



# SUNWAY INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 00058

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2016



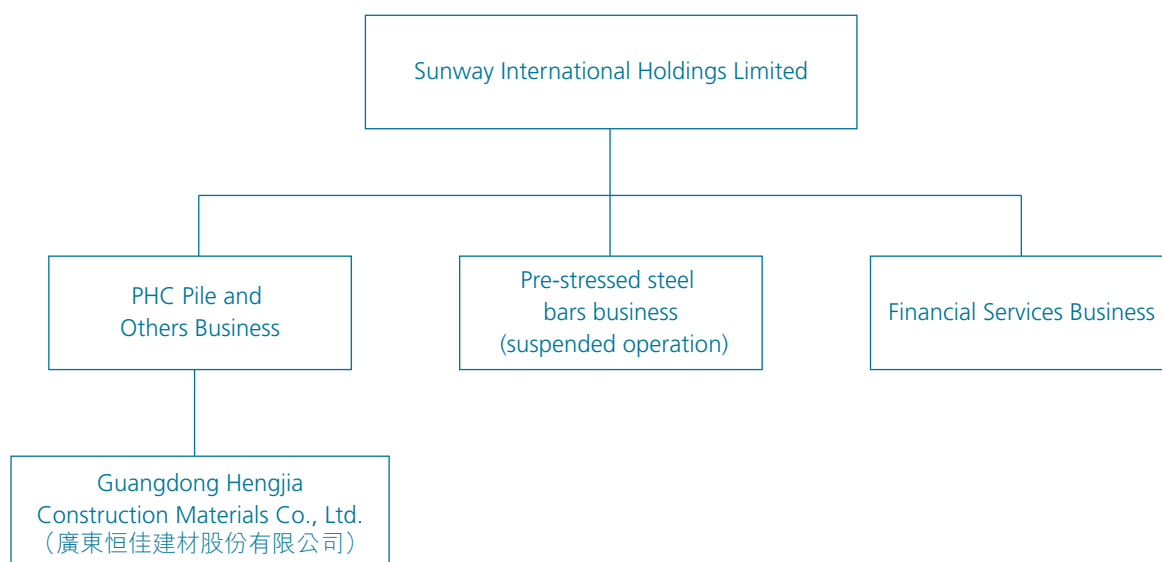
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# About Us

Sunway International Holdings Limited (“Sunway International” or the “Company”, and, together with its subsidiaries, the “Group”) is principally engaged in manufacture and sales of pre-stressed high strength concrete piles, ready-mixed concrete, sand-lime bricks, aerated concrete products and eco-permeable concrete products (collectively, the “PHC Pile and Others Business”), representing approximately 98.6% of the total revenue for the year. In July 2016, the Group has duly commenced the financial service business, principally consisted of money lending and securities brokerage services in Hong Kong, and it is expected to commence its assets management business in 2017. In addition, the Group suspended the operation of the pre-stressed steel bars business on 1 January 2016.

## CORE BUSINESS STRUCTURE OF THE GROUP



# About this Report

This report is the first Environmental, Social and Governance Report (“ESG Report”) published by Sunway International, which discloses our practices and performance on sustainable development in a transparent and open manner, in order to strengthen our stakeholders’ confidence and understanding in the Group.

## REPORTING YEAR

All information contained in this report reflects the performance of Sunway International in terms of environmental protection and community care for the period from January 2016 to December 2016 (the “Reporting Period” or the “Year”). In the future, the Group will publish an ESG Report on a regular basis each year, which can be accessed by all parties at any time, to continuously enhance the transparency of information disclosure.

## SCOPE OF REPORT

This report focuses on Sunway International’s major continuing business, which is the manufacture and sales operation<sup>2</sup> of pre-stressed high-strength concrete piles<sup>1</sup> (“Piles”). The scope of disclosure will be expanded to an extent that cover all of our operations after the Group’s data collection system becomes more mature and our ESG practices further develop. This report does not include the disclosure of environmental key performance indicators. The Group will conduct an assessment on carbon emission next year to further optimize and standardize the reporting metrics.

## REPORTING STANDARDS

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “Guide”) issued by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). It summarizes the performance of Sunway International on environment, social and governance aspects in a simplified manner. The information contained herein is sourced from official documents and statistics of the Group, as well as the combined information about control, management and operations provided by its subsidiaries in accordance with the Group’s relevant policies. A complete content index is appended in the last chapter hereof for quick reference. This report is prepared in both Chinese and English and is available on the Group’s website [www.irasia.com/listco/hk/sunway/index.htm](http://www.irasia.com/listco/hk/sunway/index.htm). In the event of inconsistency, the Chinese version shall prevail.

### FEEDBACKS

Our continuous improvements rely on your valuable opinions on the content and forms of this report. If you are in doubt or have any recommendations, you are welcome to email us at [raymond@sunwayhk.com](mailto:raymond@sunwayhk.com) so that the Group is able to constantly enhance its ESG performance.

<sup>1</sup> Excluding the manufacture and sales of ready-mixed concrete, sand-lime bricks, aerated concrete products and eco-permeable concrete products.

<sup>2</sup> Operated by Guangdong Hengjia Construction Materials Co., Ltd. (“Guangdong Hengjia”), a subsidiary of Sunway International, with its production plant (the “Plant”) located in Yangjiang, Guangdong Province, the People’s Republic of China (the “PRC”). Currently, the customers of Guangdong Hengjia are mainly in Yangjiang and surrounding cities.

# Communication with Stakeholders

The Stock Exchange proposed four reporting principles in the Guide, including Materiality, Quantitative, Balance and Consistency, as the preparation basis of the ESG report. As stated by the Stock Exchange, stakeholder engagement is a method for assessing materiality. By communicating with the stakeholders, corporations are able to understand their opinions, and identify crucial environmental and social issues.

For Sunway International, stakeholders represent groups and individuals who have significant impacts on the Group's business, or those who are affected by the Group's business. The Group's stakeholders include not only staff, but also customers, suppliers, business partners, potential investors, regulatory authorities and various community groups. During the past year, the Group communicated with key stakeholders through various channels. In preparation of this report, the Group engaged a professional consultant to conduct a substantive analysis by interviewing management, and incorporated the advices of the professional consultant to determine the scope of report and to establish the basis for the direction of the Group's sustainable development.

## METHODS OF COMMUNICATIONS WITH THE STAKEHOLDERS DURING THE REPORTING PERIOD

Internal stakeholders	External stakeholders
<ul style="list-style-type: none"><li>• Board of directors</li><li>• Staff</li></ul>	<ul style="list-style-type: none"><li>• Shareholders</li><li>• Customers</li><li>• Suppliers</li><li>• Business Partners</li><li>• Potential Investors</li><li>• Regulatory authorities</li></ul>
Methods of communications	
Meetings, seminars, interviews, mails, telephone communications, annual/extraordinary general meetings, announcements, circulars and annual reports	

The business of Sunway International has impacts on various stakeholders, while stakeholders have different expectations on the Group. As regulatory authorities, investors, customers and the public are increasingly concerned about the performance of the corporate sustainable development, the Group will extensively collect the stakeholders' opinion by continuously communicate with them in various ways, thus improving the materiality analysis. Meanwhile, the Group will consider more of the reporting principles of quantitative, balance and consistency to determine the content of the report and presentation of information in a way that can better meet the expectation of stakeholders.

# Chairman's Message

*"We will gradually enhance the sustainability of our business with an aim to incorporate the concept of sustainable development into our long-term development strategy."*

Since its listing in 1999, leveraging on its belief in proactive innovation, Sunway International successfully transformed its business from electronic components manufacturing into concrete piles production, becoming one of the major suppliers in Guangdong. Facing the opportunities and risks arising from the changing national policies, environment and climate, we believe that integrating the concept of sustainable development into our business strategy is the only way to keep the Group going ahead.

Sunway International takes into consideration the impacts of its production activities on the environment. Internal systems regarding environmental management are established for proper treatment of emissions or conservation of resources in context of the facilities in our plant. Objectives of environmental management are set up to implement various measures for environmental protection, which are reviewed regularly for subsisting improvement. Currently, Guangdong Hengjia has obtained the certificate of ISO 14001:2004 from a third party organization.

Being a responsible manufacturer, Sunway International endeavours to protect the safety and health of its staff. The safety management within the Plant are jointly implemented by different departments under their cooperation. Suitable protective equipment, safety training and operation manual are provided to the staff in order to enhance their awareness of safety. Annual body checks are also offered to identify occupational diseases at early stage, so as to minimise the harm of occupational hazards.

Sunway International also strives to optimise the management of its supply chains. Management procedures for procurement are formulated to govern the selection criteria for suppliers. As for cement, river sand and other raw materials, sample inspections on spot are carried out to ensure that the quality of all selected materials for production are in line with the standards required by the state and our clients. Guangdong Hengjia has obtained the certificate of ISO 9001:2008 to implement stringent quality control over its products under the well-developed internal management system.

Looking ahead, Sunway International will further diversify its business development. In view of various emerging challenges, we will gradually enhance the sustainability of our business through exploring investment opportunities in green industries, for example, to study the possibility of the development in landscaping business, so as to create greater value for the environment and the society.

**Huang Weidong**  
Chairman

Hong Kong  
26 July 2017



# Environmental Protection

Unprecedented challenges and opportunities are brought by the climate change to the global economic development. The capability of acquiring resources and maintaining operation amongst different enterprises is under the direct or indirect impacts of the extreme climate arising from the climate change. This implies that the enterprise with efficient control over impacts on the environment will possess greater competitive edge within its industry.

In the course of the negotiation regarding climate change in Paris, the Paris Agreement became effective in November 2016. 195 countries, including China, agreed to implement the plan for reduction of greenhouse gas emissions, aiming at keeping a global temperature rise well below 2°C.

The establishment of an internal management system is the first step for environmental protection by Sunway International. With reference to the standard of ISO 14001, early in 2014, Guangdong Hengjia established its internal system regarding environmental management to determine the objectives of environmental management, assign responsibility, and monitor and evaluate such system. In the same year, Guangdong Hengjia obtained the certificate of ISO 14001:2004 from a third party certification body for the PHC Pile and Others Business.

## THE ENVIRONMENT AND NATURAL RESOURCES

Guangdong Hengjia formulates an evaluation list for identification of environmental elements to review and record the impacts of production activities, products and services on the environment in terms of compliance with laws, volume and frequency of emissions, scope and magnitude of impacts, degree of social concern, and level of consumption and conservation. Crucial environmental elements are taken into account in the course of management by relevant departments, in particular the identified elements such as potential outbreak of fire hazards, emissions of hazardous waste and noise emissions, so as to set the annual goals for environmental protection. In May and September this year, internal and external auditing was carried out to review the effectiveness of the environmental and safety management system, including a review on the achievement of goals for environmental protection.

### *Major goals for environmental management of Guangdong Hengjia in 2016*

Crucial environmental elements	Goals	Index	Implemented management measures	Achievements
potential outbreak of fire hazards	The number of fire hazards is zero.		The Plant is equipped with adequate fire extinguishers and other fire-fighting appliance as required by fire regulations.	Achieved. No outbreak of fire hazards occurs.
emissions of hazardous waste	The rate of collection and disposal of hazardous solid waste is 100%.	<ol style="list-style-type: none"> <li>1. Garbage collection spots are established at all living quarters and workplaces.</li> <li>2. The rate of waste separation is 100%.</li> <li>3. The rate of waste separation is 100%; the rate of separation of toxic and hazardous solid waste is 100%.</li> </ol>	<ol style="list-style-type: none"> <li>1. Collection bins for waste separation are installed at the workplaces and living quarters within the Plant.</li> <li>2. Waste separation is implemented and relevant signboards are installed.</li> <li>3. Training regarding management of hazardous solid waste is provided to the staff.</li> </ol>	Achieved.
noise emissions	The noise emissions comply with the requirements of the Class II Standard under the Emission standard for industrial enterprises noise at boundary (《工業企業廠界環境噪聲排放標準》II類標準).	According to the boundary test, the day-time sound level and the night-time sound level are ≤60dB and ≤50dB respectively.	<ol style="list-style-type: none"> <li>1. Signboards are installed at both interior and exterior areas within the Plant and horn is forbidden.</li> <li>2. Regular repairing, lubrication and maintenance for equipment with higher sound level (e.g. centrifuges) are carried out.</li> <li>3. Discharge of cargos and construction work in night-time are continuously prohibited, and simultaneous operations of numerous facilities with higher sound level are avoided.</li> </ol>	Achieved.

# Environmental Protection

Guangdong Hengjia understands that sudden contamination incidents such as fire, explosion, leak of chemicals and large-scale emissions of pollutants may cause material pollutions and ecological destructions to the surrounding environments of the Plant. Emergency plans for environmental protection are formulated and emergency operation center is established to command the emergency rescue team. The emergency rescue team leads the environment monitoring team to implement controlling measures such as reporting, evacuation and isolation of contaminant, which is responsible for the follow-up tasks including investigation, evidence collection, tracing and monitoring contamination. In order to effectively prevent and promptly control accidents, the environment monitoring team operates in way of 24-hour shift rotations. Monthly inspection on rescue equipment and preparation and quarterly reporting in safety conferences are carried out. Emergency drilling is also held twice a year to provide training to the staff to enhance their capacity in protecting, rescuing and commanding.

## EMISSIONS AND USE OF RESOURCES

The production of piles involves procedures such as cutting of steel rod, concrete mixing, centrifugation, heating and demoulding, with exhaust gas, sewage and solid waste being the three major emissions. Specific management measures are adopted in accordance with the sources and categories of the emissions.

Guangdong Hengjia uses coal-fired boilers to supply steam required by production process, in which gas emissions such as particles, sulfur dioxide and nitrogen oxide are generated. Highly efficient water-film separator and flue-gas desulfurization device are installed at boilers, and the processed exhaust gas is discharged from the 40-meter high chimney. The Plant also emphasizes the control over the dust generated from other production processes. The measures adopted include: utilization of sealed connectors at the interface of cement pipe; wet dust extraction at storage zone of raw materials; installation of dust-cleaning apparatus at silos and cement mixing stations; and restriction on the weight and driving speed of transportation vehicles within the Plant.

Guangdong Hengjia is committed to promoting water conservation. Currently, water used for production of the Plant is primarily extracted from Moyang River, while the dormitory, canteen and office buildings adopt municipal water supply. Sedimentation tanks are installed at the Plants to collect sewage generated from the cleaning process for mixers, vehicle and the ground. The sewage collected will then be reused after sedimentation. The Plants officially implemented the water management system this year, whereby technicians are arranged to check ponds and taps from time to time to prevent any water wastage due to damage and leakage, and individual meters are installed at office buildings, dormitory, canteen and production facilities to monitor the use of water.

A portion of the waste generated from the production of piles is recyclable leftover and used slurry of cement. For more efficient use of resources and reduction of waste, Guangdong Hengjia acquired a sand and stone separator this year to rinse the leftover and separate them into gravel for production of piles. The used slurry is collected and stored in storage tanks for the production of aerated brick products.

Sunway International strives to ensure that the operation of its plant complies with the relevant environmental laws including the Law of the PRC on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), the Law of the PRC on the Prevention and Control of Air Pollution (《中華人民共和國大氣污染防治法》) and the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), and the statutory emission standards of the place in which it operates. The environmental monitoring department in Yangjiang carries out annual inspection on the Plant in the aspect of sewage, exhaust gas and noise. No excess emission by Guangdong Hengjia was found this year. During the reporting period, there was not any non-compliance in respect of emissions and environmental impacts by Guangdong Hengjia.

The reduction of greenhouse gas emissions is the most important mitigation measure in handling the climate change, while carbon footprint assessment provides the foundation for such reduction. Although no carbon footprint assessment is conducted on the business of Sunway International at present, such assessment is included in the work plan of 2017. As the first step of cutting carbon emissions, the Group will measure the volume of greenhouse gas emissions each year. The Group will then formulate the objectives of carbon reduction and determine the priority of the relevant tasks on the basis of such measurement, so as to make the process more efficient.



## HEALTH AND SAFETY

As a manufacturing enterprise, Sunway International always endeavors to maintain a healthy and safe working environment. Guangdong Hengjia develops the "Accountability System for the Prevention and Control of Occupational Diseases" (《職業病危害防治責任制度》) to establish an occupational management structure comprising the management team, commission on safety, departments and heads of production lines of the Plant, which specifies the management duties of various personnel for implementation of management measures. The Plant also formulates the "Administrative Regulation on Occupational Health" (《職業衛生管理制度》) to clearly state the measures in respect of hazard monitoring, publicity education, equipment maintenance and emergency rescue.

Guangdong Hengjia has set up the commission on safety, under which the safety officer is responsible for engaging professionals in occupational health to conduct inspection on causes of occupational disease once a year and overall assessment once every three years. In the event of any non-compliance with national standards, the commission on safety will coordinate the investigation on the causes among different departments. Rectification will be made within the prescribed time limit and subject to evaluation by third party professionals.

Currently, the potential occupational hazards identified by Guangdong Hengjia are mainly caused by dust, noise, high temperature, outdoor work and welding operation. As for the special working environment, the Plant develops the corresponding operating regulations and emergency rescue plans to provide the staff with guidance on criteria, causes, preventive measures and reporting and handling procedures regarding occupational diseases.

Guangdong Hengjia provides new staff with vocational safety and occupational health training, which covers safety regulations, operational procedures and safety production. New staff must receive training and pass the examinations before operation, and all staff is required to receive training each year. In addition to direct tuition, the Plant arranges videos, notices, seminars, on-site visits and emergency drilling from time to time for subsisting publicity education. In response to the lime dust emissions caused by limestone breaking process, an emergency drilling in respect of occupational hazards was arranged in July this year to enhance the emergency response capabilities and preventive awareness of the emergency commanding team, rescue team and relevant staff.

Guangdong Hengjia arranges annual body check for all staff. As for special job positions, the Plant also arranges examinations for newly recruited, existing and separated staff and those with acute occupational disease symptoms in accordance with regulations. The results of the body check of three employees this year indicated that they were suffered from symptoms caused by high noise level and high temperature. The Plant has redesignated their positions to the aerated brick production line and storage yard which do not involve working environment of high noise level and high temperature.

During the reporting period, Sunway International was not aware of any non-compliance with the safety regulations such as the Law of the PRC on Production Safety (《中華人民共和國安全生產法》) and the Law of the PRC on the Prevention and Control of Occupational Disease (《中華人民共和國職業疾病防治法》) nor any fatal occupational injuries. However, there were 21 occupational injuries in the Plant.

The Plant prepares analysis reports on all accidents which record the time, location, process and results, and takes remedial actions in response to the causes of accidents. According to the analysis reports, a portion of the accidents in this year occurred in the course of operation of facilities, production and walking upstairs or downstairs, where the staff did not adopt proper body positions and procedures or was not aware of the surrounding environment, leading to missed step, falling and crush injury; and a portion of the accidents were due to hot weather and raining which caused sunstroke and slipping. Subsequent remedial actions were taken, including the removal of hazardous sources of the accidents, repairing of damaged facilities, prohibition of entry of non-production staff into production lines, offering safety education to the respective staff and punishments to the responsible person according to regulations. The injured employees in the 21 accidents have received proper medical treatment, sick leaves and industrial injury compensation this year. The Group is aware that the current rate of industrial accidents is relatively high. The Group will consolidate and monitor the implementation of the safety management system in the future, and will clearly state the objectives of controlling industrial accidents in the coming year.

As for noise hazards, the noisy working environments in the Plant are primarily the operation zones of boilers, mixers and pile centrifugation. Long-time operation in the working environment of high noise level may lead to hearing impairments and neurasthenic syndrome. The Plant adopts the following measures for the relevant staff:

1. arrange rotation of duties to reduce the operation time in noisy environments
2. provide and instruct the proper wearing of earplugs
3. examine the operation of facilities from time to time and repair promptly
4. arrange regular body check for the staff

# Staff Care

## Summary of performance index of health and safety

	Number of industrial injuries	Rate of industrial injuries per 1,000 employees	Number of working day lost due to industrial injuries	Number of working day	Percentage of working day lost due to industrial injuries
Male	21	69	92.5	69,372	0.11%
Female	1		5	20,868	

## EMPLOYMENT SYSTEM

Guangdong Hengjia respects every employee. The Plant has established the open and transparent employment systems in all aspects of recruitment and hiring, remuneration and benefit, working hour and holiday, performance appraisal as well as career development etc. Such regulations are set out in “Human Resources Management System” (《人力資源管理制度》) and “Employee Handbook” (《員工手冊》). Recruitment would be carried out by the Plant in an open manner. Employment criteria are based on the position requirements in respect of knowledge, ability, experience and physique, and shall not be differentiated on the ground of race, gender, religion or personal relationship.

Sunway International strictly complies with relevant employment law such as Labour Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法》) and Labor Law of the People’s Republic of China (《中華人民共和國勞動法》). During this reporting period, Guangdong Hengjia neither identified any violations relating to the breach of employment and labor practices nor received any complaints relating to the discrimination and sexual harassment. Having noted that current staff turnover rate of the Plant is relatively high, Guangdong Hengji will continue to review and improve the employment system for attracting and retaining competent employees in the future.

## Summary of Employment Performance Indicators

Number of Employees		aged below 30	Aged 30–50	aged over 50	Total Number of Employees	Proportion of Male and Female Employees
	Male	39	147	60	246	3.32:1
	Female	12	54	8	74	
Number of New Recruits		aged below 30	Aged 30–50	aged over 50	Total Number of New Recruits	Percentage of Number of New Recruits over Total Number of Employees
	Male	16	21	2	39	14.06%
	Female	3	3	0	6	
Staff Turnover		aged below 30	Aged 30–50	aged over 50	Total Staff Turnover	Staff Turnover Rate
	Male	19	39	8	66	23.44%
	Female	2	10	1	13	

## DEVELOPMENT AND TRAINING

To ensure that employees fully master technical requirements for the positions and improve working efficiency, Guangdong Hengjia organises various on-job trainings for the employees every year according to the “Training Program” (《培訓大綱》) and “Annual Training Scheme”(《年度培訓計劃》), and arranges external trainings for employees when necessary. The Plant has established the year-end assessment for examining and appraising employees’ working abilities and performances, which will facilitate summarising their work achievements and identifying their future career goals, and serve as the basis when considering the job promotions and salary adjustments.

## LABOUR STANDARDS

Sunway International fully understands that employing child labour and forced labour is a violation of basic human rights and international labour conventions. Child labour is prohibited within the Group. Guangdong Hengji will verify the original identity card of applicants during the recruitment to ensure that their actual age have met the statutory minimum age requirement. If overtime work is needed, employees are required to complete an “Overtime Application Form” (《加班申請表》) with the approval from their supervisor in advance for ensuring that overtime working hours could be clearly recorded. For protecting labour rights, the Plant would make the overtime payments. Otherwise, overtime leave will be arranged for such employees. Requirements on the establishment, alteration, performance and discharging of Labour Contract are set out in “Human Resources Management System” and “Employee Handbook” of the Plant. During this report period, Guangdong Hengjia has not identified any non-compliance involving child labour and forced labour.

International Labour Organisation, a professional institution of the United Nations, establishes labour standards through international labour conventions and proposals to improve working and living standards around the world. China is a founding member of International Labour Organisation and a permanent member of this organisation.

# Operational Management

## SUPPLY-CHAIN MANAGEMENT

*"Management Process of Procurement Department" of Guangdong Hengjia*



Guangdong Hengjia has established "Management Process of Procurement Department" (《採購部管理流程》) specifying the cooperation standards of suppliers. The Plant would initially select the candidate suppliers with satisfactory performance on the business reputation, production management and product quality, and obtain samples from them for quality inspection. Production Department, Procurement Department, Technology Department and Finance Department would further conduct integrated assessment of those suppliers who passed the inspection, and evaluate their performance on production capacity, quality control, packaging and transportation. Only eligible suppliers with satisfactory assessment results will be added to the "List of Qualified Supplier" (《合格供應商一覽表》) as the possible partners of the Group.

Procurement officers of Guangdong Hengjia obtain quotations from eligible suppliers based on its procurement needs with reference to the "List of Qualified Supplier". Respective department manager is responsible for selecting the final cooperating supplier according to various factors such as reputation, production capacity, quality assurance capabilities and product unit price of the supplier. The Plant would enter into the procurement contract with the selected suppliers specifying the terms of obligation such as quality requirements, technical indicators and inspection standards. Procurement, Storage and Technology Department is responsible for material inspection in accordance with such regulations. Procurement Department would inspect each delivery made by the suppliers based on the quantitative indicators including defect rate and quantity deviation, and instruct unsatisfactory suppliers to make improvements within prescribed time limit. The Plant also assesses the cooperating suppliers on a monthly basis based on the assessment indicators including acceptable quality level, punctuality of returned goods and follow-up action in respect of complaints on quality. The Plant will disqualify the eligible suppliers if they fail in the assessment or their delivered materials fail to meet the specified requirements more than three times. Such suppliers could again become eligible suppliers of the Group only if they satisfy the quality control requirement under the "Management Process of Procurement Department".

## PRODUCT RESPONSIBILITY

PHC Pile is the essential material in an initial stage of construction, and its quality is closely bound up with structural safety of the buildings. Guangdong Hengjia established the internal quality management system with reference to the ISO 9001 standards in 2014, and obtained the ISO 9001:2008 certification from the third party assurance agency in the same year. The Plant establishes the overall and departmental quality objectives respectively, and reviews the implementation of these objectives for the audit and review period (i.e. from January to August each year) on an annual basis.

Guangdong Hengjia has established "Quality Management Regulations" (《質量管理辦法》) standardising the Plant's quality control process in respect of production process, manufactured goods and after-sales management as well as determining respective responsibility of all departments. In-plant sampling test on raw materials shall be fully carried out. Failed batches will be rejected and subject to return. Technology Department, based on relevant standards and inspection results of raw materials, determines the production formula and operating procedure that requires strict compliance by all employees. Furthermore, as for production process or business segment in respect of ingredient, molding, steaming, storage and sales, the Plant has established various quantitative indicators such as raw material utilisation ratio, semi-manufactured goods qualification rate, product attrition rate and customer's return rate. To avoid defective products existing in the next procedure and to ensure the overall quality of the products, performance of relevant department shall be linked up with its reward and punishment system. During this reporting period, Guangdong Hengjia has not identified any non-compliance or default fine involving product responsibility.

### Quality objectives as stipulated by the Plant were fully fulfilled in 2016:

- Product initial qualification rate  $\geq 99\%$
- Customer satisfactory rate  $\geq 95\%$
- Staff on-job training ratio 100%
- Pass percentage of training examination  $> 98\%$
- Rate of timely handling customer complaints 100%
- Production plan completion rate  $\geq 99\%$
- Pass percentage of annual testing on equipment  $\geq 98\%$
- Checkout error rate  $\leq 0.5\%$
- Product quality complaint (per semi-annual period)  $\leq 3$  times



# Operational Management

## ANTI-CORRUPTION

Guangdong Hengjia has been actively advocating its corporate culture with honesty and integrity, rigorous self-discipline, pragmatic innovation, and stipulated the code of conduct set out in “Human Resources Management System” and “Employee Handbook” that requires full compliance by all employees. The Plant prohibits employees from using their positions to derive bribes, gifts and discounts from suppliers, distributors or other business partners, or embezzle public funds and properties of the Plant, or encroach on property interest of the Plant. The Plant has established a reward and punishment system, according to which the staff reporting major incident promptly will be awarded whereas staff abusing private rights and committing malpractices will be dismissed, and suspected criminal offender will be brought to justice. The Group complies with the Criminal Law of the People’s Republic of China (《中華人民共和國刑法》) and other relevant laws. During this reporting period, no breach in respect of corruption and legal proceedings relating to Guangdong Hengjia and its employees occurred.

# Community Investment

Increasing emphasis on corporate social responsibility in the market gives rise to the concept of “Social Licence to Operate”, which stresses that enterprises should consider the long-term interests of the whole society as they pursue short-term financial performance and shareholders’ return. Although Sunway International has not yet established the community investment policy for the Group as a whole, Guangdong Hengjia has already commenced its community engagement work in different ways. Guangdong Hengjia emphasizes education development and had previously donated plant products to numerous secondary and primary schools in Yangjiang for school road construction. During the year, the Plant has provided over RMB29,000 in aggregate in scholarships for 17 local secondary and college students as their tuition and living expenses. In the future, the Group will further understand the community needs of the places in which the Group operates, optimize its community policies and plans and strengthen its bonds with the community.

# Environmental, Social and Governance Reporting Guide Content Index

Key Aspects	Description	Page index
<b>A1 Emissions</b>		
General disclosure	Information on:	7
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	
<b>A2 Use of resources</b>		
General disclosure	Policies on efficient use of resources, including energy, water and other raw materials.	6–7
<b>A3 The environment and natural resources</b>		
General disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	6–7
<b>B1 Employment</b>		
General disclosure	Information on	9
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	
<b>B2 Health and safety</b>		
General disclosure	Information on	8–9
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	
<b>B3 Development and training</b>		
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	9
<b>B4 Labor standards</b>		
General disclosure	Information on	10
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	
<b>B5 Supply chain management</b>		
General disclosure	Policies on managing environmental and social risks of the supply chain.	11

# Environmental, Social and Governance Reporting Guide Content Index

Key Aspects	Description	Page index
<b>B6 Product responsibility</b>		
General disclosure	Information on	11
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	
<b>B7 Anti-corruption</b>		
General disclosure	Information on	12
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing bribery, extortion, fraud and money laundering.	
<b>B8 Community investment</b>		
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	13