

2022

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 環境、社會及管治報告

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Corporate Profile

The Hung Hing Printing Group, listed on the Hong Kong Stock Exchange, is a major global player in book and package printing, consumer product packaging production, corrugated box manufacturing, paper trading, and design innovation in these areas.

Having produced tailor-made printing solutions for clients around the world for more than 70 years, Hung Hing has a heritage of excellence built on a foundation of craftsmanship and innovation.

Headquartered at the Tai Po Industrial Estate in Hong Kong, we have seven manufacturing facilities, including one in Hong Kong, five in mainland China (Shenzhen, Zhongshan, Heshan and Foshan in the Guangdong province and Wuxi, in Jiangsu) and one in Hanoi, Vietnam. The Group's total production floor space over 600,000 square meters, with a workforce of around 6,300 in Hong Kong, mainland China and Vietnam.

To grow the business, Hung Hing focuses on building strong partnership, and driving business innovation, and creating sustainable printed products and solutions for clients covering leading local and multinational corporations worldwide. Through its design hub Beluga and investments in new development opportunities, the Group is also pioneering new capabilities including digital+print products to help drive innovation. In addition, building on its years of experience in producing children's books, Hung Hing expands its portfolio around children's education. It includes the Yum Me Play Experience Hub that provides a variety of workshops and learning experiences, STEM Plus that delivers STEM and AI educational programmes, and Active Minds that distributes children's books.

Hung Hing's financial objective is to deliver consistent returns and long-term growth to shareholders from a leading position in its industry. The strategy to achieve this involves resilience and long-term commitment in fixed and human assets, and an unwavering focus on quality, efficiency and customer service.



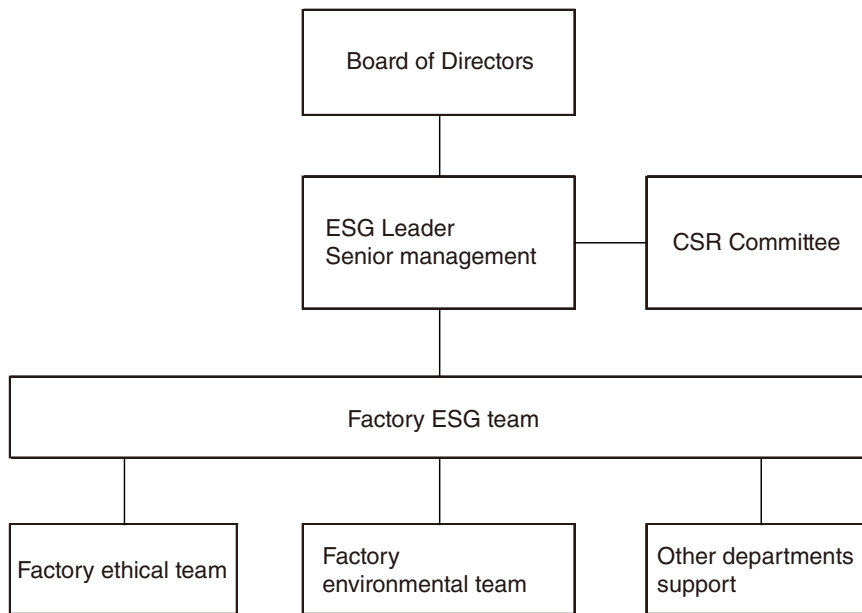
Environmental, Social and Governance Report

Hung Hing Printing Group’s Environmental, Social and Governance Report (ESG report) lists out the operating principles and policies of the Group and describes how we put these into action to achieve sustainable growth while keeping major stakeholders in mind.

The Board of Directors sets the Group’s ESG strategy and reviews the ESG teams’ regular reports to ensure all their

efforts align with the Group’s overall strategies. In 2022, a CSR committee team was formed at the Group’s Hong Kong headquarters to implement CSR initiatives based on input from members’ respective departments. This has strengthened the structure of the ESG team, which is led by an executive management member with support from dedicated teams at each operating site.

Hung Hing Group ESG administration structure



Board of Directors

- Sets ESG strategy and monitors Group ESG performance, ensuring that efforts align with the Group’s overall strategies

ESG Leader – Senior Management

- Establishes ESG improvement targets, Group-level resource support and executional instructions to the factory ESG team. Provides Group-level reports to the Board of Directors

CSR Committee

- Provides input on ESG initiatives and implementation support

Factory ESG team

- Responsible for factory-level ESG performance and provides updates on progress to ESG leader

Factory ethical team

- Responsible for ethical matters at factories to ensure that factory performance complies with customer requirements and Group strategy; conducts internal audits and monitors the performance of other departments as it relates to ethical standards

Factory environmental team

- Ensures factories comply with relevant environmental regulations, execute improvement initiatives and report results to the Factory ESG team

Other departmental support

- Other departments follow instructions from the ESG functional team and provide data and executional results to the ESG functional team



Initiatives were implemented in 2022 related to employee well-being, care for the community and environmental protection. In addition to internal reporting channels, Hung Hing adheres to and/or discloses its performance according to the environmental and ethical standards or platforms outlined below.

	Shenzhen	Heshan	Zhongshan	GDR	Wuxi	HH Dream
ISO14001	Yes	Yes	Yes	Yes	Yes	Yes
ISO50001	Yes					
SMETA ¹	Yes	Yes	Yes	Yes	Yes	
ICTI-ETP ²	Yes	Yes				Yes
RBA ³	Yes					
BSCI ⁴		Yes				
Higg ⁵	Yes	Yes				

This Report was prepared in accordance with the Environmental, Social and Governance Report Guide issued by Hong Kong Exchange and Clearing Limited. It covers Scope 1 and Scope 2 emissions data for all sites operating under the Group and Scope 3 carbon emissions from transportation from factories

to destination ports according to the shipping terms for direct export products. Air travel mileage and associated emissions by Group employees for the 2022 reporting year are also included. Progress related to the 10 principles of the United Nations Global Compact UNGC and 17 Sustainable Development Goals are referenced throughout the Report.



The financial data below was extracted from the Group's 2022 Annual Report to compare ESG performance with our financial background and provides a broader view of our ESG performance.

HKS'000	Year 2022	Year 2021
Revenue	2,950,112	3,528,869
Operating profit	81,362	71,671
Profit before income tax	74,953	68,382
Non-current assets	1,570,010	1,547,938
Current assets	2,415,138	2,757,012
Current liabilities	675,427	677,653
Non-current liabilities	119,671	280,161
Net assets	3,190,050	3,347,136

¹ Sedex Members Ethical Trade Audit

² International Council of Toy Industries – Ethical Toy Program

³ Responsible Business Alliance

⁴ Business Social Compliance Initiative Audit

⁵ Higg is an integrated software platform that helps you take responsibility for your business's environmental and social impact.

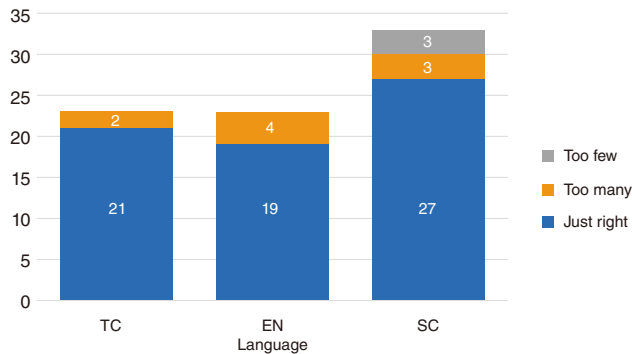
Engaging with our stakeholders

Travel restrictions have limited our chances to meet with stakeholders in person, but they have also pushed us to explore and strengthen our use of technology to obtain more in-depth input from various parties. In 2022, we:

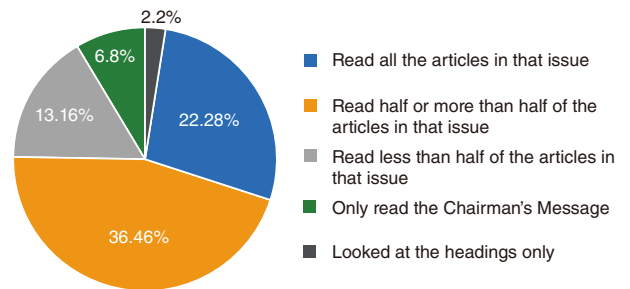
1. Introduced a new column focused on innovative ideas in our internal newsletter, *Today Hung Hing*, to collect and share such ideas within the Group;
2. Used an online survey platform to collect feedback from employees on various topics related to our internal communications;
3. Held regular video meetings with key customers to collect insights about marketing and environmental protection trends and update them on requirements re: various ethical standards;
4. Rolled out a regular email for customers, the 'HH ESG Journal', covering topics on green designs, green materials and the ESG-related activities undertaken by Hung Hing; and
5. Launched an internal email newsletter for employees, 'HH Green', to promote green living concepts.



Eight articles in each issue is

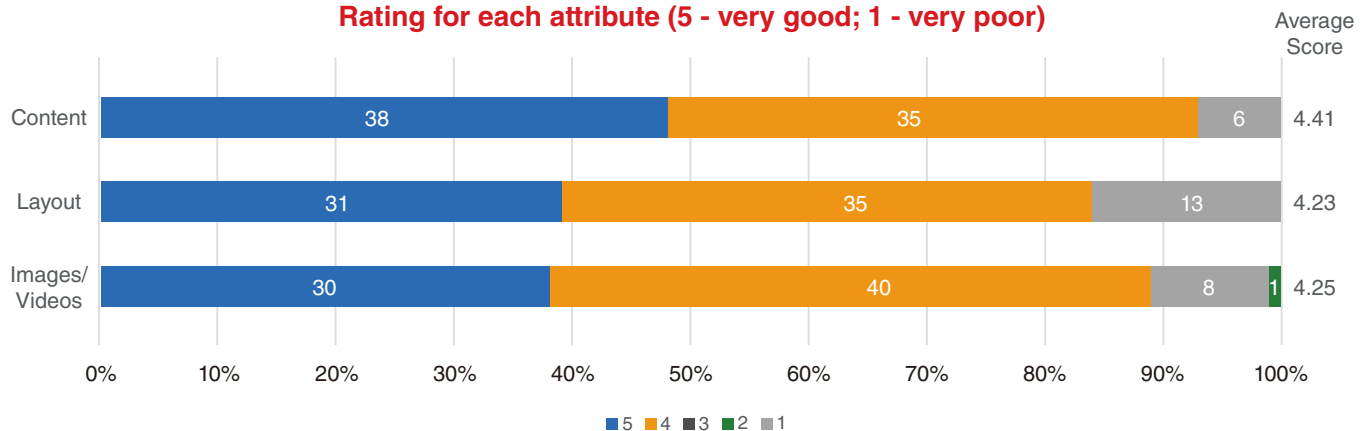


To what extent did you read Vibrance last time?



Almost 60% of respondents read half or more than half of the articles last time when they read Vibrance.

Rating for each attribute (5 - very good; 1 - very poor)



Most of the input from internal parties and business partners regard matters of vital concern requiring immediate attention, such as legal and regulatory requirements and improvements to business and/or working conditions. We also receive valuable input from professional bodies like UNGC, accreditation institutions and dedicated websites, which provide us with directions for improvement, information on international trends and guidance on how to deal with concerns in a systematic way. The following table lists out all communication channels where information was collected in 2022.



Stakeholder	Communication channels	Information covered
Investors	Annual report; annual general meetings; company emails, company websites, investor enquiries	Business performance; adoption of new technology; geographical diversification; investment strategy
Customers	Online meetings; customer satisfaction surveys; factory audits; customer requests for information; regular video meetings with global partners and key customers; dedicated Group news website, HHESG Journal	International environmental and ethical trends; knowledge of new technologies and market trends; material supply stability and material safety; conflict minerals; intellectual property protection; modern slavery prevention; business contingency plan
Employees	Regular worker representative meetings; suggestion boxes; suggestion emails; dedicated emails to chairman and independent board director for whistle-blowers; employee interest groups; internal email newsletters; dedicated Group news website; innovative committee, CSR committee, HH Green	Employee benefits; operational, factory and office facility improvements; employee recreational activities; working environment, sustainable lifestyle
Suppliers	Supplier questionnaires; site visits; business meetings	Cost impact of higher safety and environmental compliance requirements; procurement management, supply chain stability
Community	Engagement with NGOs and charitable organisations; e-newsletters	Labour rights; employee health and benefits; long-term partnerships and collaboration with charitable organisations, internship opportunities; community improvement activities
Government, Industry	Factory visits; seminars; industrial association gatherings; government websites, announcements, subscription-based emails for industrial information; UNGC network; email newsletters from audit and certification bodies	Occupational health and safety; environmental protection and climate change; fire safety; career development opportunities; intellectual property protection; safety regulation updates

Information collected from stakeholders are evaluated and prioritised according to the established guidelines below.

1. Is the concern law – or regulation-related; is it mandatory or voluntary?
2. Is it a global or national trend; is it related to a certain type of certification?
3. What is the issue’s urgency or potential impact on safety, environmental, social conduct, or business operations?
4. Does it come from a particular group of stakeholders?

Environment

- A. New materials or technologies for environmental protection
- B. Reduction in the use of plastic materials for packaging
- C. Measures to fight climate change
- D. Product carbon footprint and carbon offset options
- E. Environmental impact of our operations

Social responsibility

- F. Fire safety
- G. Occupational health and safety
- H. Fair employment opportunities

Company concerns are prioritised in descending order according to the guidelines below:

1. Effectiveness to address the concern.
2. Resources needed to address the concern.
3. Risk level of the concern.
4. Impact on business operations.

After each concern is evaluated and prioritised, the results are categorised according to the following material aspects:

- I. Employee compensation and benefits
- J. Training and career advancement opportunities
- K. Modern slavery prevention and protection of minors
- L. Contributions to the community

Governance and business practices

- M. Material and product safety
- N. Ethical conduct with business partners
- O. Anti-corruption measures
- P. Prevention and reporting of misconduct
- Q. Intellectual properties protection



Environmental

There is no such thing as making enough effort to meet the targets of sustainable operation. It requires continuous work to ensure that principles of environmental protection are observed in all aspects of life. In 2022, we carried out numerous initiatives to promote and execute environmental protection within and beyond our operations.

1. We set up categorised recycling bins in our Hong Kong office to collect recyclable materials from internal operations as well as colleagues' household waste. We believe that it is more convenient for colleagues to bring in recyclable waste on a regular basis rather than allowing it to occupy space at home and then bringing it to collection points after it accumulates. This initiative also promotes the idea that environmental protection can be part of people's daily lives, at home and the office.



2. We distributed a regular email, 'HH ESG Journal', to our customers providing information on the new environmentally-friendly materials we source, green design ideas or products developed by Hung Hing, and the Group's ESG-related activities.

3. Internally, we sent out the monthly 'HH Green' email, which provides tips on green living and activities as well as information on environmental protection. This email was distributed on Friday so that colleagues could join activities on the weekend if they chose.
4. We promoted green living through the Green Monday initiative. Every Monday, the canteen of our Hong Kong office offers vegetarian dishes to encourage colleagues to consume less meat, which is not just good for health by helping lower cholesterol, but it is also good for the environment. This idea has been adopted by our factories with occasional modifications to suit their individual circumstances.
5. We formed a team to collect materials with green and environmentally-friendly content and share that information internally. Ideas with high potential to be used by customers were included in the 'HH ESG Journal'.

All factories across the Group have implemented the Environmental Management System according to ISO14001 standards and are operating according to our environmental policy, which is published on the Group's website at <https://www.hunghingprinting.com/sustainability>

We have established procedures incorporating environmental considerations, starting from product design and use of materials to waste handling. During the Innovative Committee meetings, we shared ideas created by our design colleagues such as using paper straws as functional parts of some toys, or replacing components that are normally made of plastic. Though some ideas are still in the conceptual stage, they demonstrate the potential of using paper to replace plastic, in alignment with the trend of phasing out plastics.



Our product engineering department provides guidelines to colleagues to help them review customers’ designs and provide more environmentally-friendly alternatives, such as replacing or reducing plastic components if it does not compromise a product’s original function or aesthetic requirements. Though plastic is still used in packaging products as it allows people to see the product inside, over 90% of the plastic film we used

in packaging products in 2022 was either BIOPET⁶ or RPET⁷. Reducing plastic content or using plastic materials with more than 30% recycled content helps our customers mitigate the UK plastics packaging tax, which came into force in April 2022. The figures below show our plastic film usage, which has steadily decreased over the past three years.

	2022	2021	2020
Plastic film usage in tonnes	501	581	743

French Law 2020-105 (AGEC), also known as the Anti-waste and Circular Economy Law, has a slight impact on our operations as it bans the use of printing inks with mineral oil content. There are two phases for this ban:

- Phase I, effective 1 January 2023, affects packaging items.
- Phase II, effective 1 January 2025, affects all printing items and further tightens restrictions.

In 2022, we worked proactively to:

1. ensure that all printing inks for the export market comply with the phase I requirement;
2. use 100% non-mineral oil inks on packaging items for the export market and on request for other printing items; and
3. establish a timeline for the export market beginning in 2023 to gradually phase out the use of inks that cannot meet the 2025 requirements.

Climate change risk

Natural disasters have become more frequent and intense, and scientist continues to confirm extreme weather patterns as being caused by climate change. We have factored in this potential risk when choosing our sites and strengthened our risk mitigation efforts, such as improving floodwater drainage and regularly trimming trees. New buildings are designed to withstand strong

winds, and buildings’ foundations are higher than surrounding areas to prevent material damage by flooding. We have conceived a Business Contingency Plan (BCP) that includes our responses in the event of production interruption due to power outage, or heavy flooding caused by extreme weather.

In 2022, we conducted a week-long BCP drill to test our colleagues’ readiness for a large-scale operational interruption due to various causes, including extreme weather. Three factories were involved, including one in Vietnam. The aim of the drill was to test colleagues’ performance on:

- using reporting channels in case of power outage, or a supply chain issue caused by the pandemic;
- following the event escalation mechanism when an interruption intensified; and
- preparedness to move materials and reallocate work across different plants.

The drill was documented and shared with all operating sites as a guideline for future events.

Preparing for climate change is important for a company’s operations. It is even more important to combat climate change in order for us all to live sustainably on the planet. In 2022, we collected and analysed the Group’s GHG emission trends and its options to offset them. Our ultimate aim is to set a timeframe for achieving zero emissions. While we still need to discuss the impacts and most feasible approach, our intent is to meet such a target before 2050.

⁶ BIOPET – A kind of polyethylene terephthalate with ingredients originating from plants

⁷ RPET – A polyethylene terephthalate material certified with over 30% recycled content

Our continuous efforts to replace chemicals containing highly volatile organic compounds (VOCs) with alternatives containing no or lower amounts of VOCs reduced our total VOC emissions in 2022 to 27.05 tonnes. They also demonstrated our strong

commitment to complying with relevant air pollution regulations⁸. The table below shows VOC and CO₂ direct emissions intensity for our production operations (excluding paper trading) over the past three years.

	2022	2021	2020
Production operations turnover HKD Million	2,712	3,130	2,268
Scope 1 CO ₂ tonne/HKD million turnover	2.55	3.20	3.29
VOC in kg/HKD million turnover	9.97	10.55	22.23

In line with our sustainability policy, paper is the material of choice as the raw material, wood, is carbon neutral in nature. All our operating units have accredited forestry chain-of-custody certifications⁹, and we only work with paper mills that carry such certifications. This policy is essential to supporting biodiversity and preventing deforestation, as such certification systems guarantee that the wood sourced is from legally harvested plantations. We have a specific paper statement in our environmental policy that emphasises our support for responsible forestry. In 2022, our certified paper use was approximately 62,800 tonnes compared to around 62,000 tonnes in 2021. The Group remained true to its goals of using certified and high-recycled-content paper; more than 94% of the paper we used came from these sources.

Trees are planted in open areas around our sites to provide food and dwelling places for birds and other animals. These trees help absorb CO₂ and contribute to biodiversity.

Water supplies for all our sites come from reliable municipal sources, and treated waste water is discharged to sewage systems. Our operations have no intake from or discharge into other water bodies, and therefore they have no adverse effects on water-borne organisms. In 2022, our water consumption decreased slightly to 1,041,474 from 1,093,661 m³ in 2021.

In 2022, we collected and calculated our Scope 3 carbon footprint for export goods, which was based on weight, land travel distance and sea transportation of goods, with reference and formulas taken from <https://sea-distances.org> and <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021>. The result of the above Scope 3 emissions in 2022 was 623 tonnes CO₂e.

For air travel, employees of the Group flying domestically within China totalled 5,288 km in distance travelled. Total CO₂ emissions for this combined travel tally were around 0.52 tonnes, according to the passenger flight carbon emission calculator provided by the International Civil Aviation Organization (ICAO)¹⁰.

Use of energy

Total green energy generated by the Group in 2022 reached 2,471,000 kWh, a 3.8-fold increase from 640,000 kWh in 2021 and equivalent to around 4% of the total electricity consumed by the Group during the year. This significant increase was due to the commencement of operations of the solar panel systems installed in our Zhongshan and Heshan plants, which have respective capacities of 1,778 kWp and 1,968 kWp.



⁸ Atmospheric Pollution Prevention and Control Law of the People's Republic of China

⁹ Forestry Stewardship Council Certification and/or Programme for the Endorsement of Forestry Certification Scheme

¹⁰ ICAO carbon emission calculator <https://www.icao.int/environmental-protection/CarbonOffset/Pages/default.aspx>

An additional solar panel system in Hong Kong with a 200 kWp capacity and another in Shenzhen with an 820 kWp capacity were installed in 2022, and they are scheduled to generate electricity in early 2023. This additional capacity will boost our total renewable energy capacity to 5,295 kWp in 2023. We estimate that our total renewable energy output in 2023 will reach around 5,500,000 kWh, representing approximately 9% of our consumption in 2022, or the consumption of 1,175 average Hong Kong households¹¹. We continue to invest in renewable energy and have some projects currently underway.

Electricity is our preferred energy source. Diesel-driven forklifts were replaced by electric forklifts when the former ones were retired. Our Hong Kong office has installed eight electric vehicle charging points, which are open to use by Hong Kong employees free of charge. By offering such convenient facilities, we have observed that some of our colleagues have switched from driving petrol engine passenger cars to electric vehicles.

	Electric passenger vehicle	Electric forklift	Electric pallet truck
2022	12	50	393
2021	12	50	388

Among heat sources, natural gas is preferred as it is the cleanest form of fossil fuel. All factories in China are using natural gas for production boilers and cooking, while Towngas is used for

cooking in Hong Kong. All our energy sources have reliable supplies, and no major interruptions were reported in 2022.

Usage	Electricity (MWh) Power and air-conditioning, passenger vehicles, forklifts	Natural Gas (m3) Steam boiler and cooking	Towngas (MJ) Cooking	Diesel (Tonnes) Heavy duty vehicles	Petrol (Tonnes) Passenger vehicles
2022	59,226	3,384,100	299,040	75.20	76.02
2021	68,075	4,736,371	307,920	212.20	113.78
2020	60,483	3,595,665	323,328	104.50	92.45

Improvement targets

In 2021, we set the following Group targets to improve our performance index for the period from 2021 to 2025, referencing 2020 as the base year:

- Reduce intensity of electricity usage by 10%, an average of 2% per year
- Reduce intensity of CO₂ emissions (Scope 1 & 2) by 10%, an average of 2% per year

- Reduce intensity of water usage by 5%, an average of 1% per year
- Reduce intensity of non-hazardous and hazardous waste by 5%, and average of 1% per year

Intensity is calculated as units per HKD million of Group turnover.

¹¹ According to Hong Kong Government Electrical and Mechanical Service Department information <https://www.emsd.gov.hk/energylabel/tc/cal/cal.php>

Below are the results achieved in 2022 and 2021.

	2022 Improvement	2022	2021 Improvement	2021	2020 Base year
Group turnover HKD million		2,950		3,528	2,554
Electricity intensity	15.20%	20.08	18.50%	19.30	23.68
CO ₂ emission intensity	16.85%	9.87	14.32%	10.17	11.87
Water usage intensity	14.72%	353.04	25.12%	309.99	413.98
Non-hazardous intensity	58.33%	0.25	68.33%	0.19	0.60
Hazardous intensity	25.00%	0.18	12.50%	0.21	0.24

The above table shows that in both 2021 and 2022, we exceeded our overall targets of achieving 10% or 5% reductions over five years. However, we are cautious about these results as the index is related to Group turnover, and the Group performed better in this regard in 2021 than in 2022. Still, we have made a lot of effort to achieve a more sustainable operation, and we are confident that we will continue to meet or exceed our targets and, in due course, set even more aggressive targets.

The Group's turnover includes its paper trading business, which consumes much less energy and generates less waste. The table below provides comparisons of the targets after removing data from the paper trading business.

Intensity excluding paper trading:

	2022 Improvement	2022	2021 Improvement	2021	2020 Base year
Group turnover HKD million		2,712		3,130	2,268
Electricity usage MWh		58,964		67,723	60,192
Electricity intensity	18.08%	21.74	18.46%	21.64	26.54
CO ₂ emission in tonne		28,928		35,657	30,168
CO ₂ emission intensity	19.77%	10.67	14.36%	11.39	13.30
Water usage in M ³		1,026,544		1,087,501	1,051,986
Water usage intensity	18.39%	378.52	25.09%	347.44	463.84
Non-hazardous waste in tonne		743.88		653.37	1,524.20
Non-hazardous waste ¹² intensity	59.70%	0.27	68.66%	0.21	0.67
Hazardous waste in tonne		530.37		730.54	607.30
Hazardous waste intensity	25.92%	0.20	14.81%	0.23	0.27

Waste handling

Most of our production waste is recyclable. It is sold to collectors and used for other purposes. Hazardous waste – including liquid chemicals, chemically contaminated containers, cleaning

rags and sludge from wastewater treatment – was collected and treated by authorised agents who have the appropriate qualifications¹³ to handle such materials. Below is data of the waste materials generated over the past three years.

	2022	2021	2020
Paper (recycled) in Tonne	47,848	45,023	39,192
Wood (recycled) in Tonne	889	1,126	863
Plastic (recycled) in Tonne	339	398	393
Metal (recycled) in Tonne	142	271	149
Non-hazardous waste in Tonne	744	653	1,524
Hazardous waste in Tonne	530	731	607

¹² Non-hazardous waste includes non-recyclable production waste and household waste.

¹³ Regulation on the Management of the Shifting of Hazardous Waste

Social Responsibility

Our employees

We offer competitive remuneration and benefits to attract talented individuals and provide a fair and safe environment for them to work and develop their careers. Our ethical policy, which is accessible on our website (access at this link: <https://www.hunghingprinting.com/sustainability>), safeguards the well-being of employees by aligning with the United Nations International Labour Organisation's eight fundamental conventions and other well-recognised ethical standards. In general, we:

1. Have zero tolerance for child labour (under the age of 16).
2. Will not accept forced labour in any form, including modern slavery.
3. Do not allow discrimination of any kind throughout the employment period, and we promote a culture of diversity, equity and inclusion in the workplace.

4. Arrange working hours reasonably, and overtime is compensated at a higher rate.
5. Offer remuneration that will not be lower than the regional minimum wages to support a decent living for employees.
6. Allow employees to form lawful associations.
7. Provide a healthy and safe workplace for employees.
8. Have channels for employees to query and report any misconduct, and investigations of misconduct will be conducted confidentially.

Our factories have rigorous procedures in place to implement the above measures, and they are regularly audited by accreditation bodies according to the standards listed below. The results are posted on relevant websites. Our commitment to high ethical standards has gained recognition from renowned customers worldwide.

Platform name	Website address	Description
RBA Responsible Business Alliance	https://www.rba-online.org	Formerly the 'Electronic Industry Citizenship Coalition' and now focused on 'Advancing Sustainability Globally'
ICTI-Ethical Toy Program	https://www.ethicaltoyprogram.org	Advancing ethical manufacturing in the toy industry
Sedex	www.sedexglobal.com	A platform that promotes responsible supply chain management

Health and safety

We have a set of procedures and guidelines to safeguard health and safety in the workplace, including for the safety evaluation of machines and chemicals. All moving parts of a machine must be covered properly to prevent accidental injuries. Machinery, electrical facilities and hot surfaces are labelled with proper warnings. Chemicals are labelled with proper hazardous warnings, and a Materials Safety Data Sheet (MSDS) with emergency handling methods is kept in easily accessible place. In 2022, the TIR (total incident rate) was 0.15, a significant improvement compared to 0.28 in 2021. Over the past three years, no work-related fatalities have been recorded across the Group.

We encourage employees to engage in proper exercise for good health and work/life balance. In our Shenzhen factory, we introduced a 10-minute exercise break during which employees

can follow simple exercises shown in a video that is available on the computer server.



Employees may also follow the green and healthy living tips suggested in our regular email newsletter, 'HH Green'. For employees in Hong Kong, HH Green sometimes offers suggestions of public green activities in which they can participate during weekends.

Development and training

At Hung Hing, we provide various types of training to employees to ensure that they are equipped with the knowledge to work safely and effectively in the workplace. Continuous education is encouraged, and we will pay for courses that help employees perform their duties more efficiently. We also offer many internal learning opportunities, as the Hung Hing workforce has accumulated a trove of skillsets and knowledge.



As part of our efforts to promote an innovative culture, led by the newly formed 'Innovative Team', we encourage employees to think out of the box by creating new ideas for design, production and operational improvement. Good ideas selected by the Innovative Team are awarded prizes, and these achievements are shared in the company newsletter, *Today Hung Hing*. The newsletter has proven to be a good source of learning for our staff.



Our community

As the saying goes, it is more blessed to give than to receive. The Group encourages employees to donate to charity and participate in community work to nurture the well-being of society, which is intrinsically linked to the success of the company and its employees.

In 2022, our Hong Kong office worked with one of our customers to organise a community activity where participants cleaned up hiking trails while enjoying the wonderful scenery of a country park. Our colleagues joined the activity and collected many bags of rubbish. Wonderful pictures were taken when they reached the end of the trail.

In 2022, the Group donated a total HK\$71,000 to communities in mainland China, Hong Kong and Vietnam. As a token of our 15 years of participation in the Hong Kong Council of Social Service's Caring Company scheme to help improve community well-being, we were awarded the programme's 15-year logo. We also partnered with a local charity under the programme to provide funding for their activities as well as free printing service as needed.



Governance

Our suppliers

Hung Hing prefers to work and build long-term relationships with companies that demonstrate high levels of business integrity and operational sustainability. It is an essential part of a strong supply chain and helps ensure the long-term success of our business. Our environmental policy and business ethics are communicated through formal questionnaires, and our performance in these areas is regularly discussed during meetings with suppliers.

Most of our suppliers are local companies that we can visit regularly to observe their operations, discuss the development of environmentally-friendly materials, improve material safety to meet updated requirements and/or implement cost-saving initiatives. Local delivery of materials also ensures shorter lead times and minimises our carbon footprint.

In 2022, we distributed 131 questionnaires about environmental protection and ethics to our key suppliers and received 127 replies. Those key suppliers covered over 80% of the value of our production materials purchased in 2022.

Business integrity and anti-corruption

We uphold Hung Hing's business integrity through our continuous efforts to educate our employees about the adverse effects of bribery and corruption. Incidents of misconduct not only damage our company's reputation, but also fair employment opportunities and business operations.

Anti-bribery awareness is part of our orientation training for new employees. It is also included in refresher training for existing employees. In 2022, we provided 90,055 training hours covering anti-bribery regulations to 58,170 attendees.

Our anti-bribery policies are posted in the meeting rooms of all our factories. We remind our employees about them every year by circulating the company's anti-corruption policy, which contains guidelines on handling client gifts. Our internal audit team conducts regular procedural reviews to close any loopholes in our operations.

The Group's directors also attend anti-bribery courses organised by industry bodies. As part of our whistle-blower policy, we have set up a channel for employees to send complaints of misconduct directly to our independent non-executive directors. Our whistle-blower policy and complaint procedures are posted on the Group's website. In 2022, we did not receive any complaints at the Group level. To the best of our knowledge, no legal proceedings regarding corruption practices were brought against the Group or its employees in 2022.

Our customers

Most of our customers are concerned about business ethics, product safety and environmental protection. Our ethical policy is transparent, and our practices are regularly audited as stated in the "Our employees" section. Regarding business ethics, we adopt the same values as our customers in the areas of intellectual property protection, non-competitive acts and protection of trade secrets. We have no hesitation to sign any Non-Disclosure Agreement or Manufacturing Agreement whenever the clause is fair and practical. Procedures are established to uphold the agreements we sign.

Product safety is another major concern. All our materials are tested regularly to ensure compliance with the latest safety and environmental standards¹⁴. We work proactively with suppliers if there is any upcoming legislation that may affect existing materials, either through improving chemical ingredients or sourcing alternative replacements. We also ensure that our sourced material is ethical and not from areas with inferior human rights records, such as those with 3TG conflict minerals¹⁵.

If there are customer complaints, we undertake investigations to find out the root cause of the issue and implement corrective actions to eliminate shortcomings. All the work we do for product safety, quality assurance and IP protection is documented in our ISO9001 quality management system to ensure that our products and services meet customer expectations. In 2022, we received 192 complaints, which were properly followed up on and addressed.

The Group does not hold any consumer data. Customer contact information is limited to necessary content and is used solely for conducting our business, in compliance with the Data Protection Regulation that we signed with some of our European customers.

¹⁴ EN71 European Union toy safety regulation; ISO 8124 Safety of Toys Standard; European Union RoHS (restriction of the use of certain hazardous substances in electrical and electronic equipment) regulation (Directive 2011/65/EU); European Union Packaging and Packaging Waste regulation (Directive 94/62/EC); US ASTM F963 Standard Consumer Safety Specification for Toy Safety

¹⁵ Conflict minerals, namely tin, tantalum, tungsten and gold (3TG), are primarily mined in conflict zones in Africa.

ESG Performance Data

ESG Performance Data

Subject Area A – Environment

Aspect A1: Emissions

Performance Indicator		2022 Data	2021 Data Restate	2020 Data Restate	HKEx ESG Report Guide KPI
Emission*	Total Sulphur Dioxide SO ₂ emission (tonne)	2.96	6.35	3.85	KPI A1.1
	Total Carbon Monoxide CO (tonne)	0.02	0.06	0.03	KPI A1.1
	Total Volatile Organic Chemicals emission (tonne) (From production)	27.05	33.03	50.43	KPI A1.1
	Total Carbon Dioxide emission (CO ₂) (tonne)	29,076.93	35,871.76	30,324.30	KPI A1.1, A1.2
	Direct emission (Fuel, natural Gas, Towngas, fire extinguishers)	6,964.09	10,085.35	7,503.26	KPI A1.1, A1.2
	Indirect Emission (Electricity consumed, Towngas)	22,112.84	25,786.41	22,821.04	KPI A1.1 A1.2
	Total nitric oxide NOx emission (tonne)	0.13	0.20	0.16	KPI A1.1 A1.2
Hazardous Waste	Total greenhouse gas emission per million HKD of goods sold (tonne CO ₂ e)	9.87	10.19	11.89	KPI A1.2
	Solid and liquid hazardous from production and water treatment	530.37	731.07	607.30	KPI A1.3
Non-hazardous Waste	Total hazardous waste produced per million HKD of goods sold (tonne)	0.18	0.21	0.24	KPI A1.3
	Non-hazardous waste (tonne) (Office waste, paper, plastic not suitable for recycle, household waste from canteen and dormitories)	743.88	653.37	1,524.20	KPI A1.4
	Total non-hazardous waste produced per million HKD of goods sold (tonne)	0.25	0.19	0.60	KPI A1.4
Aspect A2: Use of Resources					
Energy	Fuel and gas (MWh)	33,935	48,334	36,496	KPI A2.1
	Electricity (MWh)	59,226	68,075	60,483	KPI A2.1
	Energy consumed per million HKD of goods sold (MWh)	32	33	38	KPI A2.1
Water	In M ³ (Consumption by production, canteen and dormitory)	1,041,474	1,093,661	1,057,315	KPI A2.2
	Water consumed per million HKD of goods sold (M ³)	353	310	414	KPI A2.2
Paper	Total paper consumed by production (tonne)	157,000	217,665	142,027	KPI A2.2
Packaging material	Packaging materials are mainly nylon tape and PP shrinkage film (tonne)	314.65	425.98	325.48	KPI A2.5
	Packaging materials consumed per million HKD of goods sold (tonne)	0.11	0.12	0.13	KPI A2.5

Subject Area B – Social

Employment and Labour Practices

Aspect B1: Employment

Performance Indicator		2022 Data	2021 Data Restate	2020 Data Restate	HKEx ESG Report Guide KPI
Workforce	Total	6,227	6,493	6,612	KPI B1.1
	By gender				KPI B1.1
	Male	3,204	3,279	3,293	KPI B1.1
	Female	3,023	3,214	3,319	KPI B1.1
	By employment category				KPI B1.1
	Senior Management – male	101	108	139	KPI B1.1
	– female	47	48	57	KPI B1.1
	Middle management – male	421	379	344	KPI B1.1
	– female	481	411	410	KPI B1.1
	Worker – male	2,688	2,792	2,812	KPI B1.1
	– female	2,489	2,755	2,850	KPI B1.1
	By age Group				KPI B1.1
	At and below 30	957	954	1,200	KPI B1.1
	> 30–50	4,505	4,798	4,857	KPI B1.1
	over 50	765	741	555	KPI B1.1
	By geographic location				KPI B1.1
	Eastern China	287	355	380	KPI B1.1
	Southern China	5,152	5,475	5,804	KPI B1.1
	Hong Kong	266	292	290	KPI B1.1
	Vietnam	522	371	138	KPI B1.1

Performance Indicator		2022 Data	2021 Data Restate	2020 Data Restate	HKEx ESG Report Guide KPI
Employee turnover %	Total	57	72	30	KPI B1.2
	By gender				KPI B1.2
	Male	60	76	29	KPI B1.2
	Female	53	66	31	KPI B1.2
	By age Group				KPI B1.2
	At and below 30	80	91	55	KPI B1.2
	> 30–50	46	58	20	KPI B1.2
	over 50	26	19	9	KPI B1.2
	By geographic location				KPI B1.2
	Eastern China	20	35	39	KPI B1.2
	Southern China	61	75	31	KPI B1.2
	Hong Kong	21	16	17	KPI B1.2
	Vietnam	17	14	6	KPI B1.2
Aspect B2: Health and Safety					
Incident	Number of incidents	12	26	20	KPI B2.1
	Number of work-related fatalities	0	0	0	KPI B2.1
	TIR (Total Incident Rate = number of incidents per 200,000 work hours)	0.15	0.28	0.25	KPI B2.1
Lost days	Number of days lost due to work injury	674	1,613	959	KPI B2.2
	LTIR (Lost Time Injury Rate = number of hours lost per 200,000 work hours)	67.12	139.38	95.69	KPI B2.2

Performance Indicator		2022 Data	2021 Data Restate	2020 Data Restate	HKEx ESG Report Guide KPI
Aspect B3: Development and Training					
Attendee	Total	62,863	75,327	57,483	KPI B3.1
	By gender				
	Male	33,058	38,961	27,608	KPI B3.1
	Female	29,805	36,366	29,875	KPI B3.1
	By employment category				
	Senior Management	0.58%	0.55%	0.74%	KPI B3.1
	Middle management	4.41%	2.71%	3.01%	KPI B3.1
Worker	95.01%	96.74%	96.25%	KPI B3.1	
Training hour	Total	247,580	369,339	139,724	KPI B3.2
	By gender (Average hours)				KPI B3.2
	Male	4.30	5.41	2.44	KPI B3.2
	Female	3.53	4.37	2.42	KPI B3.2
	By employment category (Average hours)				KPI B3.2
	Senior Management	2.30	1.91	2.74	KPI B3.2
	Middle management	2.61	2.40	2.81	KPI B3.2
Worker	4.01	4.99	2.42	KPI B3.2	

Performance Indicator		2022 Data	2021 Data Restate	2020 Data Restate	HKEx ESG Report Guide KPI
Operating Practices					
Aspect B5: Supply Chain Management					
Active Supplier	In China	859	1,267	1,513	KPI B5.1
	In Hong Kong	26	57	58	
	In Vietnam	15	20	9	KPI B5.1
Aspect B6: Product Responsibility					
	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	0.0000%	0.0000%	0.0000%	KPI B6.1
	Number of products and service related complaints received	192	211	470	KPI B6.2
Community					
Aspect B8: Community Investment					
	Total value of money and product donation	71,000	85,800	260,115	KPI B8.2

- * Diesel and gasoline emission data according to GHG emission from fuel type, mobile combustions sources in Hong Kong Exchange 'HOW TO PREPARE AN ESG REPORT' 'Appendix 2: Reporting Guidance on Environmental KPIs'
https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Environmental-Social-and-Governance/Exchanges-guidance-materials-on-ESG/app2_envirokpis.pdf?la=en
- Towngas direct emission data according to Towngas bill data; Towngas indirect emission data according to Towngas 2019 Sustainability Report
https://www.towngas.com/getattachment/84a23e36-8aac-41e4-9df3-126b07a948b6/TGC_ESG_Report_2019_Eng_ST20200421_R2.pdf.aspx?lang=en-US&ext=.pdf
- Natural gas emission data according to 2006 IPCC Guidelines for National Greenhouse Gas Inventories <http://www.ipcc-nggip.iges.or.jp/public/2006gl/index.html>
- China electricity emission data according to China Southern Power Grid 2020 Green Development Annual Report 《中國南方電網有限責任公司之2020年綠色發展年刊》
<http://www.csg.cn/shzr/zrbg/202108/P020210823416045966061.pdf> coal consumption per kWh and convert to CO2/kWh according to 2006 IPCC Guideline for National Greenhouse Gas Inventories
- Hong Kong electricity emission data according to information listed in CLP 2022 monthly invoices
- Vietnam electricity emission data according to <https://www.iges.or.jp/en/pub/list-grid-emission-factor/en> Operating Margin EF (average)

Environmental, Social and Governance (ESG) Report Content Index

Environmental, Social and Governance (ESG) Report Content Index

Indicators	Description	Report Page
Subject Area A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Page 9~12
KPI A1.1	The types of emissions and respective emission data.	Page 16
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, intensity (per million HKD of goods sold)	Page 16
KPI A1.3	Total hazardous waste produced (in tonnes) and, intensity (per million HKD of goods sold)	Page 16
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, intensity (per million HKD of goods sold)	Page 16
KPI A1.5	Description of emission target(s) set and steps taken to achieve them	Page 11~12
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Page 8,11~12
Aspect A2: Use of Resources		
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Page 9~10
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (per million HKD of goods sold).	Page 16
KPI A2.2	Water consumption in total and intensity (per million HKD of goods sold).	Page 16
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Page 10~12
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.	Page 9~10
KPI A2.5	Total packaging material used for finished products (in tonnes) and, intensity (per million HKD of goods sold)	Page 16

Indicators	Description	Report Page
Aspect A3: The Environment and Natural Resources		
General disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Page 8~10
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Page 9~11
Aspect 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	Page 9
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	Page 9
Subject Area B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Page 13
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Page 17
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Page 18
Aspect 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.	Page 13
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Page 13,18
KPI B2.2	Lost days due to work injury.	Page 18
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Page 13

Indicators	Description	Report Page
Aspect B3: Development and Training		
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Page 14
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Page 19
KPI B3.2	The average training hours completed per employee by gender and employee category.	Page 19
Aspect 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.	Page 13
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Page 13
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Page 13
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Page 15
KPI B5.1	Number of suppliers by geographical region.	Page 20
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.	Page 15
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Page 15
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Page 15

Indicators	Description	Report Page
Aspect 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.	Page 15
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Page 20
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Page 15,20
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	page 15
KPI B6.4	Description of quality assurance process and recall procedures.	page 15
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	page 15
Aspect 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.	Page 15
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.	Page 15
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Page 15
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Page 15
Community		
Aspect 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.	Page 15
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Page 15
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Page 20








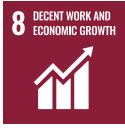


United Nations Global Compact Ten Principles Reference Table



United Nations Global Compact Ten Principles Reference Table

Principles	Description	Report Page
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	Page 13~15
Principle 2	make sure that they are not complicit in human rights abuses.	Page 13,15
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Page 13
Principle 4	the elimination of all forms of forced and compulsory labour;	Page 13,15
Principle 5	the effective abolition of child labour; and	Page 13
Principle 6	the elimination of discrimination in respect of employment and occupation.	Page 13
Principle 7	Businesses should support a precautionary approach to environmental challenges;	Page 8~12
Principle 8	undertake initiatives to promote greater environmental responsibility; and	Page 8~12
Principle 9	encourage the development and diffusion of environmentally friendly technologies.	Page 8
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	Page 15

United Nations Sustainable Development Goals Reference Table

United Nations Sustainable Development Goals Reference Table

Goals	Icon	Description	Report Page
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Goal 8		Decent work and economic growth	Page 13
Goal 9		Industry, innovation and infrastructure	Page 4~5,9,14
Goal 10		Reduced inequalities	Page 13,17

Goals	Icon	Description	Report Page
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