

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
2023

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SUSTAINABLE DEVELOPMENT OBJECTIVES

i.century Holding Limited and its subsidiaries (collectively referred to as the “Group”) is principally engaged in apparel supply chain management services including product development, sourcing and procurement of raw materials, production management, quality control to logistics arrangement.

The Board of Directors (the “Board”) of the Group recognizes the pressing need to address the challenges of climate change and environmental degradation. The Board is resolute in its pursuit of sustainability and envisions a prosperous future that creates long-term value for stakeholders, ensures a safe working environment for employees, and protects the environment and society as a whole. This Environmental, Social, and Governance (“ESG”) report (the “Report”) provides a comprehensive overview of the Board’s unwavering commitment to sustainable development practices and outlines its clear vision for addressing the challenges posed by climate change.

The Group has set ambitious sustainable development objectives, focusing on reducing environmental impact, promoting social responsibility, and achieving economic growth. The Group understands that by focusing on these areas, it can not only contribute to a more sustainable world but also secure the long-term success of the Group. The Group’s climate change vision includes:

1. Carbon neutrality: The Group is committed to becoming carbon neutral by reducing its greenhouse gas emissions.
2. Sustainable operations: The Group will promote sustainable operations by adopting green energy practices, reducing waste, and increasing resource efficiency.
3. Sustainable supply chain: The Group will collaborate with its suppliers to promote sustainable practices throughout its supply chain, including responsible sourcing of materials and products.
4. Advocacy and leadership: The Group will use its influence and expertise to advocate for policies and practices that promote sustainability and address climate change. It will also work to raise awareness of the importance of sustainability among its stakeholders.

Sustainability Statement of the Board

The Board of Directors wholeheartedly embraces its responsibility to address climate change and environmental degradation. They are committed to driving sustainability in business operations, prioritizing environmental stewardship, and delivering exceptional apparel supply chain management services.

The Board aims to reduce the company’s environmental footprint and actively contribute to mitigating climate change. They prioritize greenhouse gas emission reduction through energy-efficient practices, optimized waste management, and enhanced transportation efficiency.

Promoting social responsibility and upholding ethical standards are core values. The Board fosters diversity, equity, and inclusion across operations and supply chains, ensuring fair labour practices, worker rights, and supporting initiatives for social well-being.

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Recognizing the interdependence of economic growth and sustainability, the Board integrates sustainable principles into business strategies to drive innovation, reduce costs, and increase operational efficiency. They collaborate with industry partners, governmental organizations, and stakeholders to share knowledge, champion sustainable initiatives, and advocate for climate action.

Transparency and accountability are key commitments. The Board measures, monitors, and regularly reports progress, ensuring stakeholders are informed of sustainability efforts and positive impact. Their sustainability statement reflects an unwavering commitment to addressing climate change, fostering social responsibility, and driving sustainable practices, with the aim of creating a more sustainable future for all.

ESG Approach and Commitment

The Group acknowledges the significance of ESG factors as key indicators of non-financial performance. A robust approach to ESG reporting has been adopted, including risk assessment, performance reporting, goal setting, management supervision, and compliance. Transparency and accountability are prioritized, with qualitative and quantitative information provided in reports to keep stakeholders informed of sustainability performance. The Group's commitment to ESG principles drives decision-making, risk management, and value creation for stakeholders.

The Group recognizes the link between ESG considerations and long-term success. By monitoring ESG performance, risks are managed, opportunities for improvement are seized, and business strategies align with ethical and sustainable standards. The Group's holistic approach to ESG reporting fosters accountability, continuous improvement, and responsible corporate citizenship. Upholding ESG principles throughout the organization enables informed decision-making, positive change, and long-term value creation for stakeholders and society.

Regular evaluation and refinement of ESG practices drive excellence across operations, setting industry benchmarks and contributing to sustainable development goals. In summary, the Group's comprehensive ESG reporting framework reflects a commitment to transparency, accountability, and sustainable business practices. Stakeholders gain a comprehensive understanding of sustainability performance, joining the Group on its journey toward a more sustainable and prosperous future.

ABOUT THIS REPORT

The Report has shown the Group's commitment to sustainable development practices and its clear vision for addressing climate change. The report is a valuable tool for stakeholders to understand the Group's sustainability performance and its efforts to build a more sustainable future. Additionally, the Group has taken steps to ensure consistency between the Chinese and English versions of the Report, the Board reviewed and approved the Report on 30 June 2023, marking a significant milestone in the Group's sustainability journey.

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Reporting Scope

Headquartered in Hong Kong, the People's Republic of China (PRC), with representative offices in Ningbo, PRC, France, and Australia, the Group is committed to transparency and accountability in reporting. The preparation of the Report adheres to the principles of 'Materiality,' 'Quantitative,' 'Balance,' and 'Consistency.' The Group continuously strive to enhance its reporting process, ensuring comprehensive disclosure of its corporate social responsibility initiatives. This involves meticulous data collection, policy formulation, implementation, and ongoing monitoring to optimize its reporting and expand its commitment to sustainability.

Reporting Period

The Report provides a comprehensive overview and summary of the Group's environmental and social performance during the reporting period spanning from 1 April 2022 to 31 March 2023 (the "Reporting Period"). It offers insights into the Group's achievements, initiatives, and progress in these areas, showcasing the Group's commitment to sustainability and responsible business practices.

Reporting Framework

The Report has been prepared in adherence to the Environmental, Social, and Governance Reporting Guide ("ESG Reporting Guide") outlined in Appendix 20 of the GEM Listing Rules, as published by the Hong Kong Exchanges and Clearing Limited ("HKEX"). It fully complies with the "comply or explain" provisions specified in the ESG Reporting Guide. For ease of reference, a comprehensive list of ESG aspects, accompanied by their respective key performance indicators ("KPIs"), is included at the end of the Report. This ensures transparency and facilitates a thorough understanding of the Group's ESG performance.

Stakeholder Engagement

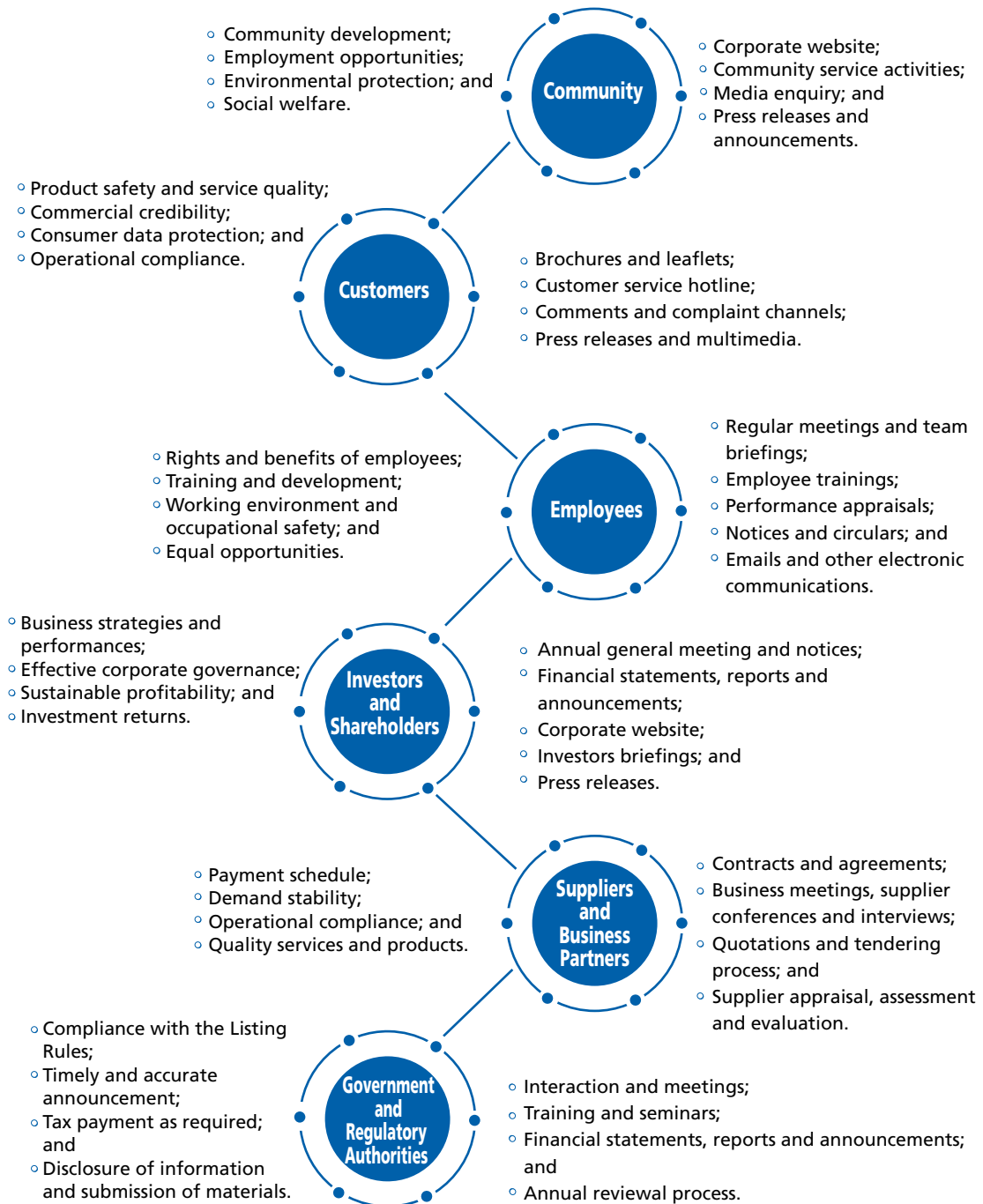
Engagement with stakeholders is a vital driver of the Group's success. As a responsible and sustainable business enterprise, understanding stakeholders' expectations and concerns regarding business development strategies, risk management measures, and internal control systems is paramount. The Group actively fosters collaborative relationships with policymakers, regulators, employees, customers, shareholders, investors, business partners, suppliers, and community members. Through various communication approaches, the Group engages stakeholders to exchange thoughts and ideas, review ESG goals, and gather feedback. This collaborative process helps identify opportunities and risks, enabling the Group to shape business strategies that create long-term value for stakeholders. The diagram below highlights key stakeholders and corresponding communication approaches.

By embracing diverse engagement approaches, such as ongoing dialogues and consultations, the Group cultivates deeper collaboration with stakeholders. Policymakers, regulators, employees, investors, customers, suppliers, and community members contribute valuable insights that inform the Group's ESG objectives and long-term growth plans. The Group's commitment to stakeholder engagement establishes a culture of trust and mutual respect, crucial for achieving sustainable development goals. This commitment is evident in the ESG Report and will continue to serve as a foundation for the Group's ongoing sustainability efforts.

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● Areas of ESG Concerns ●

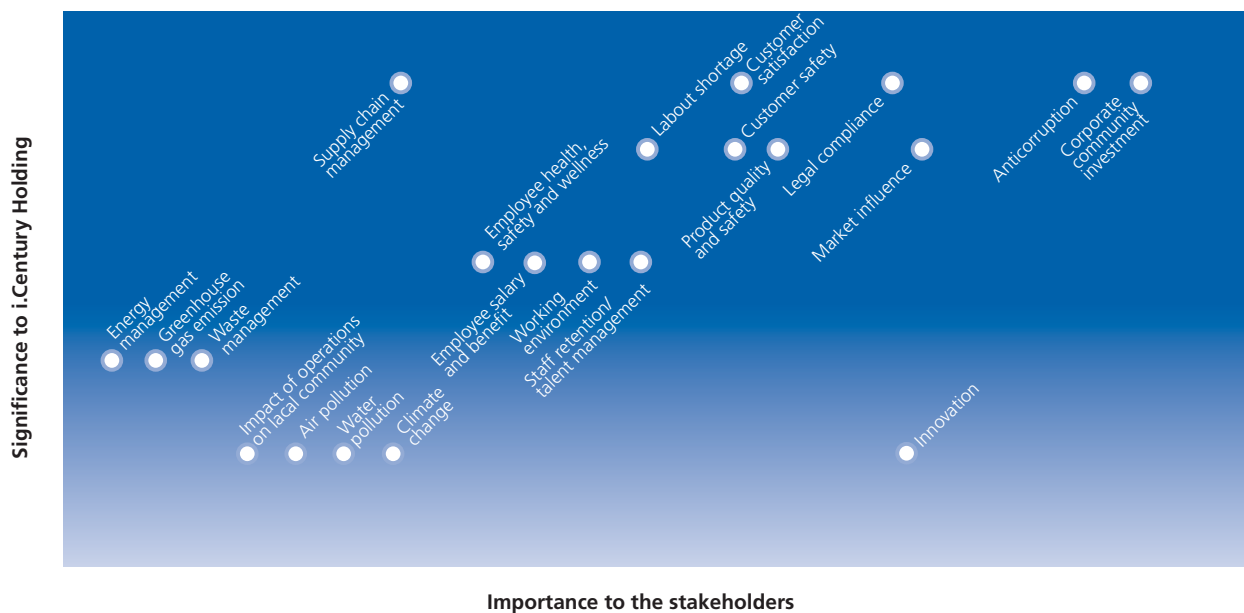
● Engagement Approaches ●



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Materiality Assessment

Materiality analysis is a crucial component of the Group's ESG strategy, prioritizing risks and opportunities that significantly impact long-term financial performance, reputation, and value creation. It involves assessing the importance of ESG issues based on their potential impact on the Group and stakeholder concerns. Through engagement with internal and external stakeholders, the Group identifies ESG issues that affect its sustainable development and addresses stakeholder concerns. An annual materiality assessment is conducted to understand stakeholder views and expectations regarding ESG performance, identifying risks and opportunities. The Group considers the significance of potential ESG issues by assessing their importance to stakeholders through various communication approaches.



Stakeholder Feedback

The Group highly values input from stakeholders concerning its ESG approach and performance, as it contributes to continuous improvement and sustainable development. If you have any inquiries, suggestions, or recommendations for the Group, we encourage you to reach out to the Group at:

Address: 6/F., Orient International Tower, 1018 Tai Nan West Street, Lai Chi Kok, Kowloon, Hong Kong.

Email: info@icenturyholding.com

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ENVIRONMENTAL PERFORMANCE

The Group's primary focus revolves around the design, sourcing, procurement, production management, quality control, and logistics coordination of garment products. Across its operations, the Group diligently adheres to all relevant environmental protection laws and regulations, ensuring compliance and abstaining from activities that contribute to air, water, or noise pollution. The Group's administrative, research and development, and trading activities primarily occur indoors, resulting in minimal environmental impact stemming from office-based work.

Emissions Policy

With a steadfast commitment to long-term environmental sustainability, the Group actively cultivates environmental awareness among its employees and upholds sustainable practices throughout its operations. Emphasizing environmental management, the Group incorporates energy-efficient technologies and environmentally sustainable materials, while taking preventive measures to minimize pollution and waste. By closely monitoring emissions and waste generation in collaboration with employees and suppliers, the Group maintains stringent control over these factors.

Emissions Target

To join the global efforts in combating climate change, the Group formulated a series of environmental targets that aim to reduce its operational impact on the environment. The Group's progress in achieving these environmental targets will be communicated and evaluated by the Board on an annual basis, and the disclosed targets may be revised to reflect operational changes. The Group shall consider establishing emissions related targets in the future upon which emissions management is considered to be a material topic.

Carbon Footprint – Greenhouse Gas Emissions

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) emission. During the Reporting Period, the total operation area, comprising the Group's headquarters, offices and factory, was 2,418.50 square metres (m²) (2022: 4,134.66 m²) and was accounted for 100% of its GHG emissions.

The total net GHG emissions generated by the Group was decreased by approximately 8.7% year-over-year to 36.31 tonnes of carbon dioxide equivalent (tCO₂-e) (mainly carbon dioxide, methane and nitrous oxide) (2022: 39.78 tCO₂-e). The carbon emission intensity was 0.24 tCO₂-e/million HKD revenue (2022: 0.23 tCO₂-e/million HKD revenue). The Group has made great efforts in controlling its emissions as well as its consumption of resources. Its energy conservation practices included deploying energy efficient lightings, switching off idle lightings, computers and electrical appliances and equipment, monitoring water consumption, using digital technology and recycled paper, encouraging the use of public transport, and using tele or video conferencing as an alternative to business travel.

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Scope	Sources of GHG emissions	GHG* emissions (in tCO ₂ -e)		
		2023	2022	2021
1	Mobile – Gasoline	4.43	5.24	4.26
2	Purchased electricity	25.34	26.70	26.58
3	Disposal of paper waste	6.43	7.57	6.85
	Fresh water processing	0.07	0.18	0.07
	Sewage water processing	0.04	0.09	0.03
	Total GHG* emissions	36.31	39.78	37.79
	Carbon Emission intensity per m²	0.015	0.010	0.009
	Carbon Emission intensity per million HKD revenue[^]	0.24	0.23	0.40

* 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.

[^] During the Reporting Period, the total revenue of the Group was HKD149,745,000.00 (2022: HKD170,570,000.00, 2021: HKD94,509,000.00)

Air emissions

Air emissions are generated by employees using gasoline and diesel-powered motor vehicles for commuting and transportation, which can lead to environmental air pollution. These vehicles emit air pollutants during the combustion of fuel in their engines. To minimize the Group’s impact on air quality, the Group will promote the use of public transportation among employees as much as possible. By encouraging the use of more sustainable modes of transportation, the Group aims to reduce its overall carbon footprint and contribute to the preservation of the environment.

Types of Pollutants	Emission Data (in kg)		
	2023	2022	2021
Nitrogen Oxides (NO _x)	1.36 [#]	1.68 [#]	0.84 [#]
Sulphur Dioxide (SO ₂)	0.02	0.03	0.02
Particulate Matter	0.10 [#]	0.12 [#]	0.06 [#]

[#] Estimated mileage driven during the Reporting Period

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Reducing Hazardous and Non-hazardous Waste

Throughout the Reporting Period, the Group's operating activities remained free from any hazardous waste that could harm the environment. However, non-hazardous waste, specifically paper and related printed materials, were generated as part of the Group's operations. To address this, the Group implemented various paper reduction initiatives such as duplex printing, utilizing recycled papers, and leveraging electronic and online technologies. The Group ensures proper disposal and recycling of paper waste by collaborating with property management in commercial buildings. Furthermore, municipal solid waste generated by employees during work was appropriately categorized based on recyclability and collected for recycling and disposal measures.

Promoting Sustainable Use of Resources

The Group actively instilled a culture of resource efficiency among its employees, emphasizing the importance of environmental consciousness. In terms of resource consumption during the Reporting Period, the Group primarily utilized electricity, gasoline, water, and paper. Given the nature of the Group's operations, packaging materials were not employed.

Fossil Fuel Consumption – Gasoline

The Group recognizes the potential environmental impact of air emissions from motor vehicles and its implications for local communities. During the reporting period, the Group consumed a total of 1,635.67 litres (l) of gasoline, which accounted for approximately 12.2% of the Group's overall carbon footprint.

To mitigate the environmental effects of vehicle operations, the Group prioritizes regular vehicle maintenance to optimize performance and fuel efficiency. This proactive approach ensures that the vehicles are operating at their peak, minimizing emissions and maximizing fuel economy.

Additionally, the Group has taken a step towards sustainability by replacing one of its vehicles with an electric vehicle ("EV"). This transition aligns with the Group's commitment to reducing its reliance on fossil fuels and embracing cleaner and more efficient technologies. By incorporating EVs into its fleet, the Group aims to further reduce its carbon footprint and contribute to a greener and more sustainable future.

Energy Consumption – Electricity

The Group's electricity consumption during the reporting period amounted to 64,330.00 kilowatt-hours (kWh), accounting for 69.8% of its total carbon footprint. This consumption primarily resulted from lighting, air-conditioning, and the use of electrical appliances and equipment. To enhance energy efficiency, the Group also implemented measures such as utilizing window blinds to insulate against heat during the summer season. Going forward, the Group remains committed to monitoring its performance in conserving energy resources.

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Water Consumption

Throughout the Reporting Period, the Group successfully sourced water that met its requirements without encountering any issues. The total freshwater consumption amounted to 173.00 cubic meters (m³). However, it should be noted that this figure does not fully reflect the Group's actual water usage. As the Group's certain offices are situated within office buildings where water usage is covered by the property management fee, the reported amount of water used is relatively small and insignificant. Nonetheless, the Group remains committed to valuing and conserving the Earth's water resources, taking special care to avoid any unnecessary wastage.

Paper and Printed Matters Consumption

The Group utilized a total of 1,340.87 kg of paper for various administrative, marketing, and report publication purposes throughout the Reporting Period. The associated GHG emissions from paper waste accounted for 17.7% of the Group's total carbon footprint. Recognizing the importance of reducing paper consumption, the Group has made it an environmental objective to minimize paper usage within its offices. All employees have been actively engaged in reusing and recycling paper to effectively reduce waste and promote sustainability.

Scope	Sources of GHG emissions	2023		2022		2021	
		Consumption	Intensity	Consumption	Intensity	Consumption	Intensity
1	Mobile – Gasoline	1,635.67 l	0.10 tCO ₂ -e/ employee	1,935.99 l	0.12 tCO ₂ -e/ employee	1,573.45 l	0.08 tCO ₂ -e/ employee
2	Purchased electricity	64,330.00 kWh	26.60 kWh/m ²	67,940.40 kWh	16.43 kWh/m ²	70,487.00 kWh	16.70 kWh/m ²
3	Disposal of paper waste	1,340.87 kg	0.15 tCO ₂ -e/ employee	1,577.37 kg	0.18 tCO ₂ -e/ employee	1,428.10 kg	0.13 tCO ₂ -e/ employee
	Water processing	173.00 m ³	0.003 tCO ₂ -e/ employee	413.00 m ³	0.006 tCO ₂ -e/ employee	168.00 m ³	0.002 tCO ₂ -e/ employee

Protecting the Environment and Natural Resources

While benefiting from the natural resources and the environment, the Group is responsible to fulfil the obligations of protecting them and making appropriate use. The Group has taken all related environmental risk into consideration during its business development. The Group made every endeavour to applying industry standard, complying with relevant environmental laws and regulations, using energy and resources efficiently, and reducing emissions and waste during operations.

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Addressing Climate Change

The Group is committed to addressing climate change and actively works to assess, evaluate, and manage climate-related risks. The key steps taken by the Group to identify and mitigate these risks are outlined as follows:

- 1, Identifying climate-related hazards: The Group conducts comprehensive assessments to identify potential physical and transitional risks associated with climate change, including extreme weather events, sea level rise, and policy changes related to climate mitigation and adaptation.
- 2, Evaluating exposure and vulnerability: The Group evaluates its exposure and vulnerability to these climate-related hazards, considering factors such as its supply chain, operations, assets, and financial performance.
- 3, Analysing potential impacts: A thorough analysis is conducted to understand the potential impacts of climate change on the Group's operations, financial performance, and reputation. This includes assessing the potential consequences of extreme weather events, changes in resource availability, and shifts in customer demand.
- 4, Developing risk management strategies: The Group proactively develops and implements risk management strategies to effectively manage and mitigate climate-related risks. These strategies include reducing greenhouse gas emissions, diversifying supply chains, engaging with stakeholders to raise awareness and encourage action, and integrating climate risk considerations into decision-making processes.
- 5, Monitoring and review: While the Group has determined that climate-related risks currently do not have a material impact on its business, it remains vigilant and regularly monitors and reviews its risk management strategies. This ensures the continued effectiveness of these strategies in addressing evolving climate risks.

By diligently addressing climate change and proactively managing associated risks, the Group strives to contribute to a more sustainable future while safeguarding its business and stakeholders.

EMPLOYMENT AND LABOUR PRACTICES

Employment Policy – Talent Development and Employee Support

The Group recognizes the importance of human capital as a valuable asset in managing its supply chain and meeting customer expectations. By recruiting and nurturing dedicated and skilled individuals, the Group ensures the delivery of high-quality and reliable services to its customers. The Group's employee handbook outlines the Group's employment policy, which adheres to general principles that prioritize fair compensation and compliance with employment regulations, such as the Employment Ordinance and the Minimum Wage Ordinance in Hong Kong, PRC and related employment regulations in the of respective countries where the Group has operations.

As at 31 March 2023, the Group had a total workforce of 44 employees, as detailed in the following table. Creating a stimulating and harmonious work environment, the Group is committed to fostering a culture of business ownership among its employees.

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Employee Structure		2023	2022	2021
Total number of employees		44	43	54
By gender	Male	22.7%	23.3%	24.1%
	Female	77.3%	76.7%	75.9%
By age	18-25	4.5%	2.3%	1.9%
	26-35	4.5%	2.3%	5.6%
	36-45	22.7%	27.9%	38.9%
	46-55	59.1%	62.8%	50.0%
	56 or above	9.1%	4.7%	3.7%
By employee category	Directors and senior management	11.4%	11.6%	9.8%
	Middle management	6.8%	4.7%	3.9%
	General employee	81.8%	83.7%	86.3%
By ethnic background	Chinese	93.2%	95.3%	94.4%
	Australian	4.5%	2.3%	3.7%
	French	2.3%	2.3%	1.9%

To cultivate a team of dedicated and professional individuals, the Group offers equal opportunities in recruitment, training and development, career advancement, and compensation and benefits. The Group's experienced employees provide strong support for its business expansion strategies. Employee remuneration is structured to promote a sustainable workforce and incentivize employee retention and motivation. The Group employs a performance appraisal system, conducting annual evaluations to assess employees' work performance, skills, and accomplishments.

To ensure effective communication and promote a positive work environment, The Group's employee handbook serves as a valuable resource, conveying important policies, company culture, employment standards, business conduct, ethics, occupational health and safety guidelines, training and development opportunities, and details regarding remuneration and benefits. It serves as a tool to set expectations, protect employees from unfair treatment and discrimination, and foster a cohesive work environment.

Employee Retention and Wellbeing

The Group is fully committed to maintaining a highly skilled and dedicated workforce that will drive its long-term success. The Group places a strong emphasis on managing employee turnover and is dedicated to retaining its top talent in order to cultivate a stable and productive work environment. To address employee turnover, the Group has implemented various strategies, including enhancing employee engagement, providing exceptional training and development opportunities, offering highly competitive compensation and benefits packages, and fostering seamless communication between management and employees. These initiatives are aimed at boosting employee satisfaction and fostering a positive work culture that encourages long-term commitment to the Group.

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Employee Turnover Rate		2023
By gender	Male	0%
	Female	53.3%
By age	18-25	0%
	26-35	6.7%
	36-45	15.6%
	46-55	22.2%
	56 or above	8.9%
By employee category	Directors and senior management	0%
	Middle management	0%
	General employee	53.3%

Employee Health and Safety

The Group recognizes the importance of employee health and wellbeing as a material aspect of its operations. In compliance with the Employees' Compensation Ordinance and relevant occupational health and safety laws in the countries where it operates, the Group is committed to providing a safe and secure working environment for its employees. Occupational health and safety guidelines and precautions are communicated through the staff handbook and office memorandums to ensure employees are well-informed about potential hazards and preventive measures.

During the Reporting Period, the COVID-19 pandemic posed challenges for the Group and its employees. As part of its COVID-19 response measures and to prevent the spread of the virus, the Group implemented stringent infection prevention protocols to safeguard its employees. These measures included the provision of surgical masks and alcohol-based hand sanitizers at its facilities, implementation of remote work arrangements, and conducting virtual business meetings to minimize physical contact.

Throughout the Reporting Period, the Group had no instances of non-compliance with health and safety regulations.

Occupational Health and Safety Data	2023	2022	2021
Number of work injury cases	0	0	1
Number of work-related fatalities	0	0	0
Lost days due to work injury	0	0	4
Work injury rate	0	0	18.5

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Human Capital Development and Training

The Group understands that human capital is one of its most valuable assets and developing them by improving their knowledge, experience and skills are important and critical to the Group's continued success and growth. To create an environment of continuous improvement and encourage employees to pursue excellence by developing their potential, both management and employees can initiate training needs and engage external professional training institution to organise training programs for the employees.

In addition, the Group also offers educational grant and actively promote various training opportunities, including job induction, job rotation, on-the-job training, and secondments, so employees can strengthen their skills and knowledge to further develop themselves and progress on their career path in the industry.

The Group firmly believes that continuous learning and professional development are key factors in building a talented and resilient team capable of overcoming challenges and seizing new opportunities in the dynamic business landscape. By investing in the development of its human capital, the Group aims to cultivate a highly skilled and motivated workforce that can drive innovation and contribute to the overall growth and success of the Group.

Training Hours	2023	2022	2021
Total (in hours)	163.3	99	127
Average (per employee)	3.7	2.3	2.4
By gender (Average training hours per employee)			
Male	14.6	8.1	3.7
Female	0.5	0.5	1.9
By employee category (Average training hours per employee percentage of employees who received training)			
Directors and senior management	2.5	2.0	15.9
	100%	100%	100%
Middle management	36.1	12.7	10.5
	100%	100%	100%
General employee	0	0	N/A ⁺
	0	0	N/A ⁺

+ Data not available

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Labour Practices and Compliance

During the Reporting Period, the Group remained committed to complying with applicable laws and regulations on employment, child and forced labour practices. To communicate its commitment to its employees and protect them from discrimination, the Group's employee handbook clearly outlines ground rules and regulations concerning employment and labour standards, remuneration and benefits, leave and holidays, training and development, business conduct and ethics, and occupational health and safety.

Recruitment of employees is strictly guided by the procedures and guidelines set out by the Group's recruitment policy to ensure that suitable candidates are recruited in accordance with relevant laws and job requirements. Throughout the Reporting Period, the Group remained compliant with all applicable laws and regulations that have significant impacts on the Group, including those related to compensation and dismissal, recruitment or promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, and other benefits and welfare.

OPERATING PRACTICES

Supply Chain Transparency and Integrity

The Group places a strong emphasis on maintaining transparency and integrity across its supply chains. A stringent procurement policy has been established to ensure the honest, competitive, fair, and ethical procurement of goods and services, delivering the highest cost performance. The Group engages with various material suppliers and garment manufacturers throughout its supply chain, ensuring responsible sourcing of resources and materials, as well as effective waste management. The Group's position in the middle stream of the apparel industry's value chain highlights the paramount importance of quality compliance and performance from upstream manufacturers. Rigorous tendering processes, documented procedures, and due diligence checks are implemented to select business partners who can meet the Group's strict criteria, ensuring product quality and standards are upheld.

Supplier Engagement and Quality Assurance

The Group believes that cultivating strong cooperative relationships with its suppliers enhances the effectiveness of its supply chain and ensures the quality of its garments. By engaging strategic material suppliers and manufacturers who offer high quality, reliable, safe, environmentally friendly, and technologically advanced products, the Group ensures the superior quality of its garments. The approved suppliers list, which is periodically reviewed and updated, includes 118 suppliers (2022: 105). The Group actively monitors, audits, and manages processes across the supply chain, from materials selection and production to labour standards, quality management systems, environmental consciousness, and logistics arrangements. This comprehensive approach guarantees the effective and efficient operation of the supply chain, thereby upholding the quality and standard of the Group's garments.

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Certifications and Product Compliance

The Group's commitment to delivering high-quality, stylish, and fashionable garments is demonstrated through the attainment of relevant certifications. During the Reporting Period, the Group's unisex and women's apparel received both the Global Organic Textile Standard ("GOTS") and the Organic Content Standard ("OCS") certification, while the men's apparel received the OCS certification. These certifications verify the use of organic natural fibres, sustainable resource utilization, and adherence to processes that minimize impact on people, animals, and the planet. To ensure garments are manufactured according to customer product design specifications, pre-production meetings are conducted to understand budget, expectations, and brand requirements. This collaborative approach allows for quality assurance and ongoing cooperation. Prototype and salesman samples are created for customer approval, and pre-production samples are developed for final approval before bulk production commences.

Performance Assessment and Customer Satisfaction

The Group conducts annual assessments to evaluate the overall performance of its suppliers and manufacturers, maintaining detailed reports to drive continuous improvement and ensure proper record-keeping. Throughout the Reporting Period, the Group successfully shipped a total of 1,237,488 garments (2022: 1,694,150 pieces) distributed to over 27 countries (2022: 33), including Australia, Canada, France, Japan, and the USA. Notably, the Group received no significant complaints regarding garment quality or delivery commitments, reflecting the high level of customer satisfaction achieved.

Data protection and Intellectual Property Rights

The Group is committed to managing and safeguarding the data of its employees, customers, suppliers, and manufacturers, ensuring privacy and confidentiality. Compliance with the Personal Data (Privacy) Ordinance and adherence to a code of conduct on document confidentiality and computer security form the basis of the Group's data protection practices. Employees receive clear instructions regarding their responsibility to uphold the safety of personal data, trade secrets, and proprietary information acquired during business activities. The Group employs access passwords to protect its servers and computers, with employees held accountable for maintaining data integrity and confidentiality during all data processing activities.

Protection of intellectual property rights is deemed critical within the apparel industry. The Group has dedicated significant effort to securing necessary approvals and consents to manufacture garments, thereby safeguarding its customers' intellectual property rights. Throughout the Reporting Period, no significant infringements of intellectual property rights were reported. The Group remains confident that it has taken all reasonable measures to prevent infringement of both its own intellectual property rights and those of its customers and third parties.

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Professionalism, Business Ethics, and Compliance

The Group maintains a steadfast commitment to conducting business with the utmost standards of ethics, integrity, and professionalism. This commitment is essential for establishing trust and cultivating sustainable relationships with stakeholders. All employees, including Directors, are obligated to comply with the Group's code of conduct, which provides clear guidelines for ethical business practices. Compliance with applicable laws and regulations regarding corruption, extortion, fraud, and conflicts of interest is mandatory. The Group strictly adheres to the Prevention of Bribery Ordinance and employees are personally responsible for upholding the highest standards of integrity and conduct in all interactions related to the Group's business. Any non-compliance with the code of conduct or engagement in fraudulent activities, including offering, providing, obtaining, or receiving advantages to avoid obligations, is strictly prohibited.

Conflict of Interest and Disclosure

The Group requires its employees to avoid any conflicts between personal and financial interests and their professional duties, ensuring actions are taken in the best interests of the Group. Engaging in situations where employees exercise authority, influence decisions, gain access to valuable information, or use their professional roles to achieve personal or financial gain is strictly prohibited. The Group's code of conduct mandates employees to disclose any potential conflicts of interest by completing an annual disclosure form provided to the company secretary.

Whistleblowing and Risk Management

The Group actively encourages whistleblowing, providing employees and third parties with a confidential channel to report any suspicions of corruption, misconduct, fraudulent activities, or conflicts of interest to the company secretary. Incidents, allegations, or suspected fraud are thoroughly assessed and investigated. The Group conducts periodic and systematic risk assessments and regularly communicates anti-fraud policies and procedures to employees. Throughout the Reporting Period, the Group had no knowledge of any significant non-compliance with relevant laws and regulations or corruption litigation involving the Group or its employees.

COMMUNITY INVESTMENT

Community Investment and Corporate Social Responsibility

The Group's Community Investment Policy is driven by a commitment to conducting business in a sustainable manner that benefits customers, shareholders, and minimizes environmental and social impacts on stakeholders. A significant aspect of this policy is the active support for charitable and non-profit organizations through donations and community care programs. In line with this commitment, during the Reporting Period, the Group made donations of computers and equipment to Caritas Computer Workshop.

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Caritas Computer Workshop is a non-governmental organization (“NGO”) dedicated to providing computer hardware and software vocational training to underprivileged teenagers. Their objectives include offering training opportunities to disadvantaged youth, improving their quality of life through technology, and reducing electronic waste while applying the principles of recycle, reduce, and reuse (“3R”). Since 2003, with the support of the Environmental Protection Department, the workshop has implemented the Computer Reuse Programme. This initiative serves two purposes: minimizing the amount of electronic waste going to landfills and assisting individuals in need by providing them with reused computers.

The Group remains committed to exploring additional opportunities to contribute to the community by supporting various charity projects and participating in community events. By actively engaging in such initiatives, the Group aims to make a positive difference and create lasting social impact.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

HKEX ESG REPORTING GUIDE KPI REFERENCE

KPI Reference		Corresponding KPI in the Report
A. Environment		
A1: Emissions	A1.1: Emissions Data	– Emissions Policy
	A1.2: Greenhouse gas emissions	– Emissions Target
	A1.3: Total hazardous waste	– Carbon Footprint – Greenhouse
	A1.4: Total non-hazardous waste	Gas Emissions
	A1.5: Measures to mitigate emissions	– Air Emissions
	A1.6: How hazardous and non-hazardous waste are handled	– Reducing Hazardous and Non-hazardous Waste
A2: Use of Resources	A2.1: Direct and/or indirect energy consumption	– Promoting Sustainable Use of Resources
	A2.2: Water consumption	
	A2.3: Energy use efficiency	
	A2.4: Issue in sourcing water	
	A2.5: Total packaging materials used	
A3: The Environment and Natural Resources	A3.1: Significant impacts of activities on the environment and natural resources	– Emissions Policy
		– Promoting Sustainable Use of Resources
		– Protecting the Environment and Natural Resources
A4: Climate Change	A4.1: Significant climate-related issues	– Addressing Climate Change
B. Social		
Employment and Labour Practices		
B1: Employment	B1: Policies and compliance	– Employment Policy – Talent Development and Employee Support
		– Employee Retention and Wellbeing
		– Labour Practices and Compliance
B2: Health and Safety	B2: Policies and compliance	– Employee Health and Safety
B3: Development and Training	B3: Policies on improving employees' knowledge and skills	– Human Capital Development and Training
B4: Labour Standards	B4: Policies and compliance	– Employment Policy – Talent Development and Employee Support
		– Labour Practices and Compliance

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

KPI Reference		Corresponding KPI in the Report
Operating Practices		
B5: Supply Chain Management	B5: Policies on managing environmental and social risks of the supply chain	<ul style="list-style-type: none"> – Supply Chain Transparency and Integrity – Supplier Engagement and Quality Assurance
B6: Product Responsibility	B6: Percentage of total products sold subject to recalls	<ul style="list-style-type: none"> – Certifications and Product Compliance – Performance Assessment and Customer Satisfaction – Data protection and Intellectual Property Rights
B7: Anti-corruption	B7: Legal cases regarding corrupt practices	<ul style="list-style-type: none"> – Professionalism, Business Ethics, and Compliance – Conflict of Interest and Disclosure – Whistleblowing and Risk Management
Community Investment		
B8: Community Investment	B8: Policies on community engagement	<ul style="list-style-type: none"> – Community Investment and Corporate Social Responsibility