

# 2018 | 19

ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE REPORT



**YEEBO (INTERNATIONAL HOLDINGS) LIMITED**

(Incorporated in Bermuda with limited liability)

STOCK CODE: 259

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For the Financial Year 2018/19

This Environmental, Social and Governance Report (“ESG Report”) is issued by Yeebo (International Holdings) Limited (“Yeebo”, the “Group” or “We”) in accordance with Appendix 27 Environmental, Social and Governance Reporting Guide (the “Guide”) of the Main Board Listing Rules. We have engaged our key stakeholders across various business functions to identify major ESG issues and assess their materiality, and prepared this report based on the principles of materiality, quantitative, balance and consistency as specified in the Guide.

This report covers the Group’s ESG policies, initiatives and performance from 1 April, 2018 to 31 March, 2019 (“FY2018/19” or “the Reporting Period”) relating to our Liquid Crystal Display (“LCD”) and Liquid Crystal Display Module (“LCM”) business. Material ESG issues of the Group covered in this ESG Report are as follows:

<b>Aspects.</b>	<b>Material ESG Issues</b>
<b>A. Environmental</b>	
<b>A1. Emissions</b>	<ul style="list-style-type: none"><li>• Air Emissions</li><li>• Sewage Treatment</li><li>• Hazardous and Non-hazardous Waste Management</li><li>• Greenhouse Gases</li></ul>
<b>A2. Use of Resources</b>	<ul style="list-style-type: none"><li>• Energy</li><li>• Water Consumption</li><li>• Packaging Materials</li></ul>
<b>A3. Environment and Natural Resources</b>	<ul style="list-style-type: none"><li>• Environmental Management</li></ul>
<b>B. Social</b>	
<b>B1. Employment</b>	<ul style="list-style-type: none"><li>• Employment, Compensation and Promotion Policies</li></ul>
<b>B2. Health and Safety</b>	<ul style="list-style-type: none"><li>• Occupational Health and Safety</li></ul>
<b>B3. Development and Training</b>	<ul style="list-style-type: none"><li>• Employee Development and Training</li></ul>
<b>B4. Labour Standards</b>	<ul style="list-style-type: none"><li>• Prevention of Child Labour and Forced Labour</li></ul>
<b>B5. Supply Chain Management</b>	<ul style="list-style-type: none"><li>• Supply Chain Quality and Environmental Management</li></ul>
<b>B6. Product Responsibility</b>	<ul style="list-style-type: none"><li>• Products and Services Quality</li></ul>
<b>B7. Anti-corruption</b>	<ul style="list-style-type: none"><li>• Principles of Honesty and Integrity</li></ul>
<b>B8. Community Investment</b>	<ul style="list-style-type: none"><li>• Community Involvement</li></ul>

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## A. ENVIRONMENTAL

### A1 Emissions

The Group takes strong accountability for corporate social responsibilities with environmental sustainability being the upmost importance among our concerns. Sustainable measures in operations are conformed and carried out in different aspects, varying from product design, business process monitoring, energy and resources management to supply chain management, to minimize the negative impact to the environment. We also concern the effectiveness of environmental protection facilities; therefore we have not only upgraded our environmental protection facilities in factory to enhance our ability in handling and managing sewage, air emissions and solid wastes, but also established a set of procedures to govern the operations of such facilities. The mechanism for regular maintenance of environmental devices, contingency plans as well as off-production line repairing program have also been established by management. Any non-regulated emission discharges are strictly forbidden.

#### *Air Emissions*

We are dedicated to environmental protection initiatives, which have been best reflected in our production process. We have established specific pipelines and three sets of emission treatment devices in our factory for the collection and treatment of acid-base gases discharged from the production process. We have engaged professionals to manage the devices and regularly inspect and monitor the environmental standards regarding our emissions after the treatment. According to the inspection results provided by independent third-party environmental monitoring organization, both the Groups' air emission treatment devices and emissions meet the requirements set forth in "Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution" in FY2018/19.

#### *Sewage Treatment*

We have established integrated sewage treatment facilities in our factory. Industrial sewage is collected through the dedicated pipelines and went through biochemical procedures of sedimentation and filtration in order to meet the "水污染排放限值" DB44/26-2001一級標準 (第二時段) set forth by the Guangdong Province. On the other hand, domestic sewage is rested and subsided in the septic tank. Once the sewage reaches "污水綜合排放標準"三級標準, it is discharged into the local sewerage network through those dedicated pipelines. And, we had conducted regular inspections according to the requirement of the Ministry of Environmental Protection of the People's Republic of China.

In FY2018/19, Air pollution emissions are as follows:

<u>Item</u>	<u>Unit</u>	<u>Total amount</u>
Acid-base gases	WM <sup>3</sup>	25,292
Sewage	ton	65,954

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## ***Hazardous and Non-hazardous Waste Management***

For hazardous waste management, we have established a waste separation, collection and storage point and formulated the relevant management procedures. Different kinds of hazardous waste are collected from the user department, which is then handed over to a qualified organization for recycling. Sludge generated from the sewage treatment process represents our major hazardous waste. We closely monitored the treatment of hazardous waste by our factory to ensure that all possible hazardous waste discharged into water can meet the environmental standards set forth in the nation's laws and regulations.

As for non-hazardous waste, we stick to the principle of recycling and reusing in order to minimize pollution to the environment. We have set up waste separation bins at our operating center and public areas in offices to facilitate the recycling process. After the collection, the household garbage is handed over to qualified recyclers and relevant government departments for further processing. Apart from the measures mentioned above, we have effectively reduced paper consumption in our daily operation by using electronic platform to replace paper-based forms, and printing on double sides in case paper-based work is necessary. In addition, we have established a solid waste collection and temporary storage plant in our factory, which are managed by a dedicated personnel. Such storage plant is well-equipped to prevent leakage and avoid secondary pollution.

In FY2018/19, we have recycled the waste as follows:

<b>Item</b>	<b>Unit</b>	<b>Total amount</b>
Sludge	ton	8.87
Non-hazardous waste	ton	245
Waste glass	ton	272
Used paper	ton	64

In FY2018/19, we generated the hazardous and non-hazardous waste as follows:

<b>Item</b>	<b>Unit</b>	<b>Total amount</b>
Hazardous waste	ton	8.87
Hazardous waste intensity	ton/m <sup>2</sup>	0.000057
Non-hazardous waste	ton	581
Non-hazardous waste intensity	ton/m <sup>2</sup>	0.0037

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## Greenhouse gases

In FY2018/19, our carbon emissions were mainly sourced from the consumption of electricity, water and natural gas. Please refer to section “A2 Use of Resources” for details of the related resources consumption and respective energy conservation and carbon reduction measures.

All departments of the Group are required to strictly adhere to the internal environmental protection policies to ensure their compliance with applicable laws and regulations. The Group is not aware of any material non-compliance cases with the relevant laws and regulations relating to the environment in FY2018/19.

In FY2018/19, Greenhouse gas emissions are as follows:

<b>Item</b>	<b>Unit</b>	<b>Total amount</b>
Total greenhouse gas emissions	tonnes of CO <sub>2</sub> e	16,984
Greenhouse gas emission intensity	tonnes of CO <sub>2</sub> e/m <sup>2</sup>	0.11

\* Remark: The above carbon emission was calculated with reference to Greenhouse Gas Protocol published by World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI), the Greenhouse gas reporting – Conversion factors 2018 published by the UK’s Department for Business, Energy & Industrial Strategy, “2017中國區域電網基準線排放因子” published by the PRC’s National Development and Reform Commission, and the Reporting Guidance on Environmental KPIs published by Hong Kong Exchanges and Clearing Limited.

## A2 Use of Resources

The Group adheres to the 4Rs principles (Reduce, Reuse, Recycle and Replace) to enhance the efficiency and effectiveness for the use of resources, with an aim to gradually replace the energy and materials that do not align with the Group’s green policies. Meanwhile, the Group has established various policies and procedures to facilitate the conservation of electricity and water consumption, and promote environmentally-friendly procurement to ensure that the use of resources is minimized in our operations.

### Energy

Total energy consumption by the Group in FY2018/19 are as follows:

<b>Type of resources</b>	<b>Amount</b>	<b>Intensity</b>
Electricity	30,236,177 kWh	193kWh/m <sup>2</sup> finished goods
Natural gas	133,848 m <sup>3</sup>	0.9 m <sup>3</sup> /m <sup>2</sup> finished goods
Diesel fuel	0 L	0 L/m <sup>2</sup> finished goods

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To reduce greenhouse gases emissions, we have been gradually adopting to the T5 and LED energy saving lamp. In FY2018/19, we continued to implement energy-saving lamp replacement work, and further replaced 1,520 old-style fluorescent lamps with LED energy-saving lamps, saving electricity of around 68,291 kWh. Moreover, we implemented the air compressor heat recovery in which cold water was heated by the heat recovered from air compressor without any extract energy consumption. It helps reduce electricity consumption in staff quarters by around 1,168,334 kWh in FY2018/19. Moreover, we increased investment in environmental protection and energy conservation in FY2018/19. We deactivated 8 old high-energy consumption air compressors replacing with 4 new energy-saving air compressors and changed the old central air conditioners in the production workshop to more energy-efficient split air conditioners, which greatly reducing the electricity consumption of power facilities.

To further promote the green policies, we have made investments in the development of natural gas pipelines to replace diesel fuel with the clean and highly-efficient natural gas. The Group has also been actively promoting a variety of energy-conservation policies and measures, including the gradual replacement of energy-efficient electronic appliances, such as the use of energy-conserving transformers to enhance the energy transforming rate and reduce electricity consumption; the promotion of electricity-saving plan to all employees and the provision of clear labelling at lighting switch to remind employees to save electricity and to turn off all the air-conditioning and lightings when they are not in use. The Group would also monitor the water and electricity consumption for the whole factory and review the effectiveness of its energy conservation policies and measures.

## **Water Consumption**

We mainly use the water for production and employees' living. In an attempt to reduce water consumption and enhance its efficiency, we further recycling sewage water generated from the deionization process and use for grinding process and flushing the production floor, water saving is about 73,583m<sup>3</sup> in FY2018/19. At the same time, we advocated water conservation throughout the Group, reviewed the water consumption indicators of each production line, and took structural transformation of some water equipment to recycle the water. We had also set up more water reclamation systems during FY2017/18 to enable the sewage generated from the production line to be reclaimed and be consumed in production process again. In addition, regular inspection and repair work were conducted in water pipelines to prevent leakage. Moreover, the domestic and industrial sewage which meets the quality standard after treatment is used for flushing in order to minimize water consumption.

In FY2018/19, water consumption is as follows:

<b>Item</b>	<b>Unit</b>	<b>Total amount</b>
Water consumption	m <sup>3</sup>	301,810
Water intensity	m <sup>3</sup> /m <sup>2</sup> finished goods	1.9

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## ***Packaging Materials***

Our technical department and purchasing department are actively looking for new packaging methods and packaging materials. In FY2018/19, we have achieved remarkable results in reducing the number of packaging cartons and plastic consumption. With the environmental consideration, our packaging materials were selected based on the green criteria. For example, the plastics selected should be recyclable and no harmful substances would be produced from incineration, which is in line with our principle of environmental protection.

In FY2018/19, the packaging materials consumption of the Group is as follows:

<b>Item</b>	<b>Unit</b>	<b>Total amount</b>
Cartons	ton	205
Plastics	ton	220

## **A3 Environment and Natural Resources**

The Group adheres to the importance of conserving environment and natural resources. It strives to bring sustainable development into business operations by making a balance between environmental protection and business development, and avoids making non-environmentally friendly income. The Group abides by the nation's environmental regulations and international standards, in order to support the national green development efforts.

We have established various environmental facilities and reporting system, in which the emission data, status of pollution controlling facilities including their operation and conditions are properly recorded and maintained. Such information and monitoring results are reported to the environmental department of local government. Timely actions would be taken to deal with any unusual conditions found in operation.

Besides, we have engaged third-party professionals to regularly monitor our environmental performance in order to prevent excessive emission discharges. The Group has also obtained the ISO14001 Environmental Management System Certification for its factory and passed the annual audit conducted by an independent organisation.



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## B. SOCIAL

### B1 Employment

The Group abides by the “people-oriented” principle in respect of its quality management and long-term development. The Group believes that cultivation of talents and team spirit directly contribute to the Group’s profitability and balanced development.

The Group is committed to providing employees with a discrimination-free workplace. The Group adheres to the principle of fairness in establishing various human resources policies, including hiring, training, performance assessment, compensations and benefits and promotion, in order to ensure that all employees and candidates are treated equality irrespective of sex, health conditions, ethnicity and religion, etc.

The compensations and benefits policies of the Group have been established to reward, retain and encourage employees’ contributions to the Group’s operation and development. Therefore, competitive compensation is set by the Group, with comprehensive social insurance scheme and various staff welfare, such as staff quarters, and free meals. Moreover, a restricted share award scheme is adopted by the Group to attract and retain talents.

The Group provides diverse promotion channels to employees, including clear career path for vertical promotion, two-way promotion channels for technicians and management, as well as inter-department transfer, seeking to provide employees with greater potential for career development and better opportunities in their preferable job positions. At the same time, it helps consolidate the continuous development for talents of the Group and sustain its talents succession plan.

The Group also aims to raise the sense of belonging of the employees by organizing recreational and staff caring activities, such as singing contest, garden party, outdoor development activities, to facilitate a better communication between employees. The Group also provides employees with paid annual leave and welfare leave such as marriage, mourning, and sick leave; as well as family rooms in the dormitory for employees with family.

The Group has always valued communications with employees and has established platforms for effective communication with employees in through diverse channels, such as WeChat official accounts, discussion group, and WeChat work platform. The Group has also set up an electronic HR manager mailbox and president’s mailbox to facilitate the Group’s employees to directly communicate with relevant personnel. The Group also conducts employees’ satisfaction surveys regularly to understand employees’ feedback on their favourite initiatives and problems faced at work in order to build up a healthy and harmonious workplace.

The Group is not aware of any material non-compliance with the relevant laws and regulations relating to employment in FY2018/19.



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## **B2 Health and Safety**

Employees are the most important assets and resources to support the operation of the Group, therefore, their health and safety are always our top priority. Regular fire drills are held and training regarding occupational safety are provided to employees, especially for those machinery operators and chemical handlers. Meanwhile, the Group has issued staff handbook setting forth safety guidelines in details and established comprehensive accidents reporting and investigation mechanism to effectively understand their cause and to prevent the occurrence of similar accidents in future.

The Group adheres to the importance of the health condition of employees and general medicine is provided as needed in workplace. Sport events such as basketball and badminton competition were organized by the Group regularly to cultivate a sporty culture within the Group.

In addition, we put high emphasis on the mental health of employees. The Group has been actively engaged in helping employees to deal with problems and challenges in life and maintaining the mental health of employees. The Group values two-way communications with the employees and has communicated with employees in various ways to understand their needs. The Group also encourages management to take the initiative to take care of their subordinates and help solving their problems.

The Group is not aware of any material non-compliance with the relevant laws and regulations relating to employees' health and safety in FY2018/19.

## **B3 Development and Training**

The Group is dedicated to providing employees with opportunities for personal growth and helping them develop their career. Therefore, the Group encourages the internal promotion of suitable employees and provide on-the-job training, coaching and training courses for the continuous learning and self-realization of employees.

The Group has comprehensive training policies and mechanism to enhance the technical skills and knowledge of its employees, and to improve their efficiency and competitiveness. The training programmes cover orientation training, on-the-job training and external training. Orientation training for new-hired covers human resources policies, corporate structure, occupational safety and workplace, qualification requirement, etc. On-the-job training covers capacity building (include description and work practice of job positions) and annual training plans. External training covers on boarding training for specific job positions. All the training expenses are borne by the Group.

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In addition to training programmes provided, the Group has established career development plans according to the nature of different business sectors, personal ambitions, abilities and development needs. Employees have chances to get access to different business sectors and departments in order to broaden their horizon through job rotation. The Group has also organized inter-department training and exchange activities to enhance understanding of works and cross-department interaction. Meanwhile, the Group has encouraged inter-department employees' mobility and flexible work arrangement with an aim to provide more learning and practicing opportunities for employees with potential.

## **B4 Labour Standards**

All employees of the group must be over 16 years old, and all underage workers (16 to 18 years old) are prohibited from engaging in high-risk work. The Group adopts open recruitment for job positions according to the requirements of various positions. Candidates meeting the requirements will be considered for interviews and they are required to hold valid identity cards. Employment contracts are entered into by both parties to eradicate the possibility of forced labour.

The Group is not aware of any material non-compliance with the relevant laws and regulations relating to child labour or forced labour in FY2018/19.

## **B5 Supply Chain Management**

The Group has strict monitoring mechanism over supply chain management. All suppliers in the qualified supplier list must have passed the supplier evaluation assessment. The Group will continuously monitor the product quality of the suppliers and suspend purchasing from those with sub-standard quality in order to avoid negative impacts brought to our product quality and safety.

The Group only enters into contracts and makes purchase from suppliers in our qualified supplier list. Besides, approved suppliers are required to comply with social and environmental related regulations and complete a declaration for adherence to those related regulations. Meanwhile, suppliers should pass the ISO14001 Environmental Management System Certification and declare that they are in compliance with the European Union's environmental regulations (Rohs/Reach Compliance Declaration). Regular inspection over raw materials is conducted by third-party authentication organizations (such as SGS report).

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## **B6 Product Responsibilities**

The Group upholds the importance of “Uphold the excellence in quality and be the most reliable partner of customers” as the core corporate mission in its customer service policies. The Group is customer-oriented and is committed to improving our service quality and providing customers with highly-efficient services through the customers’ satisfaction investigation mechanism. The Group has also formulated the standards for service quality in our internal customer service policies and procedures, which have been strictly enforced by the Group. The Group values protection of customers’ and consumers’ confidential information. Declaration of confidentiality has been entered into with customers.

In addition, comprehensive environmental management system has been established by us and the system has been ISO14001 certified. From product research and development to suppliers’ management, the Group adopts the same environmental standard. Also, all the materials have to meet the requirements of Rohs/Reach set by the European Union. Regular product inspections are also conducted by the Group, including internal XRF tester and third-party commissioned inspection organizations such as SGS.

The Group is not aware of any material non-compliance with the relevant laws and regulations relating to products and services quality in FY2018/19.

## **B7 Anti-corruption**

Always with integrity as the core value of the Group and with the importance attached to personal and professional code of conduct of all employees and external parties of contractual relationship with the Group, “Declaration for Professional Ethics of Purchasers” and “Acknowledgement for Code of Integrity” are completed by the purchasing staff and suppliers of the Group respectively. Besides, all employees are required to participate in training courses regarding employees’ code of conduct upon joining the Group.

In addition to the anti-bribery and anti-corruption policies which have been substantiated in the code of conduct, the Group has also put in place controlling procedures for capital expenditures to provide clear guidelines on integrity requirements over the business activities at procurement level. The Group regularly reviews the effectiveness of its internal control system and established external whistle-blowing policy. The Group has documented in the work discipline section of the code of conduct that “To act with integrity and self-discipline; no bribery is allowed; acceptance of any form of benefit which cannot be rejected should be handed over to the Group; advance approval should be obtained for must-go social activities; no abuse of rights over work position; do not squander public funds” as the key areas of concern for the employees’ code of conduct.

The Group specifies in its website the contact information of its Jiangmen factory and Hong Kong headquarters to maximize the information to be received from inside and outside the Group, including but not limited to the feedback of the employees in the business ethics.

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The Group is not aware of any material non-compliance with the relevant laws and regulations relating to anti-bribery, extortion, fraud and money laundering in FY2018/19.

## **B8 Community Investment**

The Group supports the idea of “Taking from society, giving back to the society”. Contributions to the community have been made in different aspects, including local employment, education, community development and harmonious relationship with the physical disadvantages. Management of the Group have taken up different public roles to serve our community.

To facilitate the employment of local undergraduates, the Group has partnered with schools to offer their students with various internship opportunities. Meanwhile, the Group has served as an internship centre for students of Jiangmen Pengjiang High School and Jiangmen Vocational Technical School.

We deeply believe that education is the cornerstone for the social and economic development. Therefore, the Group has spared no effort to provide various support to the local educational institutions. For example, the Group has entered into research partnership with Wuyi University in sharing our insights in technical, facilities and educational aspects. A circular coating machine was donated to the Faculty of Electrical Engineering of Wuyi University by the Group for their vacuum research laboratory. Our coating technicians have been actively participating in the postgraduate training for vacuum appliances research project organized by the Faculty of Electrical Engineering and to provide practical sharing on topics such as basic knowledge about vacuum, detection of leakage and maintenance of vacuum facilities. Our technicians have also conducted repairing work for the magnetron sputtering coating machine for Faculty of Textile of Wuyi University and provided guidance for the final year project of postgraduates of the Faculty of Textile. The Faculty of Textile has hired our technical engineers as its part-time lecturers as a result of the remarkable contribution made by our people.

In addition, the Group share the views and facilitate development of the local community. The Group has also actively invested resources in public facilities such as regular renovation of the neighbourhood basketball court. Moreover, the Group has suggested to strengthen traffic control at the intersection of Kangkou Second Road and Gaosha Second Street, which has been approved after communication with the Chinese National Police Agency for traffic control. The suggestion has helped to reduce the possibilities of traffic accidents.

We also encourage a harmonious society, in which people with physical disadvantages are actively recruited when suitable job positions are available, and are offered with employment support to help them become self-reliant.