

壹家壹品（香港）控股有限公司*

EJE(HONG KONG) HOLDINGS LIMITED

(a company incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)

Stock Code 股份代號：8101



2020 環境、社會 及管治報告

Environmental, Social and Governance Report



*For identification purpose only
*僅供識別

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OVERVIEW

This Environmental, Social and Governance (ESG) Report (the “Report”) of EJE (Hong Kong) Holdings Limited and its subsidiaries (“the Group”) for the year ended 31 March 2020 covers environmental and social subject areas in accordance with the requirements of Environmental, Social and Governance Reporting Guide stated in Appendix 20 of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

GOVERNANCE ON ESG ASPECTS

The Board has overall responsibility for the Group’s ESG strategy and reporting. The Board is responsible for evaluating and determining the Group’s ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. Our management are delegated the responsibility of coordinating the implementation of the Group’s environment, employment and service quality assurance policies.

APPROACH AND STRATEGY

We, EJE (Hong Kong) Holdings Limited, believe in delivering long term sustainable value creation to our shareholders. In doing so, while we carry on our business, we make choices that bring positive impacts to the communities. We have adopted a sustainability policy which covers employment and labour practices, business integrity, the environment and the community. The Group is committed to support good environmental standards and to ensure implementation of environmental friendly measures.

ABOUT THE GROUP

The Group is principally engaged in the business of (i) custom-made furniture; (ii) property investment; (iii) securities investment and (iv) money lending. During the year, the Group has discontinued the operation of the mattress and soft bed products. Among all the operations, manufacturing of custom-made furniture has constituted about 95% of turnover of the Group. The content of this ESG Report mainly outlines the environmental and social policies of the Group in its custom-made furniture business and the money lending business.

ENVIRONMENTAL

The Group understands and appreciates the key aspects of the PRC government’s environmental protection efforts, such as reduction on pollutions, utilization on resources and social education on environmental issues. The Group has the obligation to minimise the environmental impact on daily operations and be accountable for the consumption of resources and materials. For the year ended 31 March 2020, there is no material non-compliance issue with relevant laws and regulations related to the environment.

Emissions

Air pollutant emissions

The Group does not hold any motor vehicles and machineries in the factories are driven by electricity, hence, air pollutants such as nitrogen oxides, sulphur oxides and particulate matters have not been produced during operation.

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Greenhouse gas emissions

The Group aims to minimise the negative impacts on the environment and natural resources during the manufacturing process of furniture products, all machines in the factories are driven by electricity.

Electricity used on the business premises is the major contributor to greenhouse gas footprint. Apart from electricity consumption, the use of motor vehicles for local commutation and flights for business trips also led to the indirect emissions of greenhouse gas. During the year ended 31 March 2020, the main source of the Group's greenhouse gas emissions is derived from direct emission of combustion of fuel ("Scope 1"), indirect emission from acquired electricity ("Scope 2") and other indirect emissions ("Scope 3").

	Unit	Emissions	Intensity (Per million HK\$ revenue)
Scope 1	Tonnes	18	0.1
Scope 2	Tonnes	1,230	8.7
Scope 3	Tonnes	31	0.2
Total emissions	Tonnes	1,279	9

Hazardous and non-hazardous waste management

The Group's operations do not produce any hazardous waste, which includes but not limited to chemical wastes, clinical wastes and hazardous chemicals. Total non-hazardous waste produced and the production intensity during the year was about 94.6 tonnes and 0.7 tonne per million of revenue, which are mainly off-cuts, paper waste and sawdust.

Waste sawdust management

The Group work with the wood material during the production process and inevitably produce sawdust. Therefore, the Group uses central dust collection containment system to control the sawdust produced in the course of cutting or shaping the wood, so as to control the negative effect to the environment.

The Group had made arrangement with local sawdust collection company for the collection of sawdust, whereby the collection company would upcycle the sawdust by producing other products with it. The Group see this as an effort in setting a good example of dealing with waste materials and reduce the waste effectively.

Use of resources

Energy consumptions

The Group is committed to upholding high environmental standards in order to promote environmental friendliness. Throughout the Group, the following actions have been taken to reduce carbon and energy footprints:

- choosing environmentally friendly materials and energy saving lightings and electrical appliances;
- using nature light in the factory as possible;
- idle electrical appliances are switched off; and
- regular maintenance and repair for electrical appliances to lower energy waste.

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Paper usage

The Group encourages staff to have double sided printings and reuse single-sided printed papers. And to communicate through electronic media.

Water Conservation

Water is another important natural resource. For saving water, water taps should be turned off right after using. Running, dripping and long-flowing water are avoided. Water pipes are checked regularly to identify any cracks or leakage to prevent water wastage. Water consumption was mainly due to the manufacturing activities. During the year, the Group did not notice any issue in sourcing water.

Packaging materials

The Group mainly uses cartons, bubble wraps and cling wrap as the packaging material for protecting the quality of furniture. The Group's objective is to maintain the balance between operation efficiency and resource consumption; hence, the Group would use the least packaging material as possible.

Resource consumption data during the year

Resources	Unit	Consumption	Consumption intensity (per million of revenue)
Electricity	kWh	1,470,057	10,466
Water	M ³	9,464	67
Paper	kg	3,211	23
Packaging materials	Tonne	216	2
Diesel oil	Litre	7,133	51

Environmental and natural resources

For manufacturing custom-made furniture, the Group inevitably extract natural resources for production thereby causing certain ecological environment change. The Group does not engage in unnecessary production activities and complies the policies under national laws and regulation on environment. Other than manufacturing custom-made furniture segment, the Group does not have any direct and significant impacts on the environment and natural resources during its operation.

By taking the above-mentioned green initiatives, the Group is committed to mitigate any environmental impact and acting in a manner that is both environmentally and socially responsible.

EMPLOYMENT AND LABOUR PRACTICES

Employment

The Group regards employees as one of the most valuable assets of the Group and regards the personal development of its employees as highly importance. Staff is the most important asset that drive the long-term development and sustainability of the Group.

Management stated that the Group strictly complies with relevant employment laws and regulations in China and in Hong Kong. The Group offers mandatory provident fund to staff in Hong Kong and pension insurance to staff in China. In addition, the Group also offer insurance, maternity leaves, sick leaves and marriage leave to all staff.

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The Group also promotes equal opportunity. Remuneration scheme and job appraisal are based on the ability, speciality and working performance of each staff. During the reporting period, there is no complaint regarding equal opportunity.

As at 31 March 2020, the Group employed 231 (2019: 146) staff. Since the operation of the Group is mainly in PRC, about 98% of staffs are in PRC. Employment in P.R.C is subjected to the Labour Law and the Employment Contract Law of the People's Republic of China. And, employment in Hong Kong is subjected to the Employment Ordinance, the Minimum Wage Ordinance and the Employees' Compensation Ordinance. During the year, the Group has no non-compliance issue with the above laws and regulations.

The tables below show that the Group has a diverse workforce in terms of gender, age and service period.

	No. of staff	Percentage of total staff
Total number of employees	231	100
<i>Gender</i>		
Male	144	62
Female	87	38
<i>Age Group</i>		
18-30	116	50
31-40	63	27
41-50	39	17
51 or above	13	6
<i>Service period</i>		
Less than 5 years	208	90
5 to 10 years	23	10

The Group aims to lower the turnover rate by providing comprehensive benefit package, promote a work-life balance working environment and helping the employees to learn and grow.

Staff are remunerated according to the job nature, market trends and individual performance. Apart from medical insurance and mandatory provident fund, discretionary bonuses are rewarded to employees based on individual performance. Appraisal and self-assessment systems have been implemented to better identify human resources need and to support our human resources development.

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Equal Opportunities

Being an equal opportunities employer, the Group is committed to create a working environment with fairness, openness and mutual trust. The Group opposes to any consideration which involves discrimination not related to work and prohibits all forms of workplace discrimination, employee of the same position is remunerated on an equal basis regardless of gender, age and races.

The Group adopts equal employment opportunity policies and treats all the employees equally. Employment, remuneration and promotion are not under the influence of social identities, such as ethnicity, race, nationality, gender, religion, age, sexual orientation, political faction and marital status.

Health and Safety

The Group aims to provide a safe and healthy working environment to the employees which complies with relevant laws and regulations, including the Production Safety Law, Law on Prevention of Occupational Disease of the People's Republic of China and Measures for the Supervision and Administration of Occupational Health Surveillance. Safety signals and instructions are prominently displayed at the entrance of workshop and around the workshop. Besides, protective equipment, such as ear protectors, face mask and high visibility clothing, are required to be worn in the workshop.

During the year, there were no case of non-compliance with the laws and regulations in respect of the provision of a safe working environment and the protection of employees from occupational hazards. The Group would have evaluation on every accident and improve the safety management system as necessary. During the year, no work-related injury and fatal accidents have been recorded.

Development and training

The Group encourages employees to participate in on-the job training and continuing education to create opportunity for career development. The Group provides orientation training to all new employees in order to give a better understanding to the culture, practices and safety requirements of the Group. The Group provides diversified on-the-job training to employees and ensure employees able to meet the changing demands in the Group and the market. By providing continuous training, employees gain satisfactions and enjoyment from their roles and increase the motivation. Apart from regular and internal training, the Group also appoints external professionals from time to time to provide different training programs for outstanding employees.

Labour Standard

The operation team of the Group require sophisticated training in craftsmanship and design. As such, it is almost certain that the Group would not be involved in child or forced labour. Further, the employment policies of the Group focus on the capabilities of individuals with regard to their personal traits such as gender or ethnic groups.

The Group has strictly complied with Labour Contract Law of the People's Republic of China. According to the Employment Ordinance Chapter 57 of the Laws of Hong Kong and the Provisions on the Prohibition of Using Child Labour and the Law of the People's Republic of China on the Protection of Minors and as stipulated by the Labour Law of the People's Republic of China in terms of employment management, there is neither child nor forced labour in the Group's operation.

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Upon discovery of any child labour and use of forced labour, the person will be dismissed immediately and the discovered issue will be reviewed and discussed with the Board to prevent it from happening again. The Group also has policies to protect staff's labour rights with a complaint system for staffs to report their concerns and any violations of labour rights.

Undoubtedly, at the year ended 31 March 2020, the Group did not employ any staffs who is under the legal working age to protect young people.

OPERATING PRACTICES

Supply Chain Management

The Group aims to maintain long-term, stable and strategic cooperative relationships with suppliers in order to achieve a co-development relationship with the suppliers. The Group expects all suppliers to embrace corporate social responsible value since the supply chain management is an essential part of the corporate responsibility.

To strengthen the supply chain management, the Group assess the performance of our major suppliers and vendors on whether the quality of the raw materials they have provided meet the Group's requirement as well as the timing of their delivery. Furthermore, the Group develops a reward and penalty mechanism for supplier. Suppliers who deliver poor quality of product may be removed from the qualified supplier list. During the reporting period, the Group have noted no significant issues in relating to violation in supply chain management.

In order to minimise the transportation required, all 261 suppliers of the Group are in Mainland China, especially the city and province near or in Guangzhou.

Product Responsibility

Custom-made furniture business

The Group has dedicated to put the products quality as its first priority as the performance of the products would affect the long-term relationship with customers and the reputation and success of the business. Therefore, the Group would ensure all goods are subjected to the Product Quality Law of the People's Republic China which makes the Group have responsibility to compensate for the damage done due to products defects. Similarly, the products are subjected to the Law on Protection of the Rights and Interests of Consumers of the People's Republic of China, the Group may need to refund or pay compensation for damage cause by the products defects.

The Group places product safety as the first priority. The major material used in production passed the safety test conducted by the China National Quality Supervision and Testing Center for Furniture. During the year end 31 March 2020, the Group received about 192 complaint regarding to the quality of our products and services, yet no products have been recalled due to safety and health reasons. In order to provide quality service to our clients, the Group communicates with our customers and confirms their expectation and direction prior to project commencement and actively coordinated with customers in the process of providing service. When customers lodge a complaint, the Group would make every effort to investigate and resolve the disputes fairly and promptly.

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Money lending

Consumer data protection and privacy policies

Being a licenced money lender, the Group has access to significant financial information and personal data of our clients, therefore, ensuring the privacy of customer information is one the issues the Group cares the most.

The Group has formulated a set of privacy principal in collection, retention, use, security, openness and accessibility of information to ensure all lessees' information received is only for its intended purpose and to prevent information leakage, such as:

- Access control to all personal information of client;
- Requiring employees not to retain and disclose any confidential information about the Group's business and other sensitive confidential data to any third party; and
- Requiring employees not to obtain any unnecessary information from the lessees and its associated parties.

During the Year, the Group did not notice any violations of laws or regulations regarding customer data protection and advertising relating to the services provided.

Anti-corruption

The Group is aware that any events of corruption will bring irreparable damage to the Group, therefore the Group upholds a high standard of business integrity throughout its operations. A system with good moral integrity and the anti-corruption mechanism are the cornerstone for the sustainable and healthy development of the Group.

With compliance with relevant laws and regulations of Criminal law of the People's Republic of China and the Anti-Unfair Competition Law of the People's Republic of China, the Group has established a complete mechanism in reporting and investigation procedures of related issues. Employees are asked to report any suspicious transactions. Employee who found to be in the act of corruption such as accepting any benefits from customers and/or suppliers, after investigation will be penalized. Including the termination of their labour contracts with immediate effect. During the Reporting Period, no case associated with corruption was reported or being discovered.

COMMUNITY INVESTMENT

The Group attaches great importance to corporate social responsibility and encourages employee to contribute to the community. Contribution to and maintaining a harmonious relationship with the community in the region of operation is crucial for the sustainable development of the Group. During the year, the Group has made donation of HK\$50,000 to Helping Hand in Hong Kong. The Group would also seek more opportunities to contribute to the social community in the coming future.



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