



德林控股  
DL HOLDINGS

# DL HOLDINGS GROUP LIMITED 德林控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

**Stock Code: 1709**

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT  
2020/2021

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## APPROACH TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) AND REPORTING

This Environmental, Social and Governance (the “**ESG Report**”) summarises the ESG policies, initiatives and performance of DL Holdings Group Limited (the “**Company**”, or “**DL Holdings**”) and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2021, with disclosure reference made to the ESG Reporting Guide as set out in the Appendix 27 of the Rules Governing the Listing of Securities on the Main Board (the “**Main Board Listing Rules**”) of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The board of directors of the Company (the “**Board**”) is responsible for evaluating and identifying the ESG-related risks and ensuring the appropriateness and effectiveness of ESG risk management policies and internal control systems for ESG issues are in place. The management of the Group verified that the policies and systems in place were effective for the year ended 31 March 2021, and the Board confirmed the information disclosed in the ESG Report complies with the Environmental Social and Governance Reporting Guide (the “**Reporting Guide**”).

A comprehensive strategy has been planned out by the Group for its business development. The values of the Group are derived from better allocation of resources and strong relationship with stakeholders. The Group is aware of the importance of conducting its business in a responsible manner to achieve sustainable development. Sustainable development is essential for gaining affordable capital and enhancing capabilities for long term competitiveness. The Group has a strong commitment to operate responsibly by integrating environmental and social factors into management considerations. The Group has established and implemented a set of policies to oversee and manage the risks related to environment, employment, product and service quality control and governance. Details of the management approaches to sustainable development in various areas are demonstrated in the ESG Report.

## REPORTING SCOPE

Unless stated otherwise, the ESG Report mainly includes the Group’s core business in sales of apparel products and provision of supply chain total solutions to customers as well as its financial services of licensed business including financial advisory services; securities research services, securities trading and brokerage services; margin financing services; referral services; and investment management and advisory services, as well as money lending services.

The ESG Report is divided into two sections, focusing on environmental and social aspects respectively. Information related to the Group’s corporate governance practices can be found in the Corporate Governance Report on pages 16 to 24 of the Annual Report 2020/2021. The Group will continue to assess the major ESG aspects and determine the areas to be reported in the future ESG reports.

## REPORTING FRAMEWORK

The ESG Report shall be published both in Chinese and English on the website of the Stock Exchange. Should there be any discrepancy between the Chinese and the English versions, the English version shall prevail.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ESG MANAGEMENT APPROACH

The Group is committed to achieving high standards of environmental, social and governance performance and meeting all applicable legal requirements in the markets where it operates. It considers this to be an important foundation for the Group to engage its stakeholders and grow the business responsibly and sustainably. In addition, the Group attaches great importance to the employee development and environmental protection.

The Group's ESG approach is to ensure that the Group continues to create long term value for its stakeholders by retaining the economic and social advantages of its operations. It also takes the necessary steps to protect and support the communities.

The Group strives to address the potential risk and opportunities brought by sustainability issues by encouraging cross-departmental collaborations. The approach to tackle problems from multiple points of view is expected to provide more comprehensive solutions to problems that the society is facing today.

The Group understands that environmental conservation and community engagement is more than a moral imperative, it also makes good business sense. By upholding its commitment to corporate social responsibility, the Group strives to forge itself into an environmentally friendly enterprise that cares about its employees' development and protects their rights and interests.

## STAKEHOLDER ENGAGEMENT

Stakeholders and their feedback regarding its business and ESG aspects are highly valued by the Group. To understand and address their main concerns, the Group has maintained close communication with its key stakeholders, including but not limited to employees, customers and suppliers, through different platforms such as meetings and surveys.

The Group continues to enhance its performance, deliver products and services that address stakeholders' needs and contribute to the society on an ongoing basis.

The Group welcomes stakeholders' feedback on its ESG approach and performance. You are welcomed to provide your suggestions or share your views with the Group through any channel below to help the Group improve its ESG performance:

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# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## MATERIALITY ASSESSMENT

The management and employees who are responsible for the key functions of the Group have involved themselves in the process of preparing the ESG Report, identifying key ESG issues and assessing the significant level of these issues to its business and stakeholders.

The Group has evaluated the materiality in ESG aspects through the following steps:

### Step 1: Identification — Industry Benchmarking

- Relevant ESG areas were identified through the review of ESG reports of the relevant local and international competitors.
- The materiality of each ESG area was determined based on the significance of each ESG area to the Group through internal discussion of the management and the suggestions in the Reporting Guide.

### Step 2: Prioritisation — Stakeholder Engagement

- The Group discussed with its key stakeholders on the relevant ESG areas and prioritised those key themes to ensure all the key themes were included.

### Step 3: Validation — Determining Material Issues

- Based on the discussion with its key stakeholders and the internal discussion among the management, the Group's management ensured all the key and material ESG areas, which were important to the business development of the Group, were reported in compliance with the Reporting Guide.

As a result of this process carried out for the year ended 31 March 2021, those important ESG areas are discussed in the ESG Report.

The following table summarises the Group's material ESG aspects as set out in the ESG Report:

ESG aspects as set out in the Reporting Guide	Material ESG aspects of the Group	Page
<b>A. Environmental</b>		
A1. Emissions	Managing Greenhouse Gas (“GHG”) Emissions	5
	Waste Management and Minimisation	
A2. Use of Resources	Achieving High Energy Efficiency	7
A3. The Environment and Natural Resources	Managing Other Environmental Impact	10
<b>B. Social</b>		
B1. Employment	Recruitment, Promotion and Remuneration	10
	Diversity, Equal-opportunity, Anti-discrimination and Dismissal	
B2. Health and Safety	Health and Safety Management	11
B3. Development and Training	Talent Development	12
B4. Labour Standards	Anti-child and Forced Labour	13
B5. Supply Chain Management	Environmental and Social Responsibility of Suppliers	13
B6. Product Responsibility	Quality Control	14
B7. Anti-corruption	Anti-bribery and Anti-corruption	16
B8. Community Investment	Community Contribution	17

In order to define the current and future sustainability strategies, it is important to ensure and understand stakeholders' perspectives and expectations on the development and success of the Group and help to assess the potential impact of the future business activities.



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The Group will continue to maintain effective communication with the major stakeholders in various ways in order to deal with their concerns and feedback in a timely manner. It is believed that it is necessary to consider the needs of all stakeholders, which is essential to maintaining a long-term friendly relationship with shareholders and investors, employees, customers and public bodies. The areas of concern considered by the stakeholders are listed below:

Major Stakeholder	Major Communication Channels	Major Concerns
Shareholders and Investors	<ul style="list-style-type: none"> <li>Press release, Corporate Announcements and Circulars</li> <li>Annual and Interim Reports</li> <li>General Meetings</li> </ul>	<ul style="list-style-type: none"> <li>Business Development Plan</li> <li>Financial and Business Stability</li> <li>Information Disclosure and Transparency</li> <li>Profitability</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Trainings and Team Building Activities</li> <li>Business Meetings and Briefings</li> <li>Performance Appraisals</li> </ul>	<ul style="list-style-type: none"> <li>Career Development and Training Opportunities</li> <li>Compensation and Benefits</li> <li>Safe and Healthy Work Environment</li> <li>Personal Data Protection and Security</li> </ul>
Public Community	<ul style="list-style-type: none"> <li>Charitable and Volunteering Activities</li> <li>Community Interactions</li> <li>Marketing</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Social Responsibilities</li> <li>Community Investment and Charitable Activities</li> </ul>
Government and Supervisory Institutions	<ul style="list-style-type: none"> <li>Compliance Report</li> <li>Major Meeting and Policy Consultation</li> <li>Information Disclosures</li> <li>Examinations and Inspections</li> </ul>	<ul style="list-style-type: none"> <li>Compliance Operation</li> <li>Corporate Governance</li> <li>Environmental Protection</li> </ul>
Local Users of Natural Resources	<ul style="list-style-type: none"> <li>ESG Reporting</li> </ul>	<ul style="list-style-type: none"> <li>Energy Saving and Emission Reduction</li> <li>Mitigation Measures</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Business Communication</li> <li>Customer Feedback</li> </ul>	<ul style="list-style-type: none"> <li>Information Security</li> <li>Product and Services Quality</li> </ul>

During the year ended 31 March 2021 through various communication channels, the Group understands that the major ESG concerns from the major stakeholders, include environmental and energy saving measures, compliance operation, information disclosure, privacy protection and community involvement and these constitute the major ESG management priorities and objectives of the Group. After taking into account the results of the materiality assessment and the priorities and objectives of the Group, the ESG strategies of the Group for the year ended 31 March 2021 were to incorporate ESG philosophy into its corporate governance and increase community involvement.

## A. Environmental

The Group has established a set of environmental protection management policies, mechanisms and measures to ensure the sustainable development and operation of the Group in order to pursue the sustainable development of the environment and the community. The Group is becoming more and more cautious in controlling its emissions and resources consumption and the Group has, and continues to, strictly abide by the relevant environmental laws and regulations of different countries where it has daily operations.

This section primarily discloses the Group's policies, practices, and quantitative data on emissions, use of resources, the environment and natural resources in the Reporting Year.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## A1. Emissions

The Group makes best effort to protect the environment through the implementation of control activities and monitoring measures in its business activities and workplace. The Group strives to be responsible to the environment by adopting sustainable environmental practices in respect of choosing office premise, purchasing equipment and consuming resources, and by adopting practical measures and policies to protect and preserve the environment. Furthermore, the Group aims to comply with the relevant environmental laws and regulations.

In order to mitigate the environmental impact produced during its operation, the Group has adopted and implemented relevant environmental policies. These policies apply the waste management principle of “Reduce, Reuse, Recycle and Replace” as well as the principle of emission mitigation, with the intention to minimise adverse environmental impact and to ensure that the waste disposal or emission is being unloaded in an environmentally responsible manner. The Group is continually looking for possible opportunities to pursue eco-friendly initiatives and enhances its environmental performance on air and GHG emissions and discharges into water and land by reducing energy consumption and use of other resources.

For the year ended 31 March 2021, the Group has not identified any material non-compliance with the environmental laws and regulations in Hong Kong, including but not limited to the Waste Disposal Ordinance (Cap 354 of the Laws of Hong Kong). In addition, the Group did not receive any complaints in relation to environment protection raised by the customers, government departments or others.

### *Managing GHG Emissions*

The Group emits minimal amount of GHG in its operation, mainly arising from the consumption of petrol in business vehicles and electricity consumption of the office. For the year ended 31 March 2021, the Group’s total GHG emissions amounted to approximately 106 tonnes (2020: 64 tonnes) carbon dioxide equivalent (“tCO<sub>2</sub>e”) and the GHG emissions intensity was approximately 1.74 tCO<sub>2</sub>e per employee (2020: 1.52 tCO<sub>2</sub>e per employee). The increase of GHG emissions is mainly due to increased office working time of staff. The detailed summary of the GHG emissions is shown in the table below:

GHG Performance Summary <sup>(Note 1)</sup>	Unit	For the year ended 31 March 2021	For the year ended 31 March 2020
Direct GHG emissions (Scope 1)	tCO <sub>2</sub> e	14	9
— petrol consumption			
Energy indirect GHG emissions (Scope 2)	tCO <sub>2</sub> e	89	55
— electricity consumption			
Other indirect emissions (Scope 3)	tCO <sub>2</sub> e	3	—
— Business air travel			
Total GHG emissions (Scope 1, Scope 2 and Scope 3)	tCO <sub>2</sub> e	106	64
Intensity of GHG emissions <sup>(Note 2)</sup>			
Total GHG emissions (Scope 1, Scope 2 and Scope 3) per employee	tCO <sub>2</sub> e per employee	1.74	1.52

#### Notes:

- GHG emission data is presented in terms of tCO<sub>2</sub>e and are based on, but not limited to, “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards” issued by the World Resources Institute and the World Business Council for Sustainable Development; “How to prepare an ESG Report — Appendix II: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange; and “Global Warming Potential Values” from the IPCC Fifth Assessment Report, the “Sustainability Report 2020” published by the CLP Group and the “Sustainability Report 2020” published by the HK Electric Investments.
- The intensity data in the ESG Report was calculated based on the total number of full-time employees employed by the Group as at 31 March 2021 and 2020, which was a total of 61 and 42 employees respectively.

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Since electricity consumption is the main source of GHG emissions, the Group has adopted green measures in the office to enhance its operational efficiency and to reduce the GHG emissions by keeping energy consumption to minimal. These measures are stated at the “Achieving High Energy Efficiency” section of aspect A2 in detail. To summarise, the GHG emissions of the Group for the year ended 31 March 2021 increased by approximately 66% while its intensity also increased approximately 66%, compared to such for the year ended 31 March 2020. This is due to the widening of reporting scope to include the amount generated by air travel. The Group has also reduced work from home time, which also led to increase in electricity usage.

Since the Group has no industrial production or any factory facilities, the Group did not produce significant direct air emissions. There is some emission from air traveling which has been included in the calculation, which has increased the emission level of the Group.

## *Discharges into Water*

For the year ended 31 March 2021, the amount water consumed by the Group in conducting its business activities is relatively insignificant, and therefore it did not generate material discharge into water. The wastewater discharged by the Group is appropriately treated and discharged into the sewage system maintained by the Drainage Services Department. The amount of water consumption of the Group represents the wastewater discharge volume. The details of water consumption will be presented in the “Water Consumption and Use of Packaging Materials” section in aspect A2.

## *Waste Management and Minimisation*

### *Hazardous Waste Handling Method*

Although the Group did not generate any hazardous waste for the years ended 31 March 2021 and 2020, the Group has established guidelines of governing the management and disposal of hazardous waste. In case there are any hazardous waste produced, which set out that the Group must engage a qualified chemical waste collector to handle such waste in compliance with the relevant environmental laws and regulations.

### *Non-hazardous Waste Handling Method*

The Group’s environmental policies (the “**Environmental Policies**”) emphasise on carbon and waste reduction based on the principle of “Reduce, Reuse, Recycle and Replace” to minimise consumption and wastage of environmental resources.

With the purpose to minimise the impact on the environment, the Group has implemented appropriate measures to handle non-hazardous waste generated from its business operations and launched different waste reduction initiatives.

For the year ended 31 March 2021 and 2020, the volume of non-hazardous wastes generated by the Group is shown as below:

Non-hazardous waste category	Unit	For the	For the
		year ended	year ended
		31 March 2021	31 March 2020
Paper <sup>(Note 3)</sup>	Tonnes	1.03	1.39
Intensity — Paper usage per employee	Tonnes per employee	0.02	0.03
Toner cartridge	Pieces	9	21
Intensity — Toner cartridge usage per employee	Pieces per employee	0.15	0.5

Note:

3. Paper consumption in 2021 and 2020 were equivalent to approximately 82 boxes and 111 boxes of paper respectively.

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The Group regularly monitors the volume of paper and toner cartridges consumed and has implemented a number of waste reduction measures. The Group also maintains high standard in reduction of waste and has educated its employees about the importance of sustainable development.

The staffs in the workplace are responsible for the waste management in the Group's office, with reference to the established Environmental Policies, including but not limited to the following:

- utilisation of "paperless communication" where applicable such as e-leave system for employees, and e-brochures for distributing to customers;
- Promoting the use of recycled paper and toner or other eco-friendly materials;
- using high performance all-in-one "multi-function printers" that incorporate printer, scanner and copier functions into a single device. This can be shared among different departments in order to reduce the total number of different kinds of devices so as to minimise power consumption and carbon footprint as well as follow-up maintenance;
- redeploying office furniture where possible to reduce the amount of waste going to landfill; and
- placing appropriate signage on walls and bins, stating what type of waste or recyclable waste should be placed in the bin.

Through the implemented measures, the staff are well-educated and are aware of their responsibilities in workplace's waste management and a sense of minimising resource wastage has been fostered. Furthermore, the Group's paper consumption decreased by approximately 26% and its intensity has also been decreased compared to such in the year ended 31 March 2020 due to the expansion of reporting scope to a new business operation in provision of financial services business of licensed business.

In addition to different means of reducing different consumption, the Group's business travels may also contribute to certain carbon footprint. The Group has encouraged the employees to actively uses video conference and call system platforms and email discussions to replace unnecessary business travels to reduce emissions. The Group will continue to take steps in further reducing the use of fuels and air emissions by using more public transport and reduce the frequency of air travel.

## **A2. Use of Resources**

The Group continues its initiatives to endorse resource efficiency and eco-friendly measures to the Group's operations, and is committed to optimising the allocation of resources in all of its business operations.

The Group has laid out relevant policies and procedures in governing the use of resources, with reference to the objectives of attaining high energy efficiency and reducing unnecessary use of materials.

### *Achieving High Energy Efficiency*

Energy policies, which are one of the Group's fundamental policies, have been developed to optimise energy conservation. All employees must enforce the adopted measures, including the purchase of energy-efficient products and services, and assume responsibility for the Group's overall energy efficiency. By setting up an energy management system, the Group develops and regularly updating its energy targets to continuously enhance the Group's energy performance. Unusual high consumption of electricity will be investigated to find out the root cause and preventive measures will be taken.



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For the year ended 31 March 2021 and 2020, the Group's consumption volume in following energy types were:

Energy Types	Unit	For the year ended 31 March 2021	For the year ended 31 March 2020
Petrol <sup>(Note 4)</sup>	kWh	23,783	31,972
Intensity — Petrol consumption per employee	kWh per employee	389.89	761.24
Electricity	kWh	155,888	103,567
Intensity — Electricity consumption per employee	kWh per employee	2,555.54	2,465.88

Note:

4. Petrol consumption in 2021 and 2020 were equivalent to approximately 2,454 litres and 3,299 litres respectively.

For the year ended 31 March 2021, the Group has implemented the following measures in relation to energy conservation:

- using energy efficient LED lighting to replace energy-inefficient light bulbs in phases;
- adopting higher energy-efficient office equipment in our workplace;
- encouraging staff to utilise teleconferences and video conferences in reducing air and carbon emissions related to transportation needed for meetings;
- encouraging employees to turn off idle equipment, computers and lightings, when not in use or after working hours;
- monitoring the energy usage of the Group on a monthly basis, along with investigating any significant variance in usage;
- arranging periodical examination for the business vehicles on petrol consumption;
- performing vehicle and equipment maintenance on a regular basis to prevent inefficient fuel consumption or abnormal operations; and
- encouraging staff to participate in campaigns or activities relating to the promotion of green environment.

The petrol consumption and electricity consumption of the Group for the year ended 31 March 2021 decreased by approximately 26% and increased by approximately 51% respectively, while their intensity reduced by approximately 48% and approximately increased 3.63% respectively compared to such for the year ended 31 March 2020 due to the increasing usage of electricity. Furthermore, the staff's sense of environmental protection and emission mitigation has been continuously fostered and there are increased awareness of their responsibilities in achieving energy conservation in the workplace.

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## *Water Consumption and Use of Packaging Materials*

In addition to managing energy consumption, the Group has a commitment of promoting water conservation awareness amongst its staffs and other stakeholders. The water consumption of the Group contains mainly of office water consumption for basic cleaning and sanitation. The Group has been strengthening its water-saving promotion, posting water saving slogans, and educating employees to use water in a reasonable manner.

For the year ended 31 March 2021, approximately 69 m<sup>3</sup> (2020: 31 m<sup>3</sup>) of water were consumed by the Group and the water consumption per employee was approximately 1.13 m<sup>3</sup> (2020: 0.74 m<sup>3</sup>). The water consumption of the Group has seen an increase of approximately 122% and its intensity increased by approximately 53% for the year ended 31 March 2021 compared to such in the year ended 31 March 2020. <sup>(Note 5)</sup>

Due to the nature of its business, the issue in sourcing water that is fit for purpose is not relevant to the Group. Also, the Group did not have physical products for sale and therefore the use of packaging materials was measured to be zero for the year ended 31 March 2021.

Note:

5. Water consumption data was not available for the new business operation of provision of financial services of licensed business.

## *Energy Use Efficiency Initiatives*

In order to achieve higher energy efficiency, the Group implemented the following key measures during the Reporting Year:

- Promote the consciousness of saving electricity. The Group consciously develops good habits of power consumption among its employees and timely discourages the behavior of wasting electricity;
- Use lighting reasonably. When there are fewer people in offices, try to turn on as few lights as possible or only turn on the overhead lights. The last person in the office needs to turn off the lights;
- Electrical appliances including computers, printers, copiers, water dispensers and other equipment are turned off when not in use to avoid unnecessary power consumption;
- Maintaining the room temperature at 25.5°C; and
- Installing timing devices in certain equipment for automatic shutdown during non-office hours to avoid unnecessary energy consumption.

The above measures improve energy efficiency and reduce energy consumption by preserving natural resources and reducing greenhouse gas emissions.

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## A3. The Environment and Natural Resources

### *Managing Other Environmental Impact*

The Group aspires to be a leader in environmental protection among companies in the same sector, with a particular focus on the impact of its operations on the environment and natural resources. With the goal of minimising its negative impact on the environment and natural resources, the Group has integrated the concept of environmental protection into its internal management and daily operations by establishing relevant policies and procedures. Non-hazardous waste in the form of paper and toner cartridges are the Group's main environmental impact, and the Group's measures to reduce it are detailed in the "Non-hazardous Wastes Handling Method" section of aspect A1.

Due to the nature of the Group's business, no significant environmental issue was noted in the business activities during the year ended 31 March 2021. However, the Group is well aware that its daily operational activity still generates emissions and consumes resources. The Group is working on various sustainable development activities to ensure the resources are used efficiently in the ordinary course of business.

There will be more concerns from local government and international community over carbon emissions, the Group will act in accordance with the ESG provisions as set out by the Stock Exchange. The Group will continue to report environmental KPI and information as well as social information in accordance with the provisions.

The Group is not aware of any material non-compliance relating to the use of resources and the Group had in all material aspects complied with all relevant environment rules and regulations in Hong Kong during the year ended 31 March 2021.

## B. Social

### B1. Employment

Human resources is the cornerstone for the Group's continuous growth. The Group has always considered talents as its most valuable resources and asset. As a result, the Group has established policies to support its vision of people-oriented management and maximising employee potential. The policies covered areas such as recruitment, compensation, promotion, working hours and rest periods, diversity and equal opportunity.

The Group has not identified any material non-compliance with relevant laws and regulations that have a significant impact on the Group for the year ended 31 March 2021 relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits including Employment Ordinance (Cap 57 of the Laws of Hong Kong), Mandatory Provident Fund Schemes Ordinance (Cap 485 of the Laws of Hong Kong), Minimum Wage Ordinance (Cap 608 of the Laws of Hong Kong), Sex Discrimination Ordinance (Cap 480 of the Laws of Hong Kong), Disability Discrimination Ordinance (Cap 487 of the Laws of Hong Kong), Family Status Discrimination Ordinance (Cap 527 of the Laws of Hong Kong) and Race Discrimination Ordinance (Cap 602 of the Laws of Hong Kong).

#### *Recruitment, Promotion and Remuneration*

The Group has developed a fair recruitment and promotion policy that prohibits disruption to equal employment opportunity or unfair treatment. As such, the Group strictly enforces an anti-discrimination policy and has zero tolerance for harassment in any form.

Individuals are hired based on their suitability for the position and potential to meet the Group's current and future needs. The Group uses robust and transparent recruitment processes based on merit against job criteria, and individuals are hired based on their suitability for the position and potential to meet the Group's current and future needs.

Job-related skills, qualifications, and performances serve as the basis for compensation and promotion. The Group treats and evaluates its employees and applicants fairly, as well as compensates its employees in accordance with the industry and local labour markets in which it operates, which includes a competitive level of fixed and variable compensation.

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Holidays, annual leaves, a medical plan, group insurance, a mandatory provident fund, flexible leave arrangements, year-end double pay, and a discretionary bonus are all part of the remuneration package. The wages and benefits provided to employees meet the Hong Kong government's minimum wage requirements.

The advancement of the Group's employees is reviewed on a regular basis. For annual performance evaluation, the Group has established objective performance indicators. The Group rewards employees for their continuous improvement based on the results of the evaluation.

## *Diversity, Equal-opportunity, Anti-discrimination and Dismissal*

The Group is dedicated to fostering an inclusive and collaborative workplace culture in which everyone can succeed.

The Group is committed to providing equal opportunity in all aspects of employment and to maintaining an environment free of discrimination based on race, religion, color, gender, physical or mental disability, age, ethnic origin, marital status, or sexual orientation.

The Group has zero tolerance for sexual harassment or abuse in the workplace in order to ensure that all employees are treated fairly and equally.

Official dismissal process will only begin after the issues have been communicated with the relevant employee.

## **B2. Health and Safety**

### *Health and Safety Management*

The Group is dedicated to ensuring that all employees work in a safe and healthy environment. To maintain a safe working environment, the Group has established policies on accident prevention and remediation, as well as detection of potential health and safety hazards in the workplace. As a responsible employer, the Group is committed to reducing accidents, illness, and risks associated with its operations. As a responsible employer, the Group is committed to reducing accidents, illness, and risks in the workplace, promoting the health of its employees, so as to reduce the absence rate and employee turnover rate. The Group focuses on major areas to minimise occupational hazards and health and safety risks:

- Smoking is strictly prohibited in the office area.
- Employees should carefully check the electric switches, door and window locks, etc. before going off duty to eliminate the hidden dangers.
- No one is allowed to repair electrical appliances or other office equipment without proper training.
- Employees who continue to act in an unsafe manner will face disciplinary action.
- Employees must strive to improve the sanitary environment in the workplace and cooperate with health-care and sanitation measures.

The Group follows the Labor Department's and the Occupational Safety and Health Council's recommended occupational health and safety guidelines.



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The Group's Human Resources and Administration Department ("HRA") is in charge of the promotion and monitoring occupational health and safety. It is in charge of monitoring and reviewing health and safety policies on a regular basis, as well as performing regular checks in the office to ensure employees' health and safety.

Furthermore, first-aid boxes are located in easily accessible areas throughout the office. HRA is in charge of making sure the supplies in the first aid boxes are up to date and in working order. At least once a year, a fire evacuation drill is held to improve employees' ability to deal with potential fire hazards. The Group has also established a clear work schedule for typhoon and rainstorm warnings.

Employees are also covered by a comprehensive health-care plan provided by the Group. Employees are given health and safety guidelines in order to raise awareness of occupational health and safety issues.

The Group has not identified any material non-compliance with laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards that would have a significant impact on the Group for the year ended 31 March 2021. The relevant laws and regulations include but are not limited to the Occupational Safety and Health Ordinance (Cap 509 of the Laws of Hong Kong).

Following the outbreak of the coronavirus ("COVID-19") in early 2020, a series of precautionary and control measures were implemented across the country and the region, and are still being implemented. The Group will keep a close eye on the COVID-19 outbreak's progress and assess its potential impact on the Group's employees' health and safety. Aside from improving sanitation in its operations to ensure a healthy and safe working environment, precautionary measures such as temperature screening before entering the workplace and having enough disinfection supplies in the offices, such as face masks and hand sanitizers, are implemented.

## **B3. Development and Training**

### *Talent Development*

The Group considers its employees to be its most valuable asset and resources. It recognises the important contribution its talents make to the Group's continued success. The Group is dedicated to motivating its workforce to achieve excellence. This is accomplished through the creation of a training strategy centered on adding value and meeting the needs of customers and society. As a result, the Group is dedicated to providing induction training as well as on-the-job education and training to its employees in order to improve their knowledge and skills.

Employees from the Group would also be sent to the China Import and Export Fair (Canton Fair) to broaden their horizons on current market developments. Employees are encouraged to improve their skills and knowledge whenever possible in order to perform their current job duties more efficiently and effectively, as well as to better prepare for future career opportunities.

The Group has developed relevant policies in controlling training-related procedures to ensure the effectiveness of the training program. The Group's management creates a training plan based on the requirements of various departments and employees. Training content is updated on a regular basis to ensure that it meets the changing needs of the stakeholders, such as law and regulations, market trends, product trends, and customer behavioral changes.

Recognising the importance of employees' skills and experience, the Group has established a policy that the Group will first consider its existing employees for a promotion before hiring from outside. The Group's policy is to promote the most qualified candidate to a higher rank based on merit rather than seniority of the candidates.

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## B4. Labour Standards

### *Anti-child and Forced Labour*

As defined by laws and regulations, child and forced labor are strictly prohibited during the recruitment process. The Group strictly adheres to local laws and conducts recruitment in accordance with the Hong Kong Employment Ordinance (Cap 57 of the Laws of Hong Kong), Mandatory Provident Fund Schemes Ordinance (Cap 485 of the Laws of Hong Kong) and Minimum Wage Ordinance (Cap 608 of the Laws of Hong Kong). Personal information is collected throughout the process to aid in the selection of suitable candidates and to verify the personal information of those candidates. The HRA also ensures that all identification documents are thoroughly examined. All work should be done voluntarily and not under threat of punishment or coercion. If there is any violation of the abovementioned laws, it will be dealt with according to the circumstances as outlined in the Group's "Staff Handbook."

Furthermore, the Group does not allow any suppliers to hire employees who are younger than the relevant country's minimum employment age or the maximum compulsory education age, whichever is higher. The Group monitors the recruitment process frequently to prevent the occurrence of illegal conduct.

The Group has not identified any material non-compliance with the relevant laws and regulations that have a significant impact on the Group relating to preventing child or forced labour for the year ended 31 March 2021.

## B5. Supply Chain Management

### *Environmental and Social Responsibility of Suppliers*

The Group's major suppliers, which include apparel product suppliers, have maintained long-term and stable relationships with the Group. Suppliers are carefully assessed on a regular basis and are continuously monitored.

Given society's growing concern about the environment, the Group recognises the importance of managing environmental and social risks in its supply chain. The Group follows the "Green Procurement" principle. In most cases, the factories of apparel product suppliers must comply with the environmental requirements of the Group's international clients, which require strict environmental standards such as the "Business Social Compliance Initiative" to be implemented in order to reduce air, noise, and solid waste pollution, as well as energy and water consumption. In terms of environmental and social standards, the Group will continue to monitor its supply chain.

Furthermore, the Group has implemented the "Reuse, Reduce, and Recycle" (the "**3R Principle**") throughout its apparel product supply chain to demonstrate its commitment to a cleaner environment and to be a good corporate citizen. The Group's "Supplier Code of Conduct" (the "**Supplier Code of Conduct**") is based on the 3R Principle and requires its apparel suppliers, when applicable:

- to utilise energy efficient processing equipment;
- to use non-toxic chemicals in their production processes;
- to adopt clean production in their production plants; and
- to eliminate unnecessary packaging.

Furthermore, the Group's Supplier Code of Conduct requires its suppliers to follow applicable local labour laws and regulations, including minimum wage, child labour, forced labour, and discrimination.

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The Group's other suppliers include professional services providers, and the Group has established rules in the Supplier Code of Conduct to ensure suppliers' ethical standards. All of its suppliers must follow strict ethical guidelines and must not engage in any form of corruption, extortion, bribery, fraud, false declarations, counterfeiting, or insider trading. Suppliers must also be open about their policies, processes, and standards that govern their operations and are related to their adherence to the Supplier Code of Conduct.

## **B6. Product Responsibility**

Customer satisfaction is critical to the Group's long-term success. The Group is convinced that the success of its clients is the success of the Group, and it has emphasised the customer-centric business philosophy in all of its operations. As a result, it strives to optimise and improve the quality of its products and services in response to customer requests.

For the year ended 31 March 2021, the Group has not identified any material non-compliance with laws and regulations that have a significant impact on the Group in the areas of product health and safety, advertising, labelling, or privacy. The Supply of Services (Implied Terms) Ordinance (Cap 457 of the Laws of Hong Kong) and the Personal Data (Privacy) Ordinance (Cap 486 of the Laws of Hong Kong) are two of the relevant laws and regulations.

### *Quality Control*

Quality control is an important component of the Group's supply chain management solutions for customers. During the production stage, the Group's quality control for the sale of apparel products with the provision of supply chain management total solutions is primarily carried out by its staff in the merchandising department. From the time samples are produced (if required) to the apparels produced during inline production, merchandising staff must continuously monitor and inspect the apparel products produced. Prior to delivery to customers, the final products are inspected by senior staff who are more experienced in technical aspects of the apparel production. The compliance function of the Group is primarily responsible for quality control in the provision of financial services.

The Group has established the following quality control policies measures during various critical points of its supply chain management solutions:

### *Quality Control of Fabric*

The Group's third-party manufacturers usually source the materials needed for apparel production. The Group will specify, among other things, the quality of fabrics and other materials that are required when providing tech packs to its third-party manufacturers. Third-party manufacturers are responsible for obtaining adequate quantities and quality materials from their own sources or from those provided by the Group. The Group inspects all materials used in the production of salesman samples, pre-production samples, and final products to ensure that they meet customer specifications. Materials that do not meet the specifications of the customer are not approved for pre-production or bulk production.

### *Quality Control of Apparel Production*

The Group's merchandising staff responsible for quality control will be required to visit the third-party manufacturers at the start of pre-production and bulk production to ensure that the quality of the apparel products produced, including size, cutting, and fabric, are in line with customers' specifications and matches the information contained in the tech packs. Third-party manufacturers will be notified to rectify any unmet specifications. Semi-finished apparel products are inspected at various stages throughout the manufacturing process, followed by a final detailed inspection of finished apparel products prior to delivery to the customers' designated shipping points. The Group will specify major and minor defects that may not be acceptable to customers in a final quality control inspection report that will include, among other things, the number of pieces inspected, labeling requirements, packaging requirements, and the number of pieces inspected.

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## *Product Return and Customer Service*

As part of the requirements indicated in the Group's sales contracts with clients, customers are recommended to count and inspect the apparels immediately after receiving shipments. Defective or poorly packaged items are eligible for returns or discounts.

When the Group receives feedback or a complaint from a customer, the Group will meet with both the customer and the manufacturer to discuss the situation and the responsible party. If the Group's manufacturers are responsible for the defect, the Group will coordinate both parties to come up with a compromise solution, such as product return or discount.

## *Quality Control of Financial Services*

During the year ended 31 March 2021, the Group monitored the provision of financial services of licensed business financial services, such as financial advisory services, securities research, securities trading and brokerage services, investment management and advisory services margin financing services, and money lending services.

To ensure that the Group's products and services meet the requirements, the Group has established internal procedures and manuals such as "Business Plan and Internal Control Manual" (the "**Business Plan and Internal Control Manual**"). The Group has established "Conflict of Interest Policy" in the Business Plan and Internal Control Manual to ensure that the Group's clients are treated fairly and with the highest level of integrity, and that their interests are protected at all times. Senior management of the Group is responsible for ensuring that the Company's systems, controls, and procedures are robust and adequate for identifying and managing any conflict of interest that may arise in the course of its operations. When a conflict of interest cannot be avoided, the Group must disclose the conflict to the client, agree on the best way to protect the client's interest with the client, and obtain the client's consent before providing any services or taking any further action.

The Group is dedicated to providing its clients with accurate and balanced information. Important information, such as product features, terms and conditions, and any associated risks, is clearly communicated to clients via emails and phone calls (with recording capability) so that they can make informed decisions. Clients who are interested in the Group's services must sign a client agreement, agreeing to the terms and conditions as acknowledging well as the risks involved.

In performing customer due diligence and risk assessment procedures in relation to its clients, the Group follows the regulators' guidelines on "Anti-Money Laundering ("**AML**") and "Counter Financing of Terrorism." The Group can better understand and evaluate its clients' financial background, trading experience, and risk tolerance level by conducting "Know Your Clients" ("**KYC**") procedures and assessments before providing them with the type of financial services or products that suit their needs.



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## *Handling of Personal Data*

For the protection of customer privacy, the Group takes all reasonable steps and measures to ensure that personal data collected in the course of its business is protected, and the Group complies with the Personal Data (Privacy) Ordinance (Cap 486 of the Laws of Hong Kong) and follow it as the policies of the Group at all times in the collection, use, holding, and processing of such information or personal data.

Confidentiality is covered in the Group's Business Plan and Internal Control Manual section titled "Handling of Confidential Information." Any trade secrets and confidential information obtained in the course of their employment, whether written or not, must be kept in strict confidence by all employees. This applies to information about clients and other parties with whom they do business, as well as information about the Group's companies, activities, techniques, and working practices, which may be financial, personal, technical, or operational in nature. Furthermore, no staff may use or allow such information to be used in any way for the purpose of trading securities in any market. The requirement for confidentiality is a continuing obligation that applies even after any employee has left the Group.

Customers' assets are kept in segregated accounts of the Group. Transactions should only be carried out after customers have given their consent or when their contractual obligations have been met. The Group has sufficient audit work records for investigations in the event of suspected violations. Compliance audits and reviews are carried out on a regular basis to identify any non-compliance with regulatory requirements. Any irregularities should be reported to the Group's management as soon as possible.

## *Advertising and Labelling*

Due to the Group's business nature, it only engages in limited public relations activities for its business operations involving the sale of apparel products and the provision of total supply chain management solutions to customers. As a result, there are no material risks associated with advertising and labeling in its business operations.

On the other hand, the Group has established guidelines for advertising and sales materials. All advertising and sales materials must contain accurate information. The Group also prohibits the use of false, misleading, or inaccurate statements in any form of communication..

## **B7. Anti-corruption**

### *Anti-bribery and Anti-corruption*

Corruption, fraud, and other unethical behaviors are not tolerated by the Group. In conducting its business, the Group values and upholds integrity, honesty, and fairness. Professional or regulatory anti-corruption seminars have been held for Hong Kong-based staff to combat corruption and manage conflicts of interest.

The Group has not identified any material non-compliance with the relevant laws and regulations relating to bribery, extortion, fraud, or money laundering for the year ended 31 March 2021. The Prevention of Bribery Ordinance (Cap 201 of the Laws of Hong Kong), and Anti-money laundering and counter-terrorist Financing Ordinance (Cap 615 of the Laws of Hong Kong) one of the relevant laws and regulations.

To comply with the relevant laws and regulations, the Group has established relevant policies, such as the "Code of Conduct and Business Ethics" ("**Code of Conduct**"), to set out appropriate methods in handling conflict of interests, accepting benefits, leaking confidential information, embezzlement of the Group's assets in one's position, fraudulent financial statements, etc.

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Employees should not give or accept any gifts, gratuities, favours, or benefits that go beyond common courtesy or accepted business practices, unless they have received prior approval from senior management. Any violations will result in disciplinary action, which may include the termination of employment contracts if necessary.

The Company's audit committee is in charge of evaluating the Group's internal control effectiveness on a regular basis, detecting potential deficiencies, and identifying areas for improvement. Internal audit reports are distributed to the responsible departments so that any areas of improvement can be addressed as soon as possible.

There is a section in the Group's Code of Conduct dedicated to reporting misconduct. Employees of the Group are encouraged to report any illegal or unethical behaviour, whether actual or potential, to designated senior management personnel. After a thorough investigation, material violations of the Code of Conduct will be reported to senior management for prompt correction and disciplinary action. Direct reporting of concerns or complaints is also acceptable if all relevant information and supporting documents are provided to the Chief Executive Officer via email, post, or fax. It is also possible to submit an anonymous report via email. Reports and complaints will be handled in a timely and equitable manner. The Group has also reserved the right, if necessary, to refer the case to relevant authorities.

## AML

Any signs of money laundering or financial crimes are particularly sensitive to the Group. Apart from adhering to regulatory authorities' laws and guidelines, the Group recognises that it has a responsibility to contribute to the financial system's integrity.

In order to govern KYC and AML, the Group has formulated the "AML Policy and Guidelines" (the "**AML Policy and Guidelines**"). The responsibility for advising on KYC issues, investigating AML issues, and reporting if necessary is delegated to designated staff. The AML Policy and Guidelines also define the nature of money laundering and terrorist financing, customer due diligence, procedures for client identification, simplified customer due diligence, high-risk situations, and other terms to aid employees in identifying the different types of risks and their major characteristics. Employees must conduct client identification, file client identity materials and transactional records, check clients' identity certification documents, register clients' basic information, understand clients and their transaction nature through KYC policy, strengthen clients' adequacy management, identify and evaluate money laundering risks, and improve the prevention, detection, and management of money laundering risks. Related trainings are provided to ensure that all Group employees are up to date on the latest regulatory changes affecting KYC and AML.

## B8. Community Investment

### *Community Contribution*

As part of its strategic development, the Group is committed to supporting the public through social participation and contribution, as well as nurturing the corporate culture and practices of corporate citizens in daily work life throughout the Group. The Group adopted policies that it will incorporate corporate social responsibility into its strategic development and will look into social initiatives where it can contribute human capital and resources. All of the Group's employees are encouraged to help and support their local communities and neighbors on their own initiative.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement	Page
<b>Aspect A1: Emissions</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions	5
KPI A1.1 (“ <b>Comply or explain</b> ”)	The types of emissions and respective emissions data.	Emissions — Managing GHG Emissions (not applicable, explained)	5
KPI A1.2 (“ <b>Comply or explain</b> ”)	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity.	Emissions — Managing GHG Emissions	5
KPI A1.3 (“ <b>Comply or explain</b> ”)	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Emissions — Waste Management and Minimisation (not applicable, explained)	6
KPI A1.4 (“ <b>Comply or explain</b> ”)	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Emissions — Waste Management and Minimisation	6
KPI A1.5 (“ <b>Comply or explain</b> ”)	Description of measures to mitigate emissions and results achieved.	Emissions — Managing GHG Emissions, Discharges into Water, Waste Management and Minimisation	5
KPI A1.6 (“ <b>Comply or explain</b> ”)	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions — Waste Management and Minimisation	6
<b>Aspect A2: Use of Resources</b>			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources	7
KPI A2.1 (“ <b>Comply or explain</b> ”)	Direct and/or indirect consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity.	Use of Resources — Achieving High Energy Efficiency	8
KPI A2.2 (“ <b>Comply or explain</b> ”)	Water consumption in total and intensity.	Use of Resources — Water Consumption and Use of Packaging Materials	9
KPI A2.3 (“ <b>Comply or explain</b> ”)	Description of energy use efficiency initiatives and results achieved.	Use of Resources — Achieving High Energy Efficiency	8
KPI A2.4 (“ <b>Comply or explain</b> ”)	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources — Water Consumption and Use of Packaging Materials	9
KPI A2.5 (“ <b>Comply or explain</b> ”)	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources — Water Consumption and Use of Packaging Materials (not applicable, explained)	9

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Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement	Page
<b>Aspect A3: The Environment and Natural Resources</b>			
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources	10
KPI A3.1 ("Comply or explain")	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources — Managing Other Environmental Impact	10
<b>Aspect B1: Employment</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment	10–11
<b>Aspect B2: Health and Safety</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety	11–12
<b>Aspect B3: Development and Training</b>			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work.	Development and Training	12
<b>Aspect B4: Labour Standards</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards	13



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Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement	Page
<b>Aspect B5: Supply Chain Management</b>			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supplier Code of Conduct	13–14
<b>Aspect B6: Product Responsibility</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Business Plan and Internal Control Manual	14–16
<b>Aspect B7: Anti-corruption</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Code of Conduct	16–17
<b>Aspect B8: Community Investment</b>			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Code of Conduct	17