

YANGTZEKIANG GARMENT LIMITED

(Stock Code : 294)

Environmental, Social and Governance Report 2017/18

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1 Message from Chairman

Established more than 65 years ago, Yangtzekiang Garment Limited is a renowned garment manufacturer with a strong commitment to quality and service. As the company continues to grow and have a significant impact on its local and international stakeholders, such as its customers, suppliers and employees, sustainability or environmental, social and governance (“ESG”) issues have increasingly come to our attention in our business operations in the recent years in response to the ever-increasing demand for environmental and social needs.

To us, sustainability comprises three key components — economic, environmental and social. On the economic front, we strive to maintain financial sustainability for our business by adapting to the dynamic business environment. Our core garment business was full of challenges in the financial year from 2017 to 2018. Due to a drastic drop of sales orders from one of our long-term customers, we tried to minimise the adverse effects by closing down one of the factories in Guigang, China and monitoring closely the operation and manufactory costs. Further, this effect was mitigated as our Wuxi investment achieved positive results due to improved cotton quality, lower cotton prices and good product mix.

On the environmental front, we have been replacing our old lightings with LED lightings to save energy, as well as reduce our carbon footprint in operations in Hong Kong and Mainland China. Even though we do not have much control over the selection of packaging materials for our products, as they are usually specified by our clients, we strive to optimise the amount of the packaging materials that we order, in order to reduce wastage as well as explore recycling opportunities for our unused fabric scraps whenever practicable.

On the social front, we are always committed to providing a safe and friendly work environment for our employees. To support working mothers, we have established a nursery room in our Hong Kong Head Office. In addition, we have hired a nurse and provided a clinic for our employees in Myanmar and Bangladesh in accordance with local regulatory requirements. Further, we are in the process of expanding our existing factory in Myanmar in early 2019, doubling both the number of employees and floor area. The expansion process involves both environmental and social considerations, such as introducing a new water purification system to address our staff’s health and safety concerns.

We believe sustainability initiatives cannot be successfully implemented without the support of our stakeholders, including our employees. Educating our employees and other stakeholders about these sustainability issues is highly important in driving sustainability of the Group forward. We look forward to working hand in hand with our key stakeholders to make positive changes in our community and environment in the near future.

Chan Wing Fui, Peter

Chairman, Yangtzekiang Garment Limited

29 October 2018

2 About YangtzeKiang Garment Limited

Founded in 1949, YangtzeKiang Garment Limited was listed in Hong Kong in 1970. Since its inception, the business of YangtzeKiang Garment Limited (“the Company”) and its subsidiaries (collectively “the Group”) has transformed from operating a single garment factory to engaging in diversified garment operations globally.

The Group’s wide range of products include men’s and ladies’ shirts, trousers, shorts, polo shirts, T-shirts, coats and knitted outerwear. Headquartered in Hong Kong, the Group is primarily involved in the garment business, including manufacturing, trading and purchasing. The Group operates four subsidiary factories, located in China (Guigang and Panyu), Bangladesh and Myanmar. In addition, the Group has established Wuxi No. 1 Cotton Investment Co., Ltd. (“Wuxi Group”) with other joint venture partners in Wuxi. The Group holds 49% shares in the Wuxi Group, which is mainly engaged in the production of medium range to high graded compact yarn, special textile products and garment products.

During the financial year 2017-2018, our operation in China (Panyu and Guigang) continued to be difficult. The drastic drop of production orders and poor efficiency of our sewing workers accounted for the unsatisfactory results. It is hoped that through the closure of some of the non-profitable operations, expansion of domestic sale as well as the reduction of our manufacturing costs, our China operation could pull through this unfavourable business environment. Both factories in Bangladesh and Myanmar also recorded a slight loss during the financial year, whereas our investments in Wuxi continued to have good results due to improved cotton quality, lower cotton prices and good product mix.

Barring unforeseen circumstances, the management is of the opinion that our core garment business would be able to maintain its profitability for the next financial year and the same would apply to our Wuxi investment too. For details about our financial performance, please refer to our Annual Report 2017/18.

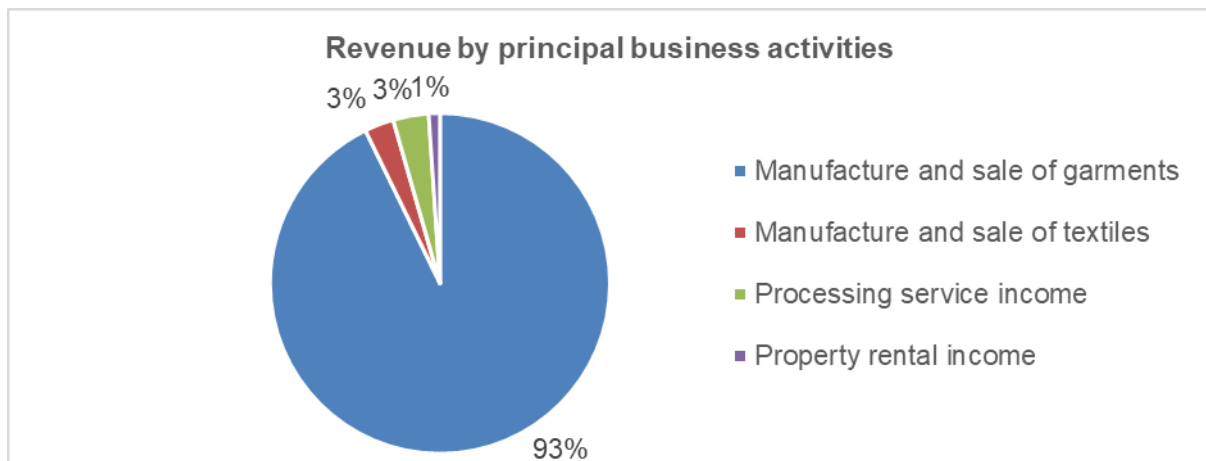
(http://www.ygm.com.hk/images/upload/E_1718_Annual_Report.pdf)

2.1 Our business performance

The principal activities of the Group are the manufacture and sale of garments and textiles, provision of processing services and rental of properties.

Principal activities	FY2018 HK\$'000	FY2017 HK\$'000
Manufacture and sale of garments	695,042	750,564
Manufacture and sale of textiles	20,905	19,426
Processing service income	25,292	21,930
Property rental income	8,041	8,423
	749,280	800,343

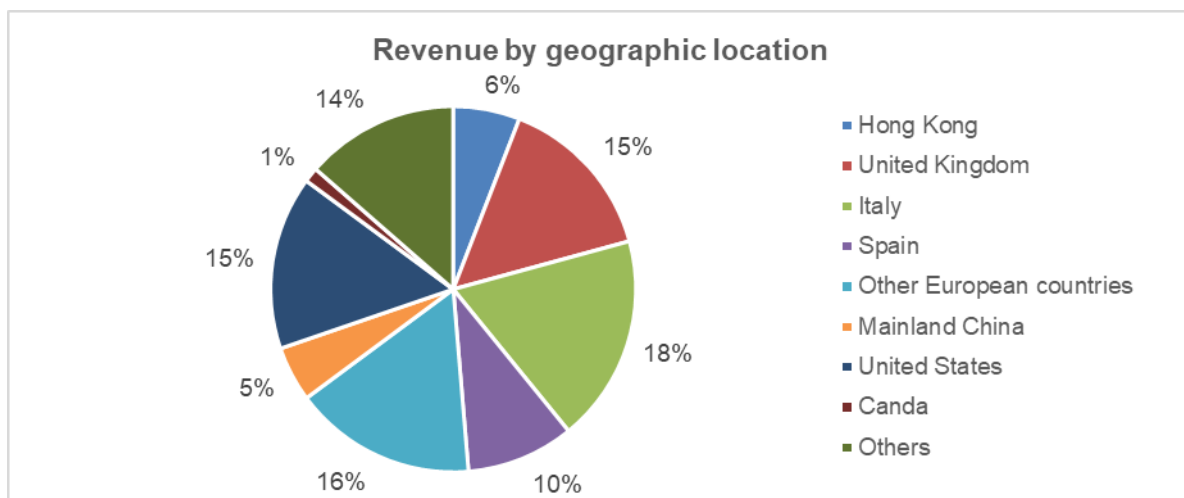
Table 1 — Revenue by principal activities of the Group in financial year of 2017 and 2018 (Source: Annual Report 2017/18)



The following table sets out information about the Group's revenue by geographical location. The geographical location of customers is based on the location at which the services were provided or the goods delivered.

Location	FY2018 HK\$'000	FY2017 HK\$'000
Hong Kong	44,255	41,348
United Kingdom	111,321	134,696
Italy	137,493	143,724
Spain	71,593	67,544
Other European countries	121,295	110,275
Mainland China	36,631	52,325
United States	115,173	142,567
Canada	9,749	9,410
Others	101,770	98,454
	749,280	800,343

Table 2 — Revenue by geographic location of the Group in the financial year of 2017 and 2018 (Source: Annual Report 2017/18)



3 About this report

3.1 Reporting reference

This is the Group's second Environmental, Social and Governance ("ESG") report (the "Report"). The Report was prepared in accordance with the general disclosure requirements of ESG Reporting Guide in Appendix 27 to the Main Board Listing Rules of the Stock Exchange of Hong Kong Limited ("SEHK"), and meets the 'comply or explain' provisions of the ESG Guide. It should be read in conjunction with the Group's Annual Report 2017/18.

3.2 Reporting period

The Report describes the ESG approach and performance of the Group for the 2017/18 financial year from 1 April 2017 to 31 March 2018 — same as the Group's Annual Report 2017/18.

3.3 Scope of this report

The Group's biggest principal business activity is the manufacture and sale of garments, which accounted for 93% of the Group's total revenue during the financial year 2017/18. Considering both revenue contribution and environmental and social impacts of our business activities, the scope of the Report covers the Group's Hong Kong Head Office as well as its other operations in Mainland China, Bangladesh and Myanmar as follows:

Location of Head Office	Name of the Head Office
Hong Kong	YangtzeKiang Garment Limited ("the Company" or "Head Office")
Location of other operations	Name of subsidiary
Panyu, China	Exquisite Knitters (Guangzhou) Limited ("EQK")
Guigang, China	Whampoa Garment Manufacturing (Guigang) Co., Ltd. ("WGG")
Guangxi, China ¹	Whampoa Garment Manufacturing (Guangxi) Co., Ltd ("WGX")
Myanmar	Dagon Talent Garment Limited ("DTG")
Bangladesh	Lavender Garment Limited ("LAV")
Location of other operations	Name of joint venture
Wuxi, China ²	Wuxi YGM Textile Co., Ltd. ("Wuxi")

Table 3 — Entities covered within the scope of this Report

¹ Whampoa Garment Manufacturing (Guangxi) Co., Ltd was closed in March 2018. As it falls within the reporting period, its environmental and social performance was recorded and included in this Report.

² The Report covers 100% of ESG data and performance of our Wuxi operation, including the consumption of electricity and water.

4 Stakeholder engagement and materiality assessment

4.1 Stakeholder engagement

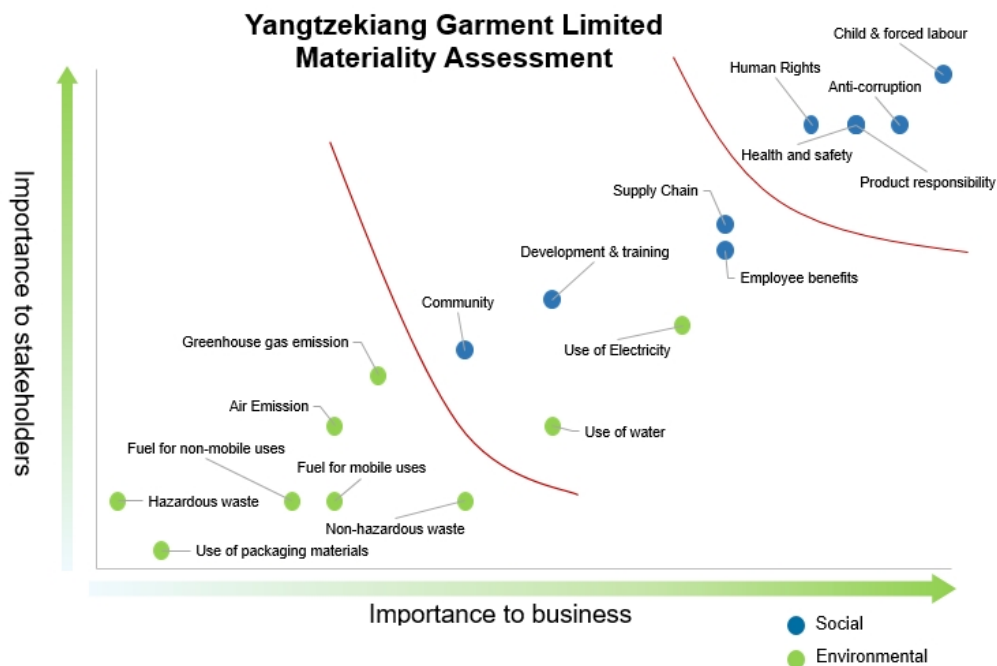
Stakeholder engagement is one of the core components of our annual ESG reporting. Our clients, employees, suppliers and contractors are our key stakeholders. We engage with our stakeholders to seek important inputs for our decision-making. This enables us to continuously improve and make progress towards our ESG commitments.

To prepare the ESG report for the second year, we reached out to our senior management, who has extensive knowledge of our operations as well as has close relationships with key investors and business partners. We conducted in-depth interviews in collaboration with a third-party consultant to understand the environmental and social performance of the business activities of the Group during the reporting period.

To get a more comprehensive feedback for continual improvement of our ESG performance, we aim to expand our scope of stakeholder engagement exercise in the coming years.

4.2 Materiality assessment

To identify the ESG issues that significantly impact our key stakeholders and business, it is important for us to conduct materiality assessment. The assessment will help us focus on our resources and efforts to address these issues. The materiality assessment was conducted for the preparation of the first ESG report, and was further reviewed by the senior management for the preparation of the second ESG report. We have assessed and summarised the views and opinions collected during the stakeholder engagement in a materiality matrix.



The material ESG issues and their relevance to the business operations are listed in descending order categorised by environmental and social aspects in the table below.

Aspect	Material issue	Relevance to our business
Environmental	Use of electricity	Electricity is essential to operate our business, from factories to offices and dormitories, and from operation of machines to air-conditioning and lighting.
	Use of water	As our operations do not involve fabric processing, such as dyeing and washing, we do not have significant use of water in our manufacturing process. It is mainly required for domestic uses in our production facilities and dormitories.
Social	Child and forced labour	We firmly oppose all forms of child labour and forced labour. We ensure dignity of our employees. Our clients also consider it as an essential aspect.
	Anti-corruption	We do not tolerate any bribery, extortion, fraud or money laundering in our business operations.
	Health and safety	We are committed to providing a healthy and safe working environment to our employees.
	Product responsibility	In order to sustain our business and retain customers' trust, high-quality and safe products with minimal environmental impacts are vital.
	Human rights	We strive to protect the human rights of our employees. Our employees have freedom of association and right of collective bargaining.

Table 4 — Material issues identified and their relevance to the business of the Group

5 Environment

Environmental policy

The Group primarily manufactures garments in Mainland China, Bangladesh and Myanmar. Our subsidiaries are mainly involved in cutting and sewing, ironing and packaging, and dispatching and delivering the finished products. While our subsidiaries have relatively insignificant impact on the environment compared with others with fabric processing such as dyeing and washing, we are committed to environmental protection and conservation to the extent where it is economically practicable with our scope of operations.

We are committed to minimising our environmental impacts through the following, whenever practicable:

- Efficient use of resources such as energy, water and raw materials;
- Waste reduction by minimising waste at source and recycling used products;
- Optimisation of material use;
- Compliance with applicable environmental legislation, rules and regulations;
- Regular review of our operational controls to enhance the environmental performance;
- Communication with internal and external stakeholders on environmental performance; and
- Environmental awareness building of employees through education and corporate activities.

We have developed either overall environmental policy or environmental requirements for addressing specific environmental issues that have an impact on the environment at our operations in Bangladesh, Myanmar and Mainland China. Our Wuxi operation has obtained ISO 14001:2015 Environmental Management System certification with respect to the design, manufacture and relevant management process of yarn and textile products.

5.1 Use of resources

According to the stakeholder's engagement results, we have identified that the use of electricity and the use of water are the Group's most material environmental issues.

5.1.1 Use of energy

The Group mainly uses electricity to operate its factories, dormitories and offices. To minimise the use of energy, we properly maintain our equipment, improve equipment designs and enhance energy saving awareness of our employees.

During the reporting period, the following initiatives were implemented at our different operations to enhance energy saving and efficiency:

Location	Energy saving initiatives
Hong Kong	<ul style="list-style-type: none"> Continued the replacement with LED lighting on two additional floors in the Head Office, following the replacement on other floor during FY2016/17 Scheduled for completion of the above replacement work by end of August 2018
Mainland China	<ul style="list-style-type: none"> Replaced old lighting with LED lighting in the entire factory Turned off lighting during idling period such as lunch breaks Installed lighting zoning system
Bangladesh	<ul style="list-style-type: none"> Enhanced energy use efficiency by gradually replacing the old lighting with LED lighting, with expected completion date at the end of 2018
Myanmar	<ul style="list-style-type: none"> Installed task lights and light zoning controls Replaced old lighting with LED lighting

Table 5 — Energy saving initiatives carried out during the reporting period

Location	Floor Area (m ²)	Electricity Consumption (kWh)	Electricity Intensity (kWh/m ²)
Hong Kong (Head Office)	18,870	840,057	44.52
Location	Production Quantity (piece of garment)	Electricity Consumption (kWh)	Electricity Intensity (kWh/piece)
Mainland China (EQK)	1,216,315	1,800,619	1.48
Mainland China (WGG)	1,456,280	2,006,380	1.38
Mainland China (WGX)	147,020	201,533	1.37
Myanmar (DTG)	896,202	456,469	0.51
Bangladesh (LAV)	2,644,054	1,080,413	0.41
Location	Production Quantity (tonne of yarn)	Electricity Consumption (kWh)	Electricity Intensity (kWh/tonne)
Mainland China (Wuxi)	18,164	234,140,184	12,890.34
Total	-	240,525,655	-

Table 6 — Electricity consumption of Hong Kong Head Office and other operations

5.1.2 Use of water

As our key manufacturing activities exclude fabric processing, such as dyeing and washing, the amount of water used in the production process is relatively less. Yet, the use of water is identified by our stakeholders to be material to the Group's operation.

In Mainland China, our business operation mainly use water for domestic use, including the consumption in the dormitories. We encourage our employees to not only conserve water, but also ensure the proper maintenance of the water system to eliminate leakages.

On the other hand, we regularly conduct quality checks to ensure water safety and quality at our business operations in Mainland China, Bangladesh and Myanmar.

During the reporting period, several water saving measures were implemented as follows.

Location	Water saving initiatives
Hong Kong	<ul style="list-style-type: none"> Replaced all water taps with automated ones to avoid loss of water from not closing the tap
Mainland China	<ul style="list-style-type: none"> Changed fire hose due to water leakage Conduct regular quality checks for drinking water as a continual measure Begin to more closely monitor water consumption through periodic reading of the water metres
Bangladesh	<ul style="list-style-type: none"> Conduct regular quantity and quality checks for drinking water as a continual measure (as part the BSCI compliance audit requirements) Planned to replace the existing water taps with handle taps to reduce water use Planned to post water saving signage in toilets and drinking water facility area Promoted water saving message through public address (PA) system regularly
Myanmar	<ul style="list-style-type: none"> Conduct regular checks for drinking water as a continual measure (as part the local government's compliance requirements)

Table 7 — Water saving initiatives carried out during the reporting period

At our operations in Hong Kong and Mainland China, water meters are installed to monitor water consumption, however water is sourced from underground at the Myanmar and Bangladesh facilities for which metering is currently not available or required. Therefore no water usage data is currently tracked for these two facilities.

Location	Floor Area (m ²)	Water Consumption (m ³)	Water Consumption Intensity (m ³ /m ²)
Hong Kong (Head Office)	18,870	3,692	0.20
Location	Production Quantity (piece of garment)	Water Consumption (m ³)	Water Consumption Intensity (m ³ /piece)
Mainland China (EQK)	1,216,315	56,855	0.05
Mainland China (WGG)	1,456,280	59,020	0.04
Mainland China (WGX)	147,020	6,134	0.04
Location	Production Quantity (tonne of yarn)	Water Consumption (tonne)	Water Consumption Intensity (tonne/tonne)
Mainland China (Wuxi)	18,164	227,295	12.51
Total	-	352,996	-

Table 8 — Water consumption of Hong Kong Head Office and other operations

Remark: As groundwater was used in DTG and LAV during the reporting period, the water consumption was not metered, hence the data was not available.

5.1.3 Use of packaging materials

Packaging materials used in our operations are mainly cardboard, tissue papers, plastic bags and paper cartons. Based on our materiality assessment, the use of packaging materials is not identified as a material aspect. Also we have very limited control over the selection of packaging materials, as they are subject to client's needs and specifications, and they have to be sourced from suppliers designated by the clients. While we have minimal control over the types of material used for packaging, we make efforts not to over-order so as to reduce our wastage.

5.2 Emissions

Owing to our business nature, our environmental impacts relating to air emissions, hazardous waste or waste water discharge are not considered significant. However, we strive to comply with the relevant regulatory requirements and minimise our emissions where reasonably practicable.

5.2.1 Greenhouse gas emissions

We have not conducted any assessment on greenhouse gas (GHG) emissions during the reporting year as it is not identified as a material aspect. However, we understand that the use of energy is a significant source of GHG emissions from our operations. We will continue to implement different energy saving measures to reduce our emission and minimise our environmental impacts.

For further details regarding the energy saving measures being applied, please refer to Section 5.1.1.

5.2.2 Air emissions

In addition to the nature of our manufacturing process, we do not own or control any logistics vehicle fleets for distribution, and thus air emissions are insignificant to our operations. Yet, we have replaced pipe works of the air-conditioners in our operations in Mainland China, with an aim to reduce any potential leakage of refrigerants; and in Myanmar, we measure regularly the level of air pollutants emitted from the use of boilers and back-up generators to ensure their air emissions abide by the local regulatory requirements without exceeding the minimum pollutant limit.

5.2.3 Waste management

General waste

Due to the nature of our business, it is inevitable for us to avoid generating a considerable amount of fabric scraps in our production process. However, we strive to minimise our fabric waste by optimising our production plans and procedures and exploring recycling opportunities for the fabric scraps, wherever practicable.

In Myanmar and Bangladesh, recyclers periodically collect fabric scraps from us, whereas in Mainland China, unused fabric scraps are disposed of as general waste which is regularly collected by a qualified waste handler. We properly dispose of other general wastes as per local requirements.

Hazardous waste

Our primary business is the sewing of garments. We purchase all raw materials from qualified fabric suppliers and are not involved in the dyeing or bleaching business. Therefore, we do not produce hazardous wastes such as waste chemicals in our manufacturing process. The only hazardous wastes we generate are the used light tubes and lubricant oil which are being properly handled by a qualified contractor.

5.2.4 Waste water discharges

In Hong Kong and Mainland China, we mainly generate domestic waste water, which is properly managed using the municipal treatment facilities by the government.

In Myanmar, we have installed septic tanks to collect sewage from toilets, and the collected sewage is properly removed regularly by a qualified contractor.

5.3 Environment and natural resources

We have already discussed the significant environmental issues in our business related to emissions and the use of resources in the above sections.

5.4 Regulatory compliance

There was one reported incident of non-compliance with laws and regulations relating to environmental issues during the reporting period.

Our factory in Mainland China (EQK) exceeded the regulatory requirements regarding the level of Chemical Oxygen Demand ("COD") of the waste water discharged during the reporting period. To rectify the issue, we have installed new waste water treatment facility as our remediation measure and we have since complied with the discharge requirements.

6 Social

We adhere to the highest standards of integrity and ethics in our business operations and strive to meet the legal requirements of the country in which we operate. We endeavour to build trust with our buyers as well as enhance the foundation of long-term sustainability for our business.

At the Group, we have developed the Social Policy since FY2016/17, covering various social aspects, including employment, health and safety, development and training, labour standards, supply chain management, product responsibility, anti-corruption and community investment. This policy provides guidance for our senior management and employees on how our business should be conducted in a socially responsible manner. In addition, our business partners — factories, contractors, suppliers and others acting on behalf of the Group — are required to adopt similar standards and practices.

6.1 Employment and labour practices

6.1.1 Employment

We have developed the Equal Opportunities Policy to ensure the diversification of labour and equal opportunities for all our employees. Our employees are recruited on the basis of their knowledge, skill and work experience without any reference to their gender, age, marital status, race, religion, physical or mental disability, union membership or political affiliation. Our employees have freedom of association and right of collective bargaining.

All terms of their employment contract — minimum wages, maximum working hours, overtime payment, rest periods, compensation and dismissal — are in compliance with the relevant local labour laws and regulations.

As per local laws, employees are entitled to paid holidays, including statutory holidays and leave — including maternity leave, paternity leave and sick leave. On completion of the probation period, employees are eligible for education allowance if they pursue work-related courses. We also provide meal allowance for employees who are required to work over-time. To improve our staff morale and show our care for our staff, we organised different staff activities during the reporting period, such as company tour, spring dinner party, Mid-Autumn Festival dinner party and monthly birthday meals.



Spring dinner organised by Hong Kong Head Office



Spring dinner organised by EQK



Monthly birthday meals held in EQK



Macau visit organised by WGG



Mid-Autumn Festival dinner party
organised by WGG



Company trip organised by EQK

To support working mothers, we provided the following support to our employees during the reporting period:

- A nursery room in Hong Kong
- A nursery room, a clinic, a child care room with a nurse in Myanmar and Bangladesh

A formal complaining procedure is in place to enable employees to express their grievances to the management and report issues relating to discrimination and harassment.

There were no reported incidents of non-compliance with laws and regulations relating to employment practices during the reporting period.

6.1.2 Health and safety

As a responsible employer, we strive to provide a safe, hygienic and healthy working environment to our employees. Safety guidelines are communicated to all employees. In addition, we have taken necessary steps to educate employees about potential dangers in order to avoid any work-related accident and injury.

Our employees have access to portable water and sanitary facilities. Our working areas have adequate lighting and ventilation, along with other safety features, such as smoke detectors, fire extinguishers and first-aid boxes. We consistently conduct testing on parameters such as dust, temperature and ventilation to ensure proper indoor air quality of our working environment.

We clear major risk sources and develop appropriate control methods to identify and evaluate potential hazards in the production and living areas.

With regard to the expansion of the factory in Myanmar in 2019, the new factory design has been incorporated with higher health and safety standards so as to meet the local requirements. Sufficient fire exits, fire doors, automated sprinklers and smoke detectors will be installed in the factory.

In Bangladesh, as required by some of our clients, we abide by the requirements of The Accord, an independent agreement designed to make all garment factories in Bangladesh safe workplaces. The Accord is supported mainly by the European brands, requiring us to update compliance status relating to fire safety, electricity and building structure safety. Meetings are arranged every 2 months to make sure the factory standards are met for ongoing safety improvement.

There were no reported incidents of non-compliance with laws and regulations relating to occupational health and safety during the reporting period.

6.1.3 Labour standards

We ensure each individual's basic human rights are respected, and firmly oppose all forms of forced labour and child labour. Our employees choose to work with us by their own free will and are free to express their opinions at the workplace.

We have complied with our client's requirements for human rights, in particular, working hours, child labour and long service payment.

There were no reported incidents of non-compliance with laws and regulations relating to labour standards during the reporting period.

6.1.4 Development and training

Our employees are an important asset and hence we provide them with various training — on-the-job training, in-house discussion meetings or various seminars conducted by third parties — to enhance their skillset. Our employees are encouraged to pursue work-related courses and acquire professional qualifications. In Mainland China, Myanmar and Bangladesh, we provide health and safety training and technical training for our employees to meet our clients' requirements as well as foster our corporate development.

6.2 Operating practices

6.2.1 Supply chain management

We have long-term relationships with our suppliers located in Mainland China, Myanmar and Bangladesh. These suppliers are evaluated and assessed on the basis of five key criteria — availability of suppliers for production, price, credibility of suppliers, capability of suppliers and compliance with the local laws and clients.

We always work closely with both clients and suppliers to ensure the supply chain is properly managed and monitored. Some of our clients conduct audit, including social audit, safety audit and/or technical audit at our factory once a year and a follow-up audit will be taking place if any issue is still outstanding within the period.

With the green supply chain gradually becoming a trend in the global garment industry, it has become vital to include green considerations in managing the supply chain and ensuring environment-friendly production. Some of our clients have required our products to be produced in compliance with the Better Cotton Initiative ("BCI"), which promotes better standards in cotton farming and practices.

6.2.2 Anti-corruption

We have taken appropriate steps to ensure that our employees are aware of our zero-tolerance approach to any bribery, extortion, fraud or money laundering while dealing with public officials or private sector individuals. If any of the above is suspected or observed, it must immediately be reported to the management or the relevant government department.

There were no reported incidents of non-compliance with laws and regulations relating to anti-corruption during the reporting period.

6.2.3 Product responsibility

Product quality and environment safety are our top-most priorities. We strive to deliver client satisfaction and meet their expectations. In addition, we adhere to the principle of 'Quality First', and are focused on continuously enhancing our product quality.

Most of our raw materials are sourced from suppliers designated by our clients. To ensure product quality, we as well as our suppliers have put in place various processes. For example, we have also set up quality control systems in our factories. Further, our clients — mostly international fashion brands — regularly visit our factories to conduct audits.

To ensure products' safety, we avoid use of any hazardous ingredients in our fabric. The Group has to make sure the quality and products selected are in compliance with the requirements of clients and local laws. In addition, our Wuxi operation has obtained ISO9001: 2015 to maintain the quality management system with respect to the design and manufacture process of yarn and textile products.

To ensure that the intellectual property rights of our customers' clothing design are protected, the following guidelines have been implemented at our factories:

- Visitors or employees (excluding relevant staff) are prohibited from taking photographs in the production area.
- Employees are not allowed to share any information related to the Group's trademarks, raw materials, product development, craftsmanship, orders, prices and profits with any irrelevant personnel.
- The relevant department shall sign agreements related to intellectual property rights and confidentiality with suppliers.
- Serious disciplinary action is taken against any perpetrator. Any external party found stealing or collecting Group's confidential information is provisioned to be prosecuted.

In face of any complaints and recall requests, the Group responds to each case promptly. We investigate the reasons for recall and keep internal records. Before shipping the products to clients for every order, the Group conducts testing of products to make sure all the requirements are met. Shipment are only executed after getting approval from the clients on the Acceptable Quality Limit (AQL) report.

There were no reported incidents of non-compliance with laws and regulations relating to product responsibility during the reporting period.

6.3 Community investment

We strive to support the development of the communities where we operate by providing employment opportunities. In addition, we have mobilised our employees and support meaningful community activities to bring lasting benefits to the communities.

Our YGM Corporate Volunteering Team, set up in 2014, creates a platform for employees to participate in volunteering work and activities. To encourage employee participation, the following incentives are provided to the participants:

1. Fare subsidies;
2. Certificates;
3. Insurance purchased by the Group; and
4. Colleagues taking part in charity and volunteer services are granted a half-day leave for every two activities participated.

During the reporting period, 15 colleagues participated in the tree planting activity to celebrate the World Environmental Day (5 June 2017). The fund raised through this activity aimed to support the Million Trees (Forest) Project organised by the Committee of International Million Trees (Forest) Project & Network.



Tree planting activity held on 5 June 2017

Going forward, we will continue to expand our range of volunteer services, such as to youth education or to underprivileged community.

7 SEHK ESG Reporting Guide Content Index

	Aspects	Section	Remarks
A	Environmental		
A1	Emissions Policies relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Compliance with relevant laws and regulations that have a significant impact on the issuer	5. Environment (P.7-12) 5. Environmental policy (P.7) 5.4 Regulatory compliance (P.12)	
A1.1	The types of emissions and respective emission data	5.2 Emissions (P.11-12) 5.2.1 Greenhouse gas emissions (P.11) 5.2.2 Air emissions (P.11) 5.2.3 Waste management (P.11-12) 5.2.4 Waste water discharges (P.12)	According to our materiality assessment, emissions (including greenhouse gas emissions, air emissions, hazardous and non-hazardous waste) are not identified as material aspects, therefore such data is not tracked.
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility)	5.2 Emissions (P.11-12) 5.2.1 Greenhouse gas emissions (P.11) 5.2.2 Air emissions (P.11)	
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility)	5.2.3 Waste management (P.11-12)	
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility)	5.2.3 Waste management (P.11-12)	
A1.5	Description of measures to mitigate emissions and result achieved	5.1.1 Use of energy (P.8-9) 5.2 Emissions (P.11-12)	
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	5.2.3 Waste management (P.11-12)	
A2	Use of Resources Policies on the efficient use of resources, including energy, water and other raw materials	5. Environment (P.7-12) 5.1 Use of resources (P.8-11)	Only use of electricity and use of water are identified as material aspects.
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)	5.1.1 Use of energy (P. 8-9)	
A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility)	5.1.2 Use of water (P.9-10)	

	Aspects	Section	Remarks
A2.3	Description of energy use efficiency initiatives and result achieved	5.1.1 Use of energy (P.8-9)	
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	5.1.2 Use of water (P. 9-10)	
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	5.1.3 Use of packaging materials (P.11)	According to our materiality assessment, the use of packaging materials is not identified as a material aspect, and we have very limited control over the types and quantities of packaging materials used in our operations. Therefore such data is not tracked.
A3	The Environment and Natural Resources Policies on minimising the issuer's significant impact on the environment and natural resources	5. Environment (P.7-12) 5.3 Environment and natural resources (P.12)	
A3.1	Description of the significant impacts of activities on the environment and natural resources and the action taken to manage them	5. Environment (P.7-12)	
B	Social		
B1	Employment Policies on employment and compliance with local laws and regulations that have a significant impact on the issuer regarding the following: <ul style="list-style-type: none"> ▪ Compensation and dismissal ▪ Recruitment and promotion ▪ Working hours and rest periods ▪ Equal opportunity and anti-discrimination ▪ Diversity ▪ Other benefits and welfare 	6. Social (P.13-18) 6.1 Employment and labour practices (P.13-16)	
B2	Health and Safety Policies on providing a safe working environment and protecting employees from occupational hazards and compliance with relevant laws and regulations	6. Social (P.13-18) 6.1.2 Health and safety (P.15)	

	Aspects	Section	Remarks
B3	Development and Training Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	6. Social (P.13-18) 6.1.4 Development and training (P.16)	
B4	Labour Standards Policies and compliance with laws and regulations on preventing child and forced labour	6. Social (P.13-18) 6.1.3 Labour standards (P.15)	
B5	Supply Chain Management Policies on managing environmental and social risks of the supply chain	6. Social (P.13-18) 6.2.1 Supply chain management (P.16)	
B6	Product Responsibility Policies and compliance with relevant laws and regulations on health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	6. Social (P.13-18) 6.2.3 Product responsibility (P.16-17)	
B7	Anti-corruption Policies and compliance with relevant laws and regulations relating to bribery, extortion, fraud and money laundering	6. Social (P.13-18) 6.2.2 Anti-corruption (P.16)	
B8	Community Investment 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	6. Social (P.13-18) 6.3 Community investment (P.17-18)	