



le saunda holdings ltd.

萊爾斯丹控股有限公司

(incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

(Stock Code 股份代號 : 0738)



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2021

CONTENTS

About this Report	3
Background of the Group	6
Social Responsibility Policy	7
The Board's Governance on Environmental, Social and Governance matters	8
Relationship with Stakeholders	10
Compliance with Relevant Laws and Regulations	12
Environmental and Social Aspects	
Environmental	14
Social	21

ABOUT THIS REPORT

This Report discloses the performance of Le Saunda Holdings Limited (stock code: 0738) (“Le Saunda” or the “Company”) and its subsidiaries (collectively as the “Group”) in corporate social responsibility for the year ended 28 February 2021.

Scope of This Report:

In accordance with the magnitude of impacts associated with the Group’s operations to the environmental and social aspects, the content of disclosure covers the environmental and social responsibility performance of its business in Hong Kong, Macau and its subsidiaries for retailing operations in Mainland China.

Reporting Period:

From 1 March 2020 to 28 February 2021.

Interval for Report Publication:

The Report is an annual report. The reporting period is the same as the financial year of the Company as its Annual Report.

Reporting Standard:

The Report has been prepared in accordance with the “Comply or Explain” provisions of the “Environmental, Social and Governance Reporting Guide” as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

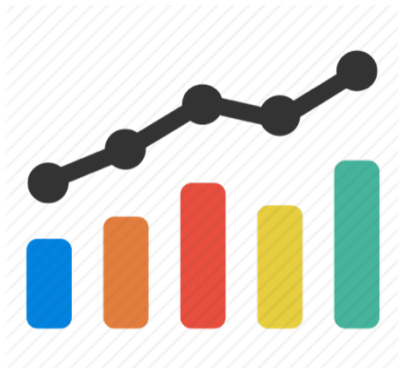
ABOUT THIS REPORT



Reporting Principles:



Materiality: The Group regularly makes reference to the industry sustainability standards at the local and international level and strives to integrate with them. At the same time, regular communication with various stakeholders is used to identify the most concerned and important sustainability topics for the Group. Those sustainability topics will also be incorporated into the Group's development policies under the overall strategy of the Group's operations.



Quantitative: The Group is committed to quantifying and disclosing key performance indicators and data within the environmental and social categories, and whenever feasible, explaining the methods of data collection and calculation to enhance transparency of the data.

ABOUT THIS REPORT



Reporting Principles: (Continued)



Balance: In order to maintain the balance of reporting content, fair disclosure of sustainability performance and challenges related to the Group and stakeholders is provided with impartial information to the public.

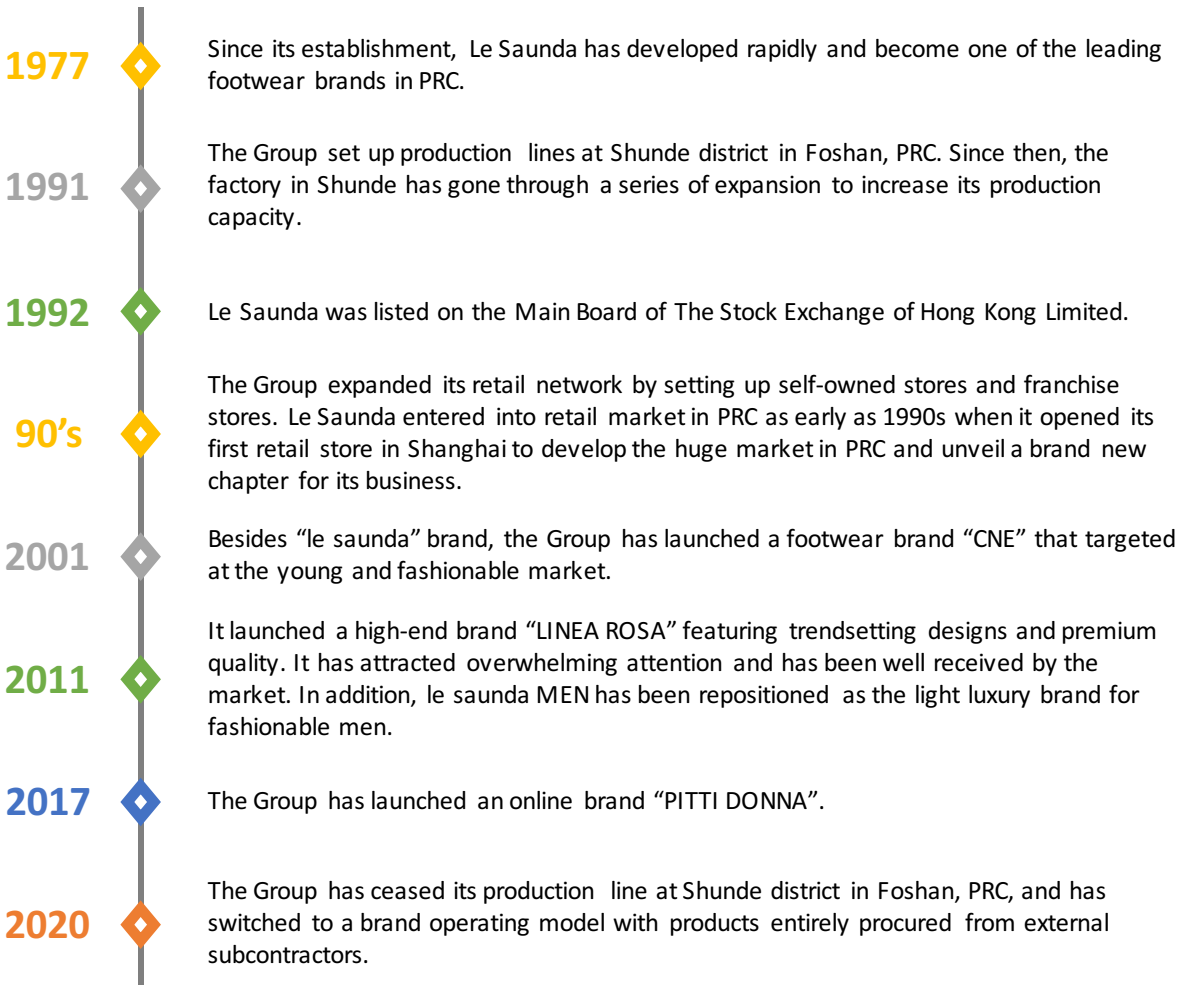


Consistency: The Group adheres to the "Environmental, Social and Governance Reporting Guide" of the Listing Rules for disclosure, which allows the Group to make meaningful annual comparisons of past performance under the same framework, and to disclose updated calculation methods of relevant data when necessary.

BACKGROUND OF THE GROUP



Le Saunda is a local footwear brand renowned for fashionable footwear, that is engaged in the design, research and development, as well as sales of footwear of ladies and men, handbags and other accessories in Mainland China, Hong Kong and Macau. The key brands of the Group include:



SOCIAL RESPONSIBILITY POLICY



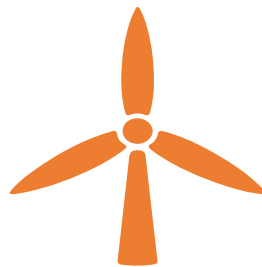
The Group recognizes the importance of good environmental management and sustainable development, so the Group has all along been in strict compliance of the environmental protection laws and standards related to the places of operations, including the People’s Republic of China (“PRC”) and Hong Kong.

The Group has implemented multiple environmental protection measures in various business processes and work premises, including retail stores, warehouses, and offices. The measures included:



01 Green supply chain management

During the stages of product design and operation planning, the Group will prioritize the adoption of products made of environmentally-friendly materials, and will focus on partnership with those suppliers possessing environmental technology. Moreover, the Group is committed to managing the environmental performance of its supply chain.



02 Facilities

In the configuration of the facilities at the retail stores, the Group has implemented LED lighting fixtures as one of the energy saving measures.



03 Daily operations

For minimization of paper use, the Group advocates the “paperless” office, actively promotes electronic information management system and set up communication devices to facilitate phone and video conference for reduction in emission of exhaust gases and greenhouse gases arisen from transportation.

BOARD'S GOVERNANCE ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

The Board of Directors of the Group (the "Board") oversees the environmental, social and governance (ESG) matters in the context of current business strategy.

This ensures that operations are consistently in compliance with local laws and regulations in the regions where the business is operating, thereby safeguarding the interests of the Group and stakeholders as well as enhancing the corporate brand image.

The Group regularly collects environmental, social and governance information through different functional departments and working groups, and then consolidates, analyses, and discloses performance in the ESG report. At the annual Board meeting, the Board members review the ESG performance disclosed in the ESG report to assure it is aligned with our business strategy and is complying to the laws and regulations, and to identify sustainability topics that are important to the Group and stakeholders for making appropriate decisions and adjusting the relevant strategies as needed.

The Board evaluates the potential risks as reflected in the ESG information in order to prioritize the ESG topics that have a more significant impact, and to develop effective prevention and control measures for assurance of the Group's sustainable development, which may include, but not limited to:

- Adopt product design using environmentally-friendly materials at higher priority
- Partner with suppliers to explore green technology
- Set goals for sustainable development

BOARD'S GOVERNANCE ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

The Board reviews the ESG measures annually for the opportunities of improvement considering the business challenges of the current year. Also, relevant decision will be made to strengthen employee training for achieving the continual improvement of performance. Based on the Board's assessment of this reporting year, it was confirmed that the Group has overcome the impacts brought by the novel coronavirus pandemic and that the Group has strengthened the occupational health and safety measures for protecting employees. These enabled the Group to resume operations at a faster pace and to take the lead in meeting market demand.

In addition, the Board believes that the main factors affecting the Group's ESG performance in the coming year remain the health risks and supply chain strains associated with the novel coronavirus pandemic. Also taking into account of the environmental and other compliance risks posed by global response against the climate change, the Board will develop corresponding policies or objectives and regularly review their progress and performance in order to align them with the Group's strategic direction for sustainable development.

RELATIONSHIP WITH STAKEHOLDERS



The Group believes that effective communication as well as accurate and timely information disclosure will strengthen the confidence of various stakeholders. The management establishes regular communication with the various stakeholders for timely exchange of views and solicitation of feedbacks from each other. Where appropriate, it will also share the latest business information and seek to understand the demand for corporate social responsibility from respective stakeholders, which helps the Group in achieving different goals for corporate sustainable development.



The Group believes that employees are important assets for our success. Therefore, the Group has maintained good relationship with the employees and strived to keep a low employee turnover rate for improving the operational capability and efficiency of the employees as well as promoting team spirit among them.

Upholding the quality of the products and services is the way to meet the consumers' needs and to enhance the business performance. As a result, maintaining long-term good partnership with suppliers is also one of the main goals of the Group.

RELATIONSHIP WITH STAKEHOLDERS



Our key stakeholders and communication channels



COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS



In accordance with the requirements of general disclosures at all aspects of the “Environmental, Social and Governance Reporting Guide”, the Group has undertaken the disclosure obligation of “comply or explain” pertaining to the compliance of the relevant laws and regulations of significant impacts.

For the year ended 28 February 2021, the Group did not identify any violation of relevant laws and regulations at all aspects that have significant impacts on the Group.





REPORTING ON ENVIRONMENTAL AND SOCIAL ASPECTS

ENVIRONMENTAL ASPECT



Emissions

Over the past years, the Shunde factory of the Group was the main source of sewage and exhaust emissions. However, it ceased operations in May 2020¹ and as a result the Group no longer has sewage and exhaust emissions arisen from production activities. Nevertheless, the Group's retail stores and offices, despite no significant sewage and exhaust emissions from these premises, also contributed certain amount of emission of greenhouse gases (GHG) through electricity consumption and transportation involved in their related operations

In terms of the Group's revenues in this reporting year, the emission intensity was 3.82 tonnes carbon dioxide (CO₂) equivalent per million revenues in RMB.

During the material time of this reporting period, the Group has ceased the normal operations and production activities at the Shunde factory. Therefore, there were no significant amount of hazardous wastes from the production processes, while non-hazardous wastes were mainly those packaging wastes which were not harmful in nature (e.g. discarded cartons, paper boxes and courier plastic bags), as well as metallic wastes originated from store counters and warehouse shelves. Considering retail operations in PRC only, the amount of metallic wastes significantly increased in this reporting year comparing to that of last year, because the Shunde retail warehouse has ceased operation in this reporting year and some warehouse shelves could not be internally converted for other purposes. Such ultimate disposal of these shelves led to an increase in the total amount of non-hazardous wastes.

¹ During the period between March and May 2020, operation of the Shunde factory mainly focused on the completion of few production orders remaining on hand. Comparing the operational capacity of that period with its normal production capacity in the year 2019/20, the emissions and impacts to the environment were not significant, therefore the scope of this report did not include the figures of the Shunde factory regarding its operation during the period between March and May 2020.

ENVIRONMENTAL ASPECT



ESG Environmental Performance – A1 Emissions

A1: Emissions	Unit	Year ended 28 February 2021	Year ended 29 February 2020
Greenhouse gas (GHG)			
Direct GHG emissions (Scope 1) ²	tonnes CO ₂ equivalent	13.11	20.69
Energy indirect GHG emissions (Scope 2) ³	tonnes CO ₂ equivalent	2,257.38	5,173.25
Total greenhouse gas (GHG) emissions	tonnes CO ₂ equivalent	2,270.49	5,193.94
Total GHG emissions intensity	tonnes CO ₂ equivalent / revenue (million in RMB)	3.82	7.05
Type of hazardous wastes			
Hazardous wastes	tonne	0	0.95
Hazardous wastes emission intensity	kg / revenue (million in RMB)	0	1.28
Non-hazardous wastes ⁴	tonne	26.71	29.61
Non-hazardous wastes emission intensity	kg / revenue (million in RMB)	44.95	40.20

² Scope 1 Direct emissions covered the GHG emission generated directly from consumption of diesel oil, gasoline and natural gas by the facilities owned or controlled by the Group.

³ Scope 2 Energy indirect emission covered the GHG emission indirectly generated from the Group's internal consumption of electricity procured from external sources.

⁴ The total amount of non-hazardous waste for the year ended 29 February 2020 has included those non-hazardous wastes generated from the operation of the Shunde factory in the year.

ENVIRONMENTAL ASPECT



Use of Resources

Each operating region of the Group has adopted the appropriate equipment and administrative measures to enhance the effectiveness in use of resources. Part of the measures included:

Through re-routing the delivery service, the usage of vehicle is reduced and hence the consumption of gasoline and diesel oils is also reduced

In PRC regional offices, seats are better planned so that no need to switch on the lights when some area have no one there. LED lighting is preferred. Employees are encouraged to switch off the computers and equipment when they are not in use, while lighting is switched off during lunch break and after office hours.

Through reusing the cartons and paper boxes from parcel deliveries, the usage of paper resources is reduced

The Group advocates “paperless” office, and has been promoting electronic information management system. With the use of electronic files, it reduces unnecessary use of papers.



ENVIRONMENTAL ASPECT



ESG Environmental Performance – A2 Use of Resources

Through implementation of the aforesaid measures for raising resource utilization, the consumption of main resources by the Group during the reporting period was set forth in the following table and the associated consumption intensities were calculated in terms of the million revenue in RMB:

A2: Use of Resources	Unit	Year ended 28 February 2021	Year ended 29 February 2020
Consumption by resource type			
Electricity	kWh	2,723,575	6,193,412
Gasoline	litre	3,900	8,593
Natural gas	cubic metre	210	230
Water	cubic metre	4,233	53,492
Packaging materials - Paper ⁵	tonne	441.26	348.28
Packaging materials - Plastics ⁶	tonne	2.32	1.59
Consumption intensity by resource type			
Electricity	kWh / revenue (million in RMB)	4,583.60	8,410.39
Gasoline	litre / revenue (million in RMB)	6.56	11.67
Natural gas	cubic metre / revenue (million in RMB)	0.35	0.31
Water	cubic metre / revenue (million in RMB)	7.12	72.64
Packaging materials - Paper ⁵	tonne / revenue (million in RMB)	742.62	472.95
Packaging materials - Plastics ⁶	tonne / revenue (million in RMB)	3.91	2.16

⁵ Disclosure on figures of this section for the year ended 29 February 2020 included only those paper-based packaging materials consumed in the Shunde factory owned by the Group, while the figures for the year ended 28 February 2021 were estimated based on the amount of packaging materials consumed by external suppliers.

⁶ Disclosure on figures of this section for the year ended 29 February 2020 included only those plastic packaging materials consumed in the Shunde factory owned by the Group, while the figures for the year ended 28 February 2021 were estimated based on the amount of packaging materials consumed by external suppliers

ENVIRONMENTAL ASPECT



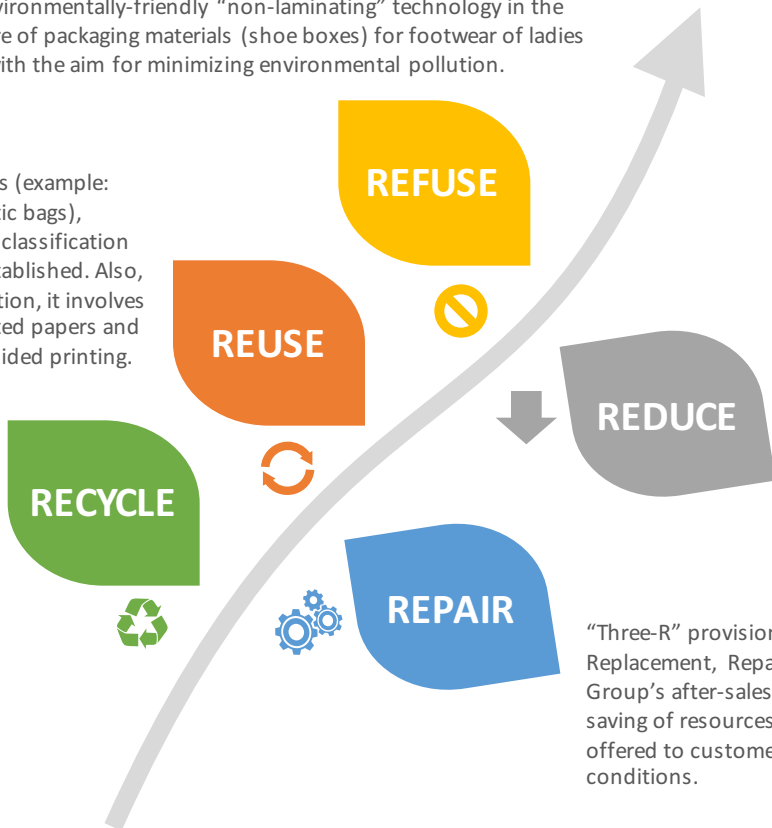
ESG Environmental Performance – A3 Environment and Natural Resources

Being a responsible company, the Group advocates 5R principles for reducing environmental pollution and raising resource utilization, namely Refuse, Reduce, Reuse, Repair and Recycle.

For product design, it is dedicated to the use of non-hazardous and environmentally-friendly materials. It is also the Group’s policy to pursue “green procurement”, which requires the suppliers to maximize the supply of raw materials possessing degradable characteristics (including fabrics and packaging materials) in order to reduce environmental hazards. Also, production subcontractors are required to optimize the production processes and industrial engineering and to persist in the use of more environmentally-friendly “non-laminating” technology in the manufacture of packaging materials (shoe boxes) for footwear of ladies and men, with the aim for minimizing environmental pollution.

For the recyclable wastes (example: packaging cartons, plastic bags), methodologies for their classification and reuse have been established. Also, for internal office operation, it involves the reuse of single-printed papers and the practice of double-sided printing.

To support recycling, the Group has appointed vendors to handle recyclable resources, such as paper waste.



Production subcontractors are required to upgrade equipment and technology to reduce waste and resources consumption. Administrative measures are adopted within the Group for reducing environmental impacts, such as arrangement of video conference in replacement of remote meeting for reduction of greenhouse gas emission incurred from taking transportation like aircraft.

“Three-R” provision (i.e. Return, Replacement, Repair) is the basis of the Group’s after-sales service. To encourage saving of resources, repairing service is offered to customers under specified conditions.

ENVIRONMENTAL ASPECT



ESG Environmental Performance – A4 Climate Change

In response to extreme weather incurred by the climate change in recent years, the Group has identified the possible emergency situations such as the flooding risk caused by rainstorm weather. For addressing the risks associated with the relevant natural disasters, emergency plan has been established to prevent the occurrence of dangers and damages and the measures include but not limited to:

- ☀️ **Prevention of flooding nearby operation facilities at the time of rainstorm weather;**
- ☀️ **Securing of the outdoor equipment before the hoisting of super typhoon signal;**
- ☀️ **Instruction to employees to ensure all windows closed and regular window inspection prior to typhoon;**
- ☀️ **Regarding the material transportation risk caused by extreme weather, evaluation of the impacts to the procurement of raw materials (such as price and quantity) will be conducted;**
- ☀️ **For tackling resource strain caused by climate change, contingency plan for changing the product compositions will be established.**



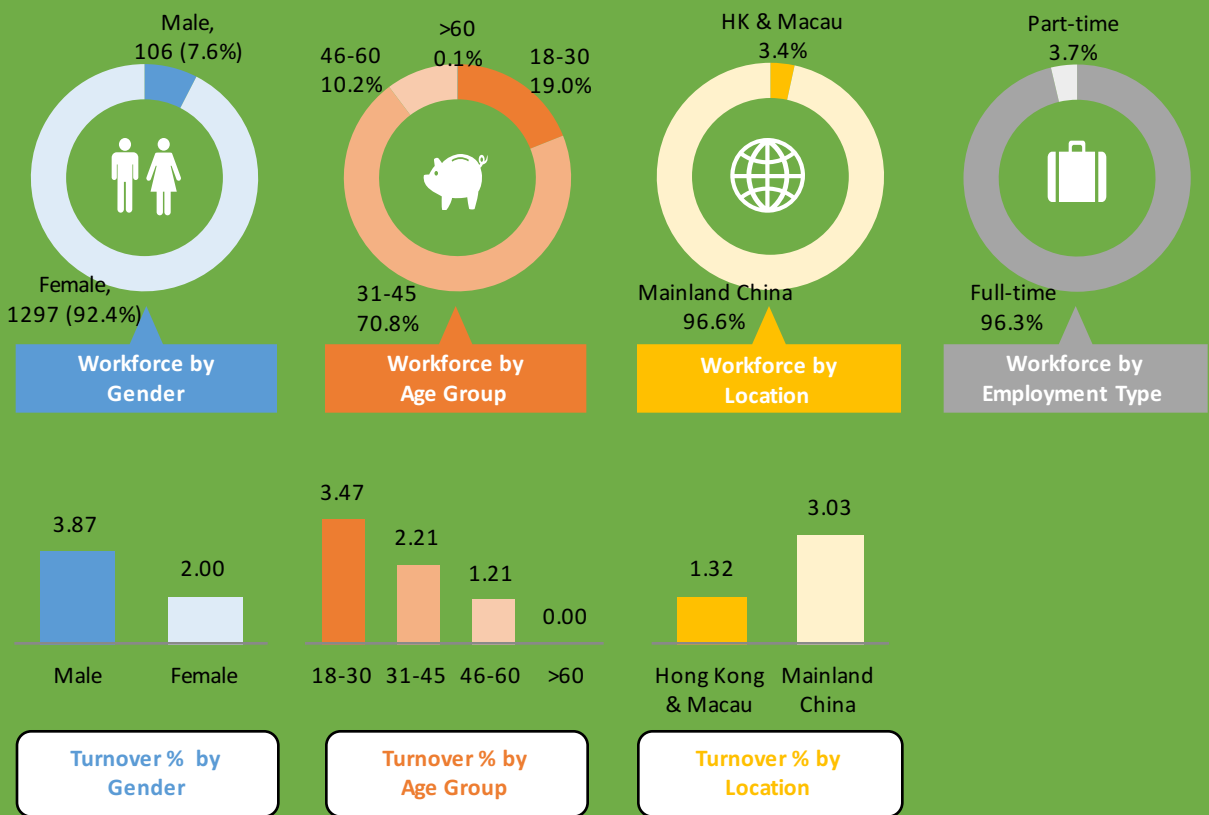
Moreover, with regards to the climate change mainly attributed to greenhouse gases, the Group has adopted measures mentioned in the previous sections of this report regarding energy conservation and emission reduction, with the aim to reduce emission of greenhouse gases and ultimately to mitigate the tendency of climate change.

SOCIAL ASPECT



A glance at employment related statistics

- Full time employees: **1,403**
- Part time employees⁷: **2** (Hong Kong & Macau), **52** (Mainland China)



⁷ Part-time employees were recruited from time to time based on business needs. Part-time employees hired in China were mainly warehouse operators who were responsible for stock handling and salespersons who were responsible for sales and administrative tasks in retail stores. Numbers of part-time employees were recorded separately and were not included in the statistics of employee proportion per gender and age group.

SOCIAL ASPECT



Our
People



SOCIAL ASPECT



We are part
of the
Community!

Our Achievements



SOCIAL ASPECT



Employment

Recruitment and Promotion Policies

The Group only considers the capabilities of job applicants as the primary assessment criteria, and reviews the job performance, experience, business performance and competence of employee as the conditions for promotion. We have developed practices of “employment management for persons with disabilities” to actively consider the job applications by persons with different disabilities. In the past, ethnic minorities have been employed to create a diversified working environment. The Group will not neither reject the job application nor review the promotion based on the attributes of applicants such as gender, disability, race, family status, etc.

As at 28 February 2021, the total number of full-time employees in the Group was 1,403, of which 48 persons belonged to employees in Hong Kong and Macau. On the other hand, there was 2 part-time employees in Hong Kong and Macau, while a total of 52 part-time employees was engaged in Mainland China.

Remunerations and Employee Benefits

The Group not only meets the minimum wage requirements in each operating location, but also offers remunerations which are competitive on the market to attain a higher staff retention rate. In this reporting year, the overall average monthly employee turnover rate was 2.18%. As compared with the employee turnover rate of the previous year (2019/20: 2.94%), the overall turnover rate of this reporting year was significantly reduced by around 26%.

SOCIAL ASPECT



Employment (Continued)

Remunerations and Employee Benefits (Continued)

In terms of employee benefits, we have always been complying with social security and other legal benefits in PRC, including social insurance contributions for all employees. In addition, long service awards will be granted to permanent employees after they have completed every five consecutive years of service with the Group, as kind of encouragement and enhancement of employees' sense of belonging. Different operating regions will provide other forms of employees' benefits in accordance with different job positions.

Working Hours

To achieve work-life balance, the Group neither advocates nor forces employees to work overtime. However, due to the needs of different positions, certain employees may still need to work overtime provided that all overtime work must be done on a voluntary basis and in compliance with the relevant regulations of the operating region. Furthermore, the Group is honoured to be awarded by different organizations over the years, demonstrating its continued commitment to maintain a good employment relationship: (1) Awarded the "Caring Company Logo" for the 15th consecutive year; (2) participated in the "Happiness-a-Work Promotion Scheme" and was awarded as a "Happy Company" for the 5th consecutive year; and (3) passed the "ERB Manpower Developer Award Scheme" assessment and was renewed as a "Manpower Developer".

SOCIAL ASPECT



Two-year comparison employment statistics

B1: Employment	Unit	Year ended 28 February 2021	Year ended 29 February 2020
a) Total Number of employees⁸	person	1,457	2,408
Full-time employees	person	1,403	2,394
Part-time employees	person	54	14
Full time employees by gender			
Male	person	106	378
Female	person	1,297	2,016
Full time employees by age group			
18-30 years old	person	266	576
31-45 years old	person	993	1,601
46-60 years old	person	143	217
>60 years old	person	1	0
Full time employees by working location			
Hong Kong and Macau	person	48	53
Mainland China	person	1,355	2,341
b) Overall Average Monthly Employee Turnover Rate⁹	%	2.18	2.94
Full time employees by gender			
Male	%	3.87	2.50
Female	%	2.00	3.16
Full time employees by age group			
18-30 years old	%	3.47	4.64
31-45 years old	%	2.21	2.64
46-60 years old	%	1.21	1.85
>60 years old	%	0.00	2.78
Full time employees by working location			
Hong Kong and Macau	%	1.32	2.09
Mainland China	%	3.03	3.37

⁸ During the reporting period, the Group has generally ceased the normal operation and production activities in the Shunde factory; therefore, there was significant deviation in the number of employees between the two years 2020/21 and 2019/20.

⁹ For calculation of the “employee turnover rate” within the retailing business in Mainland China, it only took account of the full-time employees’ mobility, given that part-time employees were engaged on irregular needs of the business and hence the aforesaid calculation did not include the number of part-time employees. Also, the aforesaid turnover calculation did not include those employees who were retained for completing the shutdown of the Shunde factory.

SOCIAL ASPECT



Health and Safety

For ensuring the safety of working environment and enhancing employees' awareness on occupational health and safety, the Group has formulated procedures and operating rules related to the occupational health management system for reference and compliance by the employees, with the aim to reduce the occurrence of accidents.

The Group's office operation was also concerned on the occupational safety. Fire drills and inspections of all fire equipment has been conducted on a regular basis to avoid occurrence of accidents. In this reporting year, the administrative department of the Guangzhou office has arranged employees to participate in the fire drills organized by the property management agency, for acquiring their skills on the use of fire extinguishers. Furthermore, for responding to the health risks incurred from novel coronavirus pandemic, the Group has strictly implemented the anti-pandemic control measures, including the partnership with Tianyu Committee of Linhe Street in Guangzhou, for prompting and requesting employees to report their health status on a daily basis, thereby monitoring and reducing the infection risks of employees during the pandemic control period.

During the reporting period, the Group did not identify any violation of the occupational health and safety regulations and provisions in all operating regions. In the same period, the Group did not identify any employee's fatality incurred from work (2018 to 2020: 0 person). On the other hand, there was a total of 233 days of work lost due to work-related injuries (2019/20: 35.5 days), amongst which 4 incidents were involved with 1 case happened in Hong Kong and the other 3 cases happened in Mainland China. 3 of those incidents were attributed to accidental slips and the other one caused by traffic accident. All these incidents have proceeded with cause analysis and effective preventive measures have been put in place, which included wearing of appropriate protective equipment as well as enhanced occupational safety awareness training for employees.



Development and Training

For raising the professional knowledge and skills of employees, the Group has designated functional departments for provision of respective trainings to different ranks of employees, on regular basis or upon the launch of new product or technology, in order to equip employees with product knowledge in a professional manner. Whenever appropriate, contests or other forms of activities will be organized to enhance learning motivation of employees.

For catering the training needs of employees, and considering the pandemic control in this reporting year, the Group has significantly reduced the group trainings in classrooms and has therefore arranged the trainings as follows:

- Priority was given to online training courses in order to reduce significantly the number of on-site face-to-face classes;
- Training for junior staff was mainly conducted on the WeChat e-learning platform;
- Number of trainers was increased in Mainland China for provision of on-site counselling and education to shop staff in the form of shop visits.





Development and Training (Continued)

During the reporting period, there was a total of 7,567 counts of employees participated¹⁰ in the trainings provided by the Group (2019/20: 5,459 counts of participants), and the total training hours achieved by all employees amounted to 21,868 hours (2019/20: 57,948 hours). As compared with the previous year, despite the monthly average number of training hours per employee was decreased by 26% overall, on the contrary, the monthly average proportion of trained employees was increased by around 126%.

In response to the aforesaid data trend, the Group has carried out an analysis to identify the underlying causes as follows:

- Mode of training in shops has effectively increased the counts of trained employees;
- With the benefits brought by on-site training, the duration of shop trainings is only around one-third of that of the traditional classroom training. This ultimately increased the number of counts while the actual time spent for training was significantly reduced;
- The number of training hours has been reduced as compared to the previous year, owing to the facts that turnover rate of junior staff was low, and most of them have already completed routine training courses after years of service.

¹⁰ Figures of training achieved during the period did not cover those employees who were responsible for completing the shutdown of the Shunde factory.

SOCIAL ASPECT



Two-year comparison training statistics

B3: Development and Training	Unit	Year ended 28 February 2021	Year ended 29 February 2020
a) Total counts of training	no. of attendees	7,567	5,459
By gender			
Male	no. of attendees	138	233
Female	no. of attendees	7,429	5,226
By employee category			
Senior Management	no. of attendees	127	69
Middle Management	no. of attendees	367	292
Junior Staff	no. of attendees	7,073	5,098
b) Total training hours	hour	21,868	57,948
By gender			
Male	hour	434	1,815
Female	Hour	21,434	56,133
By employee category			
Senior Management	hour	590	1,446
Middle Management	hour	1,214	4,397
Junior Staff	hour	20,064	52,105
c) Monthly proportion of employees trained	%	36.34	16.04
By gender			
Male	%	14.56	7.28
Female	%	39.73	17.95
By employee category			
Senior Management	%	9.83	21.45
Middle Management	%	11.38	15.65
Junior Staff	%	53.91	21.85
d) Monthly number of training hours per employee	hour	1.03	1.39
By gender			
Male	hour	0.40	0.63
Female	Hour	1.13	1.53
By employee category			
Senior Management	hour	0.50	2.07
Middle Management	hour	0.38	1.41
Junior Staff	hour	1.45	1.78

SOCIAL ASPECT



Labour Standards

The Group is dedicated to safeguarding the rights and interests of employees by building a fair working environment for employees. Also, the Group has been strictly complying with regulations to ensure that no form of forced labour is imposed and no child labour is recruited. During the reporting period, the Group did not identify any employment of child labour nor any violation of regulations related to forced labour.

Supply Chain Management

Geographical distribution of Suppliers

As of 28 February 2021, the Group engaged a total of 28 suppliers, all of which were located in Mainland China, for provision of production subcontracting services, warehousing services, non-woven bags, paper bags and courier cartons as well as other packaging materials to the Group.

Assessment of Suppliers

The Group has established supplier assessment process that requires evaluation prior to formal procurement. During the reporting period, the Group engaged a total of 7 new suppliers and the scope of evaluation included production capacity, quality assurance system, and the aspects related to social responsibility, etc., for assuring the compliance with the requirements imposed by customers, regulators and the Group's policy.

Existing suppliers were also evaluated as needed for continual monitoring and a total of 17 suppliers has passed the evaluation during the period. Methods of evaluation included on-site inspection, product testing, sample approval, random inspection of mass production, verification of qualification documents, self-assessment questionnaire, etc. New supply of materials could only be formally purchased upon satisfactory results of the supplier evaluation.



Supply Chain Management (Continued)

Control of Environmental and Social Risks

For materials containing potentially hazardous substances, the Group requires suppliers to provide materials in compliance with relevant regulations and standards and passing the relevant environmental tests, for example:

- Leather – scope of testing: content of formaldehyde, and decomposable harmful aromatic amine dye;
- Metallic buckles in footwear – scope of testing: content of nickel release, and content of heavy metals such as lead (Pb), cadmium (Cd), mercury (Hg), hexavalent chromium (Cr (VI)), etc.

Formal procurement could only be made after evaluation of the environmental testing results of those materials containing potentially hazardous substances, for controlling their respective emission, pollution or other adverse effects on the environment.

In addition to material testing, production subcontractors were also evaluated on their valid discharge permits, including the installation of environmental protection equipment, transfer and handling of hazardous wastes, environmental test reports related to exhaust gases and noise, etc. In selection of suppliers, priority would then be given to those not imposing significant environmental hazards.

Moreover, the Group also evaluated the operational compliance of other business partners in the supply chain and assessed the involved risks related to social responsibility, such as: compliance in labour management, occupational safety compliance, product compliance, and occurrence of commercial bribery.

SOCIAL ASPECT



Supply Chain Management (Continued)

Green Procurement

Whenever complying with operating requirements, the Group will give priority to equipment and materials that are environmentally-friendly in nature. Shoe boxes currently purchased by the Group are made of recyclable paper. In the past five years, the same type of paper has been adopting for manufacturing of shoe boxes. Upon selection of energy-consuming equipment, priority is also given to products that are certified or labelled as energy efficient.

In addition, the Group has established local procurement policy as one of the measures for green procurement. Under similar cost and product quality conditions, priority is given to local (Mainland China and Hong Kong) suppliers of products and services for minimizing emission of greenhouse gases from transportation of the procurement processes. In this reporting year, the proportion of local suppliers engaged by the Group reached 100 % of all suppliers.

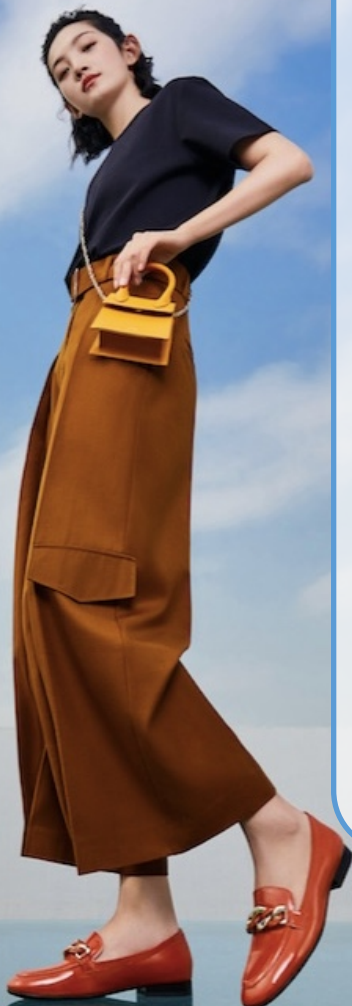
SOCIAL ASPECT



Product Responsibility

For assuring product compliance and meeting customers' expectations, the Group provides customers with accurate and true information on the quality and safety of its products. All products must pass through testing on quality and safety requirements, including those tests on materials like leather, metallic accessories, etc., for assuring quality and safety of the products delivered.

According to the categories of shoes and handbags, "Three-R" provision (i.e. Return, Replacement, Repair) applies to the sold products under the specific conditions: First, items guaranteed for return; second, items guaranteed for repair; third, handling of product replacement. According to "Three-R" provision, the following table set forth the accepted number of requests for product return and repair during the reporting period. In the same period, apart from the aforesaid customer requests for returns and repairs, the Group did not identify any significant incident of product non-compliance or any case of customer complaint, nor identify any recall incident owing to product's health and safety issues.



SOCIAL ASPECT



Product Responsibility (Continued)

Product type	Number of Returns Accepted		Number of Repairs Accepted	
	Year ended 28 February 2021	Year ended 29 February 2020	Year ended 28 February 2021	Year ended 29 February 2020
Shoes	1,114	2,889	3,094	4,996
Handbags	0	10	11	708

Protection of Intellectual Property Rights

In this reporting year, the Group participated again the “No Fakes Pledge” scheme launched by the Intellectual Property Department of the Government of Hong Kong SAR. Merchants participating under the Scheme are committed not to sell or distribute any counterfeit or pirated products, and to allow access to personnel of “Hong Kong Customs” to conduct the supervision work at the shops or office areas for verification of selling only genuine goods. The employees of the Group also adhere to the established rules for protection of intellectual property.

For managing customer data, based on different risk levels of information security, the Group will use hardware firewall to protect the stored data from attacks by hackers, enables behaviour management equipment, activates login account in enhanced password format as well as mandatory changes of passwords every three months, and requires access to internal file servers under permission.



SOCIAL ASPECT



Product Responsibility (Continued)

Business Recognition and Awards

With our commitment and practices to deliver excellent products and service, the Group was renewed again in the accreditation of “Quality Tourism Services” (QTS) Scheme administered by the “Hong Kong Tourism Board (HKTB)” in this reporting year. All accredited merchants in the Scheme are required to pass the annual assessment for assuring the provision of clearly displayed prices, clear product information and superb customer service. Moreover, the e-commerce business of the Group was also awarded by the “Guangdong Electronic Commerce Industry Association / South China E-Commerce Alliance”. This demonstrated the achievement and contribution of the Group in the industry.



SOCIAL ASPECT



Anti-Corruption

The Group is convinced that fairness, honesty and integrity are its important commercial assets, and therefore requires all employees (including directors) at different levels to strictly adhere to business ethics, which ensures that the Group's reputation will not be compromised by misconducts such as dishonesty, disloyalty or corruption. We have incorporated the requirements of relevant ordinances and regulations in the “Employee Code of Practice”, which provides concise and clear guidance for all employees in the aspects of prevention of corruption and bribery, solicitation of benefits, acceptance of benefits, conflict of interest, confidential information, etc. This reduces the risks of involvement in acts of corruption and bribery.

At the same time, the Group requires all employees at all ranks to declare and state any possible conflict of interest that may arise during work. In addition, we encourage employees to report misconduct, fraudulent activities and illegal behaviours related to the Group under the confidential whistleblowing mechanism. Current means of whistleblowing is generally in the form of mails sent to the designated mailbox of senior management for this whistleblowing purpose.

The Group has included the integrity trading terms in the procurement contracts. For those suppliers in long-term partnership, both parties have signed the designated integrity contracts. During the reporting period, the Group did not identify any incident for behaviour non-compliant with the code, nor violation of regulations related to corruption. Also, no incident of relevant whistleblowing was received in the same period.

SOCIAL ASPECT



Anti-Corruption (Continued)

During the procurement process, the Group seeks quotations from more than one supplier to ensure fair and reasonable offers. In addition, managerial personnel of different rankings have been designated to review and approve orders of different monetary thresholds to reduce the risks of corruption and bribery. During the reporting period, there was no declaration for conflict of interest in any relevant procurement.

For reinforcement of the relevant practices, the Group articulates regularly to management staff on information of corporate integrity system. On the other hand, the HR department publicizes to all employees on an annual basis regarding the relevant company's regulations against corruption and bribery, which include reaffirming and requiring employees to comply with the "Employee Code of Practice" and related matters. Relevant training was also arranged and a total of 257 employees participated in this reporting year.

SOCIAL ASPECT



Community Investment

Over years, the Group has been supporting the community and the industry in various aspects like charity, environmental protection, health, with the aim to assist the people in need. The following table set forth examples of main community activities and related contributions made by the Group in this reporting year:

Type of Event	Organizer / Name of Event	Sponsorship	Employee Participation
Anti-pandemic Support	“St. James’ Settlement” Valentine's Rose Charity Sale – Donation to the “People’s Food Bank” for supporting those people affected by the novel coronavirus pneumonia	★	
Caring Visits	“St. James’ Settlement” volunteer services – visit and distribution of lucky packs to the elderly on Mid-Autumn Festival		★
Charitable Fund-raising Event	“Dress Casual Day” fund-raising activities by The Community Chest of Hong Kong		★
In-kind Donation	Donation of clothes to “The Salvation Army Hong Kong and Macau Command” who handover to those in need	★	
Environmental Protection	“Green Day” by The Community Chest of Hong Kong – Encouragement to ride on environment-friendly means of transportation and green form of travel	★	★
Health Support	“Love Teeth Day” by The Community Chest of Hong Kong - fundraising for oral health services	★	
Festive Celebration	Sponsorship to the elderly’s activities on Chung Yeung Festival through “Shunde District Beijiao Town Xincun Welfare Society”	★	
Industry Development	Sponsorship to the activities organized by “The Federation of Hong Kong Footwear Ltd.”	★	



le saunda holdings ltd.

萊爾斯丹控股有限公司

le saunda holdings ltd.

Environmental, Social and Governance Report 2021