

Environmental, Social and Governance Report **2018**



雲能國際

YUNNAN ENERGY INTERNATIONAL

Yunnan Energy International Co. Limited

雲能國際股份有限公司*

(formerly known as “Techcomp (Holdings) Limited 天美(控股)有限公司”)

(Incorporated in Bermuda with limited liability)

(Hong Kong Stock Code: 1298)

(Singapore Stock Code: T43)

** for identification purpose only*

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About this Report

Overview

This Environmental, Social and Governance (ESG) Report (this “**Report**”) of Yunnan Energy International Co. Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2018 covers environmental and social subject areas in accordance with the requirements of Environmental, Social and Governance Reporting Guide stated in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. For details of corporate governance, please refer to the Corporate Governance Report set out in the 2018 Annual Report.

Scope of the Report

The Report only covers the operation of Techcomp (Macao Commercial Offshore) Limited in Macau and Techcomp (China) Limited in Mainland China, which is the major part of the Group’s continuing operation for the year ended 31 December 2018. However, the ESG report for the year ended 31 December 2017 focused primarily on the Group’s operations in Mainland China, Macau, and Hong Kong, part of which have been discontinued during 2018 as disclosed in note 1 and note 12 to the consolidated financial statements for the year ended 31 December 2018. As a result, this affects a meaningful comparison between the general disclosure and key performance indicators (“KPIs”) stated in this Report and in the ESG report for the year ended 31 December 2017.

This Report endeavours to present a balanced representation of the Group’s environmental and social performance. The content of this Report is defined through a process to determine ESG management approach, strategy, priorities and objectives relating to the Group’s operations, to describe our management, measurement and monitoring system employed to implement ESG strategy, and to disclose our key policies, compliance with relevant laws and regulations, our performance, and KPIs.

Approved by the Board of Directors

The board (the “**Board**”) of directors of the Company (the “**Directors**”) has overall responsibility for the Group’s ESG strategy and reporting. The Board is responsible for evaluating and determining the Group’s ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. This Report was approved by the Board on 23 July 2019.

The Group has complied with all the “comply or explain” provisions set out in the ESG Reporting Guide during the year ended 31 December 2018.

Environmental and Social Subject Areas of the Group

About the Group

The Group is continuously engaged in distribution of branded analytical and laboratory instruments and life science equipment in the PRC and the provision of related repair and maintenance services. Particulars of the Group's principal entities are set out in note 1 to the consolidated financial statements for the year ended 31 December 2018.

Strategies

Environmental and social responsibilities are viewed as the Group's core commitment to environment, internal workplace, and external community, and an integral part of the Group's practice to create value for stakeholders. Our strategy is to fulfil the Group's environmental and social responsibilities through achieving environmental and social objectives during daily operations.

Objectives

We integrate environmental and social considerations into the Group's business objectives to achieve:

Environmental objectives:

- Add environmentally-friendly elements to our daily sales and service activities;
- Reduce greenhouse gas emissions;
- Use energy and resources efficiently; and
- Continuously improve waste management

Social objectives:

- Respect employees' rights and promote an equal opportunity workplace;
- Commit to occupational safety and health, and provide a safe and healthy workplace;
- Commit to ethical business practices, and build integrity within the workplace; and
- Promote community participation

Environmental and Social Subject Areas of the Group

Approach

Monitored by the Board, the Group is executing its environmental and social strategy and achieving its related objectives through a series of actions and commitments:

- Embed environmental and social objectives into business processes including decision making process;
- Establish and document environmental and social policies for management and staff members to follow;
- Comply with environmental and social laws and regulations;
- Report our performance on a balanced picture;
- Disclose KPIs as measurement of actual results;
- Ensure appropriate and effective ESG risk management and internal control systems are in place; and
- Practise corporate citizenship in things we do

Environmental and social management system comprises:

- The direction to fulfil the ESG responsibilities;
- Daily execution of environmental and social strategy and achieving its objectives by management;
- Performance and achievements done by employees in accordance with the Group's environmental and social policies;
- Compliance with environmental and social laws and regulations;
- Review and monitoring of ESG risks management and internal control systems by the Board; and
- Reporting and disclosure of our performance and KPIs

Measures for the achievement of environmental and social objectives are:

- Environmental policies;
- Social policies;
- Checklists for the compliance with applicable environmental and social laws and regulations;
- Requiring documentation for the performance and accomplishment of environmental and social related activities or matters; and
- Data collection, calculation, and disclosure of KPIs

The implementation of environmental and social strategies, management of environmental activities, and measurement of achieving environmental and social objectives are monitored by dedicated managerial staff members and finally by the board for its overall ESG responsibility.

Stakeholder Engagement and Materiality

Stakeholder engagement is a key success factor in formulating our environmental and social strategy, defining our objectives, assessing materiality, and establishing policies. Our key stakeholders include customers, suppliers or service providers, employees, management, and shareholders. We have conducted a survey, discussed or communicated with certain stakeholders to understand their views and respond to their needs and expectations, evaluated and prioritised their inputs to improve our performance, and finally strived to provide value to our stakeholders, community and the public as a whole.

Based on the stakeholder engagement, we have identified issues with significant environmental and social impact and issues concerning stakeholders. The results of materiality assessment prioritised stakeholder inputs and made us focused on the material aspects for actions, achievements and reporting. We present below the relevant and required disclosure.

General Disclosure and KPIs

A. Environmental

The Group recognises the value of a practice to protect the natural environment for the benefit of humans. We are committed to doing things we can to reduce the degrading of the biophysical environment.

Aspect A1: Emissions

Emissions refer to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Emissions disclosed as KPIs in this Report are calculated based on the consumption data collected and applicable emission factors. Since certain emission factors of Mainland China are not accessible or updated from official sources, we have applied relevant emission factors which are available from recognized or reputable sources and the available consumption data collected, waste produced, or emission measured would be disclosed.

- **Air and Greenhouse Gas Emissions**

Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.

- Air and Greenhouse Gas Emissions from Production

In view of the business nature of the Group's continuing operation, no air and greenhouse gas emissions were generated from production directly during the year ended 31 December 2018.

- Air and Greenhouse Gas Emissions from Vehicles

The Group believes that green transportation brings benefits, which include reduction in transportation costs, energy consumption and pollution. As such, the Group encourages optimising transportation routes, high filling rate or carpooling and proper tire pressure to achieve efficiency.

The Group reminds employees to consider environmental impact in their commuting decisions to reduce air and greenhouse emissions. Employees are encouraged to take public transportation as often as possible and to avoid excessive idling of automobile.

KPI A1.1 Emissions from vehicles

	2018	2017
Types of emissions	(g)	(g)
NO _x	23,606	71,692
SO ₂ – Mainland China offices	320	–
SO _x	–	338
Particulate Matter (“PM”)	2,342	3,844

Hydrocarbons (“HC”) and Carbon Monoxide (“CO”) emitted from Mainland China operations for the year ended 31 December 2018 is 29,621 (g) and 230,242 (g) respectively.

KPI A1.2 Greenhouse gas (“GHG”) emissions in total

GHG emissions in total are 185 tonnes for the year ended 31 December 2018 (2017: 882 tonnes), which includes scope 1, scope 2, and scope 3 emissions as disclosed below.

KPI A1.2 Scope 1 – Direct emissions from operations that are owned or controlled by the Group

Main categories of Scope 1 emissions: GHG emissions from mobile combustion sources		
	2018	2017
Types of emissions	(kg)	(kg)
Carbon Dioxide (“CO ₂ ”)	48,727	72,248
Methane (“CH ₄ ”)	272	149
Nitrous Oxide (“N ₂ O”)	2,032	17,284
Total GHG emissions	51,031	89,681

– Indirect Greenhouse Gas Emissions from Electricity Consumption

Electricity consumption of the Group is a major part of its greenhouse gas emissions. Various electricity-saving policies have been established to reduce the electricity consumption by the Group. The Group encourages staff members to switch off light during daytime, maintain lamps well to keep clean, and install energy-efficient lighting. Air conditioning is required to be set at no lower than 25 °C. It is also required to ensure the windows and doors are closed while air-conditioning is on, and to turn off the air-conditioning after office hours or after the usage of a meeting room.

General Disclosure and KPIs

KPI A1.2 Scope 2 – Energy indirect emissions resulting from the generation of purchased or acquired electricity, heating, cooling and steam consumed within the Group

Main sources of Scope 2 emissions: Electricity purchased from power companies		
	2018	2017
Types of emissions	(kg)	(kg)
CO ₂ equivalent emission	133,659	791,809
Total GHG emissions	133,659	791,809

– Indirect Greenhouse Gas Emissions from Paper Waste Disposed at Landfills

In order to address indirect emissions relating to paper waste deposited at landfills, the Group encourages employees to apply computer technology such as emails and storage devices to reduce paper consumption, print on both sides of a sheet of paper, avoid unnecessary printing or copying on paper, and adjust documents and use space efficiency formats to optimise use of paper, and put recycling boxes near the photocopiers to collect single-sided paper for reuse and used double-sided paper for recycling.

KPI A1.2 Scope 3 – All other indirect emissions that occur outside the Group, including both upstream and downstream emissions

For Macau operation, CO₂ equivalent emission due to paper waste incinerated is 374 kg for the year ended 31 December 2018.

For Mainland China operation, total paper waste disposed for the year ended 31 December 2018 is approximately 3,000 kg.

- **Discharges into Water and Land**

The Group requires that discharges, if any, into waterways and land must comply with relevant laws and regulations.

- **Generation of Hazardous Waste and Non-hazardous Waste**

Our internal guidance encourages employees to handle office waste generated in a proper and environmentally friendly manner.

– Hazardous Waste

Hazardous wastes are those defined by national regulations.

KPI A1.3 Total hazardous waste produced and intensity

In view of the business nature of the Group's continuing operation, no significant hazardous waste was generated during the year ended 31 December 2018.

– Non-hazardous Waste

We promote waste reduction practices including waste reduction at source, reuse, clean recycling, recover and reduction of disposal at landfills. Employees are encouraged to purchase supplies or equipment with longer life-span, to install recycling bins to collect recyclables, such as waste paper, glass or aluminium bottles, metal, and plastics, and to have recyclers to collect recyclables.

KPI A1.4 Total non-hazardous waste produced and the intensity

	2018	2017
	(Tonnes)	(Tonnes)
Non-hazardous waste produced – Landfill	–	5.2
Non-hazardous waste produced – Incineration	0.05	2.6
Non-hazardous waste produced – Landfill or Incineration	30	28.76
Non-hazardous waste produced – Recycled	0.5	–
Total non-hazardous waste produced	30.55	36.56
	(Tonnes/ per square meter)	(Tonnes/ per square meter)
Non-hazardous waste intensity	0.01	0.001

KPI A1.5 Description of measures to mitigate emissions and results achieved

In accordance with the policies stated above, the Group adopts the following measures to mitigate air and greenhouse gas emissions from vehicles; control the numbers of vehicles owned by the Group; reduce the frequency of using personal vehicles by employees for local business commuting by encouraging employees to take public transportation; and control the volume of business travel by employees. We consider such measures had been achieved for the year ended 31 December 2018.

KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved

Non-hazardous wastes are preferred to be recycled, otherwise, they would be sent to landfill or incineration. In accordance with the policies stated above, the Group adopts the following measures to reduce non-hazardous wastes; control the commercial wastes generated by employees; control the waste of papers; control the volume of non-hazardous waste going direct to landfill or incineration without recycling. We consider such measures had been achieved for the year ended 31 December 2018.

- **Compliance with Relevant Laws and Regulations that Have a Significant Impact on the Group**

For the year ended 31 December 2018, there were no confirmed non-compliance incidents or grievances in relation to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

General Disclosure and KPIs

Aspect A2: Use of Resources

The Group recognises that efficient use of resources, including energy, water and other raw materials, in production, storage, transportation, buildings, electronic equipment, etc., is one of the significant aspects to protect environment.

- **Efficient Use of Energy**

The Group established policies and procedures to reduce energy consumption in the facility, to assess the energy efficiency, to increase the use of clean energy, if possible, to set applicable targets to monitor energy consumption, and to ensure power is turned off when electrical appliances are not in use.

KPI A2.1 Direct and/or indirect energy consumption by type in total and intensity

	2018	2017
Direct energy consumption by type	(kWh in'000s)	(kWh in'000s)
Electricity purchased for consumption	169	1,237
	(kWh in'000s/ per square meter)	(kWh in'000s/ per square meter)
Total energy consumption intensity	0.04	0.05

Direct energy consumption by non-renewable fuel consumed is 199 (kWh in'000s) with energy consumption intensity of 0.04 (kWh in'000s/per square meter) for the year ended 31 December 2018.

- **Water Consumption**

The Group requires employees to reduce water consumption in the offices. For example, employees are encouraged to fully empty any containers before washing, to turn off water taps promptly, to check faucets and pipes for leaks, and to adopt water saving appliances. At our work locations, water pressure is set to the lowest practical level; used water is collected for floor washing; and reminders of water-saving responsibilities, in form of notices and signs, are posted near where the water resources are in the pantries, washrooms, and offices.

Our Macau office operates in leased office premises for which both the water supply and discharge are solely controlled by the building management, therefore, the provision of water withdrawal and discharge data or sub-meter for individual occupants are not feasible.

KPI A2.2 Water consumption in total and intensity

	2018	2017
	(Cubic meters)	(Cubic meters)
Annual water consumed	2,100	8,115
	(Cubic meters/ per square meter)	(Cubic meters/ per square meter)
Water consumption intensity	0.45	0.31

KPI A2.3 Description of energy use efficiency initiatives and results achieved

The Group's ability to use energy efficiently can be revealed by its intention and measures for the reductions in energy consumption. Energy consumption has a direct effect on the environmental footprint of the Group, its operational costs, and exposure to certain risks (e.g. fluctuations in energy supply and prices). The Group's policies and measures specific to managing energy use have been stated above. We consider such policies had been adopted and measures had been achieved for the year ended 31 December 2018.

KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved

The Group's ability to use water efficiently can be revealed by its intention and measures for the reductions in water consumption. Water consumption has a direct effect on the environmental footprint of the Group, its operational costs, and exposure to certain risks (e.g. reliance on sources of water that may be considered sensitive due to their relative size or function; or status as a possibly rare, threatened, or endangered system; or to their possible support of a particular endangered species of plant or animal). The Group's policies and measures specific to water use have been stated above. We consider such policies had been adopted and measures had been achieved for the year ended 31 December 2018.

- **Efficient Use of Raw Material and Packaging Material**

KPI A2.5 Total packaging material used for finished products and, if applicable, with reference to per unit produced

The disposal of products and packing materials at the end of a use phase is a steadily growing environmental challenge, tracking the use of packaging materials is to reduce, reuse and/or recycle the packaging materials. No significant raw material or packaging material waste was generated during the year ended 31 December 2018 in view of the business nature of the Group's continuing operation.

General Disclosure and KPIs

Aspect A3: The Environment and Natural Resources

The Group is committed to reducing the operation impacts on environment and natural resources. Policies are established to consider the actual impacts on environment and natural resources and to reduce such impacts. We encourage environmental education and advocacy among employees to motivate environmentally responsible behaviour which helps fulfil the Group's commitment to minimising its adverse impacts on the environment.

KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them

We understand that our performance in respect of emissions, waste production and disposal, as well as the use of resources impacts the environment, and hence we endeavour to continuously monitor and minimise such impacts and to communicate our environmental policies, measures, performance, and achievements to our stakeholders.

During the year ended 31 December 2018, the Group's continuing operation did not cause significant impact on the environment and natural resource. Policies and/or measures adopted by the Group specific to managing potential impacts of activities on the environment and natural resources are mentioned above.

B. Social

The Group strives to fulfil its social responsibilities as a corporate citizen of communities. We endeavour to establish harmonious relationship with our employees, customers, suppliers, and the communities. We care about the well-being and development of employees, ensure high standard of service responsibility, enhance transparent relationship with customers and suppliers, and contribute to our community development.

Employment and Labour Practices

Aspect B1: Employment

The Group continuously reviews our organization structure to ensure that it supports our investment strategy and the continued efficiency and safe operation of our businesses. In addition, our structure needs to have organizational agility to adapt to an increasingly complex and volatile business environment.

The Group established various employment policies, which cover compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

- **Compensation and Dismissal**

The Group offers competitive remuneration to attract and retain talented staff members. Remuneration packages are reviewed periodically to ensure consistency with employment market. Laws and regulations on minimum wage and statutory social benefits are required to be followed. Dismissal is required to comply with the employment laws and regulations, and to follow the internal policies and procedures, including policy on prevention of dismissal purely based on employees' gender, marital status, pregnancy, disability, age or family status.

- **Recruitment and Promotion**

The Group attracts talent through fair, flexible and transparent recruitment strategy. Recruitment process includes application for recruitment, description of position, collection of job applications, interview, selection, approval, and job offering. Discretionary incentive bonuses and promotion opportunities are also provided to staff according to their individual and the Group's performance.

- **Working Hours, Rest Periods, Benefits and Welfare**

Employees' working hours, rest periods, benefits and welfare, including medical and hospital insurance, social security benefits and retirement pension plans, are required to be in compliance with the employment or labour laws and regulations.

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

The Group is an equal opportunity employer. We endeavour to provide a fair workplace for employees and follow the principles of equality and non-discrimination. Recruitment, remuneration, promotion, and benefits are handled based on objective assessment, equal opportunity and non-discrimination regardless of nationality, race, gender, age, or other measures of diversity.

The Group promotes an equal opportunity to our employees:

- (a) Job applicants and existing employees are evaluated solely on their abilities, knowledge, skills, performance and the attributes required by the job.
- (b) All applicants have equal employment opportunities, i.e. they will not be disadvantaged because of their nationality, age, gender, pregnancy, disability, marital status, race or family status.
- (c) We respect the dignity of prospective employees and carry out our relationships with them without discrimination, harassment, vilification, or victimization.

Our aim is to create a friendly working environment where people possessing different sets of values and backgrounds can work with vitality and apply their capabilities to the fullest.

- **Compliance with Relevant Laws and Regulations that Have a Significant Impact on the Group**

For the year ended 31 December 2018, there were no confirmed non-compliance incidents or grievances in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

General Disclosure and KPIs

Aspect B2: Health and Safety

The Group is committed to maintaining a healthy and safe workplace for employees, and to preventing workplace injuries and illnesses.

- **Providing a Safe Working Environment**

The Group requires entities to establish and document policies and procedures on safety for employees to follow, set targets for the safety of employees, monitor the safety performance against the targets periodically, and report any safety incidents to management.

We are committed to maintaining a safe and hygienic workplace by regularly monitoring the physical conditions of our office and branches including with regards to cleanliness, indoor air quality, pest controls, security, fire precautions etc. In order to minimise workplace accidents, preventive and corrective measures are implemented, this includes providing necessary information, instructions, trainings, workplace safety inspections, supervisions for ensuring safety and health, and maintaining insurance for our employees.

- **Protecting Employees from Occupational Hazards**

One of the key factors for successfully protecting employees from occupational hazards is to train employees to protect themselves from psychological and physical hazards. The Group encourages such training to be delivered to employees. The Group employs comprehensive safe work practices that are reviewed on an ongoing basis to ensure that high safety standards are maintained, these work practices include establishing reporting and investigation procedures for all incidents, conducting regular fire drills, providing and maintaining safe access to and egress from workplaces, and providing trainings to employees on the prevention of occupational hazards.

- **Work-life Balance**

The Group supports employees to enjoy leisure and sports activities outside of workplace, with the aim of enhancing work-life balance, personal development and sense of belonging among employees.

- **Compliance with Relevant Laws and Regulations that Have a Significant Impact on the Group**

For the year ended 31 December 2018, there were no confirmed non-compliance incidents or grievances in relation to providing a safe working environment and protecting employees from occupational hazards.

Aspect B3: Development and Training

The Group is committed to providing adequate training to our employees to improve their knowledge and skills for discharging duties at work. Training includes vocational training courses provided internally or externally.

- **Employee Development**

The Group requires employees to attend internal and external training courses including employee continuing education to improve employees' knowledge and skills for their job positions.

We have established a system which allows our employees to complete and submit self-assessment forms to report on their career achievements, job ambitions and other aspects. Supervisors use such self-assessment forms as the basis for face-to-face appraisal with employees, as a way to enhance communication and assist career design, while formulating and advancing development-oriented rotation schedules so as to continually provide challenging opportunities to help the employees actualise their capabilities.

- **Training Activities**

We have a training system for improving employees' working performance and capabilities. We provide a set of hierarchical curriculum and training to different positions and levels of employees, so that employees can improve or learn more about general skills, management skills, corporate knowledge, product business guidance and professional skills, etc. All new employees are required to undergo trainings regarding the corporate culture, basic guidelines, policies and procedures, safety, basic knowledge about the Group's operations and systems, etc.

Aspect B4: Labour Standards

The Group is committed to avoiding child and forced labour in the workplace.

- **Preventing Child and Forced Labour**

The Group prohibits child labour. It requires human resource department and user departments to work together to prevent or identify child labour, and to ensure child labour is not in the workforce.

Before commencement of employment, each of our employees' legal proof of their age (i.e. personal identification cards) must have been reviewed, verified and filed.

We are committed to protecting human rights, to prohibiting forced labours, and to creating a workplace with respect, fairness, and free will for our employees.

At induction, all employees are briefed on the Group's "no child and forced labour" policy and how to report and protect their rights.

General Disclosure and KPIs

- **Compliance with Relevant Laws and Regulations that Have a Significant Impact on the Group**

For the year ended 31 December 2018, there were no confirmed non-compliance incidents or grievances in relation to child and forced labour.

Operating Practices

Aspect B5: Supply Chain Management

Supply chain management is one of the important areas of our business, which includes managing environmental and social risks of the supply chain. The Group requires suppliers to provide products and services for us with up-to-standard quality, health and safety to ensure compliance with environmental laws and regulations, and to ensure compliance with labour standards. The contracting for purchase of products and services is required to be based solely upon specification, quality, service, delivery, price, and tendering.

The Group requires impartial selection of suppliers and service providers, maximisation of competition in tendering process, approval of contract terms, compliance with laws and regulations, prevention and detection of bribery or fraud in the tendering and procurement process, and achievement of efficiency and cost saving in procurement.

Supply chain management policies and procedures are established, including assessment, selection, approval, procurement, and performance evaluation. Performance evaluation is based on quality, service, cost, and delivery.

The Group draws from an international supply chain that provides the best quality components and supplies available at an appropriate price. The Group purchases products from reputable suppliers such as Hitachi and Nuaire for resale to customers in the Mainland China and overseas.

We have a comprehensive supplier approval process, with assessment tools that assess risks associated with the products or services provided by the suppliers. Each year, our management reviews the performance of the suppliers such as the quality of the products and services provided, timely delivery, price, labour practice and environmental governance, compliance with laws and regulations, etc. Corrective actions are specified for any quality defects. Such actions include return or exchange of defective products and termination of contracts, etc. We believe that the suitability and quality of our supplies are paramount. To achieve that, we seek and value long-term stable relationship with our suppliers.

Aspect B6: Product Responsibility

Product responsibility refers to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

- **Health and Safety**

The Group is fully responsible for our products and services, including health and safety relating to our products and services provided.

We take our product safety obligations seriously so as to meet and, where possible, go beyond the regulatory standards in relation to health and safety that are applicable to our products and services.

- **Advertising**

The Group understands our customers' rights and is committed to providing accurate products and service information for customers in connection with their purchase or consumption decision. The Group requires careful review of advertising material to protect customers' interest.

- **Labelling**

The Group requires that labelling is accurate, legitimate, clear, and not misleading, and intellectual property rights are protected.

- **Privacy Matters**

The Group is committed to protecting customer data and privacy information, and keeping business information confidential. Training to employees in this regard and proper information system security are required.

We respect and protect the privacy of the personal information of individuals with whom we deal. The Group has and follows the security procedures and makes use of technology to keep and protect such information held. Our data security policies and procedures rigorously protect our customers' personal privacy, as well as commercially sensitive and other privacy-protected information. Such security policies and procedures were formulated to ensure compliance with the local regulations and regulations relating to personal data protection and privacy. All employees who are likely to handle commercial or consumer data will undergo relevant trainings.

- **Methods of Redress**

Although we ensure the quality of our products and services, at the same time, the Group requires that products or services with quality, safety, or health issues should be returned or compensated in accordance with terms of sales or service agreements. Return, recall, or compensation of products and services is required to be offered to all customers who are affected with consistent treatment and procedures.

- **Compliance with Relevant Laws and Regulations that Have a Significant Impact on the Group**

For the year ended 31 December 2018, there were no confirmed non-compliance incidents or grievances in relation to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

General Disclosure and KPIs

Aspect B7: Anti-corruption

The Group established anti-corruption policies to prohibit employees from receiving any advantages offered by customers, suppliers, colleagues, or other parties, while they are performing employee duties, and prohibit any activities involving conflicts of interest, bribery, extortion, fraud, and money laundering. The Group encourages employees, customers, suppliers, or other parties to report incidents relating to any conflicts of interest, bribery, extortion, fraud and money laundering.

We have established and implemented a set of procedures to identify corruption risks which relate to bribery, extortion, fraud and money laundering in the Group's operation. Employees who engage in business operations are strictly prohibited to use business opportunities for personal interest or benefit. Employees are reminded that receiving expensive gifts of any form from suppliers and other related parties is absolutely prohibited. At the same time, our employees are encouraged to join ethical and anti-graft courses.

We encourage employees and external parties to report any suspected misconduct without fear of reprisal, discrimination or adverse consequences. Examples of misconduct include financial malpractices, breach of the Group's regulations, endangering health and safety, criminal activity, professional misconduct, wilful failure to declare a relevant interest, disclosing business information without authority, etc. We will investigate any of such reported misconduct cases and take appropriate actions. Those who have reported suspected misconduct to the Group will be protected against victimization.

- **Compliance with Relevant Laws and Regulations that Have a Significant Impact on the Group**

For the year ended 31 December 2018, there were no confirmed non-compliance incidents or grievances in relation to bribery, extortion, fraud and money laundering.

Community

Aspect B8: Community Investment

The Group endeavours to support the communities in which we operate including community engagement to understand the needs of communities, and to ensure the Group's activities take into consideration of the communities' interest. We strive to maintain close communications and interactions with local communities in order to contribute to local development.

- **Labour Needs**

The Group strives to enlarge the business operation so that we can hire more workers to utilize communities' available labour resources.

- **Community Activities**

We encourage our employees to participate in community activities, such as community health initiatives, sports, cultural activities, volunteer work, and charitable events.

- **Environmental Protection**

All employees of the Group are encouraged to participate in environmental protection activities and raise the environmental awareness of people in the communities.