



Stock Code: 1150

米蘭站控股有限公司

MILAN STATION HOLDINGS LIMITED

(Incorporated in Cayman Islands with limited liability)

**ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT**

2020 環境、社會及管治報告

Environmental, Social and Governance Report

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Environmental, Social and Governance Report

ABOUT THE GROUP

Milan Station Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) is principally engaged in the retail of fashion accessories. Our competitive strength is the ability to provide timely and reliable products to consumers. Over the years, our solid track record and experienced management team have established an excellent reputation within the industry.

ABOUT THIS REPORT

The Group is pleased to present its Environmental, Social and Governance (“ESG”) Report (the “ESG Report”) for the year ended 31 December 2020 (the “Reporting Period”). This report provides an annual update on the sustainability performance, accomplishments and challenges faced over the past years. It has been updated to reflect the interest of various stakeholders.

Reporting Principles

The ESG Report is prepared in accordance with Appendix 27 of the Rules Governing the Listing of Securities on Main Board of The Stock Exchange of Hong Kong Limited (“Stock Exchange”). According to the guideline, the following principles are underpinned:

1. **Materiality:** Environmental, social and governance issues that have major impacts on investors and other stakeholders must be set out in this ESG Report.
2. **Quantitative:** If the key performance indicators (KPIs) have been established, they must be measurable and applicable to valid comparisons under appropriate conditions. They must also be able to describe the purpose and impacts of quantitative information.
3. **Balance:** This ESG Report must provide an unbiased picture of the environment, social governance performance of the Group. It should avoid selecting, omitting, or presenting formats that may inappropriately influence a decision or judgement by the reader.
4. **Consistency:** This ESG Report should use consistent and disclose statistical methodologies to allow meaningful comparisons of related data over time. Any changes to the methods used must be specified in the ESG Report.

Confirmation

The information documented in this ESG Report is sourced from official documents, statistical data, management and operation information of and collected by the Group in accordance with relevant internal policies. The Group has established internal controls and a formal review process to ensure that any information presented in this ESG Report is as accurate and reliable as possible.

Feedback

The Group discloses the latest business information regularly to investors and the public. We also welcome investors and shareholders to share their views with the board of directors of the Company by emailing to info@milanstation.net.

Environmental, Social and Governance Report

IDENTIFYING MATERIAL ISSUES

Stakeholder participation helps the Group review potential risks and business opportunities, and also facilitates the mitigation of these risks as well as the identification of opportunities. Understanding stakeholders' views allows the Group to better fulfil their needs and expectations with the Group's business practices and also to manage different stakeholders' opinions. The Group has been able to prioritise three issues from the eleven environmental and social aspects specified in the ESG Reporting Guide to be the material focus of this report. The three material issues are: Employment, Labour Standards and Health and Safety.

Stakeholder Engagement

As part of our business strategies, the Group communicates with the stakeholders in an open, honest and proactive way. To achieve this objective and improve transparency, we take active measures to promote investor relations and communication. In addition, we have developed the investor relations policy to ensure that investors have fair and timely access to the information of the Group.

ENVIRONMENTAL ASPECTS

As a corporate citizen, we understand and respect that our Group has a responsibility to the environment and to sustainable development. The Group is principally engaged in retailing, which does not generate any significant hazardous and non-hazardous emissions, wastes or pollutants. In order to pursue sustainable development, we are committed to eco-friendly operations and conservation of resources.

Emissions

Our Group complies strictly with relevant environmental laws, rules and regulations in all our locations and we do not directly produce any emissions, discharges into water or land, hazardous or non-hazardous waste. Our retail operations generate small amounts of packaging waste and indirect carbon emissions through the use of electricity, which are both monitored and regulated by our internal Group policies.

During the Reporting Period, our Group has indirectly, via the use of electricity ("Scope 2"), generated 116.2 tonnes of greenhouse gases, with an intensity of 0.66 tonnes CO₂ emissions per million revenues in Hong Kong Dollar.

During the Reporting Period, our administrative headquarters and retail locations did not have any record of any penalty or warning related to air, water or waste pollution and discharges from any environmental department or alerts from any environmental agencies.

Environmental, Social and Governance Report

Use of Resources

Energy and Water Consumption

The Group is committed to conserving resources in order to minimize its impact on the environment as well as improve shareholder returns. We actively promote energy efficiency, conservation and environmental awareness to our employees and stakeholders.

As set out in our Employee Handbook, staff should pay attention to the use of air conditioning and electricity, and implement practices such as turning off lights, air conditioning and computers when not in use.

To reduce energy consumption, the Group regularly monitors its electricity consumption in our headquarters and retail locations. During the Reporting Period, the Group consumed an aggregate of 196.3 MWh of electricity of which 157.0 MWh was for the Milan Station operations and 39.3 MWh was for the Thann operations. This was 38.5 MWh or 16% less in aggregate than in 2019 (2019: 234.8 MWh).

The Group does not consume material amounts of water in its operations. Water is mainly used by employees for drinking and hygiene needs and is supplied from and discharged into the city's water supply and treatment network. The Group therefore has no water supply problem nor any impact on the water resources.

Resources	Consumption Quantity	Intensity (per million revenues in HKD)
Energy Consumption	196.3 MWh	1.1 MWh
Water Consumption	2.38 m ³	0.014 m ³

Packaging materials used

Most of the Group's packaging materials are paper and plastic sheets which are used to pack the main products of our retailing. The Group strictly complies with the Product Eco-responsibility (Amendment) Ordinance 2014 and the plastic shopping bag levy in Hong Kong. We will continue to investigate the design of environmentally friendly packaging materials for our products, and encourage their use with our suppliers. We will also review our operations to minimize the use of the packaging materials.

Resources	Consumption Quantity	Intensity (per million revenues in HKD)
Packaging Material Consumption	0.59 tonnes	3.33 kg

Environmental, Social and Governance Report

The Environment and Natural Resources

Our Group disposes of its waste according to relevant rules and regulations, and encourages its staff to pay close attention to the use of waste and recycling, and the preservation of office equipment for the sake of conservation. We encourage regular maintenance and prolonged use of our computers, printers, fax machines, photocopiers, POS machines and other common office and retail equipment to reduce the frequency of replacement.

SOCIAL ASPECTS

Employment and Labour Practices

Employment

The Group maintains an Employee Handbook and company guidelines for hiring and termination, working hours, attendance, holidays, performance assessment, awards and criteria, equal opportunity, diversity, anti-discrimination and other benefits and welfare.

Our Group recognizes our employees are a key stakeholder in our operations and a key contributor to our business growth, and therefore we are committed to providing our staff with a satisfying and equitable workplace where our staff and our company can grow together. The Employee Handbook and company policies cover a wide range of employment protection and benefits, and complies with the labour laws, rules and regulations.

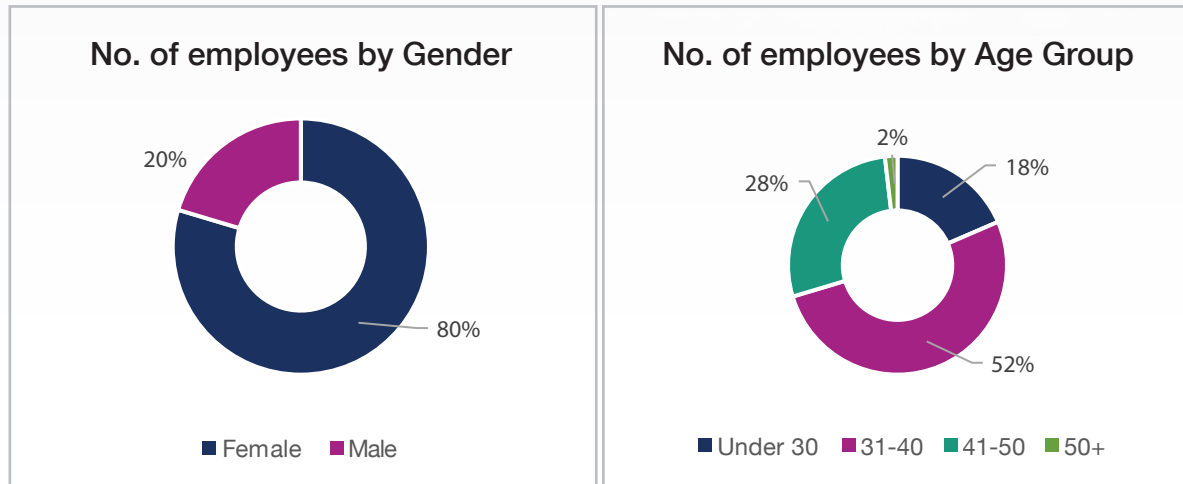
Employees' remuneration is determined with reference to the prevailing market level as well as their competence, qualifications and experience. The Group also provides a range of incentives to staff including best staff awards, promotion, pay raises, annual bonus and commission. Salary is credited to the bank account of the employee within five business days after the end of each month.

The Group is an equal opportunities employer and employees are selected based on ability without discrimination on sex, religion, race, colour or age. The recruitment process and decision making involve both the related department head and the Human Resource Department.

It is a requirement of our Employee Handbook that all management and employees actively ensure that the Group's working environment is not subject to any form of discrimination and harassment. The Group's Employment Handbook refers to the Sex Discrimination Ordinance (Cap. 480), the Disability Discrimination Ordinance (Cap. 487) and the Family Status Discrimination Ordinance (Cap 527).

Environmental, Social and Governance Report

An “Employment Data” KPI with breakdown on the total number of employees, gender ratio and age distribution has been set up to review the Group’s employment status regularly. In 2020, we employed a total of 54 staff (2019: 63) in Hong Kong, of which 11 are male (2019: 112) and 43 are female (2019: 51). The majority of our employees being female employees was mainly due to the nature of our retailing business which is predominantly the sale of female centric products.



Health and Safety

It is the responsibility of the Group to protect its staff and provide a safe working environment that is not dangerous or discriminatory. The Group complies with all relevant laws and regulations including the Occupational Safety and Health Ordinance to minimize the risk of any occupational hazards.

Development and Training

To improve the efficiency and effectiveness of each employee and the long-term development of the Group, the Group encourages staff to participate in training courses related to their work and establish a training record. These records will be used to assess, in part, the employee’s abilities.

For the improvement and job satisfaction of its employees, the Group provides an education allowance for the course fees of approved courses for its staff in service for over 4 years. The maximum entitlement of such allowance ranges from HK\$10,000 to HK\$30,000 per year depending on the staff’s position.

In addition to the education allowance, the Group also offers in-house classrooms, providing occasional free training courses to shop staff, so that they can effectively learn sales skills, trend information, and product examination procedures of the Group.

The Group has established a “**Staff Training Record**” showing the number of staff, their positions and the amount of education allowance paid for the management’s review regularly. During the Reporting Period, we provided education training to a total of 12 staff members from operational and retailing divisions.

Environmental, Social and Governance Report

Labour Standard

Our Group regulates the recruitment process in order to ensure compliance with relevant rules and regulations, and strongly forbids any child and forced labour.

The Group strictly complied with the Labour Laws of Hong Kong and provided the required labour protection, safety and health conditions to ensure employees' safety during their services. The Group also paid wages and salaries, benefits and compensations on schedule. During the Reporting Period, there have been no cases of prosecution against the Group due to violation of any relevant laws.

Operating Practices

Supply Chain Management

Our Group strives to manage risks in its supply chain through an established set of procedures. For its handbags, fashion accessories and embellishments products, the Group follows such procedures to determine whether its products are unused or second-hand and to ensure the products sold and distributed through the Group's retail shops are genuine and authentic products. All international luxury branded products sold by the Group undergo at least two product examinations before being sold at the Group's retail locations. The Group prepares a set of product examination guidelines and organizes in-house training sessions to relevant staff.

For the Reporting Period, 100% of the Group's procurement is conducted through local suppliers, which are defined as organisations that provides product(s) or service(s) to the Group and are based in the same geographical market as the Group without the Group requiring to make transnational payments to the suppliers.

Product Responsibility

Our Group is deeply aware of the importance of product quality on its reputation, brand name and the returns of its retail business. We are committed to ensuring the utmost confidence and satisfaction in our customers.

Since 2002, Milan Station has maintained its status as an accredited establishment under the Quality Tourism Services Scheme and has appeared in the Scheme's dedicated shopping directory on the Hong Kong Tourism Board's website. We also strictly comply with the Product Quality Law of the PRC (中國產品質量法), the PRC Law on Protection of the Rights and Interests of Consumers (中國消費者權益保護法) and other relevant laws and regulations for our operations in the PRC.

Our handbags and fashion accessories are sold with a product quality warranty to our customers to assure they have confidence in our products, which are often second-hand items. Our spa and wellness products are also sold with an exchange policy in the case of any defective products.

Our Group strongly believes that this practice preserves our brand image as a retailer of quality products our customers can trust. The Group did not receive any customers' complaints and sales returns during the Reporting Period.

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Intellectual property rights

The Group recognizes intellectual property rights but do not own the intellectual property rights of the products we sell. The Group is also a member of the “No Fakes Pledge” scheme launched by the Hong Kong Intellectual Property Department. Under the scheme, the Group is required to sell only genuine goods and pledge not to sell or deal in counterfeit products.

For its handbags, fashion accessories and embellishments products, the Group uses the procedures stated in the “Supply Chain Management” section above to prevent the Group from purchasing counterfeit products from its suppliers. The Group did not receive any intellectual property rights complaints during the Reporting Period.

Consumer data protection

The Group’s business operation has generated large volumes of private and confidential information of buyers and suppliers. We morally and legally treat these types of information and data seriously and safely, and have committed to abiding by the requirements of the Personal Data (Privacy) Ordinance of Hong Kong and other relevant laws, regulations and requirements. The data of our customers and suppliers are kept under a secure system by our senior management, and employees have been warned not to access or use this information without approval. The Group did not experience any private information leakage during the Reporting Period.

Anti-corruption

The Group strictly prohibits all bribery and corruption, and all staff are required to comply with relevant laws and regulations in their place of employment which are laid out in our Employee Handbook. Directors and employees are required to comply with the Group’s policy on the acceptance of benefits, and in any case are required to discharge their duties with integrity and comply with relevant laws and regulations. During the Reporting Period, there have been no cases of prosecution against the Group due to violation of any relevant laws.

Community

Community Investment

Our Group is committed to improving our community and the lives of our stakeholders. The Group encourages its staff to participate in voluntary and charitable events to serve the community and society, and staff may apply for paid leave for volunteer work. During the Reporting Period, we have provided luxury good examination services for a charity function. The Group will make additional provisions for donations to charity in the future.

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SUMMARY OF KEY PERFORMANCE INDICATORS (KPIs)

KPIs	Quantity	Unit
ENVIRONMENTAL ASPECTS		
Aspect A1: Emissions		
A1.2 Greenhouse gas emissions in total and intensity		
Scope 2 emissions	116.2	tonnes CO ₂ -e
Greenhouse gas intensity (by revenue)	0.66	tonnes CO ₂ -e/HKD Million
Aspect A2: Use of Resources		
A2.1 Direct and indirect energy consumption by type		
Total Energy Consumption	196.3	MWh
Energy intensity (by revenue)	1.1	MWh/HKD Million
A2.2 Water consumption in total and intensity		
Total water consumption	2.38	m ³
Water consumption intensity	0.014	m ³ /HKD Million
A2.5 Packaging Material Usage in total and intensity		
Total Packaging Materials Consumption	0.59	Tonnes
Packaging material Consumption intensity (by revenue)	3.3	kg/HKD Million
SOCIAL ASPECTS		
Employment and Labour Practices		
Aspect B1: Employment		
B1.1 Total workforce by gender, employment type and age group		
Total No. of Workers	54	Employees
By Gender		
– Male	43	–
– Female	11	–
By Age		
– ≤ 30	10	–
– 31 – 40	28	–
– 41 – 50	15	–
– > 50	1	–
By Type of employment		
– Permanent	51	–
– Part-time	3	–

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KPIs	Quantity	Unit
B1.2 Employee turnover (rate) by gender, age group and type of employment		
Total No. of Workers	29 (53.7)	Employees (rate)
By Gender		
– Male	23 (53.5)	– (%)
– Female	6 (54.5)	– (%)
By Age		
– ≤ 30	10 (100)	– (%)
– 31 – 40	15 (53.6)	– (%)
– 41 – 50	3 (20)	– (%)
– > 50	1 (100)	– (%)
By Type of employment		
– Permanent	26 (51)	– (%)
– Part-time	3 (100)	– (%)
Aspect B2: Health and Safety		
B2.1 Number and rate of work-related fatalities		
No. (rate) of work-related fatalities in 2020	0 (0)	– (%)
B2.2 Lost days due to work injury		
The no. of lost-days as a result of work injuries	0	day
Aspect B3: Development and Training		
B3.1 The percentage of employees trained by gender and level		
Percentage of employees trained	22.2	%
By Gender		
– Male	75	%
– Female	25	%
By Employee Category		
– Managerial	0	%
– Senior	0	%
– Middle	0	%
– Junior	100	%
B3.2 The average training hours completed per employee by gender		
By Gender		
– Male	20.4	hours/employee
– Female	15.6	hours/employee
By Employee Category		
– Managerial	0	hours/employee
– Senior	0	hours/employee
– Middle	0	hours/employee
– Junior	105	hours/employee



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