

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

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8291

2020
ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT



Environmental, Social and Governance Report

ESG GOVERNANCE

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

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

The Group has identified the ESG aspects which are “relevant” and “important” to our operations by conducting a materiality assessment. The results show that all social aspects except community investment are material to us; and the efficient use of energy, raw materials and packaging materials are also important topics.

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

ABOUT THIS REPORT

This report aims at providing a detailed account of the Group’s effort, internal policy and contribution towards the Group’s sustainability performance for the year ended 31 December 2020. This report was prepared with reference to and in accordance with the “Environmental, Social and Governance Reporting Guide” set out in Appendix 20 of the GEM Board Listing Rules of the Stock Exchange of Hong Kong Limited.

ENVIRONMENTAL ASPECTS

Use of Resources

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

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

Environmental, Social and Governance Report (Continued)

Energy Use and Efficiency

In the year ended 31 December 2020, the total energy consumption of the Group was 1,136 MWh-equivalent (2019: 1,256 MWh); and the energy consumption intensity was 0.14 MWh-equivalent per thousand products (2019: 0.11 MWh-e per thousand products). For direct energy use, 278 GJ of fuels which include diesel and petrol was consumed during vehicle use; whereas for indirect energy use, 1,058 MWh of electricity was consumed in the PRC.

Since the efficient use of energy is one of the important topics identified in the materiality assessment, the Group shall continue to track our energy use performance and further improve our energy efficiency measures.

Water Use and Efficiency

The total amount of water consumption in the Reporting Period was 16,605 cubic metres (2019: 29,605 m³), and the water consumption intensity was 2.1 cubic metres per thousand products (2019: 2.6 m³ per thousand products). The Group shall continue to monitor our water usage and improve the efficiency in the production process.

Use of Packaging Materials

The company tries to use the most basic packaging materials to pack the products, mainly to facilitate the transportation and maintain the product quality. In the year ended 31 December 2020, the total amount of packaging materials used, including packaging rope, packing tape, sealing adhesive tape and stretch film, was 40.0 tonnes; and the intensity of packaging material use was 5.1 tonnes per million products.

Emissions

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

As a law-abiding corporation, the Group pays close attention to the current and developing laws and regulations that are deemed relevant to the Group. For the current financial year, the Group complied with applicable environmental laws and regulations, specifically the applicable section of Environmental Protection Law of the People's Republic of China ("《中華人民共和國環境保護法》"), the Environmental Impact Assessment Law of the People's Republic of China ("《中華人民共和國環境影響評價法》"), Prevention and Control of Atmospheric Pollution Law of the People's Republic of China ("《中華人民共和國大氣污染防治法》") and Urban drainage and sewage treatment regulations ("《城鎮排水與污水處理條例》") and the Prevention and Control of Environmental Noise Pollution of the People's Republic of China ("《中華人民共和國環境雜訊污染防治法》").

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

Environmental, Social and Governance Report (Continued)

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

Air Emissions

The main air pollutant emissions generated by the Group's vehicles are as follows:

Type of Air Pollutants	Quantity of Emission	Unit
Nitrogen oxides ("NO _x ")	156.3	kg
Sulphur oxides ("SO _x ")	4.3	kg
Respirable suspended particles ("RSP")	4.0	kg

GHG Emissions

The main source of the Group's greenhouse gas emissions is energy indirect emission resulting from the generation of purchased electricity. In the year ended 31 December 2020, the total amount of GHG emissions was about 666 tonnes of carbon dioxide-equivalent; and the GHG intensity was 0.085 kg of carbon dioxide-equivalent per product.

The details of the Group's GHG emissions are as follows:

KPI	Quantity	Unit
Scope 1 – Direct emissions	20.4	tCO ₂ -e
Scope 2 – Energy indirect emissions	645.6	tCO ₂ -e
Total GHG Emissions	666.0	tCO ₂ -e

Waste

For the year ended 31 December 2020, the Group produced a total amount of 0.05 tonnes of hazardous waste. The hazardous waste included used oil of machine and waste activated carbon, which were rectified and incinerated respectively.

The Group also produced 1.75 tonnes of non-hazardous waste in 2020, which included general waste such as waste towels and gloves as well as metal barrels from our manufacturing process. The above non-hazardous waste was handled by qualified waste collection and disposal services provider.

The Group considered the impact of noise pollution when choosing the site of the factory area and the Group has chosen an operation area which is far away from the residential areas. The Group strictly follows emission standard for industrial enterprises noise at the boundary ("《工業企業廠界噪聲標準》").

Environmental, Social and Governance Report (Continued)

The Environment and Natural Resources

The factory at No. 3 Huada Road, Bianjiao Juweihui, Ronggui Jiedao Banshichu, Shunde District, Foshan City, Guangdong Province, the PRC (the “Foshan Factory”) is strategically located in proximity to the largest customer at Foshan. As the transportation logistics with the suppliers, the subcontractors, and the customers are conducted on the road, the strategic location of the Foshan Factory generally enables us to respond quickly to the customers’ requirements and facilitates the expansion of the customer base in Guangdong Province.

The production of tinplate products has less impact to the environment compared to water-based paint and coatings products. However, for further reduction on the environmental impact and use of natural resources, the Group will continue to make assessment for better alternatives for the use of raw materials that provide similar or better qualities.

Meanwhile, the Group’s objective is to maintain the balance between operational efficiency and resource consumption.

SOCIAL ASPECTS

Employment and Labour Practices

Employment

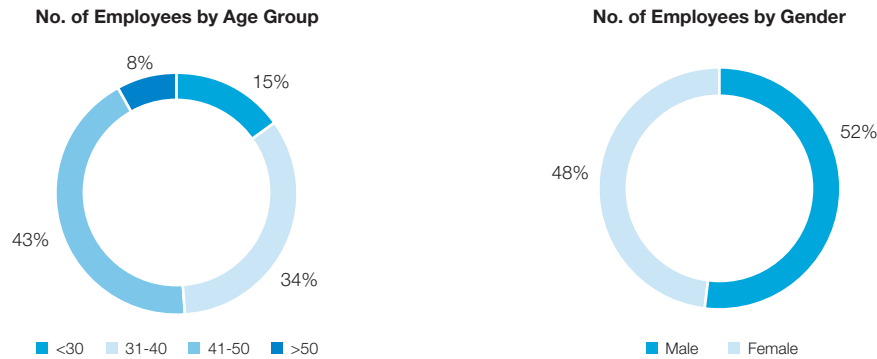
The Group adopts the practices and policies of Labour Law of the People’s Republic of China (“《中華人民共和國勞動法》”), Labour Contract Law of People’s Republic of China (“《中華人民共和國勞動合同法》”) and other relevant laws and regulations to ensure an equal and fair working environment. The Group provides equal opportunities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

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

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

Environmental, Social and Governance Report (Continued)

As at the end of the Reporting Period, the Group had an aggregate of 132 full-time employees. The following charts shown the total workforce by gender and age group.



Health and Safety

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

Workplace health and safety

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

During the Reporting Period, there was no record of work-related fatalities; and the total lost days due to work injury was 195 days (2019: 173 days). The Group uses the staff handbook and policy to enhance staff awareness on safety. We also employ a qualified service unit for regular occupational illness check-up.

Production safety

The operation of Foshan City Shunde Wancheng shall be in compliance with the PRC production safety laws and regulations. The Production Safety Law of the PRC ("《中華人民共和國安全生產法》") under the State Administration of Work Safety ("《國家安全生產監督管理總局》") provides safety standards for any production or business operation in order to reduce accidents and protect the general public security and safety of property.

During the Reporting Period, the Group complied with the Production Safety Law.

Development and Training

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

During the Reporting Period, the Group provided a total of 2,112 hours of on-the-job training for 132 employees.

Environmental, Social and Governance Report (Continued)

Labour Standards

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

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

Operating Practices

Supply Chain Management

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

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

To monitor the performance of the subcontractors, the Group arranges visits to their facilities and communicate with them regularly to inspect processing quality. The Group also conducts various tests on the laminated tinplate sheets and printed tinplate sheets received from the subcontractors.

Product Responsibility

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

- "Transport Packages of Dangerous Goods GB 12463-2009" ("《危險貨物運輸包裝通用技術條件GB12463-2009》"),
- "Packaging Containers – Tinplate Aerosol Can GB 13042-2008" ("《包裝容器– 鐵質氣霧罐GB 13042-2008》"),
- "Packing Containers – Square Pail GB/T 17343-1998" ("《包裝容器– 方桶GB/T 17343-1998》"), and
- "Rules for the Inspection of Packaging for Export Dangerous Goods SN/T 0370.2-2009" ("《出口危險貨物包裝檢驗規程SN/T 0370.2-2009》").

Environmental, Social and Governance Report (Continued)

Product safety and quality

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

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

Anti-corruption

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

During the Reporting Period, no corruption or fraudulent incident was discovered in the Group.

Community

Community Investment

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

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

Environmental, Social and Governance Report (Continued)

SUMMARY OF KEY PERFORMANCE INDICATORS (KPIs)

KPIs	Quantity	Unit
ENVIRONMENTAL ASPECTS		
Aspect A1: Emissions		
A1.1	The types of emissions and respective emissions data	
	Nitrogen Oxides (“NO _x ”)	156.3 kg
	Sulphur Oxides (“SO _x ”)	4.3 kg
	Respirable suspended particles (“RSP”)	4.0 kg
A1.2	Greenhouse gas emissions in total and intensity	
	Total GHG emissions	666.0 tonnes CO ₂ -e
	Scope 1 emissions	20.4 tonnes CO ₂ -e
	Scope 2 emissions	645.6 tonnes CO ₂ -e
	Greenhouse gas intensity (by production volume)	0.085 kg CO ₂ -e/product
A1.3	Total hazardous waste produced	
	Total hazardous waste produced	0.05 tonnes
A1.4	Total non-hazardous waste produced	
	Total non-hazardous waste produced	1.8 tonnes
Aspect A2: Use of Resources		
A2.1	Direct and indirect energy consumption by type	
	Total energy consumption	1 135.5 MWh-e
	Direct energy consumption	278.1 GJ
	Indirect energy consumption	1 058.3 MWh
	Energy intensity (by production volume)	0.14 MWh-e/thousand products
A2.2	Water consumption in total and intensity	
	Total water consumption	16 605 cubic metres
	Water consumption intensity (by production volume)	2.1 cubic metres/thousand products
A2.5	Total packaging material used for finished products	
	Total packaging material used	40.0 tonnes
	Packaging material used per unit produced	5.1 tonnes/million products

Environmental, Social and Governance Report (Continued)

KPIs	Quantity	Unit
SOCIAL ASPECTS		
Employment and Labour Practices		
Aspect B1: Employment		
B1.1	Total workforce by gender, employment type and age group	
	Total No. of Workers	132 Employees
	By Gender	
	– male	52 %
	– female	48 %
	By Employment Type	
	– full-time	100 %
	By Age Group	
	– <30	15 %
	– 31-40	34 %
	– 41-50	43 %
	– >50	8 %
Aspect B2: Health and Safety		
B2.1	Number and rate of work-related fatalities	
	No. (rate) of work-related fatalities in 2018	0 (0) – (%)
	No. (rate) of work-related fatalities in 2019	0 (0) – (%)
	No. (rate) of work-related fatalities in 2020	0 (0) – (%)
B2.2	Lost days due to work injury	
	The no. of lost-days as a result of work injuries	195 days
Aspect B3: Development and Training		
B3.1	The percentage of employees trained by gender	
	Percentage of employees trained	100 %
	By Gender	
	– male	100 %
	– female	100 %
B3.2	The average training hours completed per employee by gender	
	By Gender	
	– male	16 hours/employee
	– female	16 hours/employee

Environmental, Social and Governance Report (Continued)

KPIs		Quantity	Unit
Operating Practices			
Aspect B6: Product Responsibility			
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons		
	Percentage of products sold subject to recall	0	%
Aspect B7: Anti-corruption			
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		
	No. of concluded legal cases regarding corruption brought against the issuer or its employees	0	–