

# 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 : 8127



## 2016/2017

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

*\* For identification purpose only*



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## INTRODUCTION

Season Pacific Holdings Limited (the “**Company**”) and its subsidiaries (the “**Group**”) are committed to being environmentally and socially responsible entities with strong governance which will provide significant benefits to the Group on reaching overall business objectives and goals and achieving win-win outcomes for both the Group and its stakeholders. The Group’s commitment is recognised and implemented by its employees on a global-to-local level, incorporating social responsibility into daily operations. The Group does not give back because it has to; the Group does it because it wants to. Community service and social responsibility are at the core of the Group’s philosophy and culture.

The Group adopts the principles and requirements of the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) as set out in Appendix 20 to the Rules Governing the Listing of Securities on Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, with an aim to establish a sound environmental, social and governance structure.

This report comprises a review of environmental and social areas and sets out the policies and practices of the Company and its major subsidiaries in respect of three environmental aspects and eight social aspects in accordance with the ESG Reporting Guide for the year from 1 April 2016 to 31 March 2017 (the “**Year 2017**”). This report is designed to allow the Company’s stakeholders, such as shareholders, investors, customers, suppliers, employees, creditors, regulators and the general public to have a comprehensive understanding of the long-term sustainability information of the Group. The Group seeks to balance the views and interests of these stakeholders through constructive conversation with a view of setting the course for mutual and long-term. The board of directors of the Company (the “**Board**”) is responsible for evaluating and determining the environmental, social and governance risks of the Group, and ensuring that relevant risk management and internal control systems are in place and operate effectively.

The Group is principally engaged in sales of apparel products with the provision of supply chain management total solutions to customers. The Company’s 2016/2017 annual report has included detailed discussions of the Group’s business.

Season Pacific Limited (“**Seazon**”) and Sureway ODM Limited (“**Sureway**”), are limited companies established in Hong Kong and are indirect wholly-owned subsidiaries of the Company. They are principally engaged in sales of apparel products with the provision of supply chain management total solutions to customers. This report focuses on Seazon and Sureway as their business activities are most relevant to the environmental and social aspects of the Group.

The Board is pleased to submit the Group’s 2016/2017 Environmental, Social and Governance Report (the “**Report**”) with respect to the policies in the main areas of environmental protection, employment and labour practices and operating practices during the Year 2017 which is the same period as the Company’s financial year as reported in the Company’s 2016/2017 annual report.

On behalf of the Board

**Cheung Lui**

*Chairman, Chief Executive Officer and Executive Director*

# ENVIRONMENTAL PROTECTION

## EMISSIONS

Environmental protection is one of the core values of the Group. The Group has proactively recommended, where possible, new technology at various stages of operation and production in order to minimise negative impact on the environment. The products that the Group sells are designed to be safe and non-poisonous to the environment. Moreover, unnecessary packaging that can cause harm to the environment is actively avoided so as not to be introduced into its products as well as to minimise packaging wherever possible to reduce resource consumption and unnecessary costs.

For the office operations, the key environmental impacts from the Group's operations mainly related to energy and paper consumption as well as local and overseas business travels. To achieve environmental protection, the Group encourages employees to shift to e-statements or scanning to reduce the use of paper and greenhouse gas emissions; to switch off all computers, office equipment, light and air-conditioning at the end of each working day as well as to use energy efficient and auto power-off photocopier machines to lower energy consumption. Furthermore, the Group requests its staff from board to operational level to consider adopting other communication alternatives instead of taking local and overseas travels with the aims of minimising the carbon and other toxic gases emission.

The Group tries to ensure products sold are produced efficiently in terms of energy. 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 strives to integrate environmental objectives into the business decisions in a cost-effective manner. The Group has required all staff to address environmental responsibilities in normal operating procedures and has enhanced the awareness of environmental and resource efficiency issues amongst the staff and stakeholders. The Group strives to be environmentally responsible by adopting good environmental practices in respect of office premise, equipments and consumption of resources, and by supporting practical measures and policies aiming to protect and preserve the environment. This principle is integrated into the code of conduct for all employees.

The code of conduct of the Group's suppliers states suppliers should actively work to improve the environmental performance of their operations, including implementation of measures to mitigate adverse environmental impacts, improvement of resource efficiency, reduction of waste and prevention of pollution. Meanwhile, the Group encourages other stakeholders to act environment-friendly. For instance, the Group suggests paperless communication and encourages less printouts.

## Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with the relevant laws and regulations that has a significant impact relating to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous waste on the Group during the Year 2017. In addition, no significant fines or non-monetary sanctions for non-compliance with relevant laws and regulations had been reported in the Year 2017.

# ENVIRONMENTAL PROTECTION

## USE OF RESOURCES

The Group is committed to minimising the impact of business activities on the environment and supporting environmental protection programmes. Initiatives designed to conserve resources are constantly part of the production planning process and are standards as set out in the codes of conduct for the employees and suppliers, which are to promote the need to achieve efficient utilisation of resources.

The Group's operation refers to sales of apparel products with the provision of supply chain management total solutions. The Group tries to ensure the products sold are produced efficiently in terms of use of resources. In most cases, the vendor's factory must adhere to the environmental requirements of the Group's international clients which require efficient use of resources and in practices to minimise the energy, water and packaging material consumption.

## THE ENVIRONMENT AND NATURAL RESOURCES

The Group strives to protect the environment and natural resources through various policies, mechanisms and measures such as the implementation of the codes of conduct for the employees and suppliers which cover environmental protection and natural resources conservation. Environmental and natural resource conservation is part of the entire production planning process and at various stages it is always a target to enhance the efficiency in the usage of energy, water and materials. The suppliers' productions should comply with relevant local environmental regulations and international general practices, with an aim to reduce the use of natural resources and protect the environment.

## EMPLOYMENT AND LABOUR PRACTICES

### EMPLOYMENT

The Group places a significant emphasis on developing human capital and provides competitive remuneration and welfare packages. Promotion opportunities and salary adjustments are benchmarked against individual performance. Employees are entitled to benefits such as annual leave, sick leave, maternity leave, marriage leave, funeral leave and medical coverage in accordance with local regulations.

The Group emphasises equal opportunities for all personnel in respect of hiring, pay-rates, training and development, promotion and other terms of employment. The Group is committed to providing a work environment free from any form of discrimination on the basis of ethnicity, gender, religion, age, disability or sexual orientation.

The Group has a wide diversity of cultures including the employees with different genders, ages, skills, educational backgrounds, industry experiences and other qualifications in order to achieve the most suitable composition and balance.

The Group's remuneration package is structured with reference to the individual performance, working experience and prevailing salary levels in the market. In addition to basic salaries and mandatory provident fund for Hong Kong office staff, fringe benefits include a basic five-day working week, flexible leave arrangement and medical coverage scheme.

Employees' wages and related benefits are made not less than the local government's minimum requirements.

### Compliance with relevant laws and regulations

The Group is governed by the Mandatory Provident Fund Schemes Ordinance, the Minimum Wage Ordinance as well as the Employee's Compensation Ordinance. The Group is not aware of any material non-compliance with the relevant laws and regulations that has a significant impact relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare on the Group during the Year 2017. In addition, no non-compliance with relevant laws and regulations that resulted in significant fines or sanctions had been reported in the Year 2017.

### HEALTH AND SAFETY

The Group adopts non-discriminatory employment practices and provides a healthy and safe workplace. The Group seeks to attract and retain talented employees through providing a safe and healthy workplace for each and every employee in line with established internal guidelines and systems.

For Hong Kong office staff, the Group provides its employees with flexible rest leave arrangement and medical and hospital scheme. The Group understands that a good working environment for its employees with a safe and comfortable working condition is very important. The Group has set a clear guideline of work arrangement for typhoon and rainstorm warning.

First aid facilities are present in the office. Fire evacuation drill is organised at least annually to improve employees' capability to deal with potential fire hazards.

### Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with the relevant laws and regulations that has a significant impact relating to provision of a safe working environment and protection of employees from occupational hazards on the Group during the Year 2017. In addition, no non-compliance with relevant laws and regulations that resulted in significant fines or sanctions had been incurred in the Year 2017.

## EMPLOYMENT AND LABOUR PRACTICES

### DEVELOPMENT AND TRAINING

The Group has committed to providing 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. During the Year 2017, staff have participated in trainings such as orientation training, technical training and quality services training.

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.

The Group has developed a knowledge-based platform for its staff to exchange latest knowledge, experience and information which are beneficial to the operation of business in a professional manner.

### LABOUR STANDARDS

The Group fully understands that the exploitation of child and forced labour are universally prohibited, and therefore seriously takes the responsibility against child and forced labour. The Group strictly complies with all laws and regulations against child labour and forced labour. 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. And, not under any circumstance should workers be younger than 15 years of age. All works should be voluntary and not be performed under threat of penalty or coercion. Forced labour is prohibited.

All employees of the Group are entitled to have sick leave, injury leave and maternity leave with medical proof in accordance with the Labour Legislation of Hong Kong. In addition, all employees are not encouraged to work overtime.

### Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with the relevant laws and regulations that has a significant impact relating to prevention of child or forced labour on the Group during the Year 2017. In addition, no non-compliance with relevant laws and regulations that resulted in significant fines or sanctions had been reported in the Year 2017.

## OPERATING PRACTICES

### SUPPLY CHAIN MANAGEMENT

The Group has the greatest respect for the laws and regulations that govern its business. The Group adheres to international best practices and conducts fair and unbiased procurement processes when dealing with suppliers.

The Group adheres to the principle of transparency and implements the value of honesty, integrity and fairness in its supply chain management. The Group's procurement procedures and code of conduct for suppliers provide directions and guidelines on evaluation and engagement for dealing with suppliers of goods and services to ensure business is conducted with legally, financially and technically-sound entities. In addition, approval procedures through the production process monitor suppliers' engagements and are approved by the appropriate level of management.

During the selection process of suppliers, the Group takes into account factors such as quality of services and products, past performance and green elements which are predominantly consistent with major principles under strong international standards such as BSCI. In addition, 3Rs Principles (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 code of conduct for suppliers targets to have suppliers on its supply chain to work with the Group as a team to use energy efficient processing equipments, non-toxic chemicals in their productions, practise clean production in their plants and eliminate unnecessary packaging in their deliveries in order to drive down hazard and non-hazard wastes as well as greenhouse gases.

### PRODUCT RESPONSIBILITY

A high priority for the Group is to ensure customer satisfaction in terms of the Group's products and services. Strenuous efforts are made to ensure compliance with the relevant laws and regulations relating to product health and safety, advertising, labelling and privacy matters. The Group's code of conduct requires its employees to comply with applicable governmental and regulatory laws, rules, codes and regulations.

#### Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with the relevant laws and regulations that has a significant impact relating to health and safety, advertising, labelling and privacy matters for products and services provided and methods of redress on the Group during the Year 2017. In addition, no non-compliance with relevant laws and regulations that resulted in significant fines or sanctions had been reported in the Year 2017.

### ANTI-CORRUPTION

Corruption, bribery or fraud in any form is strictly prohibited. The Group's anti-corruption policies set out standards of conduct to which all employees are required to adhere in order to promote the integrity environment in the workplace.

To combat corruption and to govern conflicts of interest, ICAC seminars available to all Hong Kong staff on anti-corruption have been conducted. In addition, 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.

Various policies have also been formulated to accord with the Securities and Futures Commission's Guideline on Anti-Money Laundering and Counter-Terrorist Financing, including the basic procedures for customer identification and due diligence, suspicious transactions report and recordkeeping. Ongoing staff training has also been carried out to ensure each of the employees is fully aware of these policies.

In the Year 2017, there is no legal case concerning corruption brought against the Group or its employees.



## OPERATING PRACTICES

### COMMUNITY INVESTMENT

The Group always seeks to be a positive force in the communities in which it operates and maintain close communications and interactions with the communities in order to contribute to local development from time to time.

As a global responsible citizen, the Group strives to improve the society image and social responsibility through community investment. All employees of the Group are encouraged to participate their own initiatives on helping and supporting the local communities and neighbours. The Group promotes lasting positive impacts on society through the support of its employees to participate voluntary service/donations to great causes. The Group's employees are passionately supporting and empowering youths and underprivileged children in Sri Lankan schools through scholarships and gifts. For more information, please visit: <http://ifescsf.org>.