

# Yuk Wing Group Holdings Limited

## 煜榮集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1536



# 2020/21

ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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## APPROACH

Yuk Wing Group Holdings Limited (stock code: 1536) and its subsidiaries (hereafter, called the “**Group**”, “**we/our**”, or “**us**”) is committed to promoting transparency of the Group’s operations and creating positive impact on the environment and society in which it operates, and also maintaining close relationships with our stakeholders through stakeholder engagement.

The results of the Environmental, Social and Governance (“**ESG**”) review shown in this report demonstrate the importance which we place on environmental protection, and explain how we seek to continually improve our ESG strategy as to be in line with the global standards.

With both integrity and determination, we look at issues that may have a reputational impact on, or that may pose a risk to, the Group in the short-, medium- or long-run period. Issues that are important to our stakeholders, including but not limited to, our customers and employees, as well as the community, are also crucial to us. We are positive in developing opportunities with a focus on work ethics to ensure that the Group’s success in business development is sustainable, and that the benefits will pass on to our employees, customers and the environment.

The Group follows the principle of sustainable development. We endeavour to incorporate sustainability practices into our policies and mechanisms. By adopting green operational practices, we strive to reduce the environmental impacts caused by the business operations of the Group.

We are confident that the Group’s long-term success can be maintained as the Group properly manages the ESG issues with all relevant stakeholders.

Our sustainability strategy in the following aspects is applied to the work streams:

1. To promote environmental sustainability;
2. To attract, retain and support employees;
3. To engage with stakeholders;
4. To sustain local communities;
5. To strengthen community relations; and
6. To grow a supplier commitment.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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## ABOUT THIS REPORT

### Report Profile

We are pleased to present our fifth ESG Report (the “**ESG Report**”). This ESG Report mainly focuses on our operations in Hong Kong and the People’s Republic of China (the “**PRC**”). It describes the progress towards our goal of creating sustainable value for our shareholders and other stakeholders. During the process of our preparation of this ESG Report, we have conducted thorough review and evaluation of the existing policies and practices.

### Report Scope and Boundary

The ESG Report contains information that is material, so as to allow report readers to understand our operational practices in Hong Kong and the PRC.

This ESG Report is prepared in accordance with the selected global, local and industrial standards and best practices, which include, but not limited to, the ESG Reporting Guide as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**HKEX**”) (the “**Listing Rules**”) and any applicable accounting and financial reporting standards in Hong Kong. The ESG Report focuses on providing an overview of the performance of our operations in Hong Kong and the PRC with respect to the aspects of ESG for the financial year from 1 April 2020 to 31 March 2021 (the “**Financial Year**” or “**Reporting Period**”). The ESG reporting period is consistent with our financial year.

In order to comply with the disclosure requirement of the “comply or explain” provision, the ESG Report has outlined our overall performance in respect of environmental protection, human resources, operating practice and community involvement for the Reporting Period. HKEX’s Guide to the ESG report is attached on pages 17 to 20 for cross-referencing purpose.

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## Our Stakeholders

We believe that our key stakeholders play a crucial role in sustaining the success of our business, and we seek for opportunities to understand and engage our stakeholders. The probable points of concern of the stakeholders and the means of our communication and responses are listed below:

Stakeholders	Areas of concern	Communication and responses
HKEX	Compliance with the Listing Rules, timely and accurate announcements.	Meetings, training, workshops, website updates and announcements.
Government	Compliance with laws and regulations, tax payment according to law, and social welfare.	Interaction and visits, government inspections, tax returns and other information.
Suppliers	Payment schedule and stable demand of quality products.	Site visits, review and evaluation.
Investors	Corporate governance, business strategies and performance, and investment returns.	Shareholders' meetings, publication of financial reports or operational reports for investors and analysts.
Media & Public	Corporate governance, environmental protection and human rights.	Company's website updates and announcements, and interim and annual reports.
Customers	Product and service quality, delivery schedule, reasonable prices, commercial credibility, service value and personal data protection.	After-sales services.
Employees	Rights and benefits, employees' compensation, training and development, working environment, labor protection and work safety.	Employee trainings and activities, annual appraisal, employees' suggestion boxes and employee handbook.
Community	Community environment, employment opportunities, and social welfare.	Community activities, employee voluntary activities and community welfare subsidies and donations.

## Stakeholders' Feedback

Your feedback and comments are important to us. We strive to enhance communication with our investors, stakeholders and the public. Please send your enquiries and concern in writing to the principal place of business of the Group in Hong Kong at Unit B, 13/F, Eton Building, 288 Des Voeux Road Central, Hong Kong for the attention of the Company Secretary.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## A. ENVIRONMENTAL

### Overview

The Group is principally engaged in the manufacturing and trading of down-the-hole (“DTH”) rockdrilling tools, trading of piling and drilling machineries and trading of rockdrilling equipment.

We understand that the foundation for economic progress and well-being of the society is a healthy environment. The Group has been persistent in conducting business in an environmentally responsible and sustainable manner through the efficient use of resources, including energy, water, and raw materials.

Moreover, we are committed to upholding high environmental standards. To fulfil relevant requirements under applicable laws and regulations in Hong Kong and the PRC, Safety Committee (安全生產領導小組) is established and internal guidelines and procedures are formulated, e.g. “Enterprise Environmental Protection Management System Policy” (企業環保管理制度). By complying with relevant local environmental regulations and international general practices, we strive to further alleviate the impacts on the environment from our business operations.

### Emissions

We comply with the requirements as set out in the local environmental protection laws and regulations in the PRC, including, but not limited to the “Law of Environmental Protection of the PRC” (中華人民共和國環境保護法), the “Law of the PRC on the Prevention and Control of Atmospheric Pollution” (中華人民共和國大氣污染防治法), “Standards of Guangdong Province on Emission Limits of Air Pollutants” (廣東省地方標準 — 大氣污染物排放限值DB44/27–2001) issued by the Guangdong Environmental Protection Bureau and the Administration of Quality and Technology Supervision of the Guangdong Province in the PRC and “Standard of Smoke and Dust Emission for Industrial Kiln and Furnace” (工業窯爐大氣污染物排放標準GB9078–1996).

The major types of air emissions created in the course of production are metallic dust and weld fumes, which are produced during the shot passivation and repair welding process.

To minimise the emissions of metallic dust, cyclone dust collectors and bag-filtering dust precipitators, which are capable of collecting over 99.5% of the metallic dust, are placed in our production facilities. Moreover, weld fumes are gathered using collection channels and are then released through an exhaust funnel that is approximately 15 metres in height.

Aside from the emission generated from our production process as aforementioned, we have generated air emissions and greenhouse gas through our four types of activities, including the use of gas cooking stoves, heater, motor vehicles and electricity.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, we have produced approximately 197.1 kg of Nitrogen Oxides (2019/20: 522.5 kg)<sup>1</sup>, approximately 0.4 kg of Sulphur Oxides (2019/20: 0.5 kg) and approximately 934,814.7 kg of carbon dioxide (2019/20: 1,055,118.8 kg). Emission data from gaseous fuel consumption, i.e., natural gas, is not disclosed due to its immateriality. Details of the emissions are shown below:

<b>Emission Indicators</b>	<b>Source</b>	<b>2020/21</b>	2019/20
<b>KPI A1.1</b>			
<b>Air Emissions</b>			
<i>Emission Data from Vehicles</i>			
<i>Emission type (in g)</i>	Kilometres travelled	<b>202,005.0<sup>2</sup></b>	306,031.0
	Nitrogen Oxides	<b>197,125.7</b>	522,446.3
	Particulate Matter	<b>19,018.4</b>	51,267.4
	Sulphur Oxides	<b>439.7</b>	447.6
<i>Units of fuel consumed (in L)</i>	Diesel	<b>12,058.8</b>	12,187.4
	Petrol	<b>16,706.2</b>	17,101.1
<b>KPI A1.2</b>			
<b>Total Greenhouse Gas ("GHG") Emissions</b>			
<i>Scope 1: Direct Emissions or Removals from Sources</i>			
Scope 1a – GHG Emissions from Stationary Combustion Sources			
<i>Units of fuel consumed (in L)</i>	Natural Gas	<b>23,249.0</b>	27,930.0
	Diesel	<b>N/A</b>	20
<i>Emission type (in kg)</i>	Carbon Dioxide	<b>47.0<sup>3</sup></b>	104.8
Scope 1b – GHG Emissions from Mobile Combustion Sources			
<i>Units of fuel consumed (in L)</i>	Diesel	<b>12,058.8</b>	12,187.4
	Petrol	<b>16,706.2</b>	17,101.1
<i>Emission type (in kg)</i>	Carbon Dioxide	<b>78,410.4</b>	79,187.7
Scope 2 – Energy Indirect Emissions			
<i>Unit of Electricity Consumed (in kWh)</i>		<b>1,068,469.0</b>	1,169,013.0
<i>Emission type (in kg)</i>	Carbon Dioxide	<b>855,371.9</b>	976,286.7
<i>Business Air Travel By Employees</i>			
<i>Emission type (in kg)</i>	Carbon Dioxide	<b>985.4<sup>4</sup></b>	6,816.5
<b>Total Amount of Carbon Dioxide Produced during the Reporting Period:</b>		<b>934,814.7</b>	1,055,579.2

There were no cases of non-compliance with laws and regulations relating to air pollution and greenhouse gas emission during the Reporting Period.

<sup>1</sup> The emission of Nitrogen Oxides has decreased by 62.3% due to lower usage of vehicles during COVID-19 pandemic and decreased frequency of product delivery.

<sup>2</sup> Number of kilometres travelled has decreased by 34.0% due to lower usage of vehicles during COVID-19 pandemic and decreased frequency of product delivery.

<sup>3</sup> Amount of Carbon Dioxide produced by stationary combustion sources decreased by 55.2% due to no usage of back-up electricity generators, resulting in zero usage of diesel and respective production of Carbon Dioxide.

<sup>4</sup> Amount of Carbon Dioxide produced by business air travel decreased by 85.5% due to reduction of travel in this financial year.

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## Hazardous Waste & Non-Hazardous Waste

Hazardous and non-hazardous wastes are generated in the course of our production and daily operations. Hazardous wastes include cutting fluid, machinery oil and used oil rag. Non-hazardous wastes include, but are not limited to paper, paper box and iron scrap.

The production of waste is listed below:

Waste Indicators	Source	2020/21	2019/20
<b>KPI A1.3</b>		<b>(in tonnes)</b>	(in tonnes)
<b>Total hazardous waste produced</b>	cutting fluid	<b>11.2<sup>5</sup></b>	6.7
	machinery oil	<b>1.4<sup>5</sup></b>	0.3
	used oil rag	<b>0.5</b>	0.6
<b>Hazardous waste produced per tonne of unit produced</b>		<b>(in tonnes/unit produced)</b>	(in tonnes/unit produced)
	cutting fluid	<b>0.00150</b>	0.00055
	machinery oil	<b>0.00019</b>	0.00003
	used oil rag	<b>0.00007</b>	0.00005
<b>KPI A1.4</b>		<b>(in tonnes)</b>	(in tonnes)
<b>Total Non-Hazardous waste produced</b>	Paper/Paper Box	<b>0.1<sup>6</sup></b>	0.8
	iron scrap	<b>208.2<sup>7</sup></b>	263.2
<b>Non-Hazardous waste produced per tonne of unit produced</b>		<b>(in tonnes/unit produced)</b>	(in tonnes/unit produced)
	Paper/Paper Box	<b>0.00002</b>	0.00013
	iron scrap	<b>0.02790</b>	0.02169

We comply with the requirements as set out in the local environmental protection laws and regulations in the PRC, including, but not limited to, the “Law of Environmental Protection of the PRC” (中華人民共和國環境保護法), the “Law of the PRC on Prevention and Control of Water Pollution” (中華人民共和國水污染防治法), the “Law of the PRC on the Prevention and Control of Atmospheric Pollution” (中華人民共和國固體廢物污染環境防治法), “Regulations of Guangdong Province on Prevention and Control of Environmental Pollution by Solid Waste” (廣東省固體廢物污染環境防治條例).

To minimise the adverse impact caused by the disposal of hazardous waste, we have engaged qualified third-party recycling companies for waste disposal. All hazardous wastes we produced are recycled by recycling companies with respective licenses, such as the “Hazardous Waste Collection, Storage, Disposal Business License” (危險廢物收集、儲存、處置經營許可證) and “Dangerous Goods Road Transport Business License” (道路危險貨物運輸經營許可證). For the non-hazardous wastes produced i.e. paper, paper boxes and iron scraps, they are sold to the respective recyclers.

There were no cases of non-compliance with laws and regulations relating to generation of hazardous and non-hazardous waste during the Reporting Period.

<sup>5</sup> The produced cutting fluid and machinery oil increased by 67.0% and 350.5% respectively due to enhanced and more accurate data collection method.

<sup>6</sup> The total amount of paper and paper box decreased by 83.4% due to the decrease of production volume by 38.5%, and greener packaging from suppliers that used fewer paper boxes.

<sup>7</sup> The total amount of iron scrap decreased by 20.9% due to the decrease of production volume by 38.5%.



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## Use of Resources

Our Group strictly complies with the requirements as set out in the local environmental protection laws and regulations in the PRC, including, but not limited to, the “Environmental Protection Law of the PRC” (中華人民共和國環境保護法) regarding the efficient use of resources.

We believe that, efficient resources consumption means more than consuming less, but also means to consume resources at its optimal level. Our main sources of resources usage are electricity, water, raw materials and packaging materials.

### Electricity, Water and Raw Materials

During the Reporting Period, approximately 1,068,469.0 kWh of electricity (2019/20: 1,169,013.0 kWh) and approximately 4,523.7 cubic metres of water<sup>8</sup> (2019/20: 6,724.0 cubic metres) are consumed. Comparative figures for Intensities of the electricity and water consumption between current and previous financial year are as follows:

Use of Resources Indicators	Source	2020/21	2019/20
<b>KPI A2.1&amp;2.2</b> <b>Consumption per capita</b>	Electricity	<b>8,978.7 kWh per capita</b>	11,240.5 kWh per capita
	Water	<b>38.0 cubic metres per capita</b>	64.7 cubic metres per capita

We have implemented multiple measures to reduce our usage over electricity and raw materials, which includes:

1. Control raw material usage and reduce raw material wastage by procuring raw materials, especially tungsten carbide ring, with size as similar to that of finished products, and monitoring the quality of our work-in-progress and products closely;
2. Switch off electrical appliances and lights during lunch hours and non-working hours;
3. Keep indoor temperature at 24 degrees Celsius or above;
4. Keep the doors closed while the air-conditioners are in use;
5. Control paper usage and promote the concept of double-side printing; and
6. Recycle raw materials, such as cutting fluid.

We do not have any issue in sourcing water, and the existing supply of water meets our daily operational needs. Water consumption by the Group is minimal, which mainly serves the purpose of basic cleaning and sanitation. In order to reduce water wastage, we regularly inspect the water supply facilities and actively promote water conservation awareness among our employees. We also ensure that our waste water discharge level complies with “Discharge Limits of Water Pollutants” (水污染物排放限值DB44/26-2001) in the PRC.

<sup>8</sup> Water usage decreased by 32.7%, due to less operational needs during COVID-19 pandemic and the decrease of production volume by 38.5%.

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In addition, staff canteen located at our factory in PRC produces non-hazardous waste water and sanitary sewage, with the waste water being treated by the three-stage sludge as to separate oil and slag, and the sanitary sewage is being processed by the three-stage septic-tank. As such, we attempt to minimise the environmental impacts caused by the waste discharge.

## Packaging Materials

Packaging materials consumed by the Group mainly include splint, laminated timber and strap. During the Reporting Period, approximately 45.2 tonnes of splint<sup>9</sup> (2019/20: 55.9 tonnes), approximately 28.4 tonnes of laminated timber (2019/20: 32.9 tonnes) and approximately 0.5 tonnes of strap<sup>9</sup> (2019/20: 0.8 tonnes) are produced.

Comparative figures for intensities of the packaging materials used between current and previous financial year are as follows:

Packaging Material Indicators	Source	2020/21	2019/20
<b>KPI A2.5</b>			
<b>Packaging material per unit produced</b>		<b>(in Tonnes/ unit produced)</b>	<b>(in Tonnes/ unit produced)</b>
	Splint	<b>0.00606</b>	0.00460
	Laminated Timber	<b>0.00381</b>	0.00271
	Strap	<b>0.00007</b>	0.00010

## Environmental Impact

Noise is unavoidably created when we operate our machines. We strive to minimise the nuisance caused to the nearby community. Noise control measures are adopted in our productions including sound insulation, vibration reduction, noise elimination and sound absorption.

The production facilities in the PRC comply with the "Emission Standard for Industrial Enterprises' Noise at Boundary" (工業企業廠界環境噪聲排放標準GB12348-2008).

<sup>9</sup> Number of tonnes of splint and strap decreased by 19.0% and 31.3% respectively since fewer packaging materials were needed for lower production volume.

## B. SOCIAL

### Employment and Labour Practices

As a responsible employer, we strictly comply with all relevant employment laws and regulations that have significant impact on us, including but not limited to “Employment Ordinance”, “Minimum Wage Ordinance”, “Employees’ Compensation Ordinance”, and “Mandatory Provident Fund Schemes Ordinance” in Hong Kong, and “Labour Law” (中華人民共和國勞動法), “Labour Contract Law” (中華人民共和國勞動合同法), and “Law of the PRC on Work Safety” (中華人民共和國安全生產法) in the PRC.

We have formulated our internal policies in accordance with relevant labour laws and regulations related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare, employment development and training, child and forced labour.

To ensure that key policies are clearly and consistently communicated to our employees, the Group has established a “Staff Handbook”, which details the rights of our employees, such as working hours, leave entitlements and other benefits and welfare. Every employee is provided with a copy of the “Staff Handbook” when they join the Group.

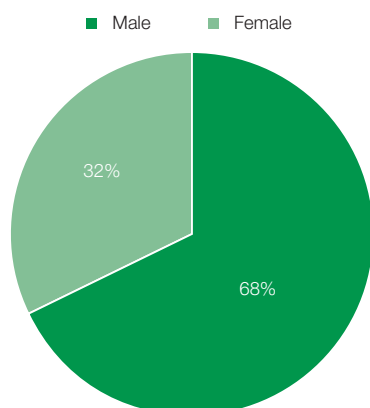
### Compliance and Grievance

During the Reporting Period, there was no incident of non-compliance in relation to relevant labour laws and regulations, and the Group had not been subject to any material labor laws claim, lawsuit, penalty or disciplinary action.

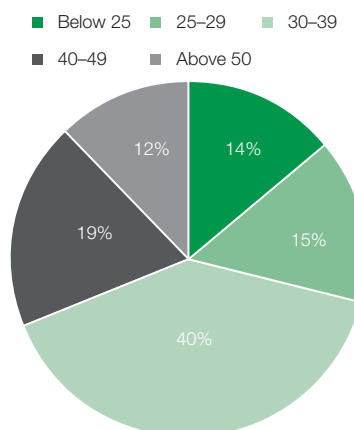
### Our Team

We believe that a diversified and equitable workforce is vital for our business development. We strive to ensure our recruitment process is fair and without any discrimination. As of 31 March 2021, the Group had a total of 88 employees (as of 31 March 2020: 104 employees). Details for workforce by gender, employment type, age group and geographical region are as follows:

**Total number of employees by gender:**

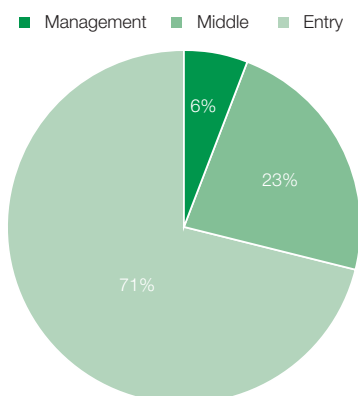


**Total number of employees by age group:**

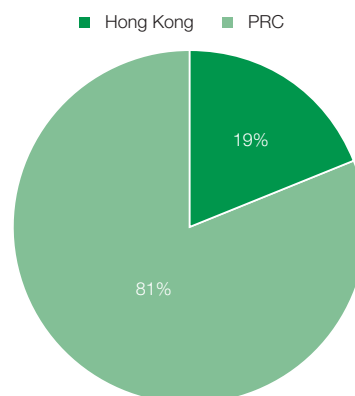


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## Total number of employees by employment type:



## Total number of employees by region:



During the Reporting Period, 29 employees (2019/20: 40) left the Group with turnover rate as follows.

### Employee Turnover Rate (% to total turnover)

	2020/21	2019/20
<b>By Gender</b>		
Male	76%	70%
Female	24%	30%
<b>By Age</b>		
< 25	52%	63%
25-29	14%	12%
30-39	21%	8%
40-49	10%	12%
> 50	3%	5%
<b>By Region</b>		
PRC	100%	83%
HK	N/A	17%

### Welfare and Benefits

The Group has established a fair and reasonable remuneration regime, adhering to the principle of fairness, incentive and legality. The remuneration of employees includes basic salaries, annual remuneration and attendance bonuses. For effective personnel management, we offer rewards (e.g. promotion) and inflict punishments (e.g. dismissal) based on employees' attendance and performance.

Employees who have completed their probation are entitled to all statutory holidays, leave and welfare as stipulated in the national and local laws and regulations, including but not limited to paid maternity leave, paternity leave, compassionate leave and annual leave.

In order to comply with the "Labour Law" (中華人民共和國勞動法) in the PRC, we manage the work schedules for our employees in the PRC production facility with no more than 8 working hours per day and 44 hours per week on average.

We believe that maintaining a good work-life balance is essential to employees' physical and mental health. Thus, our employees are never forced to work overtime.

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## *Child Labour and Forced Labour*

The Group does not tolerate the recruitment of child labour and the use of forced labour. Every recruitment is subject to a stringent internal review process that includes verifying personal information of applicants.

For example, the Human Resources Department carefully verifies the identity of applicants to ensure that child labour is not recruited. Any individuals under legal working age are not recruited.

## *Equal Opportunity, Diversity and Anti-discrimination*

Our Group is committed to providing a friendly working environment where employees are treated fairly and equally. All employees are assessed based on their ability, job performance and contribution irrespective of their nationality, race, religion, disability, sexual orientation, political opinion, gender, age or family status. Through proactive enforcement of the policy on prohibition of discrimination and harassment, we strive to create a workplace free of bullying, belittling and sexual harassment.

## **Health and Safety**

The Group is dedicated to providing a safe working environment for all of our employees. Occupational health and safety of our employees are always our top-priority. We make every effort to minimise and avoid potential occupational hazards.

During the Reporting Period, the Group complies with relevant laws and regulations regarding health and safety, including but not limited to the “Law of the PRC on Work Safety” (中華人民共和國安全生產法) and the “Regulations on Work Safety Permits” (安全生產許可證條例). The Human Resources Manager is responsible for monitoring the compliance status of the laws and regulations as aforementioned.

To ensure occupational health and safety, we have established a comprehensive set of policies regarding occupational health and safety management system. Moreover, the Group has established a “Fire Safety Management Guideline” that formulates the procedures of fire safety inspection to make sure that fire safety equipment is in good condition. Regular fire drills are also conducted to ensure that employees are well aware of evacuation routes and fire extinction measures.

Furthermore, the Group has developed emergency plans in regard to production disruption, fire control and industrial injuries. Under the occurrence of any material operational disruption, actions are taken immediately in accordance with the emergency plan. Impacts on production efficiencies and environment caused by the accident are to be assessed and kept to a minimal level.

We ensure that our workers are technically and professionally certified before assigning them to operate special equipment, such as forklift, bridge crane and lifting equipment, etc. The Human Resources Department closely monitors the validity of these certificates. The certificates are to be properly retained during the service period of the respective employees. Operation manuals for different equipment are also available to curb workplace accidents.

In order to keep in line with the safety requirements of our production facility, the Human Resources Department performs daily inspections on hygiene, workplace and machinery safety. Inspections on designated protective measures, such as the protective clothing and face masks used by staff operating the machines, would also be conducted on a regular basis.

In addition, the Group provides regular safety and first aid training to different levels of employees in order to arouse employees’ awareness of workplace health and safety. In case if an employee encounters any work-related injuries, the Group will take all necessary measures to make sure that proper medical care and treatment is offered to the respective employee.

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During the Reporting Period, there were two cases of work injuries, resulting in 76 lost days. For the year ended 31 March 2020, there was no work-related fatality and lost days due to work injury. For the years ended 31 March 2018 and 31 March 2019, there was one case of work injury in each year, resulting in 26 and 71 lost days respectively. All work injury cases were timely reported to relevant government bodies. Documents from government and hospitals were properly maintained in Human Resources Department for follow-up actions and future reference.

COVID-19 has affected business globally and affected livelihood of people. We understand that the pandemic might cause an adverse impact on the well-being of employees. Thus, we had implemented a series of preventive measures in offices to safeguard the health and safety of employees at all levels. The established measures include but not limited to:

1. Conducting frequent disinfection;
2. Providing pandemic prevention supplies such as protective masks, disinfectant and thermometers; and
3. Requiring employees to wear masks in offices and discharge the used masks in designated bins properly.

## **Development and Training**

Employees are our most valuable asset. Thus, we place strong emphasis on personal development. A wide range of training programmes are provided to our employees to enhance their knowledge and capabilities.

Orientation training sessions are provided to newly recruited staff by their respective department supervisors. The training covers introduction of our Group, their own department structure, responsibilities, required skills and working instructions.

We also require all our newly recruited staff to attend safety training before commencement of their duties. Upon the completion of the training, our staff would have a good understanding of the relevant laws and regulations, the Group's internal policies relating to safety and available safety measures. The aim of providing such training is to minimise the chance of having any work-related injuries.

During the Reporting Period, we organised fire safety training to all staff in the PRC office, aiming to reinforce fire safety awareness of our staff. Upon our fire safety training, our staff are equipped with basic fire safety knowledge and skills, including method of fire escape and proper way of fire extinguishers.

Moreover, orientation trainings are provided to newly recruited staff by their respective department supervisors about the Group, their department structure, responsibilities, required skills and working instructions.

In addition, during the Reporting Period, we arranged a training session on machinery operation for all our production staff, covering safety measures in operations, maintenance and inspection of various machineries.

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During the Reporting Period, we have provided staff training for a total of 243 hours (2019/20: 1,104.5 hours). The number of training sessions decreased during the Reporting Period since crowd gathering was not preferred to avoid the possible spreading of viruses and pandemic. Statistics related to development and training for the Reporting Period are detailed as follows:

Average hours of training per employee	2020/21
<b>By gender</b>	
Male	2.8
Female	2.7
<b>By employment type</b>	
Entry level	2.9
Middle level	3.1
<b>Percentage of employees trained</b>	
<b>By gender</b>	
Male	83.3%
Female	75.0%
<b>By employment type</b>	
Entry level	85.7%
Middle level	85%

## Supply Chain Management

The Group places strong emphasis on supplier management. We have formulated the “Purchasing Policy” (採購管理制度) that clearly states the procurement procedures and selection criteria for suppliers.

We work closely with our existing suppliers to ensure the quality of the products and to reduce the environmental impact caused by the products being manufactured from our production facilities. In order to ensure the effectiveness and sustainability of our supply chain, we continue to cautiously select new suppliers based on our defined criteria, such as their size, products, services, quality, delivery time, cost effectiveness, etc. We also set clear expectations of our suppliers in areas such as environmental impact and child labour. In addition, suppliers with more advanced and greener production technologies are preferred, to minimise the unnecessary wastes produced during the production process.

Approved suppliers are evaluated annually to ensure that suppliers meet the requirements on quality, delivery time and engineering techniques. Suppliers who are not up to the standard for a prolonged period are to be disqualified.

## Product Responsibility

The Group strictly complies with the relevant laws and regulations relating to product responsibility that have significant impact on us, including but not limited to the “PRC Product Quality Law” (中華人民共和國產品質量法), “Customer Protection Law” (中華人民共和國消費者權益保護法) in China, China’s “Law of Tort” (中華人民共和國侵權責任法), the “Trade Description Ordinance” and the “Sale of Goods Ordinance” in Hong Kong.

During the Reporting Period, the Group was not aware of any material non-compliance with the relevant laws and regulations related to health and safety, advertising, labelling and privacy matters relating to products and services provided.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *Quality Assurance*

In order to minimise our product liability risk and ensure customer satisfaction, the Group has established “Quality Management System and Process Policy” (品質管理制度及流程). The policy articulates clear guidance on the implementation of quality assurance plans. Quality Control Department is responsible for inspections on raw materials, work-in progress and finished goods. Moreover, to further ensure product quality, inspection report is to be issued by the department prior to the delivery of products to our customers. As such, we strive to maintain and exceed our standards of quality products in the future.

## *Customer Service*

Sound customer service is essential in maintaining a long-term relationship with our customers. To ensure that our customers possess adequate knowledge on operating the products, the Group has set up an experienced aftersales team which provides onsite technical support in Hong Kong and Macau upon request. The Group also requires overseas distributors in Scandinavia, Japan and India to provide the end users with aftersales technical support. The Group makes every effort to promptly investigate and resolve all disputes and complaints lodged by customers. All complaints received are diverted to and handled by Quality Control Department. Upon receipt of a complaint, responsible personnel will investigate and appropriate action will be taken in a timely manner.

In the event of non-artificial performance failure, the Group would have the products recalled and provide customers with up to 100% refund. Moreover, we offer customers with other value-added services, including repair and maintenance services for the machineries and equipment.

During the Reporting Period, there were no products sold or shipped that were subject to recalls for safety or health reasons; neither were written complaints related to product and service quality.

## *Intellectual Property Rights*

During the Reporting Period, we strictly comply with laws and regulations with regard to product responsibility in Hong Kong and PRC that have a significant impact on us, including, but not limited to, the “Copyright Ordinance” (Chapter 528), the “Trademark Law of the PRC” (中華人民共和國商標法) and the “Copyright Law of the PRC” (中華人民共和國著作權法).

We actively seek patent and design protection for important innovations and designs. The Research and Development Department (“**R&D Department**”) actively monitors the status and usage of the Group’s intellectual property (“**IP**”). As when potential IP infringement is identified, the case will be reported to the R&D Department. If the report of infringement is confirmed, the case would be passed to the management for further action.

Moreover, we act proactively to enforce IP rights against third-party infringers. For Research and Development Cooperation, a technical cooperation agreement specifying the confidentiality requirements of proprietary information and rights upon patent entitlement, is signed with the relevant parties to protect the Group’s IP rights.

In addition, for parties with access to the IP of the Group, agreements with confidentiality clause are signed. We also require our staff to sign the confidentiality agreement and anti-competitive agreement.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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## *Data Protection*

The majority of our products are custom-made to suit needs of the individual customers, when construction drawings are passed to the Production Department for production of customised products. To avoid information leakage, copying and/or scanning of the construction drawings are strictly prohibited. Computers with access to the construction drawings are also not accessible to the internet and external storage devices.

Moreover, non-disclosure agreements are signed by all employees of the Group to ensure that they are aware of their legally binding obligation of protecting confidential information of the Group.

## **Anti-Corruption and Money Laundering**

During the Reporting Period, we complied with all relevant local and national laws and regulations relating to prevention of bribery, extortion, fraud and money laundering, including, but not limited to, the “Prevention of Bribery Ordinance” (Cap. 201 of the Laws of Hong Kong), “Drug Trafficking (Recovery of Proceeds) Ordinance” (Cap. 405) and the “Organised and Serious Crimes Ordinance” (Cap. 455) in Hong Kong, the “Criminal Law” (中華人民共和國刑法) and “Anti-Money Laundering Law” (中華人民共和國反洗黑錢法) in the PRC.

The Group prohibits acts of corruption and bribery committed by its employees. Our “Employee Feedback and Anti-corruption Policy” (僱員回饋和反舞弊管控規範) clearly sets out the procedures and channels for reporting corruption and fraudulent cases. As stipulated in the policy, every employee should immediately report any suspected fraud cases.

After detecting the potential fraudulent case, investigation is to be conducted with due care and the investigation process is kept confidential. For the proven fraud case, management will take corrective action immediately.

In the case of conflict of interests, the employees must declare their personal interests and report the matters to the Group’s management. Employees are strictly prohibited to abuse their power and/or take advantage of their position for personal gain.

During the Reporting Period, we were not aware of any cases and reports of corruption or money laundering.

## **Community Investment**

Community engagement is an integral part of our corporate culture. We are attached to our social responsibilities and are committed to building a better society.

The Group aspires to provide support to the elderly and strengthen community relations. During the Reporting Period, we had taken initiatives to support the community through donations to a number of non-governmental organisations, including but not limited to Friends of The Aged People, the Hong Kong Elderly Association Ltd., Lord Grace Service Society Ltd. and Tung Wah Group of Hospitals.

We will continue to devote our time, resources and capital for the betterment of the society. By sharing our knowledge and best practices, we aim to contribute to the long-term development of the communities we operate in.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## HKEX'S GUIDE TO THE ESG REPORT

### Part A: Environmental

ESG Aspects	Related Section	Remarks
<b>A1. Emissions</b>		
Information on the policies and 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.	Overview, Emissions, Hazardous Waste & Non-Hazardous Waste	
KPI A1.1 The types of emissions and respective emission data.	Emissions	
KPI A1.2 Greenhouse gas emission in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions	
KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Hazardous Waste & Non-Hazardous Waste	
KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Hazardous Waste & Non-Hazardous Waste	
KPI A1.5 Description of measures to mitigate emissions and results achieved.	Emissions, Hazardous Waste & Non-Hazardous Waste	
KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Hazardous Waste & Non-Hazardous Waste	
<b>A2. Use of Resources</b>		
Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources	
KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Electricity, Water and Raw Materials	
KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Electricity, Water and Raw Materials	
KPI A2.3 Description of energy use efficiency initiatives and results achieved.	Electricity, Water and Raw Materials	
KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Electricity, Water and Raw Materials	
KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Packaging Materials	

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Aspects	Related Section	Remarks
<p><b>A3. The Environmental and Natural Resources</b></p> <p>Policies on minimising the issuer's significant impact on the environment and natural resources.</p>	Overview, Emissions, Hazardous Waste & Non-Hazardous Waste, Use of Resources	
KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Emissions, Hazardous Waste & Non-Hazardous Waste, Use of Resources	

## Part B: Social

ESG Aspects	Related Section	Remarks
<p><b>B1. Employment</b></p> <p>Information on the policies and compliance with 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.</p>	Employment and Labour Practices & Compliance and Grievance	
KPI B1.1 Total workforce by gender, employment type, age group and geographical region.	Our Team	
KPI B1.2 Employment turnover rate by gender, age group and geographical region.	Our Team	
<p><b>B2. Health and Safety</b></p> <p>Information on the policies and compliance with laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.</p>	Health and Safety	
KPI B2.1 Number and rate of work-related fatalities.	Health and Safety	
KPI B2.2 Lost days due to work injury.	Health and Safety	
KPI B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety	
<p><b>B3. Development and training</b></p> <p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p>	Development and Training	
KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training	
KPI B3.2 The average training hours completed per employee by gender and employee category.	Development and Training	

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Aspects	Related Section	Remarks
<b>B4. Labour standards</b>		
Information on the policies and compliance with laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Child Labour and Forced Labour	
KPI B4.1 Description of measures to review employment practices to avoid child and forced labour.	Child Labour and Forced Labour	
KPI B4.2 Description of steps taken to eliminate such practices when discovered.	N/A	Not Disclosed
<b>B5. Supply chain management</b>		
Policies on managing environmental and social risks of the supply chain.	Supply Chain Management	
KPI B5.1 Number of suppliers by geographical region.	N/A	Not Disclosed
KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management	
<b>B6. Product responsibility</b>		
Information on the policies and compliance with laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and method of redress.	Product Responsibility	
KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Customer Service	
KPI B6.2 Number of products and service related complaints received and how they are dealt with.	Customer Service	
KPI B6.3 Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Rights	
KPI B6.4 Description of quality assurance process and recall procedures.	Quality Assurance & Customer Service	
KPI B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	Data Protection	
<b>B7. Anti-corruption</b>		
Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-Corruption and Money Laundering	
KPI 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.	Anti-Corruption and Money Laundering	
KPI B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-Corruption and Money Laundering	

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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ESG Aspects	Related Section	Remarks
<b><i>B8. Community investment</i></b> Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure that its activities take into consideration the communities' interests.	Community Investment	
KPI B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment	
KPI B8.2 Resources contributed (e.g. money or time) to the focus area.	Community Investment	

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**Yuk Wing Group Holdings Limited**  
**煜榮集團控股有限公司**