

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The purpose of this Environmental, Social and Governance (“ESG”) Report is to communicate PC Partner Group Limited (the “Company”) and its subsidiaries (together “the Group”) sustainability strategies, approach, and quantitative performance measurements with stakeholders.

## ESG STRATEGY

The Group considers sustainability as a strategy of long term development, and determine sustainable development direction and targets on activities with material impacts on environmental, social or governance topics.

## REPORTING SCOPE

The ESG Report summarised the ESG initiatives and performance on environmental, social and governance aspects of the Group. Environmental aspects and social topics on employment and labour practices are mainly focused on the manufacturing operation under 東莞栢能電子科技有限公司 (“PC Partner Dongguan”), a wholly owned subsidiary, of the Company.

## REPORTING STANDARD

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “HKEX”). The board of directors (“BOD”) has acknowledged its responsibility to oversee the Group’s sustainable development and review the truthfulness, accuracy and completeness of the ESG Report.

## REPORTING PERIOD

The ESG Report specified the ESG activities, challenges, and measures being taken during the financial year ended 31 December 2020.

## ESG GOVERNANCE STRUCTURE OF THE GROUP

The Group has established a top-down ESG governance structure, where the BOD oversees and sets out ESG strategy for the Group. To develop a systematic management approach for ESG issues, the Group has established working team for collecting relevant information on the ESG aspects for the preparation of the ESG report. It reports to the BOD, assists in identifying and assessing the Group’s ESG risk, and evaluates the implementation and effectiveness of the Group’s internal control system. It also examines and reviews the Group’s ESG performance against the Group’s ESG-related goals and targets, including environmental, labour practices, and other ESG aspects.

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### STAKEHOLDER ENGAGEMENT

The Group recognises the responsibility and accountability to all stakeholders. To understand and address the key concerns of different stakeholders, the Group has been maintaining close contact and regular communications with major stakeholders through various channels in order to gain a better understanding of their needs, concerns and expectations in relevance to the business operation.

Stakeholders	Topics concerned	Communication Channels
BOD	<ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Regulatory compliance</li> <li>• Financial performance</li> <li>• Strategic development</li> </ul>	<ul style="list-style-type: none"> <li>• Board meetings</li> <li>• Committee meetings</li> <li>• Annual general meeting</li> <li>• Emails</li> </ul>
Shareholders and investors	<ul style="list-style-type: none"> <li>• Corporate governance Business strategy and performance</li> <li>• Investment returns</li> </ul>	<ul style="list-style-type: none"> <li>• Annual general meeting and other shareholder meetings</li> <li>• Financial reports</li> <li>• Announcements and circulars</li> <li>• Company website and emails</li> <li>• Investor meetings</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Product quality</li> <li>• Delivery time</li> <li>• Financial performance</li> <li>• Service value</li> <li>• Compliance with laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Site visits</li> <li>• After sales services</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Rights and benefits</li> <li>• Remuneration and compensation</li> <li>• Training and development</li> <li>• Career development</li> <li>• Health and safety</li> <li>• Working environment</li> </ul>	<ul style="list-style-type: none"> <li>• Training</li> <li>• Interviews for employees</li> <li>• Employee handbook</li> <li>• Internal notices</li> <li>• Emails</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Payment schedule</li> <li>• Stable demand</li> <li>• Fair and open tendering</li> <li>• Financial strength</li> </ul>	<ul style="list-style-type: none"> <li>• Selection assessment</li> <li>• Procurement process</li> <li>• Performance assessment</li> <li>• Regular communication</li> </ul>
Media, community and the public	<ul style="list-style-type: none"> <li>• Environmental protection</li> <li>• Employment and community development</li> <li>• Society contribution</li> <li>• Compliance with laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Company website</li> <li>• Public relation through emails, phone calls and interviews</li> <li>• Participation in local community activities and volunteering work</li> <li>• Charitable donations</li> </ul>

## **MATERIALITY ASSESSMENT**

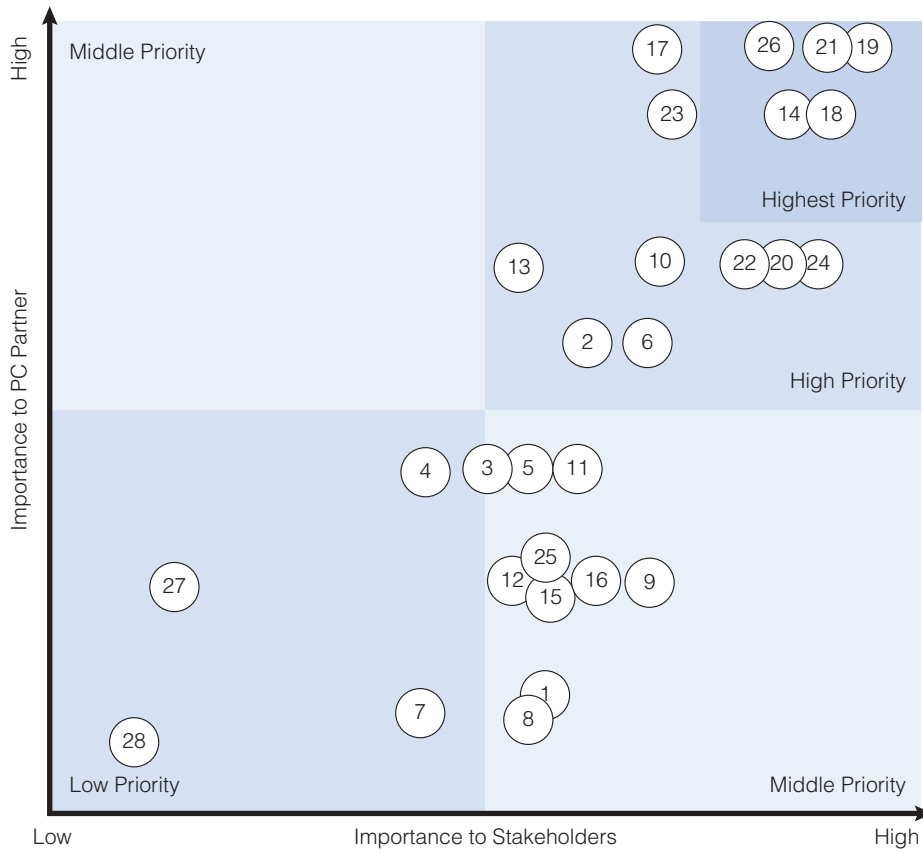
To better understand the expectations of stakeholders on the Group's ESG performance, a materiality assessment has been conducted to identify stakeholders' key concerns. The working team has invited BOD, a number of customers and suppliers, a range of employees from different levels in the Group, some of the Company's shareholders to conduct material assessment survey.

The following illustrates the steps of the materiality assessment process:

1. Identify a list of material topics by benchmarking against company policies, industry standards, and corporate development strategies as well as following the ESG Reporting Guide set out in Appendix 27 of the Listing Rules and Guideline on the HKEX;
2. Conduct materiality assessment in the form of survey and invite stakeholders such as BOD, employees, customers, suppliers and shareholders to assess the importance of each topic. Stakeholders are also given the opportunity to share their comments on any other important topics not being covered on the survey; and
3. The material topics are analysed and prioritized based on the survey results. Stakeholders' opinions and the materiality assessment results are reviewed and discussed with the management, thus determining the focus of disclosure and the direction for improving ESG performance in future.

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ESG topics has been prioritized into four levels: highest, high, medium and low, for better strategic planning and resource allocation. According to the results of the materiality matrix, topics which fell into the highest priority area, the upper right corner, of the matrix were defined to be the most important topics of the Group and the stakeholders. The results were mapped with the key sustainability topics assessed by the working team and illustrated in the following chart:



Environment	Employment	Operation	Society
1. Greenhouse gas emission	9. Labour rights	18. Customer satisfaction	26. Corruption and business ethics
2. Waste management	10. Labour-management relations	19. Product and service quality assurance	27. Community support
3. Water and effluent handling	11. Employee retention	20. Customer complaints handling	28. Charity donation
4. Energy efficiency	12. Diversity and equal opportunity	21. Product liability and compliance with regulations	
5. Use of materials	13. Discrimination	22. Protect Intellectual property	
6. Environmental compliance	14. Occupational health and safety	23. Consumer privacy and data protection	
7. Natural resource consumption	15. Employee training	24. Supplier's quality and compliance	
8. Climate change	16. Employee development and career advancement	25. Supplier assessment	
	17. Prevention of child labour and forced labour		

There are 14 topics fell under high priority; of which, 5 topics are determined to be the highest priority topics on the above materiality matrix. There are 10 topics fell into middle priority and 4 topics are under low priority on the materiality matrix.

#### A. Sustainable Development of the Environment

As a commitment to promote the sustainable development of the environment, the working team has set goals, formulated plans and carried out statistical analysis and audits to reduce energy and water consumption, carbon emission and waste disposal. Environmental management system is established and implemented in the manufacturing operation in compliance with ISO14001 Environmental Management Systems ("ISO14001"). Starting from 2016, the production plant underwent an annual supervisory audit required by the ISO14001 and the OHSAS18001 Occupational Health and Safety Management Systems which has been converted to ISO45001 Occupational Health and Safety Management Systems ("ISO45001") standard in 2020. An independent third party was engaged to audit the systems to ensure compliance of the environmental management system and the occupational health and safety management system. Internal audit was also conducted since 2016 according to the ISO14001 and the ISO45001 in order to ensure the ongoing effectiveness and improvements of the systems. A number of customers have audited under the ISO14001 and ISO45001 standards and the results were well-recognised by the customers.

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### **A1. Emissions**

PC Partner Dongguan has identified the environmental factors of gas emissions, which are mainly from tin furnaces and soldering furnaces, kitchen exhaust systems and generators, and treated the sources of emissions according to local environmental laws and regulations. Such sources are regularly monitored to ensure the emissions comply with the regulations. Third-party professional organisations were engaged to monitor the concentration of emissions from different sources according to the standards in China (e.g. Emission Limits of Air Pollutants (DB44/27-2001), Integrated Emission Standard of Air Pollutants (GB16297-1996), Emission Standard of Cooking Fume (GB18483-2001)) to ensure ongoing compliance on annual basis. The Group also pays consistent attention to laws and regulations update and conduct safety assessments to ensure the gas emissions do not violate relevant regulations.

Production and manufacturing services require the use of energy, which leads to Greenhouse Gas (“GHG”) emissions. In order to reduce such emissions. The Group has identified the utilisation and boosted the efficiency of energy and stepped up the audit of the management systems, and collected data on the direct (Scope 1) and indirect (Scope 2) GHG emissions. The top priority is to reduce the energy consumption and GHG emissions per thousand unit of production output. PC Partner Dongguan has collected data on energy consumption and GHG emissions, and then evaluated the performance.

Operations generate household wastewater and there is no industrial wastewater discharged. Measures have been taken to cut water consumption and minimise the amount of wastewater. Discharge indicators for wastewater are monitored annually to ensure the quality of the wastewater discharged complied with the local laws and regulations, and household wastewater is discharged to municipal treatment plants. During the process of product cleaning, a small amount of chemicals was consumed, which lead to liquid waste. Discharge of liquid waste to sewers, aquatic systems and soils is prohibited. The wastewater has centrally collected and stored in closed containers and then delivered to qualified green service providers under local laws and regulations.

There are four types of solid waste generated from the operations: household waste, hazardous waste, recyclable waste and waste paper. According to the Group’s policies, these types of waste are treated in different ways in compliance with local laws and regulations. Hazardous waste such as liquid chemical waste, scrap tin, chemical-stained cloth, fluorescent tubes, batteries and discarded containers are often resulted from daily production activities and the proper disposals of these types of waste are strictly required, they must be centrally collected and delivered to qualified green service providers under local laws and regulations. Recyclable waste such as metals, plastic trays and plastics is treated by being sold to respective recyclers and, in respect of plastic trays, offering them to suppliers for reuse at no consideration to fully utilise resources. Household waste is generated in the daily life of employees and is centrally collected and delivered to municipal environmental organisations for treatment. For the protection of forest resources, waste paper in the offices and packaging waste in the production process are centrally collected and delivered to recyclers for reuse as raw materials for making recycled paper. Policies are in place to gather new guidelines and evaluate the laws and regulations regarding the treatment of GHG, wastewater and hazardous and ordinary materials, thereby ensuring a compliance with local laws, regulations and standards. Emission and wastes are summarised in below table:



### A1.1 Types of emissions and respective emissions data

Emission & Waste Summary Table	Household		Hazardous Solid Waste				Non-hazardous Solid Waste			Total Hazardous	Total Non-Hazardous
	Greenhouse Gas (CO <sub>2</sub> )	Wastewater	Liquid Waste	Discarded Cloth	PCB Trim & Scraps	Scrap Tin	Paper	Plastic	Metals	Waste	Waste
	(Tonne)	(Cubic meter)	(Tonne)	(Tonne)	(Tonne)	(Tonne)	(Tonne)	(Tonne)	(Tonne)	(Tonne)	(Tonne)
2020 Volume	12,831.56	168,208	2.49	0.20	2.95	0.16	43.81	2.22	0.19	5.80	46.22
2019 Volume	14,738.46	210,655	2.80	0.40	3.03	0.00	44.93	2.33	0.21	6.23	47.47

Note: Data extracted from 東莞栢能電子科技有限公司.

PC Partner Dongguan carried out statistical analysis of each type of discharge on an annual basis to keep track of the movement in the respective amount of discharge.

### A1.2 Greenhouse gas emissions

Direct (Scope 1) GHG emission in 2019 was 149.22 tonnes of CO<sub>2</sub>, while that in 2020 was 101.51 tonnes of CO<sub>2</sub>, representing a decrease of 32.0%. This was mainly due to a reduction of diesel and petrol consumption in 2020.

Indirect (Scope 2) GHG emission decreased by 12.7% from 14,589.24 tonnes of CO<sub>2</sub> in 2019 to 12,730.05 tonnes of CO<sub>2</sub> in 2020, it was due to execution of various projects to reduce electricity consumption and a decline in production output in 2020 as compared to last year. Manufacturing plant has adopted power consumption technologies (i.e. using LED lights, solar energy and optimising the production process), managing the use of electricity to drive the power consumption rate down per thousand unit of production output.

<b>Greenhouse Gas Emission Table</b>	<b>2020</b>	2019
Scope 1 — Direct GHG Emission	<b>101.51</b>	149.22
Scope 2 — Indirect GHG Emission	<b>12,730.05</b>	14,589.24
Total scopes 1 and 2 emissions (Tonne of CO <sub>2</sub> )	<b>12,831.56</b>	14,738.46
Thousand unit of production output	<b>6,755</b>	7,078
Total emissions per thousand unit of production output (Tonne of CO <sub>2</sub> per thousand unit of production output)	<b>1.90</b>	2.08

Note: Data extracted from 東莞栢能電子科技有限公司.

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Scopes 1 and 2 GHG emissions total of 12,831.56 tonnes of CO<sub>2</sub>, which was 12.9% less than the figure in 2019 of 14,738.46 tonnes of CO<sub>2</sub>. Scopes 1 and 2 GHG emissions per thousand unit of production output reduced by 8.7% from 2.08 in 2019 to 1.90 in 2020. With GHG emission management as a part of the ISO14001, evaluation of the business impact on GHG emissions was performed on an on-going basis and the Group takes steps to mitigate such impact.

### *A1.3 Hazardous waste produced*

The manufacturing process generates a small amount of hazardous waste, which are mainly liquid waste, discarded cloths, PCB trims and scraps and scrap tin. A tracking and treatment process was established to handle the hazardous waste, all of which is delivered to green service providers in accordance with laws and regulations in China. Besides verifying the qualifications of the green service providers, audits were performed to ensure they meet the selection criteria, and continue working towards the target to minimize and ultimately eliminate all wastes.

The operation generated 5.80 tonnes of hazardous waste in 2020, 6.9% less than 6.23 tonnes of hazardous waste in 2019. It was mainly due to a team effort to drive the hazardous liquid waste down and it has been reduced by 0.31 tonnes, or 11.1%, from 2.80 tonnes in 2019 to 2.49 tonnes in 2020. The amount of hazardous waste generated per thousand unit of production output decreased by 2.3% from 0.00088 in 2019 to 0.00086 in 2020.

### *A1.4 Non-hazardous waste produced*

Non-hazardous solid waste such as waste paper, scrap metals and waste plastic are often produced during the production process and household garbage. Non-hazardous waste from the production process is sorted and sold to respective recyclers as materials for recycling and reuse, and any improper disposal of recyclable and reusable non-hazardous waste is strictly prohibited. Household garbage is brought to a central collection point and transported to municipal refuse treatment organisations for further handling. Staff are required to print and copy on both sides to reduce the use of plain paper. Non-hazardous solid waste generated from the production process amounted to 46.22 tonnes in 2020, 2.6% less than 47.47 tonnes for 2019. Non-hazardous solid waste generated per thousand unit of production output was 0.00684 in 2020, represented an increase of 1.9%, from 0.00671 in 2019. Both plastic and metals have recorded a drop per thousand unit of production output by 0.2% and 5.2% respectively. Paper being the major non-hazardous solid waste has recorded a decline from 44.93 tonnes in 2019 to 43.81 tonnes in 2020 but the usage per thousand unit of production output has been increased by 2.2% in 2020.

Wastewater are by-products of the daily life of employees. Household wastewater decreased by 20.2% from 210,655 cubic metres in 2019 to 168,208 cubic metres in 2020. Household wastewater per thousand unit of production output was reduced by 16.3% from 29.76 in 2019 to 24.90 in 2020. It was mainly resulted from water pipes improvement at dormitory to save household water during the year. In addition, the average number of employees lived in the factory dormitory in 2020 was less than the prior year.



### *A1.5 Emission targets and achievement*

The Group strives to protect the environment and has made enormous efforts to reduce discharges and emissions. The following measures were taken to reduce the emissions from tin furnaces and soldering furnaces as well as kitchen exhaust systems in compliance with local laws and regulations in China:

Operation schedules have been improved so as to reduce the number of operating hours and hence emissions. Production plans are streamlined to boost production efficiency and shorten production time, and cooking time are better arranged to shorten kitchen time. The following actions have been taken to reduce GHG emissions in the manufacturing operation during the year:

1. Emission reduction facilities are installed to cut down emissions. For example, emission filters are installed in generators and kitchens and air filters are installed in tin furnaces and soldering furnaces;
2. Regular maintenance and repair are carried out for the environmental equipment to ensure proper functioning; and
3. Apply nitrogen welding technology to reduce tin oxidization in order to reduce tin wastage significantly; scrap tin are recast into tin bars (recovery rate: 90% above) for reuse to reduce waste.

With the above mentioned efforts, the atmospheric emissions from tin furnaces, soldering furnaces and kitchens passed the annual tests undertaken by the third-party professional organisations.

Since the GHG emissions are mainly resulted from the use of energy, the target of GHG emission reduction focused on enhancing energy efficiency. Those measures taken in 2020 are as follows:

1. Continue to enhance usage of production equipments to reduce electricity consumption;
2. Continue to redesign the layout of workshops and production lines according to the capacity needs to improve energy efficiency;
3. Enhance modification and maintenance of equipments with heavy energy consumption, such as air conditioners and air compressors; and
4. Retire of old machinery and equipment and replace by new equipments with a great energy efficiency.

With implementation of the above measures together with reduction of production output, the Scope 1 and Scope 2 GHG emissions per thousand unit of production output decreased by 8.7% from 2.08 tonne of CO<sub>2</sub> per thousand unit of production output in 2019 to 1.90 tonne of CO<sub>2</sub> per thousand unit of production output in 2020.

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### *A1.6 Handling hazardous and non-hazardous wastes and achievement*

PC Partner Dongguan has deployed different initiatives to manage waste and to minimise the discharge of hazardous materials and deliver them for neutralisation treatment. In respect of non-hazardous waste, the following treatments are conducted:

1. Recyclable and reusable waste is collected and transported to green service providers for recycling and reuse;
2. Waste such as waste paper and waste plastic are sold to respective recyclers for processing into reusable materials;
3. Household solid waste is collected and transported to municipal environmental service providers for neutralisation treatment; and
4. Household wastewater is discharged to the municipal sewer system for treatment and tested every year to ensure compliance with discharge standards.

The Group selects green service providers authorised by local governments to handle hazardous wastes. Such wastes are centrally collected and delivered to selected green service providers in compliance with the laws and regulations for neutralisation treatment. Neutralisation treatment, recycling and reuse are the key green measures in waste management. The following actions have been taken to reduce waste in 2020:

1. Continue to reduce waste through the improvement of production techniques. For example, cleaning-free technique is introduced to minimise the use of chemicals and use nitrogen welding technology to reduce tin waste;
2. Improved the techniques and pollution-free chemicals are used to replace heavy-polluting ones for waste reduction;
3. Simple packaging is adopted on the packaging design with less raw materials and reduced packaging waste of finished products;
4. Office automation operations are promoted through the development of various office automation software to reduce the use of paper;
5. Trainings are provided to employees to increase their environmental awareness. For example, staff are encouraged to use less disposable goods and containers; and
6. Management initiatives are undertaken to encourage the reduction in water use so as to reduce the amount of household wastewater.

## **A2. Use of Resources**

PC Partner Dongguan has established management policies for energy, water and other resources under the ISO14001 to constantly optimise and reduce the use of resources. Manufacturing plant mainly uses electricity in the daily operations. PC Partner Dongguan strives to “reduce consumption, optimise efficiency and protect the environment”. Electricity is the major energy source utilised by PC Partner Dongguan which mainly purchases electricity from power companies. The electricity is then converted into the powers to assemble products and provide manufacturing services to customers. The Group increases energy efficiency and reduce electricity consumption through management and technical upgrades. The working team investigates the use of electricity of each premise and activity by evaluating the environmental conditions so as to adopt appropriate optimisation measures and reduce the use of electricity. The Group encourages employees to save energy and keeps on innovating new method and technique on electricity saving. As a relatively clean energy source, natural gas was also introduced in 2013 to replace diesel which has lower energy conversion rate and being more environmental friendly. Natural gas is currently used in cooking in the canteens. In addition to replacing diesel with natural gas, PC Partner Dongguan is also making effort to convert to other clean energies, such as using solar energy to provide hot water in the factory dormitory. Manufacturing plant do not use water in the production process, and only employees use water for their living activities. Therefore, the water policy focuses on encouraging the employees to save water through setting water consumption target for each premise, and keep upgrading the facilities to reduce the water wastage and consumption.

PC Partner Dongguan uses various kinds of packaging materials and components in its production process. Designers take into account of environmental-friendliness when designing the packaging in order to reduce the use of materials with better designs, and putting the best efforts to choose recyclable materials to cut back on the use of packaging materials. The Group’s products consisted of hundreds to thousands of parts and components. Materials have been chosen carefully since all materials used to conform with all relevant laws and regulations and customers’ requirements, such as the Restriction of Hazardous Substances (RoHS) directive and the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulations, in order to reduce the impact to the environment. Suppliers are also required to make efforts to reduce the impact to the environment by implementing energy efficient production process and put more focus on energy savings in their production process as well as to simplify packaging with less paper consumption.

### *A2.1 Direct and/or indirect energy consumption by type*

Energy consumption is required to produce products and provide manufacturing services to customers. The manufacturing plant currently uses electricity as the main sources of energy. PC Partner Dongguan identifies and evaluates improvement opportunities, executes the improvements and evaluates the effectiveness and performance of the energy management system over its production process. Energy consumption per thousand unit of production output is determined to be the key performance indicator (“KPI”) of energy efficiency. To facilitate conversion between different energy sources, all consumptions are converted into standard coal equivalent using a consistent conversion factor.

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The Group measured various sources of energy consumption every year and presented the KPIs to management for evaluation and improvement. Electricity consumption was 1,614.88 ten of thousands kilowatt-hours in 2020, represented 12.7% decrease, from 1,850.72 ten of thousands kilowatt-hours in 2019. Electricity consumption per thousand unit of production output was 0.2391 in 2020, represented a decrease of 8.6% from the electricity consumption per thousand unit of production output 0.2615 in 2019. It was mainly due to manufacturing process improvement to drive a decrease in the electricity consumption per thousand unit of production output during the year.

Natural gas consumption reduced by 6.8% from 4.41 ten of thousands cubic metres in 2019 to 4.11 ten of thousands cubic metres in 2020. Petrol consumption reduced by 65.6% from 21.19 tonnes in 2019 to 7.29 tonnes in 2020. The decline in petrol consumption was mainly due to a decrease in usage of company vehicles due to COVID-19 pandemic outbreak in China.

Total energy consumption decreased by 13.4% from 2,368.72 tonnes of standard coal equivalent in 2019 to 2,052.22 tonnes of standard coal equivalent in 2020. 0.3038 tonnes of standard coal equivalent per thousand unit of production output was recorded in 2020, it represented 9.2% less than 0.3347 tonnes of standard coal equivalent per thousand unit of production output in 2019. Beside execution of different projects to drive the electricity consumption down in 2020 which has been recorded as industrial use energy consumption, the non-industrial consumptions of electricity, diesel, natural gas and petrol all have been decreased in 2020 as compared to the consumptions in 2019. The statistics of energy consumption by type for 2019 and 2020 are shown in the following Energy Consumption Summary Table.

Energy source Summary Table	Unit of measure	2020			2019		
		Industrial use	Non- industrial use	Total	Industrial use	Non- industrial use	Total
Electricity	10 Thousand KWH	1,473.97	140.91	1,614.88	1,704.34	146.38	1,850.72
Diesel	Tonne	0.00	1.47	1.47	0.00	2.99	2.99
Natural Gas	10 Thousand m <sup>3</sup>	0.00	4.11	4.11	0.00	4.41	4.41
Petrol	Tonne	0.00	7.29	7.29	0.00	21.19	21.19
Total energy consumption	Standard coal equivalent in Tonne	1,811.51	240.71	2,052.22	2,094.63	274.09	2,368.72

Note: Data extracted from 東莞栢能電子科技有限公司.

### *A2.2 Water consumption in total and intensity*

Water is a key natural resource which is crucial to human survivals. Appropriate water management that protects water resource is vital to the protection of ecosystem. The manufacturing plant does not use water in the production process. Water used in the premises comes from local municipal water supply. Numerous measures were adopted to reduce the use of water and lower the water consumption per thousand unit of production output. Total water consumption reduced by 20.2%, from 210,655 cubic metres in 2019 to 168,208 cubic metres in 2020. Water consumption per thousand unit of production output decreased by 16.3% from 29.76 in 2019 to 24.90 in 2020. Beside a lower utilisation of factory dormitory resulted in a reduction of water consumption per thousand unit of production output, improvement of water pipes was another major contribution to save householder water consumption in 2020.

### *A2.3 Energy use efficiency targets and achievement*

Due to continuous change of business development and production capacity requirements, the target of the Group is to enhance energy consumption efficiency continuously. Different initiatives were taken to strengthen energy management and refine energy use. The following projects were carried out in 2020:

1. To strengthen the energy management centre in order to better monitor the energy use in the manufacturing facilities;
2. Automatic tools and equipments have been designed to enhance efficiency on energy consumption;
3. Retire of old machinery and equipment in order to enhance the electricity efficiency;
4. Optimised the layout of the manufacturing plant and production lines in accordance with the production capacity to reduce hauling time and improve energy efficiency; and
5. Develop tools and equipments for automation in order to improve productivity and lower down the needs of energy consumption.

Total energy consumption decreased by 13.4% from 2,368.72 tonnes of standard coal equivalent in 2019 to 2,052.22 tonnes of standard coal equivalent in 2020. 0.3038 tonnes of standard coal equivalent per thousand unit of production output was recorded in 2020, it represented 9.2% less than 0.3347 tonnes of standard coal equivalent per thousand unit of production output in 2019.



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### *A2.4 Water source and efficiency target*

Water is not being used for production of products in the manufacturing operation, it is mainly used by employees on their daily living activities in the premises which comes from local municipal water supply. The Group determined water consumption per thousand unit of production output as water efficiency target and formulate comprehensive yearly water efficiency initiatives according to the target. Such initiatives improve water efficiency principally through better water-saving management and water consumption facilities. The Group will continue to dedicate resources to improve the water consumption efficiency as one of the sustainable growth target.

### *A2.5 Packaging materials used for finished goods*

Packaging design is a part of product design and development process. The strategy is to minimise the use of packaging materials as long as the packaging serves its purpose in order to reduce the impact on the environment. The Group does not has measurement in place to measure harmful substances in the packaging materials. The Group continues to make effort to reduce a consumption of packaging materials and started to adopt more environmental friendly packaging materials on product packaging design. The Group does not have quantitative data of packaging materials used for finished products in the system.

## **A3. Environment and Natural Resources**

Economy is built around natural resources consumption on trees, natural gas, oil, metal ores and water in the past decades. Over consumption of natural resources worsen the environment and increase pollution of air and fresh water which are critical to health and quality of life. The Group is well aware if human being does not take action to slow down the natural resources consumption being one of the root causes of climate change, it could affect sustainable growth of the business.

### *A3.1 Actions taken to address natural resources consumption*

The Group has also taken actions to minimise reliance on natural resources such as oil and natural gas, and to replace by environmental-friendly energy such as solar energy which has been setup roof-top solar panels to generate heat for hot water consumption in the factory dormitory. The Group keeps reducing paper consumption in daily business and operation by upgrading the office automation system to reduce paper consumption. The Group has started to adopt more environmental friendly packaging materials with less paper applied on finished products packaging of the brand products. Packaging has been redesigned for a more compact size in order to consume less paper and plastic. All these actions to reduce consumption of natural resources have been embedded in the daily business and operation.

#### **A4. Climate Change**

Climate change encompasses not only rising average temperatures but also extreme weather events, shifting wildlife populations and habitats, rising seas, and a range of other impacts. All of these changes emerging as humans continue to add heat-trapping greenhouse gas to the atmosphere. The Group acknowledged that the extreme weather caused by climate change could affect business in various ways, such as reduction in revenue, production capacity decline and supply chain disruption.

The United Nations Development Programme announced the Sustainable Development Goals at the Paris Climate Conference effective from 2016. The agreement addressed the common standards and set of goals for downsizing the global carbon emission amount to mitigate the environmental impacts caused by climate change. The Chinese government also announced its direction aiming to limit the carbon dioxide emissions. Climate change is an important worldwide issue which requires everyone takes part to make a change. The Group has also taken part to minimise the potential climate change impacts by reduction of GHG emission and power consumption in daily business and operation. The goal is to move toward a low-carbon, less polluting and greener business environment in long run.

##### *A4.1 Actions taken to address climate change*

The Group is dedicated to reduce GHG emissions by minimising the energy consumption from daily operation. Energy management centre in the manufacturing plant plays a key role to manage different energy and resources saving projects that has been presented under KPI A2.3. The Group has installed solar panels for factory dormitory and changed to LED light bulbs in the manufacturing site since a few years ago. The investment not just helps to reduce operating cost in long run but also contribute to a slow down the climate change effect. The Group has started to adopt more environmental friendly packaging materials with less paper on finished products packaging of the brand products. In addition, the Group keeps making efforts to reduce the size and the weight of the finished goods packaging. The objective is not simply reducing the cost of products but also makes contribution to protect the environment and to slow down the effect of climate change.

## **B. Social**

### **Employment and Labour Practices**

#### **B1. Employment**

Being a responsible corporation, the Group is under an obligation to protect employee interests and rights, and guarantee a working environment that allow employees to manifest their values, share their knowledge and innovate. Remuneration packages are reviewed annually and adjusted with reference to the trends of labour market in different countries and staff individual appraisal review. Promotion reviews are conducted upon performance appraisal by management on a regular basis. Discretionary year-end bonus and share options are granted to eligible employees in accordance with the Group's performance and individual's contribution. On top of all the statutory welfare and holidays, employees can also enjoy a comprehensive set of medical insurance benefits together with compassionate leave and maternity leave. The Group continues keep a good relation with employees through various communication channels and activities.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group commits to provide a safe and healthy working environment for employees, and has conducted various safety and health training programmes, and established the COVID-19 instructions and guidelines to ensure a safe and healthy practice in the facilities. The Group is strictly complied with labour laws and regulations in different countries where operate, and has fulfilled the requirements of EICC standards in China on top of the local labour laws and regulations. In the manufacturing plant, annual internal audit was conducted for occupational safety, hygiene, labour interests, ethics and other social responsibilities in accordance with the requirements of the ISO45001 and EICC standards. The results of such annual audit are submitted to the management for review so as to analyses the performance and possible improvement in terms of social responsibilities. An internal audit under ISO45001 and an internal audit under EICC were conducted in 2020.

The management system was upgraded according to the latest EICC Standard in order to align with the international standard. EICC emphasizes on labour protection, alignment with United Nations' principles and integrate other best practices as guiding principles. To consolidate the requirements of the new EICC, the Group strived to update policies, practices, training materials and internal audit documents and tools in the related areas, and also added assessment procedures in terms of occupational hygiene, safety, labour rights and ethical risks to assure that such risks are identified and prevented. The Group has policies in place to eliminate any discrimination in the workplace as well as the recruitment process to ensure equal employment, and also strive to aid employees who are disadvantaged in competition to enjoy alternative development opportunities.

### *B1.1 Total workforce and its analysis*

As at December 2020, the Group employed a total of 3,140 employees, of which the number of male and female employees were 1,853 and 1,287, accounted for 59.0% and 41.0% respectively. The number of employee in 2020 was 4.8% more than the total of 2,997 employees in 2019. The number of male and female employees in 2019 were 1,802 and 1,195 accounted for 60.1% and 39.9% respectively.

PC Partner Dongguan holds the manufacturing operation in China had a total of 2,639 employees, represented 84.0% of total employees of the Group, as at December 2020. The numbers of male and female employees were 1,536 and 1,103, accounted for 58.2% and 41.8% respectively. The operation had a total of 2,498 employees, represented 83.4% of total employees of the Group, as at December 2019. The number of male and female employees were 1,481 and 1,017 accounted for 59.3% and 40.7% respectively.

### *B1.2 Employee turnover rate and its analysis*

The employee turnover rate of the Group decreased from 217.5% in 2019 to 118.5% in 2020. Factory worker did have a much higher turnover rates in the historical records, the worker turnover rate was 213.4% in 2020, represented a decrease from 401.7% in 2019. The COVID-19 pandemic outbreak caused many different business shutdown and slowed down on movement of people in China; therefore, the Group has experienced a much lower turnover rate on worker in 2020 as compared to 2019.

Staff turnover rate of the Group has been decreased from 18.4% in 2019 to 10.3% in 2020. The staff turnover rate at the manufacturing plant in China, was 13.9% in 2020, it was lower than the staff turnover rate of 19.6% in 2019. Staff in the manufacturing operation has recorded a higher turnover rate than the non-manufacturing operation with a relatively more stable workforce in both 2019 and 2020.

## ***B2. Health and Safety***

2020 is the most challenging year to everyone on health and safety. In order to prevent the outbreak of COVID-19 pandemic in the workplace, the Group has adopted various precautionary measures following the guidelines issued by local governments where operate.

The Group offered special arrangements to allow employees to work from home or work in flexible hours or reduce daily office working hours in order to minimise the rush hour travelling for employees in the Hong Kong offices at the most serious periods during the outbreak. Different arrangement was offered to employees who worked in different overseas offices based on the COVID-19 pandemic infection rates in different countries. Most of the employees who could carry their works and duties remotely continued to work from home for most of their time during year in the United States.

The Group provided face masks to employees and encouraged them to wear masks in the workplaces, and also provided hand sanitizers in offices and monitor body temperatures to visitors and staff entering the offices. The Group has cancelled all overseas business trips, trade shows and exhibitions, and encouraged employees to carry their business activities through phone call or video conference instead of physical meeting. The Group has provided computers and other necessary equipments for those who needed to work from home during the year.

PC Partner Dongguan implemented a comprehensive set of preventive measures and guidelines issued by the local government, It was necessary to compile with all the requirements before resumed back to operation after the Chinese Lunar New Year. The Group has continued to follow any new instructions and guidelines throughout the year to ensure the safety of employees and complied with local laws and regulations. All employees returned from their home town after the Chinese Lunar New Year holiday or new employees required to quarantine for a 14 days period at dedicated dormitory before he or she allowed to enter the office areas and the production floors. Besides provided face masks for employees to wear in the workplace and monitored their body temperatures, the Group encouraged social distancing in the workplace and have arranged separate meals with seats and tables maintaining social distance in the factory canteen.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The policies under occupational health and safety management system are certified by ISO45001. The occupational health and safety management system fulfilled both the local and the international laws and regulations. The Group continues to evaluate the compliance level to ensure that business operations and activities meet the requirements of all relevant laws, regulations and standards, and to assure a consistent implementation of all health and safety policies with clear guidelines and procedures, division of responsibilities and broad staff training. The Group makes sure that all the staffs, ranging from the management to frontline staffs, understand the importance of occupational health and safety. As a part of a commitment towards occupational health and safety, the Group has also launched various health and safety training courses to enhance health and safety awareness of employees. The occupational health and safety management system is also audited every year to ensure its continual effectiveness. Several customers have also audited the occupational health and safety management system in 2020.

### *B2.1 Number and rate of work-related fatalities*

To secure satisfactory performance and safeguard the physical health and mental well-being of the employees, the Group systematically identified, managed and prevented health and safety risk on the premises. There was no work-related fatality incident in each of the past three years including the reporting year of 2020.

### *B2.2 Lost days due to work injury*

The Group always tries the best to minimize the risk of work injury to employees. There was no work-related accident and lost day due to work injury in 2020. The Group followed work injury guidelines in compliance with laws and regulations in different countries where operate. Manufacturing plant in China has formulated work injury handling policies in compliance with local law and regulations to provide support for injured staff and thus effectively protect their physical health, mental well-being and interests, and also investigated the causes of the accidents and formulated corresponding improvement measures in order to prevent future occurrences.

### *B2.3 Occupational health and safety measures adopted*

Production facilities in China have a higher inherent risk on occupational health and safety than other offices where operate globally. The Group measured performance of occupational health and safety by the number of accidents happened in a year. There was no accident happened in 2020. The tactics of occupational health and safety focus on risk management and prevention of accidents. A comprehensive occupational health and safety measures has been established on the basis of the following action process:

1. identify each activities required in the business operation as a whole;
2. identify the potential occupational health and safety risks of each activity;
3. determine the level of such occupational health and safety risks pursuant to a consistent system;



4. determine the required responses for each risk level;
5. formulate and strictly execute remedies and preventive measures for the risk of each activity;  
and
6. formulate an occupational health and safety management checklist to facilitate daily management.

The Group evaluates the occupational health and safety risks of various activities every year. The annual evaluation is conducted to confirm whether any new risks have arisen and that the occupational health and safety measures for each risk are effective in preventing accident.

To ensure that the measures are effective, occupational health and safety checks were organised in the ordinary course of business to identify any potential health and safety risks on the premises in a timely manner in addition to the annual evaluation of the effectiveness of the occupational health and safety measures during the audit of the management system. The reports of such checks are submitted to the management to secure effective implementation of remedies. Factory has also set up an industrial safety committee to execute all health and safety tasks and any remedial actions.

### ***B3. Development and Training***

The Group has formulated specific employee training and development policies to foster staff's self-improvement. The Group requires staff to complete induction programme and participate in certain annual training for the sake of the corporate growth as well as their own development. The Group offers financial support to encourage the staff to participate in cultural and technical certification programmes in their leisure time. All these years, many employees have obtained their certifications through such support.

Moving along with the society, the Group has allocated specific resources on training so that the employees can flexibly and quickly adapt to social changes, achieve career development and create more opportunities for business development. The Group continues to develop various trainings in this year in order to enhance the management capability for quality management officers and technicians on quality, occupational safety and health, and so on.

The Group also continued to roll out an internal education certification project targeting at frontline staff in 2020 to increase their comprehensive knowledge in factory management and expertise, thereby facilitating their career development. After years of efforts, an effective staff development and training programme has been established and is well-received by staff.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### *B3.1 Employee training*

The Group requires new employees to attend an introduction training session so that new employees can gain a certain understanding of the company policies, procedures and operating systems in order to help them quickly start the work.

The Group required all of new employees to participate on a 24 hours induction programme in the manufacturing plant in China. All new employees joined in 2020 have participated in such training. All employees are required to complete at least 24 hours of on-the-job training organised by the human resource department each year. There are a variety of on-the-job training programmes for the employees to choose from. The employees may also apply for external training according to their needs.

### *B3.2 Training Hours*

There were 748 employees enrolled in different training programmes (excluded the induction programme) in PC Partner Dongguan during the year, it represented 38.7% of the average number of employee in 2020. The average annual training hours completed per senior and junior employee were 19.95 hours and 24.25 hours respectively in 2020. The average training hours completed by male employee and female employee were 24.39 hours and 19.99 hours respectively.

## **B4. Labour Standards**

The Group has formulated its labour policy in accordance with laws and regulations in different countries where operate. In the process of formulating the labour policy, the Group has studied and evaluated relevant labour standards and local laws and regulations. Human resources department recruits and selects the most suitable candidates as staff members based on the duties and need of the respective position. Major criteria for selection of candidates include integrity, academic achievements, expertise, capability and aptitude for the respective position, and does not discriminate candidates or offer different treatment based on their sex, age, nationality, ethnicity, religious belief, marital status, pregnancy, disabilities or family conditions. Policies on hours of work have complied with laws and regulations in different countries where operate. The employees' hours of work shall not exceed the number of hours limited by local laws and regulations.

Manufacturing plant runs on shift system which is designed in accordance with local laws and regulations, hours of work can be arranged flexibly on the basis of the work needed and the system is approved by local labour department. If employees are required to work overtime due to work need, the amount of extra time shall not violate the requirements of the laws and regulations, and also compiled with applicable laws and regulations relating to wages and benefit policies promulgated by local governments, fulfils minimum wage requirements, and offers discretionary annual allowances or performance-based bonus for certain positions. Employees are also entitled to fringe benefits required under local laws and regulations.

The Group has already laid down policies to prohibit racial, religious, nationality, origin, age, disability, sex, pregnancy and other discrimination in any decision relating to, among other matters, recruitment, remuneration, training, promotion, termination, retirement, and wages, bonus, allowance and other payments payable to the workers. Discriminatory medical examinations are also banned.

Specific policy is in place to protect the employees' freedom of assembly. The Group does not interfere with employees' freedom of assembly and right of collective bargaining. They are allowed to organise and join labour unions and will not be punished or discriminated against for joining labour unions, such as being rejected for employment, being threatened with dismissal, being restricted in promotion, pay raise and overtime, being forced to work overtime excessively, or being re-designated to an inferior position. Every employee is entitled to the freedom of assembly and right of collective bargaining irrespective of their ethnicity, sex, position, religious belief, education background, age and so on. The Group does not obstruct any legal bodies or events organised by the employees, and has provided financial supports to the activities of such bodies or events. Being a responsible corporation, it is important to protect the rights of staff with these labour standards and policies, thereby ensuring the highest social responsibility standards in its business activities.

#### *B4.1 Review employment practice on child and forced labour*

The Group stringently complies with local and international business operation practices against child labour. During the recruitment process, human resources department clearly informed applicants of policy against child labour, and closely examined whether their personal identity documents are authentic and belong to them, and verified the information through interview and, if necessary, governmental information channels. The recruitment process started only after the respective applicant's identity has been verified.

The Group strictly prohibits forced labour and have established relevant management measures and set up whistle-blowing channels (e.g. staff representatives, suggestion boxes and intranet) for the employees to give comments and express feelings about their work. The employees are free to leave from work after office hours. They can also have meals or take rests on schedule and go to the toilet as needed during office hours.

All employees have the right to resign at any time but a 1-day or 90-day written notice should be given to the Group during and after the probationary period, respectively. The management shall approve the resignation without setting any impediment.

#### *B4.2 Remedy action to eliminate child and forced labour*

The Group will terminate the employment contract with child labour right away in case discovered and then conduct a detailed review of the recruitment procedures to avoid wrongful recruitment of child labour in future. The Group respects employees and ensures labour interests are protected, and prohibits any forced labour practice. The Group will investigate such forced labour case and take corrective action to protect the best interests of employees in accordance with laws and regulations.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Operating Practices

#### **B5. Supply Chain Management**

The Group engages hundreds of suppliers, including distributors and contractors, around the world, and evaluated suppliers' performance on the basis of the quality and delivery schedule in the past, and then further required suppliers to fulfill certain environmental and social responsibilities as well as compliance with laws and regulations on such areas.

To ensure suppliers fulfill the Group's environmental and social responsibility requirements and are in line with the Group's sustainable development, the Group also offers relevant trainings or guidance to let suppliers understand the requirements. The Group also requires suppliers to give written undertakings to comply with the Group's social responsibility policies.

##### *B5.1 Number of suppliers by geographical region*

Suppliers are widely distributed but majority of them are located in Asia Pacific region. Approximately 72.1% of the suppliers are located in Asia Pacific region and 18.9% of the suppliers are located in China, the rest of 9.0% are from the rest of the world in 2020.

##### *B5.2 Qualify a supplier*

Supplier management process encompasses certification, approval, improvement, monitoring and dismissal. Potential suppliers must pass a certification criteria in a due diligence before being selected as a qualified supplier and then approved on the qualified supplier list. The supplier certification criteria set by the Group include, among other matters, quality, environment protection, occupational health and safety, labour interests, human rights, and ethics. Due diligence review on supplier can be conducted on-site or in written form. If it is an on-site due diligence review, the Group reviews, among other matters, its quality, environment protection, occupational health and safety, labour interests, human rights and ethics on-site. For remote due diligence assessment, suppliers require to fill in a survey form and submit relevant information for the assessment. Suppliers that have passed the due diligence review will be approved as qualified suppliers.

##### *B5.3 Identity environmental and social risks*

The Group has embedded environmental and social responsibilities to form a part of the supplier evaluation requirements and assess the requirements through due diligence review process either conducted on-site or in written form. Suppliers' annual review was conducted randomly every year. The inspection team has conducted on-site due diligence reviews for 48 suppliers in 2020 to ensure they have complied with the requirements and fulfilled various responsibilities include environmental protection, occupational safety and health, labour interests, human right, and ethics.

The COVID-19 pandemic outbreak caused a reduction of the number of on-site supplier review in 2020. There were 76 on-site supplier reviews conducted in 2019.

#### *B5.4 Promote environmentally preferable products and services*

The electronic industry continues moving toward environmental preferable products and services since years ago. The Group follows the industrial requirements closely, all of the materials and components are fully complied with Restriction of Hazardous Substances (“RoHS”) directive and Registration, Evaluation, Authorization and Restriction on Chemicals (“REACH”) regulations. The Group required suppliers to provide certification and documents to prove of the compliance with RoHS directive and REACH regulations. In addition, some suppliers are required to provide samples for laboratory testing to confirmed the compliances on random basis.

In order to ensure that both products and services meet environmentally-friendly requirements, QC080000 Hazardous Substance Process Management System has been established and has conducted an internal audit of the system every year together with a third-party audit agency to conduct supervision and review so as to ensure the ongoing effectiveness of the system.

### **B6. Product Responsibility**

The Group values the responses and transparent communication of the possible impacts of the products, and work closely with partners along the supply chain to manage products so as to maximise their useful life. The Group constantly evaluates and improves the safety and reliability, the use of restricted substances and the impact of the products.

The Group uses over 1,000 kinds of materials in its production. The Group makes every effort to understand the substances of the materials and manage the environmental impact of the products. Engineering and purchasing teams co-operate with suppliers to obtain comprehensive information of each material and component. Such information allows the team to ensure whether the materials contain the relevant prohibited substances that affect the environment, and to formulate management measures. The Group requests the supplier of each material to provide laboratory report of restricted substances issued by third-party laboratories and gives warranty to confirm proper management of restricted substances, and also discusses with the suppliers about restricted substance control techniques and management measures.

The Group keeps an eye on the impact of products to consumers. To safeguard consumers against any possible safety hazard during the use of its products, it makes sure that these products are safe for use through various safety and reliability tests. It also saves resources and protects the environment by maximising the useful lives of the products. The Group keeps abreast of and study the laws and regulations relating to the products in order to take appropriate actions to comply with the requirements. The Group continued to manage the product design, development, procurement, manufacturing, sale and other processes in accordance with product safety and reliability laws, standards and guidelines.

#### *B6.1 Products returned or recalled for safety and health reasons*

The Group has adopted a product return policy and promises consumers to exchange defective products after sale and provide after sale repair service. In 2020, none of the products has been returned by customers or subject to recalls for safety and health reasons. All returned products are returned for general quality issues.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### *B6.2 Products and service complaints*

The Group handles after sale product servicing requests on daily basis, and has established different regional or countrywide service centers to take care the requests on technical questions and product return requests in case there are general quality issues of the products sold under own brands. In addition, a brand business also has a 24 hours outsourced service centers to response on general questions and technical questions of the products. For Original Design Manufacturer/Original Equipment Manufacturer (“ODM/OEM”) products, the Group has teams in the manufacturing plant and in-house sales coordinators to take care customer requests directly.

### *B6.3 Policies relating to protecting intellectual property rights*

The Group is committed to the protection of intellectual property rights, and has developed specific policies to protect them. In addition to protecting its own innovations, the Group also requires its staff not to violate any intellectual property rights or pirate any third-parties’ know-how and designs in the design and development. Any inventions used or created by employees while carrying out their duties or using the Group’s resources to invent, innovate, design, compose or create shall be deemed as intellectual properties of the Group. In addition, the Group protected or used inventions and designs in accordance with the relevant intellectual property laws and practices, regardless of whether any patents or copyrights have been registered.

All staff of the Group shall report their inventions, innovations, designs, compositions or other creations to the Group for a decision on whether to apply for patents or copyrights. The staff are obligated to surrender all files, drafts, designs and other information on their creations to the Group and assist the Group to apply for patents or copyrights for their creations. The Group arranges training on protecting intellectual property rights for its staff to ensure that they understand how to protect intellectual property rights.

The Group has implemented a new project management system in 2019 to enhance the security of the engineering designs on both the ODM/OEM projects as well as projects for own brands. Data and information would only be able to access with proper authorization engineering personnel who have assigned to work on the particular projects. The new system has significantly enhanced the protection of the intellectual property of the engineering designs.

The Group keeps adding resources on data and system security to protect from cyber security attack in order to better safeguard intellectual properties. The Group has experienced a cyber security attack during the year. Information technology team keeps optimize the firewall configuration, performing software updates on timely basis, and perform daily, weekly or monthly systems backup in accordance with the cyber security policy.

#### *B6.4 Quality assurance process and recall procedures*

PC Partner Dongguan has established a quality management system in accordance with the requirements of ISO9001 and has been certified by the relevant organisation. The Group carries out quality tests on its products and raw materials in accordance with the standards of this quality management system as well as the industry standards. In addition to tests on products and materials, the Group also monitors key parameters of the process to ensure the stability of the process and thus safeguard its quality. The Group has also laid down documented product recall procedures to recall products with potential safety hazards and protect the well-being of customers.

#### *B6.5 Data protection and privacy policies*

The Group has framed a documented data protection and privacy policy to protect the privacy of its customers, employees and other stakeholders. All employees must participate in trainings in relation to the privacy policy and must enter into a privacy agreement upon joining the Group. The Group classifies confidential information and manages such information according to the respective classification. The Group arranges internal audit of the implementation of these duties each year to ensure the effective execution of the relevant privacy requirements.

### **B7. Anti-corruption**

The Group has established business ethics policy in place since 2009 to prevent potential corruption, bribery and other illegal actions during business transactions amongst stakeholders, such as its employees, customers and suppliers. The Group requires its employees, customers, suppliers and other stakeholders to comply with local laws and regulations as well as international commercial practices in the business transactions. The Group stresses values like honesty, integrity, uprightness and fairness, and requests all employees to act impartially and fairly and not to abuse their positions for their own or someone else's interests or benefits gain while dealing with customers, suppliers and other third parties. The Group prohibits its employees or agents from soliciting or receiving any benefits from any party having business transactions with the Group (e.g. customers, suppliers, contractors and so on). The Group requires all employees in Hong Kong and overseas signed an annual declaration to confirm the compliance of the business ethics policy.

#### *B7.1 Complaint cases*

The Group has received one compliant incident regarding to a purchase employee in China during the year. Management has performed an investigation of the case. The complaint was invalid and the employee did not involved in corruption and bribery.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### *B7.2 Whistle-blowing*

The Group has set up designated whistle-blowing channels to receive complaints from stakeholders during all sorts of business transactions. The identity of the reporter will be concealed in order to prevent revenge, relevant complaints will be evaluated and determine the solutions, including punishment and legal action against any corruption in breach of the relevant laws and company policies. The Group did received one complaint of corruption and bribery committed by an employee in the purchasing department. The Group has performed an investigation and confirmed that the employee was not involved in any corruption and bribery. The Group keeps assessing the ethical risks of position to determine which position may induce incompliance by the relevant employee.

### *B7.3 Anti-corruption training*

The Group arranged regular training for the relevant employees and require the employees to enter into an anti-corruption warranty, thereby fully informed them of the possible consequences of corruption. The Group has designated specific officers to receive complaints about business ethics and deal with any related incompliance. The Group also invited Independent Commission Against Corruption to conduct seminars in Hong Kong office every year to straighten employees' awareness of corruption. Unfortunately, such seminar did not conducted in 2020 due to the COVID-19 pandemic outbreak.

## Community

### **B8. Community Investment**

The Group continues to support society in terms of participation of community activities and charity donation in the form of cash, necessity or products. PC Partner Dongguan operates a balanced community participation programme, under which it conducts collaborative projects with different stakeholders (such as employees, members of local communities, non-profit partners, citizens, schools and governments) in China. Such projects include co-operating with schools to nurture local talents, supporting stricken community members by donations, serving underprivileged groups by volunteering events and protecting the environment.

#### *B8.1 Areas of contribution*

Due to social distancing restriction during COVID-19 pandemic outbreak, the Group has reduced the participation of charity activities in 2020. Charity donations made by the Group during the year amounted to HK\$8,000.

#### *B8.2 Resources contribution*

The Group used to participate in different community projects and activities in the past. The Group has minimized participation in community projects and activities to ensure health and safety of employees during the COVID-19 pandemic outbreak.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Aspects	Disclosure	Description	Reference
<b>A. Environment</b>			
A1. Emission	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.	ESG Report A1 Page 5–6
	KPI A1.1	The types of emissions and respective emission data.	ESG Report A1.1 Page 7
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonne) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG Report A1.2 Page 7–8
	KPI A1.3	Total hazardous waste produced (in tonne) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG Report A1.3 Page 8
	KPI A1.4	Total non-hazardous waste produced (in tonne) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG Report A1.4 Page 8
	KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	ESG Report A1.5 Page 9
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) and steps taken to achieve them.	ESG Report A1.6 Page 10

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	Disclosure	Description	Reference
A2. Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	ESG Report A2 Page 11
	KPI A.2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (Kwh in '000s) and intensity (e.g. per unit of production volume, per facility).	ESG Report A2.1 Page 11–12
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	ESG Report A2.2 Page 13
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	ESG Report A2.3 Page 13
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	ESG Report A2.4 Page 14
	KPI A2.5	Total packaging material used for finished products (in tonne) and, if applicable, with reference to per unit produced.	ESG Report A2.5 Page 14
A3. Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	ESG Report A3 Page 14
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	ESG Report A3.1 Page 14
A4. Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	ESG Report A4 Page 15
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	ESG Report A4.1 Page 15



Aspects	Disclosure	Description	Reference
<b>B. Social</b>			
<b>Employment and Labour Practices</b>			
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, and anti-discrimination, and other benefits and welfare.	ESG Report B1 Page 15–16
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	ESG Report B1.1 Page 16
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	ESG Report B1.2 page 16–17
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.	ESG Report B2 Page 17–18
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	ESG Report B2.1 Page 18
	KPI B2.2	Lost days due to work injury.	ESG Report B2.2 Page 18
	KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	ESG Report B2.3 Page 18–19

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	Disclosure	Description	Reference
B3. Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	ESG Report B3 Page 19
	KPI B3.1	The percentage of employees trained by gender and employee category (such as senior management and middle-level management).	ESG Report B3.1 Page 20
	KPI B3.2	The average training hours completed per employee by gender and employee category.	ESG Report B3.2 Page 20
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.	ESG Report B4 Page 20–21
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	ESG Report B4.1 Page 21
	KPI B4.2	Description of steps taken to eliminate child and forced labour practices when discovered.	ESG Report B4.2 Page 21
<b>Operating Practices</b>			
B5. Supply Chain Management	General Disclosure	General Disclosure Policies on managing environmental and social risks of the supply chain.	ESG Report B5 Page 22
	KPI B5.1	Number of suppliers by geographical region.	ESG Report B5.1 Page 22
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	ESG Report B5.2 Page 22
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	ESG Report B5.3 Page 22
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	ESG Report B5.4 Page 23	

<b>Aspects</b>	<b>Disclosure</b>	<b>Description</b>	<b>Reference</b>
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.	ESG Report B6 Page 23
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	ESG Report B6.1 Page 23
	KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	ESG Report B6.2 Page 24
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	ESG Report B6.3 Page 24
	KPI B6.4	Description of quality assurance process and recall procedures.	ESG Report B6.4 Page 25
	KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	ESG Report B6.5 Page 25
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 Report B7 Page 25
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	ESG Report B7.1 Page 25
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	ESG Report B7.2 Page 26
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	ESG Report B7.3 Page 26

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	Disclosure	Description	Reference
<b>Community</b>			
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.	ESG Report B8 Page 26
	KPI B8.1	Focus areas of contribution (such as education, environment matters, labour requirements, health, culture and sports).	ESG Report B8.1 Page 26
	KPI B8.2	Resources contributed to the focus areas (such as money or time).	ESG Report B8.2 Page 26