



## FUXING CHINA GROUP LIMITED

(Incorporated in Bermuda)  
(Company Registration No. 38973)

### Sustainability Report FY2018

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# 1 About the report

## Reporting Scope and Period

This is the second Group Sustainability Report ("SR") by Fuxing China Group Limited ("Fuxing" or together with its subsidiaries, the "Group"). It covers the sustainability performance of our operations in the People's Republic of China ("PRC") from 1 January 2018 to 31 December 2018 ("FY2018"). Our report will provide a holistic view of the Group's performance, while highlighting the Environmental, Social and Governance ("ESG") factors that we deem critical to our activities and developments. Subsequently, the report will be published on an annual basis in accordance with our SR policy and the SGX requirements.

## Reporting Process

For the purpose of this report, we engaged an external sustainability consultant to collaborate with the SR Committee, led by Mr Hong Qing Liang, our Executive Chairman and Chief Executive Officer ("CEO"). The composition of the committee did not have any movement since the first year of reporting. It comprises senior management of all subsidiaries to provide an oversight on the integration of sustainability practices into all aspects of the business. Additionally, the committee focuses in areas of formulating, implementing and reviewing the Group's sustainable policies and practices, sustainability development programs and initiatives. Periodic reviews are done to ensure the effective implementation and engagement of the Group as a whole and in line with the Group's strategic development. The SR Committee undergoes an in-depth review on the contents of the report to determine its relevance to our business and ensure the interests of our stakeholders are addressed.

The Group has not sought external assurance from an independent consultant for this reporting period and will consider doing so in the future as sustainability reporting matures.

## Reporting Framework

This report has been prepared in accordance with the GRI Standards: Core option. They are the most widely adopted global standards for sustainability reporting, provide businesses and organisations worldwide the framework to measure, understand and communicate their critical sustainability issues on environmental, economic, social performance ability issues to stakeholders. The GRI content index and the relevant references are provided on pages 21 to 23.

## Feedback

As we are fully committed to listening to our stakeholders, we welcome feedback on any aspect of our sustainability policies, processes and performance. Kindly address all feedback to [oilinfxcg@gmail.com](mailto:oilinfxcg@gmail.com). Your feedback is vital to us in achieving our goals to build a sustainable and thriving business.

## 2 Statement from the Chairman

Dear Stakeholders,

We are glad to have deepened our commitment towards the sustainable development of Fuxing in the past year. The year 2018 saw deeper engagement with suppliers and investors, employee welfare and the significance of workplace health and safety.

In the past year, we have also taken the necessary measures to ensure that our business partners, suppliers and sub-contractors alike, are aligned with our sustainability concept. We source sustainably, to offer a suite of products that are cost-effective, superior and environmentally-friendly, whilst increasing competitiveness for the organization. To ride the future challenges, we plan to step up our marketing efforts to expand the international customer base, whilst managing the sustainability aspect of our business.

While advancing our business objectives, we also recognize corporate governance as the guiding principle of our sustainability practices. As part of Fuxing's corporate governance framework, various checks and balances are in place to ensure business integrity and responsible operations. The Group is vigilant of potential impacts and adopts a precautionary approach in identifying and assessing strategic, operational and commercial risks.

As part of the Group's benchmarking efforts against global best practices, Fuxing plans to align its sustainability practices with the United Nations Sustainable Development Goals in 2019. These include achieving sustainable economic growth by having employment and decent work for all; encouraging sustainable industrialization and innovation; promoting an inclusive workplace; addressing climate change and its impacts; as well as exploring opportunities for meaningful impact through business partnerships.

With utmost gratitude,

**Mr Hong Qing Liang**

Executive Chairman and Chief Executive Officer

Fuxing China Group Limited

May 2019

## 3 About the Group

The Group aims to continuously seek for business opportunities in line with our strategic growth and to deliver value to our customers and stakeholders as we continue to explore and expand our business operations. Within the industry, we have also upheld a reputation for quality and high standards in our operations, as well as excellence in our operations management.

### Goals and Achievements

Our products are all certified under the Intertek Eco-Certification, and our manufacturing zipper products are produced in accordance with the PRC zipper industry standards.

To ensure continuous innovation in product quality and improved efficiency, the Group places strong emphasis on product and technical Research and Development ("R&D"). We own a research partnership with the Software Institute of Xiamen University, with the aim of enhancing production efficiencies and automation in the manufacturing of zipper products. As a testament of our strength in R&D, the Group's R&D facility was verified as a "Fujian Provincial Level Enterprise Technology Centre" back in December 2006. Towards the end of 2009, the Group was also awarded the "New and High Technology Enterprise" by the Fujian Provincial Government. We currently own 18 design patents, 12 utility patents and 2 invention patents.

The Group has attained the following certifications:

- ISO 9001: 2008 for design and production of zippers
- ISO 14001: 2015 for related environmental management activities in the design and production of zippers
- ISO 18001: 2007 for design and production of zippers and related occupational health & safety management activities in the involved sites

### Memberships of Associations

- Vice Chairman of Hardware Association Zipper Branch 五金制品协会拉链分会
- Honorary President of Provincial Zipper Industry Association<sup>1</sup> 省拉链同业商会

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<sup>1</sup> Personal membership of Mr Hong Qing Liang, Executive Chairman and Chief Executive Officer of the Group.

## 4 Stakeholder engagement

As part of the business transformation process, the Group reviewed comparative studies in the region to identify and map stakeholders who influence, or are influenced by, Fuxing and its operations. In identifying the key groups of stakeholders, we assessed the level of significance of the stakeholders' interests in sustainability issues:

The following five key stakeholder groups have been identified:

Stakeholders	How we engage	Main concerns and expectations	How we respond
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Training and development</li> <li>• Teambuilding activities</li> <li>• Annual performance appraisals</li> <li>• Recreational activities</li> <li>• Long-service awards</li> <li>• Annual dinners</li> </ul>	<ul style="list-style-type: none"> <li>• Department updates</li> <li>• Training and career development opportunities</li> <li>• Workplace safety and health</li> <li>• Engaging and retaining employees</li> </ul>	By adopting sound human resource policies and practices that promote fair treatment, safe working conditions, rewards and recognition for performance, work-life balance and career growth.
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Monitoring product sales</li> <li>• Contacts to our customer service</li> <li>• Feedback channels through email</li> </ul>	<ul style="list-style-type: none"> <li>• Product and service quality</li> <li>• Group's reputation in the market</li> </ul>	By establishing policies for quality control and assurance that ensure our goods are of excellent quality and to promptly address customer complaints.
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Regular meetings</li> <li>• Visits</li> <li>• Emails</li> <li>• Tender process</li> </ul>	<ul style="list-style-type: none"> <li>• Integrity and effectiveness of the tender process</li> <li>• Workplace safety and health</li> <li>• Energy-efficient fittings and products with Green labels</li> <li>• Product and technology updates</li> <li>• Performance reviews</li> </ul>	By establishing policies and guidelines that ensure a fair selection and procurement process, and ethical business practices.

<b>Stakeholders</b>	<b>How we engage</b>	<b>Main concerns and expectations</b>	<b>How we respond</b>
<b>Shareholders /investors</b>	<ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• Meetings with institutional investors</li> <li>• Survey of institutional investors</li> </ul>	<ul style="list-style-type: none"> <li>• Group's strategic development</li> <li>• Current financial performance</li> <li>• Future business outlook</li> </ul>	<p>By conducting regular briefings for shareholders, which usually coincides with the release of the Group's financial results. During these sessions, Management will review the Group's performance as well as discuss the business outlook for the Group. For FY2018, there were three meetings organized.</p>
<b>Community</b>	<ul style="list-style-type: none"> <li>• Phone and email channels</li> <li>• Media relations</li> <li>• Volunteering activities</li> </ul>	<ul style="list-style-type: none"> <li>• Contribution to communities</li> <li>• Business decisions' impact on their environment</li> <li>• Pollution (air, land, water)</li> </ul>	<p>By raising awareness through sustainable business practices and assessing the potential harmful impacts on the environment.</p>

## 5 Materiality Assessment

Following an extensive materiality assessment in FY2017, we conducted a Group-wide exercise during the year to review the relevance of our material topics, identify if there has been any shift in priorities among our stakeholders and examine any emerging areas of concern. The assessment was conducted according to GRI's standards' Principles for defining report content and covered our operations in the PRC only. Our associates, regional businesses and minority stakes were not included in this exercise. We applied the materiality principle for defining report content based on a review of industry practices and global peers.

### Material ESG Factors

The SR Committee has identified the following material ESG factors for FY2018:

ESG	Top material topics for the Fuxing Group	Key Highlights
<b>Governance</b>	Anti-Corruption	<ul style="list-style-type: none"> <li>- No confirmed cases of corruption and whistle-blowing cases in FY2018</li> </ul>
<b>Economic</b>	Economic performance	<ul style="list-style-type: none"> <li>- Generated RMB 900.9 million revenue</li> <li>- Distributed RMB 925.2 million to stakeholders</li> </ul>
	Procurement practices	<ul style="list-style-type: none"> <li>- Purchased 100% of the materials from local suppliers</li> </ul>
<b>Environmental</b>	Raw materials	<ul style="list-style-type: none"> <li>- Main materials used are polyester and zinc alloy</li> </ul>
	Environmental compliance	<ul style="list-style-type: none"> <li>- Zero cases of non-compliance in FY2018</li> <li>- No significant fines/non-monetary sanctions for non-compliance with environmental laws and regulations</li> </ul>
<b>Social</b>	Employment	<ul style="list-style-type: none"> <li>- Total employees – 1,246</li> <li>- New hires: <ul style="list-style-type: none"> <li>• Male – 49.6%; Female – 50.4%</li> <li>• Under 30 years old – 46.0%; between 30 to 50 years old – 46.9%; above 50 years old – 7.1%</li> </ul> </li> </ul>
	Training and education	<ul style="list-style-type: none"> <li>- 99% of employees receiving regular performance and career development reviews</li> </ul>
	Occupational health and safety	<ul style="list-style-type: none"> <li>- Zero fatalities in FY2018</li> <li>- 2 fire drills and safety talks conducted during the year</li> </ul>

## 6 Corporate Governance

The Group is committed to uphold the highest standards of corporate governance and we believe a high standard of corporate governance is integral in ensuring our business' sustainability as well as safeguarding shareholders' interests and maximizing long-term shareholder value. This commitment is aligned with the Principles of the Code of Corporate Governance 2012.

The promotion of effective and fair communication with the stakeholders is under the purview of our Executive Chairman and CEO. We fulfil our obligation to furnish timely information to shareholders and ensure full disclosure of material information to comply with statutory requirements and the Listing Manual of the SGX-ST. The Group firmly believes in high standards of transparent corporate disclosure, in line with the continuous obligations of the Company.

The Board and Management strongly believes that our quest for good governance lies in putting in place an effective framework of risk management and internal controls that is in line with market standards and best practices. Having this in place will lead to increased levels of internal discipline, accountability and transparency.

There were no non-compliance incidents with relevant laws and regulations that resulted in significant fines and non-monetary sanctions. We will continue our commitment in achieving zero incidents of non-compliance with relevant laws and regulations. In addition, we will closely monitor the Internal Audit issues and ensure that internal controls for all processes are in place.

For detailed disclosure on the application of its corporate governance practices with reference to the Code, please refer to the Corporate Governance section on pages 13 to 31. For any cases of deviation from the Code's guidelines, an explanation has been provided within the Annual Report.

### 6.1 Anti-Corruption

The Group, with our significant workforce size operating across different geographies around Asia and multiple partnerships across the value chain, has several areas that can render us vulnerable to corruption. Our stakeholders have recognised this during our materiality assessment, thus highlighted anti-corruption as a critical factor to the Group. We would like to reaffirm our strong stance against these issues and highlight that we have zero tolerance towards unethical acts in totality.

A whistle-blowing policy and other procedures have been put in place to provide the Group's employees and external parties who have dealings with the Group, accessible and trusted channels to report suspected fraud, corruption, dishonest acts or other improprieties in the workplace. We made these policies and procedures readily available for both internal and external parties, as it allows for an independent investigation of any reported incidents and appropriate actions for follow up. As at the end of FY2018, there has been no confirmed report received through any whistle-blowing channels.

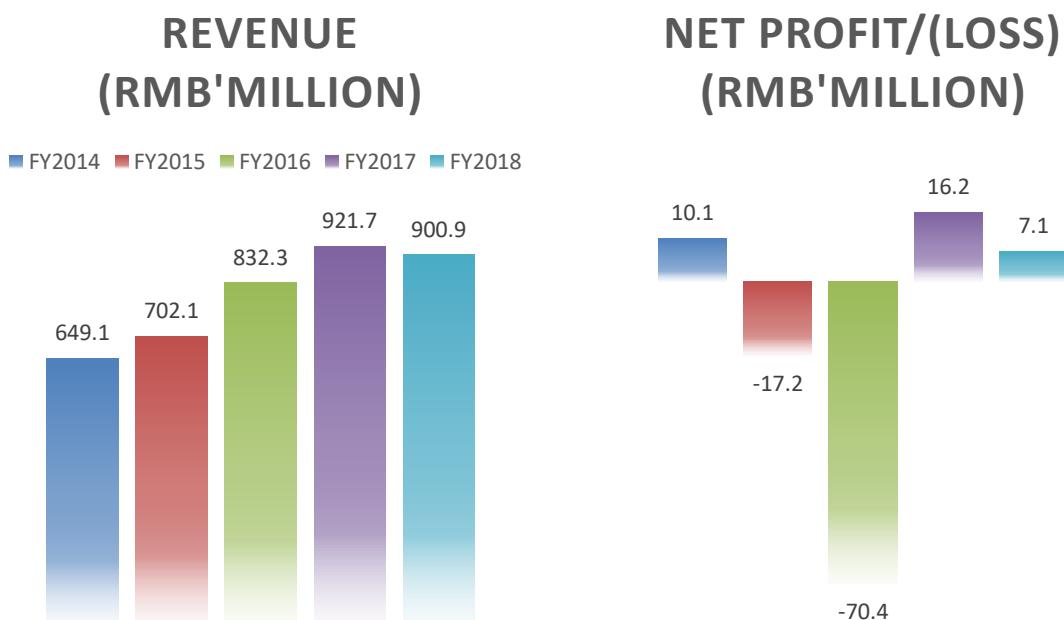
Moving forward, the Group will continue its zero tolerance for misconducts and will strive to maintain the current status of zero confirmed cases through our various preventive methods.

## 7 Economic

### Financial Highlights

The Group recorded revenue of RMB 900.9 million (*FY2017: RMB 921.7 million*) for the financial year ended 31 December 2018 ("FY2018"). Our Net profit for FY2018 was at RMB 7.1 million (*FY2017: RMB 16.2 million*).

Presented below is the key financial highlights extracted from pages 2 and 3 of Fuxing's Annual Report FY2018. For the Group's detailed Financial statements, please refer to page 41 to 47 of the Group's Annual Report FY2018.



The financial health of the Group directly impacts our key stakeholders, and it is of utmost importance to generate sustainable economic performance in the long run. Despite the highly challenging and competitive industry conditions, we will strive to maximize production efficiency and cut down on redundancy, to achieve the best of our abilities.

## 7.1 Economic Performance

### Direct Economic Value Generated and Distributed

The following table provides an overview of our economic value generated and distributed in FY2018 based on GRI's disclosure categories:

FY2018	RMB'000
<b>Total economic value generated</b>	<b>900,948</b>
 <i>Operating costs</i>	851,553
 <i>Employees compensation and benefits</i>	68,517 <sup>2</sup>
 <i>Payment to providers of capital</i>	-
 <i>Payment to government</i>	5,080
 <i>Community Investments</i>	-
<b>Total Economic Value Distributed</b>	<b>925,150</b>
<b>Net Economic Value Retained</b>	<b>(24,202)</b>

<sup>2</sup> Figure consists of Employee wages and Employee benefits that amount to RMB 63,968,000 and RMB 4,549,000 respectively.

## Defined Benefit Plan Obligations and Other Retirement Plans

The Group makes monthly contributions to the employees' compulsory saving / retirement plans, as mandated by the local government. The fund is a social security system that tackles our employees' financial concerns regarding healthcare, home ownership, family protection and asset enhancement. We view this scheme as a good opportunity to reward our employees and relieve them from the burden of personal finances. In the PRC, we endorse the compulsory savings plan, known as "Five social insurance and one housing fund".

## Financial Assistance Received from Government

Our Group receives monetary assistance under different government schemes in recognition of efforts and expenditure expended for IT application and industrialization integration, plant and machinery and brand quality support. As a group, we received an aggregate amount of approximately RMB 294,400 from the governments as incentives<sup>3</sup> and subsidies in FY2018.

## 7.2 Procurement Practices

The Group firmly believes that its suppliers and subcontractors as key business partners that are capable to create positive economic impact, thus enhancing stakeholder's return. In this respect, the Group maintains a rigorous selection process in vendors selection, which are based on the past track records and adherence to occupational health and safety standards.

We have also developed procurement policies and guidelines to guide our process, such as:

- Guidelines and procedures in selecting and evaluating vendors
- Code of conduct when dealing with vendors

As we consider sustainability as one of the key factors in selecting a supplier, for that reason, we evaluate the potential candidates based on their sustainability performance and practices. Often, there would be a collaboration with partners and supplier to redesign our product offerings to reduce the negative impact on the environment in this area.

The Group purchases a range of raw materials from its suppliers, with polyester and zinc alloy being our main raw materials. Purchases from local material suppliers accounted for 100% of the total purchases in FY2018. During the reporting period, the Group's purchases amounted to RMB 282.8 million.

We will continue to remain fully committed to continue procuring responsibly while generating positive economic and social benefits for the local community we operate in.

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<sup>3</sup> With regards to the government's increase on export tax rebates, goods that currently enjoy a 13% or 15% rate will be increased to 16%; 9% rate will be raised to either 10% or 13%; and goods at 5% will be lifted to 6% or 10%. Some products that could hamper the government's campaign to crackdown on pollution, however, will remain at their current rates. For more information, visit the State Council's announcement at [http://www.gov.cn/premier/2018-10/08/content\\_5328559.htm](http://www.gov.cn/premier/2018-10/08/content_5328559.htm)

## 8 Environmental

To address global issues of resource scarcity and a changing climate, we recognise the importance of integrating environmental considerations into the Group's business decisions. We are committed to understanding, managing and minimizing our environmental footprint across our value chain, including our business operations, suppliers and customers. Our environment efforts are largely focused on maximizing material utilization and optimizing energy consumption. We will continue to strengthen our expertise in the areas of environmental programs and be selective about the strategic initiatives that will yield a greater positive impact in the future.

The PRC's government has also stepped up a multitude of environmental regulation measures which has significantly affected our operations in the PRC. Although the disruption posed by regulatory shifts did impact our production yield initially, we exacerbated the reaction time, to adjust and realign our processes with the new market conditions and regulations.

### 8.1 Raw materials

Our aim is to reduce the production cycle time and efforts and the negative impact that the production process has on the environment. We emphasize on the design optimisation as well, to maximize the material utilisation and reduce wastage.

#### Materials used by weight

Material	Category	Weight <sup>4</sup>
Polyester	Non-renewable	13,330T
Zinc alloy	Non-renewable	3,036T
Carton boxes <sup>5</sup>	Renewable	26T

In order to address the challenges of climate change, we recognise that innovation is critical. We will continue to explore new products and undertake research and development that focus on environmental remediation and recycling of renewable materials. As we move towards the prospects of a global market and increase the potential sales volume, we will explore a wider range of raw materials.

<sup>4</sup> The data is sourced from direct measurements.

<sup>5</sup> They are used as packaging materials for efficient transportation to our clients, we do not reuse them as they are not physically in our premise after usage.

## 8.2 Environmental compliance

We believe that adhering to our Group's codes, policies and procedures and applicable laws and regulations is critical as they underpin our stakeholders' trust and our license to operate. We have zero tolerance for non-compliance and encourage our stakeholders to report any incidences via our established whistle blowing channels. We relied on external consultants to provide guidance and advice, and with the contribution of everyone's combined effort, we are proud to share that the Group had zero incidents of non-compliance with environmental and socioeconomic laws and regulations during FY2018. It is of our utmost importance that we maintain this unblemished record.

### Supplementary environment protection measures

We are highly aware of the impact of our business on the world's carbon footprint, hence we are continually striving to be more environmentally friendly. At Fuxing, we promote a holistic approach to sustainability, focusing on effective resource utilization, energy cost effectiveness to promote responsible resource consumption.

# 9 Social

## 9.1 Employment

We strive to be an employer of choice, through recognising the contributions of each employee, and providing opportunities for staff to grow beyond their abilities. We would wish for them to maximise their potential and look beyond this cycle to seek opportunities that will position them for success in their careers. Additionally, we are also focussed on building a talent pool with deep knowledge of regional and global markets to support our growth and expansion. Preparing the next generation of leaders as part of succession planning is important to Fuxing's long-term progress and competitiveness as well.

As part of our commitment to developing talent, we strive to create an inclusive workplace where each individual is valued and recognised for their contribution. We recognise the importance of diversity in strengthening our core values of teamwork, communication and creativity, and in forming a competent and united workforce. We provide equal opportunities to all employees without discrimination.

As of 31 December 2018, we have a total of 1,246 employees. We had 113 new hires in FY2018, whereas 301 employees left the Group. We aim to attract and retain talents, by rewarding them based on what they deliver and demonstrating that they are in line with our values. Employment numbers for high-skilled positions remains consistent, with our key management personnel unchanged. To promote equal opportunities, we have in place various human resource related processes as follows:

- An interview assessment form is in place to guide interviewers to assess candidates based on merit and competency
- Staff recruitment advertisements do not state age, race, gender or religion preferences as a requirement

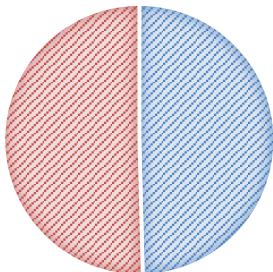
## New Hires and Resignations

We value the importance of diversity among our workforce, hence we hire an ideal balance of genders and age groups, to enhance creativity and innovation and improve the organization's culture. We believe that such diversity fosters innovative thinking and helps tackle business challenges through different perspectives. Of our 113 new hires in FY2018, we had a gender ratio of 50.4% females to 49.6% males.

We hire our people across various age groups unbiasedly. Of our new hires, a majority of 46.0% are under 30 years old, 46.9% aged between 30 and 50 years old, while the remaining 7.1% are above 50 years old. Going forward, the Group aims to continually refine our hiring strategy and continue to commit to fair employment practices by offering equal opportunities to all.

### NEW HIRES BY GENDER

■ Male ■ Female

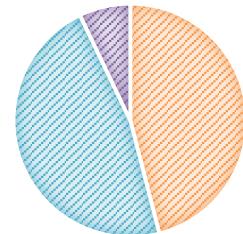


### NEW HIRES BY AGE GROUP

■ Under 30 years old

■ Above 50 years old

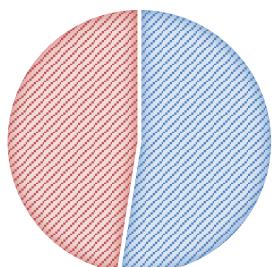
■ Between 30 to 50 years old



We believe a low turnover improves the sustainability of operations and allows us to contribute positively to the development of social and human capital in a wider committee. Despite market conditions, we will strive to minimize attrition rate and retain talents as best as possible. Employment numbers for high-skilled positions remains consistent, with our key management personnel unchanged.

### EMPLOYEE TURNOVER BY GENDER

■ Male ■ Female

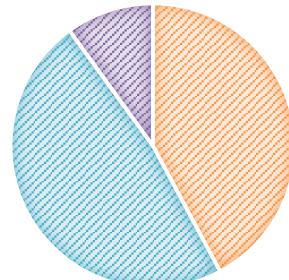


### EMPLOYEE TURNOVER BY AGE GROUP

■ Under 30 years old

■ Above 50 years old

■ Between 30 to 50 years old



## Employee welfare and benefits

We recognise employee satisfaction as a significant part of our talent retention scheme. Each of our employees is entitled to a set of attractive benefits including but not limited to:

Benefits	Descriptions
<b>Life insurance</b>	In the event that our employee becomes critically ill or permanently disabled, their loved ones will receive a sum of money to provide them with financial protection and coverage against risks
<b>Medical insurance</b>	Employees are reimbursed for visits to the General Practitioners ("GPs") and dentist, and covered under medical insurance
<b>Disability insurance</b>	All our employees are covered under personal accident insurance and work-related injury. For instance, the organization will reimburse any rehabilitation costs or monthly pay-outs for each case of disability.
<b>Maternity leave</b>	Eligible female employees are entitled to maternity leave when applicable
<b>Retirement provision</b>	For employees qualified for pension approaching the retirement age, government will provide them with monthly support during their retirement
<b>Staff dormitory and canteen</b>	Employees are free to enjoy dormitory services with necessary appliances. All dormitories are also equipped with individual bathrooms, and 3 meals at the staff canteen at a subsidized rate

The Group is periodically reviewing and enhancing our resource policies and practices to provide a fair and safe workplace for our employees. In line with our Group's core values of teamwork, we strive to promote a safe and conducive workplace for our people to perform efficiently and effectively.

Apart from the basic employee benefits we offer, we organize annual retreats as a Group to build relationships among the team and improve collaboration among employees of all levels. Our annual sports day acts as an employee appreciation event to advocate a healthy lifestyle, both physical and mental wellbeing. It is also vital that our staff can take a mental break from work to recharge and boost their morale.



Employees photographed on our annual retreat to a local scenic spot, Wu Yi Shan



Employees at our annual sports event held in April 2018



Distributing dumplings to our employees on the local traditional "Dragon Boat Festival" to represent good luck, health and prosperity for the year

## Parental Leave

The Group adopts welfare practices and strives to build a family-friendly workplace culture by implementing family friendly working policies. This creates a healthier work-life balance, drives productivity, reduces absenteeism, attracts new staff and helps retain current staff. We are currently following the government requirements closely.

In FY2018, the Group had a return-to-work rate of 100%. Out of the 2 female employees who have taken parental leave, both of them have resumed work with our Group thereafter. In the longer term, amongst the 9 female employees who resumed working with us after their parental leave in FY2017, 100% of them have remained employees of the Group for more than a year since.

We organized a "Happy Summer Vacation" camp for employees' children, and over 40 children took part in this activity. This camp is conducted in collaboration with our labour union, with the purpose of relieving our employees of their parental duties and educating their children on co-curricular educational activities not covered in school.



The group will continually work towards building a pro-parent workplace through enhancing our Group welfare practices and culture.

## 9.2 Training and Education

Today's readily changing business environment calls for a competitive workforce attuned to the latest developments in skills and manufacturing capabilities. Investing in employee learning and development helps build a resilient and future-ready workforce, which will in turn provide a competitive edge for Fuxing's future growth and success. Our employees acquire skills and expertise which will distinguish them from the market through opportunities provided by us and our industry partner networks.

We provide our staff with equal opportunities for training and development based on their strengths and needs, to help them achieve their full potential.

### Annual performance appraisals

As a company committed to meritocracy, our rewards and compensation policies are fairly based on employees' performance. In 2018, we measure and align cross-functional and individual employee performance to support Fuxing's key business strategies and corporate objectives. The system will provide us with a tool for communicating and reinforcing the philosophy and guidelines of incentivising performance. We also conduct annual performance appraisals which covers career development, for 99% of our employees, including managerial and non-managerial roles alike.

## 9.3 Occupational Health and Safety

Whilst keeping our strength of superior technical ability close at heart, we take pride in building a safe, conducive and healthy workplace as our commitment to developing our people. Being a largely labour-intensive Group, we regard workplace safety with utmost importance and recognise our duty of care to account for the safety and health of each of our employees. We are constantly striving to build a safe and conducive workplace by ensuring that our Group complies with all relevant safety and environmental legislation, with the aim of minimizing the likelihood and impact of any possible hazardous occurrence.

### Safety Committee

To facilitate the physical supervision of the workplace safety, and the relaying of workplace safety and health ("WSH") related messages; we have established a Safety Committee. Collectively as a Group, the Safety Committee is headed by the General Manager, and comprises 3 Production Supervisors and 17 Head of Departments ("HODs").

The Safety Committee oversees the subsidiaries' operations to ensure that safety standards are upheld at all times and also up to industry leading practices. In addition, the role and responsibilities of the Safety Committee includes reviewing, effectively implementing and reinforcing safety standards and regulations to ensure all areas of safety are adequately covered. The Committee members meet on a regular basis to review safety inspection results, infrastructures and incidents, as well as to coordinate and organise safety-related activities.

Going forward, in order to facilitate the effectiveness of the supervision of workplace safety, the Group plans to have more ordinary workers join the safety committee. We advocate our employees to take responsibility for their own safety and health, thus the gradual proactive approach.

All near-miss incidents and accidents would be promptly reported to the Safety Committee, which will further provide timely incident analysis briefings to the employees. These safety briefings aim to strengthen the safety awareness of employees, and also to remind them of established safety measures and precautions, as well as safety protocols in the event of similar incidents.

We organized a “Operational Safety Risk Controls” workshop for all employees and hired an external consultant to share his valuable working experience and teaching materials to provide insights to the employees. They learnt the significance of the different levels of safety risk controls and how to effectively operate under such circumstances.

Our employees had an enriching experience during the “Safety Production month” conducted in June 2018, to highlight the importance of, and strengthen the following aspects of production safety:

- Safety inspection procedures during production;
- Training and education on emergency procedures and evacuation routes; and
- Strict adherence of safety production targets



## Fire Drills

Fire drills are conducted twice a year to ensure that employees and workers are prepared in times of emergency, and all employees in the premise were required to participate in both fire and emergency drills held in FY2018. The drills were led by an external fire-fighter and an internal safety officer, to educate our employees on the proper procedures to take during an emergency and how to operate a fire extinguisher. As fires have been prevalent in our area, they highlighted the importance of preventive and detective measures as well.



**Total Workplace Safety and Health at our Facilities**

As with our commitment to the safety and health of our people, we are continually upgrading our education and training provided to our employees to reduce the likelihood and impact of accidents and keeping our injury rates as close as to zero.

With everyone's full cooperation, there were zero cases of work-related injuries or occupational diseases in FY2018. We will continue to maintain our high standards of employee health and safety by enforcing mandatory safety policies and procedures, advocating a proactive approach; the idea of employees taking responsibility for their own safety and health.

## GRI Content Index

<b>Category</b>	<b>Disclosure</b>	<b>Description</b>	<b>Page Reference and Remarks</b>
GRI 102: General Disclosures	102-1 *	Name of the organization	Cover Page of Annual Report FY2018
	102-2 *	Activities, brands, products, and services	Page 1 of Annual Report FY2018
	102-3 *	Location of headquarters	Page 79 of Annual Report FY2018
	102-4 *	Location of operations	Page 79 of Annual Report FY2018
	102-5 *	Ownership and legal form	Page 79 of Annual Report FY2018
	102-6 *	Markets served	Page 1 of Annual Report FY2018
	102-7 *	Scale of the organization	Page 12 of Sustainability Report
	102-8 *	Information on employees and other workers	Pages 12 and 13 of Sustainability Report
	102-9 *	Supply chain	Page 10 of Sustainability Report
	102-10 *	Significant changes to the organization and its supply chain	None
	102-11 *	Precautionary Principle or approach	Page 1 of Sustainability Report
	102-12 *	External initiatives	Page 3 of Sustainability Report
	102-13 *	Membership of associations	Page 3 of Sustainability Report
GRI 102: Strategy	102-14 *	Statement from senior decision-maker	Page 2 of Sustainability Report
GRI 102: Ethics and Integrity	102-16 *	Values, principles, standards, and norms of behaviour	Page 2 of Sustainability Report
GRI 102: Governance	102-18 *	Governance structure	Page 1 of Sustainability Report
GRI 102: Stakeholder Engagement	102-40 *	List of stakeholder groups	Pages 4 and 5 of Sustainability Report
	102-41 *	Collective bargaining agreements	None

<b>Category</b>	<b>Disclosure</b>	<b>Description</b>	<b>Page Reference and Remarks</b>
	102-42 *	Identifying and selecting stakeholders	Pages 4 and 5 of Sustainability Report
	102-43 *	Approach to stakeholder engagement	Pages 4 and 5 of Sustainability Report
	102-44 *	Key topics and concerns raised	Page 6 of Sustainability Report
GRI 102: Reporting Practice	102-45 *	Entities included in the consolidated financial statements	Page 79 of Annual Report FY2018
	102-46 *	Defining report content and topic Boundaries	Page 1 of Sustainability Report
	102-47 *	List of material topics	Page 6 of Sustainability Report
	102-48 *	Restatements of information	None
	102-49 *	Changes in reporting	None
	102-50 *	Reporting period	FY2018 (1 January 2018- 31 December 2018)
	102-51 *	Date of most recent report	SR 2017 published on 10 April 2018
	102-52 *	Reporting cycle	Annual
	102-53 *	Contact point for questions regarding the report	Page 1 of Sustainability Report
	102-54 *	Claims of reporting in accordance with the GRI Standards	Core options (33 items)
	102-55 *	GRI content index	Pages 21 to 23 of Sustainability Report
	102-56 *	External Assurance	None

<b>Category</b>	<b>Disclosure</b>	<b>Description</b>	<b>Page Reference and Remarks</b>
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	Page 9 of Sustainability Report
	201-3	Defined benefit plan obligations and other retirement plans	Page 10 of Sustainability Report
	201-4	Financial assistance received from government	Page 10 of Sustainability Report
GRI 204: Procurement Practices	204-1	Proportion of spending on local suppliers	Page 10 of Sustainability Report
GRI 301: Materials	301-1	Materials used by weight or volume	Page 11 of Sustainability Report
GRI 307: Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	Page 12 of Sustainability Report
GRI 401: Employment	401-1	New employee hires and employee turnover	Page 14 of Sustainability Report
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pages 15 and 16 of Sustainability Report
	401-3	Parental leave	Page 16 of Sustainability Report
GRI 403: Occupational Health and Safety	403-1	Workers representation in formal joint Management-Worker Health and Safety Committees	Pages 18 to 19 of Sustainability Report
	403-2	Types of injury and rate of injury	Page 20 of Sustainability Report
GRI 404: Training and Education	404-3	Percentage of employees receiving regular performance and career development reviews	Page 17 of Sustainability Report