



嘉利國際控股有限公司
Karrie International Holdings Limited

(Incorporated in Bermuda with limited liability)

stock code : 1050



Dreams Sustainability

2021/22
SUSTAINABILITY REPORT



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ABOUT THIS REPORT

Since the listing of Karrie International Holdings Limited (the “Company”), together with its subsidiaries (which are collectively referred to as the “Group” or “Karrie”) in 1996, the Group has started to prepare the content of sustainability and incorporate it into the annual reports as a separate section starting from the annual report for the year ended 31 March 2009. To keep abreast of current sustainability measures and trends, the Group has adopted the latest guidance on sustainability reporting, and has commissioned an independent third party to review and verify the accuracy and readability of the information set forth in the report. When preparing this report, the Group has engaged its shareholders, business partners, employees, suppliers, regulators, and the public in coming up with their concerns which have been addressed in the report.

REPORTING STANDARDS

This report (the “Report”) has been prepared in accordance with the GRI Standards: Core option issued by the Global Reporting Initiative (“GRI”), and Appendix 27 Environmental, Social, and Governance (“ESG”) Reporting Guide of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as well as with reference to the United Nations Sustainable Development Goals (UNSDGs).

This Report has adopted the following reporting principles:

- **Materiality:** The content in this Report has been determined based on the significance of the Group's sustainability impact, together with stakeholders' opinions obtained by different departments from daily work. Please refer to the section “Sustainability Management — Sustainability Measures” in this Report for relevant information.
- **Quantitative:** The Report discloses key performance indicators for material topics in compliance with the reporting standards mentioned above, and historical data has been provided for trend comparison. Please refer to the section “Appendix — Key Performance Data Summary” in this Report for relevant information.
- **Balance:** The Report provides an unbiased picture of the Group's sustainability performance. Regardless of whether the performance is good or not, the historical data has been disclosed in the section “Appendix — Key Performance Data Summary” in this Report.
- **Consistency:** The Report adopts consistent methodologies to allow for meaningful comparisons of the data over time.



ABOUT THIS REPORT (CONTINUED)

SCOPE OF REPORTING

The Report covers the sustainability work and performance during the financial year ended 31 March 2022 (i.e., from 1 April 2021 to 31 March 2022). Taking into account the principle of materiality, the reporting boundary covers the operations of the headquarters in Hong Kong and the production base in Dongguan, Guangdong. During the Year, the Group started to set up a production base in Thailand, which is currently in the stage of machine installation and commissioning. Except for labour data, other data in Thailand's production base has not been included in the Report. The Group has a real estate business in Mainland China, and the number of employees in this business sector has also been disclosed in the Report. During the Year, the Group completed the acquisitions of Dongguan City Jiaxuntong Computer Products Limited and Kar Info International Property Limited. As both companies are investment holding companies, there is no impact on the reporting boundary. Overall, there is no significant change in the scope of the Report as compared with that set out in the sustainability report for the year ended 31 March 2021.

For detailed information related to the governance and financial performance of the Group, please refer to the annual report for the Year.

CONTACT US

Should you have any suggestions and opinions on the sustainable development of the Group, please contact:

Mr. Yip Chi Shing, Nigel
Senior Manager, Human Resources and Sustainability

Karrie International Holdings Limited
9th Floor, Southeast Industrial Building,
611-619 Castle Peak Road, Tsuen Wan, New Territories,
Hong Kong

Telephone: (852)2411-0913
Fax: (852)2415-1608
Email: sustainability@karrie.com



ABOUT KARRIE

The Group is principally engaged in the following business:



Metal and Plastic Business

Providing mechanical engineering solutions, manufacturing and sale of metal plastic products, including server casings, moulds, plastic and metal parts and household products

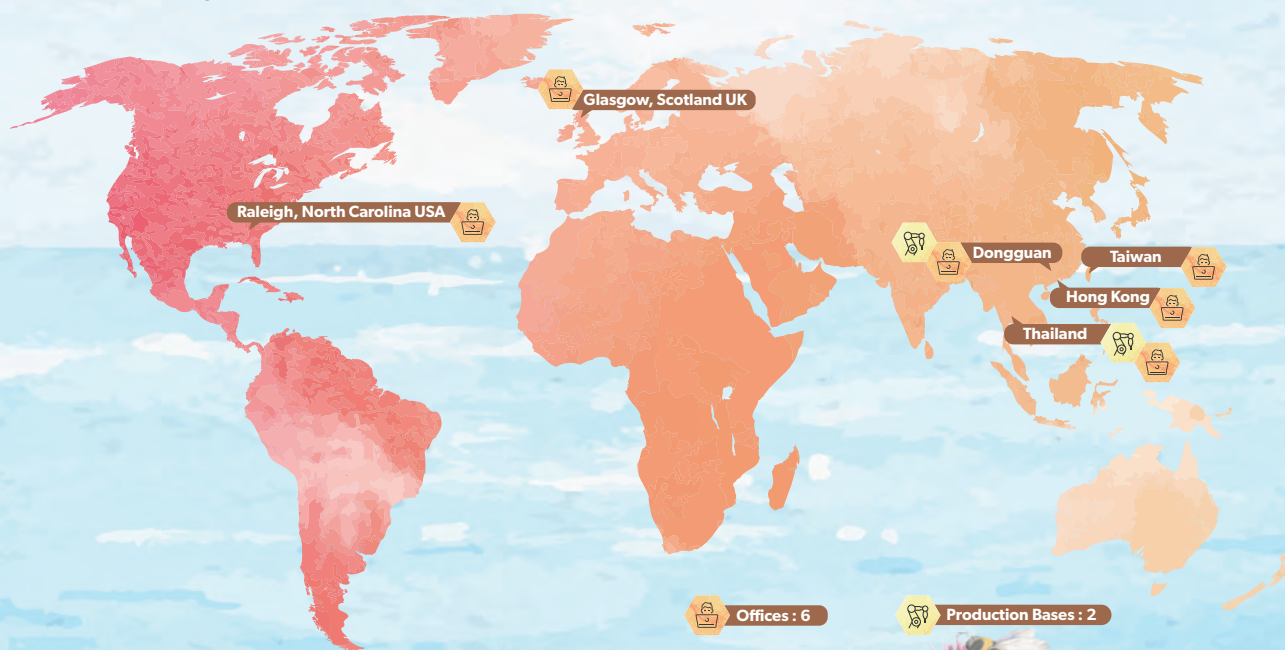
Electronic Manufacturing Services Business

Manufacturing and sale of magnetic tape data storage, point-of-sale ("POS") system, medical products, office automation products and other computer peripherals

Real Estate Business

Urban renewal, real estate project investment, property leasing and development

Headquartered in Hong Kong, the Group has set up a production base in Dongguan, Guangdong, a design and research and development centre in Taiwan, and representative offices in the United States and the United Kingdom. During the Year, it developed a new production base in Thailand. The factory in Thailand has been renovated and is officially open. Employees have started to work there, and moulds and materials are being shipped there. Machine installation, commissioning and trial production have also started. Meanwhile, the new production complex "Karrie Craftsmanship Tower" in Dongguan's production base has been completed, and the interior decorating work is underway.





CHAIRMAN'S MESSAGE



Ho Cheuk Fai Mentor
Chairman & Chief Executive Officer

Adhering to its original aspiration, Karrie has been unceasingly investing in industrial development for over four decades, while diversifying products, enhancing intelligent manufacturing, and aspiring to excellence with its craftsmanship spirit.

At the same time, the Group adapts to the situation, and continuously improves its management approach in sustainability aspects such as environmental protection, employment, health and safety, striving to pursue the corporate mission of total stakeholder satisfaction. In the face of rapid changes in today's business environment, Karrie will continuously look for the best solutions to promote sustainable development of the enterprise and society. It will forge ahead against all challenges with the original aspiration.

Sustainability issues such as climate change have become important issues facing most enterprises. Business operators need to devote more resources to risk control and seize the opportunities behind them. In its early years, Karrie has set up the Corporate Sustainable Development Committee, which is steered by an Executive Director and engaged by relevant departments in managing multiple sustainability issues. The Committee monitors changes in laws and regulations, identifies material topics, implements management measures, and regularly reports to the Board of Directors. Sustainability-related key performance indicators are assigned to different departments and are integrated into their performance evaluations, thus encouraging all employees to take action in pursuit of continuous progress. With the original aspiration, we are exploring new approaches for the sustainable development of industrial enterprises.

ASPIRATION • ENVIRONMENTAL PROTECTION

Investors and clients have made it a top priority to face the impending impacts of climate change. We control greenhouse gas emissions by optimising energy efficiency and adopting renewable energy sources, and have formulated an emergency plan to deal with crises such as extreme weather events. We have a dedicated department responsible for implementing annual environmental projects for our factory. The projects implemented this year could save 1.27 million kWh of electricity per year. Some projects also optimise the production process to achieve a win-win situation between production and environmental protection. Putting environmental considerations at the early stage of building new plants, we introduced an energy-saving design and adopted eco-friendly building materials for the newly-built Karrie Craftsmanship Tower, and are planning to increase the capacity of self-generated renewable energy. During the Year, we provided shareholders with the default option of electronic communication to reduce the need of printing and the subsequent greenhouse gas emissions.



CHAIRMAN'S MESSAGE (CONTINUED)

ASPIRATION • INNOVATION

"Adapting to the situation" is the driving force for encouraging innovation in Karrie. We pursue technological advancement, committing to automation and breaking through the limitations of traditional technologies to increase production capacity and provide better solutions for our clients. During the Year, we successfully applied multiple new technologies to improve printing, metal conversion and packaging efficiency, strengthened automated quality control and led to new processing capacities. Karrie works with clients to create safe and green products. According to the product type, we incorporate safety and environmental protection requirements into the quality control process from procurement to production. In protecting the important assets of our clients and the Group, we have strengthened information security management in both hardware and software. We also provided information security training to employees during the Year.

ASPIRATION • CARE

In line with local pandemic prevention policies, Karrie provided transportation arrangements and rest periods and organised lucky draw activities for its employees this year to encourage those who were fit to voluntarily receive the COVID-19 vaccine. To attract and retain talent, we treat people with sincerity, provide a safe and stable working environment, and maintain mutual respect and caring interpersonal relationships. By providing employees with training and career development opportunities, we build a virtuous cycle with their competency growth and remuneration enhancement. Karrie has long been implementing the "Employees' Juniors Program" every year, which provides internship opportunities for the juniors of employees to support the growth of the next generation. In response to the establishment of a new production base in Thailand this year, Karrie has hired local talents to perform management roles, thereby enriching employee diversity and promoting cultural integration within the Group.

Karrie's social responsibility is rooted in its corporate culture, with an emphasis on providing support to disadvantaged groups. During the Year, we have provided assistance to flood victims in Henan Province, and have been supporting the elderly in Hong Kong and Dongguan for more than a decade. On the other hand, we regard education as a driving force for social development and thus have been continuously providing training and development opportunities for the youth. During the Year, Karrie not only held career talks for more than 150 secondary school students, but also had top management participate in mentorship programs, leading students to understand the operations of the Company and learn from their experiences.

ASPIRATION • ADAPTATION

As early as 2005, Karrie formulated the corporate social responsibility policy to systematically manage sustainability-related issues. In 2012, it started publishing independent reports to disclose its sustainability performance, gradually forming the current management and disclosure system. In recent years, sustainability-related topics have had an increasingly extensive and far-reaching influence on the entire value chain. Topics such as climate change and labour rights need to be managed from the perspective of the value chain as a whole. Upholding its original aspiration and the spirit of "adapting to the situation", Karrie will continue to work with different stakeholders to manage sustainability issues, build a sustainable industrial model with the craftsmanship spirit, and create greater value for the public.

Ho Cheuk Fai Mentor

Chairman & Chief Executive Officer

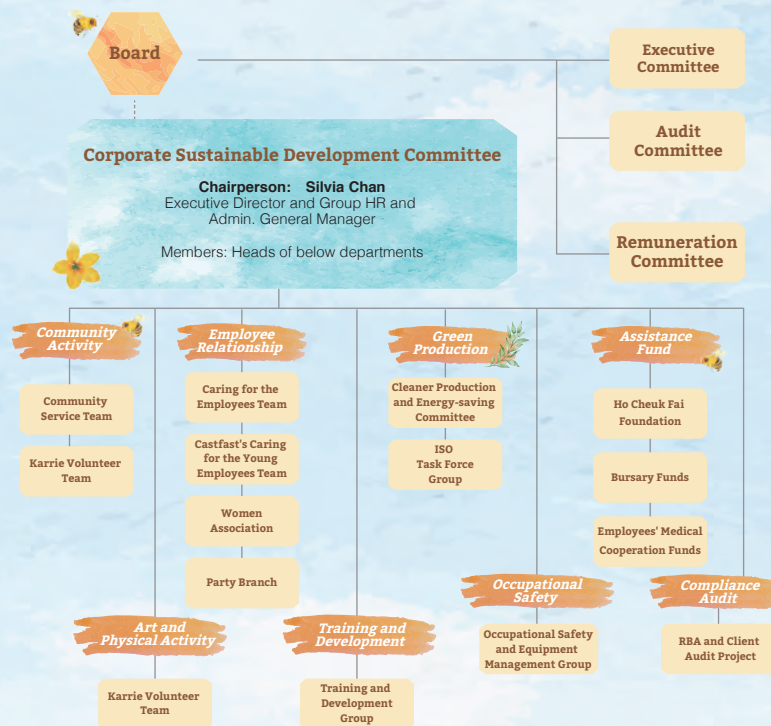




SUSTAINABILITY MANAGEMENT

GOVERNANCE STRUCTURE

The Board of Directors of the Group is responsible for oversight of sustainability issues. The Corporate Sustainable Development Committee is steered by an Executive Director and reports to the Board. The members of the Committee are heads of various departments related to sustainability issues. They are responsible for formulating and reviewing the corporate social responsibility mechanisms and development strategies, communicating with stakeholders and implementing management measures.



SUSTAINABILITY PHILOSOPHY

The Group has incorporated “Corporate Social Responsibility (CSR)” as one of its long-term corporate missions, continuing to operate ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society. The Group believes the implementation of CSR will improve its reputation, save cost and strengthen its corporate governance ability, which is in line with the interests of shareholders and drives the Group and our stakeholders to sustainable development.





SUSTAINABILITY MANAGEMENT (CONTINUED)

Karrie's scope of CSR covers eight areas, integrating the concepts of Environmental (E), Social (S) and Governance (G) with the United Nations Sustainable Development Goals (UNSDGs) as the guideline. Regarding our CSR missions and the correlation of our business operations, the Group mapped 11 SDG goals to strive for contribution.





SUSTAINABILITY MANAGEMENT (CONTINUED)

SUSTAINABILITY MEASURES

Risk Management

Under the supervision of the Board, the Internal Audit Department of the Group conducts risk assessments every year, identifying current and future, internal and external, financial and non-financial risks, evaluating risk levels and formulating management approaches. Department heads are involved in the risk investigation. The Internal Audit Department is responsible for analysing the survey results, summarising the risk information and countermeasures, and reporting them to the management. According to the risk assessment results, relevant departments are in charge of implementing the risk mitigation measures following instructions from the management. The Board discusses the risk management and the internal control systems with the management to review the risk factors and urgency, and ensure that effective systems are in place.

Stakeholder Engagement



Relevant goal:

- Target 17.16 — Enhance the global partnership for sustainable development, share knowledge, expertise, and technology with industrial and regional stakeholders

Every year, the Group communicates with stakeholders through a variety of activities and reports in order to understand their needs and perspectives, including annual general meetings, results conferences, financial reports, announcements, and receptions for visiting government and non-governmental organizations, supplier evaluations, training, and other activities, as well as understanding the needs and perspectives of various stakeholders in order to contribute to sustainable development.





SUSTAINABILITY MANAGEMENT (CONTINUED)

All departments actively collect the stakeholders' opinions on the sustainability performance of the Group in their daily work, and report to the Corporate Sustainable Development Committee. During the Year, the Corporate Sustainable Development Committee updated the list of material topics based on feedback from stakeholders together with the significance of the Group's sustainability impact.

Order	ESG-related Topics	Karrie's Scope of CSR	Relevant Index	Scope
1.	Climate Change	Environmental Protection	GRI 201 Economic Performance HKEX A4 Climate Change	Internal and suppliers
2.	Business Ethics and Morality	Corporate Governance	GRI 205 Anti-corruption HKEX B7 Anti-corruption	Internal, suppliers and customers
3.	Employment Compliance	Caring for Employees	GRI 401 Employment GRI 408 Child Labour GRI 409 Forced or Compulsory Labour HKEX B1 Employment B4 Labour Standards	Internal and suppliers
4.	Energy Management	Environmental Protection	GRI 302 Energy HKEX A2 Use of Resources	Internal
5.	Occupational Health and Safety	Caring for Employees	GRI 403 Occupational Health and Safety HKEX B2 Employee Health and Safety	Internal and suppliers
6.	Product Safety	Product Responsibility	GRI 416 Customer Health Safety HKEX B6 Product Responsibility	Internal and suppliers
7.	Risk Management in Compliance	Corporate Governance	GRI 307 Environmental Compliance GRI 419 Socioeconomic Compliance	Internal and suppliers
8.	Privacy and Information Security	Corporate Governance, Product Responsibility	GRI 418 Customer Privacy HKEX B6 Product Responsibility	Internal and suppliers
9.	Service and Product Innovation	Corporate Governance, Product Responsibility	HKEX B6 Product Responsibility	Internal
10.	Protection of Intellectual Properties	Product Responsibility	HKEX B6 Product Responsibility	Internal
11.	Smart Manufacturing and Lean Production	Product Responsibility, Training and Development	HKEX B6 Product Responsibility	Internal
12.	Green Product Innovation	Product Responsibility	HKEX A3 The Environment and Natural Resources	Internal and suppliers
13.	Responsible Procurement	Suppliers Management	GRI 308 Supplier Environmental Assessment GRI 414 Supplier Social Assessment HKEX B5 Supply Chain Management	Internal and suppliers
14.	Diversity and Inclusion	Caring for Employees	GRI 405 Diversity and Equal Opportunity HKEX B1 Employment	Internal and suppliers
15.	Training and Development	Training and Development	GRI 404 Training and Education HKEX B3 Development and Training	Internal and suppliers



SUSTAINABILITY MANAGEMENT (CONTINUED)

KPI & Goal Management

The Group continuously adopts Key Performance Indicators (KPI) and Goal Setting (GS) in our management system. Each department is required to set and review performance indicators and objectives every year. In addition to the indicators related to production and operation, the performance evaluation of each department also includes indicators and objectives about environmental protection, employment, safety, quality and supplier management, etc.

The Executive Directors and the Executive Committee of the Group will examine the performance of departments with the following sustainability indicators and provide guidance to their work, through monthly meetings and annual year-end summary meetings. The result of KPI and GS will also be taken into consideration when deciding whether promotions should be made for employees in relevant departments.

Order	ESG-related Topics	Indicator	Relevant Department
1.	Climate Change	Energy consumption Energy saving rate	All production department Equipment and safety department
2.	Business Ethics and Morality	Completion rate of audit items	Internal audit department
3.	Employment Compliance	Administration audit	Human Resources Department
4.	Energy Management	Energy consumption Energy saving rate	All production department Equipment and safety department
5.	Occupational Health and Safety	Injury rate Loss time	All production departments, Quality and logistic departments, Equipment and safety department
6.	Product Safety	False rate of raw materials testing	Quality department
7.	Risk Management in Compliance	Completion rate of audit items	Internal audit department
8.	Privacy and Information Security	Completion rate of system screening Completion rate of software inspection	IT department
9.	Service and Product Innovation	Number of new technology R&D	Engineering and R&D Department
10.	Protection of Intellectual Properties	Number of transformations of new technology into production	Engineering and R&D Department
11.	Smart Manufacturing and Lean Production	Number of lean operation proposals Number of automated projects imported	All departments Some manufacturing departments
12.	Green Product Innovation	Number of complaints related to quality	Quality department
13.	Responsible Procurement	Completion rate of supplier audits	Procurement department
14.	Diversity and Inclusion	New hire retention rate Activities completion rate	All departments Trade Union Office of Administration Department
15.	Training and Development	Training completion rate	Human Resources Department

Lean Improvement

The Group advocates the concept of lean production and sets up a proposal reward system to encourage all departments to continuously improve their work, and tries to include them in our management system and the appraisal indicators. Since 2020, the Group has launched the annual "Lean Improvement and Innovation Competition", which encourages departments to use the 6 Sigma and other analysis tools to analyse the problems and propose solutions. These proposals provide diversified suggestions for the Group to achieve sustainable development by optimising resource utilisation, improving product quality and strengthening safety levels.



ENVIRONMENT

Our Employment Commitment

Through lean production, the Group gradually adopts new energy-saving and pollution-control technologies with the goal of reducing the intensities of energy consumption and pollutant emission. However, in the face of the risk of climate change, the world has to reduce the total amount of greenhouse gas emissions in a short period and achieve “net zero” by 2050. The Group believes that it will change the current manufacturing model that relies heavily on fossil fuels, and has carried out research to find a way to reach an agreement between environmental protection and business development, constantly inheriting the notion of Ho Cheuk Fai Mentor, “undertaking whatever task at hand with a heartfelt dedication”.

Relevant Scope of Karrie's CSR

Environmental Protection

Annually save
1.27 million kWh of
electricity by the projects
implemented in 2021/22

Water consumption
0.095 m³/\$'000
Industrial Revenue,
12% off



ENVIRONMENT (CONTINUED)

Management Structure & System

The Group established the Cleaner Production and Energy-saving Committee in 2005, which is led by the Assistant Corporate Planning General Manager and composed of the heads of the Administration Department, ISO Task Force Group, Safety and Equipment Management Group and others. The committee is responsible for formulating, implementing and supervising cleaner production and energy conservation programs in factories. During the Year, the Cleaner Production and Energy-saving Committee participated in feasibility studies for adopting high-efficiency lighting, ventilation, heating and cooling facilities, water supply, production facilities and solar panels for the newly-built Karrie Craftsmanship Tower. The Cleaner Production and Energy-saving Committee also keeps a close relationship with the government, environmental protection technology enterprises and environmental protection-related organisations to monitor external environmental regulations and follow the latest environmental protection technology information.

Since the Group obtained the ISO14001 Environmental Management System certification in 2001, it has been working strictly to manage its environmental policies and performance within the Company. To ensure the effectiveness of our environmental management system in Mainland China's production plants and Hong Kong's headquarters, ISO Task Force Group, Administrative Department and all relevant departments are required to conduct external and internal audits to evaluate their performance in environmental protection every year. During the Year, the Group passed the external assessment and remained certified.

During the Year, the Law of the People's Republic of China ("PRC") on the Prevention and Control of Pollution from Environmental Noise was passed and enacted on 5 June 2022, and the operation of the Group met the requirements of the new law. The Group also strictly complied with the Environmental Protection Law of the PRC, Air Pollution Prevention and Control Law of the PRC, Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste, Water Pollution Prevention and Control Law of the PRC and other laws and regulations related to environmental management, and there were no non-compliance incidents related to environmental protection.

ENVIRONMENTAL PROTECTION

Energy Conservation



Relevant goal:

- Target 7.3 — Improve global energy efficiency

The Group has established a "Resource/Energy Management Procedure" that focuses on resources and energy management, and strictly requires recording all the power, oil, and gas consumptions in offices and factories. By referring to those statistics, we are able to review the effectiveness of our measures and formulate new energy goals for the next year according to the requirements of the ISO14001 system. Energy-intensive departments take the ratio of energy consumption cost to processing value as a KPI and report to the Group's Executive Committee every month to review the energy consumption performance.



ENVIRONMENT (CONTINUED)

The ratio of energy consumption cost to processing value (Unit:%)	2021/22 Target	2021/22 Performance	Achievement	2022/23 Target*
Metal	9.03	8.37	√	9.27
Plastic^	12.00	10.55	√	10.57
Moulds	5.00	4.53	√	5.60
Storage products	5.60	5.26	√	5.11

* Compared with the year of 2021/22, the targets of 2022/23 are influenced by the sharp increase in energy prices. The actual intensity of energy consumption keeps decreasing;

^ In August 2021, the "Home Products Department" within the Plastic Injection Moulding Business Unit was changed to "Plastic Injection Moulding Department II" to develop the OEM business of building block products; the data of it is excluded since the new equipment is under commissioning and so on.

Electricity is the major energy source used in factories and offices. The Group implements an energy management system to monitor its power consumption. The system will report to us instantly when an abnormal situation is found. The Group also continues to implement several energy-saving measures and turn all the lights off during lunch hours, in order to remind our employees to turn off unused electrical equipment. During the Year, the Group implemented two main energy-saving measures, including plastic raw material furnace energy-saving project and air compressor waste heat recovery project, saving 1.27 million kWh of electricity per year. The solar photovoltaic power generation devices in plants also generated over 35 thousand kWh of renewable energy.



Plastic raw material furnace energy-saving project

Energy-saving heaters were installed in 161 plastic raw material furnaces, and the energy consumption of each furnace was reduced by more than 50%, saving a total of about 980 thousand kWh of electricity per year.

Air compressor waste heat recovery projects

The Group expanded the application of the air compressor waste heat recovery projects, and realised that all employee dormitories use waste heat to make hot water, reducing the electricity consumption for hot water production and air cooling of air compressors by around 290 thousand kWh per year.



Solar photovoltaic power generation devices

The solar photovoltaic power generation devices in plants generated over 35 thousand kWh of renewable energy.

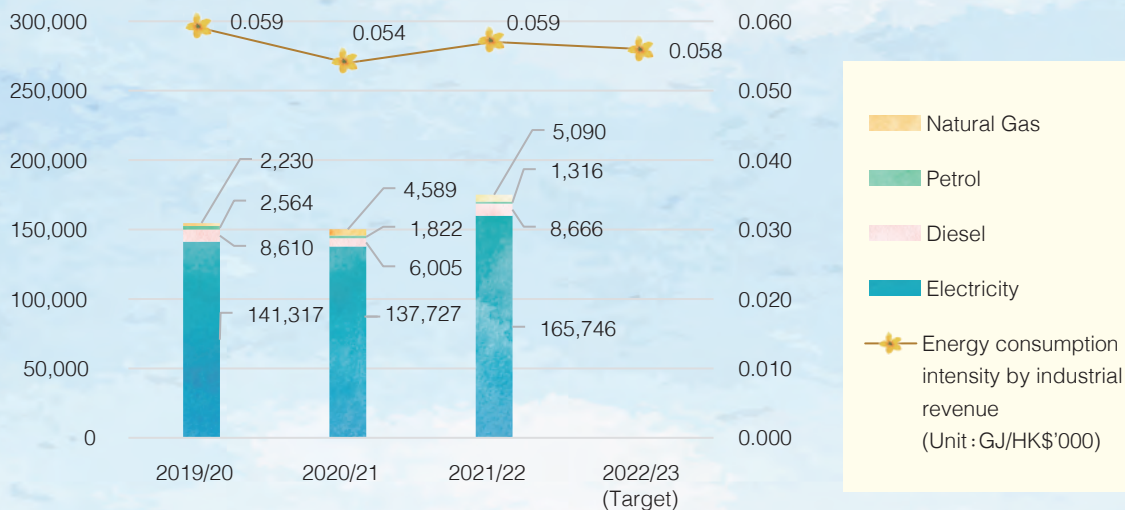




ENVIRONMENT (CONTINUED)

During the Year, the Group consumed 180,818 GJ of energy, of which electricity consumption accounted for 91.7%, followed by diesel, 4.8%, natural gas, 2.8% and petrol, 0.7%. Calculated by industrial revenue, the energy consumption intensity was 0.059 GJ/HK\$'000, with a year-on-year increase of 9%, which was mainly due to the new OEM business of building block products, involving the new equipment commissioning process. It is expected that no significant change will occur in production processes in the coming year, and the Group will continue to use electricity as the main energy source. Through the continuous lean operation of the production departments and the energy-saving projects implemented by the Administration Department, the Group aims to reduce the energy intensity by 1% to 0.058 GJ/ HK\$'000 in the year of 2022/23.

Energy Consumption (Unit: GJ)



Responding to Climate Change



Relevant goal:

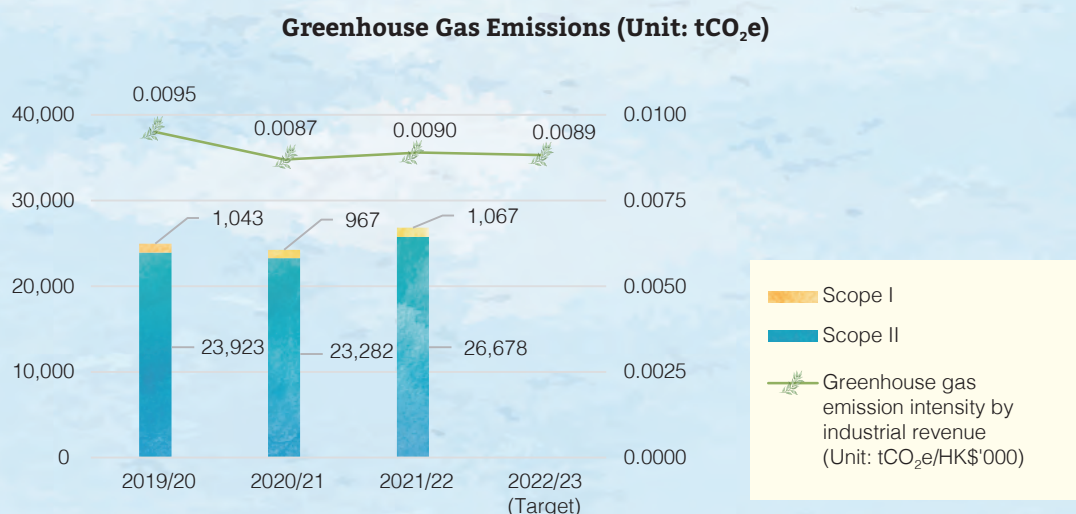
- Target 13.3 — Improve capacity on climate change mitigation, adaptation, impact reduction and early warning

Human-caused greenhouse gas emissions are believed to be the main cause of climate change. Karrie has been monitoring greenhouse gas emissions in accordance with the ISO14064-1 standard and preparing a greenhouse gas report which has been independently verified by a third party since 2014. With reference to the major source of greenhouse gas emissions, the Group also continues to implement a number of energy-saving measures to reduce the emission, including replacing ordinary fluorescent tubes with LED tubes, installing frequency converters for air compressors and water pumps, and increase the use of renewable energy to reduce indirect greenhouse gas emissions from the use of electricity.



ENVIRONMENT (CONTINUED)

During the Year, the Group emitted 1,067 tCO₂e of Scope I Direct Emissions and 26,678 tCO₂e of Scope II Indirect Emissions, totalling 27,745 tCO₂e. The greenhouse gas emission intensity by industrial revenue was 0.0090 tCO₂e/HK\$'000, with a year-on-year increase of 3%, which was lower than the increase of energy consumption intensity. The main reason is that the greenhouse gas emission factor of electricity decreased in Mainland China in 2021, offsetting the impact of the actual energy consumption increase.



Most greenhouse gas emissions are emitted through energy consumption. At present, the Group controls greenhouse gas emissions by setting energy consumption targets and adopting energy-saving measures. At the same time, the Group is in the process of setting medium and long-term emission reduction targets in reference to the Science-Based Target Initiative (SBTi) to support global actions to control the global warming target of no more than 1.5°C. The Group started studying the possible measures to reduce the total amount of greenhouse gases while ensuring business development, including introducing renewable electricity and other plans. Although Scope 3 GHG emissions have not been fully accounted for, the Group has been taking measures to reduce these emissions. For example, the Group has provided shareholders with the default option of electronic communication to reduce the printing demand.

Because the operation of production equipment consumes the majority of energy and the GHG emission factor of electricity in Mainland China is not expected to decrease significantly in the short term, the Group will continue to reduce energy consumption per unit of processing value through lean operation and adapting appropriate energy-saving technologies. The Group aims to reduce the greenhouse gas emissions intensity in 2022/23 by 1% to 0.0089 tCO₂e/HK\$'000 of industrial revenue from 2021/22.

In the face of a series of transition risks brought by climate change, the Group pays close attention to the changes in local and international policies and takes timely measures to deal with them. In response to physical risks including sea level rise and extreme weather that happens more frequently and strongly, the Group regularly checks and dredges sewage and rainwater pipes, and strengthens doors, windows and outdoor facilities to ensure the flood discharge and wind resistance capacity of plants. The Group has formulated the "Regulation on Emergency Treatment of Water/Electricity Failure", standardised the emergency procedure and made clear the responders and responsibilities. Recovery plans for the suspension of corporate operations caused by extreme weather events are also stipulated in the "Business Contingency Plan".



ENVIRONMENT (CONTINUED)

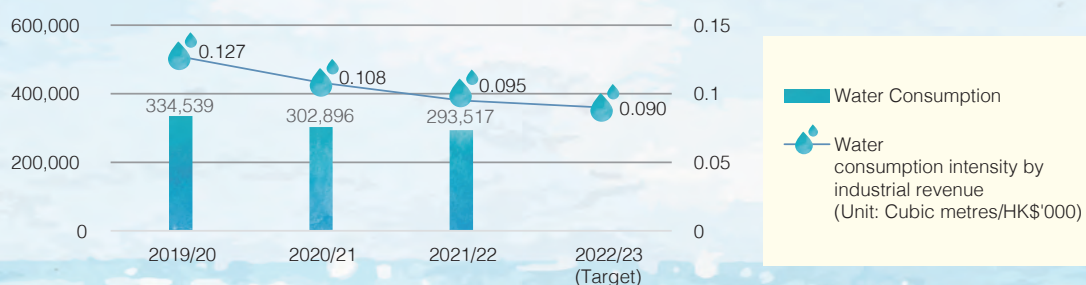
Integrated Water Resources Management

The Group manages water and wastewater discharge with an overall concept. The use, collection, treatment, reuse and discharge of water are regulated by internal policies, such as “Resource/Energy Management Procedure”, “Water Pollution Control Procedure” and “Process Operation Specification of Wastewater Treatment Centre”.

Municipal water provided by local governments is used in our factories and offices, and there is no issue with sourcing water that is fit for purpose. Each production department is responsible for recording the amount of water consumed for production each month and conducting regular inspections and repairs of all water equipment and pipes. If the amount of water consumption exceeds the specified amount, responsible departments shall conduct an investigation and analysis, and implement improvement measures for the irregularities. In terms of the consumption of domestic water, the Group posted water-saving notices to require employees to turn off taps after use. The Human Resources and Administrative Department is responsible for inspecting water equipment and water pipes and reporting leakages for repairs in the Hong Kong's headquarters. The Group also adopts water-saving devices to gradually replace the old ones and timely replace the aged water mains to improve the water-use efficiency.

During the Year, the Group's water consumption was reduced to 293,517 m³ thanks to the replacement project of leaky water pipes and the optimisation of the surface treatment procedures. The water consumption intensity by industrial revenue was 0.095 m³/HK\$'000, with a year-on-year decrease of 12%. With plans to install water-saving taps and replace leaky water pipes and other measures in the future, the Group has set a target for water consumption intensity in its environmental management system. Under the condition that the product types and processing remain stable, the Group aims to reduce water consumption intensity by 5.6% to 0.090 m³/HK\$'000 industrial revenue in 2022/23.

Water Consumption (Unit: m³)



The Group adopts a “rain-sewage diversion” approach, by which domestic sewage is transferred to public sewage treatment works through a network of public sewage pipes, and the quality of the sewage meets the requirements of GB/T 31962-2015, the Wastewater Quality Standards for Discharge to Municipal Sewers of the PRC, while cleaner rainwater is discharged through municipal storm water drains. Water used for production is treated by a wastewater treatment centre with reverse osmosis filtration in plant and finally reused in the process of production, achieving a “zero discharge” of industrial wastewater.



ENVIRONMENT (CONTINUED)

Emissions Control



Relevant goals:

- Target 12.4 — Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle
- Target 12.5 — Substantially reduce waste generation through prevention, reduction, recycling and reuse

The main production plants of the Group set the targets of raw material utilisation efficiency to reduce waste generation, and make a monthly KPI report. Metal and plastic scraps left over from production processes, as well as packaging materials which come together with raw materials, are collected separately for internal reusing or external recycling. Recycling boxes for paper, plastic, metal, glass, etc., are set up in offices and recycling education is provided for employees. During the Year, 327,094 kg of waste paper were reused internally and 412,288 kg was recycled externally. Owing to the growth of production output, the total volume of recycling relatively increased when compared with the last year.

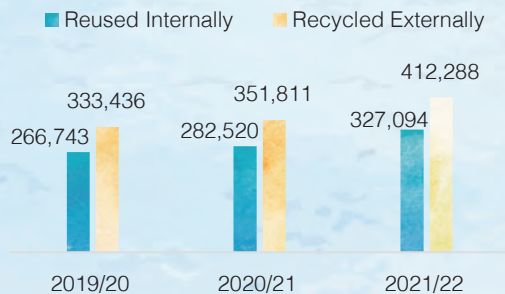
Rate of packaging material internal reuse (%)	2021/22 Target ≥ 44.55	2021/22 Performance 44.55	Achievement √	2022/23 Target ≥ 44.55
Scrap rate of raw material	2021/22 Target	2021/22 Performance	Achievement	2022/23 Target
Metal — scrap metal rate (%)	0.63	0.57	√	0.52
Plastic — scrap rate of raw material (%)	4.20	3.39	√	3.30

A small amount of hazardous waste will be generated during the production process in plants, including waste oil and its packaging, activated carbon, batteries and fluorescent tubes. There is a special storage warehouse in the production base and a qualified hazardous waste treatment contractor is appointed to transfer and treat hazardous waste regularly in accordance with the laws. During the Year, the metal plant implemented tapping machine optimisation which significantly reduced the oil stains on the product and the subsequent cleaning waste liquid. The Group transferred 99.70 tonnes of hazardous waste as a result of the increase in waste oil generated from the manufacture of a large number of moulds for the new OEM business of building block products.

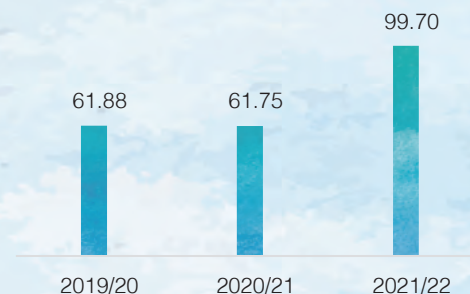


ENVIRONMENT (CONTINUED)

External and Internal Waste Paper Recycling (Unit: kg)

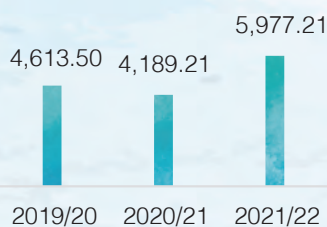


Hazardous Waste Disposal (Unit: Tonne)

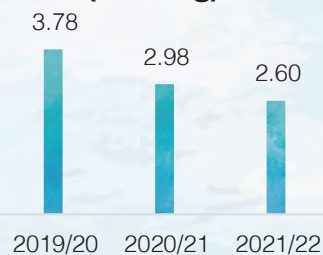


The plastic injection moulding and painting processes will generate volatile organic compounds (VOC), and a ventilation system is equipped in plants to collect the compounds treated with UV photolysis + activated carbon adsorption processes, to ensure that the air emission meets relevant standards. Nitrogen oxides (NOx), sulphur oxides (SOx) and particulate matter (PM) are also generated while cooking in the canteen and using fuel vehicle equipment, and the Group regularly conducts exhaust gas testing. During the Year, the Group emitted 5,977.21 kg of NOx, 2.60 kg of SOx and 394.05 kg of PM. Due to the influence of the local power rationing policy implemented in 2021/22, the electricity generated by using its own generators increased, resulting in a slight increase in the emissions of air pollutants NOx and PM.

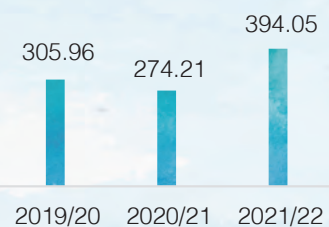
NOx Emission (Unit: kg)



SOx Emission (Unit: kg)



PM Emission (Unit: kg)



TALENT

Our Employment Commitment

The Group established “Development of professionals, training of talents, emphasis on the physical and mental health of employees, and work-life balance” as parts of Karrie’s CSR mission. The Group treats all employees sincerely, continually maintains a safe workplace, and provides a diverse, inclusive and supportive working environment. By providing development channels and technical training for employees and coordinating with corporate development, the Group committed to growing together with its employees.

Relevant Scope of Karrie’s CSR

Caring for the employees

- Provide transportation and holiday arrangements for employees for vaccination and COVID-19 testing
- Rate of reinstated from maternity leave exceeds 80%

Training and development

- The average of training for each employee reached 10.7 hours, increased 7% YoY
- 89% of employees received training during the Year, with an increase of 14 points YoY



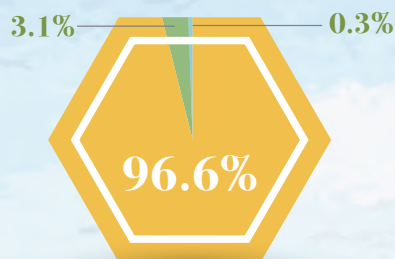
TALENT (CONTINUED)

Employee Composition

The talent management work is led by the Executive Director & Group Human Resources and Administration General Manager. The Human Resources and Administrative Department is responsible for the management of recruitment, training and development, salary and welfare, promotion assessment, occupational health and safety, employee communication and other related areas. The Administration Department coordinates the human resource affairs of the production base in Dongguan, together with the Human Resources Department, Administrative Office, Back Office, Trade Union Office and other committees, to provide employees with training and development, daily life care, and organise various forms of health and entertainment activities to build a bridge of communication. All departments set up administrative specialists to collect employees' opinion and provide feedback to managers through monthly administrative meetings, in which the Group collectively discusses and solves problems encountered by employees, and explains the Company's policies to employees at the same time.

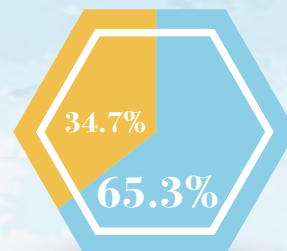
During the Year, the monthly average number of employees of the Group increased by 12.2% from the previous financial year due to the growth of production. The monthly average number of employees of the Group was 3,760, of which 96.6% were in Mainland China, 3.1% were in the headquarters in Hong Kong and 0.3% were in Taiwan, Thailand, the United States and the United Kingdom. When it is compared with the previous financial year, the gender, age distribution of employees and employment type were similar.

Number of employees
(by locations)



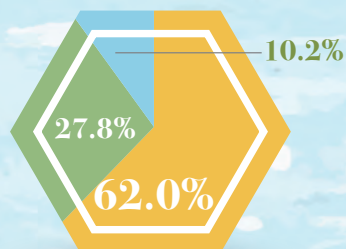
■ Mainland China
 ■ Hong Kong
 ■ Others

Number of employees
(by gender)



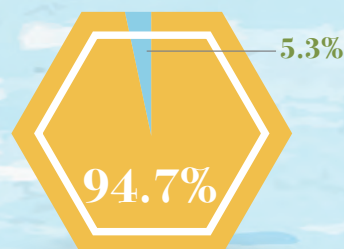
■ Male
 ■ Female

Number of employees
(by age group)



■ Below 30
 ■ 30-50
 ■ Above 50

Number of employees
(by employment type)



■ Full-time
 ■ Part-time



TALENT (CONTINUED)

CARING FOR EMPLOYEES

Occupational Health and Safety



Relevant goal:

- Target 3.3 — Support our staff to fight communicable diseases e.g. Covid-19

The occupational health and safety management of the Group covers the areas of production, plant areas, equipment, personnel and other levels. A safety responsibility system has been implemented internally for every one in the Group, from the management to employees, responsible for safety production. All employees and visitors, including external contractors, are regulated by the related safety policy when they enter the production base.



The equipment and safety management team of the Administration Department organises safety risk assessments for all departments to participate regularly, identify potential hazards and potential accidents in different positions, places and activities, and evaluate the degree of danger, and review and revise the safety production policies and operating procedures. All departments regularly inspect their safety work, including supervising the allocation and use of fire equipment and personal protective equipment and participating in fire drills regularly. For the headquarters in Hong Kong, an external third party conducts regular compliance check-ups of the fire safety systems, and the Group also organises employees to participate in fire drills organised by the building management company. All new employees will receive training that is related to the following topics: occupational health, safety, and fire protection, and they are required to take an examination before commencement of their posts.



TALENT (CONTINUED)

If employees find any situation in the factory that may cause injury, they can leave in time and report it to their supervisors when it is safe. If there is a serious work-related injury or illness, the patients shall be directly sent to the hospital for treatment, and the case can be reported later. When an accident occurs, relevant parties including the safety and equipment management team will be responsible for investigating the cause of the accident, holding a safety review meeting and rectifying the existing safety problems. During the Year, more than half of occupational injuries were caused by unsafe behaviours, and the following reasons included inappropriate environmental settings and traffic accidents. All work injuries are reported to regulatory authorities in accordance with local laws and regulations and work-related injury assessment is implemented. Work-related injury reports will be prepared to analyse the causes of accidents. The equipment will be rectified and the safety training will be strengthened based on the causes of accidents. During the Year, the Group started updating the "Injury Treatment Procedure", including the classification, treatment process and welfare during work injury leave, which was approved and released after the reporting period.

The Law of the PRC on Work Safety was amended during the Year, the Group analysed the updated contents and confirmed compliance with relevant regulations. Meanwhile, the Group strictly complied with the Law of the PRC on Prevention and Control of Occupational Diseases, the Law of Hong Kong SAR of Occupational Safety and Health Ordinance and other relevant laws and regulations. There was no record of any violation.

The Group continues to implement its pandemic prevention policies strictly and provides flexible arrangements for undergoing COVID-19 testing while cooperating with the local epidemic prevention policies. With the popularization of vaccines, the Group provided employees with vaccination information and organised related talks, launched the lucky draw of "Vaccination Win a Gold", in order to encourage employees who are fit to receive the vaccination. In response to local policies and business activities, the Group implements many prevention measures.

Dongguan's Production Base

-  Every employee and visitor must scan their "Yuekang code" and present a Green Code before entering the plants;
-  All visitors must provide their health declaration and undertaking forms to the Administration Department one day ahead of their visit;
-  Truck drivers must report their vehicles' information and get permission from the relevant departments before entering our plants, where their activities will be under strict control at this moment;
-  To support the Government's anti-epidemic measures by arranging free rides for employees to Community Vaccination Centre to have vaccination;
-  To support the Governments' restriction-testing declaration, and provide support on work from home.

Hong Kong's Headquarters

-  To provide work from home arrangements to applicable employees;
-  Taking into account the severity of the situation, to split employees into teams by different floors and work from home by rotation;
-  To subsidise employees to conduct a nucleic acid test;
-  To allow employees to receive vaccination during working hours;
-  To provide free rapid antigen test kits to employees to undergo daily testing.

Normalised prevention and control measures of Dongguan's production base and Hong Kong's headquarters:

-  Body temperature screening systems are installed at the workplace entrances and conduct body temperature checks for all people;
-  Employees will be given free masks, and hand sanitizers will be installed in offices;
-  All the goods, packages, and letters will be sanitised before delivery to different departments;
-  Encourage employees to replace face-to-face events with virtual meeting.





TALENT (CONTINUED)

Concertedly Building the “Karrie” Family



Relevant goal:

- Target 8.5 — Decent work with equal opportunity and pay among genders and age groups

Our production base is equipped with employee dormitories with independent toilets, showers, air conditioners, free WiFi and solar hot water supply. There are canteens, basketball courts, a ping-pong and billiards room, a fitness room, a video game room, a reading room and other leisure and entertainment places for employees to relax after work.

In terms of remuneration packages, the Group provides a competitive salary for all employees based on the results of annual salary surveys. The Group provides its employees with statutory welfare following the laws of different business locations, including providing social insurance and medical insurance for the employees in Mainland China, and arranging Mandatory Provident Fund contributions for Hong Kong employees. Besides, the Group provides employees with better benefits than what is stipulated under the laws, including the provision of group medical insurance, the extension of paternity leave for men in Hong Kong and the employees' medical cooperation funds for Mainland employees and Children's education bursary funds, etc. As a “family-friendly” employer, Karrie provides wedding and childbirth gifts for employees, sets up nursing rooms and supports employees to take care of family members. During the Year, 40 employees of the Group were reinstated after maternity leave or paternity leave, while 34 employees stayed for more than 12 months.

The Trade Union Committee of the Group is the representative of the workers' congress, which is not only responsible for supervising and urging the execution of the conference, but also for participating in labour relations coordination and mediating labour disputes. Suggestion boxes have been set up in production and living areas, in order to offer a method for employees to submit suggestions. The Group also distributes the latest management regulations and employee activity information through the notice boards and the intranet.

The Group organises various forms of employee activities to encourage employees to find like-minded colleagues and develop interests and hobbies in their spare time. During the Year, the Group continued to organise a number of activities, including health activities, sports competitions, festival celebrations and family care.

Health Activities

- Department outing
- Vaccination Talk
- Dancing Competition
- Karaoke Competition
- Laughter Yoga Workshop
- Nagomi Pastel Art Workshop
- Fun Games

Sports Competitions

- Marathon Competitions
- Chess Competition
- Billiards Competition
- Basketball Competition
- Badminton Competition
- Ping-pong Competition

Festival Celebrations

- Concertedly Building the “Karrie” Family Birthday Celebrations
- Karrie's Family Lunar New Year blissful activities
- The Lantern Festival Gala

Family Care

- Caring for Left Behind Children Activities



TALENT (CONTINUED)

April 2021

Supported all departments in organising spring outings, including hiking on Wutong Mountain, Huizhou's West Lake and round-the-lake at Honghua Lake, to encourage employees to enjoy leisure time with their families.



April 2021

Held a "Karrie Nothing is Impossible" Marathon Competitions, which attracted more than 60 colleagues to participate and strengthen their willpower.



June 2021

Held a "Karrie Cup" Billiards Competition, a total of 30 colleagues took part in a fierce competition at the tournaments.



June 2021

Held a "Karrie Cup" Ping-pong Competition.



August 2021

Organised left-behind children caring events for a reunion with their parents.



August 2021

Held a "Karrie Cup" Badminton Competition, a total of 50 athletes joined the tournament.





TALENT (CONTINUED)

August 2021

Held the 3rd “Karrie Cup” Dancing Competition, creating a self-expression platform for colleagues.



September 2021

Held the 27th Karaoke Competition, and let the participating employees show their voices.



September 2021

Held the 2nd “3 on 3 Basketball Competition”.



October 2021

Sponsored employees to participate in the 2021 Hong Kong Standard Chartered Marathon, and colleagues in the Mainland participated in virtual running events as well.



November 2021

Held Laughter Yoga Workshop which improves relaxed awareness of body and mind through laughter.



November 2021

Held the bazaar to encourage employees to reuse the recyclables.





TALENT (CONTINUED)

November 2021

Held the 31st "Karrie Cup" Basketball Competition, in which nearly 100 matches were held in half a month.



December 2021

Held a "Karrie Cup" Chess Competition.



December 2021

Held the Nagomi Pastel Art Workshop, teaching the colleagues to use pastels and fingers to create an art piece, in order to calm the feelings and relieve stress.



January 2022

Organised a series of Karrie's Family Lunar New Year blissful activities by distributing fortune bags, and arranging team games and lucky draws.



February 2022

Carried out a series of Spring Festival carnival activities and the Lantern Festival Events for employees who stayed in plants to enjoy the Spring Festival.





TALENT (CONTINUED)



March 2022

Held the fun games for women, in which nearly 80 employees from 7 teams participated, and celebrated International Women's Day.

March 2022

Held the production base visit tour with employees' families.



Employment Compliance



Relevant goal:

- Target 8.5 — Decent work with equal opportunity and pay among genders and age groups

The Group strictly complies with the applicable laws and regulations of the place of operation in terms of employment, including but not limited to the Labour Law of the PRC, the Labour Contract Law of the PRC, the Employment Ordinance, Employees' Compensation Ordinance, and the Minimum Wage Ordinance in Hong Kong. The human resources team follows up on the changes in employment-related laws and regulations, attends regular training and updates the internal system of human resources management. During the Year, there were no non-compliance incidents related to employment within the Group.

During recruitment, selection, appointment, promotion, training and development, the Group adheres to the principles of equal opportunity. We welcome every qualified person to participate and promise that we will not discriminate against anyone because of his/her gender, race and age. The Group is committed to creating a workplace free of any discrimination and harassment for employees. The group does not tolerate any behaviours of intimidation, humiliation and sexual harassment, etc.

The employment procedure has been standardised in the internal guidelines. The Human Resources Department will verify the age and other information of the candidates before recruitment. The Group set out the remedial measures in the established guidelines to deal with the wrong recruitment of child labour, including escorting the children back to their original place of residence to receive education. During the Year, there were no cases of any misuse of child labour.



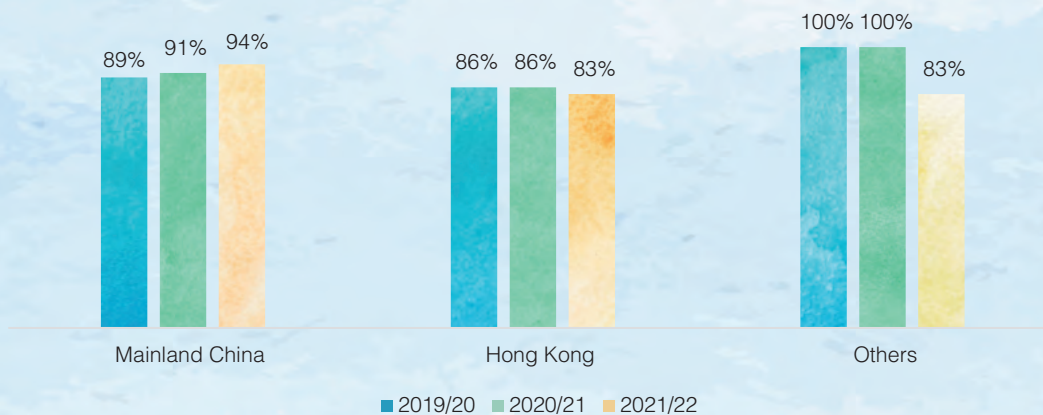


TALENT (CONTINUED)

All employees enjoy the freedom to choose an occupation. The Group does not allow any person to withhold any certificates or documents from employees. All employees can resign at anytime they wish by following the instructions stated in employment contracts.

The Group tries to integrate our business cultures in our new business locations. By actively hiring locals from that area, we aspire to promote the economic development of that place and expand the size of our talent pool. Local employees are responsible for managing the offices in Mainland China, Hong Kong, Taiwan, the United States, the United Kingdom and other places, as well as the newly launched production base in Thailand. During the Year, more than 80% of employees at the management level were locals.

Proportion of senior management hired from the local community



TRAINING AND DEVELOPMENT



Relevant goal:

- Target 4.4 — Provide relevant training and skills to employee for achieving success at work

In line with the corporate development strategy, the Training and Development Team executes the training programme and performance evaluation according to the “Training and Development Policy”. Training can be divided into three categories: orientation for new employees, regular training, and specific courses. Orientation helps all new employees quickly integrate into the work and life of the Group; the regular training provided depends on the job functions of employees and aims to improve the skills required of employees; while specific courses are related to Karrie’s development strategy and business layout, providing timely knowledge and technical support for corporate development.



TALENT (CONTINUED)



The Group collects training opinions from various departments every year, selects courses in various training categories and arranges training plans in combination with corporate development. The Training and Development Team is responsible for developing training resources, including training employees to act as internal lecturers and contacting external training institutions to carry out training courses. Meanwhile, production departments also organise internal training programmes in accordance with work needs. According to the content of the training course, the Training and Development Team will conduct an examination paper, questionnaire, or check the certificates of completion and assessment results to evaluate the implementation of the training. The Group also encourages employees to continue their studies in their spare time, and rewards employees who have upgraded their academic qualifications.

The Group implemented key training programmes for various departments, with the average training time of each employee reaching 10.7 hours. Among the employees still working in the Group at the end of the Year, 8.9% received training during the Year.





TALENT (CONTINUED)



VEVA Value Engineering Training

In September 2021, the Group hired external lecturers to conduct two-day VEVA value engineering training for employees in production departments. Combining with the Company's business and taking actual products as templates, students learn to apply various VEVA tools in class to analyse products with different life cycles.

Through the training, our engineers know how to achieve the expected performance of clients at a reasonable cost, and evaluate the most appropriate measure to reduce the cost of existing products.

In July 2021, the Hong Kong headquarters and the Mainland production base organised the employees who had not received first aid training and those who were interested in refresher courses to attend first aid courses taught by professional ambulance personnel. Through half-day training, the employees not only learn theoretical knowledge, but also learn how to perform cardiopulmonary resuscitation (CPR), coupled with the use of an automated external defibrillator through on-site demonstration by instructors and dummy practice.



First Aid Training



How to deal with customers at different levels and improve the sales skills

In October 2021, the Group hired external training institutions to hold client communication and sales training for the marketing department and engineering technicians. The course illustrated the relationship and the mindset between customers and suppliers, and aimed to explore the working ways that can meet each other's expectations. Employees learn how to apply this kind of service thinking to the supply and demand departments in the enterprise, and cultivate cooperation between departments.





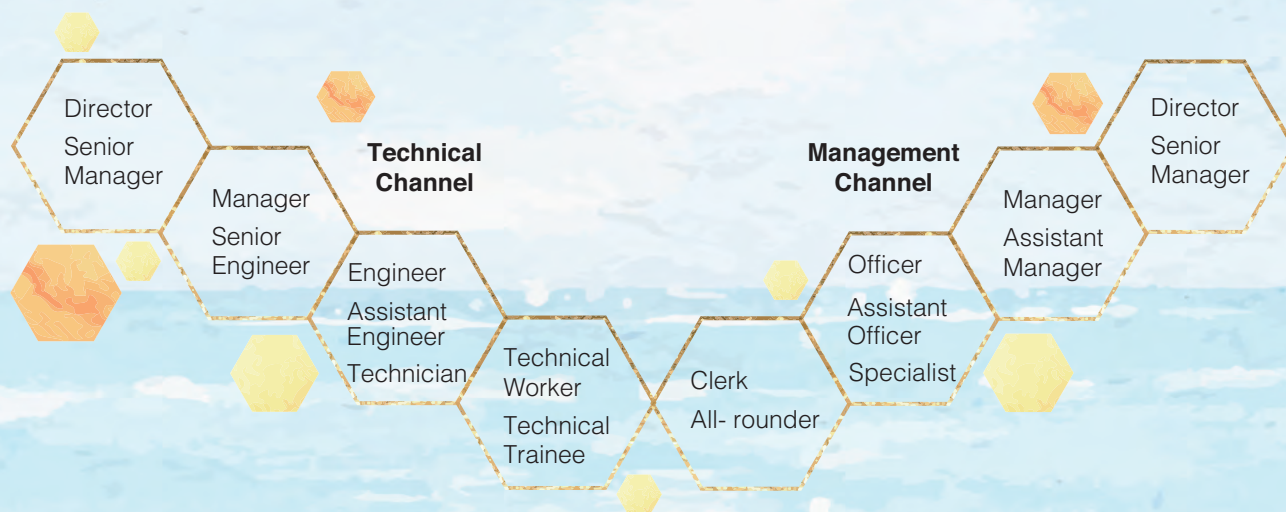
TALENT (CONTINUED)



The Group continued to organise the 3rd Lean Improvement & Innovation Competition in 2021. After several rounds of evaluation, the final was held in December. For the first time, the competition selected two categories to conduct evaluation: the innovation category and the lean category, which encourages employees to exert their innovative thinking and improve the company's production and operation efficiency. At the same time, the 6 Sigma Excellence Award was set up for the first time to encourage employees to apply what they have learned.

The 3rd Lean Improvement & Innovation Competition

Employees in different positions enjoy opportunities for development and promotion. The Group has formulated the assessment indicators in combination with the job responsibilities and personal professionalism and willingness. The supervisors evaluate and communicate with the corresponding employees every year. To ensure that capable people can make contributions at a higher level, promotion assessment will be determined according to the capacity requirements of target positions, including written examination, interview and personality test. For each position, the Group will establish training plans for talented employees to ensure the effective inheritance of corporate operations.



In order to provide more opportunities to young people and explore potential young talents, the Group has established the "Employees' Juniors Programme" and "Summer Internship Programme" to recruit employees' relatives and children, and college students to get their internships in the Group. Meanwhile, the Group also launched a "Trainee Programme" for engineers, and financial and accounting personnel to cultivate professionals to support the operation and development of the Group.



COMMUNITY

Our community commitment

Karrie is committed to the spiritual care and love of those in need. Adhering to the philosophy of 'giving back to the society for good', Karrie will grow harmoniously and continuously with the society. The Group actively participates in social services, forming two focus areas of "Community Building" and "Passing on Values", and continuously contributes to projects such as disaster prevention, youth education and development, and caring for the elderly and vulnerable communities.

Relevant Scope of Karrie's CSR

Community Building

- Encourage employees who are physically fit to receive COVID-19 vaccine
- Support flood victims in Henan to rebuild their homes

Passing on Values

- Launch career seminars and mentorship programmes for ~200 secondary school students
- Hold the "Karrie Nothing is Impossible" project for 17 consecutive years



COMMUNITY (CONTINUED)

Management Approach and Policy

Since 2005, the Group has established corporate social responsibility policies, allocating 0.3% of the previous year's profits to serve the community every year, and donated more than HK\$7 million. Following the lead of our Corporate Sustainable Development Committee, Karrie has set up the volunteer team in Hong Kong, and the Trade Union Office and the Party Branch in Mainland China. We have long-term cooperation with local social welfare institutions and educational organisations, and have participated in various social welfare activities in the fields of talent education, helping the disadvantaged, disaster relief and crisis relief, etc.

COMMUNITY BUILDING

Relevant goals:



- Target 1.5 — Help those in need to build resilience to environmental, economic, and social disasters



- Target 2.1 — End hunger and ensure access by all people, in particular the poor and people in vulnerable situations, to safe, nutritious and sufficient food



- Target 3.3 — End the epidemics of tuberculosis, waterborne diseases and other communicable diseases

Since the inception of the epidemic, the Group has continuously supported community epidemic prevention efforts in Hong Kong and the Mainland. Karrie provided transportation arrangements and rest periods and organised lucky draw activities to encourage vaccination. Limited by the epidemic prevention policy, the elderly have greatly reduced their social interaction. Karrie works with the elderly care organisations to provide care at traditional festivals. Besides, the Group provided assistance to the refugees in India through the UNHCR. In the face of sudden natural disasters, the Group supports Henan compatriots to tide over the difficulties and rebuild their homes.



COMMUNITY (CONTINUED)



Supporting local epidemic prevention — Encourage employees who are physically fit to receive COVID-19 vaccine



The Group cooperates with epidemic prevention policies in the locations where it operates, and encourages employees with appropriate physical conditions to receive COVID-19 vaccination under the principle of informed, consent and voluntariness. In May 2021, Dongguan production base and the local epidemic prevention and control authority jointly organised a special vaccination session, and arranged vehicles to transport employees to and from the designated vaccination sites to promote vaccination. On the other hand, the Hong Kong headquarters has responded to the government's appeal by providing employees with flexible arrangements for vaccination during working hours and information such as vaccination seminars. The Group also organised lucky draw events in Hong Kong and the Mainland respectively to encourage employees to cooperate with the government's vaccination efforts to prevent serious illnesses.



Caring for the elderly — Support Elderly-care institutions to hold festival activities



Karrie has established long cooperative relationship with H.K.S.K.H. Tai Wo Neighbourhood Elderly Centre and Dongguan Fenggang Nursing Home. Despite the inconvenience of organising face-to-face visits during the epidemic situation in the past two years, the Group continues to provide sponsorships and donate goods to enable elderly-care organisations to use funds according to actual needs to meet the urgent needs of the elderly. At traditional festivals, seasonal gifts are given to help the elderly maintain a healthy social life and good mentality during the pandemic. During the Mid-Autumn Festival and Christmas when the epidemic situation in Hong Kong eased slightly, the Group sent volunteers to play games with the elderly.



COMMUNITY (CONTINUED)

Support for refugee epidemic prevention — Contribute to the UNHCR Indian refugee support program

India hosted many refugees, yet in 2021, the COVID-19 epidemic in India severely affected the refugees. After hearing about the difficulties from UNHCR which is a partner of Karrie for many years, the Group donated HK\$50,000 to support the Indian refugee project, which is enough to provide food assistance to 305 local families for one month to fight the epidemic.



Relief for floods in Henan — Support for the affected community to overcome difficulties

In July 2001, a catastrophic flood occurred in Henan Province, China. The chairman of the Group Mentor Ho donated over HK\$200,000 from his private charity fund to help the affected people rebuild their homes. At the same time, the Group immediately arranged various departments to review the disaster situation at the homes of Henan employees. Mentor Ho led a group of management to visit the affected employees and provide financial assistance in the hope of helping their families to tide over the difficulties and rebuild their homes as soon as possible.

Support medical works — Organise voluntary blood donation activities

In April 2021, the Group's Dongguan production base and Dongguan Blood Station jointly organised a voluntary blood donation session. Medical staff came to the Company to collect blood for employees who volunteered for blood donation. 54 employees donated a total of 16,900 mL of blood.





COMMUNITY (CONTINUED)

PASSING ON VALUES



Relevant goals:

- Target 4.5 — Eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable
- Target 4.7 — Promote the knowledge and skills needed to achieve sustainable development
- Target 4.a — Build and upgrade education facilities that are child, disability and gender sensitive

The founder of the Group, Ho Cheuk Fai Mentor has built a lot of hope schools in Mainland China, and donated scholarships to tertiary and vocational colleges in Hong Kong. The Group also embodies this spirit by supporting and mentoring children and college students to give full play to their strengths.



在「商業學校合作夥伴計劃」中，集團成員會與學生分享其工作經驗，並解答學生對學術課程、職業發展及工作環境的疑問。此外，集團亦會為學生提供實習機會，讓他們在實際工作環境中學習及成長。

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Business-School Cooperation — Career Talks

The Group has been supporting the “Business-School Partnership Program” (BSPP) of the Hong Kong General Chamber of Commerce for many consecutive years. In May 2021 and February 2022, Karrie conducted career talks for Form 5 secondary students from Tsuen Wan Government Secondary School and Munsang College (Hong Kong Island) respectively. Colleagues from human resources, finance, marketing, design and operation departments shared their work experience with the students, introduced the work nature and professional requirements of various departments in the actual business environment, and answered students' doubts about academic program application and employment.





COMMUNITY (CONTINUED)



Job Shadowing Mentorship Program

During the Year, the Group participated in the “Job Shadowing Mentorship Program” jointly organised by the Social Welfare Department of the HKSAR and various organisations. Three management members, including an executive director, served as corporate mentors, guiding six secondary school students through a two-day of real-work experience that included handling daily administrative matters, attending internal meetings, receiving external interviews, and having business lunches with senior bank officials. Through on-the-spot experience, the students could understand how actual businesses run in different aspects and how their classroom knowledge could be applied in an actual working environment.



COMMUNITY (CONTINUED)

Support children's growth and education

The Group supports local and international organizations in supporting children's education and development. During the Year, Karrie sponsored two activities of "Listening to Me" by the Scout Association of Hong Kong — The Friends of Scouting and "Hamper of Hope" by UNICEF HK. The former organises various parent-child activities in stages in Hong Kong to encourage parents to create quality communication with their children and to care for the children's mental health. The latter helps children around the world who have been forced to stop school because of the epidemic to continue their studies through the new model.



"Karrie Nothing is Impossible" Adventure Education Programme

The Group has sponsored the "Karrie Nothing is Impossible" Adventure Education Programme organised by H.K.S.K.H. St. Christopher's Home since 2005, which aims at nurturing children and helping to strengthen their willpower and endurance against adversity. During the Year, Karrie and the children's home continue to carry out activities to recruit low-income children and their parents to participate in the program, which organises adventure activities for children to set goals and challenge themselves. In this year's activity, participating families were organised to increase parent-child interaction through the "Family" photographing activities, and the photos were collected into a book to convey a positive attitude towards the epidemic.





COMMUNITY (CONTINUED)

Community Engagement



Relevant goals:

- Target 17.16 — Enhance the global partnership for sustainable development, complimented by multi-stakeholder partnerships that mobilise and share knowledge, expertise, and technology to support the achievement of the sustainable development goals

The Group has joined a number of industry organisations, actively participated in the evaluation of sustainable development awards and relevant forums and seminars, shared experience with peers, learned advanced management measures and science and technology from others and continued to establish partnerships with the industry and regions to promote sustainable development partnerships.



May 2021

As an enterprise tutor, the Group participated in the final presentation of the Capstone project for students majoring in environmental management and science and technology at the Hong Kong University of Science and Technology.

June 2021

Received government officials including the Deputy Mayor of Dongguan and the Secretary of Fenggang Town Committee to visit the production base and introduce the closed-loop management model for cross-border truck drivers.



July 2021

Participated in the "Awards Ceremony and Theme Sharing of PVCHK of the Professional Validation Council of Hong Kong Industries", Mr. Brian W H Ho, the Assistant to the Chairman and Head of Finance and Accounting Department, was the sharing guest at the seminar to introduce the Group and share the successful experience of the Group.





COMMUNITY (CONTINUED)

September 2021

Continued to promote and support the “Orbis World Sight Day” among colleagues.



November 2021

The Assistant to the Chairman & Head of Finance and Accounting Department, Mr. Brian W H Ho was invited by Professor Chee-keong Low of The Chinese University of Hong Kong Business School as a guest speaker to share the importance of ESG in investment and business for the year-three students majoring in business.



December 2021

The management participated in the “Award Ceremony for Honorary Fellows and Qualifying Fellows 2020” organised by the Professional Validation Council of Hong Kong Industry. The Chairman and CEO of the Group, Mentor Ho was awarded the title of “Honorary Fellow”.



March 2022

At the invitation of the Environmental Campaign Committee, the Group shared its green road with various industries in the Hong Kong Green Organisation Certificate Sharing Webinar.



March 2022

Received the visit of the Fenggang Branch of Human Resources and Social Security Bureau of Dongguan, and exchanged experiences with the visitors on pandemic prevention and control.





OPERATION

Our Business Philosophy

Adhering to the “Craftsmanship Spirit”, Karrie is meticulous about product safety and quality to ensure that all products meet the internal and external standards; adhering to the innovative idea of “adapting to the situations”, Karrie pursues technological advancement and strives for excellence. The Group also works with clients and suppliers in an honest and fair way, respects the intellectual property rights of all parties, ensures information security and creates a win-win situation.

Relevant Scopes of Karrie's CSR

Corporate Governance

- Educated employees and business partners about anti-corruption measures

Product Responsibility

- Research and development of automation technology, authorised more than 30 patents
- Created nearly 10 new production technologies during the Year

Suppliers Management

- Regular supplier audit, covering ESG aspects
- 84% of the suppliers are located in Mainland China and Hong Kong, reducing the GHG emissions from the transportation of raw materials



OPERATION (CONTINUED)

CORPORATE GOVERNANCE



Relevant goals:

- Target 16.5 — Substantially reduce corruption and bribery in all their forms

The Group has built up a diverse and balanced Board of Directors. The Company's Secretary Department assists all board members with the update of corporate governance requirements and training in a timely manner. An Executive Committee composed of our professional management team has been set up to deal with daily operations. The Internal Audit Department conducts regular audits to identify and analyse the major risks faced by the Company and the risk management projects, reviews the operational compliance, and reports to the Board and the Audit Committee.

To maintain a fair business environment, employees must maintain high standards of integrity and are strictly forbidden to use their positions to solicit any personal interests. With reference to the relevant laws and regulations of each business location, the Group has issued the "Ethical Disciplinary Code" to our employees. In respect of suppliers and service providers, the Group has issued a letter named "Peers' Belief" to remind them not to provide anything valuable to employees to avoid any conflict of interest. The Group has set rules and standards in regulating business entertainment. Employees in charge of hospitality must ensure that the bill is clear and follow the standardised reimbursement procedure.

Code of Employee Ethical Disciplinary

Policies governing the acceptance of benefits and hospitality, as well as the declaration of conflicts of interest

It is forbidden to provide benefits directly or indirectly to any staff of the business partner

Requirements on handling of confidential information, protection of intellectual property rights and protection of fair competition, etc.

Whistleblowing system and measures to protect whistleblowers

"Peers Belief" Letter

It is strictly prohibited to convey any benefits to the employees of the Group and their relatives and friends.

It provides a channel for partners to report any employee of the Group who is seeking benefits.



OPERATION (CONTINUED)

All new employees must receive ethics and integrity management training while the existing employees will get regular reminders through company announcements and other channels. The Internal Audit Department organises internal trainings on ethics and integrity management several times a year, covering employees at manager level or above or in core positions.

The Group has established a whistleblowing system for all employees, suppliers and service providers. They can directly report their concerns to two executive directors through different channels, such as face-to-face, by letter, telephone, or email. The identities and information of whistleblowers will be kept confidential, and the Group will protect their legitimate rights and interests and prohibit retaliation against them. If a report is confirmed to be true after the investigation, the person concerned will be disciplined, or even terminated if the case is found to be very serious. If it is suspected of violating the law, the Group will report to the local authority immediately. With the use of the whistleblowing system, the Group can check the potential loopholes in the current policies and take timely corrective measures.

During the Year, the Group strictly complied with the provisions of the Criminal Law of the PRC on crimes involving staff of non-state-owned companies and enterprises and the prohibition of commercial bribery, as well as the relevant requirements of the Anti-Unfair Competition Law of the PRC, Prevention of Bribery Ordinance, Personal Data (Privacy) Ordinance and Anti-Money Laundering and Counter-Terrorist Financing Ordinance in Hong Kong, and there were no non-compliance incidents.

PRODUCT RESPONSIBILITY

The industrial business of the Group provides international leading technology enterprises with mechanical engineering solutions, manufacturing metal and plastic parts, tape drive data storage, POS systems and other computer peripheral products. The Marketing Department and Engineering and R&D Department maintain close communication with customers, transfer customer needs to relevant departments, such as Production, Environmental Protection, Safety and Human Resources, and cooperate with customers to continuously improve the corporate operation.

The Group strictly abides by the Contracts Chapter of the Civil Code of the PRC, the Product Quality Law of the PRC and other local laws and regulations, and adopts the Responsible Business Alliance (RBA) Code of Conduct, the European Union's Registration, Evaluation, Authorisation, and Restriction of Chemicals (REACH), Restriction of Hazardous Substances Directive (RoHS), Packaging and Packaging Waste Directive (PPWD) and the American Dodd-Frank Act in accordance with clients' requirements. There were no non-compliance incidents during the Year.



OPERATION (CONTINUED)

Innovation and Intelligent Manufacturing



Relevant goals:

- Target 9.4 — Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency
- Target 9.5 — Enhance scientific research and upgrade the technological capabilities of industrial sectors

The Group introduced automatic production technology in 2007. After years of development, the production base in Dongguan has been equipped with more than 700 six-axis robot arms and AOI systems, which realise automation in most manufacturing processes. Automation can effectively offset the surge in labour costs and shortage of workers and continue to improve product quality and gross profit margin. The Group also invests in affiliated companies, and cooperates with a university team to develop automation technology. The R&D results are not only applied in its factory, but also provided relevant solutions for the industry.

The Group has established the R&D Project Management Committee, led by an Executive Director and General Manager, and comprising the heads of major departments such as Engineering and R&D, Production Management, Finance and Marketing. The Committee is responsible for the innovation in new products, production technologies, automation and control systems. During the Year, the Group adopted several new technologies to improve the production efficiency and quality level of metal and plastic components and assembly lines. It also formulated some new manufacturing capabilities. Combining different automation technologies, the Group has set up automated assembly lines for various products. At the same time, the Group continues to research and develop new technologies and seek technological breakthroughs in aspects such as shortening the mould development cycle and eliminating internal stresses of plastic parts.

Efficiency Improvement	Quality Enhancement	New Production Capabilities
• Screen printing and washing integration automated solution • Numerical control of family rivet moulds • Modular packaging	• Independent temperature control system of plastic injection moulding machine • AOI online inspection • Integration system of measurement and detection	• Four-colour blending technology • Visual laser engraving technology • Three-dimensional formulation of metal parts

The R&D Project Management Committee is also responsible for patent protection applications of self-developed technologies and has obtained more than 30 practical patent certificates issued by the China National Intellectual Property Administration. The production base in Dongguan also won the “High and New Tech Enterprise Certificate” which issued jointly by the Department of Science and Technology of Guangdong Province, the Department of Finance of Guangdong Province and the Guangdong Provincial Tax Service, State Taxation Administration in December 2020. During the Year, the Group’s unceasing automation process was recognised by the industry and was awarded the “Hong Kong Awards for Industries — Upgrading Transformation Grand Award”.



OPERATION (CONTINUED)

Creating Safe and Green Products

Since 1998, the Group has introduced the ISO Quality Management System (ISO9001). The Group's quality policy is "to manufacture products that meet customers' requirements with the most effective cost; all our employees uphold the quality-first working spirit, comprehensively enforce the quality system that has been put in place and strive for continual improvements to meet expectations of customers". The Group has developed product safety, environmental protection and quality standards in strict compliance with customer and regulatory requirements, and controls quality in accordance with the established procedures.

The Quality Management Committee has been established under the Group's Executive Committee, and is responsible for formulating the corporate quality policies and improving the quality management of all production departments. The Quality Department is composed of Measurement Team, ISO Task Force Group, Central Documentation Team and IQC Group, and is responsible for quality control. The Quality Department also works closely with the Marketing Department, Engineering and R&D Department, Procurement Department, and other production departments to ensure product safety and control hazardous substances.

Measurement Team	ISO Task Force Group	Central Documentation Team	IQC Group
• To measure the first model of all new projects • Calibration of measuring instruments in the factory	• To coordinate the implementation of ISO systems • To monitor the implementation of the systems	• To control the documentation system according to ISO standards • To maintain and update the information on the production system	• To check all raw materials in the factory



OPERATION (CONTINUED)

Marketing Dept.

- To communicate with clients and collect their requirements on product design and hazardous substances

Engineering and R&D Dept.

- To develop new products according to the design requirements of clients
- To provide the ISO Group with material lists for new products

ISO Group

- To summarise the requirements of hazardous substances from clients and external regulations such as RoHS and REACH, etc.
- To disseminate this information to procurement and production department, as well as monitor their implementation

Procurement Dept.

- To deliver the material investigation requirements to suppliers and collect hazardous substance testing report
- Suppliers are required to sign the "Declaration of Non-use of Hazardous Substances"

Inspection points are set up in key production processes, and reliability tests are carried out to ensure the quality of products delivered. Based on the application scenarios of the OEM products and clients' requirements, the Group conducts testing on food contact safety, metal rust resistance, mechanical strength, etc. Unqualified materials and products found in procurement or production will be recorded, isolated and disposed of according to a standard procedure, and improvement measures will be implemented according to the "Corrective and Preventive Measures Procedure". The Group also adopts scientific quality management methods, such as risk assessment, FMEA, SPC, and 6 Sigma, to improve product quality and minimise the risks of errors.

The Group regularly conducts quality audits to ensure that the quality management system meets the relevant requirements and is effectively implemented. Production plants conduct internal quality audits at least twice a year and set up task forces to review the quality management process. If any nonconformity is found, corrective and preventive measures will be formulated and implemented by the audited department. The external quality audit is conducted annually by an independent third-party audit organisation and there are on-site audits by customers from time to time.



OPERATION (CONTINUED)

Information Security and Customer Service

The Group will keep products designed, developed or processed for clients confidential in according with the agreements signed with clients, respect the intellectual property rights of customers and third parties and protect our rights through patent application. Employees who require access to the Company's confidential information, need to sign an agreement with the Company and perform the confidentiality responsibility. The Group implements information security works covering physical control, employee education and network and software.

Physical Control	Employee Education	Network and Software
• To implement access control by using employees cards • Goods entering and leaving the company have to go through security checks • Equipped with fire safety equipment according to local laws and regulations, Emergency Rescue Plan is in place to deal with accidents such as fire and leakage of hazardous substances. • To keep the server room temperature 18°C and 28°C	• Employees in sensitive positions have confidentiality clauses in their employment contracts that are explained to them before they sign. • The "Employee Handbook" and the "Code of Employee Ethical Disciplinary" stipulate confidentiality requirements and all new employees must attend the training. • To provide information security training for all computer users	• All computers are enabled with anti-virus functions • To configure a dedicated management server to check the vulnerabilities of servers and user computers and release security updates in time • Check the running status of servers on a daily basis, and the CPUs load and fans operation of servers on a weekly basis • Depending on the type of data stored in each system, the data has been backed up daily or weekly and stored in a fire-resistant antimagnetic cabinet far from the server room

In dealing with client communication, the Group has established a client complaint and product reclaim mechanism so that clients can contact the responsible persons in the first instance. Special client service teams will respond actively and handle the problems within the time permitted by clients, carry out improvement actions internally, which include product reclaim, thorough checking, replenishment, implementation of remedies and preventive measures, and report the treatment to clients until they are satisfied.

The Group carries out customer satisfaction surveys according to the regular practices of its clients' industries. The Group collects their opinions through interviews, phone calls, emails and other channels to evaluate their satisfaction with product quality, engineering technology and delivery cycle. The Group evaluates the overall satisfaction of clients by taking into considerations of some indicators such as return rate, customer complaints, and audit results.



OPERATION (CONTINUED)

SUPPLIERS MANAGEMENT



Relevant goal:

- Target 12.4 — Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle

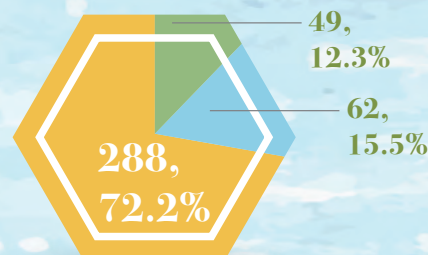
To ensure the products and services provided are in line with the requirements of clients, the Group has established and implemented “Supplier Control Procedures” to strictly evaluate and assess suppliers who provide raw materials and auxiliary materials. All new suppliers will be evaluated and reviewed by the supply chain team before they can officially become qualified partners of the Group. The supply chain team regularly visits major suppliers and evaluates their quality status and productivity. The Group evaluates suppliers’ performance by month. When a supplier is rated lower than a certain level, the procurement will be suspended and improvement measures will be required. In case of continuous non-conformance, the supplier will be disqualified.

In order to comply with the regulations of ISO 9001 Quality Management System and ISO 14001 Environmental Management System, the Group assesses the environmental and social risks of different suppliers, and prefers suppliers with quality guarantee and environmental protection commitments.

The Group has also signed agreements with suppliers to ensure that they comply with the environmental protection standards of the Group and clients, including the requirements for environmentally hazardous substances specified in REACH, RoHS, etc. According to the minerals regulations in conflicting regions of the RBA Code of Conduct and the American Dodd-Frank Act, suppliers must confirm that they have not used the conflict minerals, including tantalum, tin, gold and tungsten, produced by the Democratic Republic of Congo (“DRC”) or its neighbouring countries. The ISO Task Force Group of the Quality Department works with the Supplier Management Team to urge suppliers to comply with the Group’s social and environmental responsibility standards, and collect and evaluate the suppliers’ compliance with the RBA Code of Conduct.

The Group continues to implement local procurement strategies to reduce the transportation of raw materials and the corresponding energy consumption and environmental impact. Mainland China is still the main procurement location of the Group, together with suppliers from Hong Kong, accounting for more than 84% of the total number of suppliers.

**Number of Suppliers
(by region)**



● Mainland China ● Hong Kong ● Others



APPENDIX

1. **Key Performance Data Summary**
2. **Memberships**
3. **Awards and Recognition Received during the Year**
4. **Content Index**
5. **Verification Statement**



APPENDIX (CONTINUED)

1. KEY PERFORMANCE DATA SUMMARY

Environmental

The following data only included data collected from the Hong Kong office and the plants in Dongguan.

Energy Consumption	Unit	2021/22	2020/21	2019/20
Electricity	kWh	46,040,593	38,257,536	39,254,600
Intensity of electricity consumption	MWh/m ²	308	256	263
Diesel	Litre ("L")	228,116	158,081	223,449
Energy consumption of diesel	GJ	8,665.92	6,005.34	8,609.86
Petrol	L	37,514	51,924	73,484
Energy consumption of petrol	GJ	1,316.33	1,821.97	2,563.77
Natural gas	Cubic Meter ("m ³ ")	130,734	117,887	57,679
Energy consumption of natural gas	GJ	5,089.61	4,589.46	2,229.91
Total energy consumption	GJ	180,818.00	150,143.90	154,719.99
Total energy intensity (by floor area)	GJ/m ²	1.210	1.005	1.036
Total energy intensity (by industrial revenue)	GJ/\$'000	0.059	0.054	0.059

GHG Emissions	Unit	2021/22	2020/21	2019/20
GHG emission Scope I — direct emission ¹	tonne CO ₂ e	1,067	967	1,043
GHG emission Scope II — indirect emission ¹	tonne CO ₂ e	26,678	23,282	23,923
Total GHG emission ¹	tonne CO ₂ e	27,745	24,249	24,966
Intensity of GHG emissions ¹ (by floor area)	tonne CO ₂ e/m ²	0.186	0.162	0.167
Intensity of GHG emissions ¹ (by industrial revenue)	tonne CO ₂ e/\$'000	0.0090	0.0087	0.0095

¹ The types of GHG include: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydro-fluorocarbons (HFCs), per-fluorocarbons (PFCs) and sulfur hexafluoride (SF₆). Emission factors and global warming potential (GWP) calculations and data sources are derived from <Accounting and Reporting Guidelines for Greenhouse Gas Emissions and Deductions for Hong Kong Buildings (Commercial, Residential or Public Use)> by Environmental Protection Department and the Electrical and Mechanical Services Department, <Sustainability reports of CLP Holdings Limited>, <How to Prepare an ESG Report> by HKEX, <Accounting Methods and Reporting Guidelines for Greenhouse Gas Emissions of Enterprises for Power Generation Facilities (2022 Revision)> by the Ministry of Ecology and Environment of PRC, <GHG Protocol Tool for Energy Consumption in China (ver. 2.1)> by World Resources Institute, <Fifth Climate Change Assessment Report (AR5)> and <2006 IPCC Guidelines for National Greenhouse Gas Inventories> by IPCC.



APPENDIX (CONTINUED)

Air Pollutants Emissions	Unit	2021/22	2020/21	2019/20
Nitrogen oxides (NOx) ²	Kilogram ("kg")	5,977.52	4,189.21	4,613.50
Sulphur oxides (SOx) ²	kg	2.60	2.98	3.78
Particulates ²	kg	394.05	274.21	305.96
Use of Resource	Unit	2021/22	2020/21	2019/20
Water consumption	m ³	293,517	302,896	334,539
Intensity of water consumption (by floor area)	m ³ /m ²	1.96	2.03	2.24
Intensity of water consumption (by industrial revenue)	m ³ /\$'000	0.095	0.108	0.127
Paper used (Only paper used for printing in the office is calculated)	kg	16,390.07	15,658.51	17,414.82
Total packaging material used for finished products — Paper	tonne	2,966	2,457	1,567
Total packaging material used for finished products — Plastic	tonne	345	267	151
Total packaging material used for finished products — Others	tonne	140	159	142
Effluent and Waste Management	Unit	2021/22	2020/21	2019/20
Wastewater Treatment	m ³	109,831	104,781	134,504
Total waste disposed to landfill per day (Only relevant data of plants in Mainland China is collected)	m ³	7.74	7.74	7.74
Total chemical waste disposed (Only relevant data of plants in Mainland China is collected)	tonne	99.70	61.75	61.88
Testliner reused internally (Only relevant data of plants in Mainland China is collected)	kg	327,094	282,520	266,743
Waste paper recycled externally	kg	412,288	351,811	333,436

² The emissions of NOx, SOx and Particulates were calculated based on the amount of fossil fuels and natural gas that used by The Group; relevant calculations and data sources are derived from <EMFAC-HK Vehicle Emission Calculation> by the H.K. Environmental Protection Department, <Vehicle Emission Modeling Software — MOBILE6.1> by the U.S. Environmental Protection Agency, <EMEP/EEA Air Pollutant Emission Inventory Guidebook — 2019> by European Environmental Agency, and <Accounting Methods for Investigation of Pollution Emissions and Manual of Emission Factors> by the Ministry of Ecology and Environment of PRC.



APPENDIX (CONTINUED)

Social

Number of Employees	2021/22	2020/21	2019/20
Average number of employees of the Group during the Year ³	3,760	3,351	3,500
By region			
Mainland China	3,631	3,228	3,379
Hong Kong	116	115	116
Others	13	8	5
By gender			
Male	2,455	2,167	2,302
Female	1,305	1,184	1,198
By age group			
Below 30	1,046	886	1,084
30–50	2,331	2,151	2,157
Above 50	383	314	259
By employment type			
Full-time	3,562	3,242	3,056
Part-time	198	109	444
Proportion of senior management hired from the local community (%)			
Mainland China	93.83	90.79	89.23
Hong Kong	83.33	83.33	85.71
Others	83.33	100	100
Ratio of the China standard entry-level wage			
Compared to local minimum wage (Male)	1.13	1.19	1.19
Compared to local minimum wage (Female)	1.13	1.19	1.19
Ratio of the senior management			
Gender ratio of the Board members (Male: Female)	8:1	8:1	8:1

³ Monthly average number of employees of the Group during the reporting year.



APPENDIX (CONTINUED)

Number and Rate (%) of Full-time Employee Turnover (Monthly Average) ⁴	2021/22	2020/21	2019/20
By region			
Mainland China	412 (11.36)	262 (8.12)	178 (6.14)
Hong Kong and Others	3 (2.45)	3 (2.10)	3 (2.63)
By gender			
Male	301 (12.26)	183 (8.44)	124 (5.42)
Female	115 (8.78)	82 (6.89)	56 (4.71)
By age group			
Below 30	232 (22.16)	145 (16.40)	83 (7.71)
30–50	178 (7.62)	114 (5.30)	85 (3.99)
Above 50	6 (1.57)	6 (1.72)	13 (4.60)

Number and Rate (%) of New Hires (Monthly Average) ⁵	2021/22	2020/21	2019/20
By region			
Mainland China	446 (12.27)	242 (7.50)	225 (6.75)
Hong Kong and Others	4 (3.42)	3 (2.20)	3 (2.63)
By gender			
Male	319 (12.99)	169 (7.78)	155 (4.48)
Female	131 (10.05)	76 (6.43)	73 (2.12)
By age group			
Below 30	247 (23.60)	142 (16.00)	115 (10.75)
30–50	198 (8.51)	98 (4.57)	112 (5.24)
Above 50	5 (1.22)	5 (1.54)	2 (0.74)

⁴ Monthly turnover rate (%) of a type of employee = monthly average number of that type of employee turned over/monthly average number of that type of employee.

⁵ Monthly new hires rate (%) of a type of employee = monthly average number of that type of employee new hired/monthly average number of that type of employee.



APPENDIX (CONTINUED)

Return to Work and Retention after Maternity Leave/ Paternity Leave	2021/22	2020/21	2019/20
Number of employees who took maternity leave/paternity leave			
Male	26	27	21
Female	22	30	18
Number and rate (%) of employees who returned to work after maternity leave/paternity leave ended⁶			
Male	22 (84.62)	22 (81.48)	21 (100)
Female	18 (81.82)	25 (83.33)	10 (100)
Number and rate (%) of employees who remained employed for 12 months after the end of maternity leave/paternity leave⁶			
Male	18 (81.82)	21 (95.45)	20 (83.93)
Female	16 (64.00)	23 (92.00)	10 (90.91)

Occupational Health and Safety	2021/22	2020/21	2019/20
Mainland China			
Number and rate (%) of occupational fatalities	1 ^a (0.028)	0 (0)	0 (0)
Number of occupational injuries	59	55	43
Rate of recorded occupational injuries (every 200,000 working hours)	1.62	1.70	N/A
Number of serious occupational injuries	6	4	N/A
Rate of serious occupational injuries (every 200,000 working hours)	0.17	0.12	N/A
Number of lost day	1,249	1,497	1,621
Occupational disease rate (%)	0	0	0
Number of absentee days	41,355	31,490	34,519
Absentee rate (%) ⁷	4.55	3.89	3.53
Hong Kong and others			
Number and rate (%) of occupational fatalities	0 (0)	0 (0)	0 (0)
Number of occupational injuries	0	0	0
Rate of recorded occupational injuries	0	0	N/A
Number of serious occupational injuries	0	0	N/A
Rate of serious occupational injuries	0	0	N/A
Number of lost day	0	0	0
Occupational disease rate (%)	0	0	0
Number of absentee days	278	295	217
Absentee rate (%) ⁷	0.94	0.97	0.73

^a During the Year, an employee suffered from a sudden illness during work and passed away after being hospitalised. According to the Regulations of the PRC on Work-related Injury Insurance, he was recognised as a work-related injury. The Group expressed heartfelt condolences and provided care and support to his family.

⁶ Number and rate (%) of employees who returned to work after maternity leave/paternity leave ended were calculated according to the GRI 401-3.

⁷ Absentee rate refers to the rate (percentage) of the number of absentee days/total number of working days for the employees.



APPENDIX (CONTINUED)

Staff Training	2021/22	2020/21	2019/20
Total training hours	40,117.6 hrs	33,464.6 hrs	55,010.5 hrs
Average training hours per employee (%) ⁸	10.7 (88.9)	10.0 (74.9)	15.7 ^b
By gender			
Male	11.4 (89.7)	11.4 (76.7)	N/A
Female	9.2 (87.5)	7.5 (75.4)	N/A
By category			
Management	27.4 (75.6)	27.4 (73.5)	N/A
Manager and department heads	18.4 (79.8)	23.5 (77.0)	N/A
Middle level	13.3 (82.8)	15.2 (82.1)	N/A
Technicians and team leaders	12.9 (99.2)	10.4 (88.3)	N/A
Frontline	8.4 (88.0)	6.8 (69.6)	N/A

^b The collection of data for calculating training rates started in 2020/21.

Number and Rate (%) of Suppliers by Region	2021/22	2020/21	2019/20
Hong Kong	49 (12.28)	49 (12.28)	55 (12.82)
Mainland China	288 (72.28)	293 (73.43)	313 (72.96)
Overseas	62 (15.54)	57 (14.29)	61 (14.22)

Social Responsibilities	2021/22	2020/21	2019/20
Volunteer service hours in Mainland China and Hong Kong	191.5 hrs	86.5 hrs	458.3 hrs
Charitable and other donations (HK\$)	\$335,958	\$307,413	\$962,923

⁸ Average training hours completed per employee = total training hours/total number of employees; Training rate = number of employees getting trained during the Year (only counting the employees still on job at the end of the year)/total number of employees at the end of the year.



APPENDIX (CONTINUED)

2. MEMBERSHIPS

Name of Institution/Association	Member Company	Class of Membership
The Hong Kong General Chamber of Commerce	Karrie Industrial Company Limited	Full Member
The Hong Kong Chinese Importers' & Exporters' Association	Karrie International Holdings Limited	Life Member
The Chinese Manufacturers' Association of Hong Kong	Karrie Industrial Company Limited, Fullhouse World International Limited	Basic Member
Federation of Hong Kong Industries	Karrie Industrial Company Limited	Member
Federation of Hong Kong Industries — Group 7 (Fabricated metal products and iron, steel and nonferrous metal basic industries and machinery)	Karrie Industrial Company Limited	Member
Occupational Safety & Health Council — Green Cross Group	Karrie Industrial Company Limited	Member
The Hong Kong Management Association	Karrie International Holdings Limited	Member
Hong Kong Institute of Human Resource Management	Karrie International Holdings Limited	Corporate Member
The Hong Kong Polytechnic University Foundation	Karrie International Holdings Limited	Honorary Life Member
The Hong Kong Metals Manufacturers Association	Karrie International Holdings Limited	Company Member
Hong Kong Mould and Product Technology Association (HKMPTA)	Karrie International Holdings Limited	Company Member



APPENDIX (CONTINUED)

3. AWARDS AND RECOGNITION RECEIVED DURING THE YEAR

Category	Awarding Organisations	Honors/ Recognitions Granted	Companies with Awards
Environmental Protection	Environmental Campaign Committee	Hong Kong Green Organisation Certification — Excellence Level of Wastewi\$e Certificate	Karrie International Holdings Limited
	Federation of Hong Kong Industries	"EcoChallenger" and "5 Years+ EcoPioneer" in the "BOCHK Corporate Environmental Leadership Award 2020"	Karrie International Holdings Limited
	Department of Industry and Information Technology of Guangdong Province and the Environmental Bureau of the Hong Kong Special Administrative Region Government	"Hong Kong – Guangdong Cleaner Production Excellent Partners (Manufacturing)"	Karrie International Holdings Limited
Social Responsibility	The Hong Kong Council of Social Service	"Caring Company 15+" Logo (2005-2022)	Karrie International Holdings Limited
	Federation of Hong Kong Industries	"Industry Cares Recognition – 3+ Year Award"	Karrie International Holdings Limited
	Hong Kong General Chamber of Small and Medium Business	"Partner Employer Award 10+" recognition by the 2021 "Partner Employer Award" Award Scheme	Karrie International Holdings Limited
	Mandatory Provident Fund Schemes Authority	"Good MPF Employer Award 6 Years", "MPF Support Award" and "e-Contribution Award"	Karrie International Holdings Limited
	UNICEF Hong Kong	Certificate of Appreciation — "Say Yes to Breastfeeding Campaign"	Karrie International Holdings Limited
Innovation and R&D	Hong Kong Young Industrialists Council	"Upgrading and Transformation Grand Award" in the "Hong Kong Awards for Industries 2021-22: Upgrading and Transformation"	Karrie International Holdings Limited
Corporate Governance	Hong Kong Management Association	"2020/21 Hong Kong Sustainability Award – Excellence Award"	Karrie International Holdings Limited
	China Tonghai Investor Relations	"The Most Remarkable Investor Relations Recognition 2020 – Main Board Category"	Karrie International Holdings Limited
	Hong Kong Investor Relations Association	Certificate of Appreciation — the HKIRA 7th Investor Relations Awards	Karrie International Holdings Limited



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4. CONTENT INDEX

This report was prepared in accordance with the Core Option of GRI Standards and “ESG Reporting Guide” issued by the Stock Exchange of Hong Kong. The Table below provides cross-references to related chapters or direct explanations in respect of each disclosure requirement.

GRI Standard	Disclosure Requirement	Cross-references/explanation	“ESG Reporting Guide” Relevant Disclosure	Page
GRI 101: Foundation 2016				
GRI 102: General Disclosures 2016				
Organisational Profile				
102-1	Name of the organisation	About this Report		2-3
102-2	Activities, brands, products, and services	About Karrie		4
102-3	Location of headquarters	About Karrie		4
102-4	Location of operations	About Karrie		4
102-5	Ownership and legal form	The Company is a limited liability company incorporated in Bermuda, and was listed on the main board of the Stock Exchange of Hong Kong in 1996.		N/A
		About Karrie		4
102-6	Markets served	Annual Report 2021/22 — Financial Highlights (Page 8-10), Chairman's Statement (Page 11-31)		
102-7	Scale of the organisation	Annual Report 2021/22 — Financial Highlights (Page 8-10), Chairman's Statement (Page 11-31)		N/A
		Talent		21
102-8	Information on employees and other workers	Appendix: 1. Key Performance Data Summary — Social	B1.1	53
102-9	Supply chain	Operation — Suppliers Management	B5.1	49
102-10	Significant changes to the organisation and its supply chain	There was no significant change in relation to the Group's supply chain		N/A
102-11	Precautionary principle or approach	Sustainability Management Environment		7-11 12-19
		Sustainability Management — Sustainability Philosophy		7-8
102-12	External initiatives	Operation — Product Responsibility		44-48
102-13	Membership of associations	Appendix: 2. Membership		57



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GRI Standard	Disclosure Requirement	Cross-references/explanation	“ESG Reporting Guide” Relevant Disclosure	Page
Strategy				
102-14	Statement from senior decision-makers	Chairman’s Message		5-6
Ethics and Integrity				
102-16	Values, principles, standards, and norms of behaviour	Sustainability Management — Sustainability Philosophy		7-8
		Operation — Corporate Governance		43-44
Governance				
102-18	Governance structure	Sustainability Management — Governance Structure		7
		Annual Report 2021/22 — Corporate Governance Report (Page 32-60)		N/A
102-21	Consulting stakeholders on economic, environmental, and social topics	Sustainability Management — Sustainability Measures		9-11
102-22	Composition of the highest governance body and its committees	Appendix: 1. Key Performance Data Summary — Social		53
		Annual Report 2021/22 — Corporate Governance Report (Page 32-60)		N/A
102-23	Chair of the highest governance body	Annual Report 2021/22 — Corporate Governance Report (Page 33-34)		N/A
102-24	Nominating and selecting the highest governance body	Annual Report 2021/22 — Corporate Governance Report (Page 47-50)		N/A
102-25	Conflicts of interest	Operation — Corporate Governance		43-44
		Annual Report 2021/22 — Senior Management Profile (Page 61-67), Report of the Directors (Page 75-104)		N/A
102-26	Role of highest governance body in setting purpose, values, and strategy	Sustainability Management — Governance Structure, Sustainability Measures		7-11
102-27	Collective knowledge of highest governance body	Sustainability Management — Governance Structure, Sustainability Philosophy		7-8
		Annual Report 2021/22 — Corporate Governance Report (Page 42)		N/A
102-29	Identifying and managing economic, environmental, and social impacts	Sustainability Management — Governance Structure, Sustainability Philosophy	Mandatory disclosure requirements - Governance Structure	7-8
		Annual Report 2021/22 — Corporate Governance Report (Page 55-56)		N/A



APPENDIX (CONTINUED)

GRI Standard	Disclosure Requirement	Cross-references/explanation	"ESG Reporting Guide" Relevant Disclosure	Page
102-33	Communicating critical concerns	Sustainability Management — Sustainability Measures		9-11
Stakeholder Communication				
102-40	List of stakeholder groups	Sustainability Management — Sustainability Measures	Mandatory disclosure requirements - Reporting Principles (Materiality)	9-11
102-41	Collective bargaining agreements	No collective bargaining agreement was signed by the Company with the trade union		N/A
102-42	Identifying and selecting stakeholders	Sustainability Management — Sustainability Measures	Mandatory disclosure requirements - Reporting Principles (Materiality)	9-11
102-43	Approach to stakeholder engagement	Sustainability Management — Sustainability Measures	Mandatory disclosure requirements - Reporting Principles (Materiality) B6.2	9-11
102-44	Key topics and concerns raised	Sustainability Management — Sustainability Measures	Mandatory disclosure requirements - Reporting Principles (Materiality) B6.2	9-11
Reporting Practice				
102-45	Entities included in the consolidated financial statements	About this Report	Mandatory disclosure requirements - Reporting Boundary	2-3
		Annual Report 2021/22 — Notes to the Financial Statements 9 Subsidiaries (Page 217-221)		N/A
102-46	Defining report content and topic boundaries	About this Report		2-3
		Sustainability Management — Sustainability Measures		9-11
102-47	List of material topics	Sustainability Management — Sustainability Measures	Mandatory disclosure requirements - Reporting Principles (Materiality)	9-11
102-48	Restatements of information	No information restatement		N/A
102-49	Changes in reporting	About this Report	Mandatory disclosure requirements - Reporting Principles (Consistency)	2-3
		Sustainability Management — Sustainability Measures	Mandatory disclosure requirements - Reporting Boundary	9-11
102-50	Reporting period	About this Report		2-3
102-51	Date of most recent report	The previous report was published on 18th Oct 2021 with the information of the year 2020/21		N/A
102-52	Reporting cycle	Once per year; About this Report		N/A
102-53	Contact point for questions regarding the report	About this Report		2-3



APPENDIX (CONTINUED)

GRI Standard	Disclosure Requirement	Cross-references/explanation	"ESG Reporting Guide" Relevant Disclosure	Page
102-54	Claims of reporting in accordance with the GRI Standards	About this Report		2-3
102-55	GRI content index	Appendix: 4. Content Index		59-71
102-56	External assurance	Appendix: 5. Verification Statement		72
	Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.	About this Report	Mandatory disclosure requirements - Reporting Principles (Quantitative)	2-3
		Appendix: 1. Key Performance Data Summary		51-56
Material Topic				
GRI 201: Economic Performance 2016				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	About this Report		2-3
		Sustainability Management — Sustainability Measures		9-11
	103-2 The management approach and its components	Annual Report 2021/22 — Chairman's Statement (Page 11-31)	A4 Climate change: General Disclosure	N/A
		Environment — Environmental Protection (<i>Responding to Climate Change</i>)		15-16
	103-3 Evaluation of the management approach	Annual Report 2021/22 — Chairman's Statement (Page 11-31)		N/A
201-1	Direct economic value and generated and distributed	Annual Report 2021/22 — Chairman's Statement (Page 11-31), Notes to the Financial Statements (Page 266-273)		N/A
201-2	Financial implications and other risks and opportunities due to climate change	Environment — Environmental Protection (<i>Responding to Climate Change</i>)	A4.1	15-16
201-3	Defined benefit plan obligations and other retirement plans	Annual Report 2021/22 — Consolidated Financial Statements (Page 116-118, 261-265)		N/A
201-4	Financial assistance received from government	Annual Report 2021/22 — Notes to the Financial Statements (Page 266-267)		N/A



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GRI Standard	Disclosure Requirement	Cross-references/explanation	"ESG Reporting Guide" Relevant Disclosure	Page
GRI 205: Anti — Corruption 2016				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	About this Report		2-3
		Sustainability Management — Sustainability Measures		9-11
	103-2 The management approach and its components	Sustainability Management Operation — Corporate Governance	B7 Anti-corruption: General Disclosure, B7.2	7-11 43-44
	103-3 Evaluation of the management approach Management Approach	Operation — Corporate Governance	B7 Anti-corruption: General Disclosure, B7.2	43-44
205-3	Confirmed incidents of corruption and actions taken	Operation — Corporate Governance	B7 Anti-corruption: General Disclosure, B7.1	43-44
	Description of anti-corruption training provided to directors and staff.	Operation — Corporate Governance	B7.3	43-44
GRI 302: Energy 2016				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	About this Report		2-3
		Sustainability Management — Sustainability Measures		9-11
	103-2 The management approach and its components	Sustainability Management Environment — Environmental Protection (<i>Energy Conservation</i>)	A2 Use of Resources: General Disclosure A3 The Environment and Natural Resources: General Disclosure, A3.1	7-11 13-15
	103-3 Evaluation of the management approach	Environment — (<i>Management Structure & System</i>)		13
302-1	Energy consumption within the organisation	Environment — Environmental Protection (<i>Energy Conservation</i>) Appendix: 1. Key Performance Data Summary	A2.1	13-15 51
302-3	Energy intensity	Environment — Environmental Protection (<i>Energy Conservation</i>)	A2.1	13-15
302-4	Reduction of energy consumption	Environment — Environmental Protection (<i>Energy Conservation</i>)	A2.3	13-15



APPENDIX (CONTINUED)

GRI Standard	Disclosure Requirement	Cross-references/explanation	"ESG Reporting Guide" Relevant Disclosure	Page
GRI 307: Environmental Compliance 2016				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	About this Report		2-3
		Sustainability Management — Sustainability Measures		9-11
	103-2 The management approach and its components	Sustainability Management Environment — <i>(Management Structure & System)</i>		7-11 13
	103-3 Evaluation of the management approach	Environment — <i>(Management Structure & System)</i>		13
307-1	Non-compliance with environmental laws and regulations	Environment — <i>(Management Structure & System)</i>	A1 Emissions: General Disclosure	13
GRI 308: Supplier Environmental Assessment 2016				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	About this Report		2-3
		Sustainability Management — Sustainability Measures		9-11
	103-2 The management approach and its components	Sustainability Management Operation — Suppliers Management	B5 Supply Chain Management: General Disclosure, B5.2, B5.3, B5.4	7-11 49
	103-3 Evaluation of the management approach	Operation — Suppliers Management		49
308-1	New suppliers that were screened using environmental criteria	Operation — Suppliers Management		49
GRI 401: Employment 2016				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	About this Report		2-3
		Sustainability Management — Sustainability Measures		9-11
	103-2 The management approach and its components	Sustainability Management Talent — Caring for Employees <i>(Employment Compliance)</i>	B1 Employment: General Disclosure	7-11 28-29
	103-3 Evaluation of the management approach	Talent — Caring for Employees <i>(Employment Compliance)</i>		28-29
401-1	New employee hires and employee turnover	Appendix: 1. Key Performance Data Summary	B1.2	54
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Talent — Caring for Employees <i>(Concertedly Building the "Karrie" Family)</i>		24-28
		Annual Report 2021/22 - Notes to the Financial Statements (Page 239-245, 261-265)	B1	N/A
401-3	Parental leave	Talent — Caring for Employees (Concertedly Building the "Karrie" Family)		24-28
		Appendix: 1. Key Performance Data Summary	B1	55



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GRI Standard	Disclosure Requirement	Cross-references/explanation	"ESG Reporting Guide" Relevant Disclosure	Page
GRI 403: Occupational Health and Safety 2018				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	About this Report		2-3
		Sustainability Management — Sustainability Measures		9-11
	103-2 The management approach and its components	Sustainability Management Talent — Caring for Employees (<i>Occupational Health and Safety</i>)	B2 Health and Safety: General Disclosure, B2.3	7-11
	103-3 Evaluation of the management approach	Talent — Caring for Employees (<i>Occupational Health and Safety</i>)	B2.3	22-23
403-1	Occupational health and safety management system	Talent — Caring for Employees (<i>Occupational Health and Safety</i>)	B2 Health and Safety: General Disclosure, B2.3	22-23
403-2	Hazard identification, risk assessment, and incident investigation	Talent — Caring for Employees (<i>Occupational Health and Safety</i>)		22-23
		Potential incidents e.g. machinery accidents, chemical hazards, transport accidents, etc. are all covered by an occupational health and safety management system		
403-3	Occupational health services	Talent — Caring for Employees (<i>Occupational Health and Safety</i>)		22-23
		Talent — Caring for Employees (Concertedly Building the "Karrie" Family)	B2.3	24-28
403-4	Worker participation, consultation, and communication on occupational health and safety	Talent — Caring for Employees (<i>Occupational Health and Safety</i>) Each department has set up an administrative specialist to collect employees' opinions which will be reported to the management through monthly administrative meetings. The managements collectively discuss and solve problems encountered by employees, involving safety policies and measures.		22-23
403-5	Worker training on occupational health and safety	Talent — Caring for Employees (<i>Occupational Health and Safety</i>)	B2.3	22-23
403-6	Promotion of worker health	Talent — Caring for Employees (<i>Occupational Health and Safety</i>)		22-23
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Talent — Caring for Employees (<i>Occupational Health and Safety</i>)	B2.3	22-23



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GRI Standard	Disclosure Requirement	Cross-references/explanation	“ESG Reporting Guide” Relevant Disclosure	Page
403-9	Work-related injuries	Talent — Caring for Employees (Occupational Health and Safety)	B2.1, B2.2	22-23
		Appendix: 1. Key Performance Data Summary There were no occupational injuries of non-employee workers.		55
GRI 404: Training and Education 2016				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	About this Report	B3 Development and Training: General Disclosure	2-3
		Sustainability Management — Sustainability Measures		9-11
	103-2 The management approach and its components	Sustainability Management Talent — Training and Development		7-11
	103-3 Evaluation of the management approach	Talent — Training and Development		29-32
404-1	Average hours of training per year per employee	Appendix: 1. Key Performance Data Summary	B3.2	56
404-2	Programs for upgrading employee skills and transition assistance programs	Talent — Training and Development For retired employees, the Group provides re-engagement opportunities based on work demands and individual wishes of the employees. In the case of a business adjustment, the Group provides the affected employees with the opportunity to change their posts.	B3 Development and Training: General Disclosure	29-32
404-3	Percentage of employees receiving regular performance and career development reviews	All employees in Hong Kong and employees who rank Level 5 or above in Mainland China will receive the performance appraisal every year		N/A
Not Applicable	The percentage of employees trained by gender and employee category	Appendix: 1. Key Performance Data Summary	B3.1	56



APPENDIX (CONTINUED)

GRI Standard	Disclosure Requirement	Cross-references/explanation	“ESG Reporting Guide” Relevant Disclosure	Page
GRI 405: Diversity and Equal Opportunity 2016				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	About this Report		2-3
		Sustainability Management — Sustainability Measures		9-11
	103-2 The management approach and its components	Sustainability Management Talent — Caring for Employees (<i>Employment Compliance</i>)	B1 Employment: General Disclosure	7-11
	103-3 Evaluation of the management approach	Talent — Caring for Employees (<i>Employment Compliance</i>)		28-29
405-1	Diversity of governance bodies and employees	Talent — (<i>Employee Composition</i>)		21
		Talent — Caring for Employees (<i>Employment Compliance</i>)	B1.1, B1.2	28-29
		Appendix: 1. Key Performance Data Summary		53
405-2	Ratio of basic salary and remuneration of women to men	Talent — Caring for Employees (<i>Employment Compliance</i>)	B1 Employment: General Disclosure	28-29
		Appendix: 1. Key Performance Data Summary		53
GRI 408: Child Labour 2016				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	About this Report		2-3
		Sustainability Management — Sustainability Measures		9-11
	103-2 The management approach and its components	Sustainability Management Talent — Caring for Employees (<i>Employment Compliance</i>)	B4 Labour Standards: General Disclosure, B4.1, B4.2	7-11
	103-3 Evaluation of the management approach	Talent — Caring for Employees (<i>Employment Compliance</i>)		28-29
408-1	Operations and suppliers at significant risk for incidents of child labour	Talent — Caring for Employees (<i>Employment Compliance</i>)	B4.1, B4.2	28-29
		Operation — Supplier Management		49



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GRI Standard	Disclosure Requirement	Cross-references/explanation	"ESG Reporting Guide" Relevant Disclosure	Page
GRI 409: Forced or Compulsory Labour 2016				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	About this Report		2-3
		Sustainability Management — Sustainability Measures		9-11
	103-2 The management approach and its components	Sustainability Management Talent — Caring for Employees (<i>Employment Compliance</i>)	B4 Labour Standards: General Disclosure, B4.1, B4.2	7-11 28-29
	103-3 Evaluation of the management approach	Talent — Caring for Employees (<i>Employment Compliance</i>)		28-29
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Talent — Caring for Employees (<i>Employment Compliance</i>) Operation — Supplier Management	B4.1, B4.2	28-29 49
GRI 414: Supplier Social Assessment 2016				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	About this Report		2-3
		Sustainability Management — Sustainability Measures		9-11
	103-2 The management approach and its components	Sustainability Management Operation — Supplier Management	B5 Supply Chain Management: General Disclosure, B5.2, B5.3, B5.4	7-11 49
	103-3 Evaluation of the management approach	Operation — Supplier Management		49
414-1	New suppliers that were screened using social criteria	Operation — Supplier Management All new suppliers are assessed and selected by the Group using the RBA Code of Conduct.		49
GRI 416: Customer Health and Safety 2016				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	About this Report		2-3
		Sustainability Management — Sustainability Measures		9-11
	103-2 The management approach and its components	Sustainability Management Operation — (<i>Our Business Philosophy</i>) Operation — Corporate Governance, Product Responsibility	B6 Product Responsibility: General Disclosure	7-11 42 43-48
	103-3 Evaluation of the management approach	Operation — Corporate Governance, Product Responsibility		43-48
416-1	Assessment of the health and safety impacts of product and service categories	Operation — Product Responsibility	B6 Product Responsibility: General Disclosure, B6.2, B6.3, B6.4	44-48



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GRI Standard	Disclosure Requirement	Cross-references/explanation	"ESG Reporting Guide" Relevant Disclosure	Page
Not Applicable	Percentage of total products sold or shipped subject to recalls for safety and health reasons	There was no product being recalled due to health and safety reasons this year.	B6.1	N/A
Not Applicable	Description of quality assurance process and recall procedures	Operation — Product Responsibility	B6.4	44-48
GRI 418: Customer Privacy 2016				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	About this Report		2-3
		Sustainability Management — Sustainability Measures		9-11
	103-2 The management approach and its components	Sustainability Management	B6 Product Responsibility: General Disclosure, B6.2, B6.5	7-11
		Operation — Product Responsibility		44-48
418-1	103-3 Evaluation of the management approach	Operation — Product Responsibility		44-48
	Substantiate complaints concerning breaches of customer privacy or losses of customer data	There was no substantiated complaint concerning breaches of customer privacy or losses of customer data this year.	B6.2	N/A
GRI 419: Socioeconomic Compliance 2016				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	About this Report		2-3
		Sustainability Management — Sustainability Measures		9-11
	103-2 The management approach and its components	Sustainability Management		7-11
		Operation — Corporate Governance		43-44
419-1	103-3 Evaluation of the management approach	Operation — Corporate Governance		43-44
	Non-compliance with laws and regulations in the social and economic area	There was no incident of non-compliance with laws and regulations in the social and economic areas this year.	B1 Employment: General Disclosure, B2 Health and Safety: General Disclosure, B4 Labour Standards: General Disclosure, B4.1, B6 Product Responsibility: General Disclosure, B7 Anti-corruption: General Disclosure	N/A



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GRI Standard	Disclosure Requirement	Cross-references/explanation	"ESG Reporting Guide" Relevant Disclosure	Page
Other Topics				
GRI 202: Market Presence 2016				
103-2	The management approach and its components	Talent — Caring for Employees (<i>Employment Compliance</i>)	B1 Employment: General Disclosure	28-29
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Appendix: 1. Key Performance Data Summary		53
202-2	Proportion of senior management hired from the local community	Appendix: 1. Key Performance Data Summary		53
GRI 301: Materials 2016				
103-2	The management approach and its components	Operation — Suppliers Management	A2 Use of Resources: General Disclosure	49
		Environment — Environmental Protection (<i>Emissions Control</i>)	A3 The Environment and Natural Resources: General Disclosure, A3.1	18-19
301-1	Materials used by weight or volume	Appendix: 1. Key Performance Data Summary	A2.5	52
GRI 303: Water and Effluents 2018				
103-2	The management approach and its components	Environment — Environmental Protection (<i>Integrated Water Resource Management</i>)	A2 Use of Resources: General Disclosure, A2.4 A3 The Environment and Natural Resources: General Disclosure, A3.1	17
303-1	Interactions with water as a shared resource	Environment — Environmental Protection (<i>Integrated Water Resource Management</i>)	A2.4, A3.1	17
303-5	Water consumption	Environment — Environmental Protection (<i>Integrated Water Resource Management</i>)	A2.2	17
Not Applicable	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Environment — Environmental Protection (<i>Integrated Water Resource Management</i>)	A2.4	17
GRI 305: Emissions 2016				
103-2	The management approach and its components	Environment — Environmental Protection (<i>Responding to Climate Change, Emissions Control</i>)	A1 Emissions: General Disclosure, A1.5 A3 The Environment and Natural Resources: General Disclosure, A3.1	15-16



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GRI Standard	Disclosure Requirement	Cross-references/explanation	"ESG Reporting Guide" Relevant Disclosure	Page
305-1	Direct (Scope 1) GHG emissions	Environment — Environmental Protection (<i>Responding to Climate Change</i>)	A1.2	15-16
305-2	Energy indirect (Scope 2) GHG emissions	Environment — Environmental Protection (<i>Responding to Climate Change</i>)	A1.2	15-16
305-4	GHG emissions intensity	Environment — Environmental Protection (<i>Responding to Climate Change</i>)	A1.2	15-16
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Environment — Environmental Protection (<i>Emissions Control</i>)	A1.1	18-19
GRI 306: Effluents and Waste 2020				
103-2	The management approach and its components	Environment — Environmental Protection (<i>Emissions Control</i>)	A1 Emissions: General Disclosure, A1.6 A3 The Environment and Natural Resources: General Disclosure, A3.1	18-19
306-1	Waste generation and significant waste-related impact	Environment — Environmental Protection (<i>Emissions Control</i>)	A3.1	18-19
306-2	Management of significant waste-related impacts	Environment — Environmental Protection (<i>Emissions Control</i>)	A3.1	18-19
306-3	Waste generated	Environment — Environmental Protection (<i>Emissions Control</i>)	A1.3, A1.4, A1.6	18-19
306-4	Waste diverted from disposal	Environment — Environmental Protection (<i>Emissions Control</i>)	A1.6	18-19
GRI 406: Non-discrimination 2016				
103-2	The management approach and its components	Talent — Caring for Employees (<i>Employment Compliance</i>)	B1 Employment: General Disclosure	28-29
GRI 413: Local Communities 2016				
103-2	The management approach and its components	Community	B8 Community Investment: General Disclosure	33-41
Not Applicable	Focus area of contribution	Community	B8.1	33-41
Not Applicable	Resources contributed to the focus area	Community Appendix: 1. Key Performance Data Summary	B8.2	33-41 56
GRI 417: Marketing and Labeling 2016				
103-2	The management approach and its components	Operation — Supplier Management	B6 Product Responsibility: General Disclosure	49



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5. VERIFICATION STATEMENT



Assurance Statement

Karrie International Holdings Limited ("Karrie") has prepared its 2021/22 Sustainability Report (hereinafter referred to as "the Report") in accordance with the Environmental, Social and Governance Reporting Guide ("ESG Guide") issued by the Hong Kong Exchanges and Clearing Limited and the Core option of the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards). The Hong Kong Productivity Council (HKPC) was commissioned by Karrie to provide independent verification¹ of the Report for its sustainability performance in terms of environmental, social and economic aspects between 1 April 2021 and 31 March 2022. It covers Karrie's business activities at Hong Kong Headquarter Office and the production base in Dongguan.

Objectives

The main objective of HKPC's verification work was to provide independent assurance on the completeness, accuracy and reliability of the information presented in the Report. More specifically, the objectives were to:

- assess whether the scope of the Report covered all significant aspects of Karrie's sustainability performance;
- check whether the Report conformed to the mandatory disclosure of the ESG Guide and the Core option of the GRI Standards;
- evaluate whether the selected statements and data presented in the Report were accurate, including verification of greenhouse gas emission data with reference to ISO 14064-3;
- review whether the data collection and information management mechanisms used to prepare the Report were reliable; and
- provide recommendations for future reports.

Approach

HKPC's verification procedures consisted of a comprehensive review of the Report, followed by the selection and verification of a representative sample of statements and data pertaining to the significant sustainability topics of Karrie². During an interview with the Karrie representatives, we reviewed and examined the data collation systems and supporting materials relating to the selected statements and data as well as Karrie's relevant management practices and initiatives.

Conclusion

The Report generally conforms to the ESG Guide and the Core option of the GRI Standards. It presents an overview of Karrie's environmental, social and economic performance with respect to its key services, activities and initiatives. In terms of the accuracy and reliability of the Report, the selected sample of statements and data examined during the verification process was consistent with the source materials reviewed and reflected a fair account of Karrie's environmental, social and economic performance. The data collation and information management systems adopted were generally considered to be reliable.

Ir Kenny Wong
Head
Carbon and Environmental Excellence
Green Living and Innovation Division
Hong Kong Productivity Council
30 August 2022

¹ This verification statement has been prepared for Karrie for the purpose of assuring the statements and data presented in its 2021/22 Sustainability Report only. The statement was prepared based on HKPC's review of the selected sample of information provided by Karrie during the verification process. HKPC will not accept or assume any responsibility or liability (legal or otherwise) in relation to this verification statement.

² Our verification work did not cover data and information which had already been published in the press releases, on the Company's website, in its annual reports or other publications.