



TEN PAO GROUP HOLDINGS LIMITED  
天寶集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)  
Stock code: 1979

# 2022 環境、社會及管治報告

ENVIRONMENTAL, SOCIAL AND GOVERNANCE  
REPORT



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## REPORTING STANDARD AND SCOPE

This Environmental, Social and Governance (ESG) Report of the Ten Pao Group (“Ten Pao” or the “Company”, together with its subsidiaries, the “Group”) is prepared in accordance with the “Environmental, Social and Governance Reporting Guide” in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. This report covers the reporting period from 1 January 2022 to 31 December 2022 (the “Reporting Period”). The report framework constitutes four major directions, namely, product quality, talent development, environmental protection and social welfare, with a goal of providing a more comprehensive overview of the direction, strategy and performance of the sustainable development of our business. Different to the previous report, apart from covering the Group’s production factory in Huizhou City, Guangdong Province, the reporting scope includes the factory in Dazhou City, Sichuan Province. The Group’s other business units do not have significant environmental and social impacts generated during the reporting period and therefore they are not included in this report.

## REPORTING PRINCIPLES

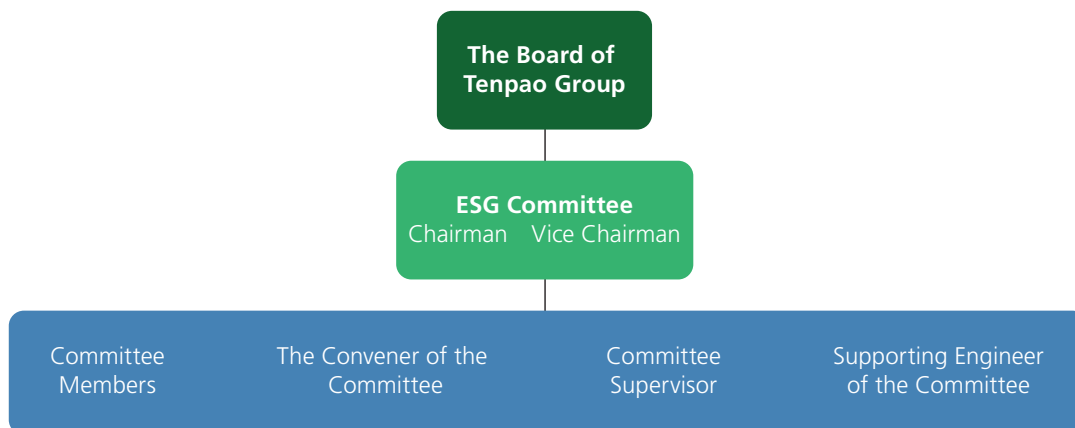
This report is prepared by applying four major reporting principles, namely, materiality, quantitative, balance and consistency.

- **Materiality:** Through engaging with stakeholders as well as considering the Group’s business nature and development, material sustainability issues are identified.
- **Quantitative:** The Group quantitatively discloses its key environmental and social performance indicators where appropriate.
- **Balance:** The Group has identified and disclosed the environmental, social and governance issues with significant impact on the Group’s business, including the achievements and challenges faced by the Group, in this Report.
- **Consistency:** The scope and reporting method of this Report are substantially consistent with those of the previous years, and this Report has also disclosed year-to-year comparative information.

## SUSTAINABILITY GOVERNANCE

In order to enhance the sustainable development governance of the Group, an ESG Committee chaired by a director of the Board was formally established in 2021. The ESG Committee assists the Board to coordinate and oversee ESG matters, implement ESG strategies evaluation, prioritisation and management of material ESG matters, as well as identify and assess the Group’s relevant risks, in order to establish an appropriate and effective ESG risk management and internal control system. The ESG Committee will regularly report major ESG matters to the Board.

The organisational chart of the ESG committee and main responsibilities of the key members:



Position	Main Responsibilities
<b>Chairman</b>	<ul style="list-style-type: none"> <li>o Advance and supervise ESG work to ensure to meet company’s needs and relevant laws, regulation and regulatory requirements;</li> <li>o Review and guide the revision of the company’s ESG relevant systems;</li> <li>o Provide advice, make decisions leading to significant impacts on ESG, and report to the Board in a timely manner.</li> </ul>
<b>The Vice Chairman</b>	<ul style="list-style-type: none"> <li>o Ensure ESG projects to have appropriate resources and units to provide data, advance the ESG projects to achieve targets;</li> <li>o Formulate the Group’s strategy, the policies and implementation plans on the ESG projects’ objectives;</li> <li>o Supervise the implementation of ESG-related work and risk issues in the daily operation of the group;</li> <li>o Assist to foster the implementation of ESG project-related matters.</li> </ul>
<b>Committee Members</b>	<ul style="list-style-type: none"> <li>o Ensure ESG projects to have appropriate resources and units to provide data under the appropriated scope, advance the ESG projects to achieve targets;</li> <li>o Assist in formulating the Group’s strategy, the policies and implementation plans on the ESG projects’ objectives;</li> <li>o Assist in the implementation of ESG project-related matters;</li> <li>o Foster the ESG Committee for various ESG assignment and promote the development of ESG projects.</li> </ul>
<b>The Convener of the Committee</b>	<ul style="list-style-type: none"> <li>o Responsible for liaising with external consultants and assisting in formulating the company’s ESG management guidelines, goals, strategies and structures;</li> <li>o Understand ESG development trends and the latest requirements of listing regulations, as well as assess ESG risks and opportunities, and report to the Committee;</li> <li>o Responsible for convening ESG Committee meetings and formulating discussion topics.</li> </ul>

Position	Main Responsibilities
<b>Committee Supervisor</b>	<ul style="list-style-type: none"> <li>o Provide advice on the Group's ESG projects work, data collection and control measures;</li> <li>o Conduct internal audits and investigations for ESG projects to ensure compliance with laws and regulations;</li> <li>o Review ESG projects work and reports in compliance with the latest requirements of the listing regulations.</li> </ul>
<b>Supporting Engineer of the Committee</b>	<ul style="list-style-type: none"> <li>o Responsible for resolving and handling the ESG technical issues;</li> <li>o Assist in the ESG database maintenance and optimisation;</li> <li>o Assist the members of the ESG Committee to complete the implementation of relevant work.</li> </ul>

In order to strengthen the ESG knowledge for the Group's ESG working group, the Group invited external professional consultants to provide ESG training. The training content covered the latest ESG development, ESG risks and opportunities, helping them understand the importance of ESG matters and their roles.

The Group has joined "ESG+ Pledge" Scheme, which is organised by The Chinese Manufacturers' Association of Hong Kong and the Hong Kong Brand Development Council as a collaboration organisation, aiming at promoting the concept of sustainability and encouraging the business sector to implement the ESG task and make bold commitments to enhance their ESG performance by signing the ESG+ Pledge. By participating in this scheme, the Group demonstrates its support for sustainable development and establishes a pioneer image of actively promoting and practicing ESG. Meanwhile, the Group's risk management and control team has incorporated ESG compliance risks into their risk assessment questionnaire to assist the ESG working group to fully understand the relevant potential risks. This helps to standardise risk management and internal control management. In future, the Group will continue to integrate the elements of sustainable development into the business operations, improve the Group's internal supervision mechanism, and establish a sustainable business model.

## MATERIALITY ASSESSMENT

This report focuses on sustainability issues exerting significant impacts on the Group's business. Approaches to identifying these issues include analysing the environmental and social impacts on our business activities, reviewing and identifying stakeholders' concerns, and gaining insight into global sustainability megatrends. All information disclosed in this report is based on the documents and data of the Group and has been reviewed and approved by the Board at the Board meeting.

## OUR HUMAN RESOURCES

The Group is well aware of the importance of talents on the Group's development, so it constantly improves the working environment, benefits and promotion of employees to attract and retain talents. In addition, we create a fair, diverse and inclusive workplace, and always protect the rights and interests of employees, and strive to become the best employer.

### Deploying Talent Wisely, Being Fair and Impartial

The Group upholds the principle of “open recruitment and talent selection”. The Group selects suitable candidates based on their qualifications, knowledge and skills required for the positions so that human resources can be optimally utilised in various departments. Apart from tying in with the labour policies set out in the national laws and regulations, the Group has implemented an anti-discrimination policy which addresses the fair and equal treatment for all employees in terms of admission, salary, welfare, training opportunities, work arrangements and dismissal. With a view to building fair and open working environment, the Group sets up various communication channels for its employees to voice out and resolve grievance issues such as unfair treatment or deprivation of rights, for creating a promising career prospect.

#### Below is the staff distribution and turnover rate of the Group

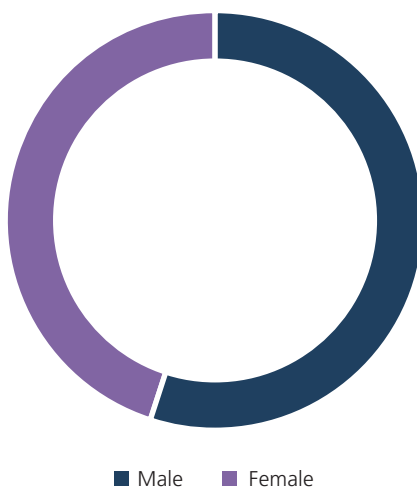
Total number of employees by employment type and gender		Male	Female
Full time	No.	3,510	2,903

Total number of employees by employment type and age group		Below 30 age	31–50 age	51–60 age	Above 60 age
Full time	No.	2,231	3,654	518	10

Employee turnover rate by gender		Male	Female
	%	71.8	63.9

Employee turnover rate by age group		Below 30 age	31–50 age	51–60 age	Above 60 age
	%	78.3	56.0	55.9	42.9

Employee Gender Distribution



The Group strictly prohibits the recruitment of child labour and/or forced labour by any department or staff member. During the Reporting Period, the Group complied with the relevant laws and regulations — including the “Labor Contract Law of the People’s Republic of China” and the “Social Insurance Law of the People’s Republic of China” — relating the remuneration and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination, benefits and welfare, and the prevention of child labour and/or forced labour.

### Caring for Employee Welfare, Balancing for Work and Life

To foster corporate cohesion and productivity and build employees’ sense of belonging, the Group sets up the welfare management regulations and regulates employees’ welfare as respecting every employee’s benefit. We provide different types of employee benefits such as meal allowances, quarters for married couples and subsidies for mobile phone charges. Pursuant to local laws and regulations, the Group also provides statutory paid leave, including marriage leave, maternity leave and breastfeeding leave. Moreover, the Group prohibits overtime work on statutory holidays. In the staff accommodation zone, there are a gymnasium room, a clinic, a library and a computer training room. In addition, the Group held rice dumpling competition, fun sports day etc., every year as well as the annual large-scale cultural evening party and domestic tourism. The Group offers counselling and financial assistance to its employees who are suffering hardship through the projects “Sunshine Project” and “Care Fund”.



Rice dumpling competition



Fun sports day



Cultural evening party



Best employee selection

### Planning Talent Development, Promoting Staff Training

The Group regards employees as the cornerstone of sustainable development and provides employees with an opportunity to reach their potential. Continuous learning and development are particularly important as it not only helps employees to enhance the skills, but also acquire new skills to adapt the evolving changes of market. In view of this, the Group devises an annual training plan based on the needs of different departments. The Group provides a wide range of training programmes to enrich the professionalism, skills and productivity of its employees while cultivating the sustainable development of employees and the Group. Employees are required to complete a specified minimum number of training hours.

During the Reporting Period, the Group organised more than 100,000 hours of training in which each employee was able to receive professional skills training and management-knowledge enhancement every month to enhance their skills and efficiency, such as project management concept and method as well as production process training. This not only add values for the employees' knowledge and skills, but also propel the Group's business development, optimise internal management and production research and development.



Average Training Hour: **12.4**hrs

**Below is the distribution of training of the Group**

**Percentage of employees trained by employee category and gender**

— Senior Management	%	0.3
— Middle Management	%	7.8
— Technical staff	%	26.8
— General staff	%	68.3
— Male	%	55.8
— Female	%	44.2

**Average training hours per employee by employ category and gender**

— Senior Management	hours	9.68
— Middle Management	hours	19.57
— Technical staff	hours	18.23
— General staff	hours	7.16
— Male	hours	12.34
— Female	hours	12.43

**Concerning Occupational Health, Demonstrating Workplace Safety**

The Group is committed to safeguarding the health and safety of employees during the production and operation processes. The Group strictly abides by the Production Safety Law of the People's Republic of China and other relevant laws and regulations pertaining to occupational health and safety, establishing an occupational health and safety protection management system certified by the GB/T45001-2020/ISO45001:2018 Occupational Health and Safety Management System. Relevant safety production training is organised every quarter, including topics associated with case sharing about manufacturing, traffic safety, first aid and hazardous chemicals. A number of fire drills have been held to enhance the employees' capability to handle fire accidents. The Group rigorously carries out daily routine safety inspections as well as weekly production line safety inspections and fire services equipment inspection. During the Reporting Period, the number and rate of death due to work relations of the Group were zero, and the number of days lost due to work-related injuries was 132 days.

	2022	2021	2020
Number of Fatality	0	0	0
Rate of Fatalities	0	0	0

During the Reporting Period, the Group appointed professional laboratories to test the drinking water to ensure that the People's Republic of China (PRC)'s National Standards for Drinking Water Quality GB 5749-2006 were met. Besides, as stipulated by the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, "Provisions on the Supervision and Administration of Occupational Health at Work Sites" and "Management of Occupational Disease Hazards and Regular Inspection in Employers", the Group appointed external professional institutions to test and analyse various workplace conditions including chemicals used during the production processes, noise level, dust, temperature, protection facilities and equipment. Subsequently, improvement measures have been implemented to promote occupational health of employees. Through a series of risk identification and evaluation procedures, the Group devised a management plan for enhancing employee safety awareness in order to continuously improve health and safety performance.

## OUR ENVIRONMENT — GREEN DEVELOPMENT, ENERGY CONSERVATION AND EMISSIONS REDUCTION<sup>1</sup>

### Defining Environmental Protection Approaches, Reducing Energy Consumption and Implementing Energy Conservation

The Group is diligent in taking measures with respect to environmental protection and the mitigation of pollution in various production and operation activities. Based on the environmental management system ISO 14001:2015, the Group has established its own environmental management system and derived a number of environmental protection policies. These policies mainly include formulation of energy conservation plan and target, quantification and monitoring of emission projects, proactive use of renewable energy and requiring all employees to follow the relevant policies and adopt the measures to achieve the goal of energy conservation and emissions reduction.

### Utilising Renewable Energy, Reducing Consumption

In order to maintain effective operation of the environmental management system, the Group set up an internal audit team to proactively conduct environmental operation monitoring and examination in 2018. The Group monitors the key features of activities which may cause significant environmental impacts and draws up an annual plan to alleviate such pollution. In addition, the Group strives to enhance employees' awareness of environmental protection, so that they can better understand how to implement energy conservation, emission reduction, water conservation and waste reduction.



Solar panels



Solar panels

<sup>1</sup> The environmental figures are prepared with reference to "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" published by the Stock Exchange of Hong Kong Limited.



The Group endeavours to introduce renewable energy. In 2013, the Group built a solar energy system, which was placed on the rooftops of the production building and the idle outdoor areas of the Huizhou production base, as a means to harness clean energy. This introduction of renewable energy could educate and encourage all staff members to value the use of sustainable energy. During the Reporting Period, the electricity generated by solar panels is 1,237.37 MWh.

#### Energy Performance Figures

Grid power consumption (MWh)	58,712.12
Electricity generated by solar panels (MWh)	1,237.37
Fuel consumption (MWh)	947.33
Total energy consumption (MWh)	60,896.82
Energy consumption intensity (MWh/million revenue)	11.11

The Group's water consumption is mainly for household use, where potable water is supplied by the local municipal government. In 2018, the Group formulated a "Water Consumption Management System" aimed at regulating water consumption management to meet production and daily needs as well as to ascertain drinking water safety and water supply for production purposes. The Group adopts manual cleaning of solar panels to replace automatic water spray, saving approximately 360 m<sup>3</sup> of water. The Group's water consumption figures during the Reporting Period are as follows:

Water consumption (thousand m <sup>3</sup> )	507.49
Water consumption intensity (thousand m <sup>3</sup> /million revenue)	0.092

The Group is committed to conserving natural resources, energy and water. During the Reporting Period, the Group reviewed the daily operation to identify reduction measures. With sufficient lighting, modification has been made to the lighting system, gradually reducing the number of light tubes used. Moreover, the office air conditioning system must be turned off half an hour before the close of office.

#### Responding to Climate Change, Controlling Emissions

The concerns on risks related to the environment, climate change and extreme weather are burgeoning. The Group is well aware of the importance of climate change and environmental protection, as well as its responsibility to mitigate its negative and adverse effects. Common physical risks include direct damage on assets or impact on supply chains caused by extreme weather such as flooding, heavy rains, and typhoons. Common transition risks refer to the risks derived from changes in policies, regulations, technologies and market demands during transition towards a low-carbon economy. The Group will continue to assess climate risks and implement corresponding mitigation measures.

The Group has adopted an environmental protection policy and mitigation measures such as actively introducing uses of renewable energy to minimise the environmental impact of its business activities. The Group has also adopted corresponding emission reduction measures in response. Exhaust gases are filtered before being discharged and activated carbon filter equipment is installed at the discharge outlet to meet prescribed emission standards. An external environmental consultant was commissioned to take sample of the emission regularly, and the data was subsequently submitted to the environment authority for assessment, strictly reducing environmental pollution. In terms of transportation, the Group has replaced its diesel oil — consuming forklifts with electric vehicles, as a means of reducing harmful air emissions, and has deployed two newly acquired electric vehicles with a priority to reduce fossil fuel consumption and exhaust emissions. Additionally, the Group assesses locations of factories and material suppliers to minimise the impact of climate change on the Group's operations and markets.

Combustion emissions are mainly resulted from vehicles and generator sets. With reference to the Group's fuel consumption records and mileage records, as well as harmful gas emission factors involved in fuel type and combustion equipment, air emissions during the reporting period were listed below:

#### Air Emissions

Nitrogen oxide emissions (kg)	21.52
Sulphur oxide emissions (kg)	1.17
Suspended particulate emissions (kg)	86.24

The Group's GHG emissions are majorly generated from direct electricity consumption (Scope 2) while fuel combustion also causes GHG emissions. The Group's GHG emissions figures are shown as follows:

#### GHG Emissions

GHG emissions (Scope 1) (tonnes of CO <sub>2</sub> e)	197.44
GHG emissions (Scope 2) (tonnes of CO <sub>2</sub> e)	30,930.69
GHG emissions (Scope 1 and Scope 2) (tonnes of CO <sub>2</sub> e)	31,128.13
GHG emissions intensity (Scope 1 and Scope 2) (tonnes of CO <sub>2</sub> e/million revenue)	5.68

#### Sorting Waste, Nurturing Recycling

The Group sorts waste generated in the production processes by waste categories and transfers recyclable waste to certified recyclers, with a priority given to returning the recyclable waste to its manufacturers or suppliers, according to the relevant waste disposal procedures. Moreover, the hazardous waste inevitably produced during the production processes will be handled by a qualified institution.

 Recycling amount of non-hazardous waste is <b>1,515.19</b> tonnes
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In order to effectively monitor the Group's paper usage, the Group performs monthly statistics with respect to the paper usage of each department and compares the statistics with the prior year. Nonetheless, the Group has implemented waste reduction measures and has placed recycling bins to encourage recycling of non-hazardous waste. The Group's waste figures during the Reporting Period were as follows:

Total hazardous waste produced (tonnes)	36.35
Intensity of hazardous waste produced (tonnes/million revenue)	0.007
Electronic equipment waste (kg)	16,180.00
Total non-hazardous waste produced (tonnes)	1,515.19
Intensity of non-hazardous waste produced (tonnes/million revenue)	0.28
Recycling amount of non-hazardous waste (tonnes)	1,515.19

## Packaging Materials

Paper and plastic are the main materials used for packaging the products, with figures shown below:

Total packaging materials (tonnes)	4,310.82
Paper (tonnes)	3,658.99
Plastic (tonnes)	651.83

## OUR PRODUCT QUALITY

### Quality First, Upholding Integrity

As a developer and manufacturer of power supply products, the Group embraces the value of excellence and strives to expand through the promotion of quality and efficiency while valuing the performance of suppliers on the quality of materials.

Honesty and anti-corruption are rooted in the Group's culture. The Group is convinced that this is more conducive to establishing mutual trust with suppliers.

### Optimising Supply Chain Management, Selecting Quality Materials

The Group implements stringent management measures in the supplier selection processes to ensure the quality of its products. In the course of this undertaking, the Group establishes a supply chain management programme in terms of suppliers selection, capability assessment and evaluation as well as regular site visits, the assessed items are mainly included product quality, service quality, the environment, health and safety etc. When selecting new suppliers, their malfunction records are inspected and recommendation letter for integrity is required. The supplier management records and results of regular assessment are reviewed with specific requirements, covering reputation in the industry, presence of quality, environment, health and safety management systems, testing reports, sample quality verification etc. If the requirements are not met, the supplier shall take corrective and preventive measures. Suppliers will be disqualified if they are ultimately unable to satisfy the specified requirements. If the requirements could not be met eventually, the supplier would be disqualified.

Product development and material-approval procedures are strictly implemented by different departments, including the Group's Research & Development (R&D) from headquarters and various R&D departments of business units, as well as the standardisation centre, strategic procurement centre and quality management centre to ensure that the quality of materials is consistent and meets the relevant standards. Quality and safety of products must satisfy the stringent specification requirements and the inspection by testing organisations. During the inspection processes, any quality issue found must be thoroughly reviewed, followed by improvement proposals and subject to further tests. All procedures must be properly handled in accordance with the relevant policies and procedures, and well documented.

The Group has developed a suppliers management system, where the procurement are required to conduct detailed evaluation and assessments when selecting suppliers, so as to create an impartial, effective and fair supply chain management mechanism. The Group selects and procures materials from suitable suppliers through the procurement processes. By working with the internal quality management centre, the internal staff evaluates and ensures that the materials provided by the suppliers are of high quality. During the Reporting Period, the Group has inspected 76 suppliers and all of them satisfied the requirements.

Supply chain management is highly important to the Group, ensuring quality and safety effectively. Apart from the existing supplier system assessment, the Group will try to adopt additional methods to monitor environmental and social risks along with the increased stakeholders' concerns over the supply chain. In the management processes, risk management on the Group's suppliers is critical. According to the Group's "Supplier Quality Risk Assessment Standards", the supplier quality risk level is classified into four levels from low to high, and corresponding preventive measures are taken to affirm the quality and stability of the products. In order to enhance monitoring of the environmental and social risks caused by the supply chain, the Group requires its suppliers to sign the "Supplier's Corporate Social Responsibility Management Agreement" so that the suppliers should manufacture goods or provide services in compliance with the Group's corporate social responsibility standards. Such standards cover various areas, such as child labour, forced labour and environmental protection. Furthermore, the Group organises supplier annual meetings for its key suppliers to let them understand the Group's development strategy, and the product carbon footprint specification will be incorporated into the procurement requirements gradually. During the Reporting Period, there were 81 main suppliers in PRC.

### Maintaining Quality Control, Advancing Technological Research and Innovation

The Group regards the environmental impacts and product quality as its primary consideration. The Group has launched its own quality management system and attained ISO 9001:2015 certification to ensure that the safety and environmental requirements are met. During the product development and production processes, the Group has successfully obtained a number of domestic and international certifications, including CCC of China, UL and FCC of the United States, GS of Germany, CE (EMC/LVD) of the European Union, PSE of Japan, KC of Korea, BSMI of Taiwan, EAC of Russia and the Eurasian Economic Union (EAEU), and BIS of India.<sup>2</sup>



Certificates on Tenpao's laboratory

The Group provides quality products and services to customers by strictly following its quality standards on top of the said certified requirements. During the Reporting Period, the Group did not receive any major complaints and major claims regarding our products and services, and there were no product recalls caused by safety and health reasons.

<sup>2</sup> International certification marks: China Compulsory Certification (CCC) of China; UL (formerly Underwriters Laboratories) and Federal Communications Commission (FCC) of the United States; Geprüfte Sicherheit (GS) of Germany; CE (Electromagnetic Compatibility Directive/Low Voltage Directive) of the European Union; Product Safety Electrical Appliance & Material (PSE) of Japan; Korea Certification (KC) of Korea; Bureau of Standards, Metrology and Inspection (BSMI) of Taiwan; Eurasian Conformity Mark (EAC) of Russia and the Eurasian Economic Union (EAEU); and Bureau of Indian Standards (BIS) of India.

The Group conducts a 100% load test system (or “burn-in”) internally prior to shipment to ensure the fulfilment of the quality requirements. The Group has set up a national accredited professional laboratory, against a backdrop where laboratories at this level of competency are only owned by a handful of electricity enterprises in Guangdong Province. The Group’s laboratory is also accredited by the China National Accreditation Service for Conformity Assessment (CNAS) ISO/IEC 17025 and has achieved qualifications relating to Customer Testing Facilities (CTF), the Client Test Data Program (CTDP) and Testing at Manufacturer’s Premises (TMP) that are authorized by internationally renowned institutions such as TÜV Rheinland AG, UL LLC, Intertek Group plc, SGS SA and DEKRA SE. In addition, the Group is compliant with standards set by the California Energy Commission’s (CEC) energy efficiency laboratory in the United States. To offer quality products and services to customers, the Group’s laboratory is equipped with around 300 sets of various testing instruments and equipment, which can timely provide customers with professional testing services in terms of safety, reliability, electromagnetic compatibility (EMC), material analysis, fire-retardant and water-resistance solutions and electrical noise, as well as conditioning chamber testing.



**300+** Testing Instruments and Equipment

In order to handle those goods returned from customers effectively, the Group has formulated the “Process to Handle Goods Returned from Customers”, managing and controlling the whole process systematically, such as returning goods, receiving goods and re-ordering. At the same time, the Group will further investigate the root causes of the defective goods to continuously improve product quality.



**EMC laboratory**



**IP laboratory**



**Environment laboratory**



**Components analysis laboratory**

In order to meet the needs of evolving markets, the Group develops new products continuously, and has established the standard operation procedure named as “Process on Creating New Product Projects” and “Product Development Planning Process”. “Process on Creating New Product Projects” guides processes about creation of new product projects and development pre-assessment of development, such as assessment on the future market demand and laying down requirements to create new projects, so as to achieve timely projects creation, projects being manageable, R&D costs saving, and increase the project success rate. “Product Development Planning Process” guides and standardises the entire process of design and development planning, input, output, review, verification, confirmation, conversion control, and document retention, defines the tasks of each stage, establishes the work objectives of each stage, and ensures the process of design and development under control. Participation includes sales on Business Group (Business Group namely BG)/subsidiaries, R&D, Business Group manufacturing, procurement, product safety, engineering, quality control, Group R&D Business Group (including research institutes), resource Business Group, human resources departments etc.

### **Upholding integrity and self-discipline, Eradicating Bribery and Corruption**

The Group upholds high legal and ethical standards and requires all employees lead by example, and establishes an integrity management system to prevent bribery, corruption and money laundering, setting out relevant rules and penalties and setting up a whistleblowing hotline. We will provide training of integrity and anti-corruption for employees newly joined and they are required to accept all-rounded supervision and sign anti-bribery agreements and comply with the relevant requirements to secure intellectual property and confidentiality. The Group also provides integrity training and case studies of corruption to employees from time to time. Suppliers shall also agree with our values and principles, uphold high standards of business integrity and technology. Every year, an open letter of integrity is issued by the Group’s Chairman to suppliers, and all suppliers must sign integrity agreements as well. During the Reporting Period, the Group did not have any corruption lawsuits.

### **Protecting Intellectual Property Rights and Strictly Controlling Management Procedures**

The management of intellectual property rights has a great impact on the Group’s R&D innovation and business promotion. Therefore, the Group has established the “Organisational Intellectual Property Management Procedures” to protect the Group’s intellectual property rights effectively, strengthen the management of research and development results, and promote technological innovation activities, preventing the loss of intangible assets and improving market competitiveness. “Organisational Intellectual Property Management Procedures” set out the relevant application procedures, the judgment criteria on the practicality, novelty and creativity of patents, as well as the management and maintenance of patents.

### **OUR SOCIAL WELFARE — CARING FOR THE COMMUNITY BUILDING FOR THE FUTURE**

The Group believes that gaining the trust of the communities and getting their recognition on the contributions to the communities is very important as the key for sustainable business development. As a socially responsible enterprise, we undertake the mission of promoting the harmonious development of society. We encourage employees to participate in volunteer works to support community investment and development.

During the Reporting Period, the Group continued to make charitable donations in Hong Kong, Huizhou City and other regions, including The Community Chest of Hong Kong, Yan Oi Tong, Amity Foundation, Shine Tak Foundation and Huizhou Ganghui Foundation. While the Group was enthusiastic about participating in different kinds of community works and charitable activities, including nursing home visit, participated basketball games as organised by parties in Huicheng District, namely, Jing Fu Champion, planting trees, and visit for the needy people in Chinese New Year etc.



**Nursing home visit**



**Basketball game**



**Donations of anti-epidemic articles**



**The community chest new territories walk for millions 2022**