

Wan Cheng Metal Packaging Company Limited 萬成金屬包裝有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8291



2022
ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE REPORT

Environmental, Social and Governance Report

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Environmental, Social and Governance Report (Continued)

ABOUT THE GROUP

Wan Cheng Metal Packaging Company Limited (the “Company” or “Wan Cheng”, and its subsidiaries collectively, the “Group”, “we”, “us” or “our”) derive its revenue principally from the sale of tinfoil packaging semi-finished and finished products in the People’s Republic of China (the “PRC”). The business process involves the procurement of raw materials, such as tinfoil coils, tinfoil sheets and laminated and printed tinfoil sheets; and the manufacturing process includes cutting and assembling. We own and operate a factory located in Foshan, Guangdong Province.

ABOUT THIS REPORT

This Environmental, Social and Governance (“ESG”) Report (the “Report”) aims at providing a detailed account of the Group’s effort, internal policy and contribution towards the Group’s sustainability performance for the year ended 31 December 2022 (the “Reporting Period” or “2022”). The scope mainly includes the factory in Foshan City, Guangdong Province, the People’s Republic of China (the “Foshan Factory”). There is no major change in the reporting scope compared to the previous year.

This Report was prepared with reference to and in accordance with the “Environmental, Social and Governance Reporting Guide” (the “ESG Reporting Guide”) set out in Appendix 20 of the GEM Board Listing Rules of the Stock Exchange of Hong Kong Limited. The Report has been prepared based on four reporting principles, including materiality, quantitiveness, balance and consistency.

Materiality: The Report shall cover material ESG issues that are sufficiently important and material to different stakeholders and the business operation.

Quantitiveness: The Group presents quantitative environmental and social key performance indicators (“KPIs”) as well as historical data in the report for comparison where applicable. The criteria, methodologies, references and conversion factors used for calculating the KPIs are mainly referred to the ESG Reporting Guide.

Balance: The Report shall provide an unbiased picture of the Group’s performance and avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the readers.

Consistency: The Group adopts consistent methodologies when preparing the Report and the environmental and social KPIs to allow for meaningful comparisons over time. Any changes to the methods used must be specified in the Report.

It is recommended to read this Report in conjunction with the Annual Report 2022 of the Group for the business highlights, financial performance and corporate governance.

ESG GOVERNANCE

The Group has given due consideration to the sustainability aspects of our operations. The Group attaches great importance to our relationship with the stakeholders. We also expect to communicate the progress achieved and plans made for sustainable development to our stakeholders and gather their opinions.

To address the potential ESG risks and grasp the golden opportunities for sustainable development, the Group believes that a stable and efficient governance framework is vital. The Board of Directors (the “Board”) of the Group assumes the ultimate responsibility for overseeing the ESG affairs of the Group and supervising the execution of the Group’s policies in promoting sound ESG practices. The Board is responsible for reviewing and managing the material ESG issues with the support of management. ESG issues impacting the business operation should be taken into consideration in determining the Group’s business directions and strategies.

Environmental, Social and Governance Report (Continued)

The ESG working group has an overarching role in supporting the Board on matters of ESG and oversees the implementation of the ESG initiatives of the Group. The ESG working group comprises representatives from various departments and has been established to plan and coordinate ESG initiatives within the Group. This ESG working group helps to coordinate the day-to-day execution of our ESG strategy and periodically reports to the Board.

The Group will evaluate whether there is a need of formulating performance targets in environmental and social aspects, which will be reviewed and followed up by the Board. The Group will actively undertake environmental and social responsibilities in pursuing a better environment.

MATERIALITY ASSESSMENT

To better respond to the needs and expectations of stakeholders, the Group has identified the ESG aspects which are “relevant” and “important” to our operations by conducting a materiality assessment. The Group took reference to the ESG Reporting Guide and set possible topics for the assessment. The results show that seven social aspects, including Employment, Health and Safety, Training and Development, Labour Standards, Supply Chain Management, Product Responsibility, and Anti-corruption are material to us. For the environmental aspect, the use of resources is also an important topic to the Group.

Aspects	Material ESG Issues
A. Environmental Aspect	
A2. Use of Resources	<ul style="list-style-type: none"> Efficient use of raw materials
B. Social Aspect	
B1. Employment	<ul style="list-style-type: none"> Employee welfare Inclusion and equal opportunities Talent attraction and retention
B2. Health and Safety	<ul style="list-style-type: none"> Occupational health and safety
B3. Development and Training	<ul style="list-style-type: none"> Development and training
B4. Labour Standards	<ul style="list-style-type: none"> Prevention of child and forced labour
B5. Supply Chain Management	<ul style="list-style-type: none"> Supply chain management
B6. Product Responsibility	<ul style="list-style-type: none"> Economic value generated Protection of intellectual property rights Protection of customer privacy
B7. Anti-corruption	<ul style="list-style-type: none"> Corporate governance Anti-corruption

The Group will continue to identify areas of improvement for the concerned areas and keep close communication with the stakeholders to advance the Group’s ESG management.

Environmental, Social and Governance Report (Continued)

ENVIRONMENTAL ASPECTS

Use of Resources

The Group uses a variety of resources in its operations, including different forms of energy, water, raw materials, etc. The management has established the following policies for the efficient use of resources during production:

- optimize production schedule so as to reduce the energy usage during the manufacturing process;
- minimize the use of raw materials; and
- limit the usage time of lights and air-conditioning systems to reduce electricity consumption.

Energy Use and Efficiency

In 2022, the total energy consumption of the Group was 1,011.0 MWh-equivalent (“MWh-e”) (2021: 1,210.0 MWh-e, 2020: 1,135.5 MWh-e); and the energy consumption intensity was 30.5 MWh-e per million RMB revenue (2021: 26.5 MWh-e per million RMB revenue, 2020: 28.2 MWh-e per million RMB revenue¹). For direct energy use, diesel and petrol were consumed during the use of company-owned vehicles; whereas for indirect energy use, electricity was consumed in the Foshan Factory.

Since efficient use of resources is one of the material topics identified in the materiality assessment, the Group shall continue to track our energy use performance and further improve our energy efficiency. The Group aims at reducing the energy consumption intensity in our operations by 10% by 2027 against the 2022 baseline.

Direct and indirect energy consumption	2022	2021	2020	Unit
Direct energy consumption	192.2	192.2	278.1	GJ
Indirect energy consumption	957.6	1,156.6	1,058.3	MWh
Total energy consumption	1,011.0	1,210.0	1,135.5	MWh-e
Intensity (by revenue)	27.3	26.5	28.2	MWh-e/million RMB revenue

¹ The intensity of energy consumption in 2020 was restated since the unit of organization-specific metric changed from per thousand products to per million RMB revenue.

Environmental, Social and Governance Report (Continued)

Water Use and Efficiency

The total amount of water consumption in the Reporting Period was 19,202.3 cubic metres (“m³”) (2021: 21,758.0 m³, 2020: 16,605.0 m³), and the water consumption intensity was 580.1 m³ per million RMB revenue (2021: 476.9 m³ per million RMB revenue, 2020: 412.5 m³ per million RMB revenue²). Water is supplied by the municipal water network and we did not encounter any issues in sourcing water during the Reporting Period. The Group shall continue to monitor our water usage and improve the water efficiency in the production process. The Group has initiated a target of 10% reduction in term of intensity of the water consumption by 2027, compared with the baseline year of 2022.

Water consumption in total and intensity	2022	2021	2020	Unit
Total water consumption	19,202.3	21,758.0	16,605.0	m ³
Intensity (by revenue)	518.9	476.9	412.5	m ³ /million RMB revenue

Use of Packaging Materials

The Group tries to use minimal amount of packaging materials to pack the products, mainly to ensure the safety of the product during transportation and maintain the product quality. During the Reporting Period, the total amount of packaging materials used, including packaging rope and stretch film, was 34.4 tonnes (2021: 46.7 tonnes, 2020: 40.0 tonnes); and the intensity of packaging material used was 1.0 tonnes per million RMB revenue (2021: 1.0 tonnes per million RMB revenue, 2020: 1.0 tonnes per million RMB revenue³).

Packaging material for finished products	2022	2021	2020	Unit
Total packaging material used	34.4	46.7	40.0	tonnes
Intensity (by revenue)	0.93	1.02	0.99	tonnes/million RMB revenue

Emissions

The Group is engaged in the manufacturing and sales of various tinsplate components and products, including tin cans and steel pails, which are generally used for storing paint and coatings. Throughout the manufacturing process, noise pollution and certain volatile organic compounds (“VOC”) are generated when plastic is employed; and a moderate amount of smoke is emitted from welding. The Group has endeavoured to manage and control such emissions.

The majority of the machinery employed in the tinsplate handling process are considered as small to medium-sized machines, and air emissions from them are not substantial. Management of the Group considers the emissions from the logistics involved in the delivery of the products as the major source of greenhouse gas (GHG) emissions. Nevertheless, during the manufacturing process, the Group consumes electricity for lighting, equipment and machinery which also produces indirect GHG emissions.

The management considers that the tinsplate products feature an environmentally friendly production process due to the lower emission of volatile organic compounds (“VOCs”) during the production process compared with water-based paint and coatings (with generally lower emissions of VOCs). Furthermore, Tinsplate is environmentally friendly as it is naturally decomposable and therefore brings minimum pollution to the environment; and easily recyclable as it is attracted to the magnet, allowing quick and easy separation from other disposables in the recycling process.

² The intensity of water consumption in 2020 was restated since the unit of organization-specific metric changed from per thousand products to per million RMB revenue.

³ The intensity of packaging material consumption in 2020 was restated since the unit of organization-specific metric changed from per million products to per million RMB revenue.

Environmental, Social and Governance Report (Continued)

As a law-abiding corporation, the Group pays close attention to the current and developing laws and regulations that are deemed relevant to the Group. During the Reporting Period, the Group did not have any material non-compliance with applicable environmental laws and regulations, specifically the applicable section of the Environmental Protection Law of the PRC (“《中華人民共和國環境保護法》”), the Environmental Impact Assessment Law of the PRC (“《中華人民共和國環境影響評價法》”), Prevention and Control of Atmospheric Pollution Law of the PRC (“《中華人民共和國大氣污染防治法》”), Urban Drainage and Sewage Treatment Regulations (“《城鎮排水與污水處理條例》”) and the Prevention and Control of Environmental Noise Pollution of the PRC (“《中華人民共和國環境雜訊污染防治法》”).

Air Emissions

The use of diesel and petrol by the Group’s vehicles generates air pollutant emissions, including nitrogen oxides (“NO_x”), sulphur oxides (“SO_x”) and respirable suspended particles (“RSP”). The main emissions of air pollutants are as follows:

Air emissions	2022	2021	2020	Unit
Nitrogen oxides (NO _x)	86.0	118.8	156.3	kg
Sulphur oxides (SO _x)	3.0	3.0	4.3	kg
Respirable suspended particles (RSP)	2.2	3.0	4.0	kg

The Group will continue to improve our data collection and monitoring system to collect emission data of other significant air emissions relevant to our operations.

Greenhouse Gas Emissions

The main sources of the Group’s greenhouse gas emissions are the direct emissions during the use of diesel- and petrol-powered vehicles (Scope 1 emissions) and the energy indirect emissions resulting from the generation of purchased electricity (Scope 2 emissions). In 2022, the total amount of greenhouse gas emissions was 570.5 tonnes of carbon dioxide-equivalent (“CO₂-e”) (2021: 686.1 tonnes of CO₂-e, 2020: 666.0 tonnes of CO₂-e); and the greenhouse gas intensity was 17.2 tonnes of CO₂-e per million RMB revenue (2021: 15.0 tonnes of CO₂-e per million RMB revenue, 2020: 16.5 tonnes of CO₂-e per million RMB revenue⁴). In the Reporting Period, the Group has set a target for the greenhouse gas emissions and the Group aims to achieve a 10% reduction in overall emissions intensity by 2027.

The details of the Group’s greenhouse gas emissions in 2022, 2021 and 2020 are as follows:

Greenhouse gas emissions	2022	2021	2020	Unit
Scope 1 emissions	14.1	14.1	20.4	tonnes CO ₂ -e
Scope 2 emissions	556.4	672.0	645.6	tonnes CO ₂ -e
Scope 3 emissions	–	–	–	tonnes CO ₂ -e
Total greenhouse gas emissions	570.5	686.1	666.0	tonnes CO ₂ -e
Intensity (by revenue)	15.4	15.0	16.5	tonnes CO ₂ -e/million RMB revenue

⁴ The intensity of packaging material consumption in 2020 was restated since the unit of organization-specific metric changed from per million products to per million RMB revenue.

Environmental, Social and Governance Report (Continued)

Waste Management

In 2022, the Group produced a total amount of 0.03 tonnes of hazardous waste (2021: 0.06 tonnes, 2020: 0.05 tonnes) and the intensity of hazardous waste was 0.9 kg per million RMB revenue (2021: 1.4 kg per million RMB revenue, 2020: 1.2 kg per million RMB revenue). The hazardous waste included the used oil from machinery and waste activated carbon, which were rectified and incinerated respectively. Hazardous waste was collected and stored in the specified places, and transferred to a qualified processing company for unified handling after reaching a certain amount.

The Group also produced 1.5 tonnes of non-hazardous waste in 2022 (2021: 2.2 tonnes, 2020: 1.8 tonnes), which included general waste, such as waste towels and gloves, as well as metal barrels, from our manufacturing process. The intensity of non-hazardous waste production in 2022 was 0.046 tonnes per million RMB revenue (2021: 0.049 tonnes per million RMB revenue, 2020: 0.045 tonnes per million RMB revenue). The above non-hazardous waste was handled by specialized waste collection and disposal service providers. We aim at reducing non-hazardous waste intensity in our operations by 10% by 2027 against the 2022 baseline.

	2022	2021	2020	Unit
Hazardous waste				
Total hazardous waste produced	0.03	0.06	0.05	tonnes
Intensity (by revenue)	0.8	1.4	1.2	kg/million RMB revenue
Non-hazardous waste				
Total non-hazardous waste produced	1.5	2.2	1.8	tonnes
Intensity (by revenue)	0.041	0.049	0.045	tonnes/million RMB revenue

The Environment and Natural Resources

The Foshan Factory is strategically located in proximity to the largest customer at Foshan. As the transportation logistics with suppliers, subcontractors, and customers are conducted on the road, the strategic location of the Foshan Factory generally enables us to respond quickly to the customers' requirements and facilitates the expansion of the customer base in Guangdong Province. The proximity between the factory and clients also reduces the emissions of air pollutants and greenhouse gases during transportation.

The Group considered the impact of noise pollution when choosing the site of the factory area and has chosen an operation area which is far away from the residential areas. The Group strictly follows the requirements of the "Emission Standard for Industrial Enterprises Noise at Boundary" ("《工業企業廠界噪聲標準》").

Meanwhile, the Group's objective is to maintain the balance between operational efficiency and resource efficiency. The production of tinplate products has less impact on the environment compared to water-based paint and coatings products. However, to further reduce the environmental impacts and use of natural resources, the Group will continue to look for better alternatives for the use of raw materials that provide similar or higher qualities.

Environmental, Social and Governance Report (Continued)

Climate Change

The Group recognizes that climate change may have potential impacts on our operation. The Board is responsible for identifying the impacts of climate change and launching suitable policies to mitigate climate-related risks. We identified possible climate-related risks and seek opportunities to decarbonise our business. Some examples of climate-related risks are identified below:

Risk	Description
Physical risk – Acute risk	Extreme weather events, such as typhoons and rainstorms, may interrupt production, supply of raw materials and transportation of finished products. The safety of our employees may also be threatened.
Transition risk – Market risk	As climate change becomes a hot topic, customers have greater environmental awareness for the choice of products they purchase, which in turn brings rising demands for greener materials.
Transition risk – Policy and legal risk	The government in the PRC and Hong Kong may tighten the laws and regulations on the environmental aspect. The Group may face stricter regulatory requirements and harsher penalties for non-compliance in terms of production energy consumption and emissions and the disposal of pollutants in addition to exhaust emissions. Extra costs may be incurred.

Environmental, Social and Governance Report (Continued)

SOCIAL ASPECTS

Employment and Labour Practices

Employment

The Group adopts the practices and policies of the Labour Law of the PRC (“《中華人民共和國勞動法》”), Labour Contract Law of PRC (“《中華人民共和國勞動合同法》”) and other relevant laws and regulations to ensure an equal and fair working environment. The Group provides equal opportunities for all regardless of their age, gender, race, sexual orientation, disability and marital status.

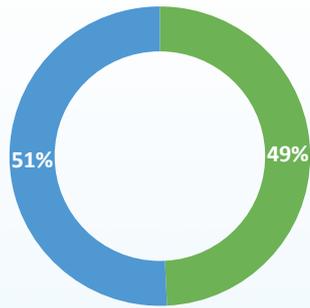
The Group normally recruits the workforce by posting recruitment advertisements outside the Foshan Factory. The employment terms of our staff are specified in the employment contract, including compensation and dismissal, working hours, rest periods and other benefits and welfare. The staff handbook also highlights important information and policies on compensation, employee benefits, rights on termination, business conduct and leave benefits.

The Group has participated in the mandatory provident fund prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for employees in Hong Kong. In the PRC, the Group has participated in the basic pension insurance, basic medical insurance, unemployment insurance, occupational injury insurance, and maternity insurance prescribed by the Social Insurance Law of the PRC (“《中華人民共和國社會保險法》”).

Environmental, Social and Governance Report (Continued)

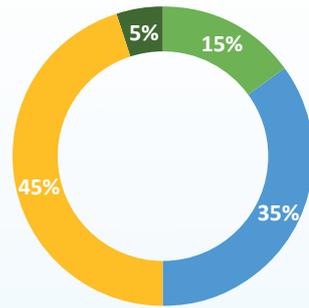
During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations in respect of employment. As at the end of the Reporting Period, the Group had an aggregate of 130 full-time employees (2021: 132 full-time employees, 2020: 132 full-time employees) and the turnover rate was 2%. The following charts show the total workforce by gender, age group, employment category and geographical region.

Number of Employee By Gender



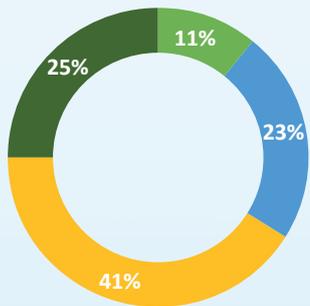
■ Female ■ Male

Number of Employee By Age Group



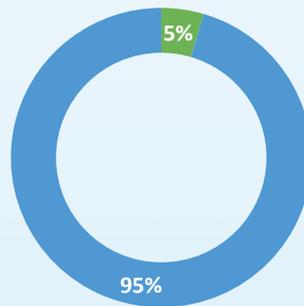
■ ≤30 ■ 31-40 ■ 41-50 ■ >50

Number of Employee By Employment Category



■ Managerial ■ Senior ■ Middle ■ Junior

Number of Employee By Geographical Region



■ Hong Kong ■ China

Environmental, Social and Governance Report (Continued)

Health and Safety

To raise the safety awareness of the employees during work, the Group provides safety education and training to employees. Safety guidelines and operating manuals are also provided in place for the production process. The Group also provides employees with training programmes on work safety, such as the proper operation of equipment to enhance occupational safety and minimize the possibility of work-related accidents and injuries. The Group has established a policy for recording and handling accidents; and upon the occurrence of accidents, the staff will report to the relevant sub-team head to handle the case. The human resources department will assess the impact of the accidents and consider appropriate measures to improve occupational safety.

Workplace Health and Safety

To provide a safe and comfortable working environment, the Group has complied with the Labour Law of the PRC (“《中華人民共和國勞動法》”), the Law of the PRC on the Safety of Special Equipment (“《中華人民共和國特種設備安全法》”) of occupational health and safety and other applicable regulations. The workplace is equipped with fire safety equipment in the event of a fire and the competency of the fire facilities is regularly checked.

During the past three years, including the Reporting Period, there was no record of work-related fatalities; and the total lost days due to work injury was 81 days in 2022 (2021: 102 days, 2020: 195 days). The Group provides guidelines in the staff handbook and internal policy to enhance staff awareness of safety. We also employ a qualified service unit for regular occupational illness check-ups.

Production Safety

The operation of Foshan Factory shall comply with the PRC production safety laws and regulations. The Production Safety Law of the PRC (“《中華人民共和國安全生產法》”) under the State Administration of Work Safety (“國家安全生產監督管理總局”) provides safety standards for production or business operation in order to reduce accidents and protect the security and safety of the general public and property. During the Reporting Period, the Group did not have material non-compliance with the Production Safety Law or other relevant laws and regulations.

Development and Training

Newly recruited employees are required to attend a safety training course so they can get familiar with the safety standards which they are required to meet during the production process. The Group also provides regular in-house safety education and training to the employees and recommends suitable training programmes held by outside authorities relating to the operation of production facilities.

During the Reporting Period, the Group provided an average of 10.0 hours of on-the-job training per employee. 100% of the employees are trained. For a detailed breakdown of the training statistics, please refers to the “Summary of Key Performance Indicators” section.

Environmental, Social and Governance Report (Continued)

Labour Standards

The management will not recruit child labour or forced labour for the Group's operation. The Group complies with the Labour Contract Law of the PRC (“《中華人民共和國勞動合同法》”). Any individuals under legal working age and individuals without any identification documents are disqualified from employment.

During the Reporting Period, the Group did not identify any non-compliance with relevant laws and regulations regarding child labour or forced labour.

Operating Practices and Social Investment

Supply Chain Management

One of the Group's over-arching principles in selecting suppliers and sub-contractors is whether they take a similar stance on sustainability to us. For the production of raw materials by Wancheng Shunde's suppliers, the national standard “Cold-reduced Electrolytic Tinplate GB/T 2520-2008” (“《冷軋電鍍錫鋼板及鋼帶GB/T 2520-2008》”) is recommended; and for the printing of tinplate, the industrial standard “Tinplate Prints for the Packing and Decoration QB/T1877-1993” (“《包裝裝潢鍍錫(鉻)薄鋼板印刷品QB/T 1877-2007》”) is recommended to our suppliers. During the Reporting Period, the Group had a total of 49 suppliers and all of them are located in China.

The Group always views suppliers as important partners and persists in fair and open measures to cooperate with various suppliers. The Group gives priority to local suppliers when developing businesses all over the country in order to create employment opportunities for local communities and fulfil corporate social responsibility. Preference is also given to environmentally and socially responsible suppliers, such as contractors who prioritise the purchase of reusable and renewable products or adopt low-emission construction processes, etc.

The Group mainly engages subcontractors for the production processes of tinplate printing, tinplate scroll-cutting and tinplate laminating. The Group considers that these production processes require specific skill sets, machinery and equipment. The Group selects subcontractors with reference to factors, such as price, proximity to the Foshan Factory, technical and manufacturing capabilities, capacity to complete orders on time, delivery reliability, ability to meet quality requirements, reputation and possession of relevant business license if required. The Group will conduct site visits to their factories to inspect their machinery and equipment.

The Group adopts a green procurement concept in our supply chain. The Group's materials are purchased from qualified suppliers whose products meet the requirements of applicable environmental law and regulations. To monitor the performance of the subcontractors, the Group arranges visits to their facilities and communicates with them regularly to inspect processing quality. The Group also conducts various tests on the laminated tinplate sheets and printed tinplate sheets received from the subcontractors.

Environmental, Social and Governance Report (Continued)

Product Responsibility

The Group's main products are tin cans and steel pails. The Group has complied with the Standardisation Law of the PRC ("《中華人民共和國標準化法》"), and General Specifications include:

- "Transport Packages of Dangerous Goods GB 12463-2009" ("《危險貨物運輸包裝通用技術條件GB 12463-2009》"),
- "Packaging Containers – Tinsplate Aerosol Can GB 13042-2008" ("《包裝容器– 鐵質氣霧罐GB 13042-2008》"),
- "Packing Containers – Square Pail GB/T 17343-1998" ("《包裝容器– 方桶GB/T 17343-1998》"), and
- "Rules for the Inspection of Packaging for Export Dangerous Goods SN/T 0370.2-2009" ("《出口危險貨物包裝檢驗規程SN/T 0370.2-2009》").

Product Safety and Quality

The Group places great emphasis on the quality of the products and adopts quality control measures covering various aspects of the procurement and production operations. The production department is mainly responsible for devising production plans based on various factors, including the delivery dates and volumes of the products stipulated in customers' orders, any monthly purchase plans provided by the customers, historical sales demands, the production capacity and the inventory levels, and ensuring the smooth operation of the production lines.

Onsite quality inspectors are set up in each production line to perform random quality checks for the product. Products will also be sent to the quality inspection department for regular quality appraisal. If there is any product recall, the Group will arrange a quality inspector to visit the client and determine whether there is a quality issue. If yes, the product will be returned to the company for warehousing processing, and the quality inspector will check again whether it can be repaired or not.

The Group is deeply aware of the importance of product quality and safety of its products. The Group has established policies to ensure that buyers are satisfied with its products. Procedures and systems are in place to give timely redress towards any dissatisfaction reported or discovered. During the Reporting Period, the Group did not have any record of complaints or product recalls based on the quality of our products.

Intellectual Property Rights

The Group is committed to protecting and respecting intellectual property rights by registering patents for our systems and products. During the Reporting Period, the Group did not have any material non-compliance with the Patent Law of the PRC ("《中華人民共和國專利法》"), Trademark Law of the PRC ("《中華人民共和國商標法》") and other laws and regulations related to intellectual property rights.

Environmental, Social and Governance Report (Continued)

Customer Data Protection

The Group undertakes to comply with the relevant laws and regulations in the PRC to ensure that the rights and interests of customers are strictly protected. Information collected by the Group from its customers would only be used by the sales department for management. Other departments are not permitted to use, export and copy any customer's information.

The Group did not have any material non-compliance with applicable laws and regulations regarding health and safety, advertising, labelling and privacy matters related to services offered during the Reporting Period.

Anti-Corruption

The management of the Group does not tolerate any forms of corruption, fraud, money laundering, bribery and extortion in the course of its operations. The Group has complied with relevant laws and regulations, such as the Criminal law of the PRC ("《中華人民共和國刑法》") and the Anti-Unfair Competition Law of the PRC ("《中華人民共和國反不正當競爭法》"). We also have policies on anti-money laundering and counter-terrorist financing, and any suspicious transactions would be notified and reported to the relevant governing body by the responsible officer.

In order to encourage our employees to report illegality, irregularity, malpractice, unethical or inappropriate conducts, which may damage the Group's interests, we established whistle-blowing policy and implement procedures for our employees to report improprieties via a confidential reporting channel to the extent that is made possible to all employees.

The Group understands the importance of promoting anticorruption to the employees. However, the preparation work is suspended due to the pandemic. The Group is now preparing the materials and training sessions. The Group will soon start the training once the materials are ready to deliver.

During the Reporting Period, no corruption or fraudulent incident was discovered in the Group. The Group was not in violation of any of the relevant laws and regulations in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group.

Community Investment

As a part of the continuous effort in giving back to society, the Group seeks opportunities to get involved in various community programs. The Group's approaches towards community involvement are as follows:

- the Group will fulfill corporate social responsibility through expanding its efforts in the areas of charity work;
- assessment will be taken on how to conduct business activities in the interests of the community; and
- the Group is committed to providing career opportunities to the locals and promoting the development of the community's economy.

Environmental, Social and Governance Report (Continued)

SUMMARY OF KEY PERFORMANCE INDICATORS

Environmental Aspects		2022	2021	2020	Unit
Aspect A1: Emissions					
A1.1	The types of emissions and respective emissions data				
	Nitrogen oxides (NO _x)	86.0	118.8	156.3	kg
	Sulphur oxides (SO _x)	3.0	3.0	4.3	kg
	Respirable suspended particles (RSP)	2.2	3.0	4.0	kg
A1.2	Greenhouse gas emissions in total and intensity				
	Scope 1 emissions	14.1	14.1	20.4	tonnes CO ₂ -e
	Scope 2 emissions	556.4	672.0	645.6	tonnes CO ₂ -e
	Total greenhouse gas emissions	570.5	686.1	666.0	tonnes CO ₂ -e
	Intensity (by revenue) ⁵	15.4	15.0	16.5	tonnes CO ₂ -e/million RMB revenue
A1.3	Hazardous waste				
	Total hazardous waste produced	0.03	0.06	0.05	tonnes
	Intensity (by revenue)	0.8	1.4	1.2	tonnes/million RMB revenue
A1.4	Non-hazardous waste				
	Total non-hazardous waste produced	1.5	2.2	1.8	tonnes
	Intensity (by revenue)	0.041	0.049	0.045	tonnes/million RMB revenue
Aspect A2: Use of Resources					
A2.1	Direct and/or indirect energy consumption by type				
	Direct energy consumption	192.2	192.2	278.1	GJ
	Indirect energy consumption	957.6	1,156.6	1,058.3	MWh
	Total energy consumption	1,011.0	1,210.0	1,135.5	MWh-e
	Intensity (by revenue)	27.3	26.5	28.2	MWh-e/million RMB revenue
A2.2	Water consumption in total and intensity				
	Total water consumption	19,202.3	21,758.0	16,605.0	m ³
	Intensity (by revenue)	518.9	476.9	412.5	m ³ /million RMB revenue
A2.5	Packaging material used for finished products				
	Total packaging material used	34.4	46.7	40.0	tonnes
	Intensity (by revenue)	0.93	1.02	0.99	tonnes/million RMB revenue

⁵ The intensities in 2022, 2021 and 2020 were calculated by dividing the use of various resources respectively by the Group's revenue of approximately RMB37.0 million in 2022, RMB45.6 million in 2021 and RMB40.3 million in 2020 respectively;

Environmental, Social and Governance Report (Continued)

Social Aspects		2022	2021	2020	Unit
Aspect B1: Employment					
B1.1	Total workforce				
	Total number of employees	130	132	132	employee
By gender	Female	64	65	63	employee
	Male	66	67	69	employee
By employment type	Full-time	130	132	132	employee
	Part-time	0	0	0	employee
By age group	30 years old or below	19	20	20	employee
	31-40 years old	46	45	45	employee
	41-50 years old	58	58	56	employee
	Over 50 years old	7	9	11	employee
By employee category	Managerial	14	13	–	employee
	Senior	30	31	–	employee
	Middle	54	56	–	employee
	Junior	32	32	–	employee
By function	Executive	21	21	–	employee
	Technical	31	32	–	employee
	Administrative	23	23	–	employee
	Production	55	56	–	employee
By geographical region	Hong Kong	6	6	–	employee
	China	124	126	–	employee
B1.2	Employee turnover rate				
	Total employee turnover rate	2%	0%	–	%
By gender	Female	2%	0%	–	%
	Male	2%	0%	–	%
By employment type	Full-time	2%	0%	–	%
	Part-time	–	0%	–	%
By age group	30 years old or below	11%	0%	–	%
	31-40 years old	0%	0%	–	%
	41-50 years old	0%	0%	–	%
	Over 50 years old	0%	0%	–	%
By employee category	Managerial	0%	0%	–	%
	Senior	0%	0%	–	%
	Middle	0%	0%	–	%
	Junior	6%	0%	–	%
By geographical region	Hong Kong	0%	0%	–	%
	China	2%	0%	–	%
Aspect B2: Health and Safety					
B2.1	Number (rate) of work-related fatalities	0 (0%)	0 (0%)	0 (0%)	no. (%)
B2.2	Lost days due to work injury	81	102	195	day

Environmental, Social and Governance Report (Continued)

Social Aspects		2022	2021	2020	Unit	
Aspect B3: Development and Training						
B3.1	Percentage of total employees trained					
	Total number of trained employees	130	132	132	employee	
	Percentage of total employees trained	100%	100%	100%	%	
	By gender ⁶	Female	49%	49%	48%	%
		Male	51%	51%	52%	%
	By employee category	Managerial	11%	10%	–	%
		Senior	23%	23%	–	%
		Middle	42%	42%	–	%
		Junior	25%	24%	–	%
	By function	Executive	16%	16%	–	%
		Technical	24%	24%	–	%
		Administrative	18%	17%	–	%
		Production	42%	42%	–	%
B3.2	Average training hours completed					
	Average training hours per employee	10.0	7.9	16.0	hour/employee	
	By gender	Female	10.0	8.0	16.0	hour/employee
		Male	10.0	7.8	16.0	hour/employee
	By employee category	Managerial	10.0	19.5	–	hour/employee
		Senior	10.0	8.4	–	hour/employee
		Middle	10.0	4.8	–	hour/employee
		Junior	10.0	8.2	–	hour/employee
	By function	Executive	10.0	12.2	–	hour/employee
		Technical	10.0	8.1	–	hour/employee
		Administrative	10.0	11.2	–	hour/employee
		Production	10.0	4.8	–	hour/employee
Aspect B5: Supply Chain Management						
B5.1	Number of suppliers by geographical region					
	Total number of suppliers	49	52	–	supplier	
	By geographical region	China	49	52	–	supplier
Aspect B6: Product Responsibility						
B6.1	Percentage of total products sold or shipped subject to recalls	0%	0%	0%	%	
B6.2	Number of products and service-related complaints received	0	0	–	no.	
Aspect B7: Anti-corruption						
B7.1	Number of concluded legal cases regarding corruption	0	0	0	case	

⁶ The percentage of employee trained in 2020 has been restated due to change in calculation methodology.