



JU TENG INTERNATIONAL HOLDINGS LIMITED

巨騰國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3336

2019

**ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT**

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ABOUT THIS REPORT

Overview

This report is the fourth Environmental, Social and Governance (“ESG”) Report (“ESG Report”) published by Ju Teng International Holdings Limited (“Ju Teng”, “the Group”, or “we”), which discloses information on our ESG strategy, measures, priorities, and performance.

Reporting period

Unless otherwise specified, the disclosed information of this report covers the period from 1 January to 31 December 2019 (“Reporting Period”).

Basis of compiling the report

This report is compiled in accordance with “Environmental, Social and Governance Reporting Guide” (the “ESG Reporting Guide”) published by The Stock Exchange of Hong Kong Limited (“HKEX”) as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The content of this report is determined by a set of procedures, including identifying and prioritising stakeholders, identifying and prioritising material environmental, social and governance issues, collecting environmental metrics, and verifying the reported data.

Reporting scope and boundary

Unless otherwise specified, the content and metrics reported in this report cover the following subsidiaries only:

- Wujiang Dading Precision Mould Co., Ltd.
- Everyday Computer Components (Suzhou) Co., Ltd.
- Suzhou Dazhi Communication Accessory Co., Ltd. (The above three companies are hereinafter collectively referred to as “Wujiang Production Plants”)
- Ju Teng (Neijiang) Communication Accessory Co., Ltd. (Abbreviated as “Neijiang Production Plant”)
- WIS Precision (Taizhou) Co., Ltd.
- Juteng Electronic Technology (Taizhou) Co. Ltd. (The above two companies are hereinafter collectively referred to as “Taizhou Production Plants”)
- Compal Precision Module (Jiangsu) Co., Ltd. (Abbreviated as “Compal Production Plant”)
- Tasun (Chongqing) Electronic Technology Co., Ltd.
- Compal Electronic Technology (Chongqing) Co., Ltd. (The above two companies are hereinafter collectively referred to as “Chongqing Production Plants”)
- Lian-Yi Precision (Zhongshan) Inc. (Abbreviated as “Lian-Yi Production Plant”)

As of 31 December 2019, the aforementioned subsidiaries hired approximately 97.56% of the Group’s employees.

Source of information

The information and case studies of this report are prepared based on the Group’s internal statistical reports and other relevant internal documents.

Board approval

This report was reviewed by the management and was approved by the Board on 31 March 2020.

Company overview

Established in 2000, Ju Teng is a manufacturer specializing in 3C products, with production bases in Eastern China, Western China and Taiwan. After 19 years of endeavour, we have been well recognized by our customers including many well-known brands such as HP, Dell, Acer, ASUS and Microsoft. In 2019, the global personal computer (“PC”) market has picked up but the tension of the Sino-US trade has brought some uncertainty to the PC market demand. In this context, the Group is committed to seizing every opportunity in the PC market by taking advantages of our large market share, leveraging on our cutting-edge technologies, and focusing on the production of notebook computers, 2-in-1 computers and tablet computer casing. In the future, there will be an opportunity to us with the popularization of 5G technology in the PC market. By relying on the Group’s unlimited potential and flexible market strategy, we will develop steadily in the challenging environment.

Ju Teng’s vision

With the increasingly stringent requirements of governments, companies of electronics brands and customers on the electronics industry’s production chain, Ju Teng believes that quality, scientific management and sustainable development are the foundation of future business development. We are committed to striking a balance among good economic performance, environmental management and corporate social responsibility; promoting the progression of our suppliers; strengthening the investors’ trust in our Group. We promote the sustainable development of the electronics industry through our endeavours in the following five vision areas.



Ju Teng’s visions

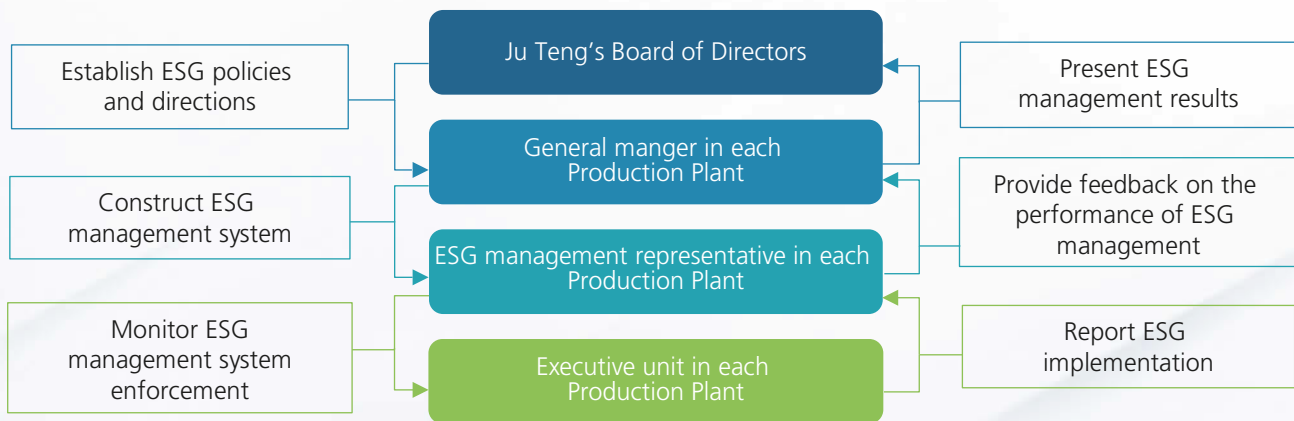
It is the fourth consecutive year for Ju Teng to disclose and elaborate on environmental, social and governance, and other non-financial information publicly and in detail in this report. We hope that the public can better understand Ju Teng’s business philosophy and social responsibility practices. We also hope that this information disclosure will provide Ju Teng with an opportunity to review its ESG risk management performance.

ESG MANAGEMENT

With the development of the electronics industry, the issues of human rights, environmental pollution, energy-saving and emission reduction in the electronics production chain have attracted more and more attention from all parties. Ju Teng believes that sustainable development is an important core value of the Group for now and in the future, and it is also one of the innovative solutions for our development. In response to the demand of sustainable development from the international community, we have been establishing and continuously improving our comprehensive ESG management system through listening to the opinion of external stakeholders for any change in material ESG issues, opening up the way to sustainable development, and improving the performance and management methods of sustainable development.

ESG organisation structure

With the goal of “Dynamic Maintenance and Improvement of ESG Management System”, the Group adopts a top-down ESG management procedures of “framework building, target setting and actions taking”. The ESG management of the Group extends to the participation of employees at different levels. The Board of Directors is taking the lead in formulating ESG management policies at the Group level. The general manager of each production plant company (“Production Plant”) is responsible for constructing the ESG management system that meets the characteristics of the Production Plant, participating in the top-level design, controlling the policies and systems of all ESG aspects, and reporting to the Board of Directors the Production Plant’s ESG management results. The general manager appoints ESG management representatives to promote and supervise the implementation of ESG measures. The ESG representatives are responsible for providing feedback to the general managers on ESG management performance to facilitate the evaluation and update of the ESG management system in real-time. Each operational unit in the Product Plants is required to strictly implement the ESG management system, including executing the ESG targets, ESG training, managing ESG-related data and information. The Group’s ESG management system can be distributed to all departments and units responsible for managing and implementing ESG issues and monitoring ESG trends, thereby seizing the opportunity to improve the Group’s ESG performance.



ESG Management Organizational Structure

Stakeholders identification and engagement

In order to evaluate the Group's ESG performance more objectively and comprehensively, Ju Teng always insists in listening to the opinions of different stakeholders and considering the importance of the issues they concerned about. We communicate with our stakeholders mainly by on-site interviews, online feedback, customer hotlines, meetings and other channels, to gain a multi-dimensional understanding of key ESG issues and clarify our future improvement directions.

Stakeholder category	Aspiration and expectation	Engagement channel	Frequency
Shareholders/Investors	<ul style="list-style-type: none"> Enterprise risk management Business Ethics Transparent operation 	<ul style="list-style-type: none"> HKEX official website "Investor relations" section on the official website 	<ul style="list-style-type: none"> Unscheduled announcement
Customers	<ul style="list-style-type: none"> Product quality and safety control Customer services and communications Customer privacy management Technological innovation Emission control Human rights protection Quality and quick service response 	<ul style="list-style-type: none"> Official website Customer satisfaction surveys On-site research communications 	<ul style="list-style-type: none"> Frequent communication
Employees	<ul style="list-style-type: none"> Labour law compliance Employees' wellbeing and development Employees' health and safety 	<ul style="list-style-type: none"> Worker union Various staff activities WeChat official accounts managed by respective Production Plants Employee complaints mechanism Employee performance appraisal 	<ul style="list-style-type: none"> Few posts per week on the official accounts Two to four issues of the internal magazine per year
Suppliers	<ul style="list-style-type: none"> Supplier management Energy management Fair and open procurement Supplier support and growth 	<ul style="list-style-type: none"> On-site examination Supplier self-assessment questionnaires 	<ul style="list-style-type: none"> Frequent communication
Community	<ul style="list-style-type: none"> Anti-corruption Environmental impact Giving back to the community 	<ul style="list-style-type: none"> Press release Community activities 	<ul style="list-style-type: none"> Unscheduled announcement and activities

ESG MANAGEMENT

Materiality analysis

During the Reporting Period, there were no significant changes in the market, business operation and risks of the Group. In light of the Group's business development and the stakeholders' focuses during the Reporting Period, we have adjusted the list of material issues for 2018 to ensure the continuity and focus of the Group's ESG issues. In addition, we understand that some customers are paying attention to issues such as renewable energy and climate change. The Group will strengthen the management of energy and greenhouse gas emissions in the future. The list of material issues of Ju Teng is as follows:

Environment	Labour
<ul style="list-style-type: none">• Minimising emission and wastewater• Waste management• Energy saving and minimising greenhouse gas emission• New energy application• Environmental compliance	<ul style="list-style-type: none">• Complying with labour regulations• Protecting workers from health and safety hazards• Labour relations• Training and development
Governance and community	Product responsibility
<ul style="list-style-type: none">• Anti-corruption• Managing suppliers' environmental and social performance	<ul style="list-style-type: none">• Protecting customer information and privacy• Assuring product quality• Satisfying customer service and communication• Fair sales of products• Product and technological innovation

Anti-corruption

Ju Teng is committed to complying with the "Responsible Business Alliance (RBA) Code of Conduct" and has established this Code as a programmatic document to achieve the company's professional ethics, honest operation and compliance goals. Management and all employees of the Group strictly abide by it. In accordance with the guidelines, we have formulated the "Business Ethics Management Procedure" with a zero-tolerance policy to prohibit any form of bribery, extortion and corruption, and stipulate that employees must not promise, offer, grant, give or accept any third party bribe, or provide other forms of benefits to third parties to obtain improper advantages. We ensure that all business dealings are transparent, which are recorded in our business books accurately and in detail. We have set up channels such as telephone hotlines and emails for anyone to report corruption and immorality of our employees in real names or anonymously.

In addition, Ju Teng has established the "Laws and Regulations Management Procedures" to monitor and identify the laws and regulations applicable to the Group and the procedures required by customers to ensure the compliance and legal operation of our business. During the Reporting Period, there were no filed and concluded case of corruption lawsuits against Ju Teng or its employees.

ESG commitment

Based on the ESG materiality assessment and the ESG Reporting framework, Ju Teng makes the following commitment to our environmental, social and governance responsibilities.

Responsible operation

- Strictly complying with laws and regulations of jurisdictions that we operate in;
- Appointing dedicated personnel to take responsibility in implementing internationally recognised environmental, health and safety, labour rights management systems; and
- Upholding business ethics, rooting out corruption, protecting confidential information and respecting intellectual property rights.

Win-win collaboration

- Mutual success with customers
 - Being oriented to customers' satisfaction and being responsible to customers at all times;
 - Satisfying customers' needs, achieving management targets on quality, cost, delivery, service and safety; and
 - Implementing a sound customer complaint and improvement system.
- Mutual success with suppliers
 - Implementing supplier audit mechanism to ensure protection to labour rights, natural environment and ethical business practices across the supply chain; and
 - Forbidding the use of conflict minerals.

Sustainable operation

- Actualising waste minimization and resource recycling;
- Minimising generation and emission of air pollutant, noise and hazardous waste; and
- Consuming energy and resources efficiently and protecting the environment.

Being people-oriented

- Respecting basic labour rights of employees;
- Creating a fair working condition, eradicating any forms of discrimination in the workplace;
- Providing safe and hygienic condition for working and living to ensure the safety and health of employees;
- Arranging appropriate working hours and rest days;
- Providing fair remuneration; and
- Forbidding deployment of child labour and any forms of forced labour.

Community care

- Be responsible for promoting the well-being of the community;
- Participating in charity activities and supporting vulnerable groups in the community; and
- Involving in community building and contributing to community development.

WIN-WIN COLLABORATION

Quality control

Based on the guiding principle of “Do It Right at First Time” and the basis of ISO 9001 international quality standard, Ju Teng has formulated internal management systems such as the “Process Inspection and Testing Procedure”, “Incoming Material Control Procedure”, “Measurement and Monitoring Procedure for Finished Product Quality Inspection”, “Unqualified Product Control Procedure”, and “Corrective and Preventive Measures Control Procedure” to help the Production Plants manage every production link including incoming materials, finished products storage and shipment, so as to facilitate the instant discovery of problems related to quality and the use of controlled substances, and continuously optimise the product quality management system.

At the operation level of the Production Plants, the staffs of quality management department of each production plants work as an “Quality Control Personnel” who is responsible for inspection and testing procedures, and conducting label management on the outputs of each production link. If any products which do not meet the Group’s quality requirements are detected by the Quality Control Personnel during the process of production, finishing and delivery, all products are required to be inspected and labels are added for classification. All unqualified product batches are not allowed for delivery. Under the collaboration of quality management department and various production departments, Ju Teng based on strict quality inspection procedures, inspection label management and various quality management policy systems, is able to prevent unqualified raw materials, work-in-progress products and finished products from entering into next production process or storing in warehouse.

Quality Inspection Procedures	Inspection Label Management
<ul style="list-style-type: none">• Incoming Material Control Procedure• Corrective and Preventive Measures Control Procedure• Incoming Material Inspection Specification• Finished Goods Inspection Specification• Process Inspection and Testing Procedure• Special Process Control Measures	<ul style="list-style-type: none">• Adverse Examination Report• IPQC OK Label• Product Run Card• T,S PASS/C, BPASS Label• Carton Box Label• G.P PASS Label• G.P FAIL Label

To be responsible to the customers, suppliers, partners and employees, Ju Teng adopts the “Product Identification and Traceability Procedure”, which enables all incoming materials, processing products and finished goods to be identified and tracked at any time, and fundamentally guarantees the quality of the finished products and raw materials at each stage.

Customer First

Ju Teng values customers’ opinions about product quality and services, and improves the quality of customer services through aggregation, analysis and optimised management. The Quality Assurance Centre is a service window of Ju Teng to handle quality issues of customers. Ju Teng adopts the “Customer Complaint Handling” operation method to standardise the handling process of customer complaints in each Production Plant, and timely understand the latest customer requirements for products and services of each Production Plant.

WIN-WIN COLLABORATION

The Quality Assurance Centre receives customer complaints mainly through email, phone, written quality complaint form, business department or other means. After receiving customer feedback, the Quality Assurance Centre is required to communicate with the customer as soon as possible to record the details of the complaint and confirm the details of the product complained by the customer, such as the product name, defect, and quantity. If necessary, relevant personnel will visit the customer to understand the details and process the complaint in a timely manner. If the complaint is confirmed valid, the Quality Assurance Centre is required to bring back the sample of defective products and initiate the “Customer Complaint Handling Procedure” and “Corrective and Preventive Measures Control Procedure”.

	Unit	2017	2018	2019
Number of Product Complaints Received and Handled	cases	656	806	879

Customer opinions are vital to the development of Ju Teng. By establishing customer communication and feedback channels, Ju Teng obtains and understands customer satisfaction with our products and services through multiple channels. Ju Teng will invite customers to fill in the “Customer Satisfaction Survey” twice a year by email or fax. When the customer is dissatisfied or the rating is below the Group’s internal target, the relevant Production Plant is required to submit an improvement plan within three days and implement the improvement measures.

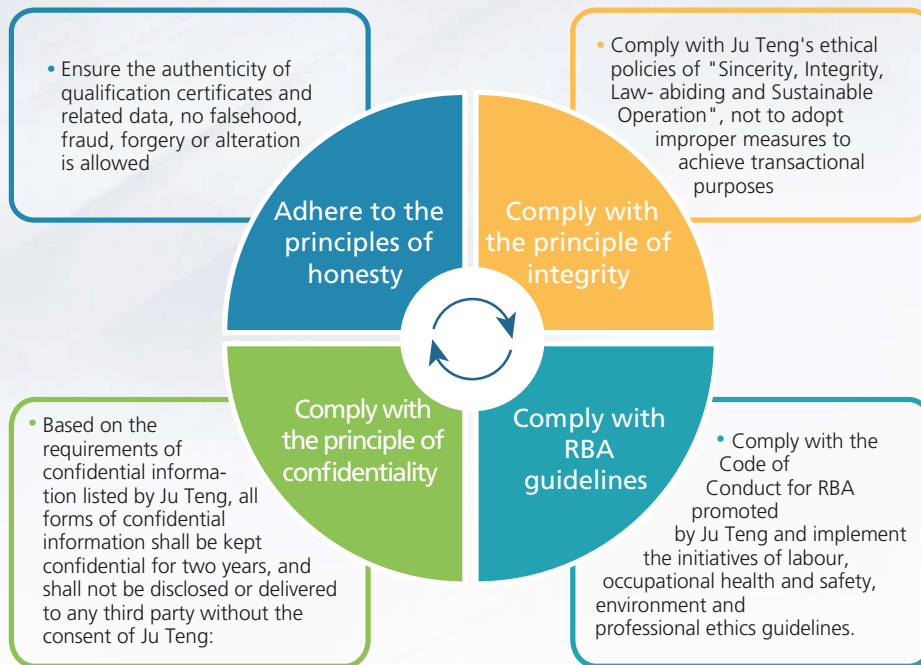
Ju Teng respects the privacy of its customers and is committed to doing its best to safeguard all confidential information, personal information and intellectual property delivered by customers or other third-party companies to Ju Teng. Besides, through various confidential procedures such as the “Business Ethics Management Procedure”, Ju Teng clarifies the management process of different information, the standard process of collecting, storing, processing, and transmitting customer information, and strictly forbids the leakage of customers’ confidential information. In addition, during daily operation, employees will only be able to access customer codes or product codes, which fundamentally reduces the possibility of customer confidential information leakage.

Winning with suppliers

In order to effectively manage the information about the supplier’s quality, price, delivery date, coordination, labour, environmental protection, safety, ethics and other relevant information, Ju Teng clarifies the cooperation, communication, and management model with suppliers and potential suppliers at all stages through the “Supplier Management Procedure” so that the procurement, production and manufacturing can be effectively carried out.

Ju Teng has also signed the “Environmental Protection Agreement” and the “Commitment on the Non-use of Conflict Minerals” with the suppliers to perform due diligence on the source and chain of custody of the purchased minerals, and requires the suppliers to complete the “Metal Mineral Origin Survey Form” to ensure that no prohibited material or chemical is used in the production process and on the products, parts and packaging materials provided to Ju Teng. Meanwhile, Ju Teng has formulated the “Environment-Related Substance Reduction Plan Form”, which imposes strict requirements on the suppliers to ban the use of heavy metals, formaldehyde, ozone hazardous substances, radioactive substances and so on. During the Reporting Period, 100% of Ju Teng’s suppliers signed the Agreement and the Commitment.

WIN-WIN COLLABORATION



In 2019, Ju Teng summarised all procurement categories in each Production Plant; introduced new procurement categories such as moulds, auxiliary materials, and equipment; and added the evaluations of price and service to the monthly evaluation of suppliers. Ju Teng classified all the suppliers of the Production Plants into different levels by the degree of risk and the management method, to facilitate the suppliers' management process to be more comprehensive and more conducive to the overall management of the suppliers. During the Reporting Period, Ju Teng conducted a risk assessment based on the risk items listed in the "Supplier's Basic Information Table". High-risk suppliers scoring below 80 will be required to submit a rectification plan. High-risk suppliers or new suppliers failing to submit a rectification plan will be disqualified from being considered.

- Level-A Suppliers:** Excellent suppliers (Total scores reach 90 marks or above)
- Level-B Suppliers:** Qualified suppliers (Improvement required, within 80-90 marks)
- Level-C Suppliers:** Suppliers who need to undergo on-site improvement and review (Within 70-79 marks)
- Level-D Suppliers:** Unqualified suppliers (69 marks or below)

Excellent and qualified suppliers will be included in Ju Teng's "Qualified Suppliers List". During the Reporting Period, the percentage of Ju Teng's qualified suppliers by location was as follows:

Percentage of Qualified Suppliers by Location	2017	2018	2019
Mainland China and Hong Kong	92.3%	97.1%	95.0%
Taiwan	6.8%	2.3%	4.5%
Other regions	0.9%	0.6%	0.5%

Ju Teng takes great responsibility in environmental conservation. In our journey of maintaining high quality and optimising production technology, we also aim to reduce the burden on our natural environment in the manufacturing processes. In order to promote sustainable development in Ju Teng, we constantly improve the environmental management system, strictly control and manage pollutant emissions and resource consumed in the manufacturing processes, alongside the promotion of green office culture.

Environmental management

Ju Teng strictly complies with key environmental regulations in China such as the “Environmental Protection Law”, “Water Pollution Prevention and Control Law”, “Atmospheric Pollution Prevention and Control Law” and “Law on the Prevention and Control of Environmental Pollution by Solid Waste”. On top of that, we have established the internal management procedures such as the “Administrative Provisions of Environmental Protection”, the “Accountability System on Environmental Protection”, the “Management of Environmental Incidents” and the “Environmental Factors and Hazardous Source Management Procedures” to manage possible negative environmental impacts in the production, maintenance, and operation process. To ensure that all Production Plants abide by relevant national and local regulations and provide greener products to our society, Ju Teng keeps an eye on the latest development of environmental laws and regulations and regional policies, regularly collects and consolidates related information. To prevent issues from arising, Ju Teng identifies and flags the environmental factors and potential risks that may be involved in the corporate internal operations, maps out the types, impacts, and departments involved, and formulates corresponding control measures. During the Reporting Period, the Lian-Yi Production Plant has updated the “List of Compliance Obligations and Other Requirements 2019”, “List of Major Hazard Sources”, and “List of Important Environmental Factors”, and improved its internal management mechanism in accordance with the latest requirements to optimise environmental management.

During the Reporting Period, all Production Plants under the Group have obtained the ISO 14001:2004 Environmental Management Systems certification and IECQ HSPM 080000:2012 Hazardous Substance Process Management systems certification. In order to continuously enhance the environmental management, the monitoring of certain ISO 14001 indicators has been updated in our Compal Production Plant. We adjusted the monitoring frequency of wastewater and exhaust gas to twice a year, while that of noise is adjusted to once every quarter.

Resources management

Ju Teng encourages all Production Plants to manage their targets according to their actual production and operation conditions. By setting specific targets on electricity, water, gas, and energy consumptions, the efficiency on use of natural resources is greatly increased, hence, minimising the negative environmental impacts brought by the Group. Base on national and regional laws and regulations such as “Energy Conservation Law of the People’s Republic of China”, Ju Teng has established the “Energy and Resource Management Procedures” which outlines the roles and responsibilities of relevant departments in energy and resource management alongside the detail rules on the consumption and management of energy and resources. We also require all departments to record energy and resources consumption in detail, to track and compare data changes to establish a data-based foundation for management optimisation.

Energy management

In the production and operation processes, our energy sources are mainly natural gas, diesel and purchased electricity. Ju Teng has systematically strengthened the management of energy use through the “Energy and Resource Management Procedure”. By adopting environmentally and socially friendly measures which are technically feasible and economically viable, we make a more rational and effective use of resources from the perspectives of production and consumption.

SUSTAINABLE OPERATION

Types	Management measures
Purchased electricity	<ul style="list-style-type: none"> • Set temperature limit for use of air-conditioner – The air-conditioner can be turned on only when the room temperature is higher than 27°C or lower than 10°C; except for special circumstances • Close all windows and doors when the air-conditioner is on to avoid unnecessary power consumption • Turn off lighting in areas with sufficient luminance or unoccupied areas at all times and request close monitoring from responsible personnel • Turn off computers or monitors without any “Energy Star” logo that are left idling • The last employee leaving the office or plant and the security guards should ensure all lighting, air conditioners, computers, fans, and other electrical appliances are turned off • Pay attention to electricity saving for machinery and equipment not in use in the process of production and manufacturing
Diesel	Use of oil mainly includes diesel for forklift trucks. All departments are required to submit a requisition form if needed and ensure the full use of it
Natural gas	Natural gas is mainly used for boiler preheating. All production plants are required to completely document the natural gas usage to ensure the full use of it

During the Reporting Period, Ju Teng’s Production Plants have continuously and proactively strengthened the energy efficiency through product innovation, process optimisation, and the use of new energy.

During the Reporting Period, the Neijiang Production Plant has adopted the “equipment improvement” and “energy recovery” methods to reduce energy consumption on the air compressor:

1. By recovering the residual heat from the air compressor to heat the water, it is estimated that around 300,000 m³ of natural gas and 1,920 MWh of purchased electricity are saved each year;
2. The energy-saving bipolar compressor was introduced to replace the screw compressor for air compression. Each compressor is estimated to save 40 kilowatts of power. During the Reporting Period, the Neijiang Production Plant replaced 16 screw air compressors with 8 bipolar compressors which are expected to save 1,382 MWh of purchased electricity in total.



Renovated Air Compressor

SUSTAINABLE OPERATION

Ju Teng encourages all Production Plants to develop photovoltaic power generation systems. During the Reporting Period, the Chongqing Production Plants and the Compal Production Plant have installed the photovoltaic power generation systems on vacant land and rooftops. The clean energy generated from these photovoltaic power generation systems reduced our reliance on purchased electricity and also energy wastage resulting from the long-distance transmission. During the Reporting Period, the Compal Production Plant has consumed 12,887 MWh of photovoltaic power, which is equivalent to 1,584 tons of coal equivalent.



Rooftop of Chongqing Production plants



Vacant land of Compal Production Plant



Rooftop of Compal Production Plant

Water resource management

Ju Teng truly understands that water is the source of life and requires all Production Plants to use water resources responsibly. To reduce the water wastage, Ju Teng not only posted water-saving notices in public water-using areas but also defined the strategy of water resource management in the “Energy and Resource Management Procedure”, which requires our staff to turn off water sources after usage while consciously maintaining water facilities and equipment; notifies the management department immediately once any malfunctioning occurs to reduce the loss of water resources; requires restaurants and dormitory to increase the reuse rate of greywater; strictly forbids the use of fire service water in non-emergency situations.

During the Reporting Period, the Compal Production Plant has formulated the “Water Consumption Management System” to strengthen the water-saving awareness, establish a safe water management system, improve the water metering system and promote water-saving in production and daily life. Meanwhile, a water conservation working group was established in the Compal Production Plant to define 5 focus areas and 7 key measures for water conservation, further promoting the integrated utilisation efficiency of water resources. During the Reporting Period, the Chongqing Production Plants have recycled and reused the treated wastewater in the process of painting and spraying, which is expected to save 10,000 m³ of tap water in a year.

SUSTAINABLE OPERATION

Packaging materials and paper management

Ju Teng requires all Production Plants to have reasonable use of paper, recycle packaging materials such as carton boxes and blisters, and reduce the unnecessary use of packaging materials with customised carton boxes. All departments are requested to reuse paper printed on single side and with no confidential information to reduce the cost while uplifting the paper recycling rate. Besides, most of Ju Teng's customers sort and recycle the product packaging materials and return them to our Production Plants for reuse.

Indicators	Unit	2017	2018	2019	YoY Change
Water					
Water consumption	m ³	5,558,894	6,655,923	6,545,454	-1.66%
Water intensity	m ³ /HK\$ million income	717	734	734	0%
Energy					
Diesel consumption	L	466,586	402,868	287,185	-28.71%
Purchased electricity consumption	MWh	570,692	685,352	674,919	-1.52%
Natural gas consumption	m ³	15,835,551	18,537,641	19,820,768	6.92%
Total energy consumption	MWh	740,796	883,457	885,062	0.18%
Energy intensity	MWh/HK\$ million income	95.6	97.4	99.3	1.93%
Recycling of scrap materials					
Paper	Tons	1,462	1,167	1,625	39.30%
Plastic	Tons	4,401	2,709	2,531	-6.59%
Metal	Tons	12,794	15,561	15,723	1.04%

Emission reduction

Ju Teng strictly complies with the “Laws and Regulations of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution”, the “Law of the People’s Republic of China on Water Pollution Control”, the “Law of the People’s Republic of China on the Prevention and Control of Environmental Noise Pollution”, the “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste” and other laws, regulations and local policies to control the generation and discharge of pollutants of the Group. Ju Teng strives to reduce the generation of pollutants from the sources through process improvement, use of environmentally friendly materials, and more advanced production equipment.

Types	Management measures
Sewage management	<ul style="list-style-type: none"> • Sewage treatment facilities are installed in accordance with the actual needs of different Production Plants. Sewage from the production lines is collected for central processing. • Require effluent which contains flammable or explosive chemical to be discharged into separated sewage pipelines • Regularly monitor and record emissions of sewage to ensure effective inspection on sewage disposal • Enhance the reuse of reclaimed water
Air emission management	<ul style="list-style-type: none"> • Install dust removal equipment to prevent direct emissions to the air and reduce the harm to humans • Process industrial gaseous waste to ensure compliance with emission standards • Install desulfurization and denitrification devices to reduce emissions of sulphur oxides and nitrogen oxides
Waste management	<ul style="list-style-type: none"> • Categorize all solid and hazardous wastes with appropriate labels and store with complete records. Waste is handled by third parties with relevant processing qualification • Carry out recycling activities to improve the resources utilisation
Noise management	<ul style="list-style-type: none"> • Require all operating equipment to meet the standard outlined in the “Hygiene Standard of Noise for Industrial Enterprises”. Equipment exceeding the standard will be fixed • Designate operating zone and duration for noisy machines • Conduct regular testing for monitoring noise pollution by third parties with appropriate professional qualifications

During the Reporting Period, all Production Plants have carried out pollutant emission reduction activities. According to the operation conditions and types of key pollutants in various regions, they have optimised their own pollutant emission management respectively. Details are as follows:

Sewage management

During the Reporting Period, the Taizhou Production Plants have installed a reclaimed water reuse system, which was put into use at the end of 2019. Since then, water consumed for cleaning the workshops has been reused at the workshop after being treated by the system, which has reduced the total discharge of wastewater and phosphorus.

SUSTAINABLE OPERATION

Air emission management

- During the Reporting Period, the Neijiang Production Plant invested nearly RMB60 million to upgrade the original volatile organic compounds (VOCs) treatment facilities used in the painting process, which has increased the treatment efficiency from 60% to 92%.
- Water scrubbers with activated carbon filtering facilities attached were added to the precision machining workshop in the Wujiang Production Plants. The discharge of exhaust gas and odour within the plant boundary was optimised to organised emissions, with reduced impact to surrounding communities and the environment.
- During the Reporting Period, the Compal Production Plant entrusted the Nanjing University Environmental Planning Design and Research Institute Co Ltd to undertake the improvement and enhancement work of the machining exhaust gas treatment, and rectify its existing collection and treatment of machining exhaust gas.

Waste management

During the Reporting Period, the Taizhou Production Plants changed disposal methods of the empty buckets of cutting fluid from hazardous waste disposal to recycling and reuse by the original manufacturer, which has reduced the generation of hazardous waste and improved resource utilisation.

Indicator	Unit	2017	2018	2019	YoY Change
Effluent discharged ¹	m ³	–	–	2,791,076	–
Effluent discharged intensity	m ³ /HK\$ million income	–	–	313	–
Hazardous waste					
Hazardous waste generated and transferred	Ton	6,680	12,076	12,573	4.11%
Hazardous waste intensity	Ton/HK\$ million income	0.862	1.331	1.410	5.93%
Greenhouse gas emissions					
Scope 1 greenhouse gas emissions ²	tCO ₂ equivalent	35,418	41,089	43,560	6.01%
Scope 2 greenhouse gas emissions	tCO ₂ equivalent	503,247	629,522	581,784	-7.58%
Greenhouse gas emissions intensity ²	tCO ₂ equivalent/ HK\$ million income	69.5	73.9	70.1	-5.12%

¹ The effluent data for 2017 and 2018 only includes the Taizhou Production Plants. In 2019, the Group expanded the data collection scope to all Production Plants, so the effluent data is not comparable. The 2017 and 2018 Environmental, Social and Governance Reports reported effluent discharge data for the Taizhou Production Plants.

² The emission factors used to calculate Scope 1 greenhouse gas emissions in 2017 and 2018 have been updated, resulting in different values in greenhouse gas emissions reported in previous years.

Ju Teng adheres to its mission of “being people-oriented”. We respect and care for all employees, provide reasonable wages and benefits, focus on employee development, strive to create a fair and healthy working environment for employees and practice Ju Teng’s values.

The Group regards its employees as key assets. We adhere to the people-oriented principle, and actively protect the legitimate rights and interests of employees. Ju Teng is committed to providing a safe and healthy working environment for all employees, pays attention to employees’ development of careers and capabilities, creates a harmonious environment, and actively promotes the common development of employees and the Group.

Employment management

Ju Teng strictly complies with the laws and regulations and industry standards applicable to jurisdictions that we operate in, such as the “Labour Law of the People’s Republic of China”, “Labour Contract Law of the People’s Republic of China” and the “RBA Code of Conduct” to continuously improve the people management system.

Meanwhile, the Group strictly implements the “Provisions on the Prohibition of Using Child Labour”, “Law of the People’s Republic of China on the Protection of Minors” and “Special Protection of Minors Regulations”. We formulated the “Management Procedures of Prohibited Use of Child Labour and Minors” to boycott the use of child labour and forced labour. We clearly stipulate that during the recruitment process, the person-in-charge will conduct a strict identity check on the employees before allowing them to enter the factory. Employees will not be accepted if they cannot provide valid identification. In addition, we require the person-in-charge to adopt a variety of methods, such as verifying the copies of identity cards, observing the candidates’ characteristics in appearance, and conducting interviews to prevent child labour from being recruited by mistake.

The Group has formulated human resources policies such as “Personnel Recruitment Management Procedures”, “Employee Communication Management Procedures”, “Working Time and Remuneration Management Procedures” and “Employee Shared Benefits Management Procedures” in terms of recruitment, employee appeals, compensation and benefits, to specify the policies on recruitment, working hours, promotion, salary, benefits and so on, and actively protect the legitimate rights and interests of employees. Meanwhile, the Group strictly implements equal opportunities, follows the principle of open and equal employment, prevents any form of employment discrimination, and ensures that employees are not discriminated in the workplace because of factors such as race, religion, gender, age, marital status and disability.

GROWING TOGETHER

Employee profile

Percentage of Ju Teng employees by gender, age, and employment category³

	As of 31 st December, 2017	As of 31 st December, 2018	As of 31 st December, 2019
Breakdown by gender			
Male	57.85%	58.77%	58.19%
Female	42.15%	41.23%	41.81%
Breakdown by age			
16-17	3.10%	3.07%	1.59%
18-25	28.75%	29.13%	25.82%
26-35	37.43%	37.97%	39.01%
36-50	30.29%	29.52%	32.96%
51 or above	0.43%	0.31%	0.62%
Breakdown by employee category			
Salaried employees (non-productive workers)	32.88%	15.75%	18.58%
Hourly employees (general productive workers)	67.12%	84.25%	81.42%

Remuneration and benefits

Ju Teng has established a motivating salary and welfare system in accordance with laws and regulations to ensure employees receive reasonable and legitimate remuneration. Meanwhile, we have established a reasonable welfare distribution mechanism, stipulating details such as insurance, allowance, subsidy, and vacation.

We carry out the remuneration and welfare work in accordance with the internal "Working Time and Salary Management Procedure", "Personnel Administration System and Related Norms" and other policies. We strictly follow the "Labour Law of the People's Republic of China" that employees' normal working hours do not exceed 8 hours per day and 40 hours per week, and employees are provided with reasonable and appropriate rest time during normal working hours. The Group persists in not forcing any employees to work overtime and adopt a flexible rest system to ensure the healthy and balanced development of employees.

We have also formulated the "Management Procedure for Employees' Shared Benefits" that our employees are entitled to annual leave, paid sick leave and other legal holidays. In addition, female employees are entitled to paid maternity leave; male employees are entitled to paid paternity leave; and employees in special jobs, such as smashers and grain pumpers, are entitled to special subsidies.

³ The scope covers all Production Plants mentioned in "Reporting Scope and Boundary", together with Gi-Li Co., Ltd. and Hong Ya Technology Corp.

Communication and work environment

Unobstructed communication channels and sincere care are essential factors to create a harmonious labour relationship. The Group advocates open communication and has established a standardised, smooth and systematic communication mechanism. According to our “Employee Communication Management Procedures”, employees can make requests to department heads or the human resources department through SMS, phone, interview, company WeChat platform, company suggestion box and other channels. Employees are also free to decide whether to retain personal information during consultation, suggestions, coordination, appeals, and reports. The Group protects the confidentiality and anonymity of personal information of all employees, allows employees to freely communicate relevant opinions, and promotes the effective operation of the employee communication mechanisms.



Employee appealing process

Wujiang Production Plants Workers’ Congress 2019

In March 2019, the Wujiang Production Plants held the Annual Workers’ Congress 2019 with employee representatives from all departments participating in the meeting. The representatives were elected by each department to report and provide feedback on employees’ opinions and provide suggestions for corporate governance and business processes. This meeting further strengthened the communication between management and employees and created a good working environment.



Cultivating employees’ sense of belonging is an important part of Ju Teng’s corporate culture. By organising diversified cultural and sports activities, the Group promotes communication among employees and builds harmonious and cooperative working relationship. At the same time, it also promotes the work-life balance of employees and enhances their physical and mental health.

Group employee birthday party

Lian-Yi Production Plant, Taizhou Production Plants and Neijiang Production Plant held birthday parties for employees every month, with participants having birthdays on the same month. The birthday party promoted employees’ recognition and sense of belonging to the company, and let the employees truly integrate into the Ju Teng family.



Wujiang Production Plants Mid-Autumn Festival party 2019

In September 2019, the Wujiang Production Plants organised a Mid-Autumn Festival party with the theme of “Flowing a Good Moon for Mid-Autumn Festival and a Safe and Happy Family”. In addition to about 1,000 employees participating on site, more than 20,000 employees and their relatives watched the livestream through WeChat. Employees experienced a sense of belonging.



GROWING TOGETHER

Development and training

Ju Teng attaches great importance to building high-quality talents and teams and establishing an effective training system. At the end of each year, the Production Plants of the Group formulate the training plan for the next year in accordance with the "Education and Training Management Procedures" and systematically carry out the education and training work. The Production Plants conduct training on employees, systems, professional skills, product quality and other aspects, including new employee training and special job training.

During the Reporting Period, all Production Plants of Ju Teng completed training in accordance with the annual training plan. The average training hour of employees was 13.8 hours, which increased by about 33% as compared to 2018.

Internal auditor training

In July 2019, the Wujiang Production Plants conducted internal auditor training on QC080000 Hazardous Substance Process Management System. Internal auditors from different departments of the Production Plant participated in this training, which has improved the employees' understanding of industry standards, and promoted the employees' awareness of environmental impacts during the production process.



"Safety Production Responsibility" training

In August 2019, Wujiang Production Plants invited Associate Director of Wujiang District Emergency Management Bureau to conduct training on "Safety Production Responsibility" for senior management of the Production Plants, which further strengthened the management's awareness of responsibility for safe production and helped improve production safety management of the Production Plants.



Machine theory training for employee

In January 2019, the Neijiang Production Plant organised the training of "ABB Machine Theory" for employees. The training aimed to strengthen the employees' theoretical knowledge of robot operation, help employees to improve work efficiency in the automatic production line, and improve their own skills.



Health and safety

We are committed to providing a good working environment for our employees. Ju Teng adheres to national and local laws and regulations on occupational health and safety such as the "People's Republic of China's Work Safety Law" and "The Law of the People's Republic of China on Occupational Disease Prevention and Control". On this basis, we have formulated safety and occupational health systems such as the "Comprehensive Emergency Response Plan for Production Safety Accidents", the "Fire Safety Management System" and the "Occupational Disease Prevention and Control Plan and Implementation Plan", and required each Production Plant to strictly implement relevant laws and regulations to ensure the occupational health and safety of employees.

Ju Teng has formulated the "Risk Assessment and Control Management Procedures", "Hazardous Chemicals Safety Management Procedures" and "Production Safety Accident Emergency Management System" according to its own industry characteristics. We identify the sources of hazards that the Group can control or can take measures to influence during the production, services and activities, and take measures to strengthen the control after evaluation.

Regarding the management of hazardous chemicals, we have formulated regulations on the transportation, loading and unloading, storage, use, and post-processing of hazardous products in accordance with national regulations on “Hazardous Chemicals Safety Management Regulations” and their implementation rules, so as to achieve the safe production policy of “Safety First, Prevention First, and Comprehensive Management”.

Ju Teng’s Production Plants take corresponding emergency management work to stipulate the prevention, emergency response, on-the-spot disposition and the handling of the aftermath of the incident. By establishing the necessary response mechanism, we ensure the safety of employees and the public, minimise environmental damages, social impacts, and loss of property. In 2019, the Neijiang Production Plant has repeatedly organised on-site education on flammable items, fire evacuation and fire drills to improve employees’ fire-fighting awareness.

	Unit	2017	2018	2019
Number of work-related incidents	Case	127	169	233
Number of work-related fatalities	Person	2	1	0
Lost days due to work-related accidents	Day	5,560	5,334	6,801
Incident rate per one million work hours ⁴	/	2.03	2.37	3.51
Lost day rate per one million work hours ⁵	/	74.9	74.8	102.6

During the Reporting Period, our Production Plants adopted the following new measures to further enhance employee safety:

- We set up a special environmental safety and health audit team to audit and evaluate the entire plant on safety, occupational health, environmental protection and other aspects every week. The results were analysed and summarised by the regional person-in-charge in reports form. Employees’ health and safety performance is one of the management’s performance evaluation criteria;
- We carried out various forms of safety knowledge promotion activities. In order to achieve greater popularity, we used the Company’s WeChat public account to host online safety quizzes to continuously improve employees’ safety awareness;
- We carried out testing and evaluation work of occupational disease hazards at least once a year to identify and evaluate potential risks. We recorded the results in the company’s occupational health file, reported regularly to the local health administrative unit and published to employees;
- Professional medical check-up agents were hired to provide check-up services to our employees at pre-job, on-the-job, and post-job stages. Dedicated check-up vehicles and medical personnel stationed at our Production Plants to carry out medical examination services.

⁴ The formula of incident rate per one million work hours is: number of injuries ÷ total working hours x 1,000,000.

⁵ The formula of lost day rate per one million work hours is: number of lost days due to injuries ÷ total working hours x 1,000,000.

GROWING TOGETHER

Visiting a safety model

In 2019, according to the annual training plan, the Wujiang Production Plants organized visits to model enterprise. Senior executives of the Wujiang Plant visited Ingersoll Rand's production plant, which is a first-class enterprise in safety standardisation in Wujiang District. Production Plant executives studied the management of special equipment, on-site safety visualisation management, regional planning. The visit shed light on the improvement and optimisation of their own safety management system.



Job safety procedures training

In 2019, the Neijiang Production Plant organised two training sessions on on-job safety procedures for all employees from all workshops, with a 95% participation rate. A training session on wearing the protective equipment against occupational hazards exposure was organized, with a 100% employee participation rate.



In addition, according to the Group's "Contractor Safety Management Measures", we also value the social performance of our contractors. We require contractors to formulate detailed safety management requirements for their employees and our person-in-charge will conduct in-depth on-site inspections of the implementation of their operational safety measures during the operation. If substantial hidden dangers or risks are discovered, we will immediately request for rectification, and arrange safety training and written tests for the concerned contractors.

GIVING BACK TO THE COMMUNITY

Alongside the development, Ju Teng continues to fulfil corporate social responsibilities by actively organising community volunteer activities and charitable work to achieve harmonious and win-win development between the company and community. The Wujiang Production Plants encouraged employees to actively participate in blood donation activities. A total of 85 employees have participated, and 25,000 ml blood was donated. In addition, to create a clean, beautiful, civilised and orderly public environment for the surrounding communities of the Production Plants, we gathered employees to conduct “Clear Small Ads” volunteer services, which were praised by residents in the surrounding communities.



Caring blood donation week



Community “Clear Small Ads” volunteer services



Caring Club environmental activities



Volunteer environmental protection activities around Taihu Lake

The Caring Club of the Wujiang Production Plants regularly organise volunteer activities to protect Taihu Lake. On the day of the activity, employees brought friends and family members to pick up garbage around the lake. We also promoted environmental protection during the event to contribute to the ecological protection of the lake. In 2019, one of our volunteers won the honorary title of “Excellent Volunteer”.

Ju Teng will continue to care the community. In the future, we will further listen to the needs of the community, pursue mutual development, leverage on our edge, and cooperate with all sectors of society to contribute to the community.

APPENDIX: HKEX ESG REPORTING GUIDE INDEX

KPIs	Description	Disclosed in	Remarks
A. Environmental			
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.	Sustainable operation – Emission reduction	
A1.1	The types of emissions and respective emissions data.	Sustainable operation – Emission reduction	
A1.2	Greenhouse gas emissions in total and, where appropriate, intensity.	Sustainable operation – Emission reduction	
A1.3	Total hazardous waste produced and, where appropriate, intensity.	Sustainable operation – Emission reduction	
A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	Sustainable operation – Emission reduction	Scrap materials were the major non-hazardous waste generated. We are reporting on the quantity of scrap materials recycled.
A1.5	Description of measures to mitigate emissions and results achieved.	Sustainable operation – Emission reduction	
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Sustainable operation – Emission reduction	
A2 Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Sustainable operation – Resource management	
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity.	Sustainable operation – Resource management	
A2.2	Water consumption in total and intensity.	Sustainable operation – Resource management	
A2.3	Description of energy use efficiency initiatives and results achieved.	Sustainable operation – Resource management	
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Sustainable operation – Resource management	
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	Sustainable operation – Resource management	

APPENDIX: HKEX ESG REPORTING GUIDE INDEX

KPIs	Description	Disclosed in	Remarks
A3 The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Sustainable operation	Ju Teng's operation sites are located either in industrial parks or in the urban areas. Our operation does not have a direct impact to the natural environment.
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Sustainable operation	
B. Social			
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 relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Growing together – Employment management – Remuneration and benefits Growing together – Communication and work environment	
B1.1	Total workforce by gender, employment type, age group and geographical region.	Growing together – Employment management – Employee profile	Please refer to the Annual Report 2019 for our total workforce.
B1.2	Employee turnover rate by gender, age group and geographical region.	Not disclosed	
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.	Growing together – Health and safety	
B2.1	Number and rate of work-related fatalities.	Growing together – Health and safety	
B2.2	Lost days due to work injury.	Growing together – Health and safety	
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Growing together – Health and safety	

APPENDIX: HKEX ESG REPORTING GUIDE INDEX

KPIs	Description	Disclosed in	Remarks
B3 Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Growing together – Development and training	
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Not disclosed	
B3.2	The average training hours completed per employee by gender and employee category.	Growing together – Development and training	
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 and forced labour.	Growing together – Employment management	
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Growing together – Employment management	
B4.2	Description of steps taken to eliminate such practices when discovered.	Growing together – Employment management	
B5 Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Win-win collaboration – Winning with suppliers	
B5.1	Number of suppliers by geographical region.	Win-win collaboration – Winning with suppliers	
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Win-win collaboration – Winning with suppliers	

APPENDIX: HKEX ESG REPORTING GUIDE INDEX

KPIs	Description	Disclosed in	Remarks
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.	Win-win collaboration – Quality control	
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Win-win collaboration – Quality control	No product has been subject to recalls for safety and health reasons. Recalls were triggered by quality-related issues.
B6.2	Number of products and service-related complaints received and how they are dealt with.	Win-win collaboration – Quality control	
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Win-win collaboration – Quality control	
B6.4	Description of quality assurance process and recall procedures.	Win-win collaboration – Quality control	
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Win-win collaboration – Customer first	
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.	ESG management – 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.	ESG management – Anti-corruption	
B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	ESG management – Anti-corruption	
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.	Giving back to the community	
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Giving back to the community	
B8.2	Resources contributed (e.g. money or time) to the focus area.	Not disclosed	