



美亞控股有限公司*

MAYER HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1116)

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT
2018

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OBJECTIVES

The board of directors (the “Board”) of Mayer Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) is pleased to present the environmental, social and governance report (the “Report”) during the year ended 31 December 2018 (the “Year 2018” or “Reporting Period”) with an aim of demonstrating to internal and external stakeholders the effectiveness of the Group’s efforts in promoting sustainable development.

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and mainly covers the environmental and social measures and activities of the Group for the Year 2018. For information relating to the corporate governance of the Group, please refer to the Group’s Annual Report 2018.

The Group is committed to maintaining a sustainable development of its business as well as supporting environmental protection and the communities where it operates. It has managed its business in a prudent approach and provided high-quality products and services to customers according to rational decision-making procedures. The Group maintains close relationships with its stakeholders (including shareholders, customers, employees, suppliers, creditors, regulatory authorities and the public) and strives to accommodate the views and interests of such stakeholders through constructive communications so as to determine the direction of the Group’s long-term development. The Board is responsible for assessing and identifying the environmental, social and governance risks of the Group and ensuring the proper and effective management of those risks and operation of the internal control systems.

In the Year 2018, the Group engaged in the manufacture of stainless steel products through its subsidiary, Guangzhou Mayer Corporation Limited (“Guangzhou Mayer”). Upholding the philosophy of “Harmony, Innovation and Sustainability” and with the positive development of its production and operation, the Group has enjoyed well-established reputation and strong brand awareness, making it one of the leading enterprises in the industry. All of the raw materials used in manufacturing the Group’s stainless steel products are steel coils supplied by the top five steel suppliers in China. The Group has received widespread recognition and public acclaim for its persistent efforts in offering quality products and services.

Guangzhou Mayer is the Group’s key matter of concern in the Report for the Year 2018. Operating the Group’s sole principal business in the Year 2018, Guangzhou Mayer owns office buildings, staff quarters, canteens as well as leisure space in addition to production plants. Guangzhou Mayer is of high relevance to environmental, social and governance matters. Hence, this report focuses on the disclosure of the policies and performance regarding the three environmental and eight social aspects of the Report for the Year 2018.



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STAKEHOLDER ENGAGEMENT

Stakeholder engagement is the core element of the Group's sustainable development. With regard to the establishment of a regular communication mechanism for the stakeholders, the Group has set up online and offline communication channels to timely demonstrate to the stakeholders its strategic plans for and performance in sustainable development and to consult about their opinions and needs, so as to fulfil their demands and reasonable expectations following a more precise understanding.

The Group's stakeholders include the shareholders, staffs, government and regulatory authorities, customers, suppliers, communities, potential and existing shareholders/institutional and individual investors, etc. The Group will engage in discussions with the stakeholders about relevant issues through various channels. The communication channels of the Group with, as well as the expectations and demands of, the stakeholders are as follows:

Stakeholders	Expectations	Communications and feedbacks
Shareholders	Financial results Corporate transparency Sound control on risks	Growth in profitability Regular disclosure of information Optimisation of risk management and internal control
Staffs	Platform for career development Salary and benefits Safe working environment	Promotion mechanism Competitive salaries and employee benefits Employee training and improvement in safety awareness
Government and regulatory authorities	Compliance with laws and regulations Paying tax according to the law	Operational compliance Full payment of tax when due
Customers	Standards of logistics and delivery services Security of customer information Protection of customers' rights and interests	Monitoring of delivery status with the product tracking system Protection of customer privacy Marketing compliance

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Stakeholders	Expectations	Communications and feedbacks
Suppliers	Co-operation with integrity Business ethics and creditworthiness	Establishment of a responsible supply chain Performance of contract according to the law
Communities	Environmental protection Job opportunities	Use of environmentally-friendly and energy-saving equipment Provision of job opportunities
Potential and existing shareholders/ institutional and private investors	Annual general meetings and notices Regular corporate publications (including financial statements) Issue of circulars and announcements in due course	Platforms for communications with shareholders Results announcements Increase in transparency of corporate development

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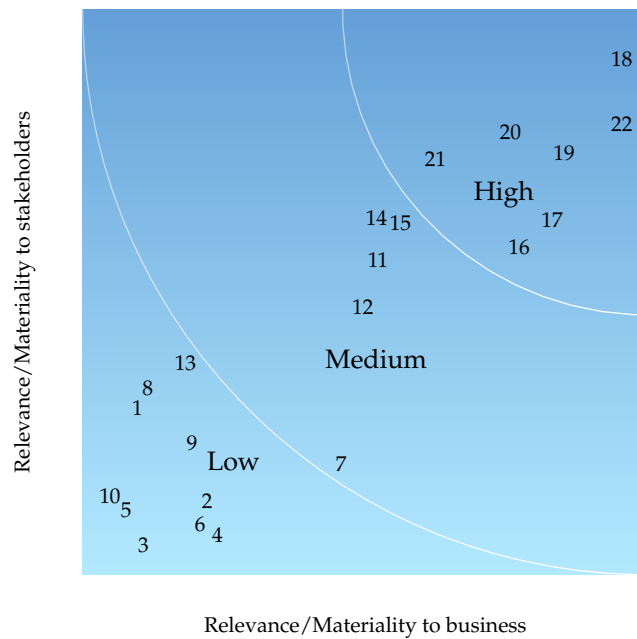
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MATERIALITY ASSESSMENT

In the Year 2018, the Group conducted a comprehensive materiality assessment, which involved group discussions, interviews and a survey with internal and external stakeholders to identify “material issues” and reflect the environmental, social and operational issues which have the most significant impacts on the Company’s business and the relevant issues which are of concern to the stakeholders.

With reference to the scope of disclosure as required under the ESG Reporting Guide, as well as taking into consideration its business features, the Group has identified and determined 22 issues covering greenhouse gas (“GHG”) emission, energy consumption, employee welfare, occupational health and safety, training and development, supply chain management, customer privacy, anti-corruption, and community investment with respect to business operation.

Materiality of Environmental, Social and Governance Issues



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Environmental aspect	Social aspect	Operational aspect
1. GHG emission	9. Local community engagement	17. Economic value generated
2. Energy consumption	10. Community investment	18. Corporate governance
3. Water consumption	11. Occupational health and safety	19. Anti-corruption
4. Waste	12. Labour standards in supply chain	20. Supply chain management
5. Environmental impact of operation	13. Training and development	21. Customer satisfaction
6. Use of natural resources and packaging material	14. Employee welfare	22. Customer privacy
7. Customer engagement in environmental issues	15. Inclusion and equal opportunities	
8. Use of chemicals	16. Talent attraction and retention	

A. ENVIRONMENTAL PROTECTION

To fulfil its sustainability commitment and comply with the requirements under the laws and regulations in respect of environmental protection, the Group has been striving to reduce the impact of its operating activities on the environment.

A1: EMISSIONS

For Guangzhou Mayer, emissions mainly included those from machines in the production workshops, forklift trucks, backup generators and vehicles as well as factory dust, and the major factors causing impact are respirable particles.

In addition, natural gas fuel emissions, tailpipe emissions from vehicles and fumes during production have an impact on the surrounding air quality. Major pollutant is automobile exhaust, and the polluting factors of which are nitrogen oxide (NOx), sulfur oxide (SOx) and suspended particulate matters (PM).

During the Reporting Period, air pollutant emissions were as follows:

Types of emission	Unit	2018	2017
Nitrogen oxide (NOx)	kg	3,491.1	2,440.5
Sulfur oxide (SOx)	kg	3.3	2.5
Suspended particulate matters (PM)	kg	251.1	175.5

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In order to effectively prevent and control dust pollution, improve air quality and ensure public health, Guangzhou Mayer's production plants are equipped with dust collectors with pulse jet filter bags. The automatic dust cleaning devices help to maintain a stable filtering effect of the collectors, thus reducing particulates and dust emissions during production.



Production plants equipped with dust collectors with pulse jet filter bags

Solid wastes from the production process of Guangzhou Mayer are collected by qualified recyclers for recycling. Details are as follows:

Solid wastes

Qualified recyclers

Sludge produced during
stainless steel tube
polishing

Guangzhou Luyou Industrial Waste Reclamation
Treatment Co., Ltd.

Scrap steel

Guangzhou Wanluda Materials Recycling Co., Ltd.

Scrap wood frames

Guangzhou Wanluda Materials Recycling Co., Ltd.

Scrap cardboard

Guangzhou Wanluda Materials Recycling Co., Ltd.

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The Group has formulated and implemented the Waste Management Procedures, which aim to ensure that the wastes produced by the Group will not pollute the environment and will comply with the Group's environmental policy as well as local laws and regulations by separating, collecting and treating production and domestic solid wastes. Dangerous wastes and non-recyclable industrial wastes are collected by the Management Department and passed to state-recognised and qualified waste disposal organisations for treatment.



Production waste storage area outside the factory

Waste separation facilities with “Recyclable”, “Non-recyclable” and “Hazardous” classifications are set up by Guangzhou Mayer to encourage residents and employees to develop green living habits. Hazardous wastes are collected and treated by a qualified company engaged by the Group.



Waste separation facilities in a production workshop for the separation of recyclable and non-recyclable wastes



Waste separation facilities for recyclable, non-recyclable and hazardous wastes in the factory area

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GHG is considered as one of the major contributors to climate change and global warming. During the Group's operation, energy consumption accounts for a major part of GHG emissions. The Group attaches great importance to improving energy efficiency and reducing energy consumption. During the Reporting Period, GHG emission was as follows:

GHG Emissions	Unit	2018	2017
GHG emissions (Scope 1)	kg of carbon dioxide equivalent (CO ₂ e)	579,571	424,594
GHG emissions (Scope 2)*	kgCO ₂ e	2,264,864	1,260,283
GHG emissions (Scope 3)	kgCO ₂ e	19,297	20,998
Total GHG emissions	kgCO ₂ e	2,863,732	1,705,875
Total production	tonne	151,793	93,546
GHG intensity (total emissions/total production)	kgCO ₂ e/tonne	19	18

* calculated on the basis of the emission factor of China Southern Power Grid for 2017. Such figures have been calculated in accordance with the Reporting Guidance on Environmental KPIs.

Scope 1: represents diesel and gasoline consumed by motor vehicles.

Scope 2: represents electricity purchased from electricity suppliers.

Scope 3: represents scrap papers and water consumed.

During the Reporting Period, the hazardous and non-hazardous waste produced were as follows:

Hazardous and non-hazardous waste produced	Unit	2018	2017
Total amount of hazardous waste	kg	8,590	71,050
Intensity of hazardous waste	kg/tonne	0.1	0.8
Total amount of non-hazardous waste	kg	3,965,897	3,457,413
Intensity of non-hazardous waste	kg/tonne	26	37

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Guangzhou Mayer has obtained the Emission Permit issued by Guangzhou Development Zone Construction and Environmental Protection Bureau, with a validity from 2 March 2016 to 1 March 2021. Guangzhou Mayer has installed a sewage treatment system for the direct treatment of sewage produced during the production process.



Figure 1: Sewage treatment system

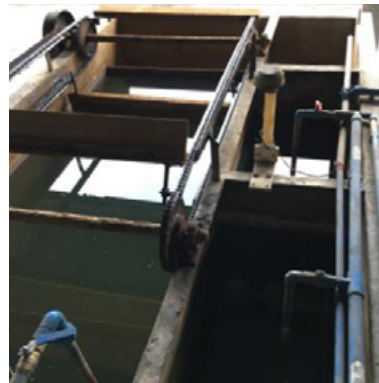


Figure 2: Sewage treatment system

In the Year 2018, the Group adopted a series of energy conservation and emission reduction measures, of which the particulars and relevant effectiveness assessment were as follows:

Energy conservation and emission reduction measures

Particulars and relevant effectiveness assessment of the measures

Light Emitting Diodes (LEDs)

Some of the lighting at the production workshops, office buildings and staff quarters, where compact fluorescent lamps had been used, were replaced with LEDs, which consume less electricity compared to compact fluorescent lamps.

Installation of solar energy equipment

At Guangzhou Mayer's staff quarters, solar energy equipment were installed on the roof mainly for the generation of electricity for electric water heaters, so as to reduce electricity consumption.

Installation of LED sensory lights

LED sensory lights were installed at the corridors of Guangzhou Mayer's office buildings and staff quarters. When there is occupancy nearby, the specialised sensor detects the change in infrared spectrum, and the switch is automatically connected and will remain on for as long as motion is detected. When people leave the detected area, the switch will be turned off thereafter, thereby reducing electricity consumption.

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Energy conservation and emission reduction measures	Particulars and relevant effectiveness assessment of the measures
Water usage	Water usage and cleaning frequency by cleaners were under strict control during the cleaning of the production workshops, office buildings and staff quarters, thus saving a substantial amount of water.
Installation of dust collectors with pulse jet filter bags	In order to effectively prevent and control dust pollution, improve air quality and ensure public health, Guangzhou Mayer's production plants are equipped with dust collectors with pulse jet filter bags. The automatic dust cleaning devices help to maintain a stable filtering effect of the collectors, thus reducing particulates and dust emissions during production.
Non-hazardous waste	Non-hazardous wastes produced at the production workshops, office buildings and staff quarters include sludge from stainless steel tube polishing, scrap steel, wood frames and cardboard, plastic bottles, office papers and kitchen wastes. The Group has exerted its best endeavours to minimise the impact on the environment by using recyclable raw materials or supplementary materials in production. It has promoted waste separation in different ways, such as placing cartons and plastic bottles in designated areas for collection by recyclers.

Compliance with Relevant Laws and Regulations

In the Year 2018, the Group was not aware of any material violation of relevant laws and regulations that have a significant impact relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. The Group strictly complied with local laws and regulations relating to emissions, such as the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Law on the Prevention and Control of Water Pollution of the People's Republic of China (《中華人民共和國水污染防治法》) and the Law on the Prevention and Control of Solid Waste Pollution of the People's Republic of China (《中華人民共和國固體廢物環境防治法》). Furthermore, no significant fine or non-monetary sanction for non-compliance with relevant laws and regulations was imposed on the Group in the Year 2018.

A2: USE OF RESOURCES

The Group does not only strictly obey the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》), but also encourages its employees to develop resource saving and recycling habits in daily life. To protect natural resources and increase operation efficiency, the Group closely monitors the use of resources with a view to ensuring full utilisation of resources and preventing wastage. Each department of the Group regularly reports on its use of resources and takes corrective actions for issues arisen in a timely manner.

The Group has formulated and implemented the Procedure for Energy and Resource Management (《能源、資源管理程序》) to promote the saving and reasonable use of energy and resources as well as the reduction of wastage. To reduce the use of non-reusable materials, the Research and Development Department takes into consideration environmental protection, energy-saving and occupational health and safety factors before introducing new equipment or adopting new production processes. The Management Department is responsible for energy saving and resource control during the daily management of the office areas, canteens, staff quarters etc.

The consumption of electricity, water and construction materials is primarily controlled during production. Production Departments 1 and 2 record monthly water consumption and compare it with monthly actual production for assessment on a monthly basis. Statistical analysis is conducted and the level of energy consumption is recorded to assess the progress of the energy-saving initiatives.

To reduce the use of wood, wooden frames used to pack finished products are actively re-collected upon the delivery of the products to the customers in accordance with the Procedure for Energy and Resource Management. The recycling of wooden frames is regularly traced and recorded by the Sales Department of Guangzhou Mayer on a monthly basis.

For office administration, employees are provided with computers of low-energy consumption and lighting systems with energy-efficient lights are installed in offices. In addition, the Group raises its employees' awareness of energy saving by, for example, encouraging them to turn off lights and air-conditioners after work through electronic mails, bulletins and other channels. Additional video conferencing equipment has been put in place to encourage the use of video conferencing instead of business trips whenever possible, thereby reducing carbon emissions arising from fuel consumption in transportation.

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Data of emissions from the operation of the Group during the Reporting Period are as follows:

Environmental performance	Unit	2018	2017
Electricity consumption	KWh	4,177,560	4,103,820
Electricity consumption intensity	KWh/tonne	28	44
Water consumption in total	M ³	26,261	16,922
Water consumption intensity	M ³ /tonne	0.2	0.2
Total packaging material used*	Kg	212,498	102,629
Intensity of packaging material used	Kg/tonne	1.4	1.1

* Packaging material includes PVC films, transparent plastic, wrapping bands, cardboard containers and wrapping bags.

A3: THE ENVIRONMENT AND NATURAL RESOURCES

In strict compliance with laws and regulations including the Environment Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and related regulations, the Group has formulated its management framework namely the Procedure for Energy and Resource Management and established its environmental management system which conforms to ISO 14001 standards, thereby effectively reducing pollutant discharge and resource consumption resulting from production and operation.



The Group has obtained the ISO14001 environmental management system certification, which is valid from 29 September 2016 to 28 September 2019

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Solar energy equipment on the rooftop of staff quarters

Solar energy equipment is installed on the roof of the Group's staff quarters to provide clean energy and supply electricity to the hot water system at the staff quarters.



Green environment in production area

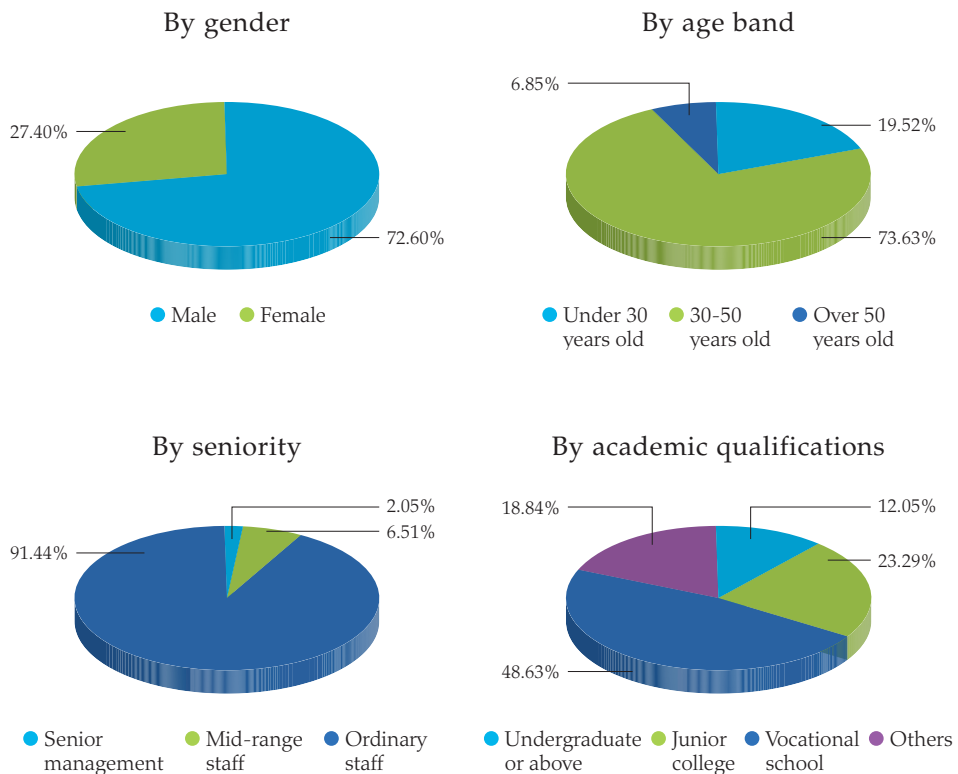
To green up the production area, the Group continuously plants trees and bushes totaling 315 plants of 13 species including lychee trees, longan trees, mango trees, pine trees and so forth.

B. SOCIAL RESPONSIBILITY

The Group believes that maintaining good relationship with its employees is one of the keys to success. To enhance employees’ satisfaction, the Group provides employees with competitive remuneration and benefits and comprehensive training programmes to encourage them to show their strengths and potential in full. The Group organises annual dinner for employees to enhance their sense of belonging and create a friendly and harmonious working environment.

B1: EMPLOYMENT

The Group has implemented rigorous recruitment procedures to select and attract outstanding talents for the Group through a combination of external recruitment and internal training. As at the end of the Year 2018, the proportion of employees (calculated on the number of employees (excluding independent non-executive directors)) by gender, age band, seniority and academic background are as follows:



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The Group has formulated and implemented the Staff Handbook (《員工手冊》), the Management Measures for Staff Recruitment (《人員招聘管理辦法》), the Remuneration Management Measures (《薪酬管理辦法》) and the Human Resources Management Procedure (《人力資源管理程序》) to comprehensively regulate the behaviour of all employees of the Group to meet the needs of a modern enterprise. In compliance with the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and the Industrial Injury Insurance Regulations (《工傷保險條例》) of China, the Group has formulated management regulations in respect of recruitment, promotion, dismissal, working hours, holidays, remuneration, benefits and retirement. It provides employees with competitive salaries and benefits and makes adjustments to salaries and benefits in a timely manner according to the prevailing market condition in order to attract and retain talents and motivate the employees.

The Group provides equal employment opportunities to employees free from any form of discrimination based on age, ethnicity, race, gender and religious beliefs. It is committed to the creation of a corporate culture and a working atmosphere of equality, respect, diversity and mutual support. The Group protects the interests of its staff and strives to establish harmonious labour relationship with the provision of rest periods and holidays not less exacting than those required under the relevant laws and regulations.

Compliance With Relevant Laws and Regulations

The Group was not aware of any material violation of relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare in the Year 2018. The Group strictly complied with relevant local laws and regulations relating to employment, including the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and the Regulations on Wage Payment of Guangdong Province (《廣東省工資支付條例》). In addition, no significant fine or sanction for non-compliance with relevant laws and regulations was imposed on the Group in the Year 2018.

B2: HEALTH AND SAFETY



The Group has obtained the OHSMS18001 occupational health and safety management system certification, which is valid from 29 September 2016 to 28 September 2019

Production safety and occupational health and safety are the key matters of concern in the Group's core corporate operation. In strict compliance with its policies on occupational health and safety, the Group provides resources and training, emphasises occupational health and safety throughout its production processes and constantly reduces the risks to the employees, equipment and environment.

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To comply with the national laws, regulations, policies and standards relating to the prevention and control of occupational diseases, such as the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) and the Measures for the Supervision and Administration of Employers' Occupational Health Surveillance (《用人單位職業健康監護監督管理辦法》), strengthen the management for and enhance the quality of the prevention and control of occupational diseases, practically secure the labourers' occupational health and safety during their work, reach the target for occupational health and safety set by the Group, and facilitate corporate economic development, the Group has adopted and enforced relevant systems as set out below:

- (i) System of Liability for Prevention and Control of Occupational Hazards (《職業病危害防治責任制度》);
- (ii) System of Warning and Alert for Occupational Hazards (《職業病危害警示告知制度》);
- (iii) System of Promotion, Education and Training for Prevention and Control of Occupational Hazards (《職業病危害防治宣傳教育培訓制度》);
- (iv) System of Management for Equipment and Facilities for Prevention and Control of Occupational Hazardous Factors (《職業病危害因素防治設備設施管理制度》);
- (v) System of Management for Occupational Disease Prevention Equipment (《職業病防護用品管理制度》);
- (vi) System of Management for Monitoring and Assessing Occupational Hazards (《職業病危害監測及評價管理制度》); and
- (vii) System of Occupational Health Monitoring and File Management for Labourers (《勞動者職業健康監護及其檔案管理制度》).

Every year, Guangzhou Mayer designs programmes for the special equipment and comprehensive scenario drills in order to further improve the staff's understanding of fire extinguishers inside the factory and small-scale fire so that the staff members are able to use the fire extinguishers correctly to extinguish small-scale fire and security guards are able to use the emergency rescue equipment located in the micro-firefighting stations inside the factory correctly.



Participation of Guangzhou Mayer's staff members in the special equipment and comprehensive scenario drill on 19 October 2018



Class-II Enterprise for Production Safety Standardisation (Machinery), which is valid for three years, awarded by Guangdong Provincial Association of Work Safety in the Year 2016



Slogan for Safety Management

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In the Year 2018, fixed emergency shower heads are equipped, according to relevant national labour safety and health regulations, in the production areas for employees to take full body shower immediately when their bodies or clothes are contaminated by irritating, corrosive or toxic substances.



Figure 1:
Fixed emergency shower head



Figure 2:
Fixed emergency shower head

Compliance with Relevant Laws and Regulations

The Group was not aware of any material violation of relevant laws and regulations that have a significant impact relating to providing a safe working environment and protecting employees from the Group's occupational hazards in the Year 2018. The Group strictly complied with relevant local laws and regulations relating to health and safety, including the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》) and the Industrial Injury Insurance Regulations of the People's Republic of China (《中華人民共和國工傷保險條例》). In addition, no significant fine or sanction for non-compliance with relevant laws and regulations was imposed on the Group in the Year 2018.

B3: DEVELOPMENT AND TRAINING

The Group has adopted and enforced the Education and Training Management Procedure (《教育訓練管理程序》) in order to effectively implement and achieve the Group's management strategies and targets in terms of quality, environment and occupational health and safety, and to ensure that its employees have a sound knowledge of and are able to fulfil their positions' basic requirements for work safety, quality, efficiency, cost and environmental protection.

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The Management Department is responsible for the planning, implementation and execution of the education and training activities launched by the Group, the establishment of annual training programmes, the organisation and implementation of new employee orientation education and training, and the formulation of the system and framework of the Group's education and training. Each of the other departments is responsible for putting forward its needs for education and training programmes, organising its own internal education and training, assisting the Management Department to enforce the annual education and training programmes, and providing safety education and pre-job training to its new employees. The Safety and Environmental Protection Management Department or personnels are responsible for the implementation of education and training on safety, environmental protection and relevant laws and regulations, and the organisation of "three-level" safety education training activities for all members of the Group.

The Group has adopted and enforced the Regulations on the Management of External Education and Training (《外派教育訓練管理規定》). To quickly improve the overall ability of the staff and step up efforts in human resources development, external trainings are arranged to educate the Group's staff members in advanced technologies, skills and expertise in the industry.

In the Year 2018, the human resources division under the Group's Management Department devised the 2018 Training Schedule (《二零一八年培訓計劃表》) and the Schedule of Needs by Departments (《各部門需求計劃表》). Major training work included the optimisation of systems, training for new employees, training for managers, promotion for constitutional documents, safety education, quality education and so forth.



Winners of the Outstanding Staff Election 2018

B4: LABOUR STANDARDS

The Group is profoundly aware that the employment of child labour and forced labour is a serious breach of universal values and is therefore committed to the prevention of all employment of child labour and forced labour and is in strict compliance with all laws and regulations relating to the prohibition of employment of child labour and forced labour. The Group has adopted and enforced the Management Measures for Staff Recruitment (《人員招聘管理辦法》) and the Staff Handbook (《員工手冊》) and strictly complied with the labour contract system. All new employees will sign a labour contract or employment agreement with the Group when they accept their job offers, and the Group will check the relevant and valid certificates of the employees when they officially commence work.

Compliance with Relevant Laws and Regulations

The Group was not aware of any material violation of relevant laws and regulations prohibiting the employment of child labour or forced labour in the Group in the Year 2018. The Group strictly complied with relevant local laws and regulations relating to labour standards, such as the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Law on Protection of Minors of the People's Republic of China (《中華人民共和國未成年人保護法》) and the Provisions on Prohibition of Child Labour (《禁止使用童工規定》). In addition, no significant fine or sanction for non-compliance with relevant laws and regulations was imposed on the Group in the Year 2018.

B5: SUPPLY CHAIN MANAGEMENT

The Group cooperates with suppliers which strive for excellence, emphasise environmental friendliness and possess commercial ethics. It also expects suppliers to be mindful of environmental and social responsibilities. Complying with national laws and regulations including the Law on Tenders and Bids (《招標投標法》) and the Implementation Rules for the Law on Tenders and Bids (《招標投標法實施條例》), the Group has adopted management systems including the Procedure for Assessment and Management of Vendors (《協辦廠商評估與管理程序》), the Measures for Assessing Trade Safety of Business Partners (《商業伙伴貿易安全評估辦法》) and the Supplier Quality Management System Development Schedules (《供方質量管理體系開發計劃表》) to strictly control internal purchasing process.

During the Reporting Period, all complaints about products, services and other matters were promptly resolved. The Group also received widespread praise from its customers for its professional skills and fast localised services.

The accolade granted to the Group during the Reporting Period is as follows:



The Certificate of New and Hi-tech Enterprise (《高新技术企业证书》) is issued based on the joint approval of the Department of Science and Technology of Guangdong Province, the Department of Finance of Guangdong Province, the State Taxation Administration in Guangdong Province and the Guangdong Provincial Tax Service after the reviews in accordance with the requirements of the Measures for the Administration of the Recognition of New and Hi-tech Enterprises (《高新技术企业认定管理办法》) and the New and Hi-tech Sectors under Intensive State Support (《国家重点支持的高新技术领域》) jointly promulgated by the Ministry of Science and Technology, the Ministry of Finance and the State Taxation Administration of the PRC for a term of 3 years.

The Group has formulated and implemented the Integrated Management System Manual (《综合管理体系手册》). The Quality Assurance Department quantifies customers' requirements and technical indicators, such as inspection or test of products during their production, safety, environmental friendliness, reduction of energy consumption and measurement of incoming or outgoing materials, formulates measurable technical parameters and transforms them into specific measurement requirements, such as maximum permissible error, permissible uncertainty, measurement range, stability, distinguishability and environmental conditions, etc., and implements measurement recognition of measuring instruments, which generate measurement record to guarantee that the measuring instruments satisfy the requirements for measurements.

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The Group ensures that it is able to satisfy the requirements for the products and services provided to its customers. Before promising to provide products and services to a customer, Guangzhou Mayer assesses the following requirements:

- i) Requirements expressly imposed by the customer, including requirements of delivery and post-delivery activities;
- ii) Requirements implied by the required uses or known intended uses, despite the absence of express imposition by the customer;
- iii) Requirements imposed by Guangzhou Mayer;
- iv) Requirements under the relevant laws and regulations applicable to products and services;
- v) Requirements under the contract or purchase order that are different from the previous document.

In case of differences in requirements between the current and the previous contracts or purchase orders, Guangzhou Mayer shall ensure that the relevant issue has been resolved.

If the requirements are not put forward by the customer in written form, the Group shall confirm such customer requirements before accepting them.

Based on the Administrative Measures for Contract Review (《合約審查管理辦法》) and the Procedures for Survey on Customer Satisfaction (《客戶滿意度調查作業程序》), the Group's Sales Department conducts surveys to measure customer satisfaction in late June and late December every year, and record and control customer complaint rate on a monthly basis. In the Year 2018, no complaint about substandard product quality was received.

Compliance with Relevant Laws and Regulations

The Group was not aware of any material violation of relevant laws and regulations that have a significant impact relating to health and safety, advertising, labelling and privacy matters relating to products provided by the Group and methods of redress in the Year 2018. The Group strictly complied with local laws and regulations relating to product responsibility, such as the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》) and the Patent Law of the People's Republic of China (《中華人民共和國專利法》). Furthermore, no significant fine for non-compliance was imposed on the Group in the Year 2018.

B7: ANTI-CORRUPTION

The Group places great importance to anti-corruption work. The Staff Handbook (《員工手冊》) and the Administrative Measures for Incentive and Punitive Actions (《獎懲管理辦法》) set out in detail the standards of conduct that all employees are required to follow. The Group has set up a complaint unit and has a dedicated suggestion box in place to enable whistleblowers to report any unlawful or fraudulent conduct to the complaint unit in a confidential manner, and the whistleblowers will be protected.

The integrity reporting e-mail address is published on the Group's website (http://www.mayer.cn/index_71.aspx).

If any employee reports or prevents any corruption, fraud or practices harming the interests of the Group beforehand, and thus prevents the Group from suffering material losses, a record of top-level merit will be awarded to the relevant employee.



Suggestion box located in the office building

Compliance with Relevant Laws and Regulations

In the Year 2018, neither the Group nor any of its employees was found involved in any legal proceedings relating to bribery, extortion, fraud or money laundering. The Group strictly complied with the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》) and other local laws and regulations relating to anti-corruption.

B8: COMMUNITY INVESTMENT

As a corporate citizen, the Group spares no efforts in performing its social responsibilities and is dedicated to supporting local community development. During the Reporting Period, it has promoted social development in different aspects, such as enhancing the environmental awareness of its employees, supporting child development, caring for needy people, promoting industry-wide exchanges and collaborations and so forth.

The Group employs disabled people as workers and cleaners to help them to integrate into the community. During the Reporting Period, 4 disabled people were employed by the Group.

The Group strongly supports all kinds of green initiatives. By organising volunteering activities, we seek to enhance employees' environmental awareness and draw more attention of the general public to the importance of environmental protection.