

SEASON
p a c i f i c

Season Pacific Holdings Limited

雲裳衣控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1709



2017/2018

**ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT**

** For identification purpose only*

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPROACH TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) AND REPORTING

This Environmental, Social and Governance Report (the “ESG Report”) summarises the ESG policies, initiatives and performance of Season Pacific Holdings Limited (the “Company”), and its subsidiaries collectively, (the “Group”, “We” or “Our”) for the year ended 31 March 2018 (the “Reporting Period”).

The ESG Report aims to provide a balanced presentation on the Group’s ESG key issues and initiatives covering its core business in sales of apparel products with the provision of supply chain management total solutions to customers.

The Group’s values are derived from better utilisation of resources and strong relationship with stakeholders. In addition to financial considerations, the Group takes into consideration the interests of its stakeholders and has established its key sustainability framework, which comprises of perspectives relating to environmental management, human resources, product and service quality and governance.

In order to pursue a sustainable business model, the Group has integrated ESG aspects into its risk management mechanism and has taken corresponding measures in its daily operation process.

REPORTING SCOPE

Unless stated otherwise, the ESG Report mainly covers the Group’s core business and operational activities in Hong Kong, over which it has direct control.

The ESG Report is organised into two sections, focusing on environment and social aspects respectively. Information relating to the Group’s corporate governance practices can be found in the Corporate Governance Report on pages 15 to 21 of the Annual Report 2017/18. The Group will continue to assess the major ESG aspects and determine the reporting areas in the future ESG reporting.

REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of the Rules Governing the Listing of Securities on Main Board of the Stock Exchange of Hong Kong Limited (the “Reporting Guide”).

STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their feedback regarding its business and ESG aspects. To understand and address their key concerns, the Group has maintained close communication with its key stakeholders, including but not limited to employees, customers and suppliers, through different channels such as meetings and surveys.

The Group continues to enhance its performance, deliver products and services that address stakeholders’ needs and creates greater value for the wider community on an ongoing basis.

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MATERIALITY ASSESSMENT

The management and employees who are responsible for the key functions of the Group have participated in preparing the ESG report, identifying key ESG issues and assessing the importance of these issues to its business and stakeholders.

The following table summarises the Group's material ESG aspects as set out in the ESG Report:

ESG aspects as set out in the Reporting Guide	Material ESG aspects of the Group	
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The recognition of sustainable development, employee benefits and development as well as environmental protection are the most fundamental elements to the operations of the Group.

During the Reporting Period, the Group confirmed that appropriate and effective management policies and internal control systems for environmental, social and governance issues are in place and confirmed the information disclosed in the Report meets the Reporting Guide.

Contact us

Comments and suggestions are welcome from the stakeholders. You may provide comments on the ESG Report or towards its performance in respect of sustainable development via ir@season.com.hk.

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A. Environment

A1. Emissions

General Disclosure and Key Performance Indicators (“KPI”)

The Group strives to protect the environment through the implementation of control activities and monitoring measures in its business activities and workplace. The Group strives to be environmentally responsible by adopting good environmental practices in respect of office premise, purchases of equipment and consumption of resources, and by supporting practical measures and policies aiming to protect and preserve the environment. The Group also aims to comply with the relevant environmental laws and regulations.

In order to mitigate the environmental impact produced by the Group’s operations, we have adopted and implemented relevant environmental policies. These policies apply the waste management principles of “Reduce, Reuse, Recycle and Replace” as well as the principle of emission mitigation, with the objectives of minimising the adverse environmental impacts and ensuring the waste disposal or emission being conducted in an environmentally responsible manner. The Group continually seeks for different opportunities to pursue eco-friendly initiatives, enhance its environmental performance by reducing energy and use of other resources.

During the Reporting Period, the Group has not identified any material non-compliance of environmental laws and regulations in Hong Kong, including but not limited to Waste Disposal Ordinance of the Laws of Hong Kong.

Managing Greenhouse Gas (“GHG”) Emission

The Group generates limited GHG emissions, mainly arising from the petrol consumed in business vehicles and electricity consumption of the office. During the Reporting Period, the Group’s total GHG emissions amounted to approximately 60 tonnes and the GHG emission intensity was approximately 1.82 tonnes per employee. The detailed summary of the GHG emission is shown as below:

GHG Performance Summary

GHG Scope¹	Tonnes	Intensity-Tonnes per employee²
Direct GHG emission		
– petrol consumption	11	0.33
Indirect GHG emission		
– electricity consumption	49	1.49
Total GHG emission	60	1.82

Notes:

1. The GHG emissions data is presented in terms of carbon dioxide equivalent, with reference to, including but not limited to, Greenhouse Gas Protocol published by World Resources Institute and World Business Council on Sustainable Development, and the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong, published by the Environmental Protection Department and the Electrical and Mechanical Services Department, the Sustainability Report 2017 published by the CLP Group and Reporting Guidance on Environmental KPIs published by the Stock Exchange of Hong Kong Limited.
2. As at 31 March 2018, the Group employed 33 employees. This number of employees are used to calculating the intensity data in the ESG Report.

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Since the electricity consumption accounts for a major source of GHG emissions, the Group has adopted green measures in the office to improve its operational efficiency and to reduce the GHG emissions by minimising energy consumption. These measures will be stated at the “Achieving High Energy Efficiency” section of Aspect A2 in details. In summary, the GHG emission of the Group during the Reporting Period was reduced by approximately 4.76% compared to such in the last Reporting Period.

Since the Group has no industrial production or any factory facilities, the Group did not produce significant direct air emissions.

Discharges into Water

During the Reporting Period, the Group did not consume significant amounts of water through our business activities, and therefore our business activities did not generate material portion of discharges into water. The wastewater discharged by the Group is appropriately treated and discharged into the sewage system maintained by the Drainage Services Department. The amount of water consumption of the Group represents the wastewater discharge volume. The details of water consumption will be presented in the “Water Consumption and Use of Packaging Materials” section in Aspect A2.

Waste Management and Minimisation

Hazardous waste handling method

Despite the Group did not generate any hazardous wastes during the Reporting Period, the Group has established guidelines of governing the management and disposal of hazardous wastes. In case there are any hazardous wastes produced, the Group must engage a qualified chemical waste collector to handle such wastes, which would be complied with the relevant environmental regulations and rules.

Non-hazardous waste handling method

The emphasis of the Group’s Environmental Policy is carbon reduction and waste reduction with the principle of “Reduce, Reuse, Recycle and Replace” to promote better utilisation of environmental resources.

With the aim of minimising the environmental impact of generating non-hazardous wastes from its business operations, the Group has implemented measures to handle such wastes and launched different reduction initiatives.

During the Reporting Period, the volume of non-hazardous wastes generated by the Group is shown as below:

Non-Hazardous waste category	Quantity	Unit	Intensity-Consumption per employee
Paper	79	Boxes	2.39
Toner cartridge (for printers and photocopiers)	19	Pieces	0.58

The Group regularly monitors the consumption volume of papers and toner cartridges and has implemented a number of reduction measures. The Group also maintains high standard in waste reduction and educates its employees the importance of sustainable development.

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The staff in the workplace take the responsibilities for the waste management in our office, with reference to the established environmental policies, including but not limited to the following:

- Utilising of “paperless communication” where applicable such as e-leave system, and e-brochures for distributing to customers;
- Promoting the use of recycled paper and toner or eco-friendly materials;
- Using high performance and quality of all-in-one “multi-function printers” that incorporate printer, scanner and copier functions into a single device. This can be shared among different departments in order to reduce the total number of different kinds of devices so as to minimise power consumption and carbon footprint as well as maintenance follow up;
- Redeploying office furniture where possible to reduce the amount of material going to landfill;
- Placing appropriate signage on walls and bins, stating what type of waste or recyclable should be placed in the bin.

Throughout the measures implemented, the staff’s sense of minimising has been continuously fostered and awareness of their responsibility in achieving waste reduction in workplace has been strengthened. Furthermore, the toner cartridge consumption was reduced by approximately 13.64% compared to such in the last Reporting Period.

A2. Use of Resources

General Disclosure and KPI

The Group continues with initiatives to introduce resource efficiency and eco-friendly measures to the Group’s operations, and is committed to optimising the use of resources in all of its business operations.

The Group has established relevant policies and procedures in governing the efficient use of resources, in reference to the objectives of achieving high energy efficiency and reducing the unnecessary use of materials.

Achieving High Energy Efficiency

Energy policy has been developed to set energy conservation as one of the Group’s fundamental policies. All employees must implement the adopted measures, including the purchase of energy-efficient products and services, and assume responsibility for the Group’s overall energy efficiency. By building up an energy management system, we develop and regularly review our energy targets to continuously enhance the Group’s energy performance. Unexpected high consumption of electricity will be investigated to find out the root cause and take preventive measures.

During the Reporting Period, the Group’s consumption volume in following energy types were:

Energy Type	Quantity	Unit	Intensity — Unit per employee
Petrol	3,869	Litre	117.24
Electricity	97,002	kWh	2,939.45

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During the Reporting Period, the Group has performed the following measures relating to energy conservation:

- Using energy efficient LED lighting to replace energy-inefficient light bulbs by phases;
- Adopting higher energy-efficiency office equipment in our workplace;
- Encouraging our staff to utilise teleconferences and video conferences, to reduce air and carbon emissions related to transportation needed for meetings;
- Encouraging employees to turn off idling equipment, computers and lightings, when not in use or after working hours;
- Monitoring the energy usage on a monthly basis, along with investigating significant variance noted;
- Arranging regular examination of the business vehicles on the petrol consumption;
- Performing vehicle and equipment maintenance on a regular basis to prevent inefficient fuel consumption or abnormal operations;
- Encouraging our staff to participate in campaign/activities relating to the promotion of green environment.

The petrol consumption and electricity consumption of the Group during the Reporting Period were reduced by approximately 1.95% and 4.57% respectively, compared to such in the last Reporting Period. Furthermore, the staff's sense of environment protection and emission mitigation has been continuously fostered and awareness of their responsibility in achieving energy saving in workplace has been strengthened.

Water Consumption and Use of Packaging Materials

In addition to managing energy consumption, the Group is committed to promoting awareness of water conservation amongst its staff and other stakeholders. The water consumption of the Group contains mainly of office water consumption for basic cleaning and sanitation. The Group has been strengthening its water-saving promotion, posting water saving slogans, and guiding employees to use water reasonably.

During the Reporting Period, approximately 48 m³ of water were consumed by the Group and the water consumption per employee was approximately 1.45 m³ per employee. The water consumption of the Group was reduced by approximately 12.73% during the Reporting Period compared to such in the last Reporting Period.

Due to the nature of its business, the issue in sourcing water that is fit for purpose is not relevant to the Group. Also, the Group did not have physical products for sale and therefore did not involve any use of packaging materials during the Reporting Period.

The Group will continue to seek opportunities to reduce further wastes and make efficient use of resources.

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A3. *The Environment and Natural Resources*

General Disclosure and KPI

Managing Other Environmental Impact

The Group pursues the best practices in the environment protection and focuses on the impact of the Group's businesses to the environment and natural resources. The Group has integrated the concept of environmental protection into its internal management and daily operations through establishing relevant policies and procedures, with the objective of minimising adverse impacts to the environment and natural resources.

Indoor air quality is regularly assessed in the Group's workplaces. By conducting regular cleaning of air conditioning systems, these measures resulted in maintaining indoor air quality and filtering out pollutants, contaminants and dust particles.

B. **Society**

B1. **Employment**

General disclosure

Human resources are the foundation in supporting the development of the Group. Hence, we established relevant policies to fulfil our vision on people-oriented management and realising the full potential of employees. These policies covering recruitment, compensation, promotion, working hours and rest periods, diversity and equal opportunity, etc.

During the Reporting Period, the Group has not identified any material non-compliance with relevant laws and regulations that have a significant impact on the Group, relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare. The relevant laws and regulations include but are not limited to Employment Ordinance and Minimum Wage Ordinance of the Laws of Hong Kong.

Recruitment, Promotion and Remuneration

We apply robust and transparent recruitment processes based on merit selection against the job criteria, and recruit individuals based on their suitability for the position and potential to fulfill the Group's current and future needs.

Our basis for compensation and promotion are job-related skills, qualifications and performances, ensuring that we treat and evaluate employees and applicants in a fair way and compensate employees relative to the industry and local labour markets in which we operate, which consists of competitive level of fixed and variable compensation.

Remuneration packages include holidays, annual leave, medical scheme, group insurance, mandatory provident fund, flexible leave arrangement, year-end double pay and discretionary bonus. Employees' wages and related benefits are made not less than the Hong Kong government's minimum requirements.

The promotion of the Group's employees are subject to regular review. The Group has established objective performance indicators for annual performance evaluation. Based on the evaluation result, we offer rewards to employees in encouraging continuous improvement.

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Diversity, Equal-Opportunity and Anti-Discrimination

We are committed to creating and maintaining an inclusive and collaborative workplace culture in which all can thrive.

We are dedicated to providing equal opportunity in all aspects of employment and maintaining workplace that are free from discrimination against any individual on the basis of race, religion, colour, gender, physical or mental disability, age, place of origin, marital status, sexual orientation.

With the aim of ensuring fair and equal protection for all employees, we have zero tolerance on sexual harassment or abuse in the workplace.

B2. Health and Safety

General disclosure

Health and Safety Management

We are committed to providing and maintaining a safe and healthy environment for all our employees. The Group has established relevant policies on the prevention and remediation of safety accidents, and detection on potential safety hazards in workplace, to maintain a safe working environment.

The Group follows the occupational health and safety guidelines recommended by Labour Department and Occupational Safety and Health Council.

Human Resources and Administration Department (“HRA”) takes responsibilities for the office’s occupational health and safety and relevant promotions and monitoring. It is responsible for monitoring and reviewing the safety and security management periodically, and performing regular checking in the office to ensure the safety of employees.

Moreover, first aid boxes are available at easily accessible locations in office. HRA is responsible to ensure the supplies inside the first aid boxes are not outdated and functional. Fire evacuation drill is organised at least on an annual basis to improve employees’ capability to deal with potential fire hazards. The Group has also set a clear guideline of work arrangement for typhoon and rainstorm warning.

The Group also offers comprehensive health care coverage for employees. Health and safety communications are provided to employees to raise awareness of occupational health and safety issues.

During the Reporting Period, the Group has not identified any material non-compliance with health and safety-related laws and regulations that would have a significant impact to the Group. The relevant laws and regulations include but are not limited to Occupational Safety and Health Ordinance of the Laws of Hong Kong.

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B3. Development and Training

General disclosure

Talent Development

The Group regards our staff as the most important asset and resource. We recognise the valuable contribution our talents make to the continued success of the Group. We are committed to inspiring our human capital towards delivering excellence. This is achieved through development of training strategy that focuses on creating value and serving the needs of our customers, our talents and the society. In light of this, the Group has committed to providing induction trainings as well as on-the-job education and training for its employees in order to enhance their knowledge and skills. All employees are encouraged to enhance their skills and knowledge at every opportunity in order to perform their current job more efficiently and effectively and to better prepare for career opportunities which may arise.

To ensure the effectiveness of the training program, the Group developed relevant policies in controlling the training related procedures. A training plan is developed by management based on the requirements from various departments and employees. Training content is regularly updated to ensure contents are relevant to stakeholder's changing needs such as law and regulation, market trend, product trend and customer behaviour change.

Recognising the value of the skill and experience of the staff, the Group has adopted a policy that any promotions will be considered internally first before hiring any outsider. It is the Group's policy to select the most suitable candidate for promoting to a higher rank based on merit, rather than on the seniority of the candidates.

B4. Labour Standards

General disclosure

Anti-Child and Forced Labour

Child and forced labour are strictly prohibited during the recruitment process as defined by laws and regulations. The Group strictly complies with local laws and conducts recruitment based on the Hong Kong Employment Ordinance. Personal data are collected during the process to assist in the selection of suitable candidates and to verify candidates' of personal data. The HRA also ensures identity documents are carefully checked. All works should be voluntary and not be performed under threat of penalty or coercion. If violation is involved, it will be dealt with in the light of the circumstances as clearly stated in the Group's Staff Handbook.

Moreover, the Group does not accept any suppliers to engage any employee who is younger than the minimum employment age in the relevant country, or the maximum age of compulsory education, whichever is higher.

During the Reporting Period, the Group has not identified any material non-compliance with the relevant laws and regulations that have a significant impact on the Group relating to preventing child or forced labour.

B5. Supply Chain Management

General disclosure

Environmental and Social Responsibility of Suppliers

The Group has maintained long term and stable relationships with major suppliers. Suppliers are evaluated carefully and are subject to regular monitoring and assessment.

In view of the increasing environmental concerns in society, the Group is aware of the importance in managing environmental and social risks of its supply chain. The Group adheres to the "Green Procurement" principle. In most cases, the vendor's factory must adhere to the environmental requirements of the Group's international clients which require strong environmental standards such as Business Social Compliance Initiative ("BSCI") and in practices to minimise air, noise and solid waste pollutions and energy and water consumption. The Group will continue to monitor its supply chain regarding the environmental and social standards.

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In addition, 3Rs Principles (which comprise of Reuse, Reduce and Recycle) are targets throughout supply chain to demonstrate its commitment to contribute towards a cleaner environment and be a good corporate citizen. The Group's Supplier Code of Conduct requires its suppliers, when applicable:

- utilising energy efficient processing equipment;
- using non-toxic chemicals in their production processes;
- adopting clean production in their production plants; and
- eliminating unnecessary packaging.

Moreover, the Group's Supplier Code of Conduct also regulates its supplier to comply with relevant and local labour laws and regulations such as minimum wage, child labour, forced labour and discrimination.

We have also established rules in the Supplier Code of Conduct for suppliers to ensure the business ethical standards of the suppliers. Suppliers must operate with high ethical standards and should not be involved in any corruption, extortion, bribery, fraud, false declarations, counterfeiting or insider trading. Moreover, the suppliers must be transparent in their policies, processes, and standards which govern their operations and which are related to their compliance with the Supplier Code of Conduct. As such, Suppliers should educate their employees and managers on their rights and responsibilities related to upholding the Supplier Code of Conduct.

B6. Product Responsibility

General disclosure

The satisfaction of our customers is the cornerstone of the sustainable development of the Group. We are convinced that the success of our clients means the success of our Group, and have been emphasising the customer-centric business philosophy in our operations at all levels of the Group. Therefore, we strive to optimise and improve the quality of products and services according to the requests of the customers.

During the Reporting Period, the Group has not identified any material non-compliance with laws and regulations that have a significant impact on the Group, concerning product health and safety, advertising, labelling and privacy matters and methods of redress. The relevant laws and regulations include but are not limited to Supply of Services (Implied Terms) Ordinance and Personal Data (Privacy) Ordinance of the Laws of Hong Kong.

Quality Control

Quality control is a critical part of our supply chain management solutions that we provide to our customers. Our quality control during the production stage is mainly conducted by our staff in the merchandising department. Merchandising staff is required to continuously monitor and inspect the apparel products produced from the time of production of proto samples (if required) to the apparels produced during inline production. The senior staff who is more experienced on technical aspects of apparel production conducts inspection of the final products prior to being delivered to our customers.

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We have established the following quality control measures during various critical points of our supply chain management solutions:

Quality Control of Fabric

Materials to be used in the production for apparels are typically sourced by our third-party manufacturers. At the time when techpacks are provided to our third-party manufacturers, we will specify to them, among other things, the quality of fabrics and other materials that are required. It is the responsibility for our third-party manufacturers to source from their own sources, or from sources that we have given to them, the materials of appropriate quantity and quality. Any materials used in the production of salesman samples, pre-production samples and final products, are checked by us to ensure that it meets our customer's requirements. Any materials that do not meet our customer's requirements are not approved for pre-production or bulk production.

Quality Control of Apparel Production

At the commencement of the pre-production and the bulk production, our merchandising staff who are responsible for quality control will be required to visit our third-party manufacturers to ensure that the quality of the apparel products produced is within our customers' specifications and the information contained in the techpacks. Qualities which are checked include size, cutting and fabric. Any specifications that are not met are notified to our third-party manufacturers to rectify. Inspections of semi-finished apparel products are carried out at various stages of the manufacturing process with a final detailed inspection carried out on the finished apparel products before the delivery of final products to our customers' designated shipping points. A final quality control inspection report is prepared which will cover, among other things, the number of pieces inspected, labelling requirements, packaging requirements and we will specify major and minor defects which may not be acceptable to our customers.

Product Return and Customer Service

As part of the terms stated in our sales contracts with our customers, customers are advised to count and inspect the apparels immediately when shipments are received. Products with defects or incorrect quantity are allowed for returns or discount.

Upon receiving feedback or complaint from our customers, we will discuss with our customers and find out which party is held responsible for. If the defect is caused by our manufacturers, we would liaise with both our customers and manufacturers to compromise the solution, e.g. return of products or offer of discount.

Handling of Personal Data

For the customer privacy protection, the Group takes all practicable steps and measures to ensure that personal data collected in the course of its business are protected and at all times complies with the Personal Data (Privacy) Ordinance of the Laws of Hong Kong, in the collection, use, holding and processing of such information or personal data.

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B7. Anti-Corruption

General disclosure

Anti-Bribery and Anti-Corruption

The Group does not tolerate any corruptions, frauds and all other behaviours violating work ethics. The Group values and upholds integrity, honesty and fairness in how we conduct business.

We have established relevant policies to help to define appropriate methods in handling conflict of interests, accepting advantages, leakage of confidential information, embezzlement of the Group's assets in one's position, fraudulent financial statements, etc. to comply with the relevant laws and regulations.

Unless with prior approval from senior management, employees should not give or accept any gifts, gratuities, favours or benefits that are beyond common courtesies with accepted business practices or any excessive entertainment. Breaches are subject to disciplinary actions, including the termination of employment contracts where necessary.

To combat corruption and to govern conflicts of interest, professional or regulatory seminars on anti-corruption have been conducted to the staff based in Hong Kong.

On the other hand, the Audit Committee is also responsible for continuous evaluation of the Group's internal control effectiveness, detecting potential deficiency, and identifying areas of improvement. Internal Audit reports are distributed to the responsible departments for timely remediation if there are any areas of improvement.

The Board of Directors and the Audit Committee will oversee the implementation and effectiveness of the Whistleblowing Policy on a regular basis. The Whistleblowing Policy allows its employees and independent third parties (e.g. customers, suppliers, sub-contractors, creditors and debtors) who deal with any employees to report any possible improprieties, misconducts, malpractices or irregularities in matters of financial reporting, internal control or other matters to the Board of Directors or the Audit Committee anonymously. Reports and complaints received will be handled in a prompt and fair manner. Such policy also aims at protecting whistle-blowers from unfair dismissal, victimisation and unwarranted disciplinary actions, the identity of the whistle-blower will be kept confidential where possible. Any person who is found to have victimised or retaliated against those who have raised concerns under this policy will be subjected to disciplinary sanctions. The Group has also reserved the rights to refer the case to the relevant authorities if necessary.

During the Reporting Period, the Group has not identified any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering. The relevant laws and regulations include, but are not limited to Prevention of Bribery Ordinance of the Laws of Hong Kong.

B8. Community Investment

General disclosure

Community Contribution

The Group is committed to support the public by the means of social participation and contribution as part of its strategic development, and to nurture the corporate culture and practices of corporate citizen in the daily work life throughout the Group. We would embrace the human capital into the social management strategies to sustain our corporate social responsibility as a part of the strategic development of the Group. All employees of the Group are encouraged to participate their own initiatives on helping and supporting the local communities and neighbours.

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