



**GREEN INTERNATIONAL**

Holdings Limited

格林國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 2700)



Environmental, Social and  
Governance Report  
2016



## 1. Scope

This Environmental, Social and Governance (ESG) report covered the period from 1 January 2016 to 31 December 2016, with the stated business focusing on the beauty and health services in the Shenzhen area.

This report was prepared in accordance with the Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange and was published once a year.

## 2. Communication with Stakeholders

The Company holds shareholders' meetings on an annual basis, which would provide an effective platform for the Board to exchange views with its shareholders. In addition to the shareholders' meeting, the Company also communicated with stakeholders through emails, conference calls, customer service staff and other channels to heed their views and demands. The Company's overall performance would be published annually in the Company's annual report to provide information to the investors.

## 3. Environmental, Social and Governance Performance

### 3.1 Environmental

#### 3.1.1 Emissions

Beauty and health services belong to green industry. The Company is committed to reducing pollution or other negative impact on the environment in all aspects of its business and has formulated relevant environmental policies to manage the discharge of various pollutants.

#### Control of Greenhouse Gas Emissions

Although the Company only uses environment-friendly products and does not directly emit exhaust gas during business operations, the Company is still committed to reducing greenhouse gas emissions during the business process. For example, the Company understands that transportation would cause greenhouse gas emissions and has prioritized local suppliers in the procurement process to avoid the additional transport incurred from the use of non-local suppliers. Currently, the Company controls supplier distribution as 90% local and 10% non-local. In addition, the Company is using low-power electrical equipment in the operation which would generate less greenhouse gas emissions.

#### Control of Wastewater Discharge

The instrument and equipment currently used in the Company's business would not generate any industrial wastewater; at the same time, water-saving devices have been installed in the daily water consumption equipment to reduce the generation of domestic sewage.



### Control of Solid Wastes

The Company's beauty and health services would generate domestic wastes only; basically no industrial waste would be generated in the operation. The solid materials used for packaging purposes, which were within the scope of sanitation standards, could be reused as storage boxes to reduce the generation of wastes. All wastes were classified in the Company before being transferred to the property management office for recycling.

The Company advocates natural and pollution-free philosophy in service delivery. All products used were sourced from pure natural ingredients, and consequently would not generate any hazardous wastes.

During the reporting period, the Company did not identify any legal violation or complaint relating to emissions or other environmental incident.

### 3.1.2 Use of Resources

The Company's business belongs to green industry; considerable attention is paid to environmental protection to ensure reasonable and efficient use of energy and resources.

#### Energy Conservation Measures

Basically, the Company's business only adopts low-power electrical equipment with less power consumption and insignificant environmental impact. In the procurement of electrical appliances, priority is given to energy-saving products. All electrical appliances currently in use, such as refrigerators and washing machines, are labeled with energy-saving logos. Central air-conditioning has been installed in all service stores and controlled by the property management office. The air-conditioning has been set to operate only during business hours with temperature maintained at a reasonable level (e.g. 26 degrees Celsius). Apart from facility control, energy-saving slogans have been posted at office entrances and power control switches to assist employees building the habit of energy saving.

#### Water Conservation Measures

The taps used in the Company's service stores are all manually controlled for effective conservation of water; also flush toilets are all equipped with water-saving devices. In addition, "please save water" slogans have been posted around the areas where water is used in order to promote and enhance employees' environmental awareness.

#### Materials Conservation Measures

The Company is striving to minimize packaging materials; products procured by the Company include two categories: store pack (products used in beauty services at stores) and home pack (products that could be sold to customers for home use). Products used at service stores would have less packaging materials, while products sold to customers would use packaging materials with lighter weight but same protective effect or more environmental-friendly materials. Moreover, carton boxes used in the transportation process would be re-used as much as possible.



In addition, management team has implemented paper recycling and paperless processing in the daily office operation. Reporting and instructive documentation would be transmitted through emails, WeChat and other electronic channels, and information was being saved in electronic format as much as possible. Whenever paper consumption was required, double-sided usage was being encouraged.

### *3.1.3 The Environment and Natural Resources*

Beauty and health services belong to green industry, without discharge of exhaust gas or wastewater during business operation. Moreover, the Company advocates natural and pollution-free philosophy; all products used are made of pure natural ingredients and do not generate hazardous wastes. Nevertheless, the Company is striving to improve environmental performance, and to sustain the green culture in procurement, file management and employee training.

#### Green Procurement

The Company prioritizes the procurement of raw materials which are environment-friendly or composed of pure natural ingredients. In the procurement process, suppliers have been required to submit testing certificates of their products to confirm that they do not contain any substances hazardous to the environment and human body.

Moreover, the Company requires suppliers to implement green management; some suppliers have attained the certification of ISO14001 environmental management system, and other suppliers have also been engaged in production under statutory environmental standards.

#### Green File Management

At present, the Company has generally implemented paperless office operation. Except for paper-form contract documents which are required by the national and relevant authorities, other information for declaration, approval and reporting have been communicated in electronic way such as email and WeChat. This enhanced timely information flow and also saved paper resources.

#### Environmental Training

In order to support the effective implementation of the Company's environmental protection measures, the Company provided regular employee training to promote knowledge of environmental protection which included conservation of water and electricity, reasonable use of resources, waste classification for disposal.

## **3.2 Social**

### *3.2.1 Employment*

The Company has developed its employment policy in strict compliance with relevant laws and regulations to ensure employees' access to fair and reasonable benefits.



### Recruitment and Promotion

The Company ensures that the recruitment process is in compliance with the legislation and free from discrimination. All candidates have been treated equally. During recruitment, it has been stipulated to prohibit discrimination against factors such as race, ethnicity, social class, nationality, religion, disability, gender, sexual orientation, marital status, age, membership in trade union or political party.

Employees would be promoted in accordance with the Company's rules and regulations, through fair and impartial performance appraisal, in order to ensure equal opportunities for promotion.

The Company would arrange employees who have reached the statutory retirement age in accordance with relevant laws and regulations.

### Compensation and Welfare

The Company paid compensation and welfare to employees in strict compliance with relevant laws and regulations, including the statutory minimum wages, legal calculation for overtime compensation, social insurance paid for employees, and other statutory welfare and employee benefits such as statutory holiday, paid annual leave and paid maternal leave.

In addition, whenever compensation to the employee at work was required, the Company would implement in strict compliance with relevant laws and regulations.

During the reporting period, the Company did not identify any legal violation or complaint relevant to discrimination or recruitment.

### *3.2.2 Health and Safety*

The Company has developed occupational health and safety policies to protect employees from suffering occupational illness and industrial casualties, as well as to look after physical and mental wellness of employees.

#### Management of Workplace and Equipment

All Company's service stores have attained the sanitation permits from the government; all service areas were equipped with ventilation and fresh air system to ensure the quality of indoor air for protecting health of employees and customers.

Although the Company's used products were composed of pure natural ingredients, the Company still provided employees with protective equipment such as masks and gloves in order to assure sanitation and health in the service delivery. Moreover, the Company ensured that all instruments have been operated within the safety range, and have required suppliers to provide relevant testing certificates, and conducted regular functional and safety checks on the instruments inside the stores. In addition, the Company has arranged maintenance of all electrical appliances and conducted safety checks on a regular basis.



In order to manage the risk of fire, the Company has also installed in the operating areas with equipment such as emergency lights, fire extinguishers, fire alarms, fire hydrants which have been tested and approved by the fire service authority.

### Staff Assignment and Training

According to the statutory public sanitation standards, the Company has required all service personnel to complete health certification prior to employment. Before the employees have started using the equipment and products, the Company has trained them strictly on the operating methodology and procedures in accordance with the relevant operating manuals. This ensured employees using the relevant equipment and products in a safe way. In addition, the Company has provided emergency training beyond the jobs, which included contingency procedures in event of sudden safety incidents, fire prevention knowledge and fire drills through coordination with the property management office on a regular basis.

### Work-Life Balance

The Company is committed not forcing employees to work overtime in any form. Overtime work by employees must be arranged on voluntary basis so that they could take care of their family lives to achieve work-life balance.

In addition, the Company has actively arranged and organized employee activities. Every stores and departments have regularly organized dinner parties for their employees; the Company has also organized team-building activities every year such as farm outing and sightseeing tours to assist employees releasing work pressure as well as maintaining physical and mental wellness.

During the reporting period, the Company did not identify any violation against the local occupational health and safety legislations.

### *3.2.3 Development and Training*

According to employees' willingness, potential competence and business development needs, the Company would adopt measures such as training and job rotation for mutual development of both the Company and employees.

The Company would base on the needs of employees in various departments to formulate training programs. For newly joined employees, training program covered corporate culture and service skills required by job positions in order to enable prompt fulfillment of job responsibilities by new employees. For existing employees, the Company would arrange training in operation of new equipment, new products and new treatment course in order to support employees updating knowledge and adapting to the development of the Company.

Moreover, the Company assisted employees identifying suitable positions for demonstrating competence through methods such as examination, job transfer, and promotion, etc.

### 3.2.4 Labour Standards

The Company strictly complied with the legislations in prohibition of using child labour (persons not reaching the age of 16). At the time of recruitment, the Company would request applicants to present their identity cards for age verification in order to ensure no child labour was hired. Currently, all recruited employees were over the age of 18.

At the same time, the Company would prohibit any forms of forced labour in accordance with legislations and ensure employees only worked on voluntary basis. The Company is committed not detaining employees' personal documents, nor collecting deposit upon recruitment, nor withholding wages, nor forcing overtime work, nor forcing employees to work through debt, threat, illegal restriction of personal freedom, etc. In addition, the Company strictly executed the standard employment contract issued from the local authority of where the Company's business was operating.

During the reporting period, the Company did not identify any legal violation relevant to recruitment of child labour or forced labour practices.

### 3.2.5 Supply Chain Management

The Company has formulated suppliers' selection criteria and relevant rules for management of suppliers' compliance with the defined requirements.

The Company has signed procurement contracts with the suppliers. Apart from price, specification and quantity, the contract terms included the evaluation of the suppliers' environmental performance, e.g. the best effort in selection of low energy consumption way for reasonable planning of the goods delivery and storage.

The Company would select new suppliers through various assessments. After evaluation of factors such as product quality, price, environment protection and social responsibility performance, the supplier with the highest performance-to-price ratio and the best overall performance would be selected.

Under feasible circumstances, the Company would request the relevant supplier to provide test report of the product for proving free of hazardous substances or its environmental characteristics.

At the same time, the Company would regularly conduct assessments to suppliers. In accordance with the latest legislations and standards, the Company would evaluate various aspects of suppliers such as qualification, product quality, price, environmental protection, after-sales service. Moreover, suppliers have also been requested to submit relevant information for filing.

According to the risk rankings associated with the types of supplied products, the stringent level of the supplier evaluation process would vary to address the risks.



### 3.2.6 Product Responsibility

The Company assures to provide quality service through selection of quality products, as well as strict employee training and comprehensive service delivery process. All services delivered by the Company would be accompanied with standardized treatment handbooks, which included the details of the service delivery process. Company's personnel has thoroughly executed the requirements defined in handbook and service delivery process in order to ensure all service stores providing consistent quality service. Service delivery process was made available for customer access at any time in order to ensure customers could fully understand the content of the service. In addition, the Company has attained the "Shenzhen Health Industry Leader" award issued by the "Shenzhen City Health Industry Development Association". This fully demonstrated the Company's achievements in product quality management in 2016.

For assuring safety use of equipment and products associated with the service delivery process, they have been used by the relevant employees in accordance with the national standards, operating handbooks and manuals.

Apart from the aforesaid quality and safety control, the Company has also paid attention to social responsibility, and has been striving to use environmental-friendly products in the service delivery process.

#### Handling of Customer Complaints and Opinions

The Company has been actively enhancing the level of customer service. After completion of service, customers were requested to conduct satisfaction evaluation. In addition, each store manager would conduct customer satisfaction survey from time to time through various channels such as after-sales phone calls and WeChat follow-up. Relevant data was collected and analyzed to affirm improvement of customer service.

The Company has also formulated procedure for handling of customer complaints. After receipt of customer complaints, firstly the case would be filed to the Headquarter. The remediation plan would be confirmed by the Headquarter according to types of the complaint. Relevant department heads would mediate with the customer, analyze reasons of nonconforming service and take corrective measures to prevent the recurrence.

During the reporting period, the Company did not identify any customer complaint or violation against the relevant legislations of product responsibility.

#### Fair Promotion

The Company upholds the principle of fair competition, and is committed to prohibit any improper business conduct such as falsified, misleading or fake promotion.

The Company ensures that information for product and service introduction is real and could be verified. All external advertisements were produced in accordance with the relevant request and scope of legislations. They would only be put on the website, public WeChat platform and advertising placements after being reviewed by the Company's management.



### Protection of Customer Information

Personal information of customers is properly maintained by the Company. Relevant information has been stored at the internal membership management system. This system is managed by the designated in-charge person and not connected to external network in order to ensure that information is kept confidential.

The controlled customer information could only be accessed by the authorized personnel. Whenever such information is required to be lent to or be utilized by third party, the Company's terms and conditions require that prior written approval must be obtained from the relevant customer.

Moreover, upon recruitment employee must sign confidentiality agreement or code of conduct, which has terms & conditions to prohibit employee transferring confidential business information to any third party as well as to prohibit direct or indirect use of the Company's intellectual property or customer information for the interest of employee or others.

### 3.2.7 Anti-Corruption

The Company has clearly defined job responsibilities and codes of each department, and has executed strictly according to the relevant rules and regulations.

The Company has developed employee's code of conduct and has conducted employee training to request all employees to abide by the business ethics, which includes commitment of not receiving any inappropriate monetary rewards, not negotiating or requesting any kinds of bribery or other improper benefits from the Company's business dealers, avoiding any conflict of interests at work, etc.

#### Anti-Corruption Procurement Management

The Company has developed a comprehensive procurement process for standardizing stages in tendering for procurement, selection of suppliers, price comparison and settlement, etc. Each tender must go through the standardized approval process, and information of each tender has to be reported in details and authentically.

The Company would take a cautious approach with the selection of the procurement staff. Generally, mature person with proper conduct and integrity would be selected. In addition, procurement contracts had included integrity dealing terms, which prohibited the selling party to lower the quality of the products, falsify the reported quantity, provide to the buying party with banquets, gifts, rebates, commissions, entertainments or other forms of bribing benefits for the sake of selling the products, increasing quantity of transactions and raising the transaction prices.

During the procurement process, through evaluation of multiple suppliers and strict control of various departments, the Company would reach consensus to purchase the product of the highest performance-to-price ratio. Different approval processes would be executed in accordance with the contract risks. In connection with different contract amount, the review and approval process would be completed by different levels of the management team prior to execution, in order to strengthen supervision of the procurement process.

### Financial Account Management

Every year the Company would invite a third party auditing firm to conduct an independent audit of the Company's financial information and prepare financial audit report. This maintains an accurate financial account to protect rights and interests of shareholders.

### Whistle-blowing Procedures

The Company has supervised rules and regulations and behaviour of operating personnel in order to safeguard employees' legal rights, corporate interests, as well as timely detection and handling of any potential issues. The whistle-blowing information could include corruption, bribery, embezzlement, fraudulence, extortion and other incidents breaching integrity.

The Company has formulated whistle-blowing procedure. Whistleblowers could report the incident through telephone, WeChat, email, etc. After receipt of whistle-blowing information, the relevant department would firstly conduct investigation and review with the relevant persons. In case of serious situation, the department would give criticism or even dismiss the relevant personnel. Furthermore, procedure is in place to protect the whistleblowers' personal information and their related rights.

During the reporting period, the Company did not identify any legal violation or complaint relevant to corruption.

### 3.2.8 Community Investment

The Company has appointed departments responsible for establishment of good relationship with communities, and has actively participated and supported local community activities. Each store manager has coordinated to collect opinions from the community groups, then formulate improvement plan, and report to the Headquarter for approval and final execution. In the past, the Company has developed trainings on knowledge of beauty and healthcare to the community, participated in the "Earth One Hour off Lights" initiative and supported other environmental protection activities, etc.

In addition, the Company has been aiming at close relationship with the stakeholders. The Company has cooperation with various parties such as the Shenzhen CPPCC, All-China Federation of Returned Overseas Chinese, International Exchange Foundation and Health Industry Association, etc. Moreover, the Company has achieved the "Shenzhen Health Industry Social Responsible Enterprises" award from the "Shenzhen City Health Industry Development Association" which praised the Company's contribution towards the community in 2016.

