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HOLDING
星光集團

Member of the Starlite



STARLITE
HOLDINGS LIMITED

星光集團有限公司

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

STOCK CODE 股份代號: **403**



LARSEMAN
SR600

**ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT
FY 2016/2017**



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OVERVIEW AND SCOPE

Pursuant to Appendix 27 Environmental, Social and Governance Reporting Guide (the “Guide”) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”), Starlite Holdings Limited (the “Company”), together with its subsidiaries (the “Group” or “we”) hereby present this Environmental, Social and Governance (“ESG”) Report to report ESG issues that have key environmental and social impacts and are relevant to the business of the Group for the year ended 31st March, 2017 (the “Financial Year”). Unless otherwise stated, the reporting period is from 1st April, 2016 to 31st March, 2017.

As a responsible corporate citizen, the Group has established the ESG policy, infrastructure and framework for managing ESG related matters. The Board of Directors of the Company oversees the Group’s ESG strategy and reporting. ESG working groups which comprises management personnel across the business and major locations were established and directly reports to the Management on ESG matters. The Group assessed key ESG issues associated with the business and operations, prioritized the ESG issues that are most important to our business and stakeholders, and determined the scope and content of disclosure in this ESG Report. The Group also considered key factors including financial, sales volume, number of employees, number of high value machines and production hours contributions of each locations to the Group. Based on the assessment result, emission data of three major factories (i.e. Starlite Printers (Shenzhen) Co., Ltd, Shaoguan Fortune Creative Industries Company Limited and Starlite Printers (Suzhou) Co., Ltd) are included in this ESG disclosure because of their relative contributions of the abovementioned factors. This ESG report covers the performance of the Group in two subject areas, namely, Environmental and Social.

A. ENVIRONMENTAL

The Group strives to minimize its environmental impacts by managing its energy consumption, use of resources and waste production. In particular:

- (1) The Group maintains its existing low emission operating model, and strive to reduce the resources consumed during production and improve energy efficiency;
- (2) The Group has established a mechanism to collect emission data in order to monitor the environmental impact of the Group’s operations; and
- (3) The Group has set up ESG working groups in applicable locations to monitor and report emission data on a regular basis.

A1. Emissions

With reference to the Reporting Guidance on Environmental Key Performance Indicators (“KPIs”) issued by the Stock Exchange, the Group has developed an Emission Assessment Form 《排放物評估表》. Emission Assessment Form is used to assess the major emissions associated with the Groups’ production and operations. If there were relevant changes to the Group’s production and operation, ESG working groups will re-evaluate and update the Emission Assessment Form. The Group has the following measures to manage overall emissions:

- (1) Monthly, Quality Control Department performs an internal review on environmental matters to ensure environmental protection measures in place are functioning as intended. The assessment results are recorded in the Environmental Operation Check List 《環境運行檢查記錄表》. Follow up action may be performed, when deemed appropriate, if abnormalities are found. Annually, Corporate Social Compliance Department, a division under the Group Human Resources and Administration Department performs an independent internal audit on the Environmental Management System (“EMS”).
- (2) Annually, a report summarizing internal and external environmental assessment results is prepared to report on environmental related matters. ESG working groups are responsible for the assessment of the respective factories and reporting the results to EMS Representatives 《環境管理系統管理者代表》. EMS Representatives are responsible for reviewing the assessment results, implementing remediation measures (if needed) and reporting the assessment results and remediation progress to Group Senior Compliance Manager. Group Senior Compliance Manager reviews and consolidates environmental related matters and reports to General Manager of Group Human Resources and Administration Department and the Enterprise Development Committee of the Group.
- (3) Measures are implemented to reduce emission, some key measures include:
 - Industrial boilers fueled by natural gas are used to enhance fuel efficiency and reduce pollution;
 - Installation of exhaust pipes with air-filters at printing and post-printing finishing working area to purify waste gas and fumes;
 - Installation of fume purification devices at canteen roof to purify waste gas and fumes; and
 - Replacement of diesel-fueled forklifts with electric forklifts to reduce sulfur dioxide, carbon dioxide and methane emissions.

With reference to Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal 《控制危險廢物越境轉移及其處置巴塞爾公約》 and the National Hazardous Wastes List 《國家危險廢物名錄》 (issued by the Ministry of Environmental Protection of the People's Republic of China), ESG working groups assessed whether the Group has produced any hazardous waste. Based on the assessment, the Group's hazardous waste produced mainly consists of sewage water from printing and washing of printing board, scrapped light pipes, ink cans, oil rags, empty chemical cans and scrapped films.

The Group engages licensed hazardous waste collectors to collect and dispose of hazardous waste. Material Department keeps the hazardous waste collection record to keep track the amount of hazardous waste disposed of. To ensure hazardous waste and waste water are not discharged and/or effluent unintentionally, the Group has set up hazardous waste warehouses and waste water collection pools to temporary store hazardous waste and waste water until the licensed hazardous waste collectors collect them.

Our management takes reasonable efforts to ensure the production complies with relevant environmental laws and regulations. Annually, ESG working group updates the List of Environmental Laws and Regulations 《環境法律法規清單》 to ensure updated laws and regulations applicable are made aware to the Group. ESG working group pay attentions to the relevant laws and regulations and perform assessment to ensure the Group's production and operation is in compliance. When there are changes to laws and regulations, ESG working group will perform assessment to ensure the Group's production and operation is still in compliance after the update. If non-compliance or improvement areas are identified, new measures will be established to ensure compliance.

During the Financial Year, Management is not aware of any significant incidences of non-compliance with relevant laws and regulations on the environment and natural resources relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

A2. Use of Resources

Major resources used by the Group are electricity, water, diesel and petrol fuel and plastic and paper packaging materials. The Group has the following mechanism to promote the effective use of resources:

- (1) Enhance employees' awareness of energy saving and emission reduction;
- (2) Implement energy-saving measures;
- (3) Recycle and reuse office supply and production materials where possible; and
- (4) Collect and monitor data relates to the use of resources.

To achieve higher efficiency and reduced resources consumption, the Group implemented a number of initiatives:

- (1) Setting office air-conditioning at an optimal temperature;
- (2) Printers are pre-configured with two-sided printing;
- (3) Promoting reuse and recycle through the provision of recycling box in the office;
- (4) Switching off lights during lunch and non-working hours; and
- (5) Using energy saving light-emitting diode ("LED") lighting.

A3. The Environment and Natural Resources

To minimize the Group's impact on the environment and natural resources, the Group has established a set of environmental management system which has been certified with ISO 14001 standard. ESG working groups has been established in major locations of the Group to monitor environmental issues relating to production and operation.

Annually, the ESG working group assesses the Group's production and operation to identify areas that have significant environment impact and summarize the result on the List of Significant Environmental Factors 《重大環境因素清單》. The Management then prioritizes and designs respective action plans to control or remediate required areas. Responsible departments are assigned to the respective areas to monitor the implementation status of the action plans. In addition, the Group selects employees to participate in relevant environmental risk management training. Participating staffs who passed the assessment are awarded with certificates.

Annually, feasibility study on emission reduction initiatives are prepared to analyse the cost and benefit of such initiatives, and ESG working group then records the relevant information on the Environmental Initiatives Control List 《環境管理方案控制表》 for management's review and approval. During this reporting period, the Group has formulated three major emission reduction initiatives namely, reduction of power consumption, water consumption and office paper usage.

B. SOCIAL

The Group recognizes its responsibility to maintain safe and ethical working conditions for our employees. The Group complies with various Code of Conduct (“COC”) audits relevant to its business and operation, including, International Council of Toy Industries Caring, Awareness, Responsible, Ethical (“ICTI CARE”) Process, Supplier Ethical Data Exchange (“Sedex”) and Electronic Industry Citizenship Coalition (“EICC”). We also maintain ISO 9001 and ISO 14001 certifications as evidence of our high standards in corporate management and human capital development.

Employment and Labour Practices

B1. Employment

The Group is committed to be an equal opportunity employer, respect cultural differences, promote gender equality, and comply with applicable labour standards and employment laws and regulations which are applicable to our business. The Group has developed comprehensive human resources policies and guidelines to govern recruitment, compensation, promotion and termination of our employees, and employees’ working hours and rest periods, some key policies are as follows:

- Employee Handbook 《員工守則》
- Recruitment Procedures 《招聘程序》
- Promotion / Transfer Training Assessment Procedures 《晉升／轉崗培訓考核程序》
- Prohibition of Child Labour Recruitment Policy and the Remediation Procedures 《禁止招聘童工政策及補救程序》
- Prohibition of Force Labour and Prisoners Policy and Procedures 《禁止強迫勞工和囚工的政策及程序》

The Group strives to strictly comply with the employment laws and regulations relevant to the Group’s business and operation. If there is any significant change to these laws and regulations, the Assistant General Manager of Human Resources and Administration Department will update the Group’s policies reflecting the applicable updates. The laws and regulations that are directly related to the Group include, but may not be limited to, the following:

Hong Kong:

- Employment Ordinance 《僱傭條例》
- Sex Discrimination Ordinance 《性別歧視條例》
- Disability Discrimination Ordinance 《殘疾歧視條例》
- Family Status Discrimination Ordinance 《家庭崗位歧視條例》
- Racial Discrimination Ordinance 《種族歧視條例》

China:

- Labour Law of People's Republic of China 《中華人民共和國勞動法》
- Labour Contract Law of People's Republic of China 《中華人民共和國勞動合同法》
- Prohibition of Child Labour Provisions 《禁止使用童工規定》
- Underage Workers Special Protection Provisions 《未成年工特殊保護規定》
- Prohibition of Forced Labour and Prisoners Labour Policy and Procedures 《禁止強迫勞工和囚工的政策及程序》

During the Financial Year, Management is not aware of any significant incidences of non-compliance with relevant laws and regulations on the employment and labour practices relating to compensation, recruitment and termination, promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

B2. Health and Safety

The Group strives to provide a healthy and safe working environment to our employees in all locations. Safety guidelines are stipulated in the Group's policies which are distributed to all employees. The Group has established policies to manage health and safety related matters, some key policies are as follows:

- Company Safety Management Policy 《公司安全管理政策文件》
- Safety Risk Assessment 《安全風險評估》
- Occupational Health Risk Assessment 《職業衛生風險評估》
- Contingency Plans 《應急預案一套》
- Operational Safety Procedures 《安全操作規程》

The Group strives to strictly comply with health and safety laws and regulations relevant to the Group's business and operation. If there is any significant change to these laws and regulations, the Assistant General Manager of Human Resources and Administration Department will update the Group's policies reflecting the applicable updates. The laws and regulations that are directly related to the Group include, but may not be limited to, the following:

Hong Kong:

- Occupational Safety and Health Council Ordinance 《職業安全健康局條例》

China:

- Labour Security Monitoring Regulation of Guangdong Province 《廣東省勞動保障監察條例》
- Social Insurance Law of People's Republic of China 《中華人民共和國社會保險法》
- Work-Related Injuries Insurance Ordinance 《工傷保險條例》
- Employee Non-work related Illness / Injury Medical Period 《企業職工患病或非因工負傷醫療期規定》
- Prevention and Treatment of Occupational Diseases Law of People's Republic of China 《中華人民共和國職業病防治法》

During the Financial Year, Management believes that the Group was in compliance with relevant laws and regulations relating to the provision of a safe working environment and protection of employees from occupational hazards which were applicable to our business. Furthermore, no severe injuries or fatalities of the Group's employees were reported during the Financial Year.

B3. Development and Training

The Group emphasizes on the training and development of employees to meet the developmental needs of the Group. Training Management Policy 《培訓管理制度》 covers areas including pre-job training (three levels of safety training related to new hire orientation, production areas and on job duties), position transfer training, on-the-job training, external training and special training. Key Position Training Assessment Procedures 《關鍵崗位培訓考核辦法》 covers assessment on theoretical knowledge, practical skills, substitute / replacement for key positions. The Group also has established Promotion / Transfer Training Assessment Procedures 《晉升／轉崗培訓考核程序》 to regulate employee promotion and transfer procedures. Major areas covered by the Promotion / Transfer Training Assessment Procedures are summarized as follows:

- Conditions, principles and approval authority for promotion / transfer
- Requirements for promotion / transfer of different positions
- Detailed promotion / transfer procedures
- Non-promotion or transfer salary adjustment application procedures
- Flow chart for promotion or transfer training

B4. Labour Standards

The Group is committed to comply with all applicable labour standards relevant to our business. The Group has established policies to strictly prohibit any child and forced labour. Our management personnel takes all reasonable steps to set up and maintain a recruitment process to ensure there is no deviation from these policies. These policies are:

- Prohibition of Child Labour Recruitment Policy and Remediation Procedures 《禁止招聘童工政策及補救程序》
- Prohibition of Forced Labour and Prisoners Policy and Procedures 《禁止强迫勞工和囚工的政策及程序》

The Group strives to strictly comply with labour standards relevant to the Group's business and operation. If there is any significant change to these laws and regulations, the Assistant General Manager of Human Resources and Administration Department will update the Group policies reflecting the applicable updates. The laws and regulations that are directly related to the Group include, but may not be limited to, the following:

Hong Kong:

- Employment Ordinance 《僱傭條例》

China:

- Underage Workers Special Protection Provisions 《未成年工特殊保護規定》
- Prohibition of Child Labour Provisions 《禁止使用童工規定》
- Labour Law of People's Republic of China 《中華人民共和國勞動法》

During the Financial Year, Management is not aware of any incidences of non-compliance with relevant laws and regulations relating to child and forced labour.

Operating Practices

B5. Supply Chain Management

To ensure product quality, the Group established guidelines and management measures to manage environmental and social risks related to supply chain, major measures are summarized as follows:

- (1) The Group established Guidelines for Supplier Quality Evaluation 《供應商品質評價工作指引》 to ensure supplier evaluation are regularly performed and the related documentation are retained for future decision making references.

- (2) Purchasing Department prepares Supplier Account Opening / Evaluation Form 《供應商開戶／調查表》 to qualified supplier as an effort to document supplier information and relevant qualification. Purchasing Department performs supply evaluation via site assessment and sample checking, etc.
- (3) To checks the suppliers' environmental, health and safety and social responsibility standards, Purchasing Department sends questionnaire / survey to suppliers to gather the supplier's policy and information related to occupational health and safety, labour and employees and environmental protection practice.
- (4) The Group requires suppliers to sign the Supplier Social Responsibility Commitment 《供應商社會責任承諾書》, Supplier Agreement 《供應商承協書》 and Material Supply Conformity Declaration 《供應商物料符合性聲明》 of the Group.

B6. Product Responsibility

The Group recognizes the importance of product responsibility. The Group has established relevant policies to ensure compliance with applicable laws and regulations and to fulfill our obligations towards our customers. The Group achieves this objectives through the following measures:

- (1) Strict selection of supplier

The Group evaluates the quality and performance of the existing approved suppliers on a regular basis to ensure materials purchased by the Group meet the requirements.

- (2) Customer satisfaction survey

Each year, the Group selects key customers to conduct surveys in order to understand customer's satisfaction level towards the Group's products and services, and to improve product quality based on the survey results.

- (3) Major products of the Group

The main products of the Group are packaging materials including luxury packaging and specialty printing, children's books and greeting cards. Quality Control Department is responsible for keeping track of changes to product safety regulations. If there is any change in the relevant laws and regulations, Quality Control Department ensures the Group's existing production procedures and product safety comply with the latest regulations and the Group's requirements.

During the Financial Year, Management is not aware of any significant incidences of non-compliance with relevant laws and regulations on Product Responsibility relating to health and safety, advertising, labelling and privacy matters relating to products provided.

B7. Anti-corruption

The Group is committed to prevent unlawful acts such as bribery, extortion, fraud and money laundering. The Group's Employee Handbook includes integrity and confidentiality standards to ensure the behaviors of employees are abide by laws and with proper business ethics and professional conducts. The Employee Handbook and internal policies are subject to periodic review and updates will be made to ensure compliance with the latest development of applicable laws and regulations. The Company has posted Anti-bribery Notice 《廉潔聲明牌》 in office areas and meeting rooms to remind employees of conducting business in the absence of any undue influences. If any activity associated with bribery is being discovered, the business transaction between the associated counter parties would be terminated. Employees engages in bribery activity will also be liable to disciplinary actions.

The laws and regulations that are directly related to the Group include, but may not be limited to, Corruption Punishment Ordinance of the People's Republic of China 《中華人民共和國懲治貪污條例》, Independent Commission Against Corruption Ordinance 《廉政公署條例》 and Prevention of Bribery Ordinance 《防止賄賂條例》. During the Financial Year, Management is not aware of any significant incidences of non-compliance with relevant laws and regulations related to anti-corruption.

Community

B8. Community Investment

The Group takes into consideration the communities' interests to ensure the Group's business activities do not carry any negative impact to the community. All employees are encouraged to participate in community activities and charitable events as to contribute to the society. We work with a broad range of different charitable organizations, which work within the communities where we operate and beyond. Past charitable contributions include fundraising for natural disaster reliefs, as well as contributing funds to assist university students who are in financial need. We welcome ideas for new and fruitful collaborations with non-profit groups and organizations that are working to make our world a better place.