



# 天臣控股有限公司 Tesson Holdings Limited

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

Stock Code 股份代號: 1201



Environmental, Social  
and Governance Report 2016  
環境、社會及管治報告

# Contents

About this Report	2
Introduction	3
Stakeholders Engagement	4
Environmental Aspects	7
Emissions	7
Air Pollutant Emission and Greenhouse Gas Emission	7
Wastewater Discharge	8
Hazardous and Non-Hazardous Wastes	8
Use of Resources	8
The Environment and Natural Resources	9
Social Aspects	10
Employment and Labour Practices	10
Employment	10
Health and Safety	10
Development and Training	11
Labour Standards	12
Operating Practices	12
Supply Chain Management	12
Product Responsibility	13
Anti-Corruption	15
Community	15
Community Investment	15
The Stock Exchange of Hong Kong Limited's Environmental, Social and Governance Reporting Guide	17

## About this Report

Tesson Holdings Limited (the “**Company**” together with its subsidiaries as the “**Group**”) is pleased to present the first Environmental, Social and Governance Report (the “**Report**”) to provide an overview of our commitment to achieving environmental, social and governance goals through our sustainability pillars and provide information on the policies and practices implemented. This Report is prepared by the Group with the professional assistance of APAC Compliance Consultancy and Internal Control Services Limited.

### PREPARATION BASIS AND SCOPE

This Report is prepared in accordance with Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) – “Environmental, Social and Governance Reporting Guide” and has complied with the “comply or explain” provisions to the Listing Rules.

This Report summaries the effort contributed by the Group in respect of corporate social responsibility in 2016, covering its operation that is considered as material by the Group – printing and manufacturing of packaging products (the “**Packaging Printing Business**”) and the manufacturing and sales of lithium ion motive battery, lithium ion battery module, battery charging devices, battery materials machines and production lines, new energy solution and sales of relevant equipment, investment holding and import and export trading (the “**Lithium Ion Motive Battery Business**”) in the People of Republic of China (the “**PRC**”). As it is the first time for the Company to publish of the Report, it does not contain all recommended disclosure. The Group will continue to optimise and improve according to the disclosure requirements. This Report shall be published in both Chinese and English. Should there be any discrepancy between the Chinese and the English versions, the English version shall prevail.

### REPORTING PERIOD

This Report demonstrates our sustainability initiatives during the reporting period from 1 January 2016 to 31 December 2016.

### CONTACT INFORMATION

The Group welcomes your feedback on this Report for our sustainability initiatives. Please contact us by email to [info@tessonholdings.com](mailto:info@tessonholdings.com).

## Introduction

The Group has recognised the importance of sustainable development. In order to respond to growing trends on the expectation of the stakeholders on the corporate responsibility performance, the Group is committed to the responsible operation and value creation for stakeholders and community by integrating environmental and social factors into management considerations. Sustainability strategy is based on the compliance with the legal requirements applicable to us and opinions from stakeholders. Sustainability is crucial for the Group's growth in order to achieve business excellence and enhance capabilities for long-term competitiveness. The Group has established and implemented various policies to manage and monitor the risks related to the environment, employment, operating practices and community. Details of the management approaches to sustainable development of different areas are illustrated in this Report.

# Stakeholders Engagement

Expectations and opinions from our stakeholders are important and valuable. The Group engages with its stakeholders, including employees, consumers and distributors, investors, suppliers and the community, through utilizing different channels as listed the table below. Through the stakeholders engagement, the Group understands the expectations and concerns from stakeholders and the feedbacks obtained through these channels allow the Group to further enhance the sustainable development.

Stakeholders	Expectation	Engagement channel
Government	<ul style="list-style-type: none"> <li>• To comply with the laws</li> <li>• Proper tax payment</li> <li>• Promote regional economic development and employment</li> </ul>	<ul style="list-style-type: none"> <li>• On-site inspections and checks,</li> <li>• Research and discussion through work conferences, work reports preparation and submission for approval</li> <li>• Annual reports</li> <li>• Website</li> </ul>
Shareholders and Investors	<ul style="list-style-type: none"> <li>• Low risk</li> <li>• Return on the investment</li> <li>• Information disclosure and transparency</li> <li>• Protection of interests and fair treatment of shareholders</li> </ul>	<ul style="list-style-type: none"> <li>• Annual general meeting and other shareholder meetings</li> <li>• Annual report, announcements</li> <li>• Newsletter</li> <li>• Meeting with investors and analysts</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Safeguard the rights and interests of employees</li> <li>• Working environment</li> <li>• Career development opportunities</li> <li>• Self-actualization</li> <li>• Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>• Conference</li> <li>• Training, seminars, briefing sessions</li> <li>• Cultural and sport activities</li> <li>• Newsletters</li> <li>• Intranet and emails</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Safe and high-quality products</li> <li>• Stable relationship</li> <li>• Information transparency</li> <li>• Integrity</li> <li>• Business ethics</li> </ul>	<ul style="list-style-type: none"> <li>• Website, brochures, annual reports</li> <li>• Email and customer service hotline</li> <li>• Feedback forms</li> <li>• Regular meeting</li> </ul>

# Stakeholders Engagement

Stakeholders	Expectation	Engagement channel
Suppliers/Partners	<ul style="list-style-type: none"> <li>• Long-term partnership</li> <li>• Honest cooperation</li> <li>• Fair, open</li> <li>• Information resources sharing</li> <li>• Risk reduction</li> </ul>	<ul style="list-style-type: none"> <li>• Business meetings, supplier conferences, phone calls, interviews</li> <li>• Regular meeting</li> <li>• Review and assessment</li> <li>• Tendering process</li> </ul>
Peer/Industry Associations	<ul style="list-style-type: none"> <li>• Experience sharing</li> <li>• Corporations</li> <li>• Fair competition</li> </ul>	<ul style="list-style-type: none"> <li>• Industry conference</li> <li>• Site visit</li> </ul>
Financial Institution	<ul style="list-style-type: none"> <li>• Compliance with the law and regulations</li> <li>• Disclosure information</li> </ul>	<ul style="list-style-type: none"> <li>• Consulting</li> <li>• Information disclosure</li> <li>• Reports</li> </ul>
Public and communities	<ul style="list-style-type: none"> <li>• Community involvement</li> <li>• Social responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>• Volunteering</li> <li>• Charity and social investment</li> <li>• Annual reports</li> </ul>

In response to the expectation of the stakeholders, we have implemented measures as follows:

## 1. GOVERNMENT

Operated, managed and paid taxes according to laws and regulations, strengthened safety management; accepted the government's supervision, inspection and evaluation (e.g. accepted 3 on-site inspections throughout the year), and actively undertook social responsibilities.

## 2. SHAREHOLDERS AND INVESTORS

Issued notices of general meeting and proposed resolutions according to regulations; disclosed company's information by publishing 35 announcements/circulars and 14 periodic reports in total in the year; carried out different forms of investor activities with an aim to improve investors' recognition; held results briefing once; disclosed company contact details on website and in reports and ensured all communication channels available and effective.

# Stakeholders Engagement

## 3. EMPLOYEE

Provided a healthy and safe working environment; developed a fair mechanism for promotion; established labour unions at all levels to provide communication platforms for employees; cared for employees by helping those in need and organizing employee activities.

## 4. CUSTOMERS

Organised marketing events; 5 seminars and invited customer to visit the factory.

## 5. SUPPLIERS/PARTNERS

Invited tenders publicly to select best suppliers and contractors; performed contracts according to agreements, enhanced daily communication, and established long-term cooperation with quality suppliers and contractors.

## 6. PEER/INDUSTRY ASSOCIATIONS

Stuck to fair play; cooperated with peers to realise win-win, shared experiences and attended a seminar of the industry so as to promote sustainable development of the industry.

## 7. FINANCIAL INSTITUTION

Complied with regulatory requirements in a strict manner; disclosed and reported true information in a timely and accurate manner according to law.

## 8. PUBLIC AND COMMUNITIES

Gave priority to local people seeking jobs from the Company so as to promote community building and development; built roads, protected the communities' ecological environment and provided timely compensation and assistance; provided volunteer service, kept communication channels open between the Company and the communities and villagers, co-sponsored community activities to promote the building up of harmonious communities.

# Environmental Aspects

## EMISSIONS

The Group is committed to the long-term sustainability of the environment and communities in which it operates. The Group's operations are subject to a variety of PRC environmental laws and regulations, as well as local environmental regulations promulgated by local authorities on environmental protection. These laws and regulations govern a broad range of environmental matters, such as air emissions, noise control, discharge of wastewater and pollutants and waste disposal. The PRC government has taken an increasingly stringent stance on the adoption and enforcement of rigorous environmental laws and regulations, which could have a material adverse effect on financial condition and results of operations and could incur additional costs. The Group has established "Environmental Equipment Operation and Management System" to monitor the emission of air pollutants, solid wastes and wastewater. Our manufacturing sites for both the Packaging Printing Business in Anhui and Yunnan and the Lithium Ion Motive Battery Business in Weinan have acquired ISO14001:2004 Environmental Management System certifications.



The Group was in compliance with all relevant PRC laws and regulations regarding environmental protection in all material respects, including but not limited to the Environmental Protection Law of the PRC, the Water Pollution Prevention and Control Law of the PRC. The Group was not subject to any environmental claims, lawsuits, penalties or administrative sanctions during the year. The Group is also committed to allocate operating and financial resources to ensure environment protection compliance as required by applicable PRC laws and regulations.

### Air Pollutant Emission and Greenhouse Gas Emission

During the manufacturing process of packaging printing, the emission of volatile organic chemicals ("VOCs") is controlled to meet the requirements of "Volatile Organic Chemical Compounds Control Management Procedure". The administration department checks the consumption of VOCs and the ventilation system in the workplace regularly. We strive to improve the printing technology in order to reduce consumption of volatile ink and solvent. Also, we promote the use of water based ink, which contains less organic chemicals. During the process of manufacturing of lithium ion products, the emission is required to meet the Ambient Air Quality Standards (GB 3095-2012).

Climate change is gradually concerned by the community. The Group manages the carbon footprint by minimizing the energy consumption and water consumption as these activities cause significant emission of greenhouse gas. Policies and procedures adopted on resources saving are mentioned in the section "Use of Resources" of the Report.



# Environmental Aspects

## Wastewater Discharge

All the wasted solvent must be discharged in a designated place. The container storing solvent should be sealed properly. All the chemicals generated from the production process must be recycled and delivered to the administration department. It is not allowed to discharge chemicals into the sewage pipes.

## Hazardous and Non-hazardous Wastes

According to “Waste Management Procedure”, wastes are divided into hazardous wastes, non-recyclable and recyclable wastes. Hazardous wastes are identified according to “National Hazardous Wastes List”. It includes wastes oil, battery, toner cartridge etc. Besides, used N-Methyl-2-pyrrolidone (NMP), an organic compound, is the wastes generated from the manufacturing of lithium ion products. Specific and labelled containers are in place for collection of hazardous wastes. Recyclable wastes include old electrical appliance, paper wastes, plastic etc. Both hazardous wastes and recyclable wastes are handled with the ledger for record and transferred to qualified waste management companies.

Non-recyclable wastes include general domestic and industrial wastes generated from production and business activities. They are transferred to designed area as required by environmental protection department.

## USE OF RESOURCES

The manufacturing sites for the Packaging Printing Business have implemented “Environment, Occupational Health and Safety Operation Control Management Regulation” to monitor the resource consumption. The site in Yunnan has installed geothermal heating and air conditioning systems to replace the traditional air-conditioners. It is one of the first batch of enterprises in Yunnan using this technology. The system makes use of the thermal energy from the underground water to regulate the room temperature. It greatly reduces the electricity and water consumption. Also, it is environmentally friendly as the system does not require Freon, a refrigerant which causes ozone layer depletion.

In view of the scarcity of resources, the manufacturing site for the Lithium Ion Motive Battery Business in Weinan has adopted the value of “Emission Reduction and Green Production”. It advocates measures on the efficient use of resources. The consumption of resources is monitored regularly in order to identify any problems promptly. There are regulations on the control of lighting and electrical appliances. Lights and electrical appliance should be turned off before leaving the room. We consistently seek ways to improve energy efficiency and lower electricity usage in our facilities. To reduce water consumption, water-saving water taps are used to restrict the water flow. Water supply network is checked regularly and maintenance is carried out.



## Environmental Aspects

Furthermore, retrofit projects have been carried out on our sites in order to reduce the energy consumption as well as increase the production efficiency. For example, inverter compressor (變頻節能空壓機) equipped with a pneumatic motor (air motor) is used to compress nitrogen gas which increases the production per unit time. The followings are other retrofit projects for various machinery in the corresponding manufacturing process.

Manufacturing Process	Machinery	Achievement
General Process	Vacuum-pumped Water Cooling System (真空泵冷卻水系統)	Reduce water consumption and maintenance cost by recirculating cooling water instead of using freshwater source
General Process	Dehumidification Drying System (除濕乾燥系統)	Reduce energy consumption by reusing waste heat energy
Paste Mixing (合漿)	Paste Mixing Machine (合漿機)	Reduce the mixing time from 10 hours to 4 hours, therefore, the electricity consumption is reduced
Paste Mixing	Water Tower	Reduce freshwater consumption by reusing cooling water
Assembly and Filling (裝配、注液)	Stove (烘箱機)	Reduce the battery drying time from 36 hours to 12 hours
Capacity Formation and Grading (化成分容)	Capacity Formation and Grading Machine	60%-70% of the electrical energy discharged from batteries is collected and used for recharging batteries next time

### THE ENVIRONMENT AND NATURAL RESOURCES

The Group has adopted a policy of “Environmental Factors Identification and Evaluation Management Procedure” for identification of all the possible impacts to the environment caused by the operation, production of product or delivery of service. Therefore, it provides a basis for managing the environmental risks so as to improve and minimise the impact. It assesses the environmental factors through different approaches, for example, product life cycle, on-site inspection etc. The environmental impacts are divided into nine areas: atmosphere, waterbody, soil, noise, energy consumption, use of raw material land natural resource, solid wastes, firefighting, energy release and physical properties. The significance of the impact is evaluated based on the frequency of occurrence, controllability, degree of impact and recoverability. Based on the result of the above assessment, the Group will set the environmental target, indicator and management plan in order to control and minimise the impacts to the environment.

# Social Aspects

## EMPLOYMENT AND LABOUR PRACTICES

### Employment

The Group believes people are important assets of the company, which is the foundation for success and development of the Company. The Group's internal human resource policy sets out the standard of staff recruitment, promotion guidelines, remuneration scale, work hours, rest breaks, holidays, termination of employment and compensation matters. The principle of equal opportunities is applied in the recruitment policy. The Group promotes fair competition. All candidates have equal opportunity for vacancies regardless of gender, age, marital status, religion, race, nationality, disability or any status protected by law. In order to encourage diversity in the Company, both external talents and internal employee are welcome to apply for positions in the company. The adoption of those human resources policies and procedures also ensures the Group's compliance with the relevant labour laws and regulations where it operates, including but not limited to Employment Contract Law of the PRC. During the reporting period, there was no non-compliance or breach of legislation related to applicable employment laws and regulations.

The Group has established a welfare system suitable for enterprise development and employees' growth. It provides various benefits to employees such as subsidies on holidays and festivals, home leaves, meal, transportation and residential allowance. The budget for the benefits is planned and reviewed annually. The Group advocates harmonious and work-life balance culture through a diverse choice of activities.



### Health and Safety

The Group provides a healthy and safe workplace for all employees in accordance with the relevant laws and regulations, including the Production Safety Law of the PRC. Our manufacturing sites in Weinan, Anhui and Yunnan have acquired OHSAS18001:2007 Occupational Health and Safety Management System certifications. Furthermore, a production safety committee has been established for the administration of production safety. We established safety guidelines and procedures against accident. We also organised activities to keep awareness of production health and safety. Our employees are equipped with sufficient labour protection supplies such as gloves, masks and work uniforms, etc., so as to ensure their safety and health. Safety training is provided to educate the employee the importance of occupational safety and safety knowledge test is provided to ensure they have equipped related knowledge.

Storage, usage and transport of hazardous chemicals are under stringent control under "Chemical Control Procedure". All chemicals must be stored in a specific warehouse with safety equipment, such as ventilation, firefighting. During the reporting period, there was no case of injury or fatality. There was no non-compliance or breach of legislation related to applicable health and safety laws and regulations.

## Social Aspects

### Development and Training

Human resources are one of the important assets of the Group. The Group actively expands the horizon for the personal development of its employees and provides various types of training for its employees, including a diversified staff development training and senior management training system. Through education and training, the Group can enable its employees to enhance their personal accomplishments, strengthen their working skills and reinforce the team performance according to “Training Management System”.



Moreover, employees can grow with the Group by bolstering their own values on the basis of their personal interest and expertise. At the beginning of each calendar year, the Group draws up educational training plans in accordance with the Group’s training needs. Each department is responsible for determining its training needs for staff in its department and designing a unique training plan, which shall be submitted to the senior management of the Group for approval. The Group ensures that members of staff who are under the comprehensive management system can fulfil the relevant requirements in terms of education, training, technical and work experience.

Training activities provided to staff include:

- (1) New employee orientation, including but not limited to corporate culture, company background, safety education;
- (2) Technical training for existing employees or internally transferred employees; and
- (3) Enrollment in externally organised classes in relation to management knowledge and important position professional training.



## Social Aspects

### Labour Standards

In the Group's "Staff Handbook", the Group has set the minimum age requirement for recruitment, which complies with the "Provisions on the Prohibition of Using Child Labour".

It sets up procedure to receive employee's feedback on all issues including child labour and forced labour. If any case of non-compliance is reported, an investigation will be carried out to settle the case and prevent the repetition. During the reporting period, the Group has not violated any relevant national labour laws and regulations including child and forced labour laws and regulations.

### OPERATING PRACTICES

#### Supply Chain Management

The Group's relationship with its suppliers is stable and the Group did not experience any major difficulty in obtaining adequate supplies of raw materials and components to meet its production requirements in the past. During the reporting period, a new production facility for the Packaging Printing Business was completed and all machinery was reallocated to the new manufacturing plants. The Group conducts fair and unbiased tender processes in dealing with vendors. When selecting vendors and suppliers, the Group follows standard procedures and policies, such as the "Fixed Assets Management System" and "Procurement Management System".

When the procurement department receives material procurement requests from other departments, requests are handled according to the degree of urgency. Generally, we seek for three or more quotations from various suppliers. We choose suppliers according to the market trend, past procurement records and quotations from suppliers and suppliers' competence, reputation and certifications.

The Group also has a set of internal manuals on procurement standards of raw materials according to "Quality Management System". When raw materials are delivered to factories, quality control staff selects samples and inspects raw materials with regard to their condition such as the surface quality of paper, the colour of the aluminum foil and ink and the VOC levels. They also review the quality testing reports provided by our suppliers. Raw materials that do not meet the requirements set by us are returned to the relevant suppliers.

The Group communicates and verifies product specifications and requirements with customers before manufacture to ensure pre-production effectiveness. The Group also conducts pre-production technical testing to set the standard known by manufacturing personnel before mass manufacture.

To strengthen our communication with suppliers, we organised various activities for suppliers. On 28, 29 December 2016, Tesson New Energy (Weinan) Limited\* 天臣新能源(渭南)有限公司 ("Tesson New Energy (Weinan)"), one of our subsidiaries, organised a Foundation Stone Laying Ceremony for the commencement of production of 3GWH Automotive Battery and construction of Industry Park Project, Automotive Battery



## Social Aspects

Industry Conference and 2017 Suppliers Meeting. Around 400 guests, including representatives from suppliers and financial investment institutions, industry specialists and government officials, were invited to attend the events. In the 2017 Suppliers Meeting, Tesson New Energy (Weinan) introduced the future planning of the company in 2017 and recognised the suppliers for their excellent performance in 2016.

### **Product Responsibility**

Achieving and maintaining high quality standard for projects are utmost important for the sustainable growth of the Group. The construction process of the projects is controlled and monitored regularly in order to deliver safe and good quality services to our customers. Our manufacturing sites in Weinan, Yunnan and Anhui have been accredited by ISO9001:2008 Quality Management System Certifications. Site in Weinan was also accredited ISO/TS16949:2009 certification, which is a quality management system specific to the automotive industry. The Group is in strict compliance with the Trademark Law of the PRC, Law on the Protection of Consumer Rights and Interests, and other related laws and regulations. During the reporting period, the Group did not discover any significant risk exposure in relation to the product responsibility.

### **Quality Control**

Quality control is considered as an important aspect of our manufacturing operations as adequate quality control can lower defects and returns of defective products which in a long run can fortify our position as a core supplier to our major customers. We have implemented a set of stringent quality control and testing procedures designed to ensure that our products meet the quality requirements of our customers according to the “Quality Management System”. We have invested and acquired machinery and testing apparatuses for the purposes of ensuring that testing and checking of our product quality is conducted in accordance with rigorous technical criteria.

The Group has compiled a set of internal manuals on standards for testing of product quality and these are implemented in each stage of the production process.

In the manufacturing sites of the Packaging Printing Business, quality control staff inspects the samples before delivering to the customers in the pre-press stage. From the press stage to the post-press stage, workers carry out self-check of work in progress, such as the colour and surface effects after different printing procedures, and the quality of paper edges after die-cutting procedures. We also assign specific staff to conduct random inspections to identify possible defects. The staff is required to record the conditions of the work in progress.

In addition to visual inspection, the quality control staff uses monitoring machinery to examine the quality of finished goods, such as the coloring and positioning of artwork and the amount of VOC levels, before delivering the products to customers. Defective work in progress or finished goods found during the production process will be recorded and be disposed of by the quality control staff.

## Social Aspects

For the Lithium Ion Motive Battery Business, the Group exercises whole-process control on products, including quality control on raw materials from suppliers, product inspection, reliability control and production control to ensure consistent product quality. Reliability test is also conducted for each batch of products to ensure compliance with safety regulations and customer requirements. The Group's quality management system, covering sales, research and development, procurement, manufacturing and product testing, has been certified by IATF16949:2016. The Group's internal audit, process audit and product audit are subject to both in-house and third-party supervision to ensure that the entire quality management system operates effectively. For instance, third party testing institution is engaged to conduct assessment on the quality of battery according to the national standards. Different kinds of testing are carried out to evaluate the performance of the products, including but not limited to capacity test, charge and discharge test, resistance to vibration, heating, pressure.

Besides, the Group has initiated and established a "Battery Intelligent Equipment Industry Purple-Golden League" (電池智能裝備產業紫金聯盟), which aims to develop our own equipment for battery production and enhance the abilities of production process control and quality assurance. To strengthen the ability in research and development, the Group has established a research institute in Nanjing and invested resources to develop the research and development technology as well as the skills for its battery sector for the long-term development of the Group. Meanwhile, the Group also invested resources in the research and development of packaging and arrangement of batteries and battery management system (BMS), paving the way for its further development. The Group strives to develop products with high quality, high efficiency, low cost and environmentally friendly policies.

### *Customer Data Information Protection*

The Group places the utmost importance on protecting the privacy of its customers, partners and staff in the collection, processing and use of their personal data. As stipulated in the "File Management System", the Group adheres to the applicable data protection regulations and ensures that appropriate technical measures are in place to protect personal data against unauthorised use or access. The Group also ensures that customers' personal data is securely kept and processed only for the purpose for which it has been collected. Staffs are provided with adequate training in compliance with applicable laws on data privacy protection, to strengthen their awareness of safeguarding personal data.

# Social Aspects

## Anti-corruption

The Group believes that the integrity of business is a foundation of corporate social responsibility, as well as a fundamental element of a business's competitive advantage and sustainability. For these reasons, we have systematically incorporated anti-corruption management principles into our operations, promoted a fair and just commercial competition to achieve a win-win situation with external partners and adhered to transparent and open mechanisms for internal management. The Group is engaging internal and external stakeholders in strengthening our anti-corruption procedures. In order to specify the whistle-blowing procedures and ensure the legal rights and interests of individuals reporting concerns, we have formulated the "Anti-corruption System". All these practical actions not only win the trust of customers but also enhance the sense of belonging and fair play among our employees. Our anti-corruption measures are effective. During the reporting period, the Group is strict in compliance with the Criminal Law of the PRC and there were no cases of corruption litigation against the Group and its employees.

## COMMUNITY

### Community Investment

As a socially responsible company, we are committed to understanding the needs of the communities in which we operate. The Group has adopted "Community Investment Policy", which aims to build trust and stable relationship with our stakeholders. The Group strives to contribute to the society by focusing on four areas including living standard of the community, culture projects, education and development, and labour cooperation.

- ***Living Standard of Community***

We improve the living standard of the community by serving the local underprivileged. Yunnan Qiaotong made donations to various charities to support construction of infrastructure in An Ban Village (安邦村) in Yunnan in order to improve the living condition of local villagers.

- ***Culture Projects***

The Group has recognised culture is a key part of our heritage and history. We support high quality cultural projects, which can both enhance the living standards and encourage creativity.



## Social Aspects

- ***Education and Development***

The Group believes that education and development can help the future leaders to equip skills and knowledge support all the trainings and skill developments related to the Groups' business. It is because education, professional employees and creativity are the main driving force for sustainable development. Yunnan Qiaotong has established a high school (雲南省昭通市第一中學鳳池分校) in Yunnan to support development of teenagers.

- ***Labour Cooperation***

The Group respects the freedom of association and the right of collective bargaining of employees. We encourage communication between the management team and employee by the establishment of a channel for employee feedback.

During the reporting period, Yunnan Qiaotong was awarded with “2014– 2015 Enterprise of Observing Contract and Valuing Credit” (2014至2015年度守合同重信用企業) by Zhaotong City, Zhaoyang District People's Government, recongised as “2014 – 2015 Voluntary Non-remunerated Blood Donation Advanced Collective” (2014 – 2015年度無償獻血先進集體) for four successive years and “Zhaotong City Social Property Alleviation Advanced Collective” (昭通市掛鉤幫扶和社會扶貧先進集體) by Zhaotong City Committee and Government.

The Group will continue to contribute to the sustainable development of the community by building a healthy and dynamic community.

# The Stock Exchange of Hong Kong Limited's Environmental, Social and Governance Reporting Guide

## Subject areas, aspects, general disclosures and Key Performance Indicators (“KPIs”)

	Section	Page
<b>A. Environmental</b>		
<b>A1 – Emissions</b>		
A1	General Disclosure	“Emissions” 7
A.1.1	The types of emissions and respective emissions data	“Emissions” 7
	Type of emission are mentioned	
A.1.2	Greenhouse gas emissions in total and, where appropriate, intensity	– –
A1.3	Total hazardous waste produced and, where appropriate, intensity	– –
A1.4	Total non-hazardous waste produced and, where appropriate, intensity	– –
A1.5	Description of measures to mitigate emissions and results achieved	– –
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	“Hazardous and Non-Hazardous Wastes” 8
<b>A2 – Use of Resources</b>		
A2	General Disclosure	“Use of Resource” 8
A2.1	Direct and/or indirect energy consumption by type in total and intensity	– –
A2.2	Water consumption in total and intensity	– –
A2.3	Description of energy use efficiency initiatives and results achieved	“Use of Resource” 8
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	“Use of Resource” 8
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	– –
<b>A3 – The Environment and Natural Resources</b>		
A3	General Disclosure	“The Environment and Natural Resources” 9
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	“The Environment and Natural Resources” 9
<b>B. Social</b>		
<b>Employment and Labour Practices</b>		
<b>B1 – Employment</b>		
B1	General Disclosure	“Employment” 10
B1.1	Total workforce by gender, employment type, age group and geographical region	– –
B1.2	Employee turnover rate by gender, age group and geographical region	– –
<b>B2 – Health and Safety</b>		
B2	General Disclosure	“Health and Safety” 10
B2.1	Number and rate of work-related fatalities	No reported case 10
B2.2	Lost days due to work injury	No reported injury 10
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	“Health and Safety” 10

# The Stock Exchange of Hong Kong Limited's Environmental, Social and Governance Reporting Guide

Subject areas, aspects, general disclosures and Key Performance Indicators (“KPIs”)	Section	Page
<b>B3 – Development and Training</b>		
B3 General Disclosure	“Development and Training”	11
B3.1 The percentage of employee trained by gender and employee category	–	–
B3.2 The average training hours completed per employee by gender and employee category	–	–
<b>B4 – Labour Standards</b>		
B4 General Disclosure	“Labour Standards”	12
B4.1 Description of measures to review employment practices to avoid child and forced labour	–	–
B4.2 Description of steps taken to eliminate such practices when discovered	–	–
<b>Operating Practices</b>		
<b>B5 – Supply Chain Management</b>		
B5 General Disclosure	“Supply Chain Management”	12
B5.1 Number of suppliers by geographical region	–	–
B5.2 Description of practices relating to engaging supplies, number of supplies where the practices are being implemented, how they are implemented and monitored	“Supply Chain Management”	12
<b>B6 – Product Responsibility</b>		
B6 General Disclosure	“Product Responsibility”	13
B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons	–	–
B6.2 Number of products and service related complaints received and how they are dealt with	–	–
B6.3 Description and practices relating to observing and protecting intellectual property rights	–	–
B6.4 Description of quality assurance process and recall procedures	“Product Responsibility – Quality Control”	13
B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored	“Product Responsibility – Customer Data Information Protection”	13

# The Stock Exchange of Hong Kong Limited's Environmental, Social and Governance Reporting Guide

Subject areas, aspects, general disclosures and Key Performance Indicators (“KPIs”)		Section	Page
<b>B7 – Anti-corruption</b>			
B7	General Disclosure	“Anti-corruption”	15
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the case	No reported cases	15
B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored	–	–
<b>Community</b>			
<b>B8 – Community Investment</b>			
B8	General Disclosure	“Community Investment”	15
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport)	“Community Investment”	15
B8.2	Resources contributed (e.g. money or time) to the focus area	–	–

\* For identification purpose only



# 天臣控股有限公司 Tesson Holdings Limited

(Incorporated in Bermuda with limited liability)  
(於百慕達註冊成立之有限公司)

Stock Code 股份代號: 1201

