

i.century Holding Limited 愛世紀集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8507



Environmental, Social and
Governance Report
2019

Table of Contents

1.	About this Report	2
1.1.	Reporting Period	2
1.2.	Reporting Scope	2
1.3.	Reporting Framework	2-3
1.4.	Stakeholders' Engagement	4
1.5.	Stakeholders' Feedback	5
2.	Environmental Performance	6
2.1.	Emissions Policies and Compliance	6
2.2.	Carbon Footprint – Greenhouse Gas Emissions	6
2.3.	Hazardous and Non-hazardous Waste Reduction	7
2.4.	Conservation of Resources	7
	Energy Consumption – Electricity	7
	Water Consumption	7
3.	Human Capital	8
3.1.	Total Workforce	8
3.2.	Employment Policies and Compliance	8
3.3.	Occupational Health and Safety Policies and Compliance	9
3.4.	Labour Practices and Compliance	9
3.5.	Human Capital Development and Training Policies	9
4.	Supply Chain Management	10
5.	Product Responsibility and Quality Assurance Process	10
5.1.	Protecting Intellectual Property Rights	11
5.2.	Data Protection and Privacy Policies	11
6.	Anti-corruption and Anti-fraud Policies and Compliance	11
6.1.	Conflict of Interest	11
6.2.	Preventive Measures and Whistle-blowing Procedures	11
7.	Community Care	12
8.	The Sustainable Future	12

1. ABOUT THIS REPORT

1.1. Reporting Period

This Environmental, Social and Governance (“ESG”) Report illustrates and highlights the environmental and social performance of the Group from 1 April 2018 to 31 March 2019.

1.2. Reporting Scope

This ESG report summarises the performance of the Group in respect of corporate social responsibility. This report is focused on the operating activities of the Group’s business in apparel design, development and production management in Hong Kong and the People’s Republic of China (“the PRC”). The Group has offices in Hong Kong and Ningbo, PRC, and California, USA. With the aim to optimise and improve the disclosure requirements in this ESG Report, the Group has taken initiatives to formulate ESG-related policies, document relevant data as well as implement and monitor measures. This report demonstrates the ESG performance of the Group in achieving sustainable development for the future.

1.3. Reporting Framework

This ESG report has been prepared in accordance with the “comply or explain” provisions as well as the “recommended disclosures” of the Environmental, Social and Governance Reporting Guide (“ESG Guide”) contained in Appendix 20 to the GEM Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”). This report has complied with the “comply or explain” provisions of the ESG Guide.

Key Performance Index (“KPI”) Reference Table

Reference KPI of the ESG Guide	Corresponding KPI in the section of this report
A. Environmental	
A1: Emissions	Emissions Policies and Compliance Carbon Footprint – Greenhouse Gas Emissions Hazardous and Non-hazardous Waste Reduction
A2: Use of Resources	Conservation of Resources
A3: The Environment and Natural Resources	Emissions Policies and Compliance Conservation of Resources

Reference KPI of the ESG Guide	Corresponding KPI in the section of this report
B. Social	
Employment and Labour Practices	
B1: Employment	Total Workforce Employment Policies and Compliance
B2: Health and Safety	Occupational Health and Safety Policies and Compliance
B3: Development and Training	Human Capital Development and Training Policies
B4: Labour Standards	Labour Practices and Compliance
Operating Practices	
B5: Supply Chain Management	Supply Chain Management
B6: Product Responsibility	Product Responsibility and Quality Assurance Process Protecting Intellectual Property Rights Data Protection and Privacy Policies
B7: Anti-corruption	Anti-corruption and Anti-fraud Policies and Compliance Conflict of Interest Preventive Measures and Whistle-blowing Procedures
Community	
B8: Community Investment	Community Care The Sustainable Future

1.4. Stakeholders' Engagement

Stakeholders' expectation, views and feedback toward the Group is of ultimate importance to its future development. The Group is committed to its stakeholders through maintaining sustainable growth in business, ensuring the well-being of its employees and caring for the environment. The Group adopts a comprehensive approach in managing the environmental and social performance of its business. The Group has performed the following stakeholder engagement activities through direct and transparent communications to build trust and long-term relationship with all stakeholders.

Stakeholder Group	Approach of Engagement
Community	<ul style="list-style-type: none"> • Corporate website • Announcements and news
Customers	<ul style="list-style-type: none"> • Corporate website • Customer service hotline • Contracts and agreements • Service meetings • Comments and complaint channels • Industrial channels' communications and activities
Employees	<ul style="list-style-type: none"> • Orientations, trainings and meetings • Performance appraisals • Notices and circulars • Emails and other electronic communications
Government and Regulators	<ul style="list-style-type: none"> • Annual reports and ESG reports • Corporate website • Announcements and notices
Investors and Shareholders	<ul style="list-style-type: none"> • Annual general meeting and notices • Annual reports and ESG reports • Corporate website • Investors briefings • Announcements and notices
Suppliers and Business Partners	<ul style="list-style-type: none"> • Business meetings, supplier conferences and interviews • Contracts and agreements • Industrial channels' communications and activities • Quotations and tendering process • Supplier appraisal, assessment and evaluation

1.5. Stakeholders' Feedback

Your comments and feedbacks regarding the Group's performance and approach on ESG aspects are valuable to its continuous improvement and sustainability, please send your questions, suggestions and recommendations to the Group as below:

Address: Unit 212-215, 2/F, Elite Industrial Centre, 883 Cheung Sha Wan Road, Lai Chi Kok, Kowloon, Hong Kong.

Email: info@icenturyholding.com

2. ENVIRONMENTAL PERFORMANCE

2.1. Emissions Policies and Compliance

The Group's core business is basically to design, source and procure fabric and raw materials, manage production, control quality, and arrange the logistics of the delivery of garment products. The Group complies with relevant environmental protection laws in the countries it has operations and does not involve in air (dust and residues), water, and noise pollution. While the activities of the Group's businesses are mainly conducted through office-based work, minimal environmental impact is caused. In addition, the Group is aware of the industry's Higg Index, which was developed by the Sustainable Apparel Coalition, to measure and score a company's environmental, labour and social impacts on their product's sustainability performance. Thus, improving ESG related performance is also the commitment of the Group.

2.2. Carbon Footprint – Greenhouse Gas Emissions

Carbon footprint generated from the Group will be disclosed in this report. Carbon footprint is defined as the total amount of direct and indirect emissions of greenhouse gas ("GHG") expressed in terms of equivalent amount of carbon dioxide ("CO₂-e") emissions. The Group strives it best to incorporate sustainability into its operations by reducing energy, natural resources and materials being used, and improving its environmental performance.

The total net GHG emissions generated by the Group were 48.78 tonnes of carbon dioxide equivalent ("tCO₂-e") (mainly carbon dioxide, methane and nitrous oxide) (2018: 87.15 tCO₂-e). With the total operations area of 815.12 square metre ("m²") (2018: 545.34 m²) the annual emission intensity was 0.06 tCO₂-e/m² (2018: 0.16 tCO₂-e/m²). To conserve resources and reduce GHG emissions, the Group has energy saving practices including deployment of energy-saving lightings, switching off idle lightings, computers and electrical appliances and equipment, monitoring water consumption, using of digital technology and recycled paper, encouraging the use of public transport and using tele or video conferencing as an alternative to business travels.

The following table highlights the carbon footprint of the Group.

Scope	Sources of GHG emissions	2019		2018		% change
		GHG* emissions (in tCO ₂ -e)	Distribution	GHG* emissions (in tCO ₂ -e)	Distribution	
2	Purchased electricity	37.15	76.16%	42.93	49.26%	-13.46%
3	Disposal of paper waste	11.58	23.84%	44.18	50.74%	
	Fresh water processing	0.04		0.03		-73.70%
	Sewage water processing	0.01		0.01		
	Total GHG* emissions	48.78		87.15		-44.03%
	Emission intensity	0.06		0.16		-62.50%

* The GHG is calculated according to the 'Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong' jointly published by Environmental Protection Department and Electrical and Mechanical Services Department.

2.3. Hazardous and Non-hazardous Waste Reduction

Due to the business nature, no substantial hazardous waste was produced by the Group during the reporting period. Paper and its related stationary were the only non-hazardous waste generated. A total of 2.41 tonnes of paper and printed matters (2018: 9.20 tonnes) were used in the offices for administration and report publication purposes. Paper waste was collected by the property management for recycling and disposal. Employees are practicing double sided printing and actively using digital technology to replace papers. The Group will continue to monitor its paper reuse and recycling efficiency to reduce usage and disposal.

2.4. Conservation of Resources

The Group's operations are mainly performed indoor, the direct impact from the Group's activities towards the environment and natural resources is generally low.

Energy Consumption – Electricity

The total electricity consumption was 72,141.50 Kilowatt-hour (kWh) (2018: 68,143.00 kWh), and the energy intensity was 88.50 kWh/m² (2018: 124.95 kWh/m²). The Group's energy saving practices also include the use of window blinds in the office for heat insulation during summer season.

Water Consumption

There was no issue in sourcing water that is fit for purpose. The total freshwater consumption was 86.00 cubic meters (m³) (2018: 81.00 m³). The water consumption of the offices in Ningbo and California was not documented as it was covered in the property management fee and the relevant information was not available. Besides, the amount of water used in the offices was not significant. Nevertheless, the Group is conscientious in water conservation as it is one of the most precious natural resources on earth.

3. HUMAN CAPITAL

3.1. Total Workforce

As at 31 March 2019, the total workforce of the Group was 48 (2018: 32), the employee composition is listed in the following table. As human resource is one of the key elements to the Group's future development and success, with the additional workforce, the Group continues to foster a sense of ownership at work by building a stimulating yet harmonious working environment for employees.

Employee Structure		2019	2018
Total number of employees		48	32
By gender			
	Male	22.92%	12.50%
	Female	77.08%	87.50%
By age			
	18-25	0%	0%
	26-35	10.42%	21.9%
	36-45	35.42%	34.4%
	46-55	54.16%	40.6%
	56 or above	0%	3.1%

3.2. Employment Policies and Compliance

The Group provides equal opportunities to employees in respect of recruitment, training and development, job advancement, and remuneration and benefits. The Group has dedicated and experienced employees to support its business expansion strategies, employees' remuneration is structured to encourage a sustainable workforce and to attract, retain, and recognize employees. The objective of the Group's human resource management is to reward and recognise performing employees by reviewing their remuneration and welfare through the performance appraisal system. Performance appraisal is conducted annually based on employees' work performance, knowledge and experience and qualification.

Recruitment of employees is strictly abided by the hiring process and guidelines administered by Human Resource Department so that suitable talents are recruited in accordance with relevant labour laws, job requirement, and both the Group and the candidates' expectation for a fair, harmonious and sustainable workforce. During the reporting period, there was no incidence of work stoppages, labour disputes, litigation, claims, administrative action or arbitration against the Group.

3.3. Occupational Health and Safety Policies and Compliance

The Group cares about the well-being of its employees and strives to protect them with a safe and healthy working environment. Through communicating various occupational health and safety awareness guidelines in the staff handbook and memorandums, there was no work-related injury and the Group has not violated any related safety and health ordinance and provisions during the reporting period.

3.4. Labour Practices and Compliance

The Group complies with the applicable laws and regulations relating to employment, child and forced labour practices. The Group's staff handbook is designed to communicate important laws and work ethics surrounding employment, benefits and welfare, training and development, occupational health and safety, and code of conduct guidelines. It is an essential tool in helping to define the expectations of both the management and the employees, and to protect them from unfair or inconsistent treatment and discrimination. The Group provides equal opportunities for employees in respect of recruitment, remuneration and benefits, training and development, and salary review and job advancement.

3.5. Human Capital Development and Training Policies

The Group understands that human resource is its one of its most valuable assets and developing them by improving their knowledge, experience and skills are important and critical to its continued success and growth. To encourage and assist employees in developing their potential, both management and employees can initiate training needs and engage external professional training institution to organise training programs. The Group also offers sponsorship and encourages training through job induction, job rotation, on-the-job training and secondment so employees are able to learn dynamically for personal development and future career progression in the industry.

4. SUPPLY CHAIN MANAGEMENT

By positioning in the middle stream of the value chain in the apparel industry, the quality compliance and performance of upstream manufacturers is of utmost importance. Since the final garment products must be made in accordance with the specifications and requirements requested by customers, manufacturers and material suppliers are chosen carefully to ensure quality compliance and timely delivery. Manufacturers and suppliers are selected based upon rational and clear criteria so that goods and services are procured in an honest, competitive, fair, and transparent manner that delivers the best value for money results.

The Group recognises the importance of using strategic manufacturers and material suppliers who offer high quality, reliable, safe and technologically advanced products and service to meet the needs of its customers. A total of 73 suppliers are listed on the approved suppliers list which the Group would review periodically and provide updates to its employees. The Group also monitors, audits and manages processes from materials selection, production, labour standard, quality management system, environmental consciousness, and logistics arrangement to ensure its supply chain is operating effectively and efficiently that guarantee the quality and standard of its products.

5. PRODUCT RESPONSIBILITY AND QUALITY ASSURANCE PROCESS

The Group is committed to providing high quality, stylish and fashionable products to its customers. During the reporting period, a total of 1,052,546 pieces of garment (2018: 942,989 pieces) were shipped to over 30 countries (2018: 12 countries) including Australia, Canada, France, Japan, United States of America. To ensure the apparel is produced according to customers' specification on the design and materials selection, pre-production meetings are conducted to understand customers' budget, thought, brand requirement and at the same time exchange ideas for quality assurance and on-going cooperation. Prototype and salesman samples are produced for customers' approval once the production details such as production specifications and production schedule are confirmed, pre-production samples will then be produced for customers' final approval before the bulk production is scheduled.

Together by partnering with the Group's selected manufacturers and suppliers, product quality and service stability are maintained and guaranteed. The Group periodically monitors the overall performance of manufacturers by conducting on-site audit with documented report for continuous improvement and strategic alliance. During the reporting period, there was no significant complaints received on product quality and delivery.

5.1. Protecting Intellectual Property Rights

The Group registered several trademarks and domain names as they are important to its brand and corporate image. The Group understands and complies with the intellectual property (the “IP”) rights regulation. During the reporting period, there was no material infringement of the IP rights and the Group is confident that all reasonable measures have been taken to prevent any infringement of its own IP rights and the IP rights of third parties.

5.2. Data Protection and Privacy Policies

The Group properly manages and protects the data collected from its business partners, customers, employees and suppliers to ensure their privacy and confidentiality. The Group complies with the Personal Data (Privacy) Ordinance, all personal data collected from customers, employees and suppliers are neatly organised and stored in computers and servers which are protected from access passwords. As stipulated in the Group’s Code of Conduct on confidentiality and human resources guidelines, employees are instructed of their responsibility to follow the confidentiality code on access to information and ensure the safekeeping of all personal and business data, trade secrets and proprietary information.

6. ANTI-CORRUPTION AND ANTI-FRAUD POLICIES AND COMPLIANCE

The Group is committed to conducting business with the highest level of business ethics and integrity. Employees must adhere to the Group’s Code of Conduct to ensure business activities are engaged with integrity and effectiveness. To formalize the commitments, employees are required to observe the Group’s Code of Conduct when dealing with the Group’s business. Corrupt and fraudulent practices including the action to offer, provide, obtain, receive an advantage or to avoid an obligation are strictly forbidden. The Group conducts periodic and systematic risk assessment and communicates related anti-fraud policies and procedures to employees on a regular basis.

6.1. Conflict of Interest

The Group requires its directors and employees to avoid the conflict between personal and financial interest and the professional official duties in the Group. A situation in which directors or employees exercise authority, influences decisions and actions or gain access to valuable information when dealing with third parties with his profession to achieve financial and personal gain is strictly prohibited.

6.2. Preventive Measures and Whistle-blowing Procedures

The Group’s Code of Conduct requires directors and employees to declare any conflict of interest to the Human Resource Department. The Group encourages whistleblowing whereas an employee or a third party could report any suspected cases of corruption, theft, fraud and embezzlement, and conflict of interest to the Company Secretary in strict confidence. During the reporting period, communication was performed to ensure employees understand the Code of Conduct and there were no related fraudulent cases reported against the Group in Hong Kong.

7. COMMUNITY CARE

The Group is committed to conducting business in every aspect to minimize any potential environmental and social impact by continuously considering the community and performing its works in an environmentally friendly and sustainable way. The Group will explore opportunities in future charity or community events to play a part in making a difference and strengthening the Hong Kong community.

8. THE SUSTAINABLE FUTURE

Clothing is an integral part of people's lives and consumers are becoming more aware of the need to protect the environment. Environmental concern towards the industry have drawn more attention in the society nowadays. Developing sustainably in the industry's fierce competition with high labour cost, meeting all applicable legal and regulatory requirements on ESG matters and communicating to suppliers and customers on environmental consciousness are continued to be challenging. The Group will continue to be eco conscious with respect to product lifecycle, from raw materials selection to the design, production management and logistics up to disposal to expand and flourish in the industry.