



S.A.S. Dragon Holdings Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 1184)

Environmental, Social and Governance Report

2019



Environmental, Social and Governance Report

S.A.S. Dragon Holdings Limited (the “Company”) together with its subsidiaries (the “Group” or “we” or “our” or “us”) is a leading ELECTRONIC SUPPLY CHAIN SERVICES PROVIDER in the Greater China region. The Group specializes in design, development, sourcing, quality assurance and logistics management of global proprietary electronic components and semiconductor products including chipset solutions, display panels, memory chips, power supply system solutions, multimedia system solutions, PEMCO, IoT home automation solutions, light-emitting diode (“LED”) lighting solutions and other premier solutions for a wide range of applications for mobile, consumer electronics, computer and networking and telecommunication. According to Gartner’s data, in terms of revenue, the Group was ranked as one of the top 10 global semiconductor distributor and the top semiconductor distributor based in the Peoples’ Republic of China (the “PRC”) cum Hong Kong in 2018 and 2019 in a row.

REPORTING PERIOD, FRAMEWORK AND SCOPE

The board (the “Board”) of directors (the “Director(s)”) of the Group is pleased to present this environmental, social and governance report (the “Report”) which sets out matters relating to the environmental, social and governance (“ESG”) of the Group for the period from 1 January 2019 to 31 December 2019 (the “Reporting Period” or “2019”). The Report has been prepared in accordance with the requirements of the Environmental, Social and Governance Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Board believes that a sound ESG management system is vital for continued sustainability and development of the Group’s operation. The Board has taken overall responsibility for the Group’s ESG strategy and reporting, and has a strong commitment to environmental protection with the mission to promote the environmental culture among our staff to maintain a sustainable development for the Group.

Unless otherwise specified, the environmental key performance indicators (“KPIs”) of the Report covers the key subsidiaries of the Group (the “Reporting Scope”) as they contributed over 90% of the Group’s revenue; while the social KPIs of the Report covers all subsidiaries of the Group.

A. ENVIRONMENT

The Group strives to protect the environment through the implementation of control activities and monitoring measures in its business activities and workplace. We are committed to promoting a green environment by introducing environmentally friendly business practices, educating our employees to enhance their awareness on environmental protection and complying with the relevant environmental laws and regulations.

In order to mitigate the environmental impacts produced by the Group’s operation, we have adopted and implemented relevant environmental policies. These policies apply the emission mitigation principle as well as the waste management principle of “Reduce, Reuse, Recycle and Replace”, with the objectives of minimizing the adverse environmental impacts and ensuring the emission being generated or waste disposed are conducted in an environmentally responsible manner.

During the Reporting Period, the Group did not identify any material non-compliance with related environmental laws and regulations, including but not limited to the Environmental Protection Law of the PRC, the Energy Conservation Law of the PRC, and the Air Pollution Control Ordinance of Hong Kong that would have a significant impact on the Group.

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A1. Emissions

Air emissions

The Group's major sources of exhaust gas emissions were originated from petrol and diesel consumed by vehicles and town gas cooking for cafeteria. Thus, the Group has developed clear guidelines in relation to daily vehicular operation. The Group periodically records and monitors the fuel consumed, educate employees to turn off engines for idling vehicles, and conduct regular vehicle inspections and maintenance to enhance vehicle efficiency. The air emissions performances were as follows:

Types of exhaust gases	Unit	2019	2018
Nitrogen Oxides (NOx)	g	361,271	290,723
Sulphur Oxides (SOx)	g	779	706
Particulate Matter (PM)	g	35,086	16,980

Greenhouse gas ("GHG") emissions

The major sources of the Group's GHG emissions¹ were direct GHG emissions generated from petrol and diesel consumed by vehicles, as well as town gas cooking (Scope 1), and energy indirect GHG emissions consumed from purchased electricity and town gas cooking (Scope 2). To reduce GHG emissions during operation, the Group has actively adopted energy conservation measures, which are described under aspect A2 of the Report. The GHG emissions performances were as follows:

Indicator ¹	Unit	2019	2018
Direct GHG emissions (Scope 1)	tCO ₂ e	135	123
Indirect GHG emissions (Scope 2)	tCO ₂ e	310	285
Total GHG emissions (Scope 1 and 2)	tCO ₂ e	445	408
Total GHG emissions intensity	tCO ₂ e/million dollars revenue ²	0.03	0.02

Note:

1. GHG emissions data is presented in terms of carbon dioxide equivalent and based on, including but not limited to, The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards issued by the World Resources Institute and the World Business Council for Sustainable Development, How to prepare an ESG Report — Appendix II: Reporting Guidance on Environmental KPIs issued by the Stock Exchange, Global Warming Potential Values from the IPCC Fifth Assessment Report, 2014 (AR5), the latest emission factors of China's regional power grid basis, and CLP 2019 Sustainability Report.
2. During the Reporting Period, the Group's total revenue in respect to the Reporting Scope was HK\$17,178.42 million (2018: HK\$24,245.82 million). The data is also used for calculating other intensity data.

Non-hazardous solid wastes were generated in our office and warehouse, service centre and investment properties during our operation. With the aim of minimizing the environmental impacts of non-hazardous wastes generated from our business operations, the Group has implemented relevant measures to handle such waste and has launched different reduction initiatives. The Group encourages its employees to handle documents electronically. When the use of paper is required, documents are required to use double-sided printing. In addition, recycling bins are provided at our workplace with waste paper and used toner cartridges collected for recycling. Moreover, we arranged conference calls or video conference instead of face-to-face meetings where possible. During the Reporting Period, the total non-hazardous wastes were amounted to about 44.10 tonnes (2018: approximately 48.52 tonnes), which approximates to 0.003 tonnes per million dollars revenue. For hazardous electronic wastes, about 900 kg was recorded in 2019 (2018: approximately 355 kg), which approximates to 0.05 kg per million dollars revenue. The increase was due to the relocation of our office, which results to more disposal of electronic wastes. To properly dispose the hazardous wastes generated, the Group works with licensed recycling companies and hands the hazardous electronic wastes for recycling and handling.

During the Reporting Period, the Group took necessary steps to monitor and manage the environmental effect of the operations. The Group aims to reduce the energy consumption and carbon emissions, and seeks less harmful ways to the environment in the operations. Our internal policies have complied with all the relevant laws and regulations applicable to our operations in different jurisdictions.

A2. Use of Resources

The Group has always placed great emphasis on energy and resources conservation. To achieve this, the Group continually applies efficient consumption strategy to improve energy saving and reduce energy consumption.

To create a green workplace, we encourage reducing, reusing and recycling of materials to minimizing wastage in daily operations. For energy saving and GHG emission reduction, LED lamps for offices and warehouse are installed, air conditioners filters are cleaned and maintained regularly, environmental-friendly paper for printing financial reports and ecofriendly stationeries are used. We continue to request our employees to turn off lights and air conditioners when no staff is at the workplace, to unplug the appliances, computers, printers and equipment which are not in use, to maintain room temperature at 25 degrees Celsius when using air conditioners during summer. In respect of the water usage, we always remind our staff members to check whether the water taps are completely shut off after use even though the water may be provided by the property management offices. In view of the geographical location of the Group's operation and business nature, there is no problem in sourcing water.

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Energy consumption and water consumption

Use of resources	Unit	2019	2018
Total energy consumption	kWh	1,120,463	1,000,036
Total energy consumption intensity	kWh/million dollars revenue	65.23	41.25
Direct energy consumption			
Unleaded petrol	kWh	270,718	206,411
Diesel	kWh	244,993	261,330
Indirect energy consumption			
Purchased electricity	kWh	604,432	532,295
Town gas	kWh	320	–
Water	Cubic meter	63	14
Water intensity	Cubic meter/million dollars revenue	0.00367	0.00058 ³

Note:

3. Figure restated.

Total packaging material used

We do not use any packaging materials for our design process because we re-use the original packaging materials provided by the suppliers after addition of design.

A3. The Environment and Natural Resources

Although the core business of our Group has remote impact on the environment and natural resources, we recognize the responsibility in minimizing the negative environmental impact of our business operations and our investment portfolio.

The Group endeavors to comply with the applicable environmental laws and regulations and has adopted effective measures to reduce wastage. Our employees are fully aware that it is important for the operation of the Group to minimize the impact on the environment and natural resources. Our management also closely monitors the utilities consumption in different offices and encourages employees to work together to reduce utilities consumption.

B. SOCIAL

B1. Employment

Employees are our valuable assets. We have developed a written staff manual to govern the discipline, working hours, leaves and other benefits of our employees, in accordance with the relevant laws and regulations. During the Reporting Period, the Group did not aware of any material non-compliance with employment-related laws and regulations including but not limited to the Labour Law of the PRC, the Labour Contract Law of the PRC, the Company Law of the PRC, the Employment Ordinance of Hong Kong, and the Labour Standards Act of Taiwan that would have a significant impact to the Group.

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To attract, motivate and retain experienced staff members, we reviewed their pay packages annually with prevailing market conditions. Our full-time employees are entitled to maternity, paternity, compassionate leaves, medical insurance, performance related bonus and mandatory provident fund. Our PRC full-time employees are also entitled to nursing leave. The Group has adopted a share option scheme as an incentive to eligible employees. Social and recreational activities are arranged for the employees in achieving work-life balance. We apply equal opportunity and non-discrimination in recruitment, promotion and all other aspects of our employment practices.

During the Reporting Period, in order to enable employees to get a balance between work and life, the following activities were held:

Lamma Island Hiking



Boat trip



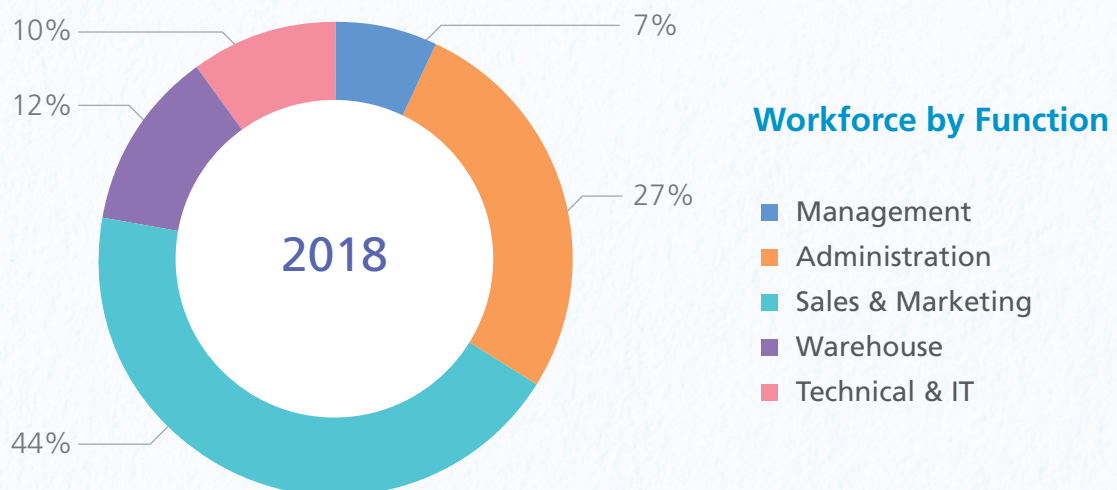
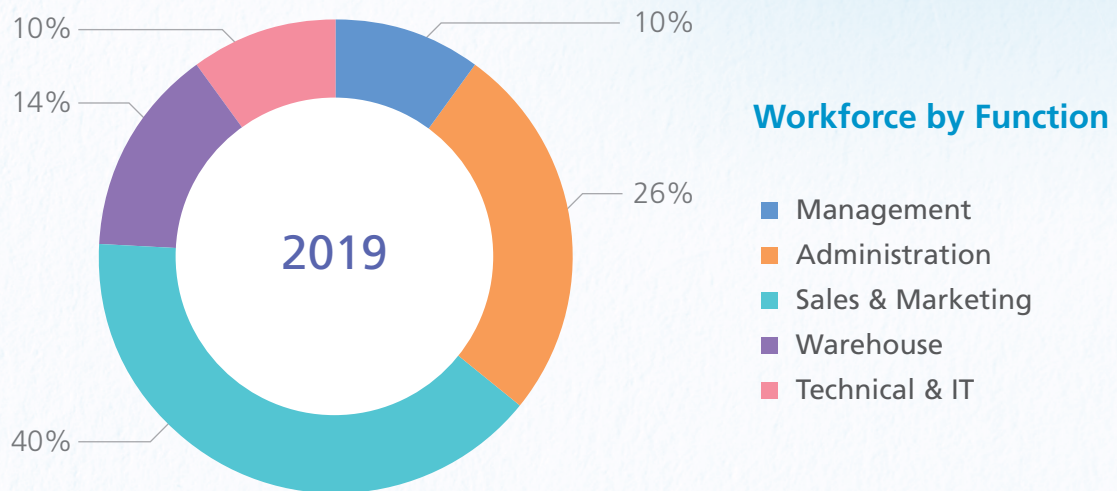
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As at 31 December 2019, the Group had a total of 500 employees in the Greater China Region, and the distribution of employees within the Group were as follows:

Number of employees	2019	2018
By Gender		
Male	304	399
Female	196	251
By Age Group		
Below 30	70	111
30 to 50	355	462
Over 50	75	77
By Region		
PRC	228	320
Hong Kong	235	292
Taiwan	37	38

Number of resigned employees and rate (%) of employee turnover	2019	2018
By Gender		
Male	81 (27%)	66 (17%)
Female	69 (35%)	89 (35%)
By Age Group		
Below 30	33 (47%)	25 (23%)
30 to 50	91 (26%)	114 (25%)
Over 50	26 (35%)	16 (21%)
By Region		
PRC	85 (37%)	88 (28%)
Hong Kong	59 (25%)	63 (22%)
Taiwan	6 (16%)	4 (11%)

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B2. Health and Safety

We are committed to providing and maintaining a safe, healthy and hygienic workplace for all employees. The Group has established relevant policies on the prevention and remediation of safety accidents, and detection on potential safety hazards in workplace so as to maintain a safe working environment. The Group did not encounter any lost days caused by injury. Air purifiers were placed in work place to improve air circulation. First aid boxes are also available at easily accessible locations in the workplace.

During the Reporting Period, the Group did not aware of any material non-compliance with health and safety-related laws and regulations, including but not limited to the Labour law of the PRC, the Occupational Safety and Health Ordinance of Hong Kong, and the Occupational Safety and Health Act of Taiwan that would have a significant impact to the Group.

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B3. Development and Training

We acknowledge the importance of training for the development of our employees as well as our Group. The Group has adopted relevant policies in governing training arrangements and benefits. We encourage and support our employees to participate in personal and professional training through sponsoring training programmes, seminars, workshops and conferences, peer learning and on-the-job coaching, as well as reimbursement for external training courses to enhance their competencies in performing their jobs effectively and efficiently. Total training hours offered in 2019 was 13,020 hours, average 57 hours trained per employee (2018: 10,140 hours, average 44 hours trained per employee). We believe this is a mutually beneficial practice for achieving both personal and corporate goals as a whole.

As at 31 December 2019, the total training hours received by the Group's employees in the Greater China Region were as follows:

	2019	2018
Total no. of hours of training received by employees	13,020	10,140
Average hours of training per employee and percentage (%) of employees who received training		
By Gender		
Male	50 (39%)	51 (37%)
Female	64 (57%)	36 (47%)
By Employee Category		
Senior management	10 (13%)	63 (8%)
Middle management	19 (45%)	11 (32%)
Junior employees	73 (52%)	58 (42%)

B4. Labour Standards

The Group considers child and forced labour unacceptable and ought to be prevented. The Group has instituted a comprehensive screening and recruiting process to prohibit the employment of child labour. Personal data are collected and carefully checked during the employment process to assist the selection of suitable candidates and to verify candidates personal background. If violation is involved, it will be dealt with in the light of the circumstances.

Employee work schedules are set up fairly to keep within standard working hours. All employees are provided with appropriate leave entitlements including annual leave, sick leave, marriage leave, maternity leave, paternity leave and compassionate leave, etc.

During the Reporting Period, the Group did not aware of any material non-compliance with child and forced labour related laws and regulations, including but not limited to the Law of the PRC on the Protection of Minors, Labour Law of the PRC, the Labour Contract Law of the PRC, the Employment Ordinance of Hong Kong, and the Labour Standards Act of Taiwan that would have a significant impact to the Group.

B5. Supply Chain Management

Relationship is the fundamentals of business. Sound supply chain management ensures the Group to sustain its business operations and development. We have maintained strong relationships with our suppliers to meet our customer's needs in an effective and efficient manner. The Group has established a rigorous supplier selection system. When selecting suppliers, the Group takes various factors into account such as quality of products and functionality, price, reliability and anticipated market acceptance.

In view of growing social concern on environmental issues, the Group has also incorporated environmental and social considerations in the supplier selection process. We expect suppliers to observe the environmental, social, health and safety and governance considerations in their operations.

The Group has also formulated policies and procedures to ensure that suppliers could compete in a transparent and fair manner. We do not differentiate and discriminate against any suppliers, and we do not allow any forms of corruption or bribery. Employees and other individuals with interest in the suppliers are not allowed to participate in relevant procurement activities.

Currently we procured from 100 (2018: over 100) internationally renowned brands as our suppliers. Over 99% goods (2018: over 99%) were supplied from South Korea, Japan, Taiwan, the USA and the PRC.

B6. Product Responsibility

The Group recognizes good customer service and after-sale-service are key to the success and sustainability of a corporation. In terms of quality control, suppliers provide warranty on the products they supply to the Group for distribution of electronic components and finished products. They are also responsible for providing or procuring the provision of in-warranty service to the end customers.

The Group also adopts the following quality control policies on the products to be sold:

- a series of inspections upon the receipt of the products in our warehouse regarding, among others, their appearance, packaging, specification and brand logo, etc. on a sampling basis; and
- if any defects are identified, the relevant product will be returned to the supplier for replacement.

The Group is also committed to complying with the Hong Kong Personal Data (Privacy) Ordinance. Personal data shall be highly protected. Employees are prohibited to disclose confidential information, including information related to suppliers and customers whether orally or in writing or in any other media which are not publicly known. Any employee who is found to have divulged confidential information to any third parties without authorization will be subjected to disciplinary actions.

The Group prohibits the advertisements to disclose descriptions, claims or illustrations that are not true. The Group advertises our shops and business through a variety of platforms, such as mobile apps and billboards. By complying relevant legislations and code of practices, the Group organizes promotion campaigns and creates advertising materials to ensure they are reliable, reasonable, and not containing any deceitful details or elements when generating advertisements in order to protect consumers' interests, rights and benefits.

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During the Reporting Period, the Group did not aware of any material non-compliance with any laws and regulations concerning advertising, labelling and privacy matters relating to products and services provided and methods of redress, including but not limited to the Law of the PRC on the Protection of Customer Rights and Interests, the Patent Law of the PRC, the Personal Data (Privacy) Ordinance of Hong Kong, and the Personal Data Protection Act of Taiwan that would have a significant impact to the Group. In addition, we have neither received any cases of infringement of intellectual property rights, not aware of any suspected cases of infringement of intellectual property rights of products that we distributed in the Reporting Period.

B7. Anti-Corruption

Both the Group and its business partners are expected to upholding the highest standard of ethics. All parties involved in business interaction shall be prohibited from every forms of corruption, extortion, bribery, fraud, money laundering and embezzlement. The Group advocates the standards of fair transaction, advertising and competition and puts in place a confidentiality mechanism to protect the identity of suppliers and whistleblowers.

During the Reporting Period, there were no suspected enquiries or cases involving fraud were reported. The Group was also not aware of any material non-compliance with related laws and regulations of bribery, extortion, fraud and money laundering, including but not limited to the Criminal Law of the PRC, the Anti-Unfair Competition Law of the PRC, the Interim Provisions on Banning Commercial Bribery of the PRC, the Prevention of Bribery Ordinance of Hong Kong, and the Anti-corruption Act of Taiwan that would have a significant impact to the Group.

B8. Community Investment

We encourage our employees to participate in social and community events, as well as to volunteer for good causes. The Group has the honor of being awarded the 8th Outstanding Corporate Social Responsibility Award, BOCHK Corporate Environmental Leadership Awards, Charter on External Lighting Platinum Award 2019 and the Caring Company Award during the Reporting Period. We will continue to shoulder the social responsibility by caring the community, employees and the environment in order to build a cohesive society.

The 8th Outstanding Corporate Social Responsibility Award



Charter on External Lighting Platinum Award 2019



During the Reporting Period, a total donation of HK\$15,392,000 was made to charitable organizations in Hong Kong. The Group has also taken its social responsibilities and proactively takes part in charity event of the society as below:

Sponsored Tsuen Wan Dragon Boat Race 2019

