

# Environmental, Social and Governance Report 2017



le saunda holdings ltd.  
萊爾斯丹控股有限公司





## About this Report

This is the first report that discloses the performance of Le Saunda Holdings Limited (stock code: 0738) (“the Company”) in corporate social responsibility for the year ended 28 February 2017.

Scope of report: The Report includes the operations of the Company as well as its affiliated companies (“the Group”) located at Guangzhou and Shunde districts in PRC.

Reporting period: From 1 March 2016 to 28 February 2017.

Period for publication of report: The Report is an annual report. The reporting period is same as the financial year of the Company as its Annual Report.

Reporting reference: The Report has been prepared in accordance with the “Environmental, Social and Governance Reporting Guide” as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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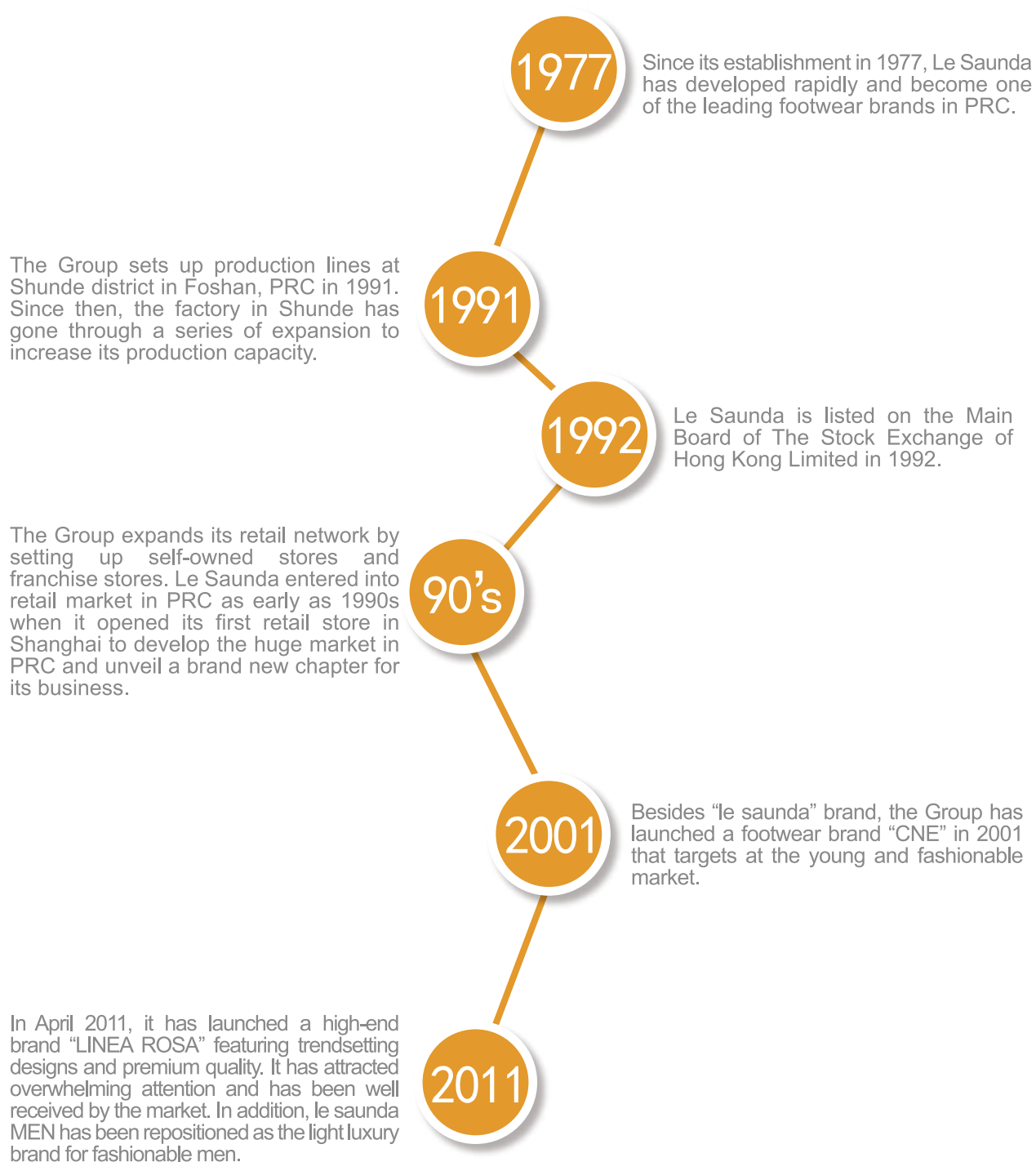
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## Background of the Group

Le Saunda Holdings Limited ("Le Saunda") is a reputable footwear manufacturer and retailer that has adopted a vertically-integrated business model in its operation. It is engaged in the design, research and development, manufacturing and sales of ladies and men's footwear, handbags and accessories in Mainland China, Hong Kong and Macau.





Production base of the Group in Shunde, Foshan, PRC.



With outstanding performance in customer services, the Group has obtained the “Service & Courtesy Award – Footwear Category” from the Hong Kong Retail Management Association in consecutive years. “Quality Service, Never Stop” is the Group’s commitment made to each and every customer.



## The Group’s Policy on Social Responsibility

The Group recognizes the importance of good environmental management and sustainable development, so the Group has all along been in strict compliance of the environmental protection laws and standards related to the places of its operations, including the People’s Republic of China (“PRC”) and Hong Kong.

The Group has implemented many environmental protection measures in various business processes and work premises, including **factories, retail stores, warehouses** and **offices**. For examples:

	<b>Purchasing materials</b>  In the procurement process, priority is given to environment-friendly materials and environmental management has been adopted in the supply chain.
	<b>Production process</b>  The Group has dealt with the exhaust gas emitted in the course of production by activated carbon treatment.
	<b>Facility configuration</b>  In the configuration of the facilities at the retail stores, the Group has implemented energy saving measure by using LED lighting fixtures.
	<b>Daily operations</b>  In the day-to-day operations, the Group advocates the “paperless” office and actively promotes electronic information management systems. It has also set up and used equipment to arrange different types of meetings through the use of telephone and video conferencing in order to save time and resources.






## Relationship with Stakeholders

The Group believes that effective communication and accurate and timely information disclosure will strengthen the confidence of the various stakeholders. The management establishes regular communication and timely exchange of views with the respective stakeholders as well as solicits feedbacks from them. Where appropriate, it will also share the latest business information. It seeks to understand the demand for corporate social responsibility from the respective stakeholders for achieving corporate sustainable development of the Group in different goals.

The Group believes that employees are important asset for our success. Therefore, the Group has maintained the relationship with the employees and strived to maintain a low employee turnover rate for improving the operational capability and efficiency of the employees as well as promoting team spirit among them. Upholding the quality of the products and services is the way to meeting the consumers' needs and will help to improve the business, so the Group also recognizes that maintaining long-term good partnership with the suppliers is one of the main goals of the Group.

### Main stakeholders and their communication channels:

Stakeholders	Main communication channels
 Consumers	<ul style="list-style-type: none"><li>• Visit and meeting</li><li>• Telephone conference</li><li>• Customer survey through questionnaire</li><li>• Market survey</li></ul>
 Employees	<ul style="list-style-type: none"><li>• Employee communication</li></ul>
 Suppliers	<ul style="list-style-type: none"><li>• Review events</li><li>• Signing of code of practice with the suppliers</li></ul>



## Compliance with the Relevant Laws and Regulations

In accordance with the requirements of general disclosures at all levels of the “Environmental, Social and Governance Reporting Guide”, the Group has undertaken the disclosure obligation of “comply or explain” pertaining to the compliance of the relevant laws and regulations related to significant impacts.

As of 28 February 2017, the Group **did not violate** any **relevant laws and regulations** at all levels that have significant impacts on the Group.



## Contents in Environmental and Social Categories

### Environmental

## Emissions

The Group has implemented all types of measures in the course of operations to reduce the negative impact on the environment. Energy-saving facilities and emission treatment equipments have been set up within the production factories where the operations take place. Furthermore, we have also stepped up our effort in adopting recycle and reuse principles and waste reduction measures within the office areas.

Exhaust ventilation equipments have been installed throughout the factory. Activated **carbon absorption equipments** have also been installed at the production lines to reduce the organic exhaust gas emitted at the production lines.

Through technological transformation, **“non-application of adhesive” technology**, which is more environment-friendly, is adopted in producing paper bags so as to reduce environmental pollution.



## Contents in Environmental and Social Categories

### Environmental

The use of video conferencing is adopted by the Group to reduce the emission of substantial greenhouse gas from the use of transportation vehicles such as aircrafts. We advocate 5R principles, namely Refuse, Reduce, Reuse, Repair and Recycle. For instance, recycle and reuse of waste papers in the office, requirement for double-sided printing and other measures.

### 5R Principles

Refuse

Reduce

Reuse

Repair

Recycle

## Use of Resources

The Group has always been implementing the principle of rational use of resources through energy saving and efficiency means, including:



Changing most of the lamps in the factory to LED lamps so as to conserve energy.



In 2011, solar hot water system has been installed at the employees' dormitories at Shunde factory to provide hot water for the employees. This would reduce the reliance on the consumption of electricity as a single fuel.



The Group advocates "paperless" office and has all along been promoting electronic information management systems. With the use of computerized information and documents, unnecessary use of papers has been cut down.



By way of administrative measures, all employees are required to switch off the power supply for office equipment that is not in use.





## Contents in Environmental and Social Categories

### Environmental



We use the LED lamps in factory.

## Environment and Natural Resources

As a responsible company, the Group endeavours on maintaining clean environment, reducing environmental pollution and wastage of resources. “Green procurement” is the policy of the Group. Through establishing clear requirements for environment-friendly procurement and tightening the requirements for implementing supply chain environmental management, it would raise the suppliers’ awareness on environmental protection.



## Contents in Environmental and Social Categories

### Social

## Employment



#### Recruitment and Promotion Policies:

The Group only considers the capabilities of applicants as the primary assessment criteria, while takes the job performance, experience, business performance and competency of employees in-service as conditions for promotion. We have developed practices of “employment management for persons with disabilities” to actively consider the job applications by persons with different disabilities. In the past, ethnic minorities have been employed to create a diversified working environment. The Group neither rejects the job application by an applicant based on factors such as gender, disability, race, family status, etc., nor takes any of the foregoing factors as one of the considerations for the promotion of an employee in-service.





# Contents in Environmental and Social Categories

## Social

### Employment



#### Remunerations and Employee Benefits:

The Group not only meets the minimum wage requirements in each location where it has operations, but also offers remunerations which are competitive on the market to attain a higher staff retention rate.

In terms of employee benefits, the Group has always been complying with the requirements on social insurance and various other benefits in PRC, including making social insurance contributions for all employees. In addition, long service awards will be granted to permanent employees after they have completed every five consecutive years of service with the Group as incentives to enhance the employees' sense of belonging. Other employee benefits include gift money for wedding and child-birth, condolence money, birthday cards and gift vouchers, earlier release on special festivals, etc.



#### Working Hours:

To achieve work-life balance, the Group neither advocates nor forces the employees to work overtime. However, due to the needs of different positions, certain employees may still need to work overtime provided that all overtime work must be done on a voluntary basis and in compliance with the regulations on overtime that are applicable in the locations where the Group has operations. In addition, our factory in PRC is equipped with basketball courts, badminton courts and other recreational facilities to enrich the leisure time of the employees to help them strike a balance between work and life. To let employees enjoy a more vibrant life after work, we had organized badminton competitions, barbecues, Mid-Autumn Festival and New Year gift-exchanging, Christmas parties, Spring Festival galas, ad hoc trips and Walks for Millions of Hong Kong in the past.



The Group participated in "Community Chest New Territories Walks for Millions" activity in Hong Kong in February 2017.



# Contents in Environmental and Social Categories

## Social

### Health and Safety

The Group is committed to ensuring the safety of its working environment, and continuously enhances employees' awareness of occupational health and safety to reduce accidents. We have formulated procedures and operating rules related to the occupational health management system for reference and compliance by the employees. Apart from free personal protection gears with standard specifications, all of our production premises are equipped with ventilation systems to ensure fresh air in workplace. Furthermore, all new employees are provided with basic safety training, while more comprehensive safety training is provided in a targeted manner for those who will be exposed to occupational hazards. Fire drills and inspections of all firefighting equipment are also carried out on a regular basis to avoid accidents. During the reporting period, the Group did not violate any legislations and provisions on occupational health and safety in all locations where it has operations.



The factory is equipped with environmental friendly ventilation systems.



Strategic human resource management training course.

### Development and Training

To upgrade the professional knowledge and skills of the employees, the Group has established the Le Saunda Training Institute to provide appropriate training for different ranks of employees, and help them to master professional product knowledges of new products upon new season launch. In addition, we organize different study workshops and contests each year to facilitate individual employees to enhance their abilities or achieve their goals, such as outstanding salesperson contests, outstanding shop manager contests, etc.

### Labour Standards

The Group has been committed to safeguarding the rights and interests of, and building a fair working environment for employees and has been strictly complying with regulations to ensure that no form of forced labour is imposed and no child labour is recruited.



# Contents in Environmental and Social Categories

## Social

### Supply Chain Management

All suppliers must ensure that their materials meet the environmental protection requirements of relevant industries or countries. The Group gives priority to partnering suppliers who have obtained environmental management system certification. In addition, all suppliers must comply with our “Transparent Procurement and Non-corrupt Code of Practice” which requires suppliers to uphold clean conduct and self-discipline, and refrain from acts such as commercial bribery to avoid any damage to the rights and interests of the Group.

### Product Responsibility

The Group, throughout the process of product provision, including manufacturing, sales and after-sales services, provides customers with accurate and truthful information on the quality and safety of products. All products must pass quality inspections, and all products provided are accompanied by quality and safety warranties.

A “Three-R” framework (i.e. Return, Replacement, Repair) applies to products sold according to the categories of shoes and handbags provided that it should be complied with specific conditions.

With regards to customer data, the Group uses hardware firewall to protect internal data from attacks by hackers according to different risk levels of information security, enables behaviour management equipment, requires login passwords and enhances methods of encryption by requiring passwords to be changed every three months, and access to internal file servers according to permission.

### Anti-Corruption

The Group is convinced that fairness, honesty and clean practices are its important commercial assets, and therefore requires all employees (including directors) at all levels to strictly adhere to business ethics to ensure that the Group's reputation will not be compromised by acts of dishonesty, disloyalty or corruption. We have incorporated the requirements of relevant ordinances and regulations in the “Employee Code of Practice” which provides concise and clear guidance for all employees in terms of the prevention of corruption and bribery, solicitation of benefits, acceptance of benefits, conflict of interest, confidential information, etc., so as to reduce the risks of involvement in acts of corruption and bribery.

At the same time, the Group requires all employees at all ranks to declare and state possible conflict of interest that may arise during its operations. In addition, the Group encourages employees to raise voice or lodge tip-offs against unethical behaviour, and keeps confidential in the identity of whistleblowers.

During the procurement, the Group seeks quotations from more than one supplier to ensure fair and reasonable offers. In addition, managerial personnel of different levels have been designated to review and approve orders of different monetary thresholds to reduce the risks of corruption and bribery.



# Contents in Environmental and Social Categories

## Social

### Community Participation

The Group has been an active participant and supporter of community and charitable activities, and has taken part in the activities of a number of community and charitable organizations, such as the Hong Kong Hereditary Breast Cancer Family Registry. We have been holding the Pink Heels Race for several years in a row, and served as the event's Pink Sponsor in 2015. We have also held charitable sales of high heels and flowers, with all the proceeds donated to the Hong Kong Hereditary Breast Cancer Family Registry. In addition, the Group has organized books donation in the past to provide needy children in mountainous areas with access to extra-curricular readings.



The Group participated "The 6th Race with Pink Heels" event in December 2016.