



China Overseas Nuoxin International Holdings Limited 中國海外諾信國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 00464

2023

ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT

Environmental, Social and Governance Report

The board of Directors (the “**Board**”) of China Overseas Nuoxin International Holdings Limited (the “**Company**” together with its subsidiaries, the “**Group**”) is pleased to present its Environmental, Social and Governance (“**ESG**”) Report (the “**Report**”) which has been prepared in accordance with the ESG Reporting Guide (the “**ESG Guide**”) set out in Appendix 27 to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The Board has reviewed and approved the Report and is pleased to publish the ESG policies of the Group and the key performance indicators (“**KPIs**”) required to be disclosed for the year ended 31 March 2023 (the “**Reporting Period**” or “**Year 2023**”).

1. COMPANY PROFILE

The Group’s haircare products are primarily sold on ODM and OEM bases. Its customers are mainly leading brand owners and importers who then resell the products to beauty supply retailers and wholesalers, chain stores, mass merchandisers, warehouse clubs, catalogues and grocery stores.

The Group’s customers conduct yearly audits on its Dongguan manufacturing plant, assessing workplace conditions, code of conduct and adherence to standards of ethical practice. During the reporting period, there was no major complaint or violation of relevant environmental protection laws and regulations noted.

2. SCOPE OF REPORT

This ESG Report focuses on the ESG performance of the Group in the Year 2023 in respect of the Group’s haircare appliances manufacturing subsidiary in the People’s Republic of China (the “**PRC**”), namely, Dongguan Kenford, which is the Group’s sole production facility. The disclosures in this ESG Report focus on the policies and performance of the operations of this manufacturing plant in relation to four environmental aspects and eight social aspects.

The preparation of this ESG Report includes identifying and ranking important stakeholders and major issues relating to ESG; deciding on the coverage of the ESG Report; and collecting relevant materials and receipts.

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3. GOVERNANCE STRUCTURE

Board's oversight of ESG issues

The Board is committed to maintaining a sustainable development of its business as well as supporting the long-term sustainability of the environment and communities where the Group operates and continually enhances investment value to stakeholders through proper and effective internal control systems and ESG risk management measures throughout its operations. The Board considers ESG-related risks and opportunities as part of the Group's overall strategic formulation, and the significant ESG impact caused by daily operations and businesses. The Board maintains oversight of and approves the identification and assessment of ESG issues and confirms that to the best of its knowledge, this ESG Report addresses material topics related to the operations of the Group and fairly presents its ESG performance and impacts.

The Board has delegated the Group's management to supervise ESG-related issues and work of the Group. The Group's management is responsible for monitoring and reviewing the compliance with local laws and regulations with regards to ESG-related issues. The Group's management is also responsible for establishment of sustainability strategies, policies and measures to implement sustainability initiatives, provide sustainability reporting and prepare the ESG Report.

Board's ESG management approach and strategy for material ESG-related issues

In order to better understand the opinions and expectations of different stakeholders on the ESG issues, materiality assessment is conducted annually. The Group ensures various platforms and channels of communication are used to reach, listen and respond to its key stakeholders. Through communication with the stakeholders, the Group is able to understand their expectations and concerns. The feedbacks obtained allow the Group to make more informed decisions, and to better assess and manage the impacts of the business decisions.

The Group has evaluated the materiality in ESG aspects through the following steps: (i) identification of ESG issues by the Group; (ii) key ESG areas prioritisation with stakeholder engagement; and (iii) validation and determining material ESG issues based on the results of communication with the stakeholders.

Engaging these steps can enhance the understanding of the degree of importance of the Group's stakeholders to each material ESG issue, which enable the Board to plan the sustainable development direction more comprehensively in the future.

3. GOVERNANCE STRUCTURE (Continued)

Board reviews progress made against ESG-related goals and targets

The Group will closely review from time to time for the performance and implementation progress of the goals and targets. If the progress falls short of expectation or changes of business operations, it may be necessary to make changes and communicate about the goals and targets with key stakeholders such as employees, customers and suppliers.

The Board has set future strategic goals to enable the Group to develop a realistic path and focus on development direction for achieving its visions. The Group's management will carefully examine the attainability of the targets which should be weighed against the Group's philosophy and goals.

4. REPORTING PRINCIPLES

This ESG Report is based on the following four reporting principles:

Materiality: Stakeholder engagement and materiality assessment were conducted to identify material ESG issues, and to ensure that these issues are addressed in the report.

Quantitative: Data presented in this ESG Report have been collected prudently. Please refer to the environmental and social performance data for standards and methodologies used for calculation of key performance indicators.

Balance: Both positive and negative sides of the performance have been presented in a transparent manner.

Consistency: Unless otherwise stated, the disclosures, data collection and calculation methods have remained consistent throughout the years to facilitate comparability over time.

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5. STAKEHOLDER ENGAGEMENT

The Group is committed to promoting sustainable development, which it deems as extremely important for creating long-term value for the Group's shareholders, government, investors, customers, employees, suppliers, community, general public and other stakeholders. The Group cares about the impact of its daily operation on the environment and society, and strives to set a good example for the public, while effectively conducting business operations. It makes every effort to address the interests of all stakeholders; contribute to the economy, environment and society; and promote good corporate governance — striving to achieve a fine balance while realising such objectives.

Stakeholders	Appeals and expectations for the Group	Communication and Response
Shareholders	<ul style="list-style-type: none"> Financial results Corporate transparency Sound risk management and internal control 	<ul style="list-style-type: none"> Improvement in profitability Regular information disclosure Optimising risk management and internal control
Government	<ul style="list-style-type: none"> Compliance with laws and regulations Pay taxes according to law 	<ul style="list-style-type: none"> Continuously strengthen corporate compliance management to ensure compliance for the operation of the Group Pay taxes in a full and timely manner
Investors	<ul style="list-style-type: none"> Implement corporate governance and create value Information disclosure 	<ul style="list-style-type: none"> Optimise corporate governance and continuously improve corporate value Release operating data in due course, set up investor hotline
Customers	<ul style="list-style-type: none"> Product quality Protection of consumers' rights and interests Customer information security 	<ul style="list-style-type: none"> Customer satisfaction survey Handling customer complaints and products return Customer privacy protection
Employees	<ul style="list-style-type: none"> Reasonable salary and welfare Employee promotion and development Occupational health and safety Care of employees 	<ul style="list-style-type: none"> Competitive remuneration package Transparent promotion channel Conduct regular occupational health and safety awareness training for staff Accommodation provided for employees
Suppliers	<ul style="list-style-type: none"> Integrity cooperation Business ethics and credibility 	<ul style="list-style-type: none"> Establish a responsible supply chain Fulfillment of obligations under any contract in accordance with laws
Community	<ul style="list-style-type: none"> Serve the community 	<ul style="list-style-type: none"> Proactively carry out and participate in charitable donation and social welfare activities
Public	<ul style="list-style-type: none"> Environmental protection Response to climate change Establish a resource saving and environmental protection mechanism in work process 	<ul style="list-style-type: none"> Classify and recycle hazardous waste Utilise low-carbon energy Environmental and energy-saving equipment was put into use

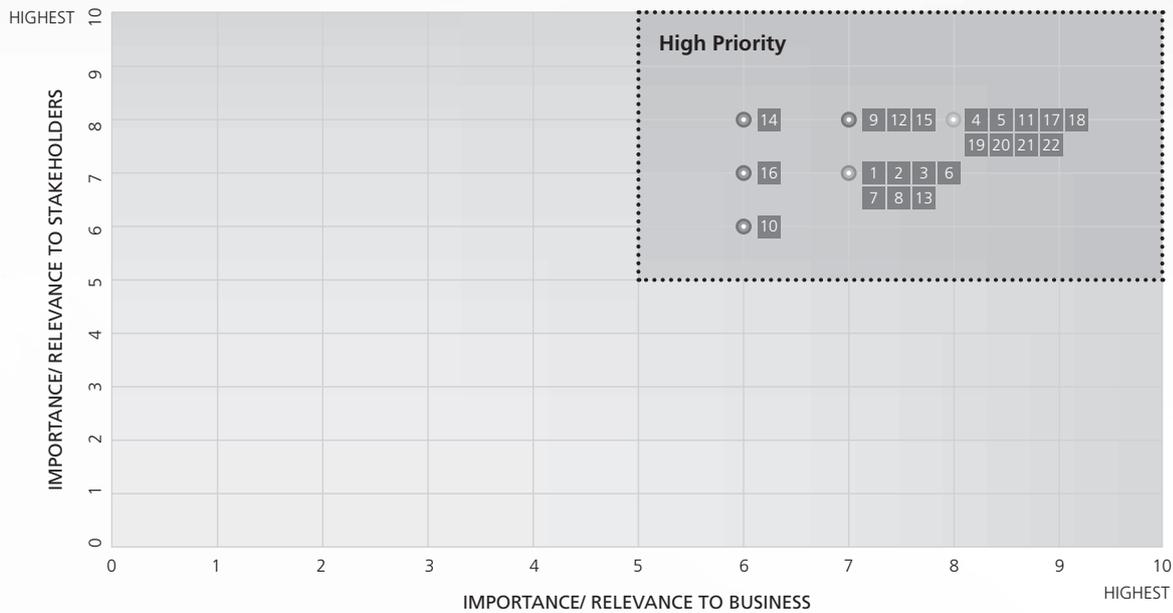
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6. MATERIALITY ASSESSMENT

In the Year 2023, the Company undertook its annual materiality assessment exercise. This involved conducting interviews and/or surveys 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 its business operation.

The Group’s materiality matrix of ESG issues in the Year 2023:



Environmental

1. GHG emissions
2. Energy consumption
3. Water consumption
4. Waste
5. Saving energy measures
6. Use of raw materials and packaging materials
7. Impact of climate change
8. Use of chemicals

Social

9. Local community engagement
10. Community investment
11. Occupational health and safety
12. Labour standards in supply chain
13. Development and training
14. Employee welfare
15. Inclusion and equal opportunities
16. Talent attraction and retention

Operating practices

17. Economic value generated
18. Corporate governance
19. Anti-corruption
20. Supply chain management
21. Customer satisfaction
22. Customer privacy

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7. CORPORATE GOVERNANCE REPORT

You can refer to the detailed information of the Corporate Governance Report of the Company's 2023 annual report.

8. ENVIRONMENTAL

8.1. Emissions

The Group understands that the greenhouse gases, sewage, solid wastes and other pollutants generated in its daily operation cause damage to the environment. In order to protect the earth from further damage, the Group is making an effort to reduce the emission of sewage, waste gases and noise in its production processes. All of the Group's waste is handled and disposed of by qualified agencies.

During the Year 2023, Dongguan Kenford does not own any vehicle or facility that involves gaseous fuel consumption and air emissions. Hence, no nitrogen oxides ("NO_x"), sulphur oxides ("SO_x") and particulate matter ("PM") are generated.

Environmental Indicators	Year 2023	Year 2022
Air Emissions		
NO _x (kg)	N/A	N/A
SO _x (kg)	N/A	N/A
PM (kg)	N/A	N/A

Reduction target of air emissions intensity

Environmental Indicators	Reduction Target	Baseline Year	Status
NO _x intensity	N/A	N/A	N/A
SO _x intensity	N/A	N/A	N/A
PM intensity	N/A	N/A	N/A

8. ENVIRONMENTAL (Continued)

8.1. Emissions (Continued)

The major sources of GHG emissions included consumption of purchased electricity, diesel for forklifts, water and paper waste disposal for the operation of the Group's production facility. The key environmental indicators of GHG generated by the Group's operation during Year 2023 are shown in the table below:

Environmental Indicators	Year 2023	Year 2022
GHG Emissions ^(Note 1)		
Total GHG emissions		
(kg of carbon dioxide equivalent ("Kg of CO _{2e} "))	2,165,956	2,801,772
GHG emissions per unit produced (Kg of CO _{2e})	1.07	1.09
Direct emissions (Scope 1) (Kg of CO _{2e})	8,732	11,121
Indirect emissions (Scope 2) (Kg of CO _{2e}) ^(Note 2)	2,071,669	2,703,281
Other indirect emissions (Scope 3) (Kg of CO _{2e}) ^(Note 2)	85,555	87,370

Note 1: GHG emissions (direct and indirect) can be divided into the following three separate areas:

Scope 1: Direct GHG emissions from the gasoline and diesel oil consumed by forklifts and motor vehicles owned or controlled by the relevant company;

Scope 2: Indirect GHG emissions resulting from purchased or acquired electricity, heating, cooling and steam consumed within the relevant company; and

Scope 3: Other indirect GHG emissions resulting from water consumed and paper waste disposed at landfills.

Note 2: The emission factors used to calculate the GHG emissions are sourced from the Ministry of Ecology and Environment of People's Republic of China (2019).

Reduction target of GHG emissions intensity

Environmental Indicators	Reduction Target	Baseline Year	Status
GHG emission intensity (Scope 1)	Reduce 3% by Year 2026	2022	In progress
GHG emission intensity (Scope 2)	Reduce 3% by Year 2026	2022	In progress
GHG emission intensity (Scope 3)	Reduce 3% by Year 2026	2022	In progress

Production activities create the majority of the Group's GHG emissions. The Group is committed to reducing air and GHG emissions associated with its operations and minimising its environmental impact. The Group has introduced environmental protection awareness into its daily operations. Staff and workers are encouraged to minimise consumption of energy including switching off light and turning off the air-conditioning after working hours or after the usage and reducing paper wastage. Environmental protection and energy-saving equipments have been installed in various workplaces including but not limited to offices, production floors and employee dormitory, in order to reduce energy consumption. The production facility is certified with ISO14001:2015 Environmental Management System.

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8. ENVIRONMENTAL (Continued)

8.1. Emissions (Continued)

It is the Group's policy to strive for reducing wastes in its operations. The Group closely monitors the level of waste disposed of its production facility in the PRC and has adopted a series of reduction measures. Non-hazardous wastes from the factory includes packaging materials for products, paper for office use and kitchen waste. The factory has made their best effort to minimising the impact on the environment by using environmentally friendly raw materials and components in the Bills of Material for producing finished goods to reduce the environmental impacts of production and waste management of these raw materials.

The Group always handles waste with care and strives to discover means to achieve waste recycling. In order to promote green living habits, the factory regularly organises training seminars on waste management and has provided waste separation facilities with "Recyclable", "Non-recyclable" and "Hazardous" labels for classification of different types of solid wastes. Hazardous wastes including scrap paint bucket and activated carbon, oily wipes and waste oil slag are stored in specific waste warehouses to be collected and treated by qualified companies engaged by the Group.

The key environmental indicators of waste generated by the Group's operation during Year 2023 are shown in the table below:

Environmental Indicators	Year 2023	Year 2022
Waste		
Non-hazardous waste generated in total (kg)	27,250	30,700
Non-hazardous waste generated per unit produced (kg)	0.0135	0.0119
Hazardous waste generated in total (kg)	2,351	2,466
Hazardous waste generated per unit produced (kg)	0.0012	0.0010

Reduction target of hazardous and non-hazardous wastes produced intensity

Environmental Indicators	Reduction Target	Baseline Year	Status
Non-hazardous waste produced intensity	Reduce 3% by Year 2026	2022	In progress
Hazardous waste produced intensity	Reduce 3% by Year 2026	2022	In progress

The Group recognises the importance of achieving environmental sustainability as it relates to its products and operations. The Group strictly complies with national and local laws and regulations relating to environmental protection and pollutant emissions during its course of operation, including the Environmental Protection Law of the PRC (中華人民共和國環境保護法). In the Year 2023, the Group was not aware of any material non-compliance with the relevant laws and regulations relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that have significant impact. In addition, in the Year 2023, there was no report of fines or non-monetary sanctions as a result of non-compliance of the relevant laws and regulations.

8. ENVIRONMENTAL (Continued)

8.2. Use of resources

The Group incorporates the Reduce, Reuse and Recycle principle and implements environmental friendly measures in its operations to efficiently use resources, reduce waste and conserve energy. The Group remains steadfast in its support of environmental protection efforts, which is consistent with its commitment to being a good corporate citizen.

The key environmental indicators of resources consumption by the Group's operation during Year 2023 are shown in the table below:

Environmental Indicators	Year 2023	Year 2022
Use of resources		
Electricity consumption (kWh)	4,170,877	5,312,008
Diesel consumption (kWh) <small>(Note 1 and 2)</small>	35,717	45,489
Total energy consumption (kWh)	4,106,594	5,357,497
Energy consumption per unit produced (kWh)	2.03	2.08
Water consumption in total (m ³)	193,375	140,925
Water consumption per unit produced (m ³)	0.10	0.05

Note 1: The conversion factor used to calculate the units to kWh are sourced from the Energy Statistics Manual issued by the International Energy Agency.

Note 2: Diesel consumption was generated from fuel combustion by forklifts. As no motor vehicle was owned by Dongguan Kenford, there was no petrol and gas consumption in the Year 2023 and Year 2022.

Reduction target of energy and water consumption intensity

Environmental Indicators	Reduction Target	Baseline Year	Status
Energy consumption intensity	Reduce 3% by Year 2026	2022	In progress
Water consumption intensity	Reduce 5% by Year 2026	2022	In progress

Environmental Indicators	Year 2023	Year 2022
Packaging material consumption		
Total packaging material (paper) used for finished products (kg)	728,000	800,000
Amount of packaging material (paper) per unit produced (kg)	0.361	0.311
Total packaging material (plastic) used for finished products (kg)	18,000	18,000
Amount of packaging material (plastic) per unit produced (kg)	0.009	0.007

The Group recognises that manufacturing activities are heavily dependent on the consumption of energy and resources and thus values the efficient energy and water usage. The water consumption is attributed to its plant and staff dormitories and canteen. In general, the Group has not come across any difficulties in sourcing water as and when required. The Group understands the importance of water resources and will continue to encourage, participate, and improve water usage efficiency.

Environmental, Social and Governance Report

8. ENVIRONMENTAL (Continued)

8.2 Use of resources (Continued)

A series of environmental friendly policies have been adopted by the Group, and at the same time, efforts have been made in energy conservation and emission reduction in order to control and reduce the discharge of pollutants. The Group has adopted a series of initiatives and measures for efficient energy use and energy conservation in the following areas:

- (1) Installing new environmental protection and energy-saving equipments for various workplaces including but not limited to offices and production floor, in order to reduce effectively the electricity consumption caused by the use of such equipments;
- (2) Using environmentally friendly raw materials and components in the Bills of Material for producing finished goods to reduce the environmental impacts of production and waste management of these raw materials;
- (3) Some of the lighting at the office building, production workshops and staff dormitories has installed LEDs, which consume less electricity;
- (4) Raising awareness among staff of the need to conserve electricity by turning off lights, computers and air conditioners during non-office hours in order to reduce the electricity consumption;
- (5) Installing "Air (Heat Pump) Hot Water Heater" central system in the dormitories for the employees' daily use to improve energy efficiency;
- (6) Employing electronic business process work flow management system and use double-sided printing and double-sided copying to reduce paper consumption;
- (7) Using video or telephone conferencing system to communicate with customers/overseas colleague so as to minimise use of public/private transport systems;
- (8) Appointing qualified recycling companies to handle all of the Group's hazardous and non-hazardous wastes;
- (9) Installing water purification system to avoid burdening the city's drainage system; and
- (10) Reminding staff to use water properly, keep the water tap off when not in use and to treasure water resources to save consumption of water.

8. ENVIRONMENTAL (Continued)

8.3 The Environment and Natural Resources

The Group's manufacturing site in Dongguan, PRC, has obtained ISO 14001:2015 certification, which is a standard pertaining to environmental management systems. The Group has developed Environmental Manual (環境手冊) on minimising its significant impact on the environment and natural resources and ensuring compliance with the environmental management systems.



ISO 14001 environmental management system certificate and IQNet recognised certificate, which are valid from 8 June 2021 to 9 August 2024 obtained by Dongguan Kenford

(Awarded since August 2018)

During the Year 2023, there is no significant impact on the environment and natural resources from the operations of the Group, in particular, the Dongguan manufacturing plant.

The Group strictly regulates the manufacturing process of its business to ensure the compliance with local environmental laws and regulations. In the Year 2023, there was no case of material non-compliance with the Environmental Protection Law of the PRC (中華人民共和國環境保護法) and other relevant laws and regulations.

Environmental, Social and Governance Report

8. ENVIRONMENTAL (Continued)

8.4. Climate Change

Awareness over climate change continues to grow and is one of the most discussed topics among companies. The Group is no exception, having increasing concerns over the potential impact from climate change on the Group's business and operation.

In accordance with the reporting framework developed by the Task Force on Climate-related Financial Disclosures, there are two major categories of climate-related risks, physical and transition risks which may impact businesses. Physical risks are risks related to physical impacts of climate change which can be driven by events such as floods and typhoons (acute risks) or longer-term shifts in climate patterns such as sustained high temperatures and sea level rise (chronic risks). Transition risks are risks related to the transition to a lower-carbon economy, which may entail policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change.

The Group regularly reviews global and local government policies, regulatory updates and market trends to identify potential climate-related risks which may have impact on the Group's business operation. The Group will immediately develop a response plan when necessary such as changing the business strategy and modifying the development plan in order to reduce the negative impacts of such climate-related risks.

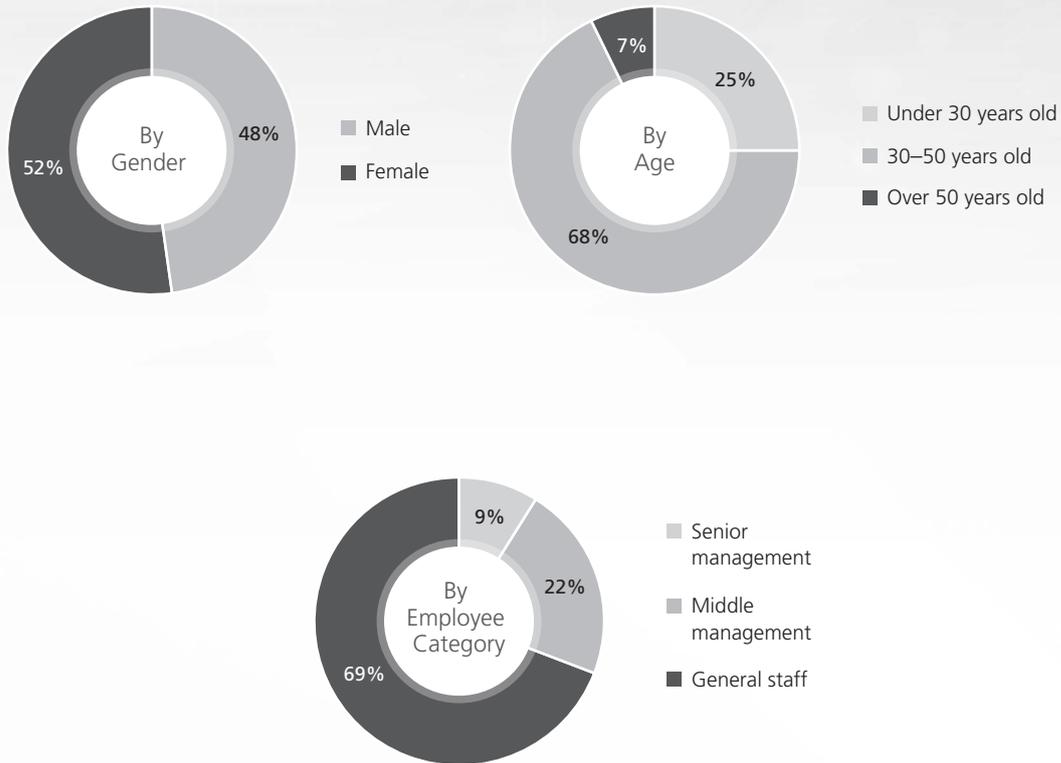
The Group will continuously incorporate sustainable practices in its business operations and prepare and maintain sufficient resources for managing identified climate-related risks and studying the potential remediation measures.

During the Year 2023, there is no climate-related risk, including physical and transitional risks, which have significant impact to the Group.

9. SOCIAL

9.1. Employment

As at 31 March 2023, all of the employees of Dongguan Kenford are full-time employees located in the PRC. The distribution of workforce by different categories is as follows:



Environmental, Social and Governance Report

9. SOCIAL (Continued)

9.1. Employment (Continued)

As at 31 March 2023, the turnover rates of employees of Dongguan Kenford by different categories are as follows:

	Turnover rate (Note 1)
By Gender	
Male	0.4%
Female	1.1%
By Age	
Under 30 years old	0.8%
30–50 years old	0.9%
Over 50 years old	–
By Geographical Location	
PRC	0.8%

Note 1: The employee turnover rate is calculated based on the number of employees who cease employment in each category during the Year 2023 divided by the average number of employees in that category.

The Group regards harmonious employment relations as an important cornerstone for its stable development. With this in mind, it has developed a number of internal controls to effectively protect the legitimate rights and interests of employees.

The Group looks for suitable job candidates according to its business development plans and human resources required. Each applicant will have an equal opportunity based on the requirements of the vacancy, such as educational level, working experience and personal ability. The Group will not decline any candidate because of their gender, age, race, religion, marital status or disability.

Promotion is based on the availability of job vacancy. Departmental managers will evaluate a candidate's integrity, talent, competence, previous work experience and performance when conducting a work performance appraisal.

The Group's remuneration policy is underpinned by the principle of awarding equitable packages to employees, and which are based on individual performance, provides added incentive, and are competitive with market norms. Remuneration packages are normally reviewed on a regular basis. Apart from salary payments, the Group offers other benefits to staff, including share option schemes, performance-based bonuses, provident fund contributions and medical insurance coverage.

9. SOCIAL (Continued)

9.1. Employment (Continued)

Employment contract with standard terms and conditions in compliance with relevant labor laws and regulations is signed between the Group and all of its employees before such individuals officially commence employment. Either on the job training or pre-work training is arranged. An exit interview is conducted with resigning staff in order to understand his/her reason(s) for departure, the findings of which are used to advance the Group's operation where possible.

In the Year 2023, the Group strictly complies with the Labour Law of the PRC (中華人民共和國勞動法), the Labor Contract Law of the PRC (中華人民共和國勞動合同法), Hong Kong's Employment Ordinance (僱傭條例) and other relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare that have significant impact. In addition, there was no report of heavy fines or sanctions as the result of non-compliance with relevant laws and regulations.

9.2. Health and Safety

Employees are the Group's most important asset, and we put the safety and health of our employees as our first priority. The Group has developed a number of internal control policies on providing a safe working environment and protecting employees from occupational hazards.

The Group was not aware of any material non-compliance with the relevant laws and regulations including the Law of the PRC on Work Safety (中華人民共和國安全生產法) and the Regulations on Work-Related Injury Insurance of the PRC (中華人民共和國工傷保險條例) that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards in the Year 2023. There were no work-related fatalities reported for the three years ended 31 March 2021, 2022 and 2023. There were 3 work-related injuries and the number of days lost due to work injury was 33 days during the Year 2023.

The Group has taken a number of measures to protect the well-being of staff, including the following:

- (1) Posting equipment safety procedures/signage and operation instructions in both the office(s) and workshops;
- (2) Providing appropriate protection equipment for employees whose duties involve relatively higher risks;
- (3) Acquiring appropriate and adequate fire equipment and first aid supplies;
- (4) Establishing designated outdoor smoking area;
- (5) Setting up designated warehouse for hazardous materials;
- (6) Organising regular health and safety training courses and fire and evacuation drills; and
- (7) Arranging regular medical checkups for all workers.

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9. SOCIAL (Continued)

9.2. Health and Safety (Continued)



Fire and evacuation drills held in Dongguan Kenford

In addition, it is the policy of the Group to maintain a healthy workforce, promote healthy working conditions and enable employees to maintain a healthy lifestyle. The Group provides different sport facilities in the factory area and continuously organises bi-annual sports gala. The Group has arranged doctors to conduct annual checkup for workers at its manufacturing site. Furthermore, the Group has participated in different types of sporting events and leisure activities organised by nearby community centers and government associations.

In an effort to prevent and control the spread of the COVID-19 pandemic, in particular, the spread of new COVID-19 variant (e.g Omicron), the Group has been closely monitoring and following up on the policies and advice from local government and strictly implementing numerous protective and control measures at its workplaces to safeguard the hygiene and safety of the employees, which include:

- (1) Establishing a contingency working team, reporting to administration manager, to evaluate the level of impact of the COVID-19 to resume production; coordinate the purchasing of protective equipment and cleaning supplies; organise disinfection programme at workplace; and introduce policies and guidelines for epidemic prevention and control and maintain communication with employees timely;
- (2) Establishing three fixed mandatory body temperature screening and disinfection working points, a mobile body temperature checking and disinfection working point;
- (3) Setting up new temporary employee catering area and using partitions to separate tables in order to ensure employees can have a safe meal;

9. SOCIAL (Continued)

9.2. Health and Safety (Continued)

- (4) Conducting regular cleaning and disinfection of offices, production premises, staff canteen and dormitory;
- (5) Providing disposable protective face masks for its employees daily and hand sanitizer at washroom;
- (6) Providing COVID-19 training on safety production for all staff;
- (7) Maintaining a register of employees for their mandatory travel declaration within 14 days; and
- (8) Any employees who have travelled from specified high risk places within 14 days are required to undergo compulsory quarantine and provide health certificate before returning to work.



Disinfection is performed in Dongguan Kenford regularly



Health advice on protection against infection by COVID-19 at the entrance to staff canteen

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9. SOCIAL (Continued)

9.2. Health and Safety (Continued)



Disinfection zone for delivery packages



First aid training for staff

9.3. Development and Training

The Group has developed Employee Skill Training Program (員工技能培訓管制程序) to standardise the content of staff training. In the Year 2023, the Group provides suitable training courses for staff at different working stages and in different functional departments. There are various training programs include but not limited to: (i) occupational safety and health training; (ii) 6S lean manufacturing training; (iii) basic understanding and the requirements of ISO 9001:2015, ISO 14001:2015 and C-TPAT; (iv) safe handling of chemical; (v) waste management training; and (vi) usage and importance of personal protective equipment, etc. Besides, the Group organises induction training for new recruits to provide them with guidelines for job specification. The Group provides training and education for its employees by means of offering opportunities to attend seminars either organised by external parties or in-house trainers.

9. SOCIAL (Continued)

9.3. Development and Training (Continued)

During the Year 2023, the percentage of employees trained and the average training hours completed per employee are as follows:

	Year 2023
Percentage of employees trained ^(Note 1)	100%
Percentage of employees trained by gender ^(Note 2)	
Male	46%
Female	54%
Percentage of employees trained by employee category ^(Note 2)	
Senior management	15%
Middle management	36%
General staff	50%
Average training hours completed per employee ^(Note 3)	1 hour
Average training hours completed per employee by gender ^(Note 4)	
Male	1 hour
Female	1 hour
Average training hours completed per employee by employee category ^(Note 4)	
Senior management	1 hour
Middle management	1 hour
General staff	2 hours

Note 1: Percentage of employees trained is calculated by dividing the number of employees who took part in training by the number of employees.

Note 2: Percentage of employees trained by category is calculated based on the number of employees trained in each category during the Year 2023 divided by the number of employees who took part in training.

Note 3: Average training hours per employee is calculated by dividing the total number of training hours by the number of employees.

Note 4: Average training hours by categories is calculated by dividing the total number of training hours for such category by the number of employees in the corresponding category.

Environmental, Social and Governance Report

9. SOCIAL (Continued)

9.4. Labour Standards

The Group recognises that the employment of child and forced labour is a serious violation of universal values. The Group has developed policies on preventing child labour and forced labour including Staff Handbook (員工手冊), Juvenile and Child Labour Policy (未成年工及童工政策), Child Labour and Youth Workers Management Regulations (童工及青少年工管理規定) and Child Labour Remedy (童工補救措施).

The Group prohibits the use of child labour and forced labour under all circumstances. To prevent hiring child labour, human resources department performs background checks and strictly verifies identity documents of potential new employees during the recruitment process to ensure that the candidates are not under the legal working age. If any child labour is identified, the employment contract will be terminated immediately, human resources department will contact their parents and take them back home.

The Group strictly complies with the Law on the Protection of Minors of the PRC (中華人民共和國未成年人保護法), the Provisions on the Prohibition of Using Child Labor (禁止使用童工規定), Hong Kong's Employment Ordinance (僱傭條例) and other relevant laws and regulations. In the Year 2023, the Group was not aware of any material non-compliance with the relevant laws and regulations relating to prohibiting the Group from employing child and forced labour. In addition, there was no report of heavy fines or sanctions as the result of non-compliance with relevant laws and regulations.

10. OPERATING PRACTICES

10.1. Supply Chain Management

The manufacturing site in Dongguan, PRC, has obtained ISO 9001:2015 certification, which is a standard relating to quality management systems ("QMS"). Its supply chain management system also complies with this QMS standard, and is regularly reviewed or audited by external independent examiner.

The Group has developed policies including Supplier Control Program (供應商管制程序) and Procurement Management Procedures (採購管理程序) in order to manage environmental and social risks of the supply chain. When selecting and evaluating its suppliers, the Group generally considers environmental and social risk issues, requiring suppliers to provide local business licenses and qualifying certificates to ensure that the suppliers can meet the international standards of laws and regulations on the industry. The supplier selection criteria are as follows: (i) good business records; (ii) good quality on products and services; (iii) timely delivery; (iv) competitive prices; and (v) comply with the standards of laws and regulations on the industry.

New suppliers have to satisfy the assessments performed by the Group including the inspection of production factories and samples quality testing. For current suppliers, the procurement department of the Group is responsible for managing and maintaining a good business partnership with them. Regular assessments of major suppliers are performed to evaluate suppliers' performance. If the suppliers fail to meet the required standards of the Group and do not take corrective actions within the stipulated period, the procurement department may suspend the partnership with the suppliers.

10. OPERATING PRACTICES (Continued)

10.1. Supply Chain Management (Continued)

In the Year 2023, the number of suppliers by geographical region is as follows:

	Number of suppliers
Hong Kong	40
Mainland China	148
Taiwan	1

10.2. Product Responsibility

The Group is fully committed to environmental sustainability, both in respect of its products and its operations. The implementation of the European Union’s Restriction of Hazardous Substances (“RoHS”) Directives in August 2005, which restricts European Union (“EU”) member states from the use of specific hazardous materials found in electrical and electronic products, directly impacted on the electrical and electronics industry. The Group consequently installed new equipment and established a comprehensive set of policies and procedures to ensure that its products completely satisfy the EU RoHS Directives and equivalent requirements for the rest of the world.

The Group also made it mandatory for all vendors and business partners to comply with the RoHS Directives. In addition, the Group’s production process conforms to local environmental regulations.



*ISO 9001 quality management system certification
which is valid from 18 April 2022 to 21 May 2025 obtained by Dongguan Kenford
(Awarded since December 2001)*

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10. OPERATING PRACTICES (Continued)

10.2. Product Responsibility (Continued)

The Group has developed Product Safety Management Program (產品安全管理程序), Quality Manual (質量手冊) and Business Ethics Management Program (商業道德管理程序) covering health and safety, advertising, labeling and privacy matters relating to products provided and methods of redress.

The Group values positive relationships with its customers and always maintains constant communications with them. The Group has established Customer Satisfaction Survey Procedures (客戶滿意度調查程序) and Customer Complaint Handling Procedures (客戶投訴處理程序) to provide guidance on handling customers' feedback, suggestions, comments and complaints in relation to products and services.

During the Year 2023, there was no product recall due to safety and health reasons and no complaint related to product and service was received.

The Group places strong emphasis on data privacy and confidentiality of personal data and therefore puts great effort to protect all confidential data related to the Group's business, financial and customer information. The Group has established internal documentation management policies which outline data privacy requirements and procedures for employees to handle confidential information, including but not limited to products and technical specifications, customer information, personal data and trade secrets. Employees must sign a confidentiality agreement and are provided with ongoing training to maintain their awareness on their duties of protecting personal and business data.

The Group recognises the importance of intellectual property protection, therefore, it is dedicated to protecting and enforcing the Group's own intellectual property rights as well as the intellectual property rights of third party. The Group will ensure terms in relation to intellectual property rights are included in the cooperation agreements between the Group and its business partners.

The Group is actively pursuing opportunities to directly contribute to environmental protection, and remains steadfast in its support of efforts to protect the natural environment as this aligns with its overall commitment to being a good corporate citizen. The Group complies with the Advertising Law of the PRC (中華人民共和國廣告法) and the relevant laws and regulations.

10. OPERATING PRACTICES (Continued)

10.3. Anti-corruption

The Group has developed anti-corruption procedures (反貪污程序) in relating to bribery, extortion, fraud and money laundering.

Combating corruption and bribery are essential for creating a fair business environment. Appropriately, the Group has formulated relevant policies that are principally targeted towards the following staff:

- (1) Management — Management must be conversant with relevant anti-commercial bribery and integrity policies, such as the Prevention of Bribery Ordinance of Hong Kong (香港特別行政區防止賄賂條例) and the Criminal Law of the PRC (中華人民共和國刑法), in order to lead the Group's operating activities, strengthen supervision, and make improvements if loopholes are found.
- (2) Procurement and Sales and Marketing Staff — Given the nature of their work, the Group has provided anti-corruption education and held thorough case discussions with its procurement and sales and marketing staff to stress the importance of tackling corruption.
- (3) Accounting Personnel — The Group strives to instill a sense of integrity among accounting staff, as well as increase their understanding of the seriousness of falsifying accounts. Internal and external audits serve as an effective deterrent and are among the means by which fraud and other unscrupulous activities can be detected.

The Group has set up a reporting mechanism which enables all employees to report issues pertaining to bribery either by email or telephone. Such reports are investigated by the Administrative Manager, the results of which are then submitted to the Group's Managing Director and Chairman for further action. All cases are documented and handled in the strictest confidence.

The Group provides anti-corruption education and training (through webcast and circulation of e-training materials) to its directors and staff on a regular basis to raise their awareness towards ethical and corruption issues.

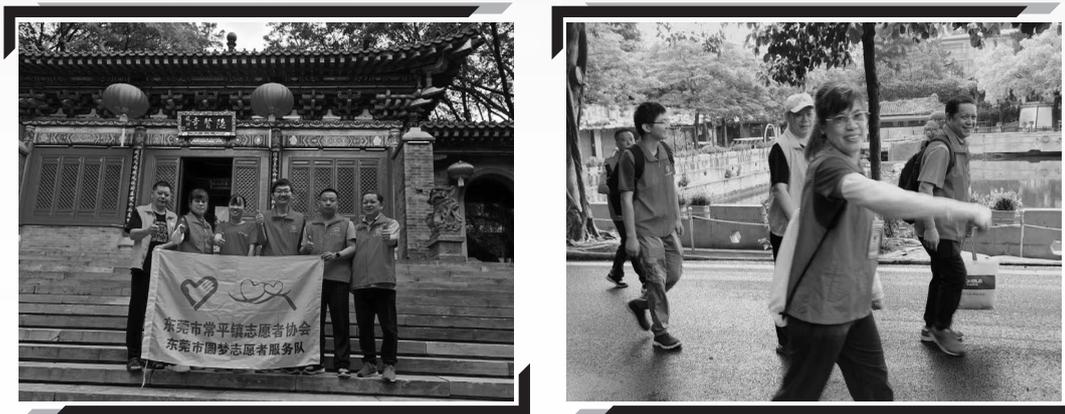
In the Year 2023, the Group was not aware of any material non-compliance with the relevant laws and regulations.

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11. COMMUNITY INVESTMENT

Contributing to society and working together to build a better environment are integral components of corporate social responsibility.

In addition, the Group always encourages its employees to participate in volunteer works aiming to help and support the local communities and neighbours. The Group believes that such activities are not only beneficial to the health of staff, but are also conducive to bond building outside of the workplace, improving cross-departmental communications, and promoting camaraderie, leading ultimately to a more harmonious and productive working environment.



Staff participated in volunteer services organised by local officials

12. REPORTING ACCESS

This ESG Report is prepared in both English and Chinese languages. In case of any inconsistency, the English text of this ESG Report shall prevail over the Chinese text.

If you have any doubt or comment on this ESG Report, you can contact the Group at info@co-nuoxin.com.