

金猫银猫CSmall

金猫银猫集团有限公司

CSmall Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1815

Environmental, Social and Governance Report

2021



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CONTENTS

ABOUT THIS REPORT	2
GROUP PROFILE	3
STATEMENT OF THE BOARD	3
STAKEHOLDER ENGAGEMENT	4
MATERIALITY ASSESSMENT	5
FEEDBACK	6
A. ENVIRONMENTAL PROTECTION	6
A.1 EMISSIONS AND WASTES	6
A.1.1 Emissions	7
A.1.2 Greenhouse gas emissions	8
A.1.3 Total amount and intensity of wastes and non-hazardous wastes generated	9
A.1.4 Treatment of hazardous and non-hazardous wastes	9
A.1.5 Measures for and results of reducing emissions	9
A.2 RESOURCE UTILIZATION	10
A.2.1 Direct and indirect energy	10
A.2.2 Total amount and intensity of water consumption	10
A.2.3 Plan on energy utilization and proper use of water	11
A.2.4 Total amount of packaging materials used for finished products	12
A.3 ENVIRONMENT AND NATURAL RESOURCES	
A.4 CLIMATE CHANGE	12
B. SOCIETY	12
EMPLOYMENT AND LABOUR PRACTICES	
B.1 EMPLOYMENT	13
B.2 HEALTH AND SAFETY	16
B.3 DEVELOPMENT AND TRAINING	17
B.4 LABOUR STANDARDS	18
OPERATING PRACTICES	
B.5 SUPPLY CHAIN MANAGEMENT	19
B.6 PRODUCT RESPONSIBILITY	19
B.7 ANTI-CORRUPTION	21
B.8 COMMUNITY INVESTMENT	21



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

This environmental, social and governance report (the “**Report**”) covers the impact of the principal operations of CSMall Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”, “**we**”, “**our**” or “**us**”) on the environment, society and governance (“**ESG**”) from 1 January 2021 to 31 December 2021 (the “**Reporting Period**” or the “**current year**”) together with the comparative figures from 1 January 2020 to 31 December 2020 (the “**last year**”).

Principal activities

This Report addresses the impact of the principal operating activities of the Group, being the design and sales of gold, silver, gem-set, colored gemstones and other jewellery products in the People’s Republic of China (the “**PRC**”), on the environment and society during the Reporting Period.

Main reporting guidelines

This Report was prepared in accordance with the “Environmental, Social and Governance Reporting Guide” (the “**ESG Reporting Guide**”) as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**” or the “**Stock Exchange**”) (the “**Listing Rules**”) (the version effective from 1 July 2020 to 31 December 2021). This Report focuses on the policies and performance of the Group in the four main areas, namely environmental protection, employment and labour practices, as well as operating practices and community investment, during the Reporting Period.

Preparation principle

The Report has been prepared based on the following reporting principles:

Materiality: When the Company’s board of directors (the “**Board**”) determines that ESG issues will have a significant impact on the Group’s investors and other stakeholders, the Group shall report on them, details of which have been disclosed in the sections headed “STAKEHOLDERS’ ENGAGEMENT” and “MATERIALITY ASSESSMENT”;

Quantitative: Quantitative environmental and social information has been presented in the Report with descriptions of its purpose and impact, and comparative information will be provided in subsequent Reports;

Consistency: The Report is our fourth ESG report. We adopt a consistent approach for ESG information disclosure in the Report to facilitate meaningful comparisons year by year.

Publication

The Report is available online in both Chinese and English versions. All shareholders and stakeholders can access the Report on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company’s website at www.csmall.com. In case of any discrepancy, the English version shall prevail.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

GROUP PROFILE

The Group completed its global offering and listing on the Main Board of the Hong Kong Stock Exchange on 13 March 2018. The Group will continue to maintain its online-offline integrated jewellery retail model, which is different from traditional jewellery retail brands, as it takes advantage of the comprehensive benefits of the platform, technology, supply chain and new online-offline integrated retail platform to integrate, optimize and empower traditional jewellery retail franchisees, so as to complement the Group's and the franchisees' respective strengths and foster mutual development. As a leading online-offline integrated Internet-based jewellery retailer in the PRC, the Group pays attention to diversified designs and brand values, and had 35 registered and valid design patents as at the end of 2021.

The Group adopts stringent quality control policies and management control and provides high-quality products and excellent after-sales services. It has good insights into the market trends of the gold, silver, gem-set, colored gemstones and jewellery industry and adjusts its strategies accordingly, so as to achieve reasonable gross profits in its sales and create maximum sustainable value for its stakeholders.

STATEMENT OF THE BOARD

In order to ensure the establishment of competent ESG risk management measures and internal control system, the Board is responsible for directing the sustainability strategies and the reporting of ESG, while the management of the Group would execute the strategies and practice sustainability in their daily operation.

The Board reviews and revises the Group's policy on sustainable development from time to time to ensure the effectiveness of the policy for accomplishing the expectations and needs of the stakeholders. An annual review will be carried out by the Board on the ESG initiatives to make sure adequate measures has been taken to enhance sustainability governance. A materiality assessment and stakeholders' assessment are carried out every year to identify and prioritize material ESG and risk related issues.

We aim to emphasise on business sustainability and strive to maintain higher standards of business practices in respect of environmental protection.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDERS' ENGAGEMENT

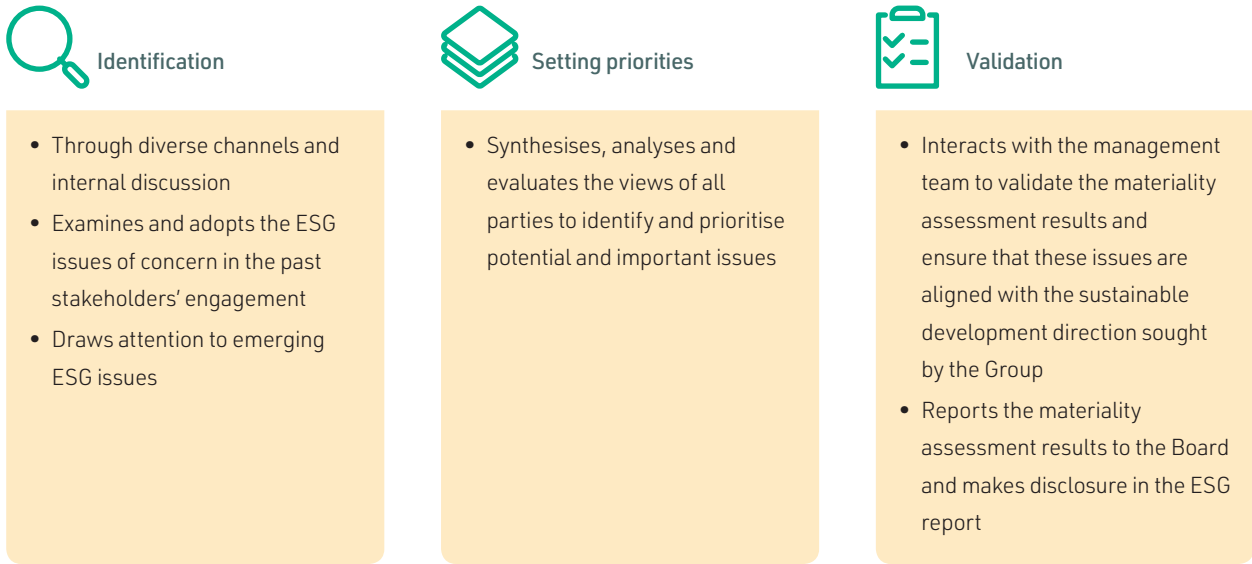
The Group values all stakeholders and their views on the Group's business and ESG issues. In order to know and understand the expectations of stakeholders, the Group has been maintaining close communications with stakeholders through various engagement methods and communication channels. The Group also takes into consideration the following issues of concern of stakeholders in the formulation of business and ESG strategies:

Major Stakeholders	Areas of Concern	Engagement Channels
The Stock Exchange	Compliance with the Listing Rules	Announcements published on the Stock Exchange's website Meetings as necessary Phone calls and emails
Government/ regulatory authorities	Compliance with relevant laws and regulations Proper tax payment	Site visits and audits Regular declarations Announcements of new laws and regulations in the Gazette Annual reports and other publications on its website
Shareholders and investors	Return on investments Transparent information disclosure Protection on interests of shareholders and fair treatment of shareholders	Annual and other general meetings of shareholders Annual reports, announcements and other publications Disclosure on the Stock Exchange's/the Group's website Company mail box managed by designated personnel
Employees	Salaries and welfares Protection on employees' rights and interests Health and safety Feedback opportunities	Regular meetings Comprehensive training Intranet and emails Regular company activities
Customers	Safe and high-quality products Good relationship Business ethics After-sales services	Website Television broadcast WeChat Interactive customer evaluation
Suppliers	Long-term business relationship Fair competition	Procurement contracts, emails, telephone calls, interviews Interactive supplier evaluation
Media	Corporate governance Environmental protection	Explanatory documents on key issues
Public and community	Environmental issues Charity contributions to the community	Community activities

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT

During the Reporting Period, the Group held discussions with the management and conducted materiality assessment through various channels to identify ESG issues that their key stakeholders and the Group are both interested in; and assessed the level of concern as viewed by them; so as to select the relatively important environmental and social issues. For materiality assessment, the Group has adopted the following three processes:



The following table sets out the summary of the key ESG issues of the Group:

Environmental	Social
<ul style="list-style-type: none"> • emission control • waste management • resources utilization • energy management • water management 	<ul style="list-style-type: none"> • employment practice • occupational health and safety • career development and training • prevention of child labour and forced labour • supply chain management • product responsibility • customer service • privacy protection • intellectual property rights • anti-corruption • community investment

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

FEEDBACK

We encourage our stakeholders to provide us with their comments and suggestions. If you have any comments on this Report or the Group's sustainability performance, please email us at cs@small.cn and the Group will keep reviewing our performance and making improvements.

A. ENVIRONMENTAL PROTECTION

The Group is committed to continuously enhancing its environmental and social responsibilities to achieve sustainable development of the Group. Our target is to reduce hazardous greenhouse gas emissions and unnecessary waste disposal in our daily business operations. At the same time, the Group has formulated a number of environmental protection policies and guidelines while establishing, tracking and closely monitoring the key performance indicators for continuous improvement. We regularly update and notify the management of the Group on the work results and key performance indicators to ensure that the Group follows the direction of the policies and upholds the same philosophy.

During the Reporting Period, the Group complied with the relevant laws and regulations relating to air and greenhouse gas emissions, discharges to water and land, and generation of hazardous and non-hazardous wastes, such as the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and the Environmental Protection Management Regulations for Construction Projects (《建設項目環境保護管理條例》), which had material impacts on the Group. During the Reporting Period, the Group did not violate any PRC environmental protection laws and regulations and was not subject to any material fines, non-monetary penalties or litigation relating to environmental violations.

A.1 Emissions and Wastes

As an online-offline integrated internet-based jewellery retailer, the Group did not have any manufacturing business during the Reporting Period, and therefore no hazardous waste was generated in the course of our business. However, the Group owns a private car for the purpose of visiting customers. The Group hands the products to the customers in its physical stores or hires third-party logistics companies for the delivery of its products.

The Board endeavours to use its best efforts to reduce greenhouse gas emission and improve electricity efficiency in the coming year. The Group has established a series of guidelines on use of resources to ensure the sustainable development and operation of the Group.

The steps to be taken to achieve this target include, but not limited to:

- no use of air conditioners during non-working hours
- raising the target temperature for an air-conditioning system from 22°C to 25°C

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- Encouraging use of more energy-efficient equipment
- Turning off lights and computer when leaving office
- Minimizing travel and encouraging online video and teleconferencing to reduce transportation needs
- Minimizing packaging materials for gifts packing and consider using recycled materials

A.1.1 Emissions

Emission by vehicle	2021	2020
Type	Private car	Private car
Number	1 vehicle	1 vehicle
Mileage	50,000 km	58,000 km
Type of fuel	Unleaded petrol	Unleaded petrol
Fuel consumption by vehicles	6,200 litres	7,200 litres
Emission of NO _x	3,735.00 g	4,332.60 g
Emission of SO _x	91.14 g	105.84 g
Emission of particulates	275.00 g	319.00 g



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

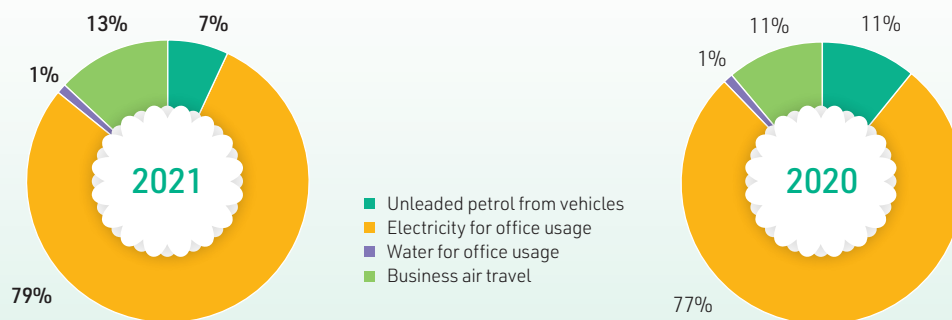
A.1.2 Greenhouse gas emissions

Since the Group does not have any manufacturing facilities, the gas emissions generated by the Group mainly come from the electricity purchased for our office, the business air travel by employees, the private car for visiting our customers and water consumption. The Group's greenhouse gas emissions during the Reporting Period were mainly carbon dioxide (CO₂), with emission data and diagram detailed below.

	2021		2020	
	CO ₂ equivalent emission (tonnes)	Intensity (Note 1)	CO ₂ equivalent emission (tonnes)	Intensity (Note 1)
Scope 1 – Greenhouse gas direct emissions				
Greenhouse gas emissions from mobile combustion sources	16.79	4.61	19.50	5.61
Scope 2 – Energy indirect emissions				
Mainly come from the electricity purchased	179.57	49.33	138.76	39.90
Scope 3 – Other indirect emissions				
Electricity used for processing fresh water and sewage by government department	1.73	0.48	1.33	0.38
Business air travel by employees	30.42	8.36	19.58	5.63
	228.51	62.78	179.17	51.52

Note 1: The intensity is measured in tonnes per RMB100 million of the Group's revenue, which was RMB364 million during the Reporting Period (2020: RMB348 million).

Proportions of CO₂ equivalent emissions



In the current year, electricity for business usage accounts for 79% of the total gas emissions (2020: 77%).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A.1.3 Total amount and intensity of wastes and non-hazardous wastes generated

The Group's business does not involve discharge of pollutants and hazardous waste to water and land. The key non-hazardous waste generated by us is the small amount of general waste such as stationery in our Group's office operation. As assessed by the Company, such disposal is limited, so no relevant disclosure has been made accordingly.

A.1.4 Treatment of hazardous and non-hazardous wastes

The Group's principal business activity is sales of gold, silver, colored gemstones, gem-set and other jewellery products, which does not involve waste disposal. The Group adopts appropriate and economical policies concerning the waste generated in the office during daily operation. For example, we encourage our employees to use recycled paper, and most of our internal administrative documents are published electronically instead of printing out on paper, putting our philosophy of being economical into practice.

A.1.5 Measures for and results of reducing emissions

During the course of our operations, we always bear in mind environmental protection and resource efficiency. For example, we recommend the use of teleconferencing and videoconferencing instead of business trips, encourage our employees to use recycled paper, and streamline warehousing and delivery processes to reduce the frequency of transportation, so as to reduce emissions from our daily operations in a versatile and effective way.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A.2 Resource Utilization

A.2.1 Direct and indirect energy

We encourage our employees to use electricity effectively. We have taken various measures to improve energy efficiency, such as reducing electricity usage, keeping indoor temperatures at a reasonable level, and using energy-efficient equipment. During the Reporting Period, the Group's energy usage was as follows:

Resource utilization	2021	2020
Electricity consumption		
Usage (kW/h)	275,974	213,231
Intensity (Note 2)	75,817	61,309

Note 2: The intensity is measured in kW/h per RMB100 million of the Group's revenue, which was RMB364 million during the Reporting Period (2020: RMB348 million).

A.2.2 Total amount and intensity of water consumption

The Group promotes sustainable and efficient use of water. Due to the Group's operating locations, we did not encounter any significant issues in sourcing water that is fit for purpose.

The Group has set target to improve water consumption efficiency by posting water-saving signs to remind employees for water conservation and inspecting water supply pipelines on a regular basis to prevent water leakage.

During the Reporting Period, our total water consumption in the office was 3,453 m³ (2020: 2,668 m³), representing an intensity of 948 m³ (2020: 767m³) per RMB100 million of the Group's revenue.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A.2.3 Plan on energy utilization and proper use of water

The Board endeavours to use its best efforts to reduce the consumptions on energy, paper and water, as well as packaging material in the coming year. In order to achieve this target, the Group has been actively implementing water conservation measures to reduce water consumption. We have also taken various measures to reduce carbon emissions and improve energy efficiency, as well as to reduce electricity consumption and keep indoor temperatures at a reasonable level. It is also our wish that our employees make joint efforts with us to contribute to the cause of environmental protection.

The Group has worked to raise staff awareness of environmental management at workplace while encouraging the staff to reduce the consumption of electricity, paper and water resources. When carrying out renovations of the new offices, the Group used more energy efficient LED lighting and air conditioners. We posted notices at conspicuous locations to remind our staff to switch off electricity when leaving office and turn off the water taps immediately after use. The Group strongly encourages double-sided printing, use of electronics documentation, and recycling of used paper in order to lower paper consumption. Dedicated bins have been set up at the Group's offices to facilitate waste separation and recycling.



Save Paper



Save Electricity

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A.2.4 Total amount of packaging materials used for finished products

The Group's major business activity is the sales of gold, silver, colored gemstones, gem-set and other jewellery products, where most of the packaging materials are used for preservation of products, such as jewellery boxes and bags, and are considered as part of the complete products. Therefore, this part of packaging materials was not accounted for separately.

Other types and units of our packaging materials are as follows:

Type	2021		2020	
	Usage (tonnes)	Intensity (tonnes/ RMB100 million) (Note 3)	Usage (tonnes)	Intensity (tonnes/ RMB100 million) (Note 3)
Plastics	4.9	1.35	3.8	1.09
Corrugated paper	8.0	2.20	6.2	1.78
Paper sheets	0.5	0.14	0.4	0.11

Note 3: The intensity is measured in tonnes per RMB100 million of the Group's revenue, which was RMB364 million during the Reporting Period (2020: RMB348 million).

A.3 Environment and Natural Resources

The Group is committed to protecting our environment and minimizing the impact of its daily operations on the environment. In order to reduce carbon emissions, one of our considerations during the packaging process is to facilitate our customers to preserve their purchased products, and therefore we focus on the functionality of the packaging and reduce the use of disposable materials. In our daily operations, we also constantly remind our employees of the importance of energy conservation, in an effort to create green office spaces.

A.4 Climate Change

The physical impacts of climate change, including extreme weather events, or damage to facilities have immediate operational impacts and are treated as operational risks. Understanding these trends and the relationship with our business can help us to prepare, analyse possible risks and opportunities, help seize the opportunities of potential benefits and establish the response capacity of the Group in the long run.

In response to climate change, the Group is committed to reducing carbon emissions and waste generated by office. The Group aims to reduce the consumption of electricity, water, paper and gasoline for vehicles as well as the number of business trips.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B. SOCIETY

EMPLOYMENT AND LABOUR PRACTICES

B.1 Employment

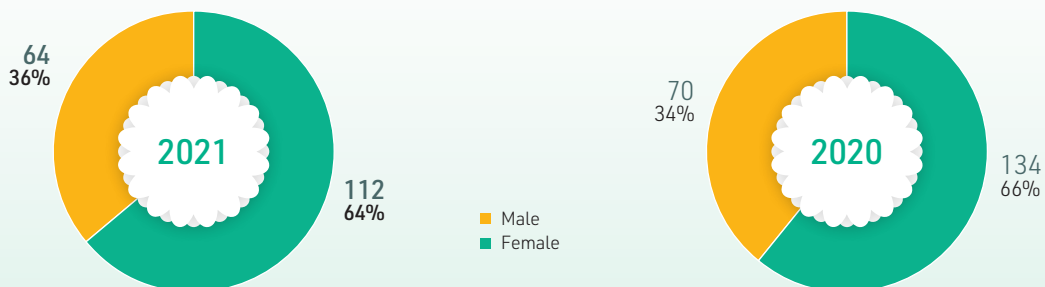
The Group complies with the relevant regulations such as Labour Law of the People’s Republic of China 《中華人民共和國勞動法》, the Labour Contract Law of the People’s Republic of China 《中華人民共和國勞動合同法》, the Law of the People’s Republic of China on the Protection of Women’s Rights and Interests 《中華人民共和國婦女權益保障法》, the Social Security Law of the People’s Republic of China 《中華人民共和國社會保障法》, the Trade Union Law of the People’s Republic of China 《中華人民共和國工會法》 and the Special Regulations on Protection of Women Workers 《女職工勞動保護特別規定》, and makes timely contributions to the five major insurances and one provident fund for its employees, i.e. pension insurance, medical insurance, unemployment insurance, maternity insurance, work injury insurance and housing provident fund.

The Group understands that its employees are critical assets and its business development wholly depends on their contribution and hard work. The growth of our employees leads to continuous innovation in our products and helps us achieve excellence and quality. The Group provides competitive remuneration packages to its employees with reference to industry practices and benchmarks, including paid annual leaves, marriage leaves, maternity leaves, internal promotion opportunities and annual bonuses.

During the recruitment process, we strive to be fair and just, and therefore we have adopted an open recruitment process. The Group will not tolerate any kinds of discrimination, including gender, sexual orientation, disability, age, religion, family background or other personal characteristics protected by law.

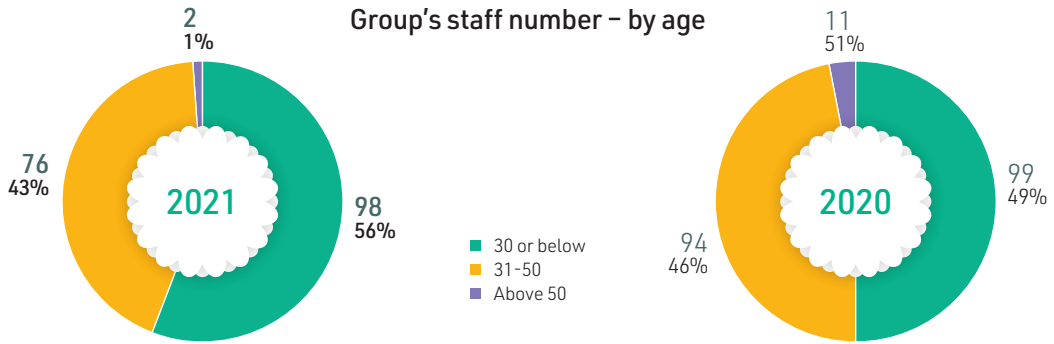
As at the end of the Reporting Period, the Group had a total of 176 employees, representing a net decrease of 28 employees when compared with the number as at the end of 2020. All are full-time employees. The following figures are compiled based on the total number of employees as at the end of the Reporting Period.

Group’s staff number – by gender

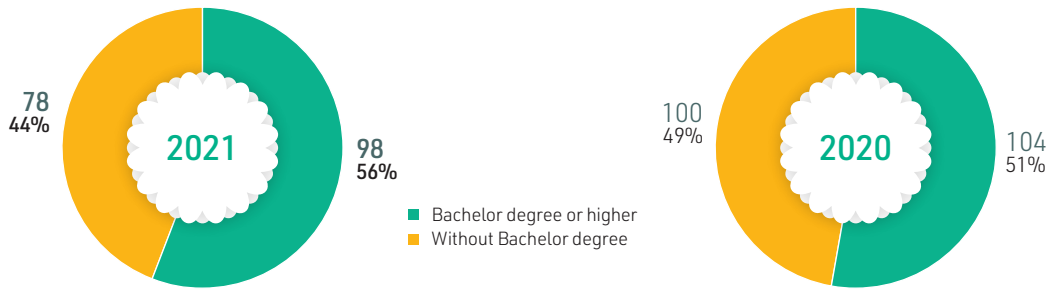


ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

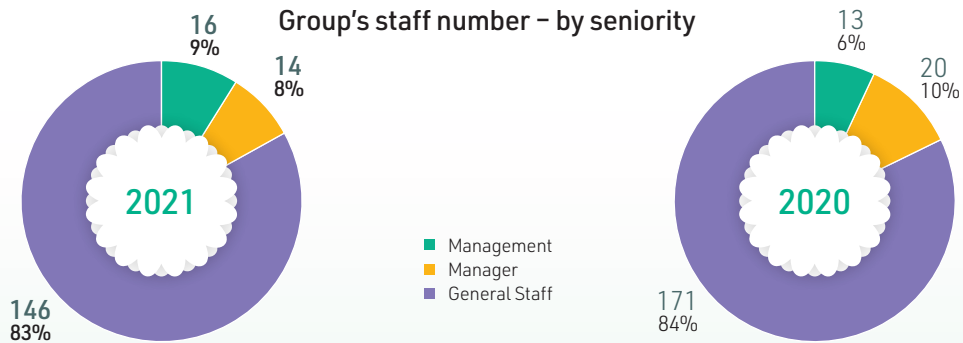
Group's staff number – by age



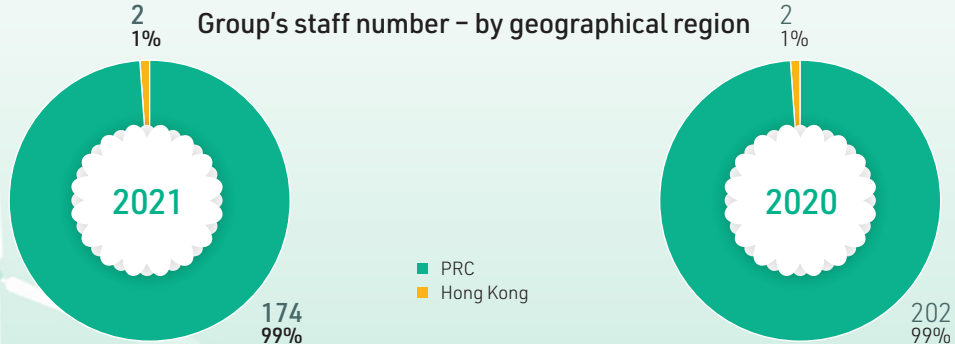
Group's staff number – by education



Group's staff number – by seniority



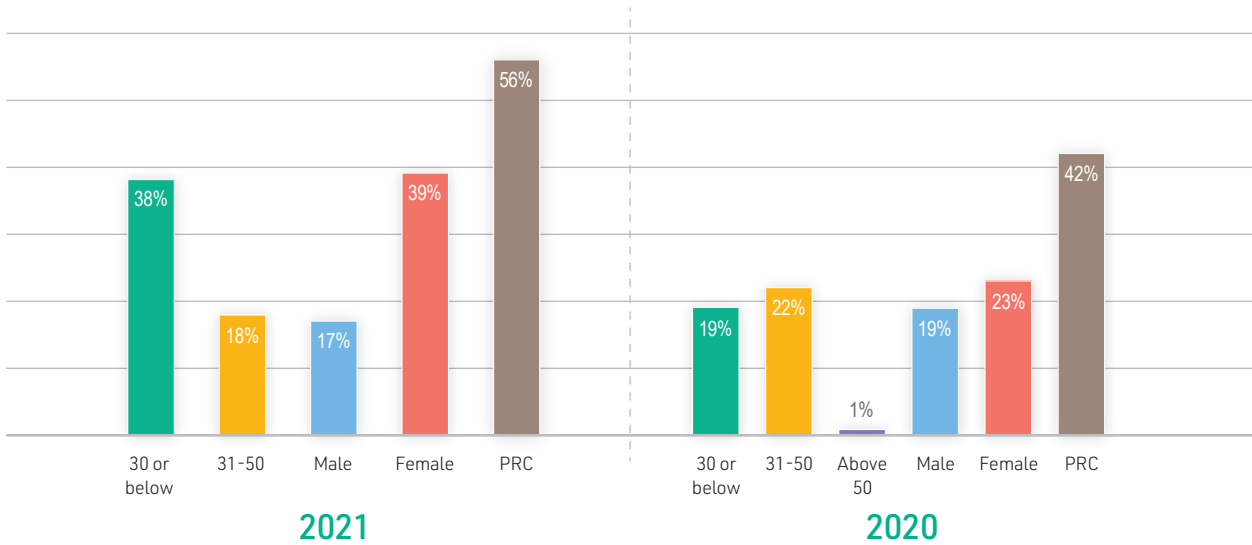
Group's staff number – by geographical region



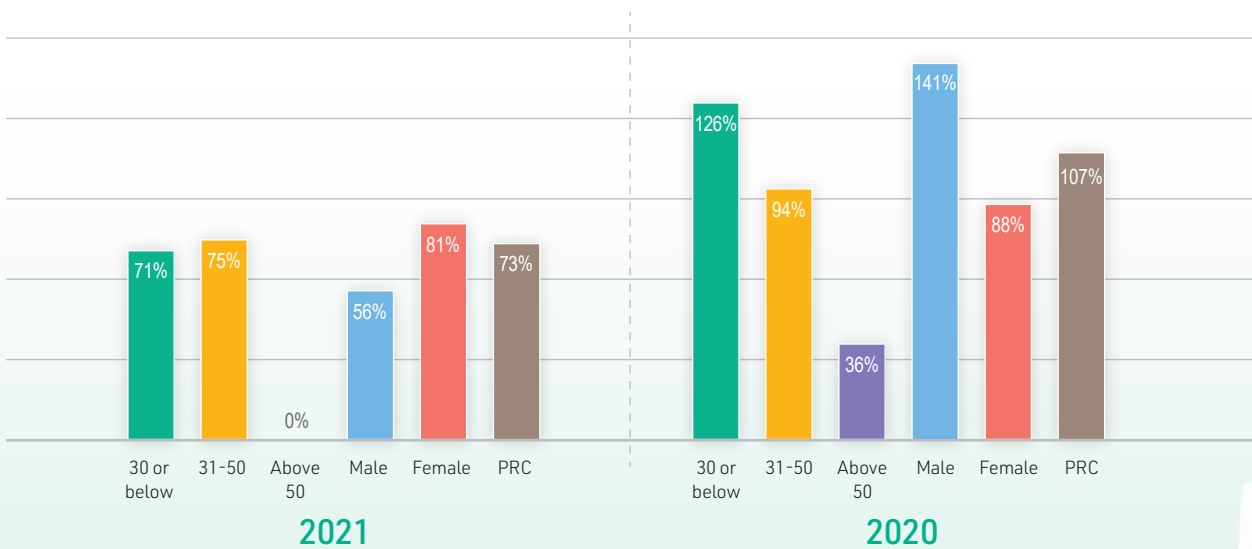
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The analysis of staff on-boarding and turnover rates during the Reporting Period is as follows:

Staff on-boarding rate



Staff turnover rate



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B.2 Health and Safety

During the Reporting Period, the Group complied with relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards, such as the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》) and the Prevention and Control of Occupational Diseases Law of the People's Republic of China (《中華人民共和國職業病防治法》), to ensure that the employees are working in a safe environment in respect of health, hygiene, ventilation, gas safety, building structure and means of escape.

Providing a safe and relaxing working environment for our employees is one of our main considerations. A number of measures have been implemented in the workplace to promote this policy, which are detailed as follows:

- No smoking, no abuse of alcohol and no drugs in the workplace
- Provision of clean and tidy staff lounge
- Adequate illumination in the workspace and open and clear corridors, especially the escape exits
- Provision of adjustable chairs and computer displays so that our employees can maintain proper sitting postures and protect their eyes

Due to the outbreak of the novel coronavirus ("COVID-19"), the Group has taken a series of measures to minimize the risk of the spread of the COVID-19. We have adopted a number of pandemic prevention measures in the workplace, such as: providing staff with pandemic prevention materials such as disinfectant, hand sanitizer, alcohol for disinfection and masks, checking body temperature when entering the workplace, and allowing employees to work from home according to government measures.

No work-related fatalities were recorded in each of the past three years including the Reporting Period. During the Reporting Period, no work-related injuries were recorded.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B.3 Development and Training

In order to maintain the competitiveness of the Group and our employees, our human resources team regularly organizes internal and external training for our employees to support their personal growth and continuous development.

The Group provided diverse training programs for our employees during the Reporting Period, including induction training, occupational safety and health education, company policy training and on-the-job training. The following table shows the number of hours that our employees spent on training during the Reporting Period:

	2021	2020
Total number of training hours/total number of employees (Note 4)		
- Manager level or above	0.41	0.24
- Below manager level	2.66	2.29
- Male	0.68	1.12
- Female	2.39	1.38

Note 4: The calculation for last year's average training hours per employee was adjusted to total number of training hours over total number of employees to facilitate meaningful comparisons with that of the current year.

During the Reporting Period, the percentages of staff that received training are: management: 38%, manager and general staff: 24%; male: 16%, female: 31%.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company organized several staff activities during the Reporting Period, including holiday celebrations for Mid-Autumn Festival and the Christmas eve.

Mid-Autumn Festival event



Christmas eve

The Group also provides its employees with internal promotion opportunities to acknowledge their outstanding performance and hard work.

B.4 Labour Standards

The Group strictly complies with the relevant laws in the place where it operates, including the Labour Law of the People's Republic of China 《中華人民共和國勞動法》, the Special Protection Regulations for Juvenile Workers 《未成年工特殊保護規定》 and the Regulations on Prohibition of Child Labour 《禁止使用童工規定》, and absolutely refrains from hiring child labour or involuntary labour. During the Reporting Period, there was no child labour or forced labour involved in the Group's business activities.

Being fully aware that exploitation of child and forced labour violates human rights and international labour conventions, the Group has established policies that prohibit any forced, bonded or otherwise involuntary labour throughout its operations. Additionally, through its procurement and tendering policies, the Group also endeavours to ensure that its suppliers and contractors are free from the employment of forced, bonded or otherwise involuntary labour.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OPERATING PRACTICES

B.5 Supply Chain Management

In order to maintain the high quality of our products, we have adopted a strict screening mechanism in the selection of suppliers. For example, we will check whether the suppliers have complied with national environmental regulations and legal requirements on child labour, the quality of their materials and whether they had major violations in the past.

In order to enhance the quality of our customer service, we have devised various policies and guidelines on various types of sales, covering areas such as operational procedures, warehouse management and employee training. In addition to satisfying the needs of customers, our employees are also trained to understand the trends of the market so as to further enhance customers' sense of superiority.

During the Reporting Period, we had a total of 24 suppliers, all of which are located in the PRC.

B.6 Product Responsibility

During the Reporting Period, the Group complied with relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters of products and services provided and methods of redress, such as the Trade Descriptions Ordinance (《商品說明條例》) (Chapter 362 of the Laws of Hong Kong), the People's Republic of China Product Quality Law (《中華人民共和國產品質量法》) and the People's Republic of China Law on Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》).

Product safety and quality assurance

The Group offers self-branded and third-party branded jewellery products. Self-branded products are designed by our development team and each product is properly accompanied by product information and usage labeling in accordance with relevant laws and industry practices. The Group undertakes that it will continue to maintain product safety of the highest level, assess product quality regularly and take the initiative to make improvements.

During the Reporting Period, we did not receive any major complaints about the quality of our products and services, and did not make any recalls due to safety and health incidents.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Excellent service experience

For online business, the Group has established an online platform for customers to purchase goods at any time of the day. The Group also launch online pre-sale activities from time to time to showcase our latest products. With the assistance of software, we can clearly understand our customers' preferences and needs, and respond immediately to meet market demand and increase customers' sense of superiority. We have vigorously developed E-commerce live streaming business in recent years, and E-commerce live streaming realises face-to-face information exchange between streamers (merchants) and consumers. Through the live streaming communication portal, consumers can be provided with better products and services. Meanwhile, our powerful technology research and development team has created a "smart marketing decision support system" for jewellery industry. Through collecting and analyzing data from both online platforms and offline stores, such system provides valuable information on customer behaviour and preferences, thereby allowing retailers to gain an insight into operational and business strategies. Big data analysis not only allows us to understand customer behaviour and preferences, but also equips us with insight into our operations and business strategies, helping to provide consumers with enhanced shopping experience and better products.

After-sales service

The Group provides high-quality products, backed with comprehensive after-sales service. Our website provides a clear list of points for our customers to note after making a purchase, including invoicing, repairing, shining, return, resizing, cleaning, examination and buyback. We have also set up a professional customer service team to provide consultation and handle complaints online. In order to ensure effective communication with our customers, the Group has set up a dedicated department to handle customer calls, which will quickly relay the feedback of our customers to the relevant departments and follow up with our customers proactively. The department has separate workstations to protect the privacy of our customers.

Data privacy

The Group understands that during the process of sales, the Group collects personal data of customers through the membership programme, social media platforms and the Company's website. The Group considers privacy and personal data protection as part of its business management, and incorporates information confidentiality requirements into its corporate policies, whereby customer data can only be used in relation to the operations of the Group. The Group has always strictly complied with the relevant laws and regulations relating to privacy and has ensured that all information relating to personal privacy is properly handled.

During the Reporting Period, the Group did not receive any complaints about privacy infringement.

Intellectual property rights

The Group's enthusiasm for innovation and arts has prompted us to pay more attention to intellectual property rights. We regularly review relevant intellectual property policies and apply for registration of patents on the brands and designs of the Group, thereby safeguarding our diversified designs and brand values. As at the end of 2021, the Group had 71 (2020: 64) registered trademarks and 35 (2020: 46) registered and valid design patents in the PRC.

During the Reporting Period, the Group did not breach any intellectual property rights of any related parties.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B.7 Anti-corruption

During the Reporting Period, the Group complied with relevant laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering, such as the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), the Regulations of the People's Republic of China for Suppression of Corruption (《中華人民共和國懲治貪污條例》) and the Prevention of Bribery Ordinance (《防止賄賂條例》) (Chapter 201 of the Laws of Hong Kong).

In order to establish an open, fair and transparent business culture, and deter violations such as bribery, extortion, fraud and money laundering, the Group has established the Integrity & Compliance Department, which is responsible for receiving and reviewing relevant whistle-blowing reports and is determined to crack down on all corrupt sales activities.

The reports we accept include but are not limited to the following:

- Asking for or accepting bribes from our employees, including cash, premium gifts and any forms of lavish treatments
- Conflicts of interests in duty performance, such as violation of the Group's investment regulations, or working for our suppliers, distributors and partners at the same time
- Leakage of the Company's confidential information and data by our employees
- Exploitation of positions by our employees for personal gains

The Group encourages whistleblowers to report by real-name and promises to protect their identities and keep their reports confidential. For all commenced investigations, the relevant departments will provide updates to the whistleblowers according to the contact information provided.

During the Reporting Period, no cases of anti-corruption involving the Group were concluded.

In order to raise the awareness of self-discipline, the Group provides relevant anti-corruption and anti-bribery training for the Board and employees. All new employees have training on anti-corruption business ethics and anti-money laundering in order to enhance their self-discipline awareness and emphasize the importance of integrity and ethics. The Group's "Anti-Corruption Policy" was officially published on the official website of the Company in March 2022 and also included in the staff's handbook.

B.8 Community Investment

The Group encourages its employees to participate in community and charitable activities to give back to society. In the last year, the Group organizes craft workshops for children from time to time to produce souvenirs to give them a deeper understanding of the historical development of silver and jewellery. To minimize risk of spreading COVID-19 in the society, we did not organize such activities in the current year.