

Arts Group

Arts Optical International Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 1120

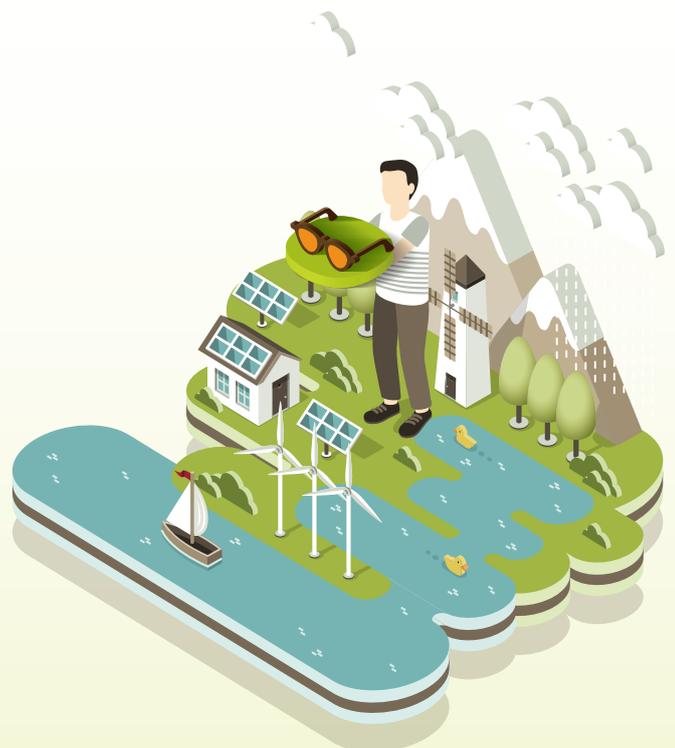
2022 | Environmental, Social & Governance Report



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About the Report



This is the seventh Environmental, Social and Governance (“ESG”) Report of Arts Optical International Holdings Limited and its subsidiaries (collectively, the “Group”) (Stock code: 1120). It discloses the Group’s plans, actions and approach to management of performance on environmental and social aspects for the year ending 31 December 2022. Data provided in this report are collected internally.

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.

This Report is published in English as well as Chinese. In case of any discrepancy between the two versions, the English version shall prevail.

REPORTING PERIOD AND SCOPE

Arts Opti Lab (Shenzhen) Company Limited (Shenzhen factory) (“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 2022 to 31 December 2022 (the “Year”) is disclosed in this report. Details of the Company’s approach to and performance in corporate governance and the practices it follows are set out on pages 20 to 31 of its 2022 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: A-G, 32/F, King Palace Plaza, 55 King Yip Street, Kwun Tong, Kowloon, Hong Kong

Email: connieleung@artsgroup.com

Attention: Senior Administration and Accounting Manager



ESG Management Approach

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 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.

BOARD STATEMENT

Responsibility for overseeing ESG-related risks is that of the Board of Directors (the “Board”). Senior management evaluates effectiveness of internal controls and the risk management system. All ESG-related issues that are considered important for the Group including environmental compliance, occupational health and safety and business ethics are identified by ongoing stakeholder engagement and validation and are incorporated in the risk management framework. Action plans are drawn for environmental management, employment policies, operating practices and community engagement.



Community Engagement

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



Environmental Management

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



Employment Management

- 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

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 it provides all relevant information pertaining to the management approach and performance of the Group in management of ESG-related matters.

Community Engagement

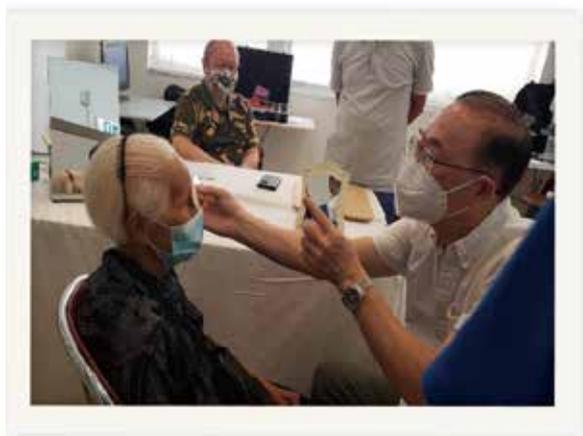
The Group has always valued community involvement and recognizes that the community has an important role to play in development of the Company. To support the development of our community, the Group conducted several activities during the reporting year.

The Group is working to address a wider dimension of the community and focus more on people in need. 2022 Hong Kong community activities of the Group are as follows:

“Eye Bright” Eyesight Assessment and Support Program for the Elderly

“Eye Bright” has organised by the Salvation Army Tai Po Integrated Services for Senior Citizens and HKYWCA Ellen Li District Elderly Community Centre. We act on sponsor to support the event.

A total of 115 senior citizens were successfully diagnosed with the eye, and 101 of them were provided with 1 to 3 pairs of optical glasses. Due to different eye diseases, another 14 social workers have arranged appropriate to follow-up the people in need. The event was originally intended to help about 70 elderly people in urgent need for five days. As the response was very enthusiastic, all units have been enrolled in the event and the effect was more satisfactory and positive, and the result was overfulfilled.





Community Engagement



School Activities and Donations

Provide professional eye examination and glasses service for school teachers and students



Visually Impaired Teachers

Activities for visually impaired school teachers were arranged



Cataract Surgery

Glasses were provided to elderly who recovering form cataract surgery



Visually Impaired Actors

Provide glasses for visually impaired actors

Community Engagement 🌤️



COVID-19 vaccination and testing



Sanfu paste activities



Traffic and Justice Promotion



The Pingdi traffic police went to the company to handle the electric bicycle registration service



Community Engagement



Community Illustration Activities



Participate in fire drill



Care for staff health

Environmental Management

Reducing environmental impacts 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 and wastewater and exhaust gas management training.

As a policy we insist that suppliers are as conscious about their environmental responsibilities as we 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 under the International Sustainability and Carbon Certification (ISCC), 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 take the possibility of climate change affecting our activities seriously. Extreme weather events, such as typhoons and floods, have the potential to impair our daily operations. The Group is committed to managing the risks its operations face from climate change events by establishing plans in accordance with global and industry best practices to be prepared for facing extreme weather events and reduce their effects and create knowledge of climate change resilience.

A “Climate Change Policy” is in place, stipulating actions required to be 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

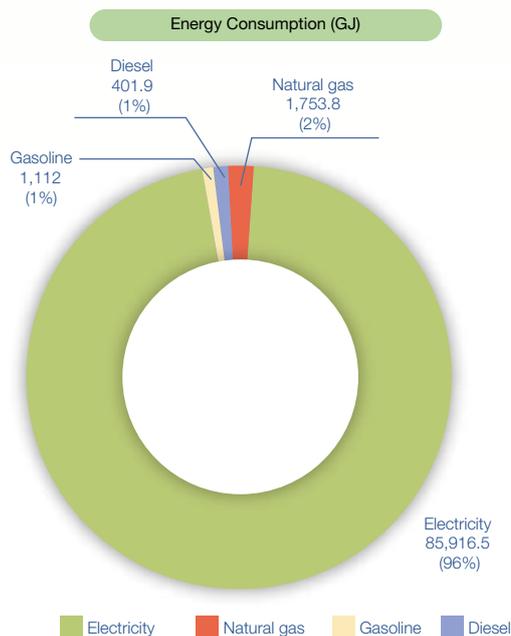
Energy and Resources Management

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.

Environmental Management

Energy

Energy consumption of the Group comprises purchased electricity, gasoline, diesel and natural gas. Total energy consumption during the reporting period was 89,184 Gigajoules (GJ), implying an energy usage intensity of 0.0095 GJ per unit of production volume. Purchased electricity, used mainly for operating machines, was the major component of energy consumption and the 23,865,695 kWh of it accounted for 96% of total energy consumption.

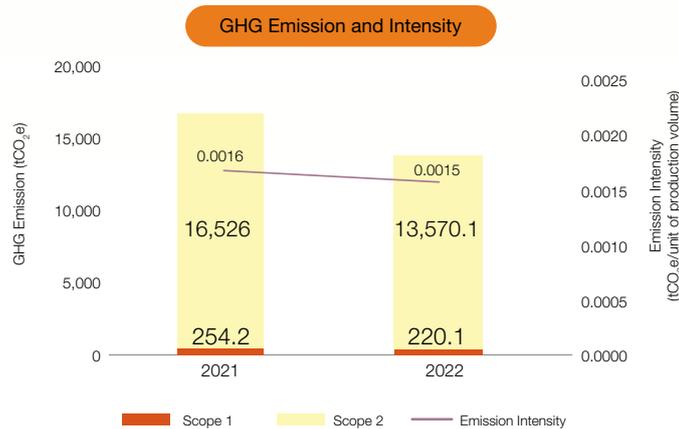


Energy Consumption	2022	2021	Changes
Electricity (kWh)	23,865,695	20,706,635	15.26%
Gasoline (Litres)	34,895	40,685	-14.23%
Diesel (Litres)	11,224	17,685	-36.53%
Natural gas (m ³)	45,049	45,893	-1.84%
Total energy consumption (GJ)	89,184	78,261	13.96%
Energy intensity (GJ/unit of production volume)	0.0095	0.0074	28.38%



GHG Emissions¹

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 13,790.2 tonnes of carbon dioxide equivalent (tCO₂e), representing emission intensity of 0.0015 tCO₂e per unit of production. Scope 2 emissions account for 98% 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.

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.

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 “Notice on Doing a Good Job in the Reporting and Management of Greenhouse Gas Emissions of Enterprises in the Power Generation Industry from 2023 to 2025”.

Environmental Management

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.

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

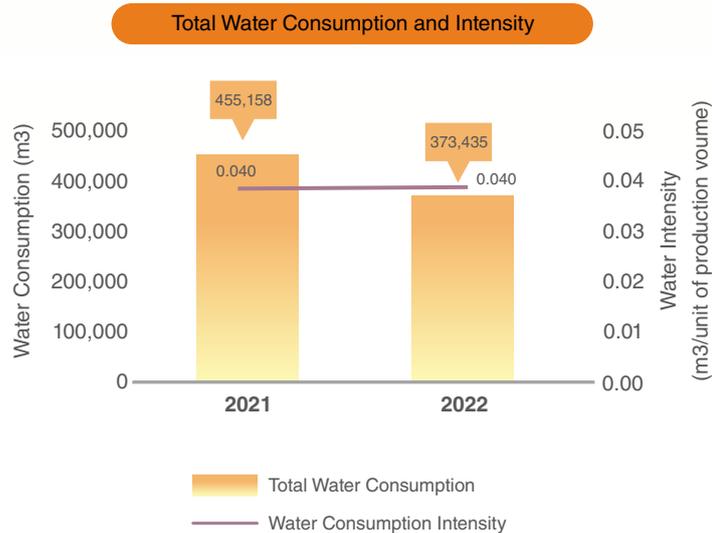
We have set targets for different aspects of environmental protection and monitor our performance against these targets regularly. These are as shown in the table below:

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



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 373,435 m³ which was procured entirely from municipal supplies. Intensity of water usage was 0.040m³ per unit of production volume. There was no difficulty in sourcing water fit for the purpose during the reporting period.



Water consumption and magnitude of recycling is analysed for devising suitable steps for conservation. Through the implementation of specific plans for each water supply point to effectively control production water consumption, our water consumption has decreased in 2022. Wastewater from washing of packaging materials and water used for cleaning is recycled for 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. During the reporting period, the Group's water consumption decreased by 18.0% compared to last year.

Environmental Management

Packaging Materials

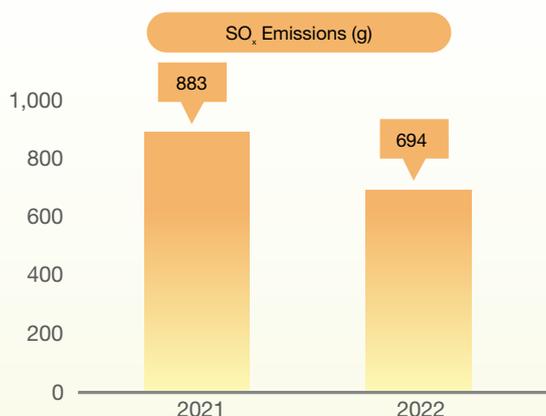
Packaging materials such as paper and plastics are used at AOL for packaging of finished products. During the year, consumption of packaging materials amounted to 50.52 tonnes of paper and 1.74 tonnes of plastic materials. Efforts are being made to reduce the use of packaging materials, principally by opting for simpler packaging designs. The increase in the use of packaging materials is due to recovery of businesses affected by the epidemic.

	Packaging Material (Tonnes)	
	Paper	Plastic
2021	21.93	1.16
2022	50.52	1.74
Changes	130.37%	50.00%

EMISSIONS

Air Emissions

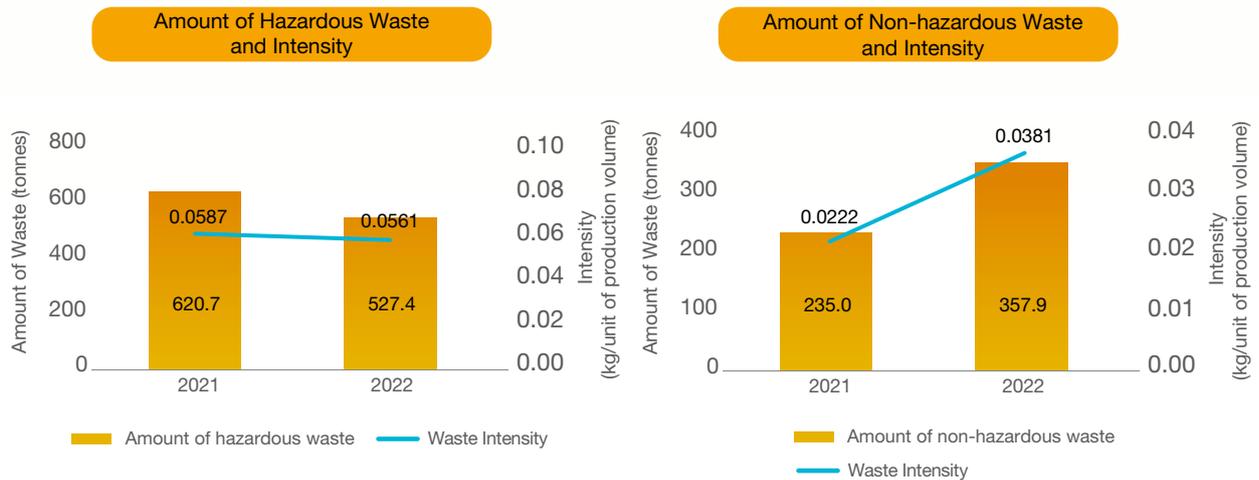
Plying of vehicles at AOL and in Hong Kong office consumes gasoline and diesel, leading to emission of Sulphur oxides (SOx). Total emissions on this account during the reporting period amounted to 693.66g of SOx, 21.1% less than 2021. The Group continues to provide training courses and encourage employees 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

Facilities at AOL generate hazardous as well as non-hazardous waste. Hazardous waste generation was 527.43 tonnes in 2022, with intensity of 0.0561 kg per unit of production volume. Non-hazardous waste was 357.9 tonnes, representing intensity of 0.0381 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”.



- 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.



- 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-side printed paper.
- Reduce paper consumption through communication technology. (e.g. increase email communication).



Measures for reducing waste

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

Emissions Targets

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).

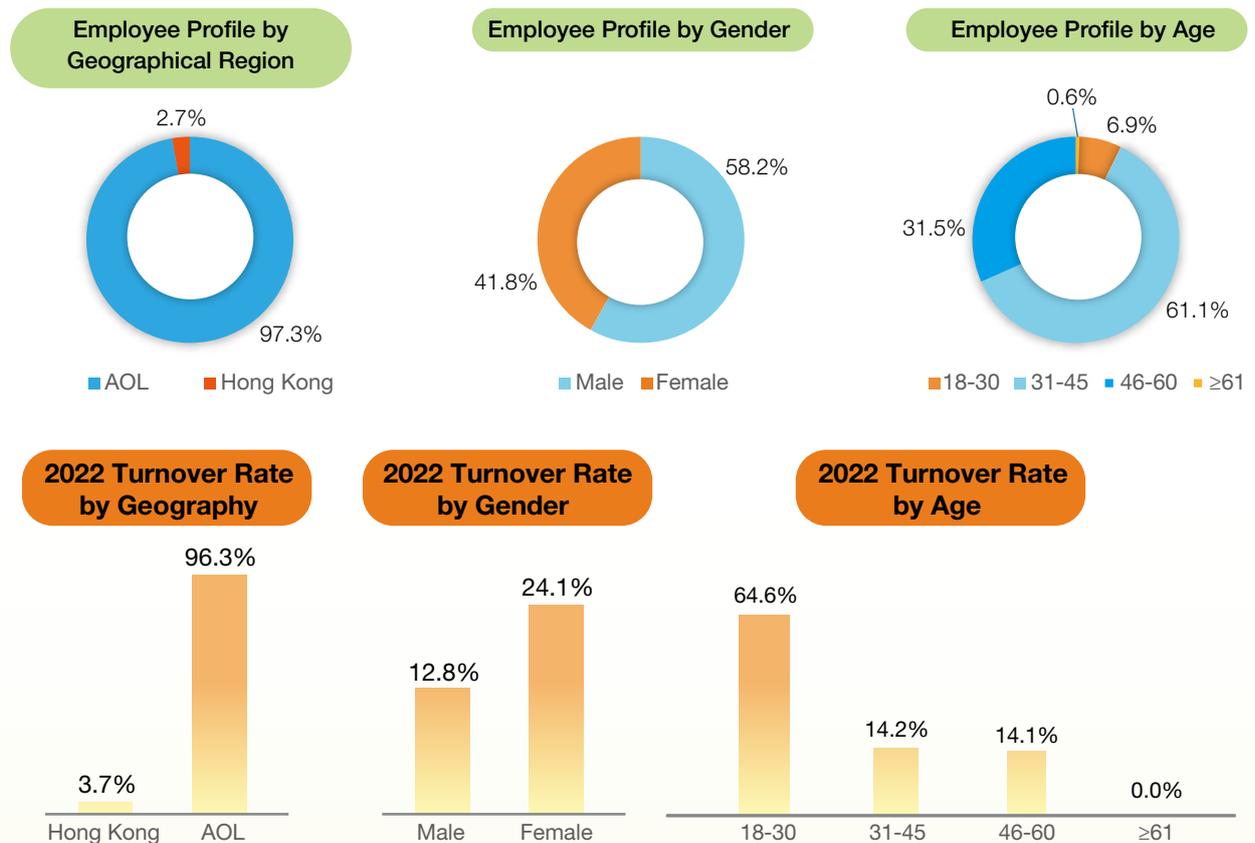
ENVIRONMENTAL EMERGENCY MANAGEMENT

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.

The Group places great importance on staff and talent management, respects and protects the rights of its staff and supports their continuous learning and development at work. We continue to strengthen our safety and training systems to create a healthy and safe working environment for our employees.

EMPLOYEE PROFILE

As of 31 December 2022, there were 2,589 full-time employees in the Group's AOL factories and Hong Kong office, of which 97.3% were based at the AOL factories in Mainland China and the rest were located in the Hong Kong office. By gender and age composition, 58.2% of the total number of employees were male and the rest were female, with the 31-45 age group accounting for 61.1% of all employees. The overall employee turnover rate in 2022 was 17.5%.



LABOUR STANDARDS

The Group strictly prohibits child labour or forced labour. We follow a standardised recruitment policy and our recruiters thoroughly check and verify identity documents of all applicants to ensure that we do not employ child labour or forced labour in our business operations. We also strictly limit overtime work and encourage staff to maintain a positive work-life balance. During the reporting period, the Group was not aware of any non-compliance with 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 Management

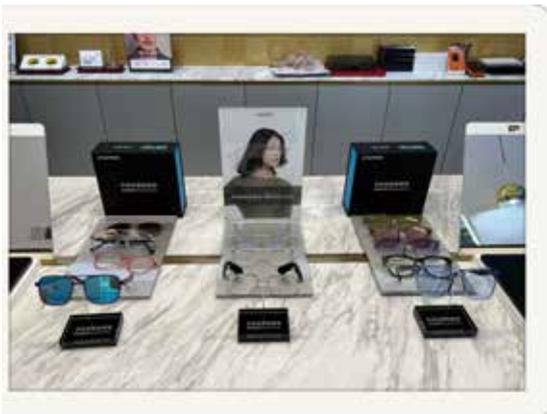
EMPLOYEE RIGHTS AND WELFARE

The Group complies strictly with local employment and anti-discrimination laws and regulations. We treat all employees equally and ensure that they are not discriminated against or harassed on grounds of gender, race, religion, age, disability, sexual orientation, nationality, political opinion and social status. All employees of the Group are treated equally, fairly, equitably and openly and all promotions and other similar decisions are made on the basis of performance, experience and personal competence. The Hong Kong office complies with the Mandatory Provident Fund Scheme Ordinance and makes monthly contributions for all qualifying employees. Leave is granted in accordance with the law and includes paid leave, sick leave, maternity leave, paternity leave and marriage leave etc.

In addition, we offer our employees a competitive and attractive remuneration and benefits package, including basic salary, year-end double pay and bonuses. We insist on no overtime and encourage a broad balance between work and personal life, unless staff volunteer to work overtime or on public holidays and in such cases compensatory leave is allowed to all. Besides, we organise regular social and entertainment activities to help employees cope with stress and take care of their physical and mental health.

Employees optical optometry service

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



During the reporting period, the Group was not aware of any non-compliance with 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

In order to provide a healthy and safe workplace for our employees and to ensure that they can carry out their work effectively while safeguarding the growth and sustainability of our business, the Group is committed to continuously addressing employee-related occupational health and safety issues and improving performance in this context. We have established an Occupational Health and Safety Committee, headed by our General Manager, which was established in 1987 and currently has 124 members. It is responsible for maintaining a safe and healthy working environment, actively promoting safe working practices and ensuring continuous improvement in occupational health and safety policies and practices. During the year, we were also certified for ISO 45001:2021 Occupational Health and Safety Management System.

We believe that the well-being of our employees, suppliers and customers is our top priority. Therefore, we communicate regularly with our employees and disseminate knowledge and skills on occupational safety through promotional materials posted on our website, in order to help employees identify and avoid any health hazards they may face in the course of their work and to continuously raise their safety awareness.

Safety at work

The Group adheres to the principle of “Safety and Prevention First” in the course of its safety management. We have formulated a series of occupational health and safety policies and procedures to require employees to take precautionary measures to enhance safety protection and prevent work-related injuries. We have issued the Arts Optical Personal Protective Equipment Regulations and provide personal protective equipment in accordance with applicable rules and laws, supervise proper use and wearing of such equipment, and ensure adequate ventilation on the premises to ensure the safety of personnel exposed to toxic and hazardous gases, dust and noise. Besides, the working hours of employees exposed to high risk occupational hazards are strictly controlled.

Employee Management

Preventive work in advance is the key to effectiveness of the Group's safety management practices. We conduct regular inspections of our production sites to identify potential hazards, allowing time for figuring out required rectification measures. In addition to on-site examinations, we organise free medical check-ups for employees at AOL factory to identify any potential occupational diseases, besides providing medical insurance, travel insurance, personal accident insurance and employee compensation insurance for employees of our Hong Kong office. In the unfortunate event of an injury or death, we provide fair compensation.

Occupational Health and Safety Policy

Indoor working conditions and monitoring policy

Arrange for in-house specialists to carry out daily monitoring and management, and commission an external professional organisation to conduct 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.

In 2022, our AOL factory recorded 44 cases of work-related incidents and 360.5 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 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 a safe working environment and protection of employees from occupational hazards during the year.

Participate in fire drill

In April 2022, our AOL factory employees participated in a fire drill in Shenzhen Longgang District to improve fire safety awareness and crisis response ability in the face of fire.



Care for staff health

During COVID-19, we organised and participated in community vaccinations and nucleic acid tests to continuously ensure the safety and health of our staff.



Employee Management

DEVELOPMENT AND TRAINING

In the past few years, the industry has seen a lot of technological change and rapid innovation in applications. The Group recognises that it is vital to its long-term development to continuously develop and deepen the knowledge and skills of its staff and provide them with sufficient opportunities to realise their potential. Therefore, the Group has been striving to strengthen the talent management, provide more resources and opportunities to staff, and make use of new technology learning facilities to continuously push forward the idea and pace of innovation.

The Group is committed to building a comprehensive and diversified staff training system, which includes training modules for new recruits, professional training, promotion training and external training. We also want to ensure that all employees are treated equally and fairly when deciding on promotions and salary adjustments, so we follow standard procedures and make open and transparent decisions based on competence and performance.



In 2022, the Group provided a total of 159.5 hours of training for male employees and 178 hours for female employees. The total training hours for senior management were 4 hours, middle management were 51 hours and junior level personnel received training of 282.5 hours.

During the reporting year, the percentage of employees trained by gender and employee category and the average training hour completed per employee by gender and employee category are listed below:

	The percentage of employees trained ²		The average training hours completed per employee	
	2022	2021	2022	2021
By Gender				
Male	37%	52%	0.1	0.3
Female	63%	48%	0.2	0.3
By Employment Category				
Senior Management	1%	1%	0.1	0.2
Middle Management	6%	3%	0.2	0.3
Junior Level	92%	96%	0.1	0.3

² In accordance with the HKEX “How to prepare an ESG Report Appendix 3: Reporting Guidance on Social KPIs”, the methodology of calculating the percentage of employees trained = (Number of employees trained in category/Trained Employees) *100%. And the methodology of calculating Average training hours = Total Training hours in category/Total number of employees in the category.



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 259 suppliers, of which approximately 74.13% were located in Mainland China.

Supplier Categories	2022
China	192
Hong Kong	39
Korea	2
Japan	4
United States	1
United Kingdom	1
Europe	20
Total	259

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.



Green Procurement

Green procurement is the norm when buying inputs for daily operations. The Group purchases 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.

For pushing green procurement, the Group started to implement the ISCC Mass Balance System in 2022, which is mainly for the Group’s glue board suppliers.

Channel of Notification	Performance Review	Performance Review Frequency	Performance Review Follow-up
Letters and Email	85%	Implementation to 100%	85%

The Group communicates environmental protection requirements based on the new VOC national standard to its suppliers and expects them to follow and comply with the relevant requirements.

Channel of Notification	Performance Review	Performance Review Frequency	Performance Review Follow-up
Standards, legal and regulatory documents	100%	Once per year	100%



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. Our Product Quality Assurance Policy ensures that the eyeglass holder complies with the national standard ISO12870, ISO12312, and the international quality system ISO9001 and environmental protection system ISO14001.

Quality Assurance Process



The Group owns the responsibility for quality of its products, and has implemented the following policies:

Product Safety and Health Assurance Policy: To ensure the effective implementation of the Group's hazardous substance control system, all product specifications meet the requirements of applicable laws and regulations, and we strictly manage the materials used until the stage of product realization. The Group establishes and maintains good communication channels with suppliers and customers.

After-Sales Service Policy: Set up a telephone hotline for customers to inquire about product details.

Product Recall Policy: Customers can call or email the group to explain product problems.

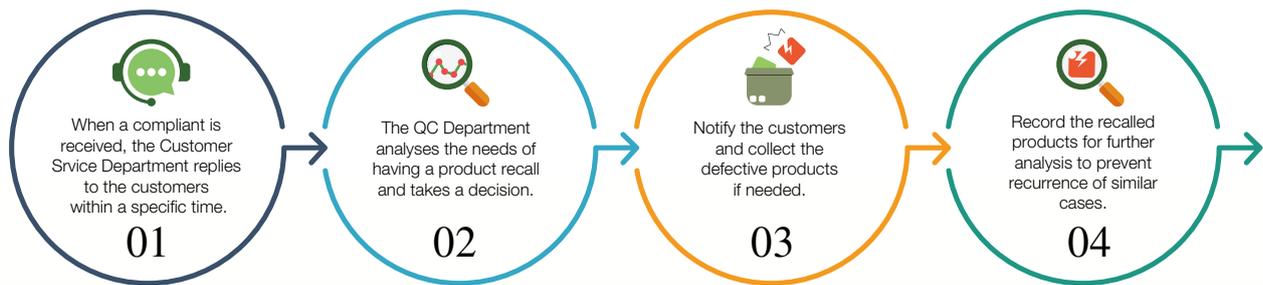
Adhering to the principle of “Improve quality, reduce cost and meet customers’ requirements”, the Group’s quality management system is certified under ISO 9001:2015 which means we comply with globally accepted quality and safety requirements. Incoming Material Inspection Control Procedure, Non-conformities Control Procedure and Final Inspection Control Procedure in tune with the ISO 9001:2015 standard are in place 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 2022, 0.017% 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



To effectively report serious accidents, the Group has established the “Serious Accident Notification and Product Recall Procedures” applicable to all kinds of situations. Our Quality Control Department is responsible for conducting an analysis to assess whether the incident is a “hazardous incident”. If it is a “hazardous incident”, the Regulatory Monitoring team reviews to ascertain whether the incident warrants a product recall. Once it is determined that the product needs to be recalled, the “committee” headed by the Quality Control manager carries out a series of tasks, including confirming the information of the product to be recalled, tracking the delivery location, recycling and processing the problematic product, and notifying affected customers and even government agencies, etc., to handle the accident in the shortest possible time and minimize the impact of the accident.

Operating Practices



In 2022, The Group had 12 cases of customer complaints due to product quality issues, all of which were eventually resolved perfectly.

Product Data	2022	2021
Percentage of total products sold or shipped subject to recalls for safety and health reasons	0.117%	0.011%

Data Privacy Protection

In 2022, the Group received the ISO27001:2013 information security management certification.



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.

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 authorized 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.

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.

Intellectual Property Rights

The Group respects intellectual property rights (IPRs) of others and protects its own IPRs seriously. We buy only official versions of software, from firms authorised to sell them. Purchase of pirated software is prohibited. In addition, the Group prohibits the use of images or designs that are not authorized by third parties. Before any photo is used, its source needs to be confirmed by the Information Technology Department to ensure compliance with legal requirements. Designs not authorized by the relevant third parties are not used and imitation of third-party designs is prohibited.

During the reporting year, the Group was not aware of any cases related to data privacy, intellectual property rights and advertising and labelling which has an impact on its business operations.

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 a 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.

Operating Practices



To prevent embezzlement, the Company implements the Measures for Third Party Financial Audit and the Disclosure of Conflict of Interest. Anonymous phone calls or letters can be used to declare and complain.

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, WeChat, 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

	2022	2021
Air Emissions		
SOx (g)	694	883
Greenhouse Gas Emissions		
Total emissions (tCO ₂ e)	13,790.2	16,780.8
Scope I (tCO ₂ e)	220.1	254.2
Scope II (tCO ₂ e)	13,570.1	16,526.6
GHG intensity (tCO ₂ e/unit of production volume)	0.0015	0.0016
Waste Production		
Hazardous waste (Tonnes)	527.43	620.68
Hazardous waste intensity (kg/unit of production volume)	0.0561	0.0587
Non-hazardous waste (Tonnes)	357.9	235
Non-hazardous waste intensity (kg/unit of production volume)	0.0381	0.0222
Resources Consumption		
Total energy consumption (GJ)	89,184	78,261
Energy intensity (GJ/unit of production volume)	0.0095	0.0074
Electricity (kWh)	23,865,695	20,706,635
Diesel (Litre)	11,224	17,685
Gasoline (Litre)	34,895	40,685
Natural gas (m ³)	45,049	45,893
Water (m ³)	373,435	455,158
Water intensity (m ³ /unit of production volume)	0.040	0.043
Packaging material		
Paper (Tonnes)	50.5	21.9
Plastic (Tonnes)	1.7	1.2

Environment

Performance Data Summary



	2022	2021	
Employment	Total Number of Employees		
	By Geographical Distribution		
	Hong Kong Office	70	82
	AOL	2,519	2,680
	By Age		
	18–30	178	216
	31–45	1,581	1,680
	46–60	815	853
	≥61	15	13
	By Gender		
Male	1,508	1,596	
Female	1,081	1,166	
By Employment type			
Full time	2,589	2,762	
Part time	0	0	
Safety	Employee Turnover Rate		
	By Age		
	18–30	65%	64%
	31–45	14%	21%
	46–60	14%	9%
	≥61	0%	0%
	By Gender		
	Male	13%	21%
	Female	24%	20%
	Total turnover rate	18%	21%
Safety Performance			
Lost days due to work injury	360.5	354	
Work-related deaths	0	0	
Training	Full-time employees trained		
	By Gender		
	Male	37%	52%
	Female	63%	48%
	By Employee Category		
	Senior executives	1%	1%
	Middle-level executives	6%	3%
	Junior staff	92%	96%
	Average training hours completed per full-time employee		
	By Gender		
Male	0.1	0.3	
Female	0.2	0.3	
By Employee Category			
Senior executives	0.1	0.2	
Middle-level executives	0.2	0.3	
Junior staff	0.1	0.3	



KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
Governance Structure		
General Disclosure	A statement from the board containing the following elements: (i) a disclosure of the board’s oversight of ESG issues; (ii) the board’s ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer’s businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer’s businesses.	Board Statement
Reporting Principles		
General Disclosure	A description of, an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:	
	a) Materiality: Topics considered material to sustainability by different stakeholder groups are identified by the necessary interactions.	Materiality: Sustainability issues material to the Group are identified after obtaining views of different stakeholders every year.
	b) Quantitative: Data are presented in a manner conducive to comparison for year-on-year changes in performance. Performance Data Summary explicates the standards used for calculation of environmental performance indicators.	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.
	c) Balance: Transparency is a major consideration and the report provides information on both positive and negative impacts.	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.
	d) Consistency: Consistency and comparability of information is ensured by using the appropriate statistical methods.	Balance: All impacts of the Group’s business activities, positive and negative, on the environment, are reported.

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KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
Reporting Boundary		
General Disclosure	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	Reporting Period and Scope
General Disclosure		
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	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (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



KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
A. Environmental		
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 target(s) set and steps taken to achieve them.	Environmental Management – Environmental Targets
	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
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

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KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
A. Environmental		
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 – Climate Change
	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 – Climate Change

KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
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 (for example, full- or part-time), 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
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 occurred in each of the past three years including the reporting year.	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



KPIs	HKEX ESG Reporting Guide Requirements		Section/Remarks
B. Social			
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



KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks	
B. Social			
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

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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 – Business 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 — Business Ethics and Anti-corruption
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Operating Practices — Business Ethics and Anti-corruption
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	The Group has participated in the 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