



**Yu Tak International Holdings Limited**  
**御德國際控股有限公司**

(Incorporated in Bermuda with limited liability)  
Stock Code : 8048

**2021**

**ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE REPORT**



# CONTENTS

2	INTRODUCTION
2	BOARD STATEMENT
3	ESG MANAGEMENT APPROACH
3	SCOPE OF REPORTING
4	REPORTING FRAMEWORK
4	REPORTING PERIOD
4	STAKEHOLDER ENGAGEMENT
6	MATERIALITY ASSESSMENT
6	CONTACT US
7	ENVIRONMENTAL
7	EMISSIONS
10	USE OF RESOURCES
13	THE ENVIRONMENT AND NATURAL RESOURCES
13	CLIMATE CHANGE
14	SOCIAL
14	EMPLOYMENT PRACTICES
16	OCCUPATIONAL HEALTH AND SAFETY
17	TRAINING AND DEVELOPMENT
18	LABOUR STANDARDS
19	SUPPLY CHAIN MANAGEMENT
20	OPERATING PRACTICES
21	ETHICS, LOCAL LAWS AND REGULATIONS
22	COMMUNITY INVESTMENT
23	THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## INTRODUCTION

Yu Tak International Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) is an IT products and services provider and a jewellery wholesaler based in Hong Kong and the People’s Republic of China (the “PRC”), covering (i) development, sales and implementation of enterprise software products, systems integration services, and (ii) design and sales of gold and jewellery products. Determined to establish a sustainable business model, the Group aims to create positive impacts for key stakeholder groups including shareholders, employees, suppliers, customers and the community, etc., and strikes a balance between profit, planet and people.

This Environmental, Social and Governance Report (the “ESG Report”) summarises the environmental, social and governance (“ESG”) initiatives, plans and performances of the Group for the year ended 31 December 2021 (“2021”) and demonstrates its commitment to sustainable development.

## BOARD STATEMENT

On behalf of the board of directors (the “Board”), I am pleased to present the ESG Report of the Group for the year ended 31 December 2021. The ESG Report demonstrates the Group’s ongoing achievements and commitment to enhancing its sustainability performance in areas including employment and labour practices, environmental protection, operating practices, social community, public health and corporate governance which are relevant and material to the Group’s businesses and operations.

The Board holds the overall responsibility for the Group’s ESG strategy and reporting, as well as overseeing and managing its ESG-related risks. In order to strengthen the governance of ESG-related issues, the Group has established an ESG working group (the “Working Group”), which has clear terms of reference that set out the powers delegated to it by the Board to demonstrate the Group’s commitment to sustainability with transparency and accountability. The Working Group is responsible for collecting relevant ESG data, analysing and identifying the Group’s ESG-related issues. The Working Group also report to the Board for the evaluation and subsequent implementation or revision of the Group’s ESG strategies. The ESG Report and ESG-related issues for the year ended 31 December 2021 were reviewed and confirmed by the Board and the Working Group.

While the Group is committed to bearing its share of social responsibility as a responsible corporate citizen, the Group is devoted to minimising the environmental impact of its operations, protecting employees’ rights, providing them training for continuous development and creating a safe and healthy workplace. Besides, the Group believes ensuring stringent product quality control is the foundation for success. In addition to complying with applicable rules and regulations, the Group maintains effective supplier management by assessing suppliers’ environmental and social performance.

In addition, the Group understands that climate change is posing imminent impacts on the environment and the communities in which the Group operates. In order to mitigate climate change, the Group has set targets of reducing greenhouse gas emissions and energy consumption. The targets were approved by the Board and the progress will be reviewed by the Working Group annually. Besides, the Group has conducted an assessment to identify the climate-related issues that have or may impact on the Group’s operations, which helps the Group to better manage the climate-related risks and opportunities.

On behalf of the Board

**Ms. Li Xia**

*Chairman*

Hong Kong

31 March 2022

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ESG MANAGEMENT APPROACH

The Group strives to embed ESG considerations into daily operation and management. To systematically manage the ESG issues, the Group established the Working Group that comprises the staff from relevant departments including but not limited to finance, administration and the operation departments. The Board holds the overall responsibility for the Group's ESG governance, strategy and reporting, as well as overseeing and managing its ESG-related issues with the assistance of the Working Group. The Board also ensures the effectiveness of ESG risk management and internal control mechanism. The Working Group delegated by the Board is responsible for collecting relevant ESG data, identifying and prioritising the Group's ESG issues, discussing and reviewing the Group's ESG-related risks and opportunities, policies, performance, goals and targets, as well as preparing the ESG reports. The Working Group regularly reports to the Board.

## SCOPE OF REPORTING

The senior management of the Group discusses, identifies and has confirmed the reporting scope based on the materiality principle and considers the core business and main revenue source. This ESG Report follows the reporting scope of the Group's annual reports and is approved by the Board.

The scope of the ESG Report is comprised of development, sale and implementation of enterprise software, provision of systems integration and professional services, as well as design and sales of gold and jewellery products. The ESG Report covers the Group's offices in Hong Kong, Shenzhen, Shanghai, Taiwan and Malaysia. This year, the Group expanded its reporting scope to include offices in Taiwan and Malaysia.

In addition, the Group conducted a stakeholder engagement exercise to identify the material topics included in this ESG Report.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## REPORTING FRAMEWORK

The ESG Report has been prepared in compliance with all applicable provisions set out in the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) contained in Appendix 20 of the GEM Listing Rules of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Information relating to the Group’s corporate governance structure and practices has been set out in the Corporate Governance Report of the annual report.

The Group attaches great importance to materiality, quantitative and consistency during the preparation for the ESG Report, the Group has applied these reporting principles in the aforementioned ESG Reporting Guide as the following:

**Materiality:** Materiality assessment was conducted to identify material issues during the year 2021, thereby adopting the confirmed material issues as the focus for the preparation of this ESG Report. The materiality of issues was reviewed and confirmed by the Board and the business and functional departments. Please refer to the section headed “Materiality Assessment” for further details.

**Quantitative:** The standards and methodologies used in the calculation of relevant data in the ESG Report, as well as the applicable assumptions were disclosed. The key performance indicators (“KPIs”) were supplemented by explanatory notes to establish benchmarks where feasible.

**Consistency:** The statistical methodologies applied to this ESG Report were substantially consistent with the previous year, and explanations were provided regarding data with changes in the scope of disclosure and calculation methodologies. If there are any changes that may affect comparison with previous reports, the Group will add comments to the corresponding content of this ESG Report.

For the year ended 31 December 2021, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the disclosed contents are in compliance with the requirements of the ESG Reporting Guide.

## REPORTING PERIOD

The ESG Report specifies the ESG activities, challenges and measures taken by the Group during the year ended 31 December 2021, with an aim to provide details of the system establishment and performance of the Group in respect of sustainable development to both the internal and external stakeholders.

## STAKEHOLDER ENGAGEMENT

In order to facilitate the Group’s sustainable growth, the Group identified the key stakeholders and engaged them to identify the most material sustainability issues and the potential risks that may arise. Key stakeholders include, but are not limited to, employees, shareholders and investors, customers, suppliers and distributors, the government and other regulatory authorities, and the media and the public.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholders' expectations have been taken into consideration by utilising diversified engagement methods and communication channels as shown below:

Stakeholders	Communication Channels	Expectations
Employees	<ul style="list-style-type: none"> <li>Email and suggestion boxes</li> <li>Annual employee performance evaluation</li> <li>Training activities, seminars, and briefing</li> </ul>	<ul style="list-style-type: none"> <li>Ensuring occupational safety and health</li> <li>Protection of employees' rights and welfares</li> <li>Equal opportunities</li> <li>Provision of training and development</li> </ul>
Shareholders and investors	<ul style="list-style-type: none"> <li>Announcements and circulars</li> <li>General meeting and other shareholder meetings</li> <li>Company website</li> <li>Financial reports</li> </ul>	<ul style="list-style-type: none"> <li>Operation compliance</li> <li>Financial results</li> <li>Sustainable development of business</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Feedback from the customers by the frontline staff</li> <li>Customer satisfaction survey</li> <li>Hotline and meetings</li> </ul>	<ul style="list-style-type: none"> <li>Ensuring product and service quality</li> <li>Customer privacy protection</li> <li>Operation compliance</li> </ul>
Suppliers and distributors	<ul style="list-style-type: none"> <li>Business meetings and discussion</li> <li>Commercial mail</li> <li>Performance appraisal</li> <li>Procurement contract and commitment</li> <li>Site visits</li> </ul>	<ul style="list-style-type: none"> <li>Fair competition</li> <li>Win-win cooperation</li> <li>Business ethics and reputation</li> </ul>
Government and other regulatory authorities	<ul style="list-style-type: none"> <li>Compliance check</li> <li>Due diligence</li> <li>Conferences and seminars</li> <li>Site visits</li> </ul>	<ul style="list-style-type: none"> <li>Pay taxes as required by law</li> <li>Business ethics and reputation</li> <li>Operation compliance</li> </ul>
Media and the public	<ul style="list-style-type: none"> <li>Financial reports and announcements</li> <li>ESG reports</li> <li>Company website</li> </ul>	<ul style="list-style-type: none"> <li>Contribution to community development</li> <li>Environmental protection</li> <li>Operation compliance</li> </ul>

The Group endeavours to actively listen to and collaborate with its stakeholders to ensure that their opinions can be voiced out through an effective communication channel. In the long run, the stakeholders' contribution will aid the Group in improving potentially overlooked ESG performances and maintaining the success of the Group's business in the challenging market.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## MATERIALITY ASSESSMENT

The Board and management responsible for key functions of the Group have participated in the preparation of the ESG Report. They have assisted the Group in reviewing its operations, identified key ESG issues and assessed its importance to its businesses and stakeholders. Based on the previously identified material ESG issues, a materiality assessment was conducted during 2021 by the Group's stakeholders. The result can reflect the relative importance of different material ESG issues assessed by different groups of stakeholders, which is shown below:



The result of the materiality assessment was reviewed and approved by the Board.

## CONTACT US

The Group welcomes stakeholders to provide their opinions and suggestions. You can provide valuable advice in respect of the ESG Report or the Group's performances in sustainable development by reaching us: <http://www.hkjewelry.net>.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## A. ENVIRONMENTAL

### A1. Emissions

The Group is principally engaged in the development, sales and implementation of enterprise software products, systems integration services and design and sales of gold and jewellery products. The Group's operations do not involve production activities that have significant impacts on the environment. Still, the Group is aware of the environmental impacts it may generate when conducting business.

The Group has integrated environmental consideration into its decision-making process and embraced the responsibilities to create an environmentally sustainable business. To enhance the Group's environmental governance practice and mitigate the environmental impacts generated by its operations, the Group has implemented relevant environmental protection policies. During 2021, the Group was not aware of any material non-compliance with laws and regulations concerning exhaust and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes, including, but not limited to, the Environmental Protection Law of the People's Republic of China; the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste; the Waste Disposal Ordinance of Hong Kong; the Environmental Protection Basic Act of Taiwan; and the Environmental Quality Act 1974 of Malaysia that would have a significant impact on the Group.

#### *Exhaust Gas Emissions*

Consumption of petrol by vehicles is the major source of the Group's exhaust gas emissions. According to the business nature, the Group considers that exhaust gas emissions generated are of an insignificant level. However, the Group actively manages its emissions by setting guidelines on the efficient use of fuel, which will be described in section headed "GHG Emissions" under this aspect.

During 2021, the Group's nitrogen oxides, sulphur oxides, and particulate matter emissions were measured at about 21.67 kg, 0.52 kg, and 1.60 kg respectively, which were mainly attributable to the petrol consumed by the private vehicles.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## GHG Emissions

The major sources of the Group's GHG emissions are generated from the vehicles owned and operated by the Group (Scope 1) and purchased electricity (Scope 2). To minimise the environmental impacts of GHG emissions from the Group's business operations, the Group has set target to reduce its GHG emissions intensity (tCO<sub>2</sub>e per HK\$'000) over the 3 years, using 2021 as the baseline year. To achieve the target, the Group has adopted the following measures:

### Scope 1 – Direct GHG Emissions

The Group's largest source of GHG emissions arises from the use of petrol for the vehicles, which accounts for the total direct GHG emissions within the Group. Guidelines have been established clearly to ensure the efficient use of fuel and to reduce direct GHG emissions from petrol consumption in its operations, as shown below:

- Plan routes ahead of time to optimise fuel consumption;
- Switch off the engine whenever the vehicle is idling; and
- Conduct regular vehicle maintenance to ensure optimal engine performance and fuel use.

### Scope 2 – Indirect GHG Emissions

Electricity consumption accounts for the indirect GHG emissions within the Group. In efforts to reduce energy consumption, the Group has initiated energy-saving measures, which will be described in the section headed "Energy Consumption" under aspect A2.

The total GHG emissions increased in 2021. The increase was mainly due to the increased business activities.

The table below shows the breakdown of the Group's GHG emissions:

<b>Indicator<sup>1</sup></b>	<b>Unit<sup>2</sup></b>	<b>2021</b>
Scope 1 – Direct GHG emission	tCO <sub>2</sub> e	
• Petrol consumption		94.16
Scope 2 – Energy indirect GHG emission	tCO <sub>2</sub> e	
• Electricity consumption <sup>3</sup>		11.18
Scope 3 – Other indirect GHG emission	tCO <sub>2</sub> e	
• Business air travels		–
<b>Total GHG emissions</b>	<b>tCO<sub>2</sub>e</b>	<b>105.34</b>
<b>GHG emission intensity<sup>4</sup></b>	<b>tCO<sub>2</sub>e/HK\$'000</b>	<b>0.003</b>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Notes:

1. *GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange and the "Global Warming Potential Values" from the IPCC's Fifth Assessment Report, 2014 (AR5), HK Electric Investments sustainability Report 2020 and the latest released emission factors of China's regional power grid basis.*
2. *tCO<sub>2</sub>e is defined as tonnes of carbon dioxide equivalent.*
3. *Only electricity data in Shenzhen is included and the data in Hong Kong, PRC, Taiwan and Malaysia are not available as they are included in the property management fee.*
4. *For the year ended 31 December 2021, the Group's revenue is approximately HK\$41,361,000. The data is also used for calculating other intensity data.*

## *Discharges into Water and Land*

Due to the Group's business nature, discharges into water and land are insignificant. Similarly, there was no significant and unreasonable amount of sewage water discharged; used water is discharged to the municipal sewage network to the regional water treatment plant.

## *Waste Management*

Due to the Group's business nature, no material amount of hazardous and non-hazardous waste was generated by the Group during 2021. Since the Group's business operations do not involve significant waste management related risks, no relevant target is set during 2021.

## *Hazardous Waste Handling Method*

Where it is required to handle hazardous waste, the Group will independently store and transport to third-party professionals for safe and legal processing.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *Non-hazardous Waste Handling Method*

The non-hazardous wastes generated by the Group is mainly general wastes such as paper generated from offices. Nevertheless, relevant guidelines have been implemented and various wastes reduction measures and initiatives were adopted by the Group. With such waste management approaches, the Group hopes to embed an environmental-friendly mindset among its employees. The waste reduction measures include but not limited to the following:

- Use double-sided printing or photocopying whenever possible;
- Utilise electronic media;
- Recycle one-sided printed paper; and
- Place “Green Message” reminders on the office equipment.

## **A2. Use of Resources**

The Group upholds and promotes the principle of effective use of resources, and is committed to optimizing the use of resources across business operations. The Group promotes a green office and operation environment and continue with initiatives to introduce resource efficiency and eco-friendly measures to the Group’s operations. The Group has established and implemented relevant guidelines in governing the efficient use of resources regarding the objective of achieving higher energy efficiency and reducing the unnecessary use of materials.

### *Energy Consumption*

The Group identifies and adopts appropriate energy-saving measures to minimise energy consumption. Energy measures and initiatives on the efficient use of energy are developed, and such measures and initiatives have been formally documented in the Environmental Policy. Staff are required to adopt such measures and practices and assume responsibility for the Group’s overall energy efficiency. To minimise the environmental impacts of energy consumption from the Group’s business operations, the Group has set target to reduce the total energy consumption intensity (kWh per HK\$’000) over the next 3 years, using 2021 as the baseline year. To achieve the target, the Group has established an energy management system and regularly reviews its energy consumption objectives and targets to continuously enhance the Group’s energy consumption performance. Besides, the Group aims to enhance its energy-saving management by minimising the usage of lighting, air conditioning, and electronic appliances and tracking its energy consumption regularly.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The energy consumed by the Group was mainly electricity consumption for operation. The Group has introduced various measures and initiatives to achieve the goal of electricity saving and efficient consumption. Such measures and initiatives include but are not limited to the following:

- Only consider Grade 1 or 2 of the energy label decoded by the Electrical and Mechanical Services Department of the Government of the Hong Kong SAR (the "HKSAR") when purchasing electrical appliances;
- Post eye-catching reminders near lights switches and electrical appliances as a reminder to employees;
- Switch off all idle appliances and unnecessary lighting upon leaving the offices; and
- Actively adopt measures for energy conservation which are described in the section headed "GHG emissions" under aspect A1.

The total energy consumption increased in 2021. The increase was mainly due to the increased business activities.

The table below shows the breakdown of the Group's energy consumption:

<b>Types of energy</b>	<b>Unit</b>	<b>2021</b>
Direct Energy Consumption	kWh'000	
• Petrol		343.06
Indirect Energy Consumption	kWh'000	
• Electricity <sup>1</sup>		13.90
<b>Total energy consumption</b>	<b>kWh'000</b>	<b>356.96</b>
<b>Intensity</b>	<b>kWh'000/HK\$'000</b>	<b>0.009</b>

Note:

1. Only electricity data in Shenzhen is included. The electricity data in Hong Kong, PRC, Taiwan and Malaysia are not available as they are included in the property management fee.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Water Consumption

The Group's water consumption was only limited to basic cleaning and sanitation. As the Group's water consumption expense is included in the property management fee, water consumption data during 2021 was not available. Target for water efficiency is also not presented as water consumption data is not applicable.

Although the water consumption of the Group is insignificant, the Group is dedicated to promoting behavioural changes in water consumption at the office and encouraging water conservation. The Group has been strengthening water-saving promotion by posting water-saving slogans in prominent places and guiding employees to consume water reasonably.

Due to the Group's business nature, the Group did not encounter any problem in sourcing water that is fit for purpose.

## Packaging Materials Consumption

The Group is conscious of the impacts of packaging materials to the environment. Consumption of packaging materials are closely monitored. Regular review of product packaging material and designs are performed to minimise impacts to the environment due to over packaging and non-biodegradable materials.

The table below shows the breakdown of the Group's packaging material consumption:

<b>Packaging materials</b>	<b>Unit</b>	<b>2021</b>
Gift boxes	Pcs	10,811
<b>Intensity<sup>1</sup></b>	<b>Pcs/HK\$'000</b>	<b>0.26</b>
Shopping bags	Pcs	3,500
<b>Intensity<sup>1</sup></b>	<b>Pcs/HK\$'000</b>	<b>0.08</b>
Label Set	Pcs	3,000
<b>Intensity<sup>1</sup></b>	<b>Pcs/HK\$'000</b>	<b>0.07</b>

Note:

1. Due to its business nature, the Group has not involved in manufacturing. Therefore, the Group's revenue for the year ended 31 December 2021 is used for calculating the intensity data.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## A3. The Environment and Natural Resources

The Group's operations do not involve production activities that have significant impacts on the environment. Nevertheless, the Group is aware of the environmental impacts it may generate when conducting business. The Group regularly assesses the environmental risks of its businesses, adopt preventive measures to reduce potential risks, and ensure compliance with relevant laws and regulations. It is also devoted to achieving sustainable development for generating long-term values for the community and stakeholders.

### *Working Environment*

To enhance working efficiency, the Group is committed to providing a pleasant working environment for the employees by maintaining environmental sanitation and keeping the office clean and tidy at all times. Besides, the Group regularly monitor and measure the indoor air quality of the workplace. Proper lightings and ventilation are installed, and cleaning services for the air-conditioning system at the workplace are arranged regularly to filter pollutants and contaminants.

## A4. Climate Change

The Group recognises the importance of the identification and mitigation of significant climate-related issues; therefore, the Group is committed to managing the potential climate-related risks which may impact the Group's business activities. The Group has also incorporated climate risk into Enterprise Risk Management to identify and mitigate different climate-related risks. In addition, the Group has initiated a climate change assessment to identify and mitigate the potential risks that may arise from its business operations. The result of the assessment was reviewed and confirmed by the management. These risks mainly stem from the following dimensions:

### *Climate-related Issues*

#### *Physical Risks*

The increased frequency and severity of extreme weather such as typhoons, storms, and floods caused by heavy rains may lead to disruptions to the Group's business operations, damaging the power grid, hampering and injuring its employees on the way or during their work. These events could disrupt supply chains, interrupt business operations, and damage the Group's assets. In response, the Group identifies these risks and prioritise those with severe impact to take precautionary measures first, concurrently, the Group explores the ways in which a change in business model is possible to mitigate or avoid these severe impacts on business operations.

#### *Transition Risks*

The Group anticipates that there will be more stringent climate legislation and regulations to support the global vision of carbon neutrality. If the Group fails to comply with the laws and regulations as applicable to its businesses from time to time, its business operations may be materially and adversely affected. Negative publicity may also arise due to failure to meet the compliance requirements for climate change. The company's related capital investment and compliance costs thus increase. In response to the policy and legal risks as well as the reputation risks, the Group regularly monitors existing and emerging trends, policies and regulations relevant to climate and be prepared to alert the top management where necessary to avoid cost increments, non-compliance fines or reputational risks due to delayed response.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## B. SOCIAL

### B1. Employment Practices

Employees are the most valuable asset of the Group and are the foundation of the Group's success. The Group strictly abides by all applicable laws and regulations related to employment. The Group's employment policies are formally documented in the Employee Handbook, covering recruitment and remuneration, compensations, working hours and rest periods, diversity and equal opportunities, etc. During 2021 the Group was not aware of any material non-compliance with the labour laws and regulations, including, but not limited to, the Labour Law of the People's Republic of China; Labour Contract Law of the People's Republic of China; Employment Ordinance of Hong Kong; Labour Standards Act of Taiwan and the Employment Act 1955 of Malaysia that would have a significant impact on the Group.

As at 31 December 2021, the number of employees of the Group was 41. The workforce distributions by gender, age group, employment category and geographical location are as follows:

	<b>Number of Employee</b>
<b>By Gender</b>	
Male	20
Female	21
<b>By Age Group</b>	
Under 30 years old	7
30-50 years old	25
Over 50 years old	9
<b>By Employment Category</b>	
Full-time	40
Part-time	1
<b>By Geographical Region</b>	
Hong Kong	10
The PRC	18
Malaysia	4
Taiwan	9

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During 2021, the Group's overall turnover rate was approximately 4.88%. The employee turnover rate by gender, age group, and geographical location is as follows:

	<b>Turnover Rate<sup>1</sup> (%)</b>
<b>By Gender</b>	
Male	9.76
Female	–
<b>By Age Group</b>	
Under 30 years old	15.38
30-50 years old	3.92
Over 50 years old	–
<b>By Geographical Region</b>	
Hong Kong	10.53
The PRC	5.41
Malaysia	–
Taiwan	–

Note:

1. The employee turnover rate is calculated by dividing the number of employees leaving employment during 2021 by the average number of employees at the beginning and the end of 2021.

The Group places high importance on employees' workplace and motivation as they are pivotal to the Group's long-term growth. The Group provides equal opportunity for all employees and ensure that they are not discriminated on gender, age, race, religion and marital status etc. The Group is committed to promoting equal opportunities and diversity in recruitment. Employees are recruited via a robust, transparent and fair recruitment process based on their merits and their potential to fulfil the Group's current and future needs.

Remuneration and promotion are based on experience, job-related skills, qualifications and performances. The Group has established procedures for annual evaluation of employees' performances. Responsible managers are required to conduct promotion assessment in a fair manner. Then the promotion assessment is reviewed by the administrative department and finally decided by the Chairman of the Board. Year-end bonus and appropriate promotion opportunities are offered to employees with outstanding performance. For talented employees with outstanding work performance, supervisors can apply provisional assessment and recommend frog-leaping promotion.

Employees may express their opinions or grievances regarding the assessment, position transfer and promotion directly to the management or the administrative department.

The Group provides its employees with relevant social insurance in accordance with relevant laws and regulations, such as "five social insurance and one housing fund". In addition to basic statutory holidays and festivals, employees are also entitled to paid annual leave, marriage leave, maternity leave, parental leave, and sick leave, etc.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## B2. Occupational Health and Safety

The Group's operations do not involve significant safety risks. Nevertheless, the Group does not overlook the responsibility to safeguard employees' health and safety. The Group has formulated various management requirements in accordance to relevant occupational health and safety laws and regulations. As at 31 December 2021, the Group did not record any cases of work-related fatalities in the past three years. In addition, the Group did not record any work-related injuries nor losses in working days due to work-related injuries during 2021.

During 2021, the Group was not aware of any material non-compliance with health and safety-related laws and regulations, including, but not limited to, the Labour Law of the People's Republic of China; the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases; the Occupational Safety and Health Ordinance of Hong Kong; the Employees Compensation Ordinance of Hong Kong; Occupational Safety and Health Act of Taiwan; the Occupational Safety and Health Act 1994 of Malaysia that would have a significant impact on the Group.

For the business of jewellery products, the Group emphasises fire prevention and anti-theft measures in offices and retail shops. The Group highly values the safety training of employees. The Group has formulated a "Safety System for Sales Assistants" that guides employees on how to better the implementation of safety protection work.

Meanwhile, the Group organises regular fire drills for all employees annually to ensure they are familiar with appropriate ways of handling fire accidents, protecting the personal safety of customers and employees themselves under emergencies.

Moreover, appropriate liability insurance has been maintained for all directors and employees to provide coverage to them for risks associated with the business operations of the Group. The insurance coverage is reviewed annually to match the job content of employees.

### *Preventive Measures on COVID-19*

As a stakeholder of the society, the Group follows the government measures, both mandatory and voluntary, for fighting against the epidemic. The Group provides a hygienic working environment and take the best measures to protect the employees from health issues brought by the current COVID-19 epidemic. For example, regular sanitisation of the workspaces in Hong Kong and the PRC are conducted, and the employees are allowed to work at home flexibly to minimise the threats to their health on and on their way to their workspace. The management has also provided adequate anti-epidemic items to the employees, such as face masks and hand sanitisers.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## B3. Training and Development

Talents are the key to corporate sustainable development and the Group spares no effort in training its employees. The Group arranges appropriate training courses and workshops for employees of all categories to improve their skills and knowledge corresponding to their respective duties, thereby improving the Group's service quality.

All new employees are required to receive induction training upon joining the Group, which helps them to fully understand the Group's corporate culture and management standards and their job duties. Senior employees are required to provide on-the-spot instructions with reasonable arrangements to allow mutual matching between new and senior employees, enabling better adaptation of new employees to job requirements and duties. In addition, department heads, such as shop managers coordinate with the Human Resources Department to formulate suitable training programs as required, based on the employees' development needs.

Regarding training for senior management, the Group strictly abides by the Corporate Governance Code to provide orientation training to any newly appointed directors. Training programs about continuous professional development are arranged to ensure they are aware of their overall responsibilities, thereby leading the Company on the development path. During the year 2021, the Group provided training to all employees in the business of jewelry products record.

During 2021, the Group recorded approximately 13.95%<sup>1</sup> of trained employee, with an average of 0.42<sup>2</sup> training hours per employee.

<b>Categories</b>	<b>Percentage Trained Employee<sup>3</sup> (%)</b>	<b>Breakdown of Trained Employee<sup>4</sup> (%)</b>	<b>Average Training Hours<sup>5</sup> (hours)</b>
<b>By Gender</b>			
Male	13.64	50.00	0.41
Female	14.29	50.00	0.43
<b>By Employee Category</b>			
Senior management	46.15	100.00	1.38
General staff	–	–	–

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Notes:

1. *The percentage of trained employee is calculated by dividing the total number of employees who took part in training during 2021 by the total number of employees during 2021, covering the existing and resigned employees.*
2. *The average training hours per employee is calculated by dividing the total number of training hours during 2021 by the total number of employees during 2021, covering the existing and resigned employees.*
3. *The percentage trained employee by category is calculated by dividing the number of employees in the specified category who took part in training during 2021 by the number of employees in the specified category during 2021, covering the existing and resigned employees.*
4. *The breakdown of trained employee by category is calculated by dividing the number of employees in the specified category who took part in training during 2021 by the total number of employees who took part in training during 2021, covering the existing and resigned employees.*
5. *The average training hours by category is calculated by dividing the total number of training hours for employees in the specified category during 2021 by the number of employees in the specified category during 2021, covering the existing and resigned employees.*

## **B4. Labour Standards**

### *Preventive Measures on Child and Forced Labour*

Child and forced labour are strictly prohibited during the recruitment process as defined by laws and regulations. During 2021, the Group was not aware of any material non-compliance with the laws and regulations relating to child and forced labour, including, but not limited to, the Labour Law of the People's Republic of China; the Labour Contract Law of the People's Republic of China; the Employment Ordinance of Hong Kong; the Labour Standards Act of Taiwan and the Children and Young Persons (Employment) Act 1966 of Malaysia that would have a significant impact on the Group.

To combat illegal employment of child labour, underage workers, and forced labour, personal data are collected during the recruitment process to assist the selection of suitable candidates. The Human Resources Department also ensures identity documents are checked carefully. In addition, the Group conducts regular reviews and inspections to prevent any child labour or forced labour in operation. If violations are involved, they will be dealt with in the light of the circumstances as clearly stated in the Group's Employee Handbook.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## B5. Supply Chain Management

The Group continues to monitor closely its daily operation and encourages the sustainable development of suppliers and contractors. Suppliers and contractors are bound by contracts and the relevant laws and regulations, to ensure their compliance with relevant laws and regulations relating to environmental and social policies. For instance, they are forbidden to employ child labour and forced labour, and the products supplied must meet the Group's environmental standards. During procurement, the procurement manager is responsible for selecting and reviewing suppliers.

To maintain an efficient operation and a sustainable supply chain, the Group has deployed an effective supplier management system to properly assess the qualifications and performance of the Group's suppliers. The Group has formulated policies related to supply chain management such as the Jewellery Purchase and Distribution Process to select, assess and engage suppliers. All of the suppliers were engaged and evaluated under the aforementioned practices.

<b>Geographical Region</b>	<b>Number of Major Suppliers</b>
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The PRC	3
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The Group is aware of the environmental and social risks along the supply chain. If there are significant environmental and social risks along the supply chain, the Group's relevant departments shall discuss with the senior management about the risk responses. To reduce its social and environmental risks along the supply chain, the Group periodically evaluates and monitors the performance of its suppliers to ensure their compliance with laws and regulations relating to environmental and social policies, service standards, contract conditions and quality provisions. Any non-compliance to relevant environmental and social laws and regulations discovered by the designated personnel from the Group will be promptly reported to the management. Corrective action plan will be carried out to remediate the identified risk in a timely manner.

The Group attaches importance to the environmental impacts of the purchased goods and services. More environmentally friendly products or services should be procured by the Group when it is feasible, to minimise negative impacts to the environment and human health, and conserve natural resources.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## B6. Operating Practices

The Group places great emphasis on its operating practices by strictly obeying relevant laws and regulations. During 2021, the Group was not aware of any material non-compliance with any laws and regulations in relation to health and safety, advertising, labelling and privacy matters relating to products and services and methods of redress that would have a significant impact on the Group, including but not limited to, the Law of the People's Republic of China on Protection of Consumer Rights and Interests; the Advertising Law of the People's Republic of China; the Patent Law of the People's Republic of China; the Sale of Goods Ordinance of Hong Kong; the Consumer Protection Act of Taiwan; the Consumer Protection Act 1999 of Malaysia.

### *Product and Service Quality*

The Group attaches great importance to the quality of the products and services provided to the customers by strictly obeying the laws and regulations related to product quality. Regarding the business of jewellery products, the Group has set up the Regulation on Goods Management for strict control of quality and quantity of products available for sale. Every product is checked and accepted by shop managers after checking the quality and quantity of products, appropriate matching of product labels and the relevant certificates. Meanwhile, as a responsible business operator, the Group provides a series of after-sale services including product repairing. Follow-up work is well managed when repairing of products is under processing to ensure the repair is completed in time and the damage or defect is addressed satisfactorily. Products of the Group include jewellery, as well as software products and services for corporates. Health and safety risks involved in these products and services, are relatively insignificant. During 2021, no product sold or shipped was subjected to recall for safety and health reasons.

### *Customer Satisfaction for Product and Service*

The Group highly values the quality of customer services to satisfy customers' needs to the best of ability. Upon receipt of any complaint, the Group inspects problems and offer remedies as required by relevant regulations of the Company. If the customers show dissatisfaction with the results of the investigation and the remedies, responsible staff are required to report the incident to their supervisors for further measures to satisfy customers. During 2021, the Group did not record any material complaint related to products and services.

### *Customer Privacy Protection*

The Group takes serious protection of our clients' confidential information. Policy related to data protection has been implemented and included in the Employee Handbook to provide guidelines to the employee regarding the collection, management and destruction of the customer data. The Group restricts employee access to sensitive data, allowing access only to relevant employees for carrying out their roles and responsibilities. For the sake of protecting the customer's information, the Group also employs data security measures, such as firewalls and anti-virus software, passwords and encryption. Any violations of Group's policy are major misconduct that shall be subjected to disciplinary action.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *Intellectual Property Rights*

The Group believes that protecting intellectual property is vital to the innovation and advancement of product and technology development. The Group ensures all of the products and services, as well as management, are compliant with legal standards and procedures, and prevent the infringement of other intellectual property rights.

Responsible marketing practices are crucial to gaining customer trust and confidence. Clear guidelines have been established on the ethical usage of all forms of sales promotion and direct marketing and digital marketing communications. All products' descriptions are reviewed to ensure the information is complete and accurate. Product labelling serves a critical function, ensuring unique product identification and information of any possible product risks.

## *Advertising and Labelling*

Based on the nature of the business of the Group, the Group only conducts limited publicity activities. Therefore, the Group's business operations do not involve significant advertising and label related risks.

## **B7. Ethics, Local Laws and Regulations**

The Group upholds the highest standards of integrity in its operations. The Group is strictly abided by the relevant laws and regulations of bribery, extortion, fraud, and money laundering that would have a significant impact on the Group, including but not limited to, the Company Law and Criminal Law of the People's Republic of China, the Prevention of Bribery Ordinance of Hong Kong, the Statute for Punishments for Corruption of Taiwan; the Anti-Money Laundering of Malaysia. During 2021, there were no reported cases of corrupt practices brought against the Group or its employees.

## *Anti-corruption*

To prevent corrupt practices during the Group's business operation, the Group has articulated the requirements for employees' conduct through the Employee Handbook. In addition, an online anti-corruption training covering topics such as integrity and discipline, confidentiality and conflict of interest was provided to the Directors. During 2021, 3 directors have participated in the anti-corruption training.

## *Whistle-blowing Mechanism*

The Group forbids any misconduct such as bribery, extortion, fraud, and money laundering. Stakeholders can report to the senior management of the Group for any suspected misconduct with full details and supporting evidence. The management will conduct investigations against any suspicious or illegal behaviour to protect the Group's interests. The Group advocates a confidentiality mechanism to protect the whistle-blowers against unfair dismissal or victimisation. When criminality is suspected, a report will be made to the relevant regulators or law enforcement authorities when the management considers it necessary. Personnel involved may face disciplinary actions, including dismissal.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## **B8. Community Investment**

The Group contributes to the communities where its businesses are located by offering job opportunities to residents. As part of its strategic development, the Group has established relevant guidelines on community investment to nurture the corporate culture and practices of corporate citizen in the daily work life throughout the Group. Employees are also encouraged to get involved in community and charity activities, spreading compassion within the Group and in the community as well as supporting the society's well-being and development.

Owing to the COVID-19 pandemic, the Group has temporarily suspended the organisation and participation of charitable and voluntary activities.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Mandatory Disclosure Requirements	Section/Declaration
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Governance Structure	Board Statement, ESG Management Approach
Reporting Principles	Reporting Framework
Reporting Boundary	Scope of Reporting

### Subject Areas, Aspects, General Disclosures and KPIs

Description	Section/Declaration
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#### Aspect A1: Emissions

General Disclosure	Information on:	Emissions
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer	
	relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	
KPI A1.1	The types of emissions and respective emissions data.	Emissions – Exhaust Gas Emissions GHG Emissions Discharges into Water and Land
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Waste Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions – GHG Emissions, Waste Management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions – Waste Management



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Subject Areas, Aspects, General Disclosures and KPIs

KPIs	Description	Section/Declaration
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Energy Consumption
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Water Consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Use of Resources – Energy Consumption
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources – Water Consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources – Packaging Materials Consumption
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources
<b>Aspect A4: Climate Change</b>		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Subject Areas, Aspects, General Disclosures and KPIs

KPIs	Description	Section/Declaration
<b>Aspect B1: Employment</b>		
General Disclosure	Information on:  (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	Employment Practices
KPI B1.1	relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment Practices
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment Practices
<b>Aspect B2: Health and Safety</b>		
General Disclosure	Information on:  (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	Occupational Health and Safety
KPI B2.1	relating to providing a safe working environment and protecting employees from occupational hazards Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Occupational Health and Safety
KPI B2.2	Lost days due to work injury.	Occupational Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Occupational Health and Safety
<b>Aspect B3: Training and Development</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Training and Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	Training and Development

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Subject Areas, Aspects, General Disclosures and KPIs

	Description	Section/Declaration
<b>Aspect B4: Labour Standards</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	Labour Standards
KPI B4.1	relating to preventing child and forced labour Description of measures to review employment practices to avoid child and forced labour.	Labour Standards – Preventive Measures on Child and Forced Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards – Preventive Measures on Child and Forced Labour
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
<b>Aspect B6: Product Responsibility</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	Operating Practices
KPI B6.1	relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Operating Practices – Product and Service Quality
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Operating Practices – Customer Satisfaction for Product and Service
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Operating Practices – Intellectual Property

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Subject Areas, Aspects, General Disclosures and KPIs

KPIs	Description	Section/Declaration
KPI B6.4	Description of quality assurance process and recall procedures.	Operating Practices – Product and Service Quality
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Operating Practices – Customer Privacy Protection
<b>Aspect B7: Anti-corruption</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	Ethics, Local Laws and Regulations
KPI B7.1	relating to bribery, extortion, fraud and money laundering Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Ethics, Local Laws and Regulations
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Ethics, Local Laws and Regulations – Whistle-blowing Mechanism
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Ethics, Local Laws and Regulations – Anti-corruption
<b>Aspect B8: Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment



**Yu Tak International Holdings Limited**  
**御德國際控股有限公司**