



S.A.S. Dragon Holdings Limited

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

Environmental, Social and Governance Report 2020



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 and LED lighting and display products. According to Gartner’s data, in terms of revenue, the Group is ranked as one of the top 10 global semiconductor distributors and the top China cum Hong Kong based semiconductor distributors for three consecutive years since 2018.

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 2020 to 31 December 2020 (the “Reporting Period” or “2020”). 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 Group’s operations in relation to (i) the sales of electronic components and semiconductors and (ii) sales of home appliances and business equipment and provision of related ancillary services in Hong Kong and Mainland China (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 managed 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, educates employees to turn off engines for idling vehicles, and conducts regular vehicle inspections and maintenance to enhance vehicle efficiency. The air emissions performances were as follows:

Types of exhaust gases	Unit	2020	2019
Nitrogen Oxides (NOx)	g	436,540	361,271
Sulphur Oxides (SOx)	g	921	779
Particulate Matter (PM)	g	42,477	35,086

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 generated 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	2020	2019
Direct GHG emissions (Scope 1)	tCO ₂ e	173	135
Indirect GHG emissions (Scope 2)	tCO ₂ e	165	310
Total GHG emissions (Scope 1 and 2)	tCO ₂ e	338	445
Total GHG emissions intensity	tCO ₂ e/million dollars revenue ²	0.02	0.03

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 2020 Sustainability Report.
2. During the Reporting Period, the Group's total revenue in respect to the Reporting Scope was approximately HK\$19,001.65 million (2019: approximately HK\$17,072.00 million). The data is also used for calculating other intensity data.

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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 34.81 tonnes (2019: approximately 44.10 tonnes), which approximates to 0.002 tonnes per million dollars revenue. For hazardous electronic wastes, about 200 kg was recorded in 2020 (2019: approximately 900 kg), which approximates to 0.01 kg per million dollars revenue. The electronic wastes were mainly generated during the relocation of our office in 2019. 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 to find less harmful ways to protect the environment in the operations. Our internal policies have complied with all the relevant laws and regulations applicable to our operations under 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 strategies to improve energy saving and reduce energy consumption.

To create a green workplace, we encourage reducing, reusing and recycling of materials to minimize wastage during 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 are used for printing financial reports and eco-friendly 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, and 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 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, the Group did not encounter any issues in sourcing water.

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The Group's energy and water consumption performances were as follows:

Energy consumption and water consumption

Use of resources	Unit	2020	2019
Direct energy consumption			
Unleaded petrol ³	kWh	306,015	270,718
Diesel ⁴	kWh	303,544	244,993
Indirect energy consumption			
Purchased electricity	kWh	397,847	604,432
Town gas ⁵	kWh	72,000	320
Total energy consumption	kWh	1,079,406	1,120,463
Total energy consumption intensity	kWh/million dollars revenue	56.81	65.63 ⁶
Water consumption	Cubic meter	718	63
Water consumption intensity	Cubic meter/million dollars revenue	0.04	0.004

Note:

- During the Reporting Period, actual unleaded petrol consumption was 31,576.04 liters (2019: 27,933.96 liters).
- During the Reporting Period, actual diesel consumption was 28,360.00 liters (2019: 22,889.65 liters).
- During the Reporting Period, actual town gas consumption was 5,400 unit (2019: 24 unit).
- The figure is restated due to the change in reporting scope.

Total packaging material used

The packaging materials for our finished products are provided by our suppliers.

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 was 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 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, while 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:

Hotpot Gathering



Macau Trip



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As at 31 December 2020, the Group had a total of 450 employees in the Greater China Region, and the distribution of employees within the Group were as follows:

Distribution of employees	2020 %	2019 %
By Gender		
Male	61	61
Female	39	39
By Age Group		
Below 30	15	14
30 to 50	69	71
Over 50	16	15
By Region		
PRC	44	46
Hong Kong	48	47
Taiwan	8	7
Distribution of resigned employees	2020 %	2019 %
By Gender		
Male	69	54
Female	31	46
By Age Group		
Below 30	19	22
30 to 50	66	61
Over 50	15	17
By Region		
PRC	29	57
Hong Kong	69	39
Taiwan	2	4
Work force by Function	2020 %	2019 %
Management	12	10
Administration	25	26
Sales & Marketing	39	40
Warehouse	16	14
Technical & IT	8	10

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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 was 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.

In response to the outbreak of the Coronavirus Disease 2019 (“COVID-19”) pandemic, the Group has implemented a series of precautionary measures and have complied with guidelines from the regional government authorities to ensure the health and safety of its employees. In addition to requiring employees to perform regular community test, the Group requires employees to check and record their temperatures upon arriving to the workplace and reminds employees the importance of maintaining social distancing and provides surgical masks to employees whenever necessary. To further prevent cross infection within the workplace, clear guidelines are also in place to respond to situations where employees or their family members are found to have contracted the virus. Also, the Group has provided incentive scheme to encourage employees for COVID-19 vaccination.

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B3. Development and Training

We acknowledge the importance of training for the development of our employees as well as the Group itself. 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 2020 was 9,987 hours, where each employee receives an average of 46 training hours (2019: 13,020 hours, average 57 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 2020, the total training hours received by the Group's employees in the Greater China Region were as follows:

	2020	2019
Total no. of hours of training received by employees	9,987	13,020
Average hours of training per employee		
By Gender		
Male	51	50
Female	42	64
By Employee Category		
Senior management	3	10
Middle management	10	19
Junior employees	50	73

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 their 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.

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During the Reporting Period, the Group was 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 could 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 tolerate any forms of corruption or bribery. Employees and other individuals with interest in the suppliers are also not allowed to participate in relevant procurement activities.

Currently we procured from 100 (2019: over 100) internationally renowned brands as our suppliers. Over 99% goods (2019: 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.

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The Group prohibits the advertisements to disclose descriptions, claims or illustrations that are not true. The Group advertizes 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.

During the Reporting Period, the Group was 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, nor were we aware of any suspected cases of infringement of intellectual property rights of products that we distributed during the Reporting Period.

B7. Anti-Corruption

Both the Group and its business partners are expected to uphold the highest standard of ethics. All parties involved in business interactions 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 reported cases involving fraud against the Group. 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 Award of Excellence from The Community Chest and ListCo Excellence Awards 2020 during the Reporting Period. We will continue to shoulder the social responsibility by caring for the community, employees and the environment in order to build a cohesive society.

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Award of Excellence from The Community Chest



ListCo Excellence Awards 2020



During the Reporting Period, a total donation of HK\$7.25 million was made to charitable organizations in Hong Kong and Mainland China. Also, we have participated in Fortune Bag Donation Campaign II and donated honey pro UV-C LED light sanitizer to the elderly.

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The Group has also taken its social responsibilities and proactively takes part in charity event of the society as below:

