



2020/21

Environmental,
Social and
Governance Report



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

Environmental, Social and Governance Report 2020/21

ABOUT THIS REPORT

This report is the fourth 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**”).

The report has been uploaded to the websites of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Company (at 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 2021 (the “**Reporting Year**”). The reporting boundary includes Hong Kong head office (the “**Office**”) and the Group’s principal 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 2021.

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:

Address: Room 9, 6/F, Wah Yiu Industrial Centre, 30–32 Au Pui Wan Street, Fo Tan, Sha Tin, New Territories, Hong Kong
Email: patrick.yeung@wahsun.com.hk
Fax: (852) 2601 2564



Environmental, Social and Governance Report 2020/21

ESG MANAGEMENT

The Group recognises the importance of enhancing its own environmental and social performances to maintain business sustainability. In determining its operation strategy, therefore, the Group considers risks and opportunities affecting the ESG issues, which will provide guidelines for its daily business operations.

The Board endorses the Group's commitments to corporate social responsibility, and assumes full responsibility for ESG strategies and reporting. In charge of assessing and determining the ESG risk exposure, the Board also ensures the Group establishes appropriate and effective ESG risk management and internal control systems.

It is the responsibility of the Group's management to confirm the effectiveness of the ESG system with the Board. To carry out the full-scale ESG management work, the Group's ESG task group, comprised of the major functional departments, is established, and all responsible officers in charge of various functional departments will directly participate in and designate personnel to engage in the ESG management and reporting work, the work progress of which will be reported to the management of the Group.

The Group's ESG strategies are built on the core principle and practical objective of "Safety, Quality and Environmental Sustainability", providing ESG management guidelines for daily operations. ESG policies and strategies will be reviewed on a regular basis to ensure their related contents are appropriate and applicable to the business of the Group.

The Group attaches great importance to communications with stakeholders and establishes effective communication channels with key stakeholders including shareholders, employees, customers and community.

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.

Environmental, Social and Governance Report 2020/21

STAKEHOLDER ENGAGEMENT (CONTINUED)

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

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.

A1. Emissions

Air and greenhouse gas (the “GHG”) is a key indicator to assess environmental performance. However, the Group did not emit a large amount of GHG because of its business nature. The source of GHG emission of the Group is mainly generated from purchased electricity, business travels and consumption of paper.

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



Environmental, Social and Governance Report 2020/21

PROTECTING THE ENVIRONMENT (CONTINUED)

A1. Emissions (Continued)

The Group conducted a carbon assessment to quantify the GHG emissions (or “**carbon emissions**”) of its operation. The process of quantification was conducted with reference to the guidelines compiled by the Environmental Protection Department and the Electrical and Mechanical Services Department of Hong Kong as well as international standards such as The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard.

The Group realises distanced travel is critical to trigger and worsen climate change. The Group encourages employees to be environmentally responsible citizens while commuting, trying to take public transport for cross district travel or by walking within a walking distance. Also, employees shall prevent unnecessary business trips through electronic communication devices such as video conferencing, phone calls and telecommunication applications for remote communication. For necessary trips, the Group recommends employees to select accommodation near the working sites and a public transport must come first in option whenever available.

The main sources of carbon emission of the Group were electricity consumption and direct emissions from mobile combustion of company-owned vehicles. To address the main sources of carbon emissions, the Group will continue to assess, record and disclose its GHG emissions and other environmental data on a yearly basis.

The Group continuously seeks ways to minimise the Group’s environmental footprint and improve its energy saving, as well as reducing emissions. The following measures are also taken by the Group to reduce emissions:

- Communicating the importance of environmental issues to the Group’s employees.
- Purchasing environmental preferable products and favouring products with reputable certifications or labels.
- Encouraging the use of public transportation to reduce the Group’s employees’ local travel impact.

Environmental, Social and Governance Report 2020/21

PROTECTING THE ENVIRONMENT (CONTINUED)

A2. Uses 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 optimise the use of energy, paper and water.

The Group pledges itself to:



Adopt the principles of reduce, reuse and recycle to increase the consumption efficiency of energy, paper, water and other resources in its operation

Nurture the culture of environmental protection within the Group to increase the environmental awareness of staff

Formulate achievable and measurable goals with regard to environmental protection

Maintain continuous communication with staff with regard to environmental protection policies

Review the implementation of the Environmental Protection Policy Statement regularly to ensure effective execution



Environmental, Social and Governance Report 2020/21

PROTECTING THE ENVIRONMENT (CONTINUED)

A2. Uses of Resources (Continued)

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

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

Environmental, Social and Governance Report 2020/21

PROTECTING THE ENVIRONMENT (CONTINUED)

A2. Uses of Resources (Continued)

The electricity we used is mainly generated from coal in Cambodia. Although the Group does not have any option to choose the source for the production of energy, we spend much effort to improve production efficiency and, in return, we can reduce the GHG intensity indirectly. For example, staff are reminded to switch off lights and equipment after work, during lunch break or during the time working outside the office and wherever possible. Energy efficient office equipment is always preferred in making purchase decisions.

Our operational activities do not generate any hazardous waste. The Group strives to reduce the amount of non-hazardous waste generated and strengthen the environmental awareness of employees by various waste reduction measures such as encouraging the use of paper in an effective and efficient manner by printing or photocopying on both sides of paper and electronic communications is promoted.

The main businesses of the Group are manufacturing and trading of handbags, which do not rely heavily on water resources and do not have any issue in sourcing water. However, the Group is aware of the importance of water resources to the earth's environment, we closely monitor water usage and posts water conservation signs in our production plant and office to raise water-saving awareness.

During the Reporting Year, we have ensured the operation and facilities are in accordance with the environmental policy and reduce the environmental impact.

A3. The Environment and Natural Resources

We adopt the 3R concept of "reduce, reuse and recycle". Green reminders are communicated to our employees to cultivate their awareness of environmental protection in daily operations.

Reduce: encourages staff to read electronic file instead of print out documents or print on both side to create a paperless office.

Reuse: installs box next to printers or photocopying machines to collect and recycle waste paper, encourage employees to use these papers for draft print out. Reuse paper boxes for storage purpose.

Recycle: used ink and toner cartridge of printers and photocopiers and electronic wastes are collected for recycling. Other than saving paper measures, we also use PEFC certified paper, which is from sustainably managed forests, recycled and controlled sources.

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.

We have measures to enhance energy saving. In office, we encourage the use of electronic devices in our daily operations; we set the air conditioning temperatures at an environment-friendly level; we switch off all lighting and air-conditioning if not in use; and we install motion sensor lighting where applicable to avoid energy wastage.



Environmental, Social and Governance Report 2020/21

PROTECTING THE ENVIRONMENT (CONTINUED)

A3. The Environment and Natural Resources (Continued)

The Group did not produce any hazardous waste in our production plant during the Reporting Year. In addition, most of our non-hazardous wastes are collected and sold to third parties for other uses.

During 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 (Chapter 354 of the Laws of Hong Kong) 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.

A4. Climate Change

The world is currently encountering the challenge of climate change. In order to deal with the extreme weather conditions and natural disasters brought by climate change, the Group has established natural disaster emergency plan in accordance with relevant laws and regulations of the relevant jurisdictions where it operates. The Group's principal production plant operates in Cambodia and has identified flood as the major threat from the increasing climate change. Given this, the Group has developed mitigation measures to reduce the adverse impact caused by floods on employees and properties. For instance, the Group strictly implements the relevant management measures and requires the management personnel to set a good example for employees, with an aim to safeguard the safety of employees and reduce property loss. The Group has also purchased insurance to transfer possible losses caused by natural disasters and reduce the risk of casualties and property losses.

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.

B1. Employment

Employees are the engine of value creation for the business of Company. This drives the Group diligently to create an engaging, harmonious, fair and safe working environment to support professional and personal development of its employees. The Group strictly follows the Employment Ordinance of Hong Kong (Chapter 57 of the Laws of Hong Kong) (the "**Employment Ordinance**") and the related regulations in Cambodia.

Recruitment and Promotion

Fair and equal employment and recruitment procedures are adopted in the Group. All job vacancies must go through a thorough recruitment process including job applications, candidates' selection, interviews, approval and job offers.

Recruitment is based on candidates' experiences, abilities and business needs, regardless of gender, marital status, pregnancy, disability, age, family status, race, sexual orientation, religion and nationality. Any forms of discrimination are prohibited.

Environmental, Social and Governance Report 2020/21

EMPLOYMENT AND LABOUR PRACTICES (CONTINUED)

B1. Employment (Continued)

Recruitment and Promotion (Continued)

In the meantime, all employees shall participate in appraisal to review their performance annually. Talented employees can be promoted or rotated to other positions in accordance with the appraisal result, as well as eligible to attend relevant training to meet business needs and personal career development.

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

Wages and Dismissal

Given that the Group endlessly strives for enhancement in respect of social responsibility, the Group therefore constantly improves the remuneration package and recruitment process. In return for the hard work of employees, the Group benchmarks salaries against industry norms annually to maintain a competitive remuneration package. The Group also complies with the relevant employment laws and regulations when dismissal takes place.

Benefit and Welfare

Employees' working hours, rest periods, benefits and welfare, including medical insurance, overtime payment, retirement benefits through Central Provident Fund and Mandatory Provident Fund, and statutory leave entitlement, are required to comply with employment or labour laws and regulations. Employees of the Group are entitled to various statutory holidays and paid leave. The Group encourages employees to take enough rest to maintain a reasonably sound body and mind while maintaining a good work-life balance.

Above all, the Group is committed to being a family-friendly employer and therefore adopted several family-oriented employment practices to enhance employees' sense of belonging and achieve a work-life balance. For instance, a five-day work-week is in practice in the Group. In addition, recreational activities such as annual dinners and company trip were also arranged during the Reporting Year to enrich the life of employees, sharing warmth and happiness among colleagues and their family members.



Environmental, Social and Governance Report 2020/21

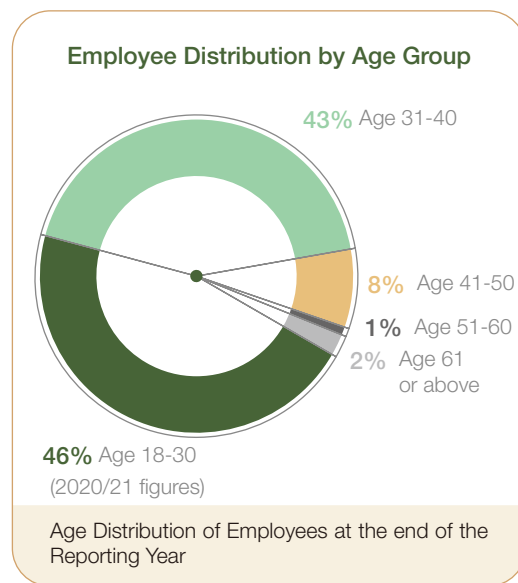
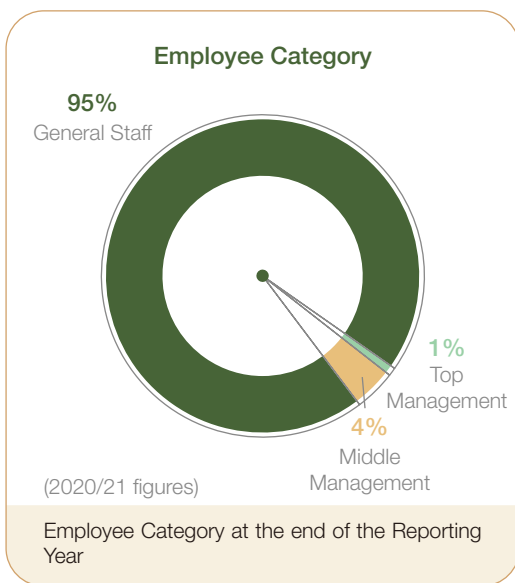
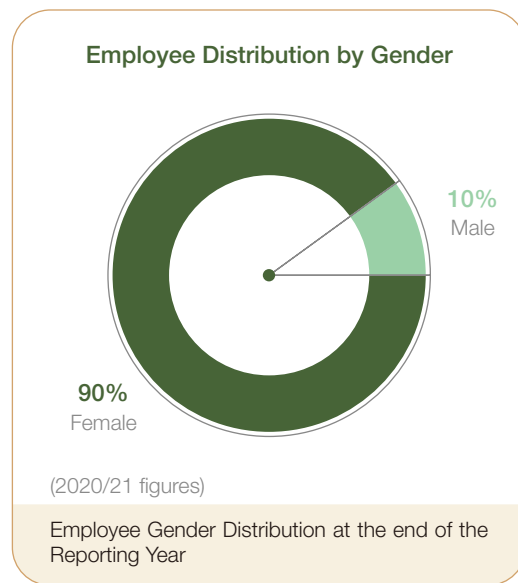
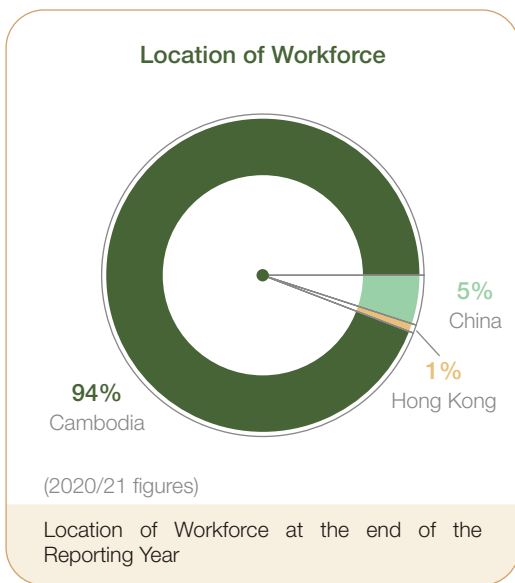
EMPLOYMENT AND LABOUR PRACTICES (CONTINUED)

B1. Employment (Continued)

Benefit and Welfare (Continued)

The employee compositions are illustrated as follows:

Total Workforce

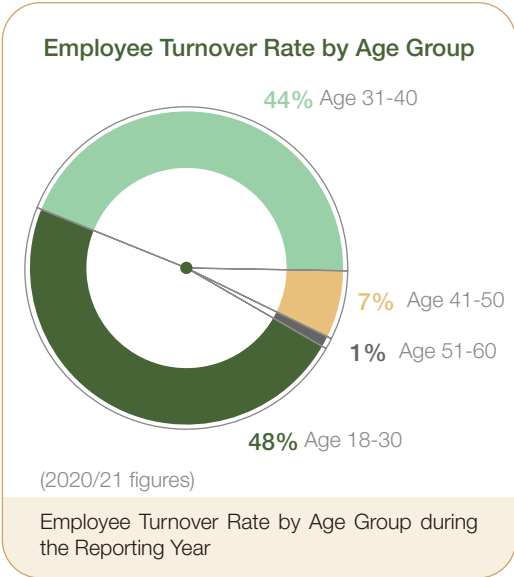
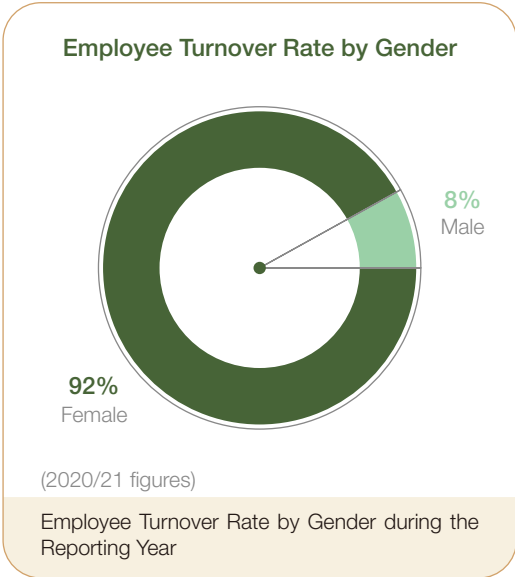


Environmental, Social and Governance Report 2020/21

EMPLOYMENT AND LABOUR PRACTICES (CONTINUED)

B1. Employment (Continued) *Benefit and Welfare (Continued)*

Employee Turnover Rate





Environmental, Social and Governance Report 2020/21

EMPLOYMENT AND LABOUR PRACTICES (CONTINUED)

B2. Health and Safety

The Group remains highly attentive to health and safety. The Employment and Labour Practices Policy Statement states the Group's commitment in maintaining a healthy environment.

All employees have their safety targets and a regular review is required to lessen safety hazards. To prevent employees from occupational unhealth, proper office equipment such as height-adjustable chairs with adjustable armrest and tilting backrest is provided. The Group ensures the workplace has adequate lightings and ventilation systems, and is kept clean and tidy. Safety incidents, if any, will be reported to the top management. All full-time employees in Hong Kong are entitled to a medical plan, covering out-patient clinical visits as well as dental check-ups.

In addition to offering suitable office equipment and medical plan to take care of employees' physical health, the Group has also shared physical and mental health tips or reminders to employees via emails, and informal communication. Also, the Group encourages employees to participate in numerous leisure and sports activities.

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.

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: <ul style="list-style-type: none">• 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

During the Reporting Year, we were not aware of any material occupational injuries or fatalities within the Group, and of any non-compliance in relation to health and safety within the reporting scope.

Environmental, Social and Governance Report 2020/21

EMPLOYMENT AND LABOUR PRACTICES (CONTINUED)

B2. Health and Safety (Continued)

Anti-pandemic Work

In the beginning of 2020, the world was attacked by the novel coronavirus disease (the “**COVID-19 Outbreak**”). Having noted the measures from the government of Cambodia in response to the COVID-19 Outbreak in containing the coronavirus, we made the decision to support such measures put forward by the government of Cambodia and to temporarily suspend most of the production facilities at the Factory starting from the end of March 2020 and steadily resume our operation from early May 2020.

Since the COVID-19 Outbreak, the Group has acted responsibly and undertook the necessary precautionary and preventive measures across its production facilities in the fight against COVID-19 Outbreak. However, on the week of 10 May 2021, some of the employees at the Factory have been diagnosed as infected with COVID-19 and there were a total of 21 confirmed cases up to and including 14 May 2021. In response to the detection of the COVID-19 cases in the Factory as reported by the Cambodian Ministry of Health and following discussions with the relevant department of the Cambodian government, the Group responsibly and swiftly suspended the operations of the Factory for a period of 14 days from 15 to 28 May 2021 (the “**Temporary Suspension**”) to conduct a detailed review of the current precautionary and preventive measures in place with the view to strengthening such measures as deemed appropriate while performing thorough deep-cleaning at the Factory to further protect all of its employees. In addition, testing of COVID-19 has also been conducted with 14 days quarantine for those employees who have closely worked with the confirmed cases. During the Temporary Suspension, the Group offered about 3,700 employees for testing by the Cambodian Ministry of Health and about 200 in total were found to be positive. Given the alleviating situation with COVID-19, following the inspection by and as agreed with the relevant department of the Cambodian government, the Factory has been reopened on 31 May 2021.

We strictly follow the guidelines for prevention and treatment of the pandemic issued by local government, actively implement anti-pandemic measures, formulate anti-pandemic plan after resumption of work, and fulfill our commitments to customers as scheduled under the premise of ensuring the safety and health of employees.



Environmental, Social and Governance Report 2020/21

EMPLOYMENT AND LABOUR PRACTICES (CONTINUED)

B2. Health and Safety (Continued)

Anti-pandemic Work (Continued)



Admission Check

Colleagues are required to conduct body temperature check before entering factory. Colleagues with a body temperature of 37.3 degrees or above will be arranged for inspection and medical supervision after taking record in infirmary



Disinfection of Factory Area

Conduct regular disinfection of the public areas of factory; conduct regular large-scale disinfection of the whole factory every two days



Canteen Management

Meals will be distributed with each person allocated with one set of meal and are not allowed to sit face-to-face. Plastic boards are placed in-between dining tables to implement distance restrictions, effectively separating employees



Pandemic Prevention Propaganda

Pandemic prevention and control knowledge, and prevention and control measures will be posted in factory to alert employees of diseases and prevention awareness

Environmental, Social and Governance Report 2020/21

EMPLOYMENT AND LABOUR PRACTICES (CONTINUED)

B2. Health and Safety (Continued) *Anti-pandemic Work (Continued)*



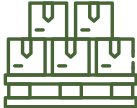
Respond to the Call

Maintain internal and local pandemic assessment and investigation; carry out prevention and treatment of pandemic according to the regulations of the government



Distribution of Supplies

Make sure all personnel are wearing face masks; ensure the cleaning and disinfection personnel are wearing full precautionary gear



Reserving Supplies

Ensure the amount of hand sanitizer and disinfectant in stock is sufficient for at least one week; strictly planning the use and purchase of medical supplies (face masks, etc.)



Quarantine

Colleagues returning from abroad are subject to quarantine for 14 days before entering factory; anyone who has been to the infected area is subject to quarantine for 14 days



Environmental, Social and Governance Report 2020/21

EMPLOYMENT AND LABOUR PRACTICES (CONTINUED)

B3. Development and Training

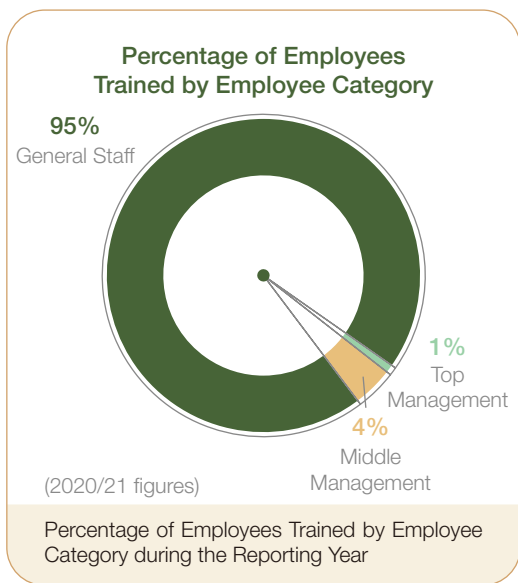
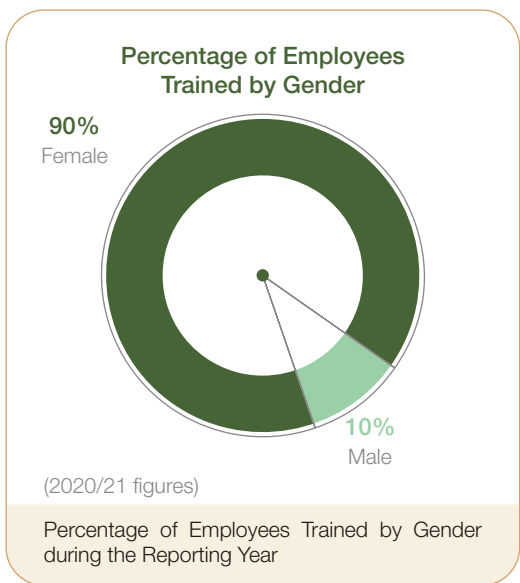
The Group believes that developing its employees by improving their knowledge and skills can enhance their personal growth both intellectually and professionally. In accordance with the Employment and Labour Policy Statement, the Group approaches staff development and training from three directions:

 <p>Invest resources (such as allocation of budget) on staff training and career development</p>	 <p>Provide adequate training opportunities to enhance staff's knowledge and skills</p>	 <p>Improve the employment system continuously to provide an ideal career environment for staff career development</p>
---	--	---

To encourage and assist employees in developing their potential, training resources is planned, and training programs are developed and implemented to ensure employees received the relevant trainings and professional development, so that the employee are better equipped and increase efficiency which are favourable to the long-term development of the Group. Training programmes are classified into two types according to the target and purpose: internal training and external training. In Hong Kong Office, the Group organised seminar and workshops. The Group supports staff training programmes by granting time and reimbursement.

The Factory in Cambodia provides training regarding to fire safety, personal protective equipment, orientation training for new workers. The Factory also provides on job trainings, including safety measures for the current staff. For the staff who perform special duties, they are trained regularly; other staff who worked in finance, human resources or technical skill, will receive specific training in relation to their job duties.

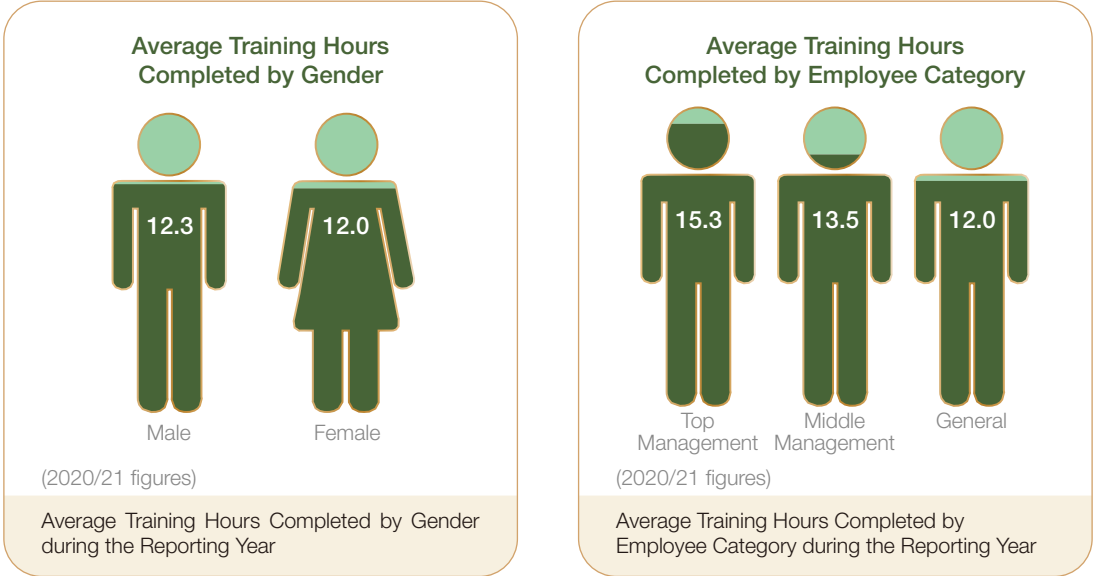
The Group will continue to review and update development and training measures to ensure effective execution of training plan.



Environmental, Social and Governance Report 2020/21

EMPLOYMENT AND LABOUR PRACTICES (CONTINUED)

B3. Development and Training (Continued)



B4. Labour Standards

We value staff as important assets of the Group. The Group provides equal opportunity to all employees. The staff are assessed by their performance and working experience regardless of age, marital status, race, religious, nationality or gender etc. The Group wants to build a healthy working environment with equal opportunity to protect employee's right and their benefits. The laws and regulations that are directly related to the Group included, but may not be limited to, the following:

- Hong Kong:
 - Employment Ordinance
- Cambodia:
 - Child Labour Policy
 - Non-Prison Labour Policy
 - Labour Law

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 Labour 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 (Chapter 509 of the Laws of Hong Kong) in Hong Kong.

During the Reporting Year, the Group has not violated any of the above ordinance or regulations which may lead to investigation.



Environmental, Social and Governance Report 2020/21

OPERATING PRACTICES

The Group abides by laws and regulations that apply to its sites of operation and has formulated the Supply Chain Management, Product Responsibility and Anti-corruption Policy Statement in order to manage environmental and social risks in its daily operation.

B5. Supply Chain Management

Supply chain management is one of the key areas of our business, which includes managing environmental and social risks of the supply chain.

The main materials components of handbags and packaging materials, including Polyurethane (PU) and Polyvinyl Chloride (PVC) materials components of handbags and packaging materials, provided by our suppliers should fulfil our specific requirement and compliance with relevant environmental laws and regulations. We have also established quality control procedures to safeguard the quality of these materials.

We procure products based upon specification, quality, price and applicable environmental considerations. For all new and existing suppliers, we regularly visit their production facilities to witness their operations and to check against our required specifications of the products.

We are impartial in our selection of suppliers. Our supply chain management policies and procedures include assessment, selection, approval, procurement and performance evaluation. Performance evaluation is based on capacity, delivery accuracy and punctuality, service, environmental protection and social responsibilities.

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

During the Reporting Year, there were 313 suppliers from China and 29 suppliers from Cambodia.

Green Procurement

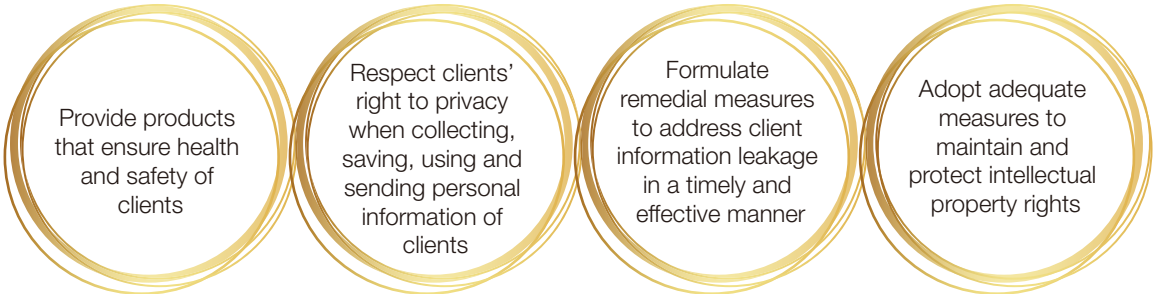
The Group has ethical and environmental expectations for delivering goods and services. In 2020/21, the Group continued to work with customers, partners and suppliers to further sustainability by focusing on managing risk and improving performance in the supply chain, adopting standards and best practices, and providing sustainable design, manufacturing, product and packaging options. The Group formulated policies and measures, including a policy that gives priority to the procurement of green products, such as furniture made with chipboard, photocopiers and printer with energy efficiency labels, recyclable laser printer cartridges and recycled paper folders.

Environmental, Social and Governance Report 2020/21

OPERATING PRACTICES (CONTINUED)

B6. Product Responsibility

The Group values each client and strives to continuously improve its products and services. The Group pledges itself to:



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 mean 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 (Chapter 486 of the Laws of Hong Kong) in Hong Kong. There were no cases of non-compliance in relation to health and safety, advertising, labelling and privacy matters.



Environmental, Social and Governance Report 2020/21

OPERATING PRACTICES (CONTINUED)

B6. Product Responsibility (Continued)



R&D Stage

Establish a risk assessment team and conduct pre-production risk assessment meetings to identify and assess potential risk points and consequences in advance



Sample Inline Stage

Test and verify the feasibility of the craftsmanship to resolve issues in advance and make decisions on small batch trial productions



Trial Production Stage

Person in charge of risk assessment is responsible for the decision making on small batch trial productions and following up on the implementation of risk issues after the production



Bulk Production Stage

Evaluate the stability in quality during each step of craftsmanship, provide timely abnormality feedback to the risk assessment team, regularly monitors the implementation of risk points during each process and summarize the follow up of risk issues upon the completion of the delivery

Environmental, Social and Governance Report 2020/21

OPERATING PRACTICES (CONTINUED)

B6. Product Responsibility (Continued)

Delivering Quality Products and Services

The Group is committed to providing high-quality products and services and guarantees that they are in line with industry standards and sustainability requirements. The Group also pursues to meet higher criteria all the time. As such, the Group has established internal policies and procedures for the production and sales of products to ensure compliance with all applicable laws and regulations. Meanwhile, on-site quality control personnel are also arranged by customers to inspect the quality of finished products. In case of any non-conforming products reported by customers, the Group will recall them based on the procedures requested by customers and carry out corresponding measures of redress to minimise the impacts and customers' loss. During the Year, there were no products sold or shipped subject to recalls due to safety and health reasons.

Risk Assessment System	
Research and Development Stage	Establish a risk assessment team and conduct pre-production risk assessment meetings to identify and assess potential risk points and consequences in advance.
Sample Inline Stage	Test and verify the feasibility of the craftsmanship to resolve issues in advance and make decisions on small batch trial productions.
Trial Production Stage	Person in charge of risk assessment is responsible for the decision making on small batch trial productions and following up on the implementation of risk issues after the production.
Bulk Production Stage	Evaluate the stability in quality during each step of craftsmanship, provide timely abnormality feedback to the risk assessment team, regularly monitors the implementation of risk points during each process and summarize the follow up of risk issues upon the completion of the delivery.

Internal Quality Appraisal

The Group implements a comprehensive internal review system. All staff participate in product quality management and establish an internal audit team. Through a combination of monthly non-periodic internal review and cross review, the Group seeks to review the execution of each manufacturing process and each part, and promote the standardization of the production process. Based on the inadequacies identified during internal interview, follow-up measures will be implemented in a timely manner, and we will keep improving and optimizing the production process to achieve continuous improvement on product quality and appropriate update of quality data.



Environmental, Social and Governance Report 2020/21

OPERATING PRACTICES (CONTINUED)

B6. Product Responsibility (Continued)

Analysis and Handling of Defective Products

Upon inspection, if the quality features of finished products do not meet the requirements, those products will be classified as defective products to prevent them from being mixed into qualified products and dispatched to the market. For products returned by consumers, we will immediately set up a special team to investigate the reasons for return, and settle according to our standard mechanism to protect consumers' rights and protect the reputation of the Group from damage. The Group's quality management department regularly summarizes the defective product information, discusses continuous improvement measures with the technical team, and has dedicated personnel to follow up and monitor the improvement results.

Protecting Legal Rights

The Group cherishes the business cooperation relationship with our customers and strives to fulfill its commitments to protect the legitimate rights and interests of itself and those of our customers. We pay particular attention to our partners' requirements for suppliers' environmental and social responsibility and implement the concepts of compliant operation, environmental protection, and transparent disclosure. We also cooperate with customers in factory inspections proactively and meet the customer needs and work together with them to build a sustainable industrial chain at the same time.

Intellectual Property and Brand Protection

We undertake not to produce and sell products that infringe IP rights, and protect our customers' brand creativity and commercial interests. For similar brands with strong competitiveness, we would implement physical and personnel isolation for production and operation and timely destroy the materials that contain customer information and excessive production materials printed with the customer's brand logo.

During the Reporting Year, there were no brand security incidents such as theft, illegal entry, and information leakage.

B7. Anti-corruption

Operating with honesty, integrity and fairness has always been essential to business. We prohibit employees from receiving any advantages offered by customers, suppliers, colleagues, or other parties, while they are performing employee duties, and prohibit any activities involving conflicts of interest, bribery, extortion, fraud, and money laundering.

The Group has included anti-corruption terms in the Staff Handbook, which lays out the Group's expectation and guiding provisions on code of conducts, 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 Procedures to ensure the Group and all business partners follow the anti-corruption principles when doing business.

Environmental, Social and Governance Report 2020/21

OPERATING PRACTICES (CONTINUED)

B7. Anti-corruption (Continued)

The anti-corruption working group also conduct training to strengthen the knowledge of staff members in relation to bribery, extortion, fraud, money laundering and other illegal activities in order to establish the correct values and strengthen the ability of staff to identify and distinguish legal and illegal, honest and dishonest, and moral act and immoral acts.

During the Reporting Year, there were no significant changes to the illegal acts and related enforcement and monitoring measures formulated by the Group. Major measures are as follows:

- setting up the reporting telephone and mailbox as the channel to report actual or suspected embezzlement cases for which the internal control department is responsible for accepting, retaining and handling reports;
- the anti-corruption working group may also carry out random checks on work procedures and results of departments engaged in economic activities;
- the finance department regularly examines economic activities and delivers suspected cases of embezzlement to the anti-corruption working group for investigation; and
- for any staff who engages in embezzlement whether or not amounting to a criminal offence, the anti-corruption working group will recommend company management to impose corresponding internal economic and administrative disciplinary punishments according to the regulations, and, should the staff member possibly be in violation of the law, the anti-corruption working group will transfer the case to the relevant authorities.

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, the Group did not have any bribery, extortion, fraud, money laundering or other embezzlement cases.



Environmental, Social and Governance Report 2020/21

OPERATING PRACTICES (CONTINUED)

B8. Community Investment

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

- payment attention to social issues and events to understand public expectation of the Group;
- support plans and activities that positively impact society; and
- ensure continuous communication with members of the community.

This gives the Group advantages to understand the needs of the communities and consider them while organising various types of community activities. The Group also deems community investment neither solely a responsibility of employees nor management, but a responsibility of both management and employees.

Charitable and other donation made by the Group during the Reporting Year amounted to HK\$46,000.

Labour Needs

The Group endeavours to recruit more residents as workers to not only supports the expansion of the Group's business but also supports the local labour market.

Community Activities

The Group is committed to fostering harmonious relationships with the communities where it operates, and has consistently kept its responsibility to return to society and endeavours to provide long-lasting benefits to its stakeholders. The Group recognises that for the Group's long-term development, community participation is important. Therefore, the Group always encourages its employees to participate in charitable activities and contribute to the community by both financial way like making donation and non-financial one like doing voluntary services.

Environmental, Social and Governance Report 2020/21

ESG REPORTING GUIDE CONTENT INDEX

Material Aspect	Content	Data of this year	Data of last year	Page Index
A. Environmental				
<i>A1 Emissions</i>				
General Disclosure	Information on: (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 (NO _x) (kilogram)	1,808	1,875	–
	Sulphur oxides (SO _x) (kilogram)	89	93	–
	Respirable suspended particles (RSP) (kilogram)	84	87	–
A1.2	Greenhouse gas emissions in total (tonnes CO ₂ -e)	1,320	1,391	–
	Direct emissions (tonnes CO ₂ -e)	123	107	–
	Energy indirect emissions (tonnes CO ₂ -e)	1,197	1,284	–
	Intensity of greenhouse gas emissions (tonnes CO ₂ -e/thousand handbags sold)	0.198	0.111	–
A1.3	Total hazardous waste produced (tonnes)	–	–	–
	Intensity of total hazardous waste produced (tonnes/square metre)	–	–	–
A1.4	Total non-hazardous waste produced (tonnes)	480	600	–
	Intensity of non-hazardous waste produced (tonnes/square metre)	0.008	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



Environmental, Social and Governance Report 2020/21

ESG REPORTING GUIDE CONTENT INDEX (CONTINUED)

Material Aspect	Content	Data of this year	Data of last year	Page Index
<i>A2 Use of Resources</i>				
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	–	–	5–7
A2.1	Direct and/or indirect energy consumption by type	–	–	–
	Total energy consumption (MWh)	2,748	2,849	–
	Direct energy consumption (MWh)	483	421	–
	Indirect energy consumption (MWh)	2,265	2,428	–
	Energy intensity (MWh/square metre)	0.044	0.045	–
A2.2	Water consumption in total (cubic metre)	43,823	50,021	–
	Water intensity (cubic metre/square metre)	0.697	0.796	–
A2.3	Description of energy use efficiency initiatives and results achieved	–	–	5–7
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	No issue in sourcing water	–
A2.5	Total packaging material used for finished products (tonnes) Packaging material intensity (tonnes/thousand handbags sold)	0.072	0.057	–
<i>A3 The Environment and Natural Resources</i>				
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	–	–	7–8
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	–	–	7–8
<i>A4 Climate Change</i>				
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	–	–	8
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	–	–	8

Environmental, Social and Governance Report 2020/21

ESG REPORTING GUIDE CONTENT INDEX (CONTINUED)

Material Aspect	Content	Data of this year	Data of last year	Page Index
B. Social				
B1 Employment				
General Disclosure	Information on: (a) the policies; and (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.	–	–	8–11
B1.1	Total workforce by gender, employment type, age group and geographical region	–	–	10
B1.2	Employee turnover rate by gender, age group and geographical region	–	–	11
B2 Health and Safety				
General Disclosure	Information on: (a) the policies; and (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.	–	–	12–15
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	–	–	12
B2.2	Lost days due to work injury	–	–	12
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	–	–	12–15
B3 Development and Training				
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	–	–	16–17
B3.1	The percentage of employees trained by gender and employee category	–	–	16
B3.2	The average training hours completed per employee by gender and employee category	–	–	17



Environmental, Social and Governance Report 2020/21

ESG REPORTING GUIDE CONTENT INDEX (CONTINUED)

Material Aspect	Content	Data of this year	Data of last year	Page Index
<i>B4 Labour Standards</i>				
General Disclosure	Information on: (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.	–	–	17
B4.1	Description of measures to review employment practices to avoid child and forced labour	–	–	17
B4.2	Description of steps taken to eliminate such practices when discovered	–	–	17
<i>B5 Supply Chain Management</i>				
General Disclosure	Policies on managing environmental and social risks of the supply chain.	–	–	18
B5.1	Number of suppliers by geographical region	–	–	18
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	–	–	18
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	–	–	18
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	–	–	18

Environmental, Social and Governance Report 2020/21

ESG REPORTING GUIDE CONTENT INDEX (CONTINUED)

Material Aspect	Content	Data of this year	Data of last year	Page Index
<i>B6 Product Responsibility</i>				
General Disclosure	Information on: (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.	–	–	19–22
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	–	–	21
B6.2	Number of products and service related complaints received and how they are dealt with	–	–	21
B6.3	Description of practices relating to observing and protecting intellectual property rights	–	–	22
B6.4	Description of quality assurance process and recall procedures	–	–	20–22
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	–	–	22
<i>B7 Anti-corruption</i>				
General Disclosure	Information on: (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.	–	–	22–23
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	–	–	22–23
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	–	–	22–23
B7.3	Description of anti-corruption training provided to directors and staff	–	–	22–23



Environmental, Social and Governance Report 2020/21

ESG REPORTING GUIDE CONTENT INDEX (CONTINUED)

Material Aspect	Content	Data of this year	Data of last year	Page Index
<i>B8 Community Investment</i>				
General Disclosure	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.	–	–	24
B8.1	Focus areas of contribution	–	–	24
B8.2	Resources contributed to the focus area	–	–	24