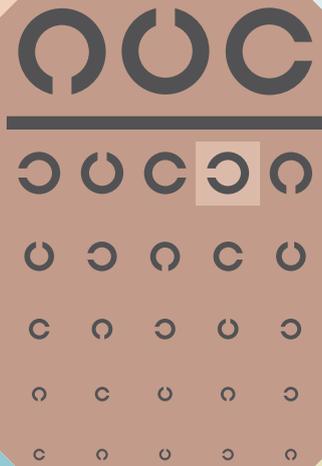
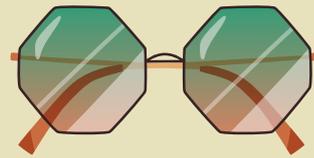


Arts Group

Arts Optical International Holdings Limited

(Incorporated in Bermuda with limited liability)

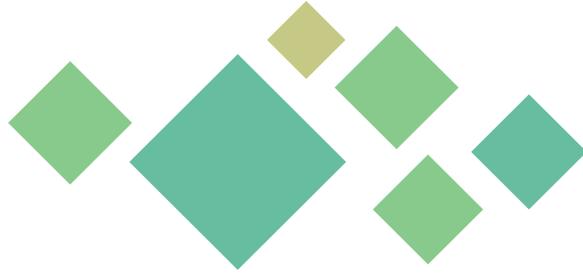
Stock Code: 1120



2021

Environmental, Social & Governance Report

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About the Report

This is the sixth Environmental, Social and Governance (“ESG”) Report of Arts Optical International Holdings Limited and its subsidiaries (collectively, the “Group”) (Stock code: 1120). It describes the Group’s plans, actions and approach to management of performance on environmental and social aspects for the year ending 31 December 2021. Data provided in this report are internally collected.

REPORTING GUIDELINE

This Report complies with the ESG Reporting Guide set out in Appendix 27 to the Listing Rules of the Stock Exchange of Hong Kong Limited (the “HKEX”). The principles of materiality, quantitative, consistency and balance are followed in this report in spirit.

Materiality:	Sustainability issues material to the Group are identified after obtaining views of different stakeholders every year.
Quantitative:	Data are presented in a format that allows for year-on-year comparison and thus helps the reader get a clear view of progress made in addressing sustainability issues.
Consistency:	All efforts have been made to maintain consistency of data, so that performance in previous periods can be compared with that in the current year.
Balance:	All impacts of the Group’s business activities, positive and negative, on the environment, are reported.

This Report is published in English as well as Chinese. If any discrepancy between the two versions comes to light, the English version shall prevail.

REPORTING PERIOD AND SCOPE

Arts Opti Lab (Shenzhen) Company Limited (former name: Argent Optical Technology (Shenzhen) Company Limited) (“AOL”) is the main operating entity of the Group. ESG performance of AOL and the Group headquarters in Hong Kong for the financial year from 1 January 2021 to 31 December 2021 (the “Year”) is disclosed in this report. Optical product design, manufacturing and sale is the main business of the Group. Details of the Company’s approach to and performance in corporate governance and the practices it follows are set out on pages 21 to 31 of its 2021 Annual Report.

We value opinions and suggestions of all stakeholders. Enquires, either by post or by email, together with contact details, addressed to the head office of the company may kindly be sent to the following address or via email:

Arts Optical International Holdings Limited
Address: Unit 308, 3/F, Sunbeam Centre, 27 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong
Email: connieleung@artsgroup.com
Attention: Senior Administration and Accounting Manager



ESG Management Approach

In the last 40 years of its presence in the market, the Group has seen the importance of environmental concerns growing steadily. We are conscious of our responsibilities in this context and understand that it is our duty to ensure that the impact of our business on the environment and the community is minimized to the extent possible. We are committed to providing high quality optical products to our customers, striving to make our operations as sustainable as possible by reducing energy consumption and reducing waste generation. When taking decisions on design, manufacturing and distribution, we consider the environmental impact at each stage and strive to strike a balance between profit and sustainability.

The Group and its management take environmental and societal impacts of its business seriously. Responsibility for overseeing ESG-related risks are that of the board of directors and the top management evaluates effectiveness of internal controls and risk management system. All ESG-related issues that are considered important for the Group including environmental compliance, occupational health and safety, business ethics, are identified by ongoing stakeholder engagement and validation and are incorporated in its risk management framework and action plans are drawn for environmental management, employment policies, operating practices and community engagement.



Environmental

- Use clean and renewable energy as much as possible.
- Opt for green production technologies.
- Train employees to boost resources conservation and emissions control.



Employment

- Ensure there is no employment of forced or child labour.
- Offer employees all statutory welfare benefits and a safe and healthy workplace.
- Employees should get training to hone their skills and advance their careers.



Operating Practices

- Inspect incoming inputs for quality and assess overall performance of suppliers.
- Zero tolerance for corruption in any form; well-defined anti-corruption policies in place.
- Promote integrity as an important part of corporate culture, with an effective whistleblowing policy.



Community Engagement

- Cooperate with peers to drive development of the optical industry.
- Support the community with sponsorships of sports and cultural activities.

The board of directors of the Company (the “Board”) owns the responsibility for ensuring integrity of this report. The Board has reviewed the report and has confirmed that it has addressed all material ESG issues and provides all relevant information pertaining to the management approach and performance of the Group in management of ESG-related matters.

Community Engagement

The Group see it as its role to make a positive contribution to society, actively supporting social welfare and charity activities and giving back to the society with practical actions in good faith. In 2021, the Group was presented the “3+ Year Award (Enterprise Group)” for Industry Cares by Federation of Hong Kong Industries in recognition of the significant efforts in corporate social responsibility. AOL was awarded the “Anti-epidemic Contribution Enterprise” recognition in November 2021.



MATERIAL DONATION



Jambu Buddhism Centre

The Group donated **Protective Isolation Masks** to support the Jambu Buddhism Centre to support the care for the pandemic.



Artscompana

The Group donated **Dakota Smith Eyewear** to support people with disabilities and deliver warmth. Artscompana became charities in 2019. It is the first charity in Hong Kong to promote inclusive arts by the disabled. It also provides a platform for people with disabilities to unleash their artistic talents and earn valuable rewards. Promoting inclusion and contributing to society.



Music Farm

The Group donated **Dakota Smith Eyewear** to support the Music Farm and care about the epidemic.



Centre for Community Cultural Development

Centre for Community Cultural Development was established to promote and unleash the potential of community cultural development through organizing different types of cultural activities, with a view to helping the community and the community to face the challenges arising from social changes through various support. The Group donated **Dakota Smith Eyewear** as gifts for various projects to support the community.



Community Engagement

PUBLIC SERVICE ACTIVITIES

Mary Help of Christians Church

As one of the sponsors, we are involved in providing eye care services for the needy elderly who are house-blockers, CSSA recipients, low-income and unemployed. We provide eye examinations and prescription services in the form of subsidies. The Group is responsible for providing optical frames below cost.

A total of 6 volunteers from the Group participated in this activity, serving a total of 142 man-hours, successfully serving more than 140 elderly people and over 90% providing glasses. We received a lot of praises for this activity. The professionalism of the optometrists, the patience and care of the volunteers, the high quality of the glasses and lenses were very impressive.



Job Shadowing Mentorship Scheme 2021

The Group participates in the Job Shadowing Mentorship Scheme 2021, which was organized by Federation of Hong Kong Industries. This program gives priority to young people in disadvantaged situations and mobilizes corporate management to share their life experiences with young people in the workplace to set good role models and contribute to society. To give young people an initial understanding of the world of work and explore the future development path. Let the youth learn the way to success under the leadership of the management of business enterprises.

Mask Design Competition

“MiniBoxx”, one of the Group's brands specialized in children's blue light blocking glasses and Mr. Poco — Back to School & Kids Essentials, jointly organised the “Easter Mask Design Competition”. The competition was divided into open category and children's category, with participation from schools, art galleries, different organisations, parents and children. The objective of the mask design competition is to incorporate the Easter atmosphere and creativity into the design process, and to promote self-protection and positive energy in the fight against adversity.



Community Engagement

Cultural Activities

The Group actively organizes and participates in community activities. As a part of the community, we want to give something back to the community while consuming its resources. In 2021, the Group organized a number of community cultural events to promote community engagement.

First Aid Platinum National Self-help and Mutual Rescue Day



Anti-drug Campaign



Party Building Activity



Pingdi Street “Struggle for A Century, Set Sail for A New Journey” Series of Activities



“Baiqi Cup” The First Shenzhen Optical Industry Basketball Tournament



2021 Pingdi Sub-district General Work Association — Rhythmic Gymnastics Competition



Going forward, the Group will continue to support the community and fulfill its corporate social responsibility for creating a harmonious society.

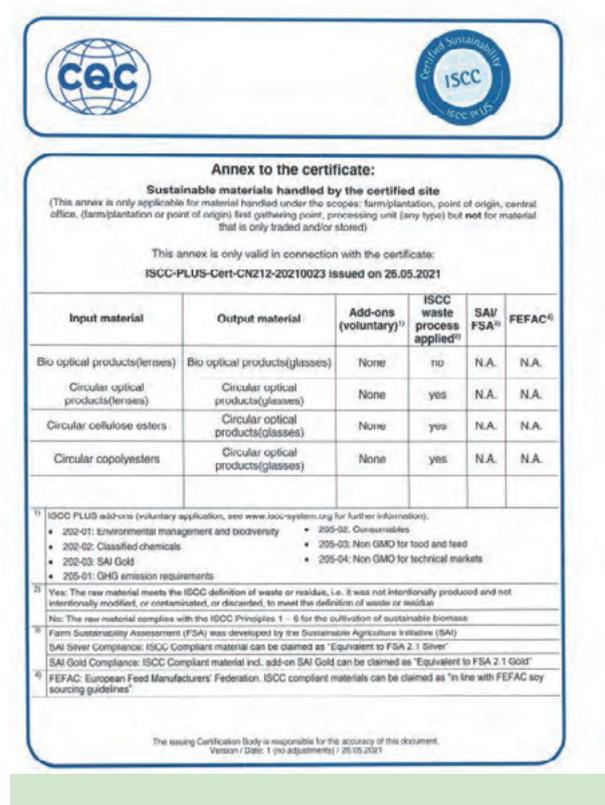
Environmental Management

Reducing environmental effects of commercial activities is a continuous process. A comprehensive environmental management system duly certified under ISO 14001:2015 standard is already in place. The Group's Environmental Management Department oversees treatment of wastewater and exhaust gases before discharge. It is the duty of this department to ensure that treatment facilities are maintained properly, hazardous waste is disposed in a compliant manner, and noise levels remain within permissible limits. We regularly commission third parties to confirm that our work is in full compliance with the relevant environmental laws and regulations. In order to ensure that employees responsible for duties related to environmental protection have the requisite skills, suitable training is provided to such personnel. Training programs include environmental supervisor training, environmental safety training, wastewater and exhaust gas management training.



Our Environmental Goals

As a policy we insist that suppliers are as conscious about their environmental responsibilities as we ourselves are about our responsibilities toward the environment and the society. Requirements in this context are communicated to all suppliers and their performance is reviewed periodically to ensure they are fulfilling the stipulated requirements. To ensure that we fulfill our duties, we have obtained certification with International Sustainability and Carbon Certification (ISCC) in 2021, a globally known certification system.



To the best of our knowledge, there was no instance of any non-compliance of relevant laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste during the reporting period.

CLIMATE CHANGE

We are concerned about the possibility of climate change affecting our activities. Extreme weather events, such as typhoons and floods, have the potential to impair our daily operations. The Group is committed to managing its operations' climate change risks by establishing plans in accordance with global and industry best practices to reduce the effects of climate change and create knowledge of climate change resilience.

A Climate Change Policy has been formulated, which lists actions required and taken for addressing climate change. The Group reviews its Climate Change Policy on a regular basis to ensure that necessary information and resources are available for monitoring and routinely reviewing the impact of climate change on its business operations.

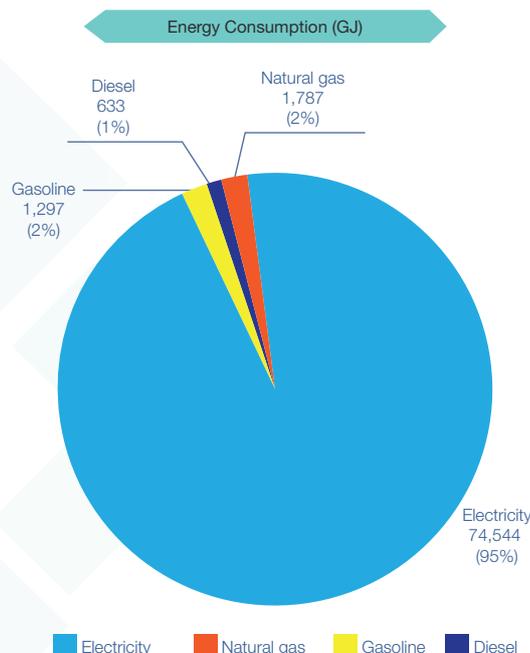
EFFICIENT USE OF RESOURCES

Energy and Resources Management

Efficient use of natural resources is an important part of addressing environmental issues. The Group has therefore documented an energy and resources management regulation to be followed in day-to-day operations. Energy, water, office supplies and production materials are covered by these regulations. We have a Production Technology Research and Development Centre which audits and helps reduce consumption of energy and other resources. Appropriate measures are taken when a significant increase in resources consumption is detected.

Energy

Energy consumption of the Group comprises purchased electricity, gasoline, diesel and natural gas. Total energy consumption during the reporting period was 78,261 Gigajoules (GJ), implying an energy usage intensity of 0.0074 GJ per unit of production volume. Purchased electricity, used mainly for operating machines, was the major component of energy consumption and the 20,706,635 kWh of it accounted for 95% of total energy consumption.



Environmental Management

Energy Consumption	2020	2021	Changes
Electricity (kWh)	17,696,823	20,706,635	17.01%
Gasoline (Litres)	31,389	40,685	29.62%
Diesel (Litres)	15,030	17,685	17.66%
Natural gas (m ³)	30,738	45,893	49.30%
Total energy consumption (GJ)	66,444	78,261	17.78%
Energy intensity (GJ/unit of production volume)	0.0100	0.0074	-26.00%

GHG Emissions

Scope 1 (direct) emissions of greenhouse gases (GHG) comprise fuel consumption while Scope 2 (indirect) emissions are accounted for by electricity consumption. Total GHG emissions during the reporting period were 16,780.8 tonnes of carbon dioxide equivalent (tCO₂e), representing emission intensity of 0.0016 tCO₂e per unit of production. Scope 2 emissions account for 99% of the total emissions.



Reducing energy consumption is viewed by the Group as a major concern and therefore we have formulated a specific policy and approach for reducing energy consumption and, by implication, GHG emissions. We are working to expand usage of clean and renewable energy to the extent possible by such measures as using more of LED energy-efficient lighting and replacing conventional switches with automatic switches. In addition, frequency control blowers and equipment are being used in order to reduce electricity usage. Our Hong Kong office supports the “Indoor Temperature Savings Charter” programme and maintains room temperature in offices between 24 to 26°C during summer, contributing to electricity conservation.



Environmental Management

Energy Conservation Measures

Increase Lighting Efficiency	Use LED lighting fixtures to save energy. Use three tubes light basins since they reflect light and help reduce the use of lamps.
Sustainable Procurement	Give preference to all kinds of recyclable and eco-friendly products. Procure electrical appliances with high energy efficiency.
Use of Renewable Energy	Install solar panels wherever possible. Expand consumption of renewable energy.
Adoption of Power Control on Machines	Switch off electronic appliances when not in use. Opt for electronic switches since that helps reduce energy wastage. Automatic switches when possible, to reduce energy consumption.
Electricity Usage Monitoring	Examine and analyse energy consumption every month.
Green Production	Accord priority to green production technologies.

For conserving energy, it is necessary to make all employees aware of its importance and their consciousness about energy conservation is kept alive by frequently sending descriptive notices. Another way of conserving energy is to reduce business travel and use online communication channels. When travel is unavoidable, we generally travel by economy class and use public transport to the extent possible. Another important step we take is selecting local subcontractors and suppliers to the extent possible. This helps reduce GHG emissions attributable to transportation. This approach is to be used in the future too, to reduce energy consumption.

Environmental Targets

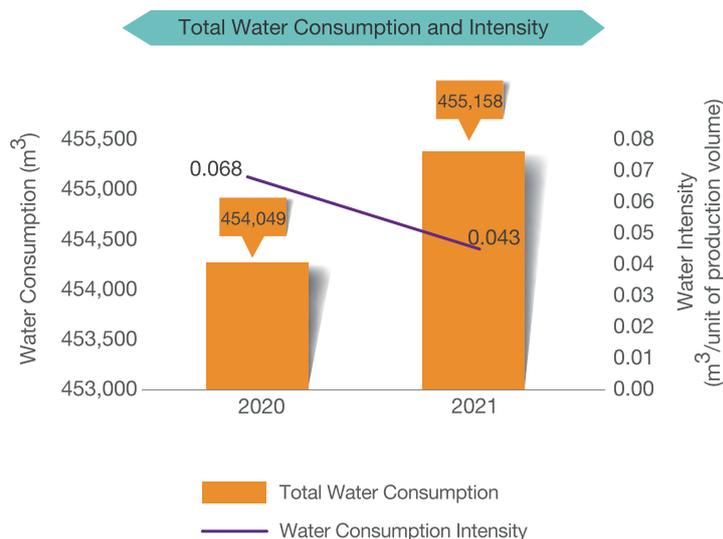
We have set targets for different aspects of environmental protection and monitor our performance against these targets regularly. These are as shown in the table below:

Environmental Targets	Targets
GHG Emissions	Full switch to electric vehicles by 2030.
Energy Efficiency	The proportion of electrical appliances with energy-saving labels is gradually moving towards 100%.

Environmental Management

Water

We consume water mainly for industrial purposes at the AOL facility, besides some consumption for domestic purposes. Total water consumption during the reporting period was 455,158m³ which was procured entirely from municipal supplies. Intensity of water usage was 0.043m³ per unit of production volume. There was no difficulty in sourcing water fit for the purpose during the reporting period.



While we consumed slightly more water during the year. Water consumption and magnitude of recycling is analysed for devising suitable steps for conservation. In 2021, water consumed for production was controlled effectively by implementation of specific plans for each water supply point. Wastewater from washing of packaging materials and water used for cleaning is recycled for the grinding process.

Employees at AOL facilities, as well as at the Hong Kong office are constantly urged to be conscious of the need to conserve water. Equipment designed to reduce wastage and consumption is used where possible. Our broad target is to reduce water consumption by 1% each year.

Packaging Materials

Packaging materials such as paper and plastics are used at AOL for packaging of finished products. During the year, consumption of packaging materials amounted to 21.93 tonnes of paper and 1.16 tonnes of plastic materials. Efforts are being made to reduce the use of packaging materials, principally by opting for simpler packaging designs. There has been a significant reduction in consumption of packaging materials since 2019.

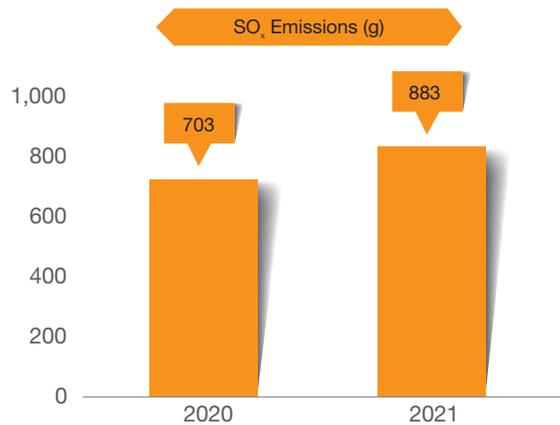
Packaging Material (Tonnes)	2020	2021	YOY
Paper	25.50	21.93	-14.00%
Plastic	0.98	1.16	18.37%



EMISSIONS

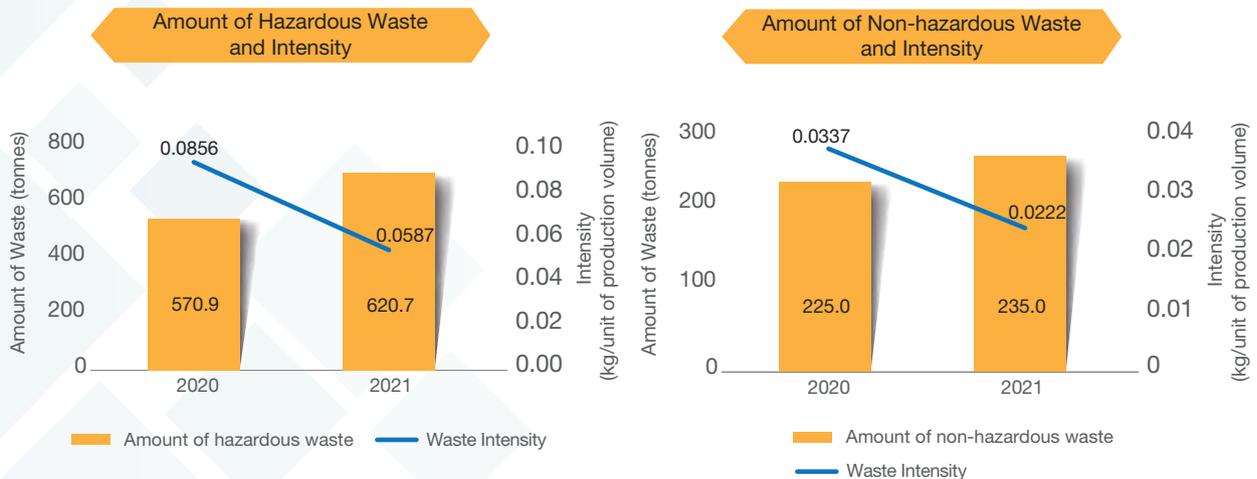
Air Emissions

Plying of vehicles at AOL and in Hong Kong consumes gasoline and diesel, leading to emission of Sulphur oxides (SO_x). Total emissions on this account during the reporting period amounted to 882.81g of SO_x, 25.6% more than 2020. Despite the increment, we continue to provide training courses and encourage employees to use more of electronic communications and avoid use of vehicles as well as business travel. We have set up computers and meeting rooms specially for video conferencing.



Waste

Our facilities at AOL generate hazardous as well as non-hazardous waste. Hazardous waste generation was 620.7 tonnes in 2021, with intensity of 0.0587 kg per unit of production volume. Non-hazardous waste was 235.0 tonnes, representing intensity of 0.0222 kg per unit of production volume.



Those responsible for handling waste at AOL are well-trained for the purpose and hazardous waste is collected by a qualified company responsible for proper disposal, in compliance with applicable rules and regulations. We store recyclables such as metals, plastics and paper separately. Specialised training is provided to employees responsible for handling waste and related issues so they know the right way of disposing waste safely. All employees are repeatedly requested to ensure that recyclables do not get contaminated with other waste. Typical posters read “keeping recyclables clean”, “not recycling composite materials” and “not putting food leftovers and used tissue paper in three-colour recycle bins”.

Environmental Management



Hazardous waste

- Gradually introducing environment-friendly equipment and techniques at AOL factory.
- Hong Kong office has made it a practice to take useful components out of damaged computers and equipment.



Non-hazardous waste

- Encourage reuse of materials such as used envelopes and folders.
- Used toner cartridges and damaged furniture are collected and recycled by professional recycling companies.
- Avoid using disposable plastic items.
- Encourage employees to print on both sides of the paper and reuse single-sided paper.
- Reduce paper consumption through communication technology (e.g. increase email communication).

Every year we set specific targets for reduction of emissions. During the year, we were able to meet the following targets.

Environmental Targets	Results
Disposal and treatment of hazardous waste in compliance with relevant laws and regulations.	Achieved
Wastewater discharge and gas emissions must meet the emission standards.	Achieved
Noise at the factory should be within the environmental impact assessment standards.	Achieved



INDOOR AIR QUALITY MANAGEMENT

Indoor air quality is an important aspect that determines how healthy the working environment is. We pay special attention to this and enhance the indoor air quality by maintaining ventilation in the office. Windows are opened regularly for ensuring increased indoor air circulation and central air conditioning system is cleaned regularly which helps maintain its efficiency. We procure only select products that contain no or low Volatile Organic Compounds (VOCs).

ENVIRONMENTAL EMERGENCY MANAGEMENT

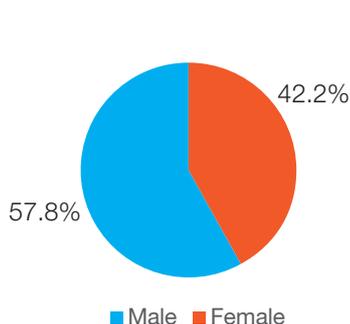
Unexpected situations and events such as fire, hazardous waste or wastewater leakage can have significant impact on the environment as well as safety of our employees. In order to prepare our staff to deal effectively with such situations, an emergency preparedness and response procedure has been formulated, providing guidelines for responding to emergency incidents. Key employees are provided specialised training so that they are ready to provide leadership for handling emergencies. Holding mock drills is an integral part of such training. These drills help us to ensure all employees follow the prescribed guidelines and move in a responsible, effective, efficient and timely manner. In the reporting year drills were held for pollution related incidents, chemical leakage and operations in confined space.

Employee Management

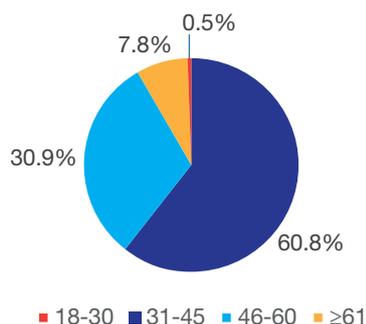
EMPLOYEE PROFILE

As of 31 December 2021, we had a total of 2,762 full-time employees at the AOL factory and Hong Kong office taken together. About 57.8% of total employees are male and the rest female. About 97% of employees are based at the AOL factory in Mainland China and the rest are deployed in Hong Kong office. The 31-45 age group accounts for about 60.8% of all employees. The overall employee turnover rate in 2021 was approximately 20.7%.

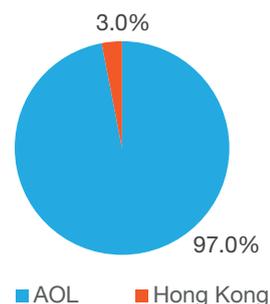
Employee Profile by Gender



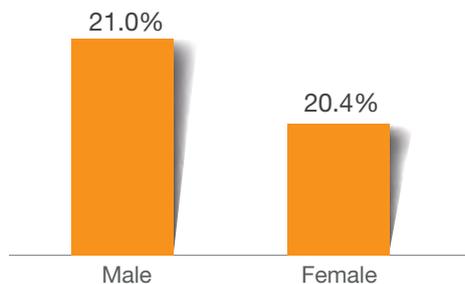
Employee Profile by Age



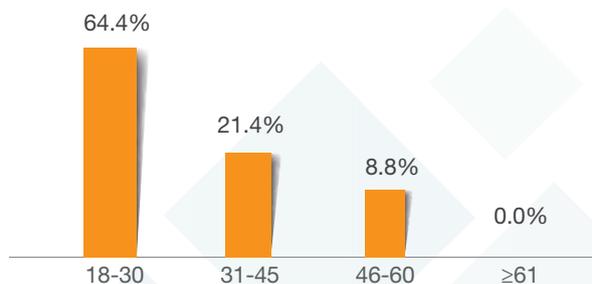
Employee Profile by Geographical Region



2021 Turnover Rate by Gender



2021 Turnover Rate by Age



LABOUR STANDARDS

Child or forced labour is strictly prohibited. We follow standardised recruitment policies which helps us ensure no child or forced labour is deployed in our business operations. Identity documents of all applicants are checked thoroughly and verified by our recruitment personnel. During the reporting period, the Group was not aware of any non-compliance of relevant laws and regulations that have a significant impact on the Group relating to prevention of child or forced labour. There was no reported case regarding child or forced labour during the year.

EMPLOYEE RIGHTS AND WELFARE

The Group treats all employees as equals and goes out of its way to ensure that no employee is discriminated against or is subjected to harassment because of race, religion, colour, social status, nationality, disability, gender, sexual orientation or any other reason. All employees at AOL and at Hong Kong office enjoy equal, fair, just and open treatment. All promotion and other similar decisions are taken on the basis of performance, experience and personal ability.

Competitive and attractive remuneration along with generous welfare benefits is the key to employee satisfaction with the Group. We believe in this principle and offer competitive packages including basic salary, end of year double-pay and bonus to our employees. In Hong Kong office the Mandatory Provident Fund Schemes Ordinance is complied with and monthly contributions are made for the benefit of all qualifying employees. Leave is granted as per laws of the land and include paid leave, sick leave, maternity leave, paternity leave and marriage leave etc.

For performing well, employees need to maintain a broad balance between work and personal lives. Realising this, we actively encourage and help our employees to maintain this balance. We do not insist upon overtime work unless an employee is voluntarily willing to work overtime or on public holidays. Compensatory leave is allowed to all. Besides we regularly organise social and entertainment activities to help employees cope with stress.

Employees optical optometry service

The Group provides optical optometry services for Hong Kong office employees, families and friends at a charity cost to ensure their health and life needs while showing warm care to them.



During the reporting period, the Group was not aware of any non-compliance of relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, and other benefits and welfare.

HEALTH AND SAFETY

Safety Management

Unless employees have a safe and healthy workplace, they cannot perform efficiently and effectively for the business of a firm to grow and sustain. To address issues related to safety and health of employees we have an Occupational Health and Safety Committee in place headed by the General Manager. Responsible for maintaining a safe and healthy working environment, this committee was set up way back in 1987 with currently 124 members, actively promoting safe working practices and ensuring continual improvement of occupational health and safety policies and practices.

We communicate with employees regularly, using promotional materials posted on our website. Well-being of employees, suppliers and customers is a major priority and therefore we enhance safety awareness of employees and strive to improve their knowledge and skills related to occupational safety. This helps employees identify and avoid any health hazards they may face in the course of their work.

Safety at work

In the course of their work, many employees need to take some precautionary measures. These are documented in a series of occupational health and safety policies and procedures meant to enhance safety and prevent injury at work. The Group provides personal protective equipment in compliance with applicable rules and laws and ensures adequate ventilation for the safety of those exposed to toxic and harmful gases, dust and noise. Working hours of those who are exposed to high-risk occupational hazards are also controlled.

We believe staying alert constantly is the key to resolution of most issues. We carry out inspections of production sites regularly and that helps identify potential hazards, allowing time for figuring out required rectification measures. Besides inspections of the site, we organise free medical check-ups for employees at AOL factory to identify any potential for occupational diseases and we provide medical insurance, travel insurance, personal accident insurance and employee compensation coverage to employees in Hong Kong office. When there is an unfortunate event of injury or fatality, compensation is fair.

During the year, our AOL factory recorded 35 cases of work-related incidents and 354 lost person-days due to work-related injuries while there were no fatalities. We hope to keep enhancing our safety strategy to provide the best possible protection to our employees and pursue the target of zero injuries at work. The Group was not aware of any violation of relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protection of employees from occupational hazards during the year.

Occupational health and safety policy

Indoor working conditions and monitoring policy

An external professional agency was commissioned for environmental assessments in AOL factory, according to the Occupational Hazards Daily Monitoring and Management System.

Working facility safety management policy

Adhering to the principle of “Safety and Prevention First”, we adopt a systematic management approach in managing equipment throughout the production process. We continue to improve and enhance the level of safety technology and timely and effectively eliminate any potential hazards of equipment operations.

Employees’ work safety or training policy

We provide employees with appropriate safety training to strengthen and improve their awareness and skills for responding to occupational hazards in the workplace. Besides regular safety training, new employees and transferees are required to receive and pass the training on the potential safety hazards and corresponding preventive measures related to their respective positions before they are on board.

Fighting COVID-19 with Employees

Like most business organisations outbreak of COVID-19 pandemic resulting in taking care of health and well-being of our employees. Being in the eyewear industry, we provided protective goggles (AustSports Eyewear) to all employees since that sort of reduces the risk of infection. Employees were encouraged to take COVID test regularly. Norms of social distancing were followed scrupulously and employees were made to wear masks and wash their hands frequently. During the year, the Group achieved zero infections within the company. In Shenzhen, AOL was rewarded the “Advanced Security Unit for the COVID Prevention and Control”.



DEVELOPMENT AND TRAINING

In the last two decades or so technological changes have become too frequent and innovation in applications has grown leaps and bounds. Employees have to constantly sharpen and deepen their knowledge and skills. And it is important for the Group to offer adequate opportunities to employees for realising their potentials. The Group ensures that competent employees are provided adequate resources and opportunities to push innovative ideas and learn nuts and bolts of equipment with new technologies.

Business processes, materials management and inventory control, lean production, quality control, visitor reception etiquette, wastewater and environmental management rules, anti-terrorism, fire safety, packaging quality and safety are the issues on which we arrange training for employees. Programmes for new comers focus upon factory regulations and fire safety knowledge, besides production technology. Whenever an employee opts to attend an external training programme, the Group provides subsidies and scholarships.

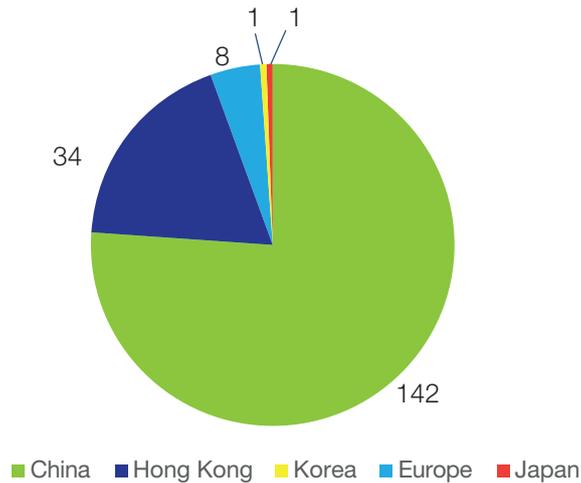
A total of 470 hours of training was provided to male employees while the figure for female employees was 392 hours. Total training hours for senior management were 11 hours, 63 hours for middle management and by junior level personnel received training of 788 hours.

When it comes to decisions about promotions and adjustments in compensation packages, we go out of our way to ensure equal and fair treatment to all employees. We follow standardised procedures that lead to open and transparent decisions, based on abilities and performance. Special training is provided to employees with high competence, the assumption being that they shall be able to move up the ladder at an accelerated pace.

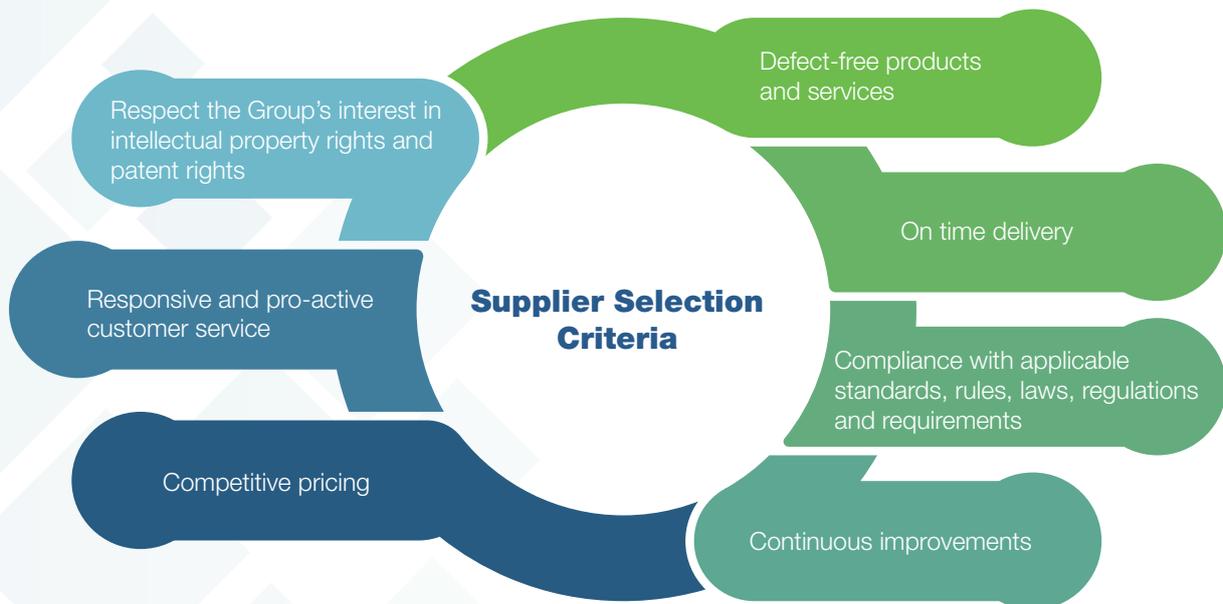
SUPPLY CHAIN MANAGEMENT

Long-term and smooth and stable relationships with suppliers is viewed as the way to a smooth-running supply chain capable of addressing all ESG issues effectively. During the year, the Group had a total of 186 suppliers, of which approximately 76.3% were located in Mainland China.

Suppliers by Geographical Distribution



Criteria and procedures for selection of suppliers are clearly defined and their performance in corporate social responsibility (CSR) is an important criteria. Suppliers should follow the social responsibility standard SA8000 and larger suppliers are expected to designate a compliance officer responsible for interacting with the Group and resolving quality and compliance issues.



Operating Practices

Green Procurement

Green procurement is the norm when buying inputs for daily operations. The Group purchase only eco-friendly products like recycled papers, replaceable pens and recyclable laser printing cartridges. Electrical appliances we buy must comply with The Energy Efficiency (Labelling of Products) Ordinance and furniture items must be manufactured with environmentally friendly materials.

Performance of suppliers who earn revenue of over one million Hong Kong Dollars from our Group is evaluated on a quarterly basis, in terms of timely delivery and quality of products. If a supplier's performance is found wanting, corrective measures are initiated when necessary. However, if a supplier fails to improve performance in tune with our requirements, we may terminate our relationship with such suppliers. During the year, approximately 72% of the suppliers were assessed.

PRODUCT RESPONSIBILITY

Quality Management and Assurance

Delivering optical products and services of the highest standards and quality to customers is the key concern of the Group. Strict quality control is ensured by the Testing Department and the Quality Control (QC) Department who control and verify quality at all stages of the production process and before dispatch of finished products.

Quality Assurance Process



Adhering to the principle of “Improve quality, reduce cost and meet customers’ requirements”, the Group’s quality management system is certified under ISO 9001:2015 which means we comply with quality and safety requirements. Incoming Material Inspection Control Procedure, Non-conformities Control Procedure and Final Inspection Control Procedure in tune with the ISO 9001:2015 standard for ensuring that non-conforming materials are not used at any stage of the production process and no unqualified products are delivered to customers.

REACH (the Registration, Evaluation, Authorisation and Restriction of Chemicals) is the European Union regulation that requires consumer products to provide information of chemicals used and this was strengthened further during the year.

Product Recall

We diligently collect feedback from customers and encourage customers to communicate their opinions by email or using our customer service hotline. All complaints received from customers are resolved with utmost seriousness. When some defective products reach the market, recall is swift and prompt. In the year 2021, less than 0.011% of products had to be recalled for health and safety reasons. We try to respond to all complaints in a timely manner and resolve them satisfactorily.

Recall Process



Data Privacy Protection and Intellectual Property Rights

The Personal Data (Privacy) Ordinance is fully complied with by us, ensuring data privacy is protected adequately. Customer information is guarded zealously. Information Technology and Marketing departments control the use of customer information and allow access only to responsible personnel. There are detailed guidelines that stipulate which officers can access what kind of information and there is provision for review of all related policies every six months. We respect intellectual property rights of others and we protect ours seriously. We buy only official versions of software, from firms authorised to sell them. Purchase of pirated software is prohibited.

Besides customers, confidentiality of personal information of employees is also maintained. Employees are informed of the reason and purpose of collecting their personal information. Once the information has been used for the purpose for which it was collected, it is erased under supervision. Besides, employees have the right to access and correct their personal information.



Customer Information Protection Measures

- Customer information is stored in the internal ERP system and is protected by password, only authorised personnel can access the system.
- The collected customer information is not disclosed or used for other purposes without their consent.

BUSINESS ETHICS AND ANTI-CORRUPTION

Receiving or giving bribes, extortion, fraud and money laundering and any other form of corruption are strictly prohibited, to ensure integrity. All anti-corruption related laws and regulations including but not limited to the Prevention of Bribery Ordinance in Hong Kong and the Criminal Law of the People's Republic of China are complied with. Employees are required to uphold high standards and ethical principles and must not accept or solicit any benefits that can affect a business decision. If any case of violation of these guidelines comes to light, those who have violated our terms are subject to immediate termination of employment. Employees' resolve to abide by all anti-corruption rules and regulations is necessary to win customers' trust and raise the revenue and productivity of the Group.

We also commission external auditors to monitor accounts and to ensure there are no bribery or fraudulent acts. We have defined and documented a series of internal policies to ensure compliance with all applicable laws, and adherence to ethical practices.

All personnel involved in procurement of goods and services are required to sign an agreement to commit compliance with the Code of Business Ethics. Any conflicts of interest must be reported before a transaction is finalised. Procurement is generally by tender and there is a well-defined policy that outlines standardised rules and regulations to be followed. At least three competing suppliers must quote and the Procurement Director makes the final decision on placing the order, in a fair, open and honest manner. Service contracts are subject to approval by authorised personnel of the Group.

For ensuring corrupt acts do not take place, we have put in place a whistleblowing system that encourages employees to report any instances of misconduct they might notice or suspect. Suspicious activities can be reported by all employees to the Board of Directors via the Company mailbox, suggestion box or a phone call. Confidentiality of their identities is assured and independent investigations are carried out promptly. During the reporting period, the Group was not aware of any violations of relevant laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering. The Group was not involved in any corruption cases during the year.



Performance Data Summary

		2021	2020
Environment	Air Emissions		
	SO _x (g)	883	703
	Greenhouse Gas Emissions¹		
	Total emissions (tCO ₂ e)	16,780.8	14,280.2
	Scope I (tCO ₂ e)	254.2	189.7
	Scope II (tCO ₂ e)	16,526.6	14,090.5
	GHG intensity (tCO ₂ e / unit of production volume)	0.0016	0.0021
	Waste Production		
	Hazardous waste (Tonnes)	620.68	570.93
	Hazardous waste intensity (kg / unit of production volume)	0.0587	0.0856
	Non-hazardous waste (Tonnes)	235	225
	Non-hazardous waste intensity (kg / unit of production volume)	0.0222	0.0337
	Resources Consumption		
	Total energy consumption (GJ)	78,261	66,444
	Energy intensity (GJ / unit of production volume)	0.0074	0.0100
	Electricity (kWh)	20,706,635	17,696,823
	Diesel (Litre)	17,685	15,030
	Gasoline (Litre)	40,685	31,389
	Natural gas (m ³)	45,893	30,738
	Water (m ³)	455,158	454,049
	Water intensity (m ³ / unit of production volume)	0.043	0.068
	Packaging material		
	Paper (Tonnes)	21.9	25.5
Plastic (Tonnes)	1.2	1.0	

¹ GHG emissions calculation and emission factors are referenced from the HKEX's "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" and "2019 Emission Reduction Project China Regional Grid Baseline Emissions Factor".

Performance Data Summary



	2021	2020	
Total Number of Employees			
Employment	By Geographical Distribution		
	Hong Kong Office	82	87
	AOL	2,680	2,515
	By Age		
	18-30	216	272
	31-45	1,680	1,701
	46-60	853	619
	≥61	13	10
	By Gender		
	Male	1,596	1,565
	Female	1,166	1,037
By Employment type			
Full time	2,762	2,601	
Part time	0	1	
Employee Turnover Rate			
Employment	By Age		
	18-30	64%	88%
	31-45	21%	35%
	46-60	9%	34%
	≥61	0%	10%
	By Gender		
	Male	21%	36%
	Female	20%	47%
Total turnover rate	21%	40%	
Safety	Safety Performance		
	Lost days due to work injury	354	262
	Work-related deaths	0	0
Training	Full-time employees trained		
	By Gender		
	Male	27%	11%
	Female	34%	12%
	By Employee Category		
	Senior executives	12%	15%
	Middle-level executives	11%	6%
	Junior staff	32%	12%
	Average training hours completed per full-time employee		
	By Gender		
Male	0.3	0.1	
Female	0.3	0.1	
By Employee Category			
Senior executives	0.2	0.7	
Middle-level executives	0.3	0.18	
Junior staff	0.3	0.1	

KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks	
A. Environmental			
Aspect A1: Emissions	General Disclosure Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Management	
	KPI A1.1	The types of emissions and respective emissions data.	Environmental Management – Air Emissions
	KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Management – GHG Emissions
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Management – Waste
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Management – Waste
	KPI A1.5	Description of measures to mitigate emissions and results achieved.	Environmental Management – GHG Emissions, Air Emissions
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Management – Waste
Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Management	
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Management – Energy
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Management – Water
	KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Environmental Management – GHG Emissions
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for the purpose, water efficiency initiatives and results achieved.	Environmental Management – Water
	KPI A2.5	Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Management – Packaging Materials

KPIs	HKEX ESG Reporting Guide Requirements		Section/Remarks
A. Environmental			
Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuers' significant impact on the environment and natural resources.		Environmental Management
	KPI A3.1	Description of significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Management – Efficient Use of Resources, Environmental Emergency Management
Aspect A4: Climate Change	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.		Environmental Management
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Environmental Management
B. Social			
Aspect B1: Employment	General Disclosure Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		Employee Management
	KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employee Management – Employee Profile
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employee Management – Employee Profile

KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
B. Social		
Aspect B2: Health and Safety	General Disclosure Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employee Management – Health and Safety
	KPI B2.1 Number and rate of work-related fatalities.	Employee Management – Health and Safety
	KPI B2.2 Lost days due to work injury.	Employee Management – Health and Safety
	KPI B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	Employee Management – Health and Safety
Aspect B3: Development and Training	General Disclosure Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	Employee Management – Development and Training
	KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employee Management – Development and Training
	KPI B3.2 The average training hours completed per employee by gender and employee category.	Employee Management – Development and Training
Aspect B4: Labour Standards	General Disclosure Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	Employee Management – Labour Standards
	KPI B4.1 Description of measures to review employment practices to avoid child and forced labour.	Employee Management – Labour Standards
	KPI B4.2 Description of steps taken to eliminate such practices when discovered.	Employee Management – Labour Standards

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KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
B. Social		
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Operating Practices – Supply Chain Management
	KPI B5.1 Number of suppliers by geographical region.	Operating Practices – Supply Chain Management
	KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Operating Practices – Supply Chain Management
	KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Operating Practices – Supply Chain Management
	KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Operating Practices – Supply Chain Management
Aspect B6: Product Responsibility	General Disclosure Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Operating Practices – Product Responsibility
	KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Operating Practices – Product Responsibility
	KPI B6.2 Number of products and service related complaints received and how they are dealt with.	Operating Practices – Product Responsibility
	KPI B6.3 Description of practices relating to observing and protecting intellectual property rights.	Operating Practices – Product Responsibility
	KPI B6.4 Description of quality assurance process and recall procedures.	Operating Practices – Product Responsibility
	KPI B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	Operating Practices – Product Responsibility

KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks	
B. Social			
Aspect B7: Anti-corruption	General Disclosure Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Operating Practices – Ethics and Anti-corruption	
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Operating Practices – Ethics and Anti-corruption
	KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Operating Practices – Ethics and Anti-corruption
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	The Group is planning to set up official training session organized by ICAC in 2022
Aspect B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Engagement	
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Engagement
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Engagement