



Environmental, Social  
and Governance Report  
**2021**

# **MBV International Limited**

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1957

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# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THIS REPORT

MBV International Limited (the “Company” together with its subsidiaries, hereinafter referred to as the “Group” or “MBV” or “we” or “us”) is pleased to present our annual Environmental, Social and Governance Report for year ended 31 December 2021 (the “ESG Report”) to provide an overview of the Group’s management of significant issues affecting the operation, including environmental, social and governance (“ESG”) matters.

The Group puts the sustainable development of its business as the top priority of its long-term development goals, and incorporate climate-related issues and environmental, social and governance elements into its long-term business strategic planning. As the most important leading role of the Group, the Board has the sole responsibility to oversee, manage and monitor the Group’s environmental, social and governance issues and progress directly.

The Group has set short-term and long-term sustainable development vision and goals to achieve ongoing emission reduction according to governmental requirements of different countries and regions gradually. Relevant emission reduction targets and corresponding strategies are established and sustainable development factors have been incorporated into the Group’s strategic planning, business model and other decision-making processes. The Board regularly monitors and reviews the effectiveness of management approach, including reviewing the Group’s environmental, social and governance performance and adjusting corresponding action plans.

Looking ahead, the Board will continue to review and monitor the environmental, social and corporate governance performance of the Group and provide material, reliable, consistent and comparable environmental, social and corporate governance information to its stakeholders for making contributions to create a better environment.

Both English and Chinese versions of this report are available on MBV’s website at [www.orensport.com](http://www.orensport.com). If there is any conflict or inconsistency, the English version shall prevail. Corporate governance section can be found in the Group’s 2021 Annual Report on pages 15–32 therein.

## THE ESG GOVERNANCE STRUCTURE

Effective implementation of environmental, social and governance policies relies on the collaboration of different departments. In order to endeavour to achieve the objective of sustainability development, the Group has established the ESG Committee during the Reporting Period so as to coordinate different departments and enhance their mutual co-operations for ensuring consistent work performance which could be aligned with the stakeholders’ expectations. The ESG Committee comprises core members from Finance Department, Human Resource Department and Purchasing Department, and is responsible for collecting relevant information on our ESG aspects for the preparation of the ESG Report. The ESG Committee reports to the board of directors (the “Board”), assists in identifying and assessing the Group’s ESG risks, and assesses the effectiveness of the Group’s ESG internal control mechanism.

The Board has overall responsibility for the Group’s ESG strategy and reporting. The Board is responsible for evaluating and determining the Group’s ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## REPORTING PERIOD

The ESG Report illustrates the Group's initiative and performance regarding the environmental and social aspects during the reporting period from 1 January 2021 to 31 December 2021 (the "Reporting Period").

## REPORTING SCOPE

This ESG Report covers major subsidiaries of the Group in Malaysia and Singapore with core business that principally engaged in sourcing, wholesaling, supplying and marketing imprintable apparel and gift products all across Malaysia and in Singapore. The Group will continue in assessing the impacts of its business on the major ESG aspects and to include in the ESG Report.

## REPORTING BASIS

The ESG Report is prepared in accordance to the ESG Reporting Guide set out by Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Group has complied with the disclosure requirements of the "comply or explain" provisions set out in the ESG Reporting Guide. Looking forward, the Group will continue to optimize and improve the disclosure of key performance indicators ("KPIs") which are considered material by the Group. The ESG Report is prepared and published in both English and Chinese. In the event of contradiction or inconsistency, the English version shall prevail.

During its preparation, the Group adheres to the reporting principles of materiality, quantitative, balance and consistency by:

**Materiality:** Identifying material issues through stakeholder engagement and making key disclosures about these issues.

**Quantitative:** Presenting information in a quantitative way, where feasible.

**Balance:** Reporting information in an objective and unbiased manner to ensure it reflects both the achievements and the challenges faced by the Group.

**Consistency:** Using consistent measurement methods to enable meaningful comparisons of the Group's ESG performance.

## CONTACT INFORMATION

The Group welcomes your feedback on the ESG Report for our sustainability initiatives. Please contact us through our Company website <http://www.orensport.com>.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## STAKEHOLDERS ENGAGEMENT

We identified the key stakeholders of our business operations and interacted with our stakeholders regularly through various communication channels. The following table illustrates the issues of concern of our major stakeholders and the ways we communicate with them:

Stakeholder	Expectation	Engagement channel	Measures
Government	<ul style="list-style-type: none"> <li>– Abide by laws and regulation</li> <li>– Fulfil duty to pay tax</li> <li>– Promote regional economic development and employment</li> </ul>	<ul style="list-style-type: none"> <li>– On-site inspections and checks</li> <li>– Company website</li> </ul>	<ul style="list-style-type: none"> <li>– Operated, managed and paid taxes according to laws and regulations, strengthened safety management</li> <li>– Accepted the government’s supervision, inspection and evaluation</li> </ul>
Shareholders and Investors	<ul style="list-style-type: none"> <li>– Provide high transparency for information disclosure</li> <li>– Protect shareholder’s rights and interest</li> </ul>	<ul style="list-style-type: none"> <li>– Annual general meeting and other shareholder meetings</li> <li>– Annual report, interim report and announcements</li> <li>– Company website</li> </ul>	<ul style="list-style-type: none"> <li>– Issued notices of general meeting and proposed resolutions according to regulations</li> <li>– Disclosed Company’s information by publishing annual reports, interim reports and announcements</li> <li>– Disclosed company contact details on website and in reports and ensured all communication channels available and effective</li> </ul>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## STAKEHOLDERS ENGAGEMENT (CONTINUED)

Stakeholder	Expectation	Engagement channel	Measures
Employees	– Education and training	– Employee communication	– Provided a healthy and safe working conditions and environment
	– Career development opportunities	– Training, seminars and briefing sessions	– Provide training to employee
	– Health and safety working environment	– Intranet and emails	– Provide attractive remuneration packages
	– Safeguard the rights and interests of employees		
Customers	– Provide safe, high-quality products	– Website, brochures and annual report	– Provide prompt quality, customized products
	– Stable relationship	– Email and customer service hotline	
	– Business ethics	– Complaint handling mechanism	
		– Regular meeting	
		– Sale representatives' visits	

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## STAKEHOLDERS ENGAGEMENT (CONTINUED)

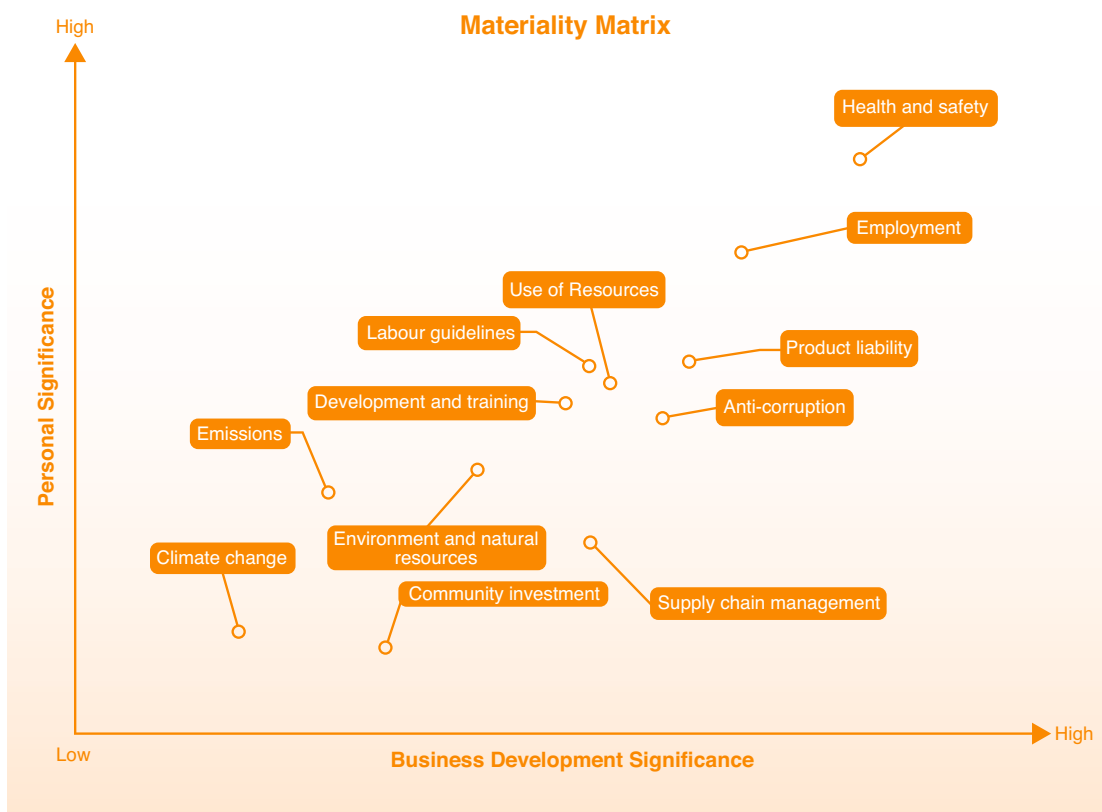
Stakeholder	Expectation	Engagement channel	Measures
Suppliers	<ul style="list-style-type: none"> <li>– Honest cooperation</li> <li>– Strong relationship</li> </ul>	<ul style="list-style-type: none"> <li>– Supplier review and assessment</li> <li>– Regular meeting</li> </ul>	<ul style="list-style-type: none"> <li>– Performed contracts according to agreements</li> <li>– Enhanced daily communication, and established long-term cooperation with quality suppliers and contractors</li> </ul>
Public and communities	<ul style="list-style-type: none"> <li>– Discharge social responsibilities</li> <li>– Community involvement</li> </ul>	<ul style="list-style-type: none"> <li>– Volunteering</li> <li>– Charity and social investment</li> <li>– Annual report</li> <li>– Donation</li> </ul>	<ul style="list-style-type: none"> <li>– Carry out charitable activities</li> <li>– Provided volunteer service, kept communication channels open between the Company and the communities</li> </ul>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## STAKEHOLDERS ENGAGEMENT (CONTINUED)

### Materiality Assessment

With a growing population, challenges such as climate change, energy supply and security, raw material scarcity, human health and safety, and employment must be addressed to ensure that people can lead healthy and fulfilling lives. Faced with a wide range of issues, the Group is keen to identify those that have a great impact on its stakeholders and business, and then to develop its strategic priorities. This is why materiality assessment is an essential part of the Group's ESG management and reporting.



The Group has established a stakeholder-driven approach to analysing the importance of ESG and identified 12 issues most relevant to the Group's business. A questionnaire was then conducted, in which stakeholders were invited to rate the issues based on their importance to the Group's business and to the stakeholders themselves.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## A. ENVIRONMENTAL ASPECTS

### Aspect A1: Emissions

Due to the nature of our business, our Group's operations do not directly generate significant industrial pollutants, and as such our Group did not incur direct costs of compliance with applicable environmental protection rules and regulations in past years. Our Board expects that our Group will not directly incur significant costs for compliance with applicable environmental protection rules and regulations in the future.

The Group is committed to reducing its impact on the environment and its carbon footprint whilst pursuing our quest to deliver quality and reasonable price products to our customers. Consumption of fuel and energy has been a significant contributor to greenhouse gases as well as other environmental concerns. The Group has adopted various practical measures to reduce the use of natural resources (thus in turn reduce emissions) as mentioned in aspects "A2: Use of Resources" in this ESG Report.

Regarding waste, no material hazardous waste produced during the Reporting Period. Non-hazardous waste mainly includes commercial waste. In order to properly control the disposal of our production wastes, we have formulated detailed environmental protection rules and guidance for our staff to follow during operation. We also engage approved disposal contractors to perform waste disposal and treatment, so as to minimize the impact on nature.

Thus, in light of the above mentioned, we believe that our operation does not generate hazards with any significant adverse effect on the environment, and our environmental protection measures are adequate to comply with all applicable current regulations in Malaysia and Singapore.

In addition, the Group advocates emission reduction, and is committed to achieving sustainable operations. To this end, we have set preliminary directional targets in terms of reducing emissions (including air pollutants, greenhouse gas, hazardous and non-hazardous wastes, and sewage). The Group will actively implement the material-saving plan and measures to maintain or reduce the intensity of waste production and emissions. The Group will review the progress and explore more opportunities for various environmental protection goals. In the future, we will set more specific quantitative environmental goals to nurture the environment and cherish natural resources. Moreover, we are investing more resources in recycling to help the development of circular economy.

During the Reporting Period, there was no material breach of or non-compliance with the applicable laws and regulations related to environmental protection that have a significant impact to the Group.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## A. ENVIRONMENTAL ASPECTS (CONTINUED)

### Aspect A1: Emissions (Continued)

Major air pollutants emissions from vehicles during the Reporting Period as follows:

#### Air Pollutant Emission

Type of Air Pollutants	Air Pollutant Emission (tons)	
	2021	2020
Nitrogen Oxides	0.312	0.333
Sulphur Dioxide	0.002	0.002
Particulate Matter	0.022	0.025

During the Reporting Period, the greenhouse gas (“GHG”) emission from the operation is set out below:

#### GHG Emission

Type of GHG emissions	Equivalent CO2 emission (tons)	
	2021	2020
Scope 1 Direct emissions	375.84	436.02
Scope 2 Indirect emissions	293.63	356.07
<b>Total</b>	<b>669.47</b>	<b>792.09</b>
<b>Intensity (tons/Revenue RM'000)</b>	<b>5.56</b>	<b>7.24</b>

Note:

The calculation of the GHG gas is based on the “A Corporate Accounting and Reporting Standard” from The GHG Protocol.

Scope 1: Direct emissions from vehicles that are owned by the Group

Scope 2: Indirect emissions from the generation of purchased electricity consumed by the Group

#### Hazardous and non-hazardous waste

During the Reporting Period, no significant non-hazardous waste is generated other than the scrapped textiles and clothes amounting to approximately 20,338 kg (0.17 kg/Revenue RM'000) during the course of production (2020: 21,845kg, 0.20kg/Revenue RM'000). The Group has engaged collectors to handle and collect the waste produced so as to minimize the environmental impact.

During the Reporting period, the Group has no significant hazardous waste generated due to our business nature. The Group will actively implement material-saving plan and measures to maintain or reduce the intensity of waste production.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## A. ENVIRONMENTAL ASPECTS (CONTINUED)

### Aspect A2: Use of Resources

The Group places high priority on the efficient use of resources. The major resources used by the Group are fuels, electricity, water, and packaging materials. For usage of water, the Group did not encounter any problems in sourcing water that is fit for purpose. The Group strives to improve the efficient use of natural resources, such as minimising waste/emissions and implementing effective recycling program. Practical measures are implemented as follows:

- Switching off lights and turning off unnecessary energy-consuming devices such as air-conditioning system when staff leaves the office;
- Adopting LED lighting in some manufacturing facilities, warehouses, and others;
- Promoting environmental protection such as saving water and electricity by slogan or poster in office and factories;
- Encourage the use of paper by printing or photocopying on both sides of paper, where applicable;
- Collection of scrapped textiles and clothes for recycling purpose;
- Regular maintenance of vehicles with good condition for operational efficiency;
- Strictly follow the procurement plan in order to avoid duplication of purchase and idle resources;
- Focus on quality management so as to reduce wastage and scrap for less pollution resulted.

In addition, the Group advocates energy and resources saving, and is committed to achieving sustainable operations. We have set preliminary directional targets in terms of energy use efficiency and water efficiency, in order to perform better energy conservation and water conservation. The Group will actively implement the electricity-saving plan and measures to maintain or reduce the intensity of electricity consumption and water consumption. The Group will review the progress and explore more opportunities for various environmental protection goals. In the future, we will set more specific quantitative environmental goals to nurture the environment and cherish natural resources. Moreover, we are investing more resources in recycling to help the development of circular economy.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## A. ENVIRONMENTAL ASPECTS (CONTINUED)

### Aspect A2: Use of Resources (Continued)

Energy, water and packaging materials consumption by the Group during the Reporting Period is set out below:

#### Energy Consumption

Type of energy	Energy consumed (kWh)	
	2021	2020
Unleaded petrol	636,878.38	832,970.82
Diesel	763,745.82	784,535.63
Purchased electricity	508,017.00	552,223.00
<b>Total</b>	<b>1,908,641.20</b>	<b>2,169,729.45</b>
<b>Energy intensity (kWh/Revenue RM'000)</b>	<b>11.6</b>	<b>19.82</b>

#### Water Consumption

	(m <sup>3</sup> )	(m <sup>3</sup> )
	2021	2020
Running water consumed	14,024.00	18,761
<b>Intensity (m<sup>3</sup>/Revenue RM'000)</b>	<b>0.12</b>	<b>0.17</b>

#### Packaging materials

Type of packaging materials	(tons)	(tons)
	2021	2020
Plastic	20.96	20.77
<b>Intensity (tons/Revenue RM'000)</b>	<b>0.00017</b>	<b>0.00019</b>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## A. ENVIRONMENTAL ASPECTS (CONTINUED)

### Aspect A3: The Environment and Natural Resources

The Group raises staff's awareness on environmental issues through education and training and enlist employees' support in improving the Group's performance, promote environmental awareness amongst the customers, business partners and shareholders and support community activities in relation to environmental protection and sustainability and evaluate regularly and monitor past and present business activities impacting upon health, safety and environmental matters. With the integration of policies mentioned in sections "Emissions" and "Use of Resource", the Group strives to minimise the impacts to the environment and natural resources. The principal business activities of the Group do not have a significant impact on the environment and natural resources during the Reporting Period.

### Aspect A4: Climate Change

Climate change is among the most pressing global challenges of our time. Acute physical risk can arise from extreme weather conditions such as flooding and storms and chronic physical risk can arise from sustained high temperature, while transition risk may result from the change in environmental-related regulations or change in customer preferences.

To minimize life, property and financial losses, precautionary measures on flexible working arrangement have been taken by the Group under different extreme weather scenarios of extreme heat and flooding.

Though climate change and abovesaid extreme weather conditions do not directly impose significant threat to the Group's business operations, the effects of global climate change harm the wellbeing and stability of countries and people on earth. However, we will continue to monitor the climate-related risks and implement relevant measures to minimize the potential impact of climate change.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## B. SOCIAL ASPECTS

### Aspect B1: Employment

The Group believes that a key to our success is our ability to recruit, retain, motivate and develop talented and experienced staff members. We endeavour to attract and retain appropriate and suitable personnel to serve our Group. Our group assesses the available human resources on a continuous basis and will determine whether additional personnel are required to cope with the business development of our Group. The Group strictly complies with relevant laws and regulations regarding employment and labour protection which have a significant impact on the Group, including but not limited to the Employment Act 1955, the Employees Provident Fund Act 1991, the Employees' Social Security Act 1969, the Employment Insurance System Act 2017 in Malaysia and the Employment Act and the Employment of Foreign Manpower Act in Singapore. The Group's human resources manual sets out our standards for compensation and dismissal, recruitment and promotion, working hours, rest periods, confidentiality, and other benefits and welfare.

We have a recruitment policy in place to maintain a fair and effective recruitment procedure. Under such policy, we normally recruit employees with the appropriate skills, both technical and personal, in order to meet our current and future needs and to ensure that the employees appointed are qualified and competent to carry out the duties. We have always maintained a good working relationship with our employees.

We entered into individual labour contracts with each of our employees in accordance with the applicable labour laws of Malaysia and Singapore, which cover matters such as wages, employee benefits and grounds for termination. The remuneration package our Group offers to our employees includes salary, bonuses, allowances and medical benefits. In general, we determine an employee's salary based on each employee's qualifications, experience and capability as well as the prevailing market remuneration rate.

Our Group considers that our employees play a pivotal role in our continuous growth. It is our policy to maximise the potential of our employees through training and development. Our Group provides both internal and external training related to marketing knowledge, good customer service, safety and quality management and other useful topics. For new hires, our Group provides an induction training programme followed by on-the-job training during their probation period, and continually monitors their progress throughout the probation period. Our employee training and development aim at equipping our employees with the knowledge and skills necessary to perform their job functions and enhance their capability. We believe this will also increase the overall competitiveness of our workforce and can maintain good relationship with our employee as we believe that our employees are valuable assets to our Group.

During the Reporting Period, there were no material non-compliance regarding employment brought against the Group or its employees.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## B. SOCIAL ASPECTS (CONTINUED)

### Aspect B1: Employment (Continued)

Below is a detailed breakdown of our employees employed under our major subsidiaries of the Group in Malaysia and Singapore by gender, age group, employment category and location as at 31 December 2021 and 2020:

	2021		2020	
	Number of staff	% of total	Number of staff	% of total
<b>By gender</b>				
Male	149	38.2	181	44.1
Female	241	61.8	229	55.9
Total	<u>390</u>	<u>100.0</u>	<u>410</u>	<u>100.0</u>
<b>By age group</b>				
30 or below	174	44.6	193	47.1
31-40	113	29.0	118	28.8
41-50	59	15.1	64	15.6
51 or above	44	11.3	35	8.5
Total	<u>390</u>	<u>100.0</u>	<u>410</u>	<u>100.0</u>
<b>By employment category</b>				
Contract or short term	—	—	1	0.2
General	364	93.3	383	93.4
Middle and Senior	26	6.7	26	6.4
Total	<u>390</u>	<u>100.0</u>	<u>410</u>	<u>100.0</u>
<b>By location</b>				
Malaysia	379	97.2	397	96.8
Singapore	11	2.8	13	3.2
Total	<u>390</u>	<u>100.0</u>	<u>410</u>	<u>100.0</u>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## B. SOCIAL ASPECTS (CONTINUED)

### Aspect B1: Employment (Continued)

Below is a detailed breakdown of turnover rate of our employees employed under our major subsidiaries of the Group in Malaysia and Singapore by gender, age group and location as at 31 December 2021 and 2020. They are defined by the categories of employees leaving employment divided by the average number of employees in those specified categories.

	2021		2020	
	Number of staff	% of total	Number of staff	% of total
<b>Turnover rate by gender</b>				
Male	25	15.5	49	23.8
Female	8	3.3	59	22.8
Total	33	8.2	108	23.3
<b>Turnover rate by age group</b>				
30 or below	9	5.1	65	28.8
31–40	13	10.9	26	19.8
41–50	6	9.7	13	18.4
51 or above	5	10.9	4	10.8
Total	33	8.2	108	23.3
<b>Turnover rate by location</b>				
Malaysia	31	7.9	103	23.0
Singapore	2	8.3	5	32.3



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## B. SOCIAL ASPECTS (CONTINUED)

### Aspect B2: Health and Safety

The Group places a strong emphasis on occupational safety of our staff. The Group strictly complies with relevant laws and regulations regarding safe working environment and labour protection from occupational hazards that have a significant impact on the Group, including but not limited to the Occupational Safety and Health Act 1994 in Malaysia, the Workplace Health and Safety Act (“WSH”), Work Injury Compensation Act (“WICA”) in Singapore. During the course of our business operations, our staff working at our warehouses are required to lift heavy objects racks and handle heavy mechanical equipment and our staff performing cutting and sewing operating are required to handle cutting and pattern machines, sewing machines and machinery for specific tasks. They are provided with staff instructions manuals and supervision on-site to ensure their safety and health at work. We also provide regular internal and external trainings to our employees regarding operational and work safety.

The Group is committed to maintain a safe working environment which poses no threat to health under the Group’s control and inspect any unsafe condition and fixing it immediately.

The Group maintains fire insurance, motor vehicles insurances, burglary insurances, glass insurance, money insurance, public liability insurance, surgical scheme policy and foreign workers compensation scheme policy for foreign workers.

To the best of our directors’ knowledge, there was no official record of any fatal accident, major work-related fatalities and work injuries, lost working days due to work injury in the Reporting Period, and there was no record of work-related fatality for at least three consecutive reporting years.

During the year ended 31 December 2021, the data of the Group’s work-related injuries and fatalities of the past three reporting years are listed as below:

	2021	2020	2019
<b>Number of Work-related fatalities:</b>	—	—	—
— Rate of Work-Related fatalities:	—	—	—
<b>Number of Work Injuries:</b>	—	1	2
— Lost days due to work injury	—	53	40

In view of the outbreak of novel coronavirus (“COVID-19”) since the beginning of 2020, the Group has taken a host of measures to help containing the spread of the disease and to safeguard our employees.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## B. SOCIAL ASPECTS (CONTINUED)

### Aspect B3: Development and Training

The Group recognizes the importance of training for the development of our employees as well as our Group. We provide various types of trainings to our employees as mentioned in aspects “B1: Employment” and “B2: Health and Safety” in this ESG Report. We believe it is a win-win approach for achieving both employee and corporate goals as a whole.

Below is a detailed breakdown of the percentage of employees trained by gender and employment category during the Reporting Period:

	2021
<b>Employee trained by gender</b>	
Male	40%
Female	30%
<b>Employee trained by employment category</b>	
Senior management	100%
Middle management	84%
General staff	30%

The average training hours for employees by gender and employment category during the Reporting Period are as follows:

	2021 Hours per employee
<b>By gender</b>	
Male	2.7
Female	1.2
<b>By employment category</b>	
Senior management	14.3
Middle management	3.7
General staff	1.4

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## B. SOCIAL ASPECTS (CONTINUED)

### Aspect B4: Labour Standards

The Group is fully aware that child labour and forced labour violate fundamental human rights and also pose threat to sustainable social and economic development. The Group strictly complies with relevant labour laws in Malaysia and Singapore and prohibits the use of child labour and forced labour. The Group has established the recruitment policy and stipulated that child labour and forced labour were prohibited. The Group also complies with relevant laws and regulations regarding employment and labour protection including but not limited to the Minimum Wages Order 2018 and the Minimum Wages Order 2020. Employment contracts and other records, documenting all relevant details of the employees (including age) are properly maintained for verification by relevant statutory body upon request.

If any violation is discovered, it will handle it in a serious manner, depending on the actual situation, it will be handled in accordance with national and local laws and regulations.

During the Reporting Period, we did not identify any issue related to child labour or forced labour within the Group.

### Aspect B5: Supply Chain Management

The Group works closely with its customer, suppliers and subcontractors who are committed to high quality, environmental, health and safety standards.

#### *Suppliers*

Our suppliers primarily include our Original Equipment Manufacturers (“OEMs”) for ready-made products and suppliers of raw materials including yarn, fabric and accessories such as buttons, zippers, packing materials, labels and other materials mainly in the People’s Republic of China (“PRC”), Bangladesh, Malaysia and other Asian countries. We had over 21 major OEMs and over 17 major raw material suppliers. The majority of our products are ready-made products we sourced and procured from OEMs primarily located in the PRC and Bangladesh. We usually place production orders with our OEMs weekly based on our daily inventory report for ready-made products. To determine whether to assign our production orders to suppliers in the PRC, Bangladesh or other countries, we typically take their prices, business relationship with us, technical capabilities, production capacities, delivery schedules and their respective strength and expertise into consideration.

Policies and procedures for selection and evaluation of suppliers are established for staff to follow. We have a careful selection process for our suppliers, including OEMs and raw material suppliers. We evaluate our prospective suppliers based on a number of factors, including their technical strengths, product quality, quality control effectiveness, pricing, core management team, credit rating, size, reputation, environmental, health and safety standards, production capacity and ability to meet our delivery timeline. Apart from product quality, delivery time and service quality, we evaluate if the suppliers consider the environmental and social criteria including the prohibition on the recruitment of child and forced labour, eliminating discrimination to employees, providing a safe working environment, considering if the products and services provided are beneficial to environmental protection and fulfilling the Group’s internal environmental requirement while minimizing the negative impact to natural environment, and strictly obeying the law. Our procurement personnel will conduct on-site investigations if necessary. We also conduct annual evaluations on our suppliers, including OEMs and raw material suppliers and cease to procure from those suppliers who (i) deliver off-standard products for a continuous period; (ii) refuse to replace or refund defective products; (iii) fail to meet our requisite standards, such as production capacity, environmental, health and safety standards, under our annual evaluation; and (iv) perform any actions which significantly affect our business interests.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## B. SOCIAL ASPECTS (CONTINUED)

### Aspect B5: Supply Chain Management (Continued)

#### *Subcontractors*

When our Johor Facilities are working in full capacity, our Group may subcontract the production to subcontractors. We generally provide the subcontractor with the fabrics to be used and the specification and design of the products. In addition, we engage subcontractors for services such as silkscreen printing and embroidery. During the Reporting Period, we had approximately 15 major subcontractors mainly in Malaysia. We monitor the quality of the outsourced products as well as the service provided by our subcontractors closely to ensure that products manufactured or processed externally meet our requirements including but not limited to environmental, health and safety standards, including the prohibition on the recruitment of the child and forced labour, eliminating discrimination to employees, providing a safe working environment, considering if the services provided are beneficial to environmental protection and fulfilling the Group's internal environmental requirement. We will review the performance of our subcontractors on an annual basis. Our Directors believe that our Group had a stable working relationship with our subcontractors during the Reporting Period.

Our Group evaluate the subcontractors taking into account of their technical capability, track records, services, prices, production capabilities, ability to complete the manufacturing procedures in a timely manner and product quality. Based on these factors, our Group selects and maintains a list of subcontractors approved by our Directors.

Our Group will generally obtain a number of quotations from the list of approved subcontractors and select the most suitable one based on fee quotes and track records, before placing subcontracting orders with the respective subcontractors. Apart from subcontracting fee, our Group also set out other terms of subcontracting service including terms of payment, method and time of delivery in the order form with the subcontractors. Our Group had not entered into any long-term agreements with our subcontractors during the Reporting Period. In order to ensure that the products meet the required quality standard, our Group performs quality inspection on the finished products provided by the subcontractors.

We believe there are no significant environmental and social risks for our management decision on supply chain management during the Reporting Period.

The following is an analysis of the Group's number of suppliers and subcontractors by geographical location during the Reporting Period:

#### **Number of major suppliers, OEMs and subcontractors by**

	2021	2020
Bangladesh	2	2
Malaysia	33	38
PRC	15	19
Others	3	1

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## B. SOCIAL ASPECTS (CONTINUED)

### Aspect B6: Product Responsibility

#### *Quality control*

We monitor the quality of the finished products by performing quality inspection to ensure that products manufactured meet our quality control standards. We maintain quality control procedures for our products produced by our OEMs and subcontractors, and as well as those produced in facilities in Johor, we also inspect the raw materials with the view to ensuring the overall quality of our products. We generally follow up with our suppliers and/or our production department on production and delivery schedules in order to ensure that the finished products can be delivered or produced in accordance with our requirements. Our staff members who are responsible for quality control perform inspections on the products to ensure they meet the relevant specifications. During the Reporting Period, there are no product sold or shipped subject to recall for safety and health reasons. Customers are always encouraged to give their feedback and opinions via service hotline and social media platforms, we did not receive any material claims or complaints by our customers in respect of the quality of our products and there was no incident of failure of our quality control procedures which had a material and adverse impact on our business operations.

#### *Product return policy*

Our products are subject to final inspections before delivery to the customers' designated locations to ensure that they conform with our specifications and quality requirements. We do not have any return policy in respect of our products. However, we may accept a return of products due to quality issues or require our OEMs to rectify any defects our customers identified after delivery of the products to them. In the event that issues relating to product return arise, we follow up closely with our customers on any claims or requests for product return, payment refund, rectification or price discount, and may enter into negotiations with our customers to resolve the issue on a case by case basis. During the Reporting Period, there had been no material claims against us in relation to defective products and there had not been any material product returns from customers.

#### *Compliance with relevant laws and regulations*

The Group is not aware of any material non-compliance with relevant laws and regulations that have a significant impact relating to health and safety, advertising, labelling and privacy matters regard to products and services provided by the Group during the Reporting Period.

#### *Protection of Intellectual Property Rights*

In order to maximize the protection of our intellectual property, the Group has registered trademarks in certain countries and regions. The Group understands and complies with the intellectual property ("IP") rights regulations. During the Reporting Period, there was no material infringement of the IP rights and the Group is confident that all reasonable measures have been taken to prevent any infringement of its IP rights and the IP rights of third parties. We retain the legal ownership of all designs, inventions or ideas developed by our employees during the course of their employment.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## B. SOCIAL ASPECTS (CONTINUED)

### Aspect B6: Product Responsibility (Continued)

#### *Customer Information and privacy protection*

Subject to compliance with the relevant privacy protection regime, the Group will strive to protect and monitor the privacy of customer information. Any organizations or personnel are prohibited to access customer information without relevant approval by the Group.

### Aspect B7: Anti-Corruption

To ensure operation efficiency and employees' development in a fair and honest working environment, the Group has formulated whistleblowing policy in the corporate governance manual in order to promote business ethics and integrity so as to avoid suspected corruption, extortion and money laundering channel such as by letter and email for employees to report suspected corruption are provided. If there are any suspected case related to corruption, employees are encouraged to report the related cases through the mentioned channels. All these practical actions not only win the trust of customers, but also enhance the sense of belonging and fair play among our employees.

Familiarising directors and employees with all aspects of anti-corruption and helping them identify and mitigate associated risks is integral. During the Year, the Group organized trainings on anti-corruption for directors and staff to strengthen the relevant management on the prevention, implementation and oversight of anti-corruption measures in the Group.

The Group has been in strict compliance with law and regulation related to anti-corruption. During the Reporting Period, there was no legal case regarding corrupt practices, extortion and money laundering brought against the Group or its employees.

### Aspect B8: Community Investment

As a socially responsible company, the Group is committed to understanding the needs of the communities in which we operate. The Group strives to develop long-term relationship with our stakeholders and seek to make contributions to programmes that have a positive impact on community development. Apparel, medical protection gears and other in-kind donations based on community needed will be at the core of the Group's community investment strategy.

During the Reporting Period, the Group donated 350 pieces of apparel as well as 500 pieces of face mask amounting to approximately RM 10,000 to support the Malaysian Social Entrepreneurs Foundation and Government's COVID-19 Vaccination Program and the school for preventing the COVID-19.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## C. REFERENCES TO THE ESG REPORTING GUIDE

Subject areas, aspects, general disclosures and KPIs		Chapter/Disclosure	Page
<b>A. Environmental</b>			
<b>Aspect A1: Emissions</b>			
<b>General Disclosure</b>	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	8–9
<b>KPI A1.1</b>	The types of emissions and respective emissions data.	Emissions	9
<b>KPI A1.2</b>	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions	9
<b>KPI A1.3</b>	Total hazardous waste produced and, where appropriate, intensity.	Emissions	9
<b>KPI A1.4</b>	Total non-hazardous waste produced and, where appropriate, intensity.	Emissions	9
<b>KPI A1.5</b>	Description of emissions target(s) set and steps taken to achieve them.	Emissions	8
<b>KPI A1.6</b>	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions	8

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject areas, aspects, general disclosures and KPIs		Chapter/Disclosure	Page
<b>Aspect A2: Use of Resources</b>			
<b>General Disclosure</b>	<p>Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</p>	Use of Resources	10
<b>KPI A2.1</b>	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources	11
<b>KPI A2.2</b>	Water consumption in total and intensity.	Use of Resources	11
<b>KPI A2.3</b>	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources	10
<b>KPI A2.4</b>	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources	10
<b>KPI A2.5</b>	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	Use of Resources	11
<b>Aspect A3: The Environment and Natural Resources</b>			
<b>General Disclosure</b>	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Emissions and Use of Resources	12
<b>KPI A3.1</b>	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Emissions, Use of Resources and The Environment and Natural Resources	12



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject areas, aspects, general disclosures and KPIs		Chapter/Disclosure	Page
<b>Aspect A4: Climate Change</b>			
<b>General Disclosure</b>	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change	12
<b>KPI A4.1</b>	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change	12
<b>B. Social</b>			
<b>Employment and Labour Practices</b>			
<b>Aspect B1: Employment</b>			
<b>General Disclosure</b>	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	13
<b>KPI B1.1</b>	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Employment	14
<b>KPI B1.2</b>	Employee turnover rate by gender, age group and geographical region.	Employment	15

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Subject areas, aspects, general disclosures and KPIs		Chapter/Disclosure	Page
<b>Aspect B2: Health and Safety</b>			
<b>General Disclosure</b>	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	16
<b>KPI B2.1</b>	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety	16
<b>KPI B2.2</b>	Lost days due to work injury.	Health and Safety	16
<b>KPI B2.3</b>	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety	16
<b>Aspect B3: Development and Training</b>			
<b>General Disclosure</b>	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training	17
<b>KPI B3.1</b>	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training	17
<b>KPI B3.2</b>	The average training hours completed per employee by gender and employee category.	Development and Training	17

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Subject areas, aspects, general disclosures and KPIs		Chapter/Disclosure	Page
<b>Aspect B4: Labour Standards</b>			
<b>General Disclosure</b>	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	18
<b>KPI B4.1</b>	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards	18
<b>KPI B4.2</b>	Description of steps taken to eliminate such practices when discovered.	Labour Standards	18
<b>Operating Practices</b>			
<b>Aspect B5: Supply Chain Management</b>			
<b>General Disclosure</b>	Policies on managing environmental and social risks of the supply chain	Supply Chain Management	18–19
<b>KPI B5.1</b>	Number of suppliers by geographical region.	Supply Chain Management	19
<b>KPI B5.2</b>	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management	18–19
<b>KPI B5.3</b>	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management	18–19
<b>KPI B5.4</b>	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management	18–19

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Subject areas, aspects, general disclosures and KPIs		Chapter/Disclosure	Page
<b>Aspect B6: Product Responsibility</b>			
<b>General Disclosure</b>	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, labeling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility	20–21
<b>KPI B6.1</b>	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility	20
<b>KPI B6.2</b>	Number of products and service related complaints received and how they are dealt with.	Product Responsibility	20
<b>KPI B6.3</b>	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility	20
<b>KPI B6.4</b>	Description of quality assurance process and recall procedures.	Product Responsibility	20
<b>KPI B6.5</b>	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility	21

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Subject areas, aspects, general disclosures and KPIs		Chapter/Disclosure	Page
<b>Aspect B7: Anti-corruption</b>			
<b>General Disclosure</b>	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.	Anti-Corruption	21
<b>KPI B7.1</b>	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-Corruption	21
<b>KPI B7.2</b>	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-Corruption	21
<b>KPI B7.3</b>	Description of anti-corruption training provided to directors and staff.	Anti-Corruption	21
<b>Community</b>			
<b>Aspect B8: Community Investment</b>			
<b>General Disclosure</b>	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.	Community Investment	21
<b>KPI B8.1</b>	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment	21
<b>KPI B8.2</b>	Resources contributed (e.g. money or time) to the focus area.	Community Investment	21