



**TIANLI**  
HOLDINGS GROUP LIMITED

**Tianli Holdings Group Limited**

**天利控股集團有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 117)



**2017**

**ENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE REPORT**

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# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## I. ABOUT THIS REPORT

The purpose of this Environmental, Social and Governance (hereinafter called “ESG”) Report is not only to communicate the sustainability strategies, management approaches and performances of Tianli Holdings Group Limited and its subsidiaries (collectively the “Group” or “we”) with the stakeholders, but also strengthen the Group’s understanding towards their ongoing activities in sustainable development of the society and the environment as a whole. This ESG Report summarizes the efforts and achievements made by the Group in corporate social responsibility and sustainable development.

The Group hopes to develop its business objectives and creates shareholder/investor value, while at the same time protects the ecological environment by fully utilizing resources and minimizing the emission of pollutants during operation. As a responsible and visionary corporate citizen, we have to balance the relationship between operations and environment by continuously optimizing operations management, business strategies and policies on environmental protection, training and development, and community investment; and contribute towards the sustainable development of the globe, human being and our business.

### Scope and Period of Reporting

The ESG Report covers the Group’s main business in manufacture and sale of MLCC, provision of investment and financial services and other general trading (trading of goods other than MLCC) and presents the Group’s strategic approach to sustainability and performance in the environmental and social aspects of the above business. A summary of the environmental indicators and the performance data are listed out at the “Environmental Performance Data Summary”. The reporting period is for the financial year ended 31 December 2017.

### Reporting Guidelines

The ESG Report has been prepared in accordance with the updated Environmental, Social and Governance Reporting Guide issued by The Stock Exchange of Hong Kong Limited, as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## II. ENVIRONMENTAL PROTECTION

### Manufacture of MLCC

The Group is fully aware that the exhaust air, sewage and wastes generated during manufacture of MLCC, to some certain extent, might have impact on the environment. Besides, we utilize substantially the natural resources such as electricity, fuel, water, etc. in production. As such, we put great effort in optimizing our environmental management measures, including introduction of advanced equipment used in waste treatment; improving the emissions facilities to reduce the pollutants and exhaust air; adopting new treatment for reduced utilization and efficient conservation of natural resources, and strengthening resources re-use.

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We have established a Total Quality Environment Office to monitor and control the discharge of sewage from origins. Facility Department is responsible for repair, alteration and installation of facilities relating to emissions of exhaust air, sewage and noise. All environmental protection work is monitored, coordinated, checked and executed, and operation records of facilities are maintained and reported to the management regularly. During the production process, each Production Department manages its facilities relating to emissions of exhaust air, sewage and noise; performs technical analysis of the pollutants and proposes improvement plan. Environment Office liaises with other departments responsible for monitoring the emissions of exhaust air, sewage and noise; like Finished Goods Department is responsible for waste management; Administration Department is responsible for handling wastes; etc. They take immediate action for any emergency in order to prevent pollution spread; and to report the incident to the management timely.

For areas that require special attention, a set of internal policies and procedures has been formulated to monitor the emission of exhaust air, sewage, wastes and noise, and to ensure that all production are in compliance with the national and local environmental standards. We also identify and update the related environmental laws and regulations from time to time, and provide training to all the related staff to ensure their operation is in full compliance.

## 1. Management of Emissions

### *Management of air and greenhouse gas emissions*

In order to meet local government's emission standards of air pollutants, we have established pollutants management process to monitor the emission of air pollutants. Our exhaust air treatment system is equipped with sprinkler and carbon filter, and have the function of removing oil, smoke and smell. The exhaust air is released and dust is collected after filtering. Qualified environmental units are engaged to handle the dust.

We have obtained air pollutant emission licence granted by local government, and engaged authorized inspection organization to test exhaust air from production process annually. Test scope includes benzene, toluene, xylene, VOCs, catering fumes, volatile phenols and so on. All the test results are up to the local government standards. We maintain and manage industrial exhaust air treatment facilities regularly, provide professional training to the operators of the facilities that generate exhaust air, and strengthen the prevention and treatment processes of abnormal situations.

For the emissions of various volatile organic solvents and anhydrous ethanol through exhaust pipe and exhaust fan, various departments propose measures in the prevention and treatment of exhaust air from production process. Through improvement of techniques and facilities, emission is minimized. Substitutes are actively developed to minimize pollutants. They are authorized to implement after passing the feasibility test and approving from Environment Office.

### *Management of sewage*

Sewage mainly comes from the cleaning and maintenance of air compressor, central air conditioning, plant and production facilities. Sewage is drained to sewage treatment station for centralized treatment. Certain fixed amounts of substances (such as sodium hydroxide, poly-aluminum chloride, activated carbon, etc.) are added into the treatment process daily, water quality is monitored and record is maintained. We engaged qualified units to handle the waste after sewage treatment.

To comply with the “Water Pollution Prevention and Control Law of the People’s Republic of China”, the Group has formulated pollutants management process, enhancing and improving the sewage treatment facilities. Checkup and maintenance works are performed daily and operation records are maintained. We have obtained sewage emission licence granted by local government and have engaged authorized inspection organization to test sewage from production process annually. Test scope includes acidity, suspended solids, chemical oxygen demand, biochemical oxygen demand, ammonia nitrogen, nickel, color, phosphate, etc. All the test results are up to the local government standards. To minimize the sewage, we are striving for improving the technology in closed loop water recycling and reuse system.

### *Management of disposal of solid waste*

To comply with the “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste” and relevant laws and regulations, the Group has established solid wastes management process. Solid wastes produced in manufacturing mainly include recyclable wastes, non-recyclable wastes and hazardous wastes. We recycle as many wastes as we can, and non-recyclable wastes are handled by qualified environmental authorities. The hazardous wastes are treated in accordance with the relevant requirements.

The Group has established internal procedures to manage hazardous wastes, and each department has to strictly follow the procedures so as to ensure the wastes are properly handled, and the impact on the environment is minimized. Temporary hazardous waste collection stations are set up and different collection barrels are placed in each department. Toxic solution, waste liquid and oil are put into designated collection barrels with clear labels. Responsible department categorize the wastes and move them to waste collection field with sun and rain protection. We commissioned qualified environmental units to recycle the hazardous wastes.

Non-hazardous wastes generally include recyclable and non-recyclable wastes. Recyclable wastes mainly include papers, box, tape, plastic wastes, glass and metal scraps, etc., which are centrally placed in the waste collection field. We focus on recycling and reduction of wastes to conserve resources and to prevent pollution. Non-recyclable wastes including dust, plant and general daily garbage are placed in the waste collection field, and are followed up and managed by designated staff who is responsible for labelling, categorizing and commissioning qualified units to handle to prevent environmental pollution.

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## *Other Businesses*

Energy consumption accounts for a major part of its greenhouse gas emissions. Therefore, various energy saving measures (refer to the section “Management of Resources Utilization” below for details) have been undertaken to improve energy efficiency and to save energy in our operations. Waste management mainly involves collection of waste paper for recycling. Our daily operations do not produce any hazardous waste and air pollution. The impact from domestic water discharges to the environment is insignificant.

## *Compliance*

During the reporting period, there were no confirmed non-compliance incidents in relation to environmental protection that have a significant impact on the Group.

## **2. Management of Resources Utilization**

To comply with the relevant laws, regulations and policies on resource conservation, and to establish conservation ideas and to promote corporate culture on saving resources; we have set up various resource saving measures at our production departments and offices to demand each of our employees to understand the importance of resource conservation. They are required to make full use of resources, to maximize its effectiveness and to avoid wastage.

### *Conservation of Energy*

We control the use of energy and improve resource usage efficiency through daily management and monitoring of energy consumption, and hope that energy conservation start from everyone. We promote the use of effective energy-saving lamps and lanterns, and use daylight for work as far as possible. When only a few staff working in the office, they are allowed to turn on only the lights at their location and have them switched off when they leave the room. We encourage employees to use air conditioning reasonably; and the temperature and duration of use are strictly controlled. Doors and windows should be closed when air conditioners are switched on. Air conditioning at conference rooms should be used reasonably according to the headcount and length of meeting. Electronic equipment, such as water dispensers and computers have to be switched off after work.

During the reporting period, the Group’s business consumed 29,167 megawatt hours (“MWh”) of electricity and 18 tonnes of gasoline. With reference to the guidelines of the Greenhouse Gas Protocol and the regional emission factors, greenhouse gas emissions are calculated from the above-mentioned data. For total carbon dioxide emission during the reporting period, Scope 1 emissions and Scope 2 emissions were 55 tonnes and 24,630 tonnes respectively.

### *Conservation of Water*

We want every staff can make the best use of water resources and to reduce wastage. Drinking water cannot be used in other way. Water flow from tap is controlled at low level. Water tap should be turned off when not in use. Each production department and office have to check regularly the water facilities, pipes and taps at their location to prevent wasting water. We always remind our staff to pay attention to water conservation; and notify our maintenance department promptly for repair once damaged pipes or valves or water leakage is found. During the reporting period, the Group’s business consumed 501,909 tonnes of water.

### *Conservation of Paper*

We promote saving papers and avoid wastage through unified purchasing; distribute files in electronic format to minimize photocopying and printing; fully utilize paper by reusing single-sided papers, and collecting double-sided printed papers to qualified recycler for handling. During the reporting period, the Group's business consumed approximately 8 tonnes of paper.

### *Compliance*

During the reporting period, the Group did not involve in any non-compliance incident relating to the environment.

### **3. The Environment and Natural Resources**

The Group has strived to care for and to protect the nature, everyone should take part in it and hope to create a beautiful world together. In order to let employees know the importance of our environmental impact, we continue to adopt various policies, measures, and actions in reducing carbon footprint, and to minimize the impact to the environment from daily lives and business activities (Please refer to "Management of Emissions" and "Management of Resources Utilization" above for details). We hope that every staff can start from themselves, convey the message of protecting the environment to their families, friends and business partners; to build more powerful cohesion in alleviating climate change together.

## **III. EMPLOYMENT AND LABOR PRACTICES**

Employees are our valuable assets and the key driver for the Group's sustainable and long-term business development. We devote to create a non-discrimination, equal, harmonious and safe workplace; build up a mutual-respect and good relationship with our people; encourage our employees to be innovative, flexible and committed when dealing with our customers and producing high quality products and services. To accomplish this target, we offer opportunities of advancement to attract, develop, retain and reward our talented staff; providing commensurate remuneration, personal growth and career development training; together with other fringe benefits. Besides, we enrich staff's spare time through regular training and cultural activities and care about their physical and mental health, and at the same time also promote team cohesion. We encourage employees to maintain harmonious interpersonal relationships, promote team spirit of cooperation and unity, accept difficulties and overcome challenges.

### **Talent Selection**

We follow the principles of fairness, equality, competitive and non-discrimination to hire outstanding talents, and devote to protect human right and privacy of employees. During staff recruitment, knowledge, ability, morality, physical fitness and job requirements are used as the selection standards, and they are not discriminated against because of their age, sex, sexual orientation, race, disability, marital status, pregnancy, religion, political factions and referrals, so as to maintain employment equality. We provide equal opportunities to employees in providing benefits, promotion, performance appraisal, training and career development, we only consider their morality, knowledge, physical fitness, ability and technical skills, etc. We hope to achieve win-win situation through joint development of employees and corporate.

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## Labor Standards

The Group respects human rights and strictly prohibit any unethical hiring practices, including child labor and forced labor in the workplace. Policies and procedures are established to comply with the relevant labor laws and regulations. During the recruitment process, we review the identity documents of the applicants and never hires any applicant below the legal working age. The work hours of staff are in line with the relevant local labor laws and regulations. Staff consent for working overtime is needed so as to prevent forced overtime work; and they are compensated in accordance with the requirement of the relevant laws and regulations.

## Compensation and Welfare

The Group attracts and retains outstanding talents with competitive remuneration packages and regularly examines their salary levels to ensure it is up to standard. The Group collects up-to-date remuneration data within their industry and strives to establish a fair, reasonable and competitive remuneration scheme. Staff salaries level are decided based on one's knowledge, skills, experiences and education background relevant to their work requirements. Staff compensation varies among factories and offices situating in different locations. Basic remuneration of staff includes salary, overtime subsidies, discretionary/year-end bonuses and so on. In accordance with the laws and regulations of local government, employees are entitled to retirement protection scheme. Staff in Mainland China participate in the social security scheme, five insurance and housing provident fund, and Hong Kong staff participate in mandatory provident fund scheme. Employees are entitled to rest day and statutory holidays, and other leaves such as paid annual leave, sick leave, marriage leave, maternity leave, compassionate leave, etc. Besides, we offered a number of additional staff benefits, such as birthday and festive gifts (Spring Festival, International Working Women's Day, Mid-Autumn Festival, etc.), communication allowance, free body check-up and free shuttle bus. The Group terminates and compensates staffs in accordance with local laws and regulations.

For the purpose of enhancing the communication among staff, ensuring their physical and mental health, and fulfilling their growing cultural and entertainment needs, the Group organizes various regular and irregular recreational activities. We organized ball games competition, like basketball, badminton and table tennis; tour visits, karaoke competition, Mid-Autumn Festival barbeque activity and Lunar New Year party and so on. We also provide facilities for employees playing badminton, table tennis and billiards, and they can also go to library during leisure time.

## Development and Training

In order to align the staff career plan with the long-term development of the corporate, we establish a comprehensive staff training programme aiming at building an excellent, professional, well-trained and responsible corporate team. This can raise our people's quality and ability, and can also enhance their cohesion; thereby increasing the work efficiency. New hires have to participate in pre-employment training and pass the assessment. The training topics include company overview, corporate culture, rules and regulations, quality awareness, production workflow and skills, systems and safety knowledge, and environmental protection.



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We provide both internal and external training to staffs. Internal training covers professional knowledge and skills of various positions within the corporate, industry information, management, and other aspects interested by employees outside work. Training is conducted in different forms like lecture, seminar or exchanges. External training can be divided into regular practical training, training for senior management and for personal development. We also provide tailored training to those employees with outstanding performance, covering both training related to their job duties or other professional trainings outside jobs; this is to achieve the ultimate aim of nurturing our talents.

For the manufacture and sale of MLCC, on top of providing our new hires with pre-employment training, we also organized various training programs like fire contingency measures and use of fire extinguishers, production safety, equipment maintenance, occupational health and safety management system, fire safety, knowledge on testing process, etc. We also design specific training to technical staff or site management staff in accordance with local labor regulations to enhance their professional knowledge and skills. Our staff need to pass the assessment and get the required licence for work.

### Health and Safety

According to local laws and regulations, we formulate the safety production responsibility system, and establish the safety production committee and safety management organizational structure. Supervisors and employees at all levels must clearly understand their own safety responsibilities, sign the safety production responsibility statements, and follow strictly the requirement as stated on the statements. New hires must join various practical training to understand the work processes and guidelines relating to production; to learn the skills and techniques in operating with equipment; and to receive safety training conducted by production department and their team. We also provide routine education about safety awareness, knowledge and techniques; and to offer regular on-the-job technical training, arrange safety assessment and team safety activities. This is to ensure that our employees have the necessary awareness, knowledge and skill to discharge of their duties up to standard.

Staff of special work types must possess valid license and passed examinations recognized by the nation, and operation certificates approved by department head before they are allowed to operate the facilities. Production department is responsible for the equipment safety inspection, and they also arrange periodic facilities checkup by external qualified maintenance companies. In addition, we educate our employees to correctly use other production facilities, installed equipment, fire facilities, protective and first aid equipment; etc. We also arrange regular production department safety checks so as to remove any potential safety hazard; and to ensure that equipment functions properly. We follow the national requirements and have our employees working under safe and hygienic conditions with the necessary labor protective equipment to ensure that the protective measures is adequate, and to reduce accidents at work.

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In order to monitor the harmful substance level at workplace to protect the health of production staff; we installed exhaust fans in the plants and staff are required to wear masks and earplugs. We provide free health check every year to employees who have completed one year of service. In order to meet the Government's requirement for special positions, we arrange occupational health check for the related employees. We also employ external qualified company to make assessment of various occupational hazards exist in the workplace; and to conduct benzene, toluene, xylene, hydrogen chloride and hydrochloric acid, noise assessment and so on for special operations factory plants. All test results are satisfied within national hygiene standards.

## Compliance

During the reporting period, the Group did not have violations relating to labor practices.

## IV. OPERATING PRACTICES

### Supply Chain Management

The Group is dedicated to maintaining long-term, stable and strategic cooperative relationships with leading suppliers, and are committed to a strategic procurement-led approach, achieving co-development with our suppliers on the basis of equality and win-win situation. We establish supply chain management system with rigorous requirements to provide various reporting channels to employees, suppliers, customers and other business parties in case they are aware of any violations of laws or regulations. During the reporting period, the Group did not have significant issues relating to violations in this respect.

We have established a supply chain management system to carry out initial, alternative and renewal evaluation of suppliers and materials. To select a new supplier, we consider the supplier's ability, their background, their qualifications and certificates obtained and our own suppliers' evaluation report. We also request for samples from suppliers for use up to a certain period of time and to select and categorize the best suppliers according to the result of the evaluation. We have stern segregation of duties throughout signing of contracts to acceptance of products. This is to ensure that the suppliers are all qualified, with good internal control and professional skills, stable quality, supply on time, comply with laws and regulations, and competitive and high quality products or services are provided.

### Product and Service Responsibility

#### Manufacture of MLCC Business

Our business objective is "leading technology and consumer first". We committed to provide good quality products and services to satisfy our consumers; to comply with laws and regulations; to produce environmental friendly products and to protect the environment. We consistently make substantial investment in technology research and development, purchase advanced equipment, hire and develop technical and professional personnel, and to work with world renowned enterprises in technical exchanges to produce high quality and safe products. Not only consumer needs are fulfilled, our objectives for achieving efficient production and quality control is also met.

We introduce environmental protection management system starting from research and development and to observe the regulations and instructions relating to hazardous substances, be aware of the international environmental protection requirements, select environmental-friendly raw materials, use environmental technologies so as to ensure that the products are up to the global environmental standards. Our products are tested by qualified inspection organization, fulfilling the requirements of RoHs (Restriction of Hazardous Substance) and REACH. RoHs is directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment adopted by the European Union (“EU”). It restricts the concentrations of four hazardous substances including lead, cadmium, mercury and hexavalent chromium, and two flame retardants including polybrominated biphenyls and polybrominated diphenyl ethers in the electrical and electronic products. REACH is adopted to improve the protection of human health and the environment from the risks that can be posed by chemicals, while enhancing the competitiveness of the EU chemicals industry. The Group insisted on manufacturing environmentally friendly products to protect the global environment.

With continuous improvement of technology and living standards, consumers’ requirements of product quality become stringent, therefore, we implement quality management system to improve the product quality continuously. Employees are experts in their jobs. Their wisdom, valuable experiences, and comments have great importance in improving the product quality.

The product quality control covers the inspection of raw materials before assembly, production process and products after assembly. If consumers found any problem in product quality or products that do not meet their needs, these are handled by our after-sales services.

### **Provision of Investment and Financial Services Business**

We have been dedicated in providing high quality and professional services with the highest degree of integrity to our clients at competitive rates. We always seek to exceed our clients’ expectation. In terms of sustainability, client satisfaction is vital to our growth in the future. We summarize below our approach in achieving this aim and the significant efforts that we have put into its operations:

#### *(1) Licences and Regulations*

We have a team of financial specialists, who hold necessary licences required by laws and regulations, dedicated to providing quality professional investment services over a wide range of financial products. To avoid any doubt on the fitness and properness, they are mandated to undertake sufficient hours of continuous professional training per calendar year for each of the regulated activity.

#### *(2) Know Your Client*

In order to provide the best services to our clients and to build up trust, we conduct “know your client” background review prior to account opening for new clients. We must understand their identity, investment objectives and experience, financial situation, etc. and obtain relevant documents as proof and for keeping record. Each client must be approved in writing by the Responsible Officer to ensure there is sufficient written information in file. We review and update the client profiles periodically.

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(3) *Customer Data Protection and Privacy Policies*

We handle the client personal data carefully with integrity and in accordance with applicable laws. All client personal data are kept confidential and securely. We have to inform clients about the purpose of collecting their personal data and to whom their data will be transferred to (if the recipient is within the Company). All client personal data collected can only be used for the sole purpose as agreed in advance, and shall be exchanged internally and exclusively on a “business need-to-know” basis. We have to obtain the client’s consent prior to disclosing such information to other parties whenever necessary. The Compliance Officer is responsible for monitoring data protection practices and carrying out periodic review of the personal data systems.

(4) *Customer Complaints*

We established our policies and procedures in handling client complaints. All complaints must be investigated and responded promptly by a person who is not the subject of the complaints. Where a complaint cannot be remedied promptly, we have to advise client of the further actions that may be available to them under the regulatory system. We have maintained proper record, and full cooperation must be given to the regulators in the event of any query, investigation or audit.

(5) *Integrity*

To ensure that our business can have sustainable growth, we demand all of our staff conduct businesses with integrity and in compliance with laws and regulations, and uphold our core values. All staff members, including directors, management and members of all levels are required to adhere to our internal Code of Conducts (the “Code”). In case of conflict between the Code and the laws and regulations from the regulators, the stricter of the two must be followed to an extent that the local laws and regulations are not violated.

### **Compliance**

During the reporting period, there was no reported violation or litigation regarding our products and services.

### **Anti-corruption**

To reflect the value of the Group, we have been committed to high standards of business practices and ethics, and to comply with all applicable laws and regulations. These regulations govern the relationship among employees of the Group, including directors, staff, customers, suppliers, shareholders, competitors and the communities where the Group operates.

Our policy is to encourage fair trade, none of the employees can accept bribes, rebates and commissions. We prohibit, in any form, obtain, request or accept any gift to the suppliers, their representatives or potential representatives. Employees must strictly abide by the regulations. If employees violate them, they will face disciplinary action until termination of the employment contracts. In addition, employees must make judgements in determining whether their actions met ethical standards, and whether correct judgements are made in business operation. When employees find violations, they may, in the case of absolute confidentiality, report on the use of their duties for personal gain, bribery, extortion, fraud and money laundering, etc., through different channels. We continue to optimize the reporting mechanism, resolutely fight corruption, for the construction of a clean social environment.

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Regarding the investment and financial services business, staff are required to strictly comply with policies and procedures relevant to each particular transaction including the verification of clients' identities, assessment of clients' honesty, integrity, commercial ability and creditworthiness; and to keep documents and records properly. To avoid dealing with potential money launderers, terrorist financiers or to handle funds derived from any criminal activity, we refuse the operation of any accounts for anonymous clients or in obviously fictitious names. Staff are required to bring any suspicious transaction to the urgent attention of compliance officer for review. The compliance officer shall conduct a thorough investigation and determine whether suspicion remains. We have strict requirements on the integrity of our employees. We provide appropriate training for employees to understand internal rules and regulations, to fully grasp the new and emerging techniques used by criminals for money laundering and terrorist financing transactions, and to remind them of their own responsibilities.

During the reporting period, the Group and our employees did not involve in any litigation cases of corruptions.

### V. COMMUNITY INVESTMENT AND HONORS

Ever since our establishment, we are responsible taxpayer and offer job opportunities to local people. We establish retirement plan for staff, paid the "five insurances and housing provident fund" for staff in Mainland China and "mandatory provident fund" for staff in Hong Kong. We run our business following good practices; we actively promote green energy-saving and environmental friendly concepts; we set up a role model for the industry; and, to some certain extent, we have contributed to social stability and building a harmonious community.

During the reporting period, the Group was awarded "China Institute of Electronic Information Science and Technology Award (Science and Technology Advancement) Second Prize" ("中國電子學會科學技術獎(科技進步類)二等獎").

### VI. VISION OUTLOOK

As a good corporate citizen, the Group hopes to balance between achieving the corporate economic goals and business objectives, and to fulfill their social responsibility. The Group will continue to pay attention to environmental protection, employee care, product/service quality and community contribution so as to create niche for sustainable development.

As for environmental protection, the Group will endeavor to comply with the stringent environmental protection laws and regulations, allocate resources and undertake various environmental improvement projects, including improving exhaust air, sewage and waste treatment facilities. When it comes to employee care, the Group will put employee satisfaction and production safety as our top priority. Through ensuring occupational safety and a competitive system, the Group aims to attract more talents in the technical and management arenas. As far as product and service quality are concerned, the Group will continue to provide customers with high quality products to conform with the environmental protection requirements. For community contribution, the Group is committed to fulfilling its social responsibility by participating in charitable activities and promoting the community's sustainable development.

The Group aims at becoming a respectable enterprise, and hopes to improve business performance and create more meaningful value for our stakeholders through implementing sustainability strategies.

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## VII. ENVIRONMENTAL PERFORMANCE DATA SUMMARY

	Unit	MLCC Business	Investment and Financial Service, and Trading Businesses	2017 Total
Greenhouse gas:				
Scope 1:	Tonnes	55.07	–	55.07
Scope 2:	Tonnes	24,608.38	21.14	24,629.52
Air emissions:				
Nitrogen oxides	Tonnes	4.67	–	4.67
Sulfur oxides	Tonnes	0.37	–	0.37
Particles	Tonnes	0.50	–	0.50
Hazardous wastes:				
Solid wastes generated:				
Total	Tonnes	18.36	–	18.36
Intensity	Tonnes (per production unit – billion)	0.01	–	N/A
Non-hazardous wastes:				
Solid wastes generated:				
Total	Tonnes	18.35	–	18.35
Intensity	Tonnes (per production unit – billion)	0.01	–	N/A
Sewage discharged:				
Total	Tonnes	458,118.00	–	458,118.00
Intensity	Tonnes (per production unit – billion)	302.49	–	N/A
Packaging materials used:				
Total	Tonnes	1,024.54	–	1,024.54
Intensity	Tonnes (per production unit – billion)	0.68	–	N/A
Energy and water consumption:				
Electricity:				
Total	MWh	29,142.45	24.28	29,166.73
Intensity	MWh (per production unit – billion)	19.24	N/A	N/A
Gasoline:				
Total	Tonnes	18.34	–	18.34
Intensity	Tonnes (per production unit – billion)	0.01	–	N/A
Water:				
Total	Tonnes	501,909.00	–	501,909.00
Intensity	Tonnes (per production unit – billion)	331.41	–	N/A

N/A Not applicable

## VIII. “ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE” BY HONG KONG STOCK EXCHANGE

Key Performance Indicators (“KPIs”)	Reporting Guideline	Page
<b>A. Environmental</b>		
<b>Aspect A1</b>	<b>Emissions</b>	
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.	2–5
KPI A1.1	The types of emissions and respective emissions data.	13
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	13
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	13
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	13
KPI A1.5	Description of measures to mitigate emissions and results achieved.	2–5
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	4–5

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Key Performance Indicators (“KPIs”)	Reporting Guideline	Page
<b>Aspect A2</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	5–6
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (MWh) and intensity (e.g. per unit of production volume, per facility)	13
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	13
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	5
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	5
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	13
<b>Aspect A3</b>		
<b>The Environment and Natural Resources</b>		
General Disclosure	Policies on minimizing the issuer’s significant impact on the environment and natural resources	6
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	6
<b>B. Social <sup>1</sup></b>		
<b>Aspect B1</b>		
<b>Employment and Labor Practices</b>		
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.	6–7



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Key Performance Indicators (“KPIs”)	Reporting Guideline	Page
<b>Aspect B2</b>	<b>Health and Safety</b>	
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.	8–9
<b>Aspect B3</b>	<b>Development and Training</b>	
General Disclosure	Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	7–8
<b>Aspect B4</b>	<b>Labor Standards</b>	
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 labor.	7
<b>Aspect B5</b>	<b>Supply Chain Management</b>	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	9
<b>Aspect B6</b>	<b>Product Responsibility</b>	
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.	9–11

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Key Performance Indicators (“KPIs”)	Reporting Guideline	Page
<b>Aspect B7</b>	<b>Anti-corruption</b>	
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.	11
<b>Aspect B8</b>	<b>Community Investment</b>	
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.	12

<sup>1</sup> Pursuant to Appendix 27 of the “Main Board Listing Rules”, the KPIs under Area B “Social” are recommended disclosures only. Therefore, the Group choose not to disclose those KPIs in this report.