery, offer reasonable price, comply with laws and regulations and be equipped with the required professional skills and qualities. In order to manage potential environmental and social risks in the supply chain, the Group has implemented the above-mentioned practices regarding the engagement of suppliers to all suppliers within the scope of the report.

The Group only cooperates with suppliers that share common moral values and standard with it. When a supplier is found to be inconsistent with the policy or contractual requirements, it will terminate the cooperation with that supplier until the situation is improved. As such, it can ascertain that the suppliers selected are able to provide qualified products and services.

The Group endeavours to engage service providers who incorporate ESG issues into their business development. By prioritising the procurement of goods and services in regional areas where the Group operates, not only has the local economies been supported, carbon footprint generated as a result of the transportation of procured goods can also be reduced. The Group will also give priority to suppliers using environmentally friendly products and services in its selection process and strive to minimize potential environmental and social risks in the supply chain. The Group will continue to regularly review the performance and environmental and social standards of suppliers in its supply chain. If any serious violations of laws and regulations are found, the Group will terminate the contracts with such suppliers.

During the Year, the Group engaged 233 (2020: 225) suppliers, 2 of which were geographically located in Hong Kong while 231 of which were located in the PRC.

# Environmental, Social, and Governance Report 2022

## B6. Product Responsibility

The Group attaches great importance to product quality and corporate reputation. The Group is committed to supplying high-quality products and services that meet international standards and actively improving its production process through internal control. The Group has formulated the Management Manual to monitor the product quality and customer service processes, maintain communication with customers, understand and meet the customer needs and expectation, and make continuous improvements.

During the Year, the Group was not aware of any material non-compliance with laws and regulations concerning health and safety, advertising, labelling and privacy matters relating to products and services and methods of redress that would have a significant impact on the Group, including but not limited to the Personal Data (Privacy) Ordinance of Hong Kong, the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, the Product Quality Law of the People's Republic of China, the Patent Law of the People's Republic of China and the Advertising Law of the People's Republic of China.

### ***Product Quality Assurance***

The Group is committed to providing quality services to its customers. The production process of its factory is certified with ISO 9001 Quality Management System and the Global Standard for Consumer Products of Société Générale de Surveillance ("SGS"). Meanwhile, it applies stringent quality controls in its production lines by adopting the Environment for Production Process Management Procedure, the China Compulsory Certificate ("3C") Conformity of Certified Products Control Procedure, the Non-conformance Control Procedure and the Quality Assurance & Safety Control Process. Its Quality Assurance and Quality Control Department manages and ensures quality inspections are being conducted at all stages of its production process from incoming materials to finished goods. Besides, quality tests are carried out for its products before shipping to its warehouse.

Furthermore, the Group has formulated the Product Recall & Withdrawing Management Procedure to manage any potential recall procedures and define the roles of related personnel and departments during the recall procedure. During the Year, the Group had achieved zero product recall for safety and health reasons.

### ***Data Privacy Protection***

The Group attaches great importance to the protection of confidential data of its customers. Adhering to the Group's Property of Customer & External Providers Management Procedure, employees must keep customers' data confidential and shall not disclose any information directly or indirectly. Customer information is collected only when it is necessary. Unauthorised access and use of customers' data are prohibited. Complying with data privacy laws and regulations, it will continuously conduct regular reviews on its data management and provide training to its employees on privacy matters.

# Environmental, Social, and Governance Report 2022

## ***Customer Satisfaction***

Feedback from the Group's customers are welcomed as it is the key to enhancing the Group's service. The Group has formulated the Customer Satisfaction Management Procedure for handling customer complaints. The Customer Satisfaction Management Procedure outlines the responsibilities and overarching approach on customer complaints handling for our staff, ensuring the complaints are properly addressed. After handling a customer complaint, documentation will be archived properly. Should the feedback or complaint bear significant weight to the improvement of the Group, the feedback or complaints will be discussed and reviewed by the management during regular meetings to prevent re-occurrence.

During the Year, the Group did not receive any material written product or service-related complaints.

## ***Advertising and Labelling***

The Group conducts limited advertising and publicity activities and therefore does not involve significant advertising-related risks. The Group strictly abides by the Advertising Law of the People's Republic of China, the Trademark Law of the People's Republic of China and other relevant laws and regulations. All product and business information related to the Group must be strictly reviewed before releasing to the public to prevent any use of false information to mislead customers in the process of publicity, promotion and exhibition.

## ***Intellectual Property Rights***

The Group is committed to respecting the intellectual property rights. The Intellectual Property Rights and Confidentiality Agreement stipulates strict guidelines for employees to maintain respect for the intellectual property rights, to avoid intentional infringement upon the intellectual property rights without authorisation. Its employees are prohibited from stealing or misusing the intellectual property rights owned or maintained by others for product design. Disciplinary actions or even dismissal will be resulted for breaching such rights. The Group also regularly monitors on competitors to prevent infringement of intellectual property rights.

## **B7. Anti-corruption**

Solid corporate governance is the bedrock of the Group's growth and development. The Group firmly believes fairness, honesty and integrity are important commercial assets. Therefore, the Group has formulated the Integrity/Gifts and Hospitality Policy in accordance with relevant laws and regulations to outline the standard of behaviours on anti-corruption and handling of conflict of interest that employees must abide by. The Group strictly prohibits its employees from accepting any forms of gifts and benefits beyond what has been prescribed.

During the Year, the Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering that would have a significant impact on the Group, including but not limited to the Prevention of Bribery Ordinance of Hong Kong, the Anti-Unfair Competition Law of the People's Republic of China and the Criminal Law of the People's Republic of China. During the Year, there were no concluded legal cases regarding corrupt practices brought against the Group or its employees.

The Group provided anti-corruption training to help the Directors and staff to adhere to the anti-corruption policies and prevent misconduct. During the Year, 335 employees underwent an approximately 4-hour training on the topic of business ethics and business integrity. As the Group places a high value on its corporate culture of integrity, anti-corruption awareness among internal staff and executive directors has been maintained at a high level.

Furthermore, the Group encourages its employees to report alleged malpractices or misconduct through various channels. Reports and Complaints received will be handled in a prompt and fair manner. The Group endeavours to protect the whistle-blower from common concerns such as potential retaliation and is assured that their identity as a whistle-blower will be kept confidential.

# Environmental, Social, and Governance Report 2022

## **B8. Community Investment**

The Group is committed to supporting the public by means of social participation and donation. As part of shouldering corporate social responsibility, the Group has established relevant guidelines to encourage its staff to actively engage in community participation. The Group believes that giving back to the society through more active participation in community programmes, which not only benefit the society but also nurture a good corporate culture.

The Group contributes and gives back to the community by donating to various organisations and engaging in social activities, to fulfil its corporate social responsibility and develop a better public image. During the Year, the Group has donated approximately RMB100,000 to charity organisation in Putian district. The Group seeks to cooperate with different charitable organisations, and at the same time be aware of the difficulties and needs of the society and vulnerable groups, aiming to give back to the society and promote social harmony.

# Environmental, Social, and Governance Report 2022

## THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

| Mandatory Disclosure Requirements                     |                                                                                                                                                                                                                                                                               | Section/Declaration                      |
|-------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| Governance Structure                                  |                                                                                                                                                                                                                                                                               | The ESG Governance Structure             |
| Reporting Principles                                  |                                                                                                                                                                                                                                                                               | Introduction — Reporting Framework       |
| Reporting Scope                                       |                                                                                                                                                                                                                                                                               | Introduction — Reporting Scope           |
| Subject Areas, Aspects, General Disclosures, and KPIs | Description                                                                                                                                                                                                                                                                   | Section/Declaration                      |
| <b>Aspect A1: Emissions</b>                           |                                                                                                                                                                                                                                                                               |                                          |
| General Disclosure                                    | Information on:<br>(a) the policies; and<br>(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. | Emissions                                |
| KPI A1.1                                              | The types of emissions and respective emissions data.                                                                                                                                                                                                                         | Emissions — Air Emissions, GHG Emissions |
| 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).                                                                                                     | Emissions — GHG Emissions                |
| KPI A1.3                                              | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).                                                                                                                                              | Emissions — Waste Management             |
| KPI A1.4                                              | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).                                                                                                                                          | Emissions — Waste Management             |
| KPI A1.5                                              | Description of emissions target(s) set and steps taken to achieve them.                                                                                                                                                                                                       | Emissions — Air Emissions, GHG Emissions |
| KPI A1.6                                              | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.                                                                                                                              | Emissions — Waste Management             |

# Environmental, Social, and Governance Report 2022

| Subject Areas, Aspects, General Disclosures, and KPIs   | Description                                                                                                                                                                 | Section/Declaration                           |
|---------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| <b>Aspect A2: Use of Resources</b>                      |                                                                                                                                                                             |                                               |
| General Disclosure                                      | Policies on the efficient use of resources, including energy, water and other raw materials.                                                                                | Use of Resources                              |
| KPI A2.1                                                | Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kVWh in '000s) and intensity (e.g. per unit of production volume, per facility). | Use of Resources — Energy Efficiency          |
| KPI A2.2                                                | Water consumption in total and intensity (e.g. per unit of production volume, per facility).                                                                                | Use of Resources — Water Management           |
| KPI A2.3                                                | Description of energy use efficiency target(s) set and steps taken to achieve them.                                                                                         | Use of Resources — Energy Efficiency          |
| 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.                        | Use of Resources — Water Management           |
| KPI A2.5                                                | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.                                                    | Use of Resources — Use of Packaging Materials |
| <b>Aspect A3: The Environment and Natural Resources</b> |                                                                                                                                                                             |                                               |
| General Disclosure                                      | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.                                         | The Environment and Natural Resources         |
| KPI A3.1                                                | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.                    | The Environment and Natural Resources         |
| <b>Aspect A4: Climate Change</b>                        |                                                                                                                                                                             |                                               |
| General Disclosure                                      | Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.                                | Climate Change                                |
| KPI A4.1                                                | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.                    | Climate Change                                |

# Environmental, Social, and Governance Report 2022

| Subject Areas, Aspects, General Disclosures, and KPIs | Description                                                                                                                                                                                                                                                                                                                   | Section/Declaration                                           |
|-------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|
| <b>Aspect B1: Employment</b>                          |                                                                                                                                                                                                                                                                                                                               |                                                               |
| General Disclosure                                    | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | Employment                                                    |
| KPI B1.1                                              | Total workforce by gender, employment type (for example, full-time or part-time), age group and geographical region.                                                                                                                                                                                                          | Employment                                                    |
| KPI B1.2                                              | Employee turnover rate by gender, age group and geographical region.                                                                                                                                                                                                                                                          | Employment                                                    |
| <b>Aspect B2: Health and Safety</b>                   |                                                                                                                                                                                                                                                                                                                               |                                                               |
| General Disclosure                                    | Information on:<br>(a) the policies; and<br>(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.                                                                               | Health and Safety — Occupational Health and Safety Management |
| KPI B2.1                                              | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.                                                                                                                                                                                                             | Health and Safety — Occupational Health and Safety Management |
| KPI B2.2                                              | Lost days due to work injury.                                                                                                                                                                                                                                                                                                 | Health and Safety — Occupational Health and Safety Management |
| KPI B2.3                                              | Description of occupational health and safety measures adopted, and how they are implemented and monitored.                                                                                                                                                                                                                   | Health and Safety — Occupational Health and Safety Management |
| <b>Aspect B3: Development and Training</b>            |                                                                                                                                                                                                                                                                                                                               |                                                               |
| General Disclosure                                    | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.                                                                                                                                                                                                     | Development and Training                                      |
| KPI B3.1                                              | The percentage of employees trained by gender and employee category (e.g. senior management, middle management).                                                                                                                                                                                                              | Development and Training                                      |
| KPI B3.2                                              | The average training hours completed per employee by gender and employee category.                                                                                                                                                                                                                                            | Development and Training                                      |

# Environmental, Social, and Governance Report 2022

| Subject Areas, Aspects, General Disclosures, and KPIs | Description                                                                                                                                                                                                                                                                             | Section/Declaration                                      |
|-------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| <b>Aspect B4: Labour Standards</b>                    |                                                                                                                                                                                                                                                                                         |                                                          |
| General Disclosure                                    | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.                                                                                              | Labour Standards — Prevention of Child and Forced Labour |
| KPI B4.1                                              | Description of measures to review employment practices to avoid child and forced labour.                                                                                                                                                                                                | Labour Standards — Prevention of Child and Forced Labour |
| KPI B4.2                                              | Description of steps taken to eliminate such practices when discovered.                                                                                                                                                                                                                 | Labour Standards — Prevention of Child and Forced Labour |
| <b>Aspect B5: Supply Chain Management</b>             |                                                                                                                                                                                                                                                                                         |                                                          |
| General Disclosure                                    | Policies on managing environmental and social risks of the supply chain.                                                                                                                                                                                                                | Supply Chain Management                                  |
| KPI B5.1                                              | Number of suppliers by geographical region.                                                                                                                                                                                                                                             | Supply Chain Management                                  |
| KPI B5.2                                              | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.                                                                                                                     | Supply Chain Management                                  |
| KPI B5.3                                              | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.                                                                                                                                            | Supply Chain Management                                  |
| KPI B5.4                                              | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.                                                                                                                         | Supply Chain Management                                  |
| <b>Aspect B6: Product Responsibility</b>              |                                                                                                                                                                                                                                                                                         |                                                          |
| General Disclosure                                    | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | Product Responsibility                                   |
| KPI B6.1                                              | Percentage of total products sold or shipped subject to recalls for safety and health reasons.                                                                                                                                                                                          | Product Responsibility                                   |
| KPI B6.2                                              | Number of products and service related complaints received and how they are dealt with.                                                                                                                                                                                                 | Product Responsibility — Customer Satisfaction           |
| KPI B6.3                                              | Description of practices relating to observing and protecting intellectual property rights.                                                                                                                                                                                             | Product Responsibility — Intellectual Property Rights    |
| KPI B6.4                                              | Description of quality assurance process and recall procedures.                                                                                                                                                                                                                         | Product Responsibility — Product Quality Assurance       |
| KPI B6.5                                              | Description of consumer data protection and privacy policies, and how they are implemented and monitored.                                                                                                                                                                               | Product Responsibility — Data Privacy Protection         |

# Environmental, Social, and Governance Report 2022

| Subject Areas, Aspects, General Disclosures, and KPIs | Description                                                                                                                                                                                            | Section/Declaration  |
|-------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| <b>Aspect B7: Anti-corruption</b>                     |                                                                                                                                                                                                        |                      |
| General Disclosure                                    | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. | Anti-corruption      |
| KPI B7.1                                              | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.                                     | Anti-corruption      |
| KPI B7.2                                              | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.                                                                                         | Anti-corruption      |
| KPI B7.3                                              | Description of anti-corruption training provided to directors and staff.                                                                                                                               | Anti-corruption      |
| <b>Aspect B8: Community Investment</b>                |                                                                                                                                                                                                        |                      |
| General Disclosure                                    | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.                 | Community Investment |
| KPI B8.1                                              | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).                                                                                            | Community Investment |
| KPI B8.2                                              | Resources contributed (e.g. money or time) to the focus area.                                                                                                                                          | Community Investment |