



**WAH SUN HANDBAGS INTERNATIONAL HOLDINGS LIMITED**

**華新手袋國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**Stock Code: 2683**

**2018/19**

**ENVIRONMENTAL,  
SOCIAL  
AND GOVERNANCE  
REPORT**





# Environmental, Social and Governance Report 2018/19

## ABOUT THIS REPORT

This report is the second Environmental, Social and Governance report (the “report”) published by Wah Sun Handbags International Holdings Limited (the “Company”), which explains the environmental, social and governance (the “ESG”) performance of the Company and its subsidiaries (collectively the “Group”).

Available in both Chinese and English, the report has been uploaded to the websites of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Company [www.wahsun.com.hk](http://www.wahsun.com.hk).

## Reporting Scope and Boundary

This report focuses on the operation of handbag manufacturing and sale of the Group for the financial year ended 31 March 2019 (the “reporting year”). The reporting boundary includes Hong Kong head office (the “Office”) and the production plant in Kampong Speu, Cambodia (the “Factory”).

## Reporting Standard

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) as contained in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange. The four reporting principles, namely the principles of materiality, quantitative, balance and consistency, form the backbone of the report.

A complete index is inserted in the last chapter of the report for reference.

## Data Preparation

The Group has established internal controls and a formal review process to ensure that any information presented in this report is as accurate and reliable as possible. The board of directors (the “Board”) of the Company has overall responsibility for the establishment and disclosure of relevant measures and KPIs.

## Confirmation and Approval

Information disclosed in the report is sourced from the internal documents and statistical data of the Group. This report has been confirmed and approved by the Board in June 2019.

## Opinion and Feedback

The Group values the opinion of stakeholders. If you have any questions or suggestions regarding the content or format of the report, please contact the Group through the following channels:

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## ESG GOVERNANCE

The Board has the overall responsibility for the oversight of the Group's policies, initiatives and performance on sustainability matters, principally in respect of environmental protection, employment, operational responsibility and community investment.

The Board continues to explore ways to further strengthen the ESG Governance of the Group. It is on its agenda to establish an ESG working group in 2019. Comprising members of senior management and other members of employees, the working group will be delegated with the authority from the Board to review and monitor the Group's ESG policies and practices, respond to emerging ESG issues and make recommendations to the Board where appropriate to improve the Group's ESG performance.

## ESG RISK MANAGEMENT

The Group considers risk management as an integral part of daily management processes and good corporate governance. Our Directors and risk management committee are responsible for the formulation of and overseeing the implementation of the internal control measures and the effectiveness of risk management system.

The Group noticed that the current risk assessment and internal control system does not cover environmental and social issues comprehensively. Looking ahead, the Group will consider conducting annual review on industry-relevant ESG risks which enables itself to formulate action plan in a timely manner.

## STAKEHOLDER ENGAGEMENT

Understanding and responding to the needs of our stakeholders are important for the Group in advancing on the journey of sustainability. Every feedback from stakeholders guides us to identify material environmental, social and governance issues, as well as to manage relevant risks and opportunities.

Our stakeholders are those who have a considerable influence on our business, and whom our business has a significant impact on. We engage our key stakeholders via multiple channels to gather their feedback and strive for continuous improvement. Meetings, workshops and other communicative events are held across daily operations for internal and external stakeholder groups.

| Employees  | Shareholders  |
|--|---|
| <ul style="list-style-type: none"><li>Regular communication with employees so that employees can learn about new moves of the Group</li></ul>  | <ul style="list-style-type: none"><li>Shareholders are encouraged to participate in the annual general meeting to collect and respond to their opinions</li></ul> |
| Customers  | Community   |
| <ul style="list-style-type: none"><li>Established complaints handling procedures</li><li>Provides objective, accurate, honest and fair information in all marketing communication channels</li></ul> | <ul style="list-style-type: none"><li>Supported the community through donations or sponsorships</li></ul>   |



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## PROTECTING THE ENVIRONMENT

Recognising the risks and opportunities presented to businesses and communities by climate change, the Group is committed to reducing its environmental impacts of its daily operations. The Group has formulated the Environmental Protection Policy Statement to demonstrate its determination to enhance performance in energy efficiency, emission reduction, waste and resource management.

### Emissions

In line with our commitments stated in the Environmental Protection Policy Statement, the Group has implemented measures to manage and reduce emissions and wastes:

| Type   | Measures   |
|--|--|
| Air and greenhouse gas emissions (the "GHG emissions") | <ul style="list-style-type: none"><li>• Simplify workflow to reduce business trips</li><li>• Plant fast growing trees</li><li>• Use renewable energy where applicable</li></ul>  |
| Hazardous and non-hazardous waste                      | <ul style="list-style-type: none"><li>• Set up recycling bins</li><li>• Arrange waste recyclers to collect waste regularly</li><li>• Arrange suppliers to collect waste fabric, yarn, thread and trim for recycling</li><li>• Monitor waste production and recycling</li><li>• Access all processes in factory to identify ways to reduce waste, for examples, cutting waste, defects from different processing and packaging wastes</li></ul> |
| Wastewater   | <ul style="list-style-type: none"><li>• Domestic wastewater was discharged directly through local pipe network to a local sewage treatment plant</li></ul>   |

As a key step to establishing a carbon management strategy, this year the Group commissioned a consultant to conduct a carbon assessment to quantify the GHG emissions (or 'carbon emissions') of its operation. The process of quantification is conducted in accordance with the Guidelines compiled by the Environmental Protection Department and Electrical and Mechanical Services Department of Hong Kong.

The main sources of GHG emissions of the Group were electricity consumption (93% of total GHG emissions) and combustion of fuels in mobile sources, i.e. company-owned vehicles<sup>1</sup>.

### Use of Resources

A core component of maintaining sustainable development is to effectively manage our use of resources so that the wellbeing of future generations are not endangered. The Environmental Protection Policy Statement sets out our commitment to optimize the use of energy, water and raw materials.

<sup>1</sup> The quantification of GHG emissions is conducted with reference to the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong and other international standards such as the Greenhouse Gas Protocol.

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The Group has adopted a series of measures which allows us to effectively manage the use of resources.

| Type   | Measures  |
|--------|---|
| Energy | <p><b>Lighting</b></p> <ul style="list-style-type: none"> <li>Switch off lights in public areas (such as reception, pantry, washroom and passageways) during less busy hours (such as lunch and non-working hours)</li> <li>Install energy efficient lighting system (such as replacing incandescent light bulb or quartz light with LED light or energy saving light bulbs)</li> </ul> <p><b>Air conditioner</b></p> <ul style="list-style-type: none"> <li>Set the air-conditioning temperature at 24 to 26 degree Celsius</li> <li>Switch off some air-conditioners during less busy hours (such as lunch and non-working hours)</li> </ul> <p><b>Computer</b></p> <ul style="list-style-type: none"> <li>Set the brightness of the display monitor to an appropriate level</li> <li>Activate the standby or hibernation mode to let the display monitor automatically switch off or enter power saving mode when left idle for prolonged periods</li> </ul> |
| Paper  | <ul style="list-style-type: none"> <li>Use paper of lower weight</li> <li>Adjust printer setting for double-sided printing</li> <li>Adopt electronic communications and filing</li> </ul>   |
| Water  | <ul style="list-style-type: none"> <li>Implement water recycling program</li> </ul>   |

Looking forward, the Group will prioritise environmental products and materials in procurement, as well as formulating improvement targets to reduce the resources consumption. To identify the improvement opportunities, the Group will improve the data collection system in order to review the effectiveness of the emissions and waste reduction measures, as well as the energy and water efficiency initiatives.

## Environment and Natural Resources

Within the Factory, the Environmental, Safety and Health (ESH) Committee oversees the policies concerning environmental matters and manage environmental related issues. The Factory also carried out environmental risk assessment to identify potential hazard and improvement plan to prevent or mitigate the hazard.

In the reporting year, the Group complied with laws and regulations related to emissions, including but not limited to Law on Environmental Protection and Natural Resources Management in Cambodia and the Waste Disposal Ordinance in Hong Kong. There were no cases of non-compliance in relation to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.



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## EMPLOYMENT AND LABOUR PRACTICES

As a caring and responsible employer, the Group is committed to provide a respectful and belonging workplace, cultivate a healthy and safe working culture, invested in securing and nurturing talents. Our Employment and Labour Policy Statement sets out the Group's aim of building a workplace that is free of discrimination and harassment. The Statement also emphasises the Group's commitment to diversity, health and safety.

### Employment

Decent work and reasonable remuneration is key to improving the standard of living of our employees. A set of policies and statement, including the Employment and Labour Practices Policy Statement, have outlined our commitment and procedures regarding recruitment, promotion, dismissal, working hours, rest periods, compensation, benefits and welfare, equal opportunities, diversity and anti-discrimination.

The Group has taken various initiatives to fulfill its commitment, including:

- Establish a work performance assessment system to ensure equal treatment of staff in promotion, transfer, training, career development, dismissal, layoff, etc.
- Frequently review assessment criteria to ensure non-discrimination
- Promote staff with information related to equal opportunity, discrimination and harassment through internal communications
- Provide staff with internal guidelines related to equal opportunity, discrimination and harassment

The Factory has established the Grievance Policy to allow employees to express their concerns and ideas to management through suggestion box.

### Health and Safety

The Group considers employee health and safety as a priority at all times across our business operations. The Employment and Labour Practices Policy Statement states the Group's commitments in maintaining a healthy and safe work environment.

In the Factory, the Group has established the Occupational Safety and Health (OSH) Committee to oversee the implementation of the OSH measures. The OSH Committee comprised of 11 sections, such as fabric, accessory, cutting, sewing, quality control and finishing. All department heads are responsible for the OSH matters in their respective areas and each group is responsible to report to OSH officer or OSH manager.

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Some highlighted health and safety measures implemented include:

## Health and Safety Training

### Fire safety training

Fire safety training was arranged with top management team and all supervisor and workers representative, etc. The training covered:

- Fire drill evacuation procedure and practice
- Way of using fire extinguisher and fire hydrant
- Emergency respond plan procedure

### Personal protective equipment (PPE) training

PPE training was arranged with the Factory supervisor, which explained the different types of PPE and the correct way of wearing it

## Development and Training

The Group believes investing in employee learning and development is a key driver for building a talented and engaged workforce. In accordance with the Employment and Labour Policy Statement, the Group approaches staff development and training from three directions:





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Trainings organised in the Factory in this year covered essential topics:

**ESH risk  
assessment**

**Fire safety and  
environment**

**Personal  
Protective  
Equipment**

**Policies of the  
Factory**

**Orientation  
training for  
new workers**

The Group will continue to review and update development and training measures to ensure effective execution of training plan.

## Labour Standards

The Group prohibits the use of child labour and forced labour. The Employment and Labour Policy Statement sets out its approach to employment issues.

At the Factory, the Child Labour Policy and Non-Forced and Non-Prison Labor Policy are in place to prevent child labour and forced labour respectively. Pre-employment age verification is conducted. The Factory's Overtime Policy ensures that staff will be consulted for any overtime work arrangement.

The Group is in compliance with the Labour Law in Cambodia, Employment Ordinance in Hong Kong, Occupational Safety and Health Ordinance in Hong Kong. In the reporting year, there were no cases of non-compliance in relation to employment, health and safety, child labour or forced labour.

## OPERATING PRACTICES

The Group is committed to upholding the highest standard of corporate governance and business integrity in its business activities. The Supply Chain Management, Product Responsibility and Anti-corruption Policy Statement sets out the Group's approach regarding supply chain management, customer privacy, advertising, labelling, intellectual property rights and anti-corruption.

### Supply Chain Management

The main materials sourced by the Group are Polyurethane (PU) and Polyvinyl Chloride (PVC) materials, components of handbags and packaging materials. The Factory has established quality control procedures to safeguard the quality these materials. It also pays attention to the potential environmental and social risks of the supply chain.

The Group required suppliers and contractors to implement our Child Labour Policy. The Group will stop business relationship with those suppliers and contractors who use child labor in their factories.



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### Product Responsibility

The Group values each client and strives to continuously improve its products and services. To ensure the highest standards of quality and integrity in its products and operations, in the Factory, the Group conducted assessment of its security practices both internally and with respect to its supply chain. The Group requires its supply chain partners to comply with the security requirements, including physical security, access controls, procedural security, personnel security and training awareness.

The Group's Quality Manual sets out product quality inspection procedures in different stages of the production cycle. The Customer Complaint Policy states the procedures in handling complaints regarding product quality from clients. Internal communication is emphasised as a means to maintain consistent quality and client satisfaction.

During the reporting year, the Group complied with laws and regulations related to product responsibility, including but not limited to the Personal Data (Privacy) Ordinance in Hong Kong. There were no cases of non-compliance in relation to health and safety, advertising, labelling and privacy matters.

### Anti-corruption

Operating with honesty, integrity and fairness has always been essential to business. The Group has included anti-corruption terms in the Staff Handbook to ensure clear communication. The anti-corruption working group is responsible for the implementation of anti-corruption measures.

In the Factory, the Group has established the Anti-Corruption/Bribery Procedure to ensure the Group and all business partners follow the anti-corruption principles when doing business.

The Group abides by the relevant laws and regulations in relation to corruption, including but not limited to the Anti-Corruption Law. During the reporting year, there were no cases of non-compliance or legal cases in relation to corruption.

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## COMMUNITY INVESTMENT

As a caring enterprise, the Group is keen on fulfilling the expectations of various stakeholders and the communities which we operate in. The Community Investment Policy Statement states the Group's commitment to the community, especially in three areas:



Pay attention to social issues and events to understand public expectation of the Group



Support plans and activities that positively impact society



Ensure continuous communication with members of the community

The Group allocates funds for annual sponsorship and donation commitment. The Group also select and approve volunteer and charity activities organised by external organisations and encourage employee participation.



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## ESG REPORTING GUIDE CONTENT INDEX

| Material Aspect            | Content   | Data of this year          | Page Index |
|----------------------------|---|----------------------------|------------|
| <b>A. Environmental</b>    |   |                            |            |
| <b>A1 Emissions</b>        |   |                            |            |
| General                    | Information on:   |                            |            |
| Disclosure                 | (a) the policies; and   |                            |            |
|                            | (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | —                          | 3,4        |
| A1.1                       | The types of emissions and respective emissions data  | —                          | —          |
|                            | Nitrogen oxides (NOx) (kilogram)  | 2,327                      | —          |
|                            | Sulphur oxides (SOx) (kilogram)   | 115                        | —          |
|                            | Respirable suspended particles (RSP) (kilogram)   | 108                        | —          |
| A1.2                       | Greenhouse gas emissions in total (tonnes CO2-e)  | 1,739                      | —          |
|                            | Direct emissions (tonnes CO2-e)   | 121                        | —          |
|                            | Energy indirect emissions (tonnes CO2-e)  | 1,618                      | —          |
|                            | Intensity of greenhouse gas emissions (tonnes CO2-e/thousand handbags sold)   | 0.125                      | —          |
| A1.3                       | Total hazardous waste produced (tonnes)   | —                          | —          |
|                            | Intensity of total hazardous waste produced (tonnes/square metre)   | —                          | —          |
| A1.4                       | Total non-hazardous waste produced (tonnes)   | 603                        | —          |
|                            | Intensity of non-hazardous waste produced (tonnes/square metre)   | 0.010                      | —          |
| A1.5                       | Description of measures to mitigate emissions and results achieved  | —                          | 3,4        |
| A1.6                       | Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved   | —                          | 3,4        |
| <b>A2 Use of Resources</b> |   |                            |            |
| General                    | Policies on the efficient use of resources, including energy, water   |                            |            |
| Disclosure                 | and other raw materials.  | —                          | 3          |
| A2.1                       | Direct and/or indirect energy consumption by type   | —                          | —          |
|                            | Total energy consumption (MWh)  | 3,536                      | —          |
|                            | Direct energy consumption (MWh)   | 476                        | —          |
|                            | Indirect energy consumption (MWh)   | 3,060                      | —          |
|                            | Energy intensity (MWh/square metre)   | 0.056                      | —          |
| A2.2                       | Water consumption in total (cubic metre)  | 58,813                     | —          |
|                            | Water intensity (cubic metre/square metre)  | 0.936                      | —          |
| A2.3                       | Description of energy use efficiency initiatives and results achieved   | —                          | 4          |
| A2.4                       | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved  | No issue in sourcing water | —          |

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| Material Aspect                                 | Content   | Data of this year   | Page Index |
|---|---|---|------------|
| A2.5  | Total packaging material used for finished products (tonnes)<br>Packaging material intensity (tonnes/square metre)  | Data is not available. The Group is in the process of developing a tracking system on recording packaging material used | —<br>—     |
| <b>A3 The Environment and Natural Resources</b> |   |   |            |
| General Disclosure                              | Policies on minimising the issuer's significant impact on the environment and natural resources.  | —   | 3,4        |
| A3.1  | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them  | —   | 4          |
| <b>B. Social</b>                                |   |   |            |
| <b>B1 Employment</b>                            |   |   |            |
| General Disclosure                              | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | —   | 5,6        |
| <b>B2 Health and Safety</b>                     |   |   |            |
| General Disclosure                              | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.   | —   | 5,6        |
| <b>B3 Development and Training</b>              |   |   |            |
| General Disclosure                              | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.   | —   | 6,7        |

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| Material Aspect                   | Content   | Data of this year | Page Index |
|-----------------------------------|---|-------------------|------------|
| <b>B4 Labour Standards</b>        |   |                   |            |
| General                           | Information on:   |                   |            |
| Disclosure                        | (a) the policies; and   |                   |            |
|                                   | (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.  | —                 | 7          |
| <b>B5 Supply Chain Management</b> |   |                   |            |
| General                           | Policies on managing environmental and social risks of the supply   |                   |            |
| Disclosure                        | chain.  | —                 | 7          |
| <b>B6 Product Responsibility</b>  |   |                   |            |
| General                           | Information on:   |                   |            |
| Disclosure                        | (a) the policies; and   |                   |            |
|                                   | (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | —                 | 8          |
| <b>B7 Anticorruption</b>          |   |                   |            |
| General                           | Information on:   |                   |            |
| Disclosure                        | (a) the policies; and   |                   |            |
|                                   | (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.  | —                 | 8          |
| <b>B8 Community Investment</b>    |   |                   |            |
| General                           | Policies on community engagement to understand the needs of   |                   |            |
| Disclosure                        | the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.  | —                 | 9          |