

# 長江製衣有限公司

## YANGTZEKIANG GARMENT LIMITED

股份代號 Stock code : 294

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT  
環境、社會及管治報告

# 2020/21



## Contents

1.	<b>MESSAGE FROM CHAIRMAN</b> .....	1
2.	<b>ABOUT THIS REPORT</b> .....	2
2.1.	Reporting Period .....	2
2.2.	Reporting Boundary .....	2
2.3.	Reporting Framework .....	2
2.4.	Reporting Principles .....	3
2.5.	Feedback for this Report .....	3
3.	<b>OUR ESG APPROACH</b> .....	4
3.1.	Stakeholder Engagement .....	4
3.2.	Materiality Assessment .....	4
3.3.	United Nations Sustainable Development Goals .....	5
4.	<b>CARING FOR PEOPLE</b> .....	6
4.1.	Labour Standards .....	6
4.2.	Employment .....	6
4.3.	Health and Safety .....	7
4.4.	Development and Training .....	8
5.	<b>OPERATING PRACTICES</b> .....	9
5.1.	Anti-corruption .....	9
5.2.	Product Responsibility .....	9
5.3.	Supply Chain Management .....	10
5.4.	Community Investment .....	11
6.	<b>ENVIRONMENTAL MANAGEMENT</b> .....	11
6.1.	Energy Consumption .....	12
6.2.	Water Consumption .....	12
6.3.	Air and Greenhouse Gas Emissions .....	13
6.4.	Waste Management .....	13
6.5.	Use of Packaging Materials .....	14
6.6.	Green Manufacturing .....	14
	Appendix I: <b>Key Performance Data</b> .....	15
	Appendix II: <b>SEHK ESG Reporting Guide Content Index</b> .....	18

## 1. MESSAGE FROM CHAIRMAN

Yangtzekiang Garment Limited, founded in 1949 and headquartered in Hong Kong, is a garment manufacturer that is committed to providing high-quality products and services. The COVID-19 pandemic has impacted negatively on our core garment business and we have recorded an operating loss this year. The main reasons that affected our business due to a huge drop of our export businesses as well as losses from bad debts. However, the overall losses of the Group had reduced comparing with last year, and this is mainly due to the Wuxi profitable investment and the Hong Kong Government's employment support scheme.

With the vigorous implementation of COVID-19 vaccination in the U.S. and Europe where many of our customers are from, we expect our garment export business to improve in the coming year. Nevertheless, the Group continues to commit to incorporating the key principles of caring of people, operation practice and environment management into our operations and is pleased to present our 2021 Environmental, Social and Governance ("ESG") report.

Sustainability is a vital aspect of a business and it is one of our core values that embedded in our culture to upholding in the future. The Group ESG committee, led by senior management, has been established to strengthen the managerial level oversight of ESG issues. The ESG committee reports to the board and the chairman on a regular basis, with the purpose of highlighting the ESG issues and risks. In order to ensure appropriate actions are taken to manage the ESG risks, all department heads and factory managers are required to identify and report the existing and potential business risks of their business lines and report them to the board's risk management committee for internal discussion and review on an annual basis. We will continue to strengthen our ESG governance through regular discussions on ESG issues and risks at the board meetings.

The Group cares about the health, safety and welfare of our employees and is committed to providing them a safe working environment and have fully compliance in all occupational health and safety legislations. Following the Group's commitment, *Code of Conduct* and local legal requirements, we collated salient topics including but not limited to employment, health and safety, product responsibility, anti-corruption, labour standards, community investment and supply chain management for our internal *Social Policy*, which provides clear guidance to our employees and senior management regarding social responsibility within our business. Moreover, we expect and require all our business partners such as contractors, factories and suppliers to fulfil the Group's social practices.

The Group has long been committed to being a responsible corporate citizen and actively supports and participates in various charitable activities and campaigns. To promote a caring culture and demonstrate corporate social responsibility, we encourage our staff to join our "YGM Volunteer Team" and participate in different charitable activities to promote morale and get our staff involved in a good cause.

The Group recognise the alarming trend of climate change. We are committed to mitigating our impact to the environment through reduced GHG emissions and energy consumption. In addition, we aim to enhance our position on sustainable resource use by develop a target-setting plan on our environmental performance in the future.

Although the COVID-19 outbreak has upended economies globally during the reporting period, we have taken a proactive approach to support our people, our customers and the communities. Together with the Group commitments, we believe we can drive change and deliver a more sustainable future for our society and environment.

By Order of the Board

**Chan Wing Fui, Peter**

*Chairman, Yangtzekiang Garment Limited, Hong Kong, 29 October 2021*

## 2. ABOUT THIS REPORT

### 2.1. Reporting Period

In line with our commitment to transparency and disclosure, the Group is pleased to present its ESG Report 2020/21 (the “Report”), which follows our last Report published in October 2020. This Report covers the Group’s ESG management approach and performance during the year from 1 April 2020 to 31 March 2021 (“FY2020/21”), unless otherwise specified.

### 2.2. Reporting Boundary

The Report primarily focuses on the activities of the Group’s businesses related to the manufacturing and sales of garments during the FY2020/21. Considering both revenue contribution and the impact of our business activities on the environment and society, the scope of the Report encompasses the Group’s Hong Kong Head Office as well as subsidiaries in Mainland China, Bangladesh, Myanmar and Ethiopia.

Table 1: Entities covered within the scope of this Report

Location of Head Office	Name of the Head Office
Hong Kong	YangtzeKiang Garment Limited (“the Company” or “Head Office”)
Location of subsidiaries	Name of subsidiaries
Panyu, China	Exquisite Knitters (Guangzhou) Limited (“EQK”)
Guigang, China <sup>1</sup>	Whampoa Garment Manufacturing (Guigang) Co., Ltd. (“WGG”)
Myanmar	Dagon Talent Garment Limited (“DTG”)
Bangladesh	Lavender Garment Limited (“LAV”)
Location of joint ventures <sup>2</sup>	Name of joint ventures
Wuxi, China	Wuxi YGM Textile Co., Ltd. (“Wuxi”)
Taizhou, China	Taizhou Changxin Textile (Xinghua) Co., Ltd. (“TZCX”)
Ethiopia	Wuxi Number One Cotton Ethiopia Textile Plc (“WNOC”)

### 2.3. Reporting Framework

This Report is prepared in accordance with the “comply or explain” provisions of the Environmental, Social and Governance Reporting Guide (“ESG Guide”) contained in Appendix 27 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“SEHK”). The SEHK ESG Reporting Guide Content Index sets out on pages 18 to 19 contains information about the extent to which the Group has applied the ESG Guide and cross-references to the relevant sections in this Report.

This Report is recommended to be read in conjunction with the Group’s Annual Report FY2020/21 for its business highlights, financial performance, and corporate governance.

<sup>1</sup> The factory of Whampoa Garment Manufacturing (Guigang) Co., Ltd was closed in October 2020. As it falls within the reporting period, its environmental and social performance was recorded and included in this Report.

<sup>2</sup> The Report covers 100% of the ESG data and performance of our joint ventures, including the consumption of electricity, fuel and water, as well as employment, occupational health and safety, and training data, unless otherwise specified.

## 2.4. Reporting Principles

The content of this Report follows the ESG Guide reporting principles:

Materiality	The Group focus on matters that impact business growth and are of importance to its stakeholders. For more information, please refer to section 3.2.
Quantitative	Information regarding the standards, methodologies, assumptions and/or calculation references, and sources of key conversion factors used for these key performance indicators (“KPIs”) is stated wherever appropriate.
Balance	Information is disclosed as objectively as possible to provide stakeholders with an unbiased picture of the Group’s overall ESG performance.
Consistency	Consistent methodologies are adopted when calculating the quantitative KPIs, unless otherwise specified. Reasons will be provided for any restating of information published in this Report.

## 2.5. Feedback for this Report

The overall direction of the development is set according to the stakeholders’ views and insights, and to address their concerns wherever possible. The Group values stakeholder engagement as it provides valuable inputs, which contribute to steering the Group’s development in the ESG aspects. If you have any questions or suggestions on this Report and its contents, please contact us at [cs\\_info@ygm.com.hk](mailto:cs_info@ygm.com.hk).

### 3. OUR ESG APPROACH

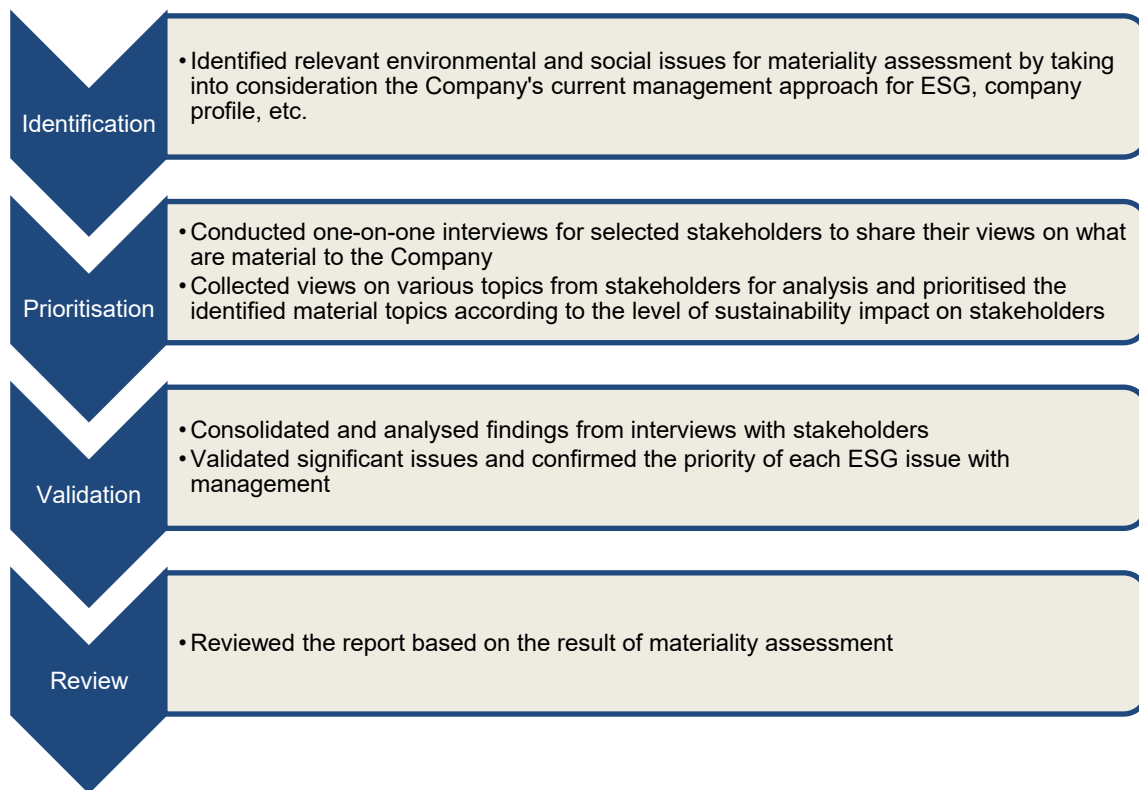
#### 3.1. Stakeholder Engagement

The Group engages its stakeholders from time to time through on-going communications and collects their views on the ESG aspects that they regard as relevant and important. We regularly engage with stakeholders including employees, shareholders, customers, suppliers, the local community, professional institutions, non-governmental organisations and authorities. The Group maintains an open and transparent dialogue with its stakeholders through various channels including meetings, surveys, seminars and workshops.

#### 3.2. Materiality Assessment

Materiality assessment helps us identify ESG priorities that we should focus on and report to our stakeholders. It also helps us better utilise our resources to address the most critical issues identified by our stakeholders.

We effectively respond to stakeholders' expectations, as well as strive to improve our ESG performance. In line with this, we have identified, prioritised, validated and reviewed potential material issues.



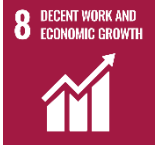








### 3.3. United Nations Sustainable Development Goals

Given that our businesses did not undergo significant changes compared with the preceding financial year, we consider that the materiality results with reference to the industry standards and benchmarks continue to be relevant and applicable this year as well. Six material issues covering social, operations and environment aspects have been identified as being material to our stakeholders and the Group’s business and are thus focused on by the Group.

We support the United Nations 2030 Agenda for Sustainable Development and the Sustainable Development Goals (“SDGs”). The SDGs are 17 global goals designed to guide towards a more sustainable and better future for all. We are making efforts to achieve these goals by maintaining quality, ensuring environmentally friendly operations, as well as engaging employees. We support SDGs through working on our priority areas and use them as the theme of the ESG report to illustrate the values that our business has created for the society and the environment. For more details about the SDGs, please visit <https://sdgs.un.org/goals>.

Table 2: Material issues identified and their relevance to the Group’s business

Aspect	Material issues	Relevance to our business operations	Relevance to the SDGs
Caring for People	Child and forced labour	The treatment of workers in manufacturing industry is of growing concern among various stakeholders. The Group prohibited all forms of child labour and forced labour. All employees must be of legal working age and possess valid identity documents. To prevent forced labour, all employees are required to sign a labour contract to ensure the employment is on an equal and voluntary basis.	  
	Human rights	We strive to protect the human rights of our employees by promoting the freedom of trade unions and collective bargaining.	
	Health and safety	Health and safety have always been primary concerns to the manufacturing business. We are committed to providing a healthy and safe working environment to our employees by implementing workplace safety guideline and complying with relevant laws and regulations.	
Operations Practices	Anti-corruption	Corruption-free work culture is the cornerstone of business development. We strictly prohibit any forms of bribery, extortion, fraud or money laundering in our business operations.	
	Product responsibility	Product responsibility is at the centre of our group focus. We are in full compliance with stringent requirements to ensure our products are safe to consumers and have minimal impact to the environment.	 

Environmental Management	Use of electricity	Given the nature of our garment manufacturing business, the use of electricity is essential to our business from machines operation to daily office operations.	 
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## 4. CARING FOR PEOPLE

The Group recognises that our successful business growth would not be possible without the talent and dedication of our people. Ensuring their welfare is a fundamental part of our culture and operations. We have put considerable amount of effort in attracting and retaining proficient and experienced employees with provision of competitive and attractive remuneration packages and benefits including medical insurance, retirement schemes, and performance-based bonuses. We treat all of our employees in a respectful and fair way and have created a safe and caring working environment for them. We encourage our employees in their professional training and development and support them to achieve a healthy work-life balance.

### 4.1. Labour Standards



The Group uphold the principle of human rights and ensure it constitutes the basis of our businesses and operations. Our *Code of Conduct* and *Employee Handbook* clearly states the prohibitions of any forms of child or force labour.

The Group also ensures that all employees work on a voluntary basis and they can resign according to the requirements of their respective employment contracts. Bonded or forced labour, corporal punishment or coercion of any type related to work are prohibited.

During the reporting period, we were not aware of any non-compliance with laws and regulations having a significant impact on the Group regarding labour standards.

### 4.2. Employment



As at 31 March 2021, the Group, including its subsidiaries but excluding its joint ventures, employed approximately 3,200 employees. We are dedicated to promoting equal opportunities for all our employees in different areas, including recruitment, compensation and benefits, training, staff promotion, transfer, and dismissal. The *Recruitment Policy* established by DTG, EQK, LAV and the *Equal Opportunity Policy* established by our head office outlines our commitment to provide a fair and inclusive working environment that embraces and promotes diversity. We do not make hiring decisions based on candidates' gender, marital status, religion, age, race, political affiliation, and physical or mental disability. On the contrary, we recruit employees based on their work experience, skills and knowledge. Furthermore, we respect the rights of employees to join associations freely and bargain collectively.

We have a whistleblowing procedure in place whereby potential breaches including misconduct, malpractices and/or suspicions of fraudulent activities can be reported confidentially, anonymously and without any risk of reprisal.



Our employment contract is in compliance with local labour laws and regulations. These relate to terms such as wages, overtime payment, maximum working hours, compensation, rest period and dismissal. Remuneration packages are determined by reference to employees' performance and the prevailing salary levels in the market. We provide meal allowance for employees who work overtime. All employees are entitled to paid holidays, which include statutory holidays and leave such as sick leave, as well as maternity and paternity leave as per local laws. In addition, the Group provides year-end double pay, provident fund scheme, medical insurance and training to staff.

During the reporting period, we were not aware of any non-compliance with laws and regulations having a significant impact on the Group regarding employment practices.

### 4.3. Health and Safety



The Group considers people's health, safety and psychological and physical well-being as one of the top priorities. Providing a sound working environment to employees is essential for building trust and enhancing the commitment and performance. Through fostering the health, safety and well-being of all employees, we believe it will enhance the overall organisational well-being.

We have implemented an effective and safe working environment for our employees with the goal of creating an accident-free workplace. The Group has also outlined the health & safety standards for our employees in the *Health & Safety Policy* and *Code of Conduct*. Standard procedures such as special and routine inspections are formulated to identify safety risks and provide guidance on appropriate health and safety practices at the workplace to prevent potential accidents.

To ensure workplace safety, smoke detectors, first-aid boxes and fire extinguishers are put in place, and regular testing of ventilation, temperature and dust is conducted.

We have taken additional measures in Bangladesh and Myanmar to ensure the safety of our employees. In Bangladesh, as required by some of our clients, we comply with the requirements of the *Accord on Fire and Building Safety* in Bangladesh ("*Accord*"), which is an independent, legally binding agreement between global brands and retailers and trade unions designed to build a safe and healthy workplace in Bangladesh. The clients that require us to comply with the *Accord* are mainly European brands. We arrange meetings with doctors and nurses for our employees every two months to promote health and safety in our factory and minimise any potential risks and hazards.

During the reporting period, we were not aware of any non-compliance with laws and regulations having a significant impact on the Group regarding occupational health and safety.

#### Safeguarding against COVID-19

In response to the COVID-19 outbreak, the Group has implemented a series of operational reinforcement measures to ensure employee health and safety and continued operations. Some of these actions taken by the Group include:

- Intensified hygiene and cleaning procedures in line with sanitary authorities' guidelines;
- Distribution of individual protection facemasks and hand sanitisers;
- Establishment of flexible working arrangement for the employees when they, or their family members or close contacts, display relevant symptoms, or when they are in self-quarantine following a recent trip to a high-risk location;
- Distribution of COVID-19 brochure to employees to enhance their safety awareness; and
- Physical segregation of teams for meal break to minimise personal contact.



Provision of hand hygiene stations in prominent places around the factory



Conducting body temperature checks for all persons entering the factory



Introduction of measures to keep appropriate social distancing and avoid sitting direct face-to-face with other colleague when having meals



Conducting cleaning and disinfection of the facilities in the factory more frequently

#### 4.4. Development and Training



The professional competence and development of our staff is a key factor to the Group's success. The Group provides all-round talent training for our staff to enhance their ability and improve their career development.

We offer opportunities for our staff to develop their knowledge and skills through various seminars conducted by third parties, in-house discussion meetings and on-the-job training. We continually review the education needs of our staff and encourage our staff to pursue work-related training courses by providing education allowance upon the completion of probation.

We regularly arrange health and safety training, along with technical training, for our employees in Mainland China, Myanmar and Bangladesh to raise their alertness and knowledge over safety issues as well as to meet our clients' expectations and requirements. In addition, the Business Social Compliance Initiative ("BSCI") training and sexual harassment training to enhance our employees' knowledge and attitude have been continually conducted for both new employees and existing employees at DTG.

## 5. OPERATING PRACTICES

The Group aims to provide high-quality products and services with the highest degree of integrity to our customers. We adopt a zero-tolerance approach against any bribery and corruption behaviors within our business. We place strict supply chain management and product responsibility policies to maintain and improve the quality of our garment products and services. Quality control system and intellectual property rights have been implemented to meet our customers' expectations with high satisfaction. In addition, the Group understands investing in the communities where we operate is vital to sustainable business development. We make regular charitable donations and encourage our staff to participate in events held by our volunteering team.

### 5.1. Anti-corruption



The reputational capital of the Group is built on its long-established standards of ethics in conducting business.

The Group adopts a zero-tolerance approach towards any forms of corruption, including bribery, extortion, money laundering, fraud and theft and is committed to complying with all applicable anti-bribery laws of different jurisdictions, such as the *Criminal Law* of the People's Republic of China and the *Anti-Unfair Competition Law* of the People's Republic of China.

Our *Anti-Corruption & Anti-Bribery Policy* established by DTG and LAV build the foundations and outline clear requirement in relation of conflict of interests. We conduct regular corruption assessments to detect bribery, fraud or other malpractice activities.

All employees are required to report any potential violation of the *Anti-Corruption & Anti-Bribery Policy* or other Group Policies to the management or the relevant government department.

During the reporting period, we were not aware of any non-compliance with laws and regulations having a significant impact on the Group regarding bribery, extortion, fraud, or money laundering in its countries of employment.

### 5.2. Product Responsibility



Providing quality products and excellent services, as well as clear and unbiased information to help our customers to make informed decisions form an indispensable part of our values and principles.

In accordance with the corporate principle and the value of "Quality First", the *Code of Conduct* as well as the *Product Safety and Quality Policy* which set out by LAV outline our standards regarding product quality, health and safety, labelling and privacy matters relating to products provided and methods of redress. These policies contribute to sustainable and profitable growth by providing guidance on how to offer products that provide customer satisfaction while complying with the relevant laws and regulations.



## Quality Control

To drive an effective process for continuous improvement, quality control systems have been implemented to manage our product quality performance. The Group manufactures quality products in accordance with the requirements of clients and operating areas. For instance, our joint venture in Wuxi has obtained ISO9001: 2015 certification and thus maintained the quality management system with respect to the design and manufacture of yarn and textile products. Moreover, factory compliance audits will be conducted by our clients or audit firms assigned by our clients regularly for ensuring optimum product quality and production capabilities, as well as compliance with international labour and environmental laws.

The Group pays attention to all complaints and recall requests and takes corrective measures to ensure the provision of high-standard products and service. To ensure the quality of our products, we conduct regular inspection before their departure from the warehouses. Shipments are only executed after receiving approval from the clients on the Acceptable Quality Limit (“AQL”) report.

The Group observes strict compliance with the relevant local and national regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. During the reporting period, none of our products were subject to recalls for safety and health reasons.

## Intellectual Property Rights

To safeguard the intellectual property rights of our customers’ clothing design, visitors or employees (excluding relevant staff) are prohibited from taking photographs in the production area. Employees are prohibited to share any information related to the Group’s trademarks, raw materials, product development, craftsmanship, orders, prices and profits with any irrelevant personnel.

Additionally, the relevant department shall sign agreements with respect to intellectual property rights and confidentiality with its suppliers. The agreements allow all parties to be aware of the ways the intellectual property will be used and the ultimate rights of using and distributing the materials.

## 5.3. Supply Chain Management



The Group is committed to driving responsible practices across our Company and supply chain and follows the principle of open, fair and just procurement. We select suppliers strictly based on five criteria — availability for production, price, credibility, capability, and compliance with local laws and regulations.

The *Supply Chain Management Policy* established at EQK and WGG defines standards and guidelines for transparent, fair and efficient supplier selection by the Group as well as for quality-focused collaboration.

We always work closely with both clients and suppliers, primarily located in Mainland China, Myanmar and Bangladesh. Regular audits, such as social audits, safety audits and/or technical audits are conducted at our factories by some of our clients to check whether their *Supplier Code of Conduct* are being observed. If any issue remains outstanding within the period, they also run a follow-up audit to leave no room for non-compliance.

## 5.4. Community Investment

We support the communities in which we operate to maintain a healthy, resilient and sustainable community development.

Having operations in different countries, we encourage our local employees to play a positive and active role in the communities where they live and work by setting up the YGM Corporate Volunteering Team back in 2014. The team provides employees with the opportunities to participate in volunteering work and activities.

To promote employee participation, we offer fare subsidies, certificates and insurance purchased by the Group to the participants. Colleagues taking part in charity and volunteer services are granted a half-day leave for every two activities participated. During the reporting period, charitable donations made by the Group amounted to HK\$20,000.

Due to the unprecedented disruption caused by the COVID-19 pandemic this year, some community investments have been postponed or cancelled. We will continue our search for opportunities to support the communities through donations or volunteering.

## 6. ENVIRONMENTAL MANAGEMENT

The Group strives to make a positive contribution to green operations in its garment and textile manufacturing business in Mainland China, Bangladesh and Myanmar, as well as reduce environmental impacts on surrounding communities, in a bid to achieve harmonious coexistence between humanity and nature.

Although the environmental impacts of our major manufacturing processes are considered less significant compared with other companies involved in fabric processing activities such as dyeing and washing, we are dedicated to minimise the impacts through the following measures, whenever practicable:

- Efficient use of resources such as energy, water and raw materials;
- Waste reduction by minimising waste at source and recycling used products;
- Optimisation of material use;
- Compliance with applicable environmental legislation, rules and regulations;
- Regular review of our operational controls to enhance our environmental performance;
- Communication with internal and external stakeholders on environmental performance; and
- Environmental awareness building of employees through education and corporate activities.

To tackle the environmental issues and mitigate their impacts on our operations, our subsidiaries have either developed an overall *Environmental Policy* or put in place various environmental requirements to abide by. In addition, our joint venture in Wuxi has obtained *ISO 14001:2015 Environmental Management System* certification with respect to the design, manufacture and relevant management process of yarn and textile products.

During the reporting period, we were not aware of any non-compliance with laws and regulations having a significant impact on the Group regarding environmental issues.

## 6.1. Energy Consumption



The energy saving awareness is integrated into the Group daily operations especially at our manufacturing sites. The major sources of energy consumption are our factories, dormitories and offices.

To improve energy efficiency and reduce energy consumption, the following key measures were continually implemented at our operations during the reporting year:

- continued to gradually replace lighting fixtures with LED to reduce energy consumption;
- continued to motivate employees to conserve energy by switch off lighting and electric appliance during lunch hours and idling period;
- avoid leaving the electric appliance in standby mode when not in use to reduce energy consumption; and
- regularly inspect the implemented machinery scheduling to improve energy efficiency.

## 6.2. Water Consumption



The Group uses relatively less amount of water in the production process compared with other garment manufacturers engaged into fabric processing such as dyeing and washing, but we still seek opportunities to reduce and manage our water consumption proactively. We have installed water meters to monitor water consumption at our operations in Hong Kong and Mainland China. We will continue to seek opportunities to install water meters in other factories in the future.

In Mainland China, water is used mainly for domestic purpose throughout our business operations such as for consumption in dormitories. We encourage our employees not only use water wisely but also implement proper maintenance to prevent leakages. In addition, we examine water safety and quality through regular inspections at our business operations in Mainland China, Bangladesh and Myanmar.

We seek to reduce our water consumption through behavioural changes and regular hardware maintenance. The following water-saving measure were continually implemented at our operations during the reporting period:

- continued to conduct regular quantity and quality checks for drinking water as a continual measure (as part of the BSCI compliance audit requirements);
- continued to promote water saving messages to our staff by updating water-saving signage in common area;
- continued to reduce flushing water in our Myanmar (“DTG”) office by collecting rain water in brick tanks; and
- at our Wuxi factory, domestic sewage has been directly taken over to sewage treatment plants.



## Wastewater Management

Wastewater generated in our operations is properly handled in accordance with the laws and regulations of the countries in which we operate. In both Hong Kong and Mainland China, our domestic wastewater generated is properly managed by the municipal treatment facilities provided by the government. In Myanmar and Bangladesh, the sewage generated from domestic use is collected by septic tanks, and further removed by a qualified contractor on a regular basis.

## 6.3. Air and Greenhouse Gas Emissions



Considering the nature of business and the materiality assessment results, our environmental impacts relating to air emissions, hazardous waste or wastewater discharge are not considered significant. Nevertheless, we continue to seek compliance with all relevant regulatory requirements and remain committed to reducing these where possible.

Climate-related issues dominate all of the top five long-term risks in terms of likelihood in the World Economic Forum's *Global Risk Report 2020*. Recognising our role as a responsible corporate citizen, we continue to press on with our commitment to and efforts on low carbon manufacturing. Various measures are taken to conserve energy, such as adopting energy-efficient LED lighting systems and switching off idle electric appliances.

We have developed and implemented the *CO<sub>2</sub> Emission Policy* at LAV in Bangladesh. As energy consumption generates most of the greenhouse gas ("GHG") emissions, we will continue to minimise our environmental impacts by continuously implementing new energy-saving measures. For further details regarding our energy-saving measures, please refer to section 6.1 of this Report.

The *Air Emissions Management Procedure* has been established at WGG in Mainland China. In the year, all factories monitored emission quality regularly and measured the level of air pollutants emitted from the use of boilers and back-up generators, all of which complied with the relevant legal standards.

## 6.4. Waste Management



The Group strictly implemented the relevant requirements for the treatment of waste and packaging materials. Both hazardous waste and non-hazardous waste are disposed of in compliance with local laws and regulations. Any non-reusable fabric pieces were collected by a qualified waste handler in Mainland China while fabric scraps were also regularly collected by recyclers in Bangladesh and Myanmar. As our manufacturing process mainly involves sewing of garments, lubricant oil and light tubes are the only hazardous waste generated, and they are disposed of properly through qualified contractors.

## 6.5. Use of Packaging Materials



Though packaging material is not identified as a material issue in our materiality assessment, we continue to make efforts to ensure our packaging materials are kept to the minimum to reduce waste generation. The packaging materials used in our operations are primarily paper cartons, paper hand tags, tissue papers and plastic bags. Though our control over the selection of these packaging materials is very limited, we will continuously encourage our clients to use green materials such as biodegradable plastic bags instead of those made from polyethylene and polypropylene.

## 6.6. Green Manufacturing



The Group is committed to taking care of the environment and investing in green practices. Hence, we are purposefully adopting sustainable business processes. As required by our clients, we have manufactured products with the *Global Organic Textile Standard* (“GOTS”), which is recognised as the world's leading processing standard for textiles made from organic fibres. We strive to comply with the international standards or initiatives, such as the *Business Social Compliance Initiative* (“BSCI”) and *Ethical Trading Initiative* (“ETI”) and *Better Cotton Initiative* (“BCI”), which promotes better standards in cotton farming and practices.

## APPENDIX I: KEY PERFORMANCE DATA

Environmental KPIs				
	Unit	FY20/21	FY19/20	% change
<b>Use of energy</b>				
<b>Total energy consumption<sup>3</sup></b>	<b>GJ</b>	<b>999,259</b>	<b>946,749</b>	<b>5.55%</b>
<b>Direct energy consumption</b>		<b>89,011</b>	<b>103,654</b>	<b>-14.13%</b>
Natural gas		2,221	3,592	
Head office		-	-	
Subsidiaries		2,221	3,592	
Joint-venture		-	-	
Diesel		5,416	3,748	
Head office		-	-	
Subsidiaries		4,515	3,702	
Joint-venture		901	47	
CN Gas		79,477	94,120	
Head office		-	-	
Subsidiaries		79,477	94,120	
Joint-venture		-	-	
Gasoline		1,897	2,193	
Head office		273	180	
Subsidiaries		689	981	
Joint-venture		935	1,032	
<b>Indirect energy consumption</b>			<b>910,248</b>	<b>843,095</b>
Electricity		910,248	843,095	
<b>Energy use intensity</b>				
Head Office	GJ/m <sup>2</sup> (floor area)	0.15	0.16	<b>-5.71%</b>
Subsidiaries (EQK, WGG, DTG, LAV)	GJ/piece of garment produced	0.020	0.016	<b>18.68%</b>
Joint venture (Wuxi, TZCX, WNOC)	GJ/tonne of yarn produced	61.14	49.10	<b>24.52%</b>
<b>Use of electricity</b>				
<b>Total electricity consumption</b>	<b>kWh</b>	<b>252,846,714</b>	<b>234,192,925</b>	<b>7.97%</b>
Head Office		711,234	784,657	
EQK		1,220,432	1,471,350	
WGG <sup>4</sup>		570,480	1,524,980	
DTG		797,173	841,670	
LAV		835,144	1,226,838	
Wuxi		223,504,494	209,207,251	
TZCX		14,524,720	19,136,180	
WNOC		10,683,037	-	

<sup>3</sup> Fuel properties conversion factors are referenced from Department of the Environment, Food and Rural Affairs of the United Kingdom (DEFRA) Greenhouse gas reporting: conversion factors 2020 for calculating the energy consumed in GJ.

<sup>4</sup> Data boundary of FY2020/21 has changed due to the closure of Whampoa Garment Manufacturing (Guigang) Co., Ltd in October 2020, hence the data is not directly comparable with prior years.



<b>Environmental KPIs</b>				
	<b>Unit</b>	<b>FY20/21</b>	<b>FY19/20</b>	<b>% change</b>
<b>Use of water</b>				
<b>Total water consumption</b>	<b>m<sup>3</sup></b>	<b>354,038</b>	<b>327,857</b>	<b>7.99%</b>
Head Office		5,201	4,974	
EQK		26,612	23,065	
WGG <sup>4</sup>		19,728	48,944	
DTG		- <sup>5</sup>	-	
LAV		- <sup>5</sup>	-	
Wuxi		255,484	233,319	
TZCX		36,037	17,555	
WNOC		10,976	-	
<b>Water use intensity</b>				
Head Office	m <sup>3</sup> /m <sup>2</sup> (floor area)	0.28	0.26	<b>4.57%</b>
Subsidiaries (EQK, WGG, DTG, LAV)	m <sup>3</sup> /piece of garment produced	0.049	0.035	<b>37.78%</b>
Joint venture (Wuxi, TZCX, WNOC)	m <sup>3</sup> /tonne of yarn produced	20.61	14.96	<b>37.75%</b>

<sup>4</sup> Data boundary of FY2020/21 has changed due to the closure of Whampoa Garment Manufacturing (Guigang) Co., Ltd in October 2020, hence the data is not directly comparable with prior years.

<sup>5</sup> The water consumption has not been captured in DTG and LAV.

Social KPIs		
Employment	FY20/21	FY19/20
<b>Total workforce</b>	7,322	5,897
<b>By Gender</b>		
Male	3,047	1,886
Female	4,275	4,011
<b>By employment type</b>		
Full-time	7,319	5,895
Part-time	3	2
<b>By age</b>		
Under 16	0	0
16-29	3,502	2,348
30-50	3,008	3,021
51 or above	812	528
<b>By region</b>		
Hong Kong	123	162
Mainland China	3,713	2,683
Myanmar	1,303	1,299
Bangladesh	1,470	1,750
Others	713	3
<b>By employee category</b>		
Senior management	44	37
Middle management	252	402
Non-management	7,026	5,458
<b>Employee turnover rate</b>	<b>26.56%</b>	<b>20.60%</b>
<b>By Gender</b>		
Male	17.95%	16.70%
Female	32.70%	22.40%
<b>By region</b>		
Hong Kong	37.40%	0.00%
Mainland China	28.14%	27.80%
Myanmar	13.35%	4.30%
Bangladesh	34.42%	23.40%
Others	24.40%	0.00%
<b>Average training hours per employees</b>		
<b>By Gender</b>		
Male	6.8	4.2
Female	4.1	7.7
<b>By employee category</b>		
Senior management	23.8	18.3
Middle management	12.1	5.5
Non-management	4.9	6.6
<b>Anti-corruption</b>		
No. of anti-corruption training conducted	17	7

Occupational Health and Safety	FY20/21	FY19/20	% change
Work-related fatalities	0	0	n/a
Work-related injuries	10	24	- 58.3%
Lost days due to work-related injury	7	147	- 95.2%

## APPENDIX II: SEHK ESG REPORTING GUIDE CONTENT INDEX

Aspects		Section / Explanation
<b>A. Environment</b>		
<b>A1. Emissions</b>		
General Disclosure	Policies relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Compliance with relevant laws and regulations that have a significant impact on the issuer	6. Environmental Management; 6.3 Air and Greenhouse Gas Emissions; 6.4 Waste Management
A1.1	The types of emissions and respective emission data	The data is not tracked based on the materiality and level of control of the issue. However, we are improving our data collection system for better disclosure in the future.
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility)	
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility)	
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility)	
A1.5	Description of measures to mitigate emissions and result achieved	
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	6.4 Waste Management
<b>A2. Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	6. Environmental Management; 6.1 Energy Consumption; 6.2 Water Consumption; 6.5 Use of Packaging Materials
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)	Appendix I: Key Performance Data
A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility)	Appendix I: Key Performance Data
A2.3	Description of energy use efficiency initiatives and result achieved	6. Environmental Management; 6.1 Energy Consumption
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	6. Environmental Management; 6.2 Water Consumption



Aspects		Section / Explanation
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	The data is not tracked based on the materiality and level of control of the issue. However, we are improving our data collection system for better disclosure in the future.
<b>A3. The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	6. Environmental Management
A3.1	Description of the significant impacts of activities on the environment and natural resources and the action taken to manage them	6. Environmental Management
<b>B. Social</b>		
<b>B1. Employment</b>		
General Disclosure	Information on the policies; and 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.	4. Caring for People; 4.1 Labour Standards; 4.2 Employment
<b>B2. Health and Safety</b>		
General Disclosure	Policies on providing a safe working environment and protecting employees from occupational hazards and compliance with relevant laws and regulations	4. Caring for People; 4.3 Health and Safety
<b>B3. Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	4. Caring for People; 4.4 Development and Training
<b>B4. Labour Standards</b>		
General Disclosure	Policies and compliance with laws and regulations on preventing child and forced labour	4. Caring for People; 4.1 Labour Standards
<b>B5. Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain	5.3 Supply Chain Management
<b>B6. Product Responsibility</b>		
General Disclosure	Policies and compliance with relevant laws and regulations on health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	5.2 Product Responsibility
<b>B7. Anti-corruption</b>		
General Disclosure	Policies and compliance with relevant laws and regulations relating to bribery, extortion, fraud and money laundering	5.1 Anti-corruption
<b>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	5.4 Community Investment





**長江製衣有限公司**  
**YANGTZEKIANG GARMENT LIMITED**