



# Win Hanverky Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code : 3322)



# 2022

## Environmental, Social and Governance Report

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## Win Hanverky Holdings Limited

The board of directors (the “**Board**”) of Win Hanverky Holdings Limited (the “**Company**” or “**Win Hanverky**”) is pleased to present the environmental, social and governance (“**ESG**”) report (the “**Report**”) of the Company and its subsidiaries (collectively as the “**Group**” or “**We**”). This Report summarises our policies, approaches and practices towards ESG management to its stakeholders, enabling them to have a better understanding about the progress and performance of the Group’s ESG development.

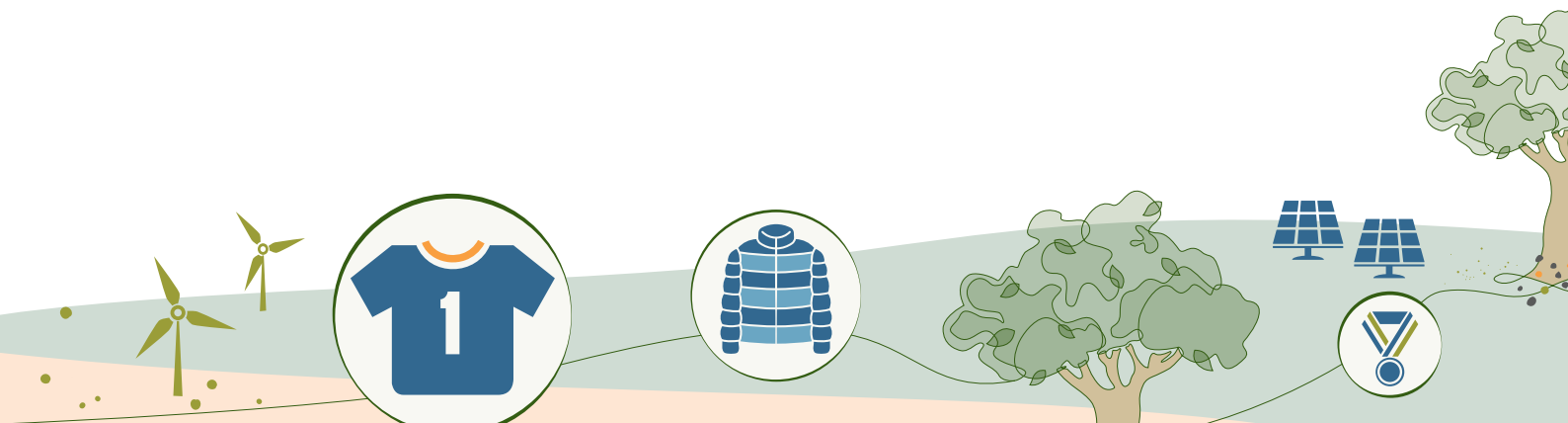
### SCOPE OF REPORT

The Report focuses on our business in sportswear manufacturing and high-end fashion retailing, and the scope of the Group’s core operations is extended to cover its headquarters in Hong Kong, factories in Vietnam, Mainland China and Cambodia, and retail stores in Mainland China, Hong Kong, Taiwan, Macau and Singapore for the year ended 31 December 2022 (the “**Reporting Period**” or “**FY2022**”), which is the same reporting period as that of the annual report. Unless otherwise specified, the scope of data will cover the same.

The Company will continue to review the scope of report regularly according to its materiality principles and the key stakeholders’ opinions, and will extend the scope in the future if necessary.

### REPORTING STANDARD

This Report has been prepared in accordance with the “Environmental, Social and Governance Reporting Guide” (“**ESG Reporting Guide**”) under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**HKEx**”) and has complied with the “comply or explain” provisions set out in the ESG Reporting Guide during the Reporting Period.



## ABOUT THIS REPORT

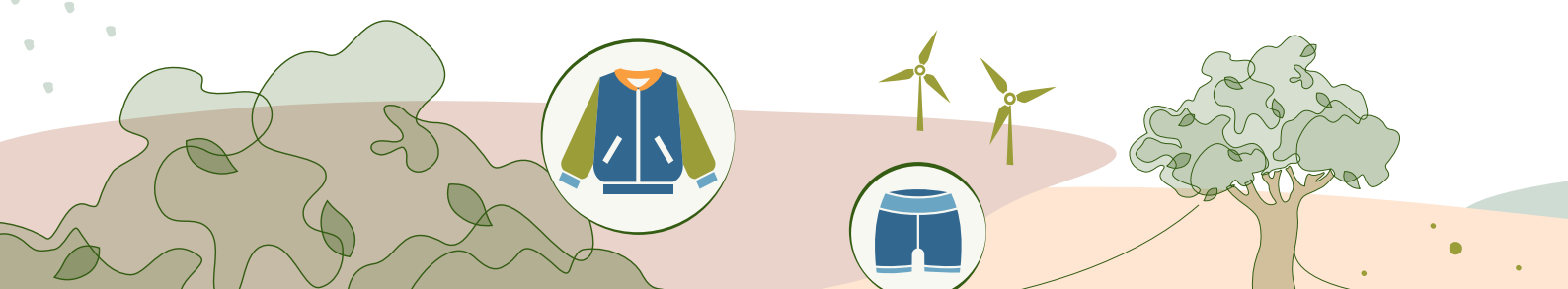
### REPORTING PRINCIPLES

During the preparation process, the Group adheres to the fundamental reporting principles, namely materiality, quantitative, balance and consistency, as outlined in the ESG Reporting Guide.

|              |   |
|--------------|---|
| Materiality  | A materiality assessment is conducted to determine the material ESG aspects to the Group. The materiality matrix and details of stakeholder engagement are illustrated in the later sections of the Report.   |
| Quantitative | The disclosed data and environmental and social key performance indicators (“KPIs”) in the Report are organised and calculated in accordance with a series of standardised methodologies, of which are illustrated in the relevant sections.  |
| Balance      | The Report provides an unbiased picture of the Group’s performance through pursuing balance between qualitative and quantitative information in the Report and providing in-depth analysis of its ESG management during the Reporting Period from both positive and negative sides.             |
| Consistency  | Unless otherwise specified, the Report is prepared in the same way in terms of the reporting scope and methodologies when compared to those in previous years. Consistent environmental and social data management approach is adopted to allow a fair comparison of our performance over time. |

### CONTACT AND FEEDBACK

We value your feedback on this Report and our sustainability performance. If you have any comments or suggestions, please feel free to contact us via email at [ir@win-hanverky.com.hk](mailto:ir@win-hanverky.com.hk).



With over 45 years of expertise in sportswear manufacturing, the Group provides one-stop service as an integrated manufacturer and retailer. We combine traditional Original Equipment Manufacturing (“OEM”) with a range of value-added services, including fabric knitting, embroidery and printing services. Details of our principal businesses are as follows:



#### **Manufacturing Business**

Our manufacturing business operates through OEM arrangements with a number of famous global sports and outdoor brands. The manufacturing facilities are located in Vietnam, Mainland China and Cambodia.

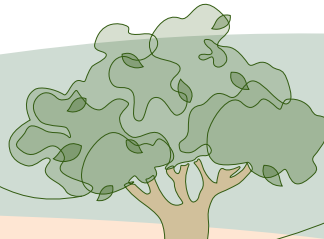
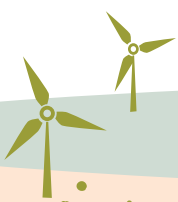


#### **High-end Fashion Retailing Business**

Self-owned brands and imported brands are being sold via the fashion retail networks of D-mop and J-01 stores. In addition, we have distribution rights and operate licensed stores for other renowned brands in Mainland China, Hong Kong, Taiwan, Macau and Singapore.

Adhering to our mission of providing high quality products with compelling values, we not only strive for innovative inspiration but also pursue continuous improvement in product quality. The Group is very honoured to be able to build its reputation as well as maintaining strong and close working relations with its customers. Our global sales network spans over Europe, the United States, Mainland China and other countries.

As always, the Group will continue to uphold a high standard of product quality through responsible production to maintain its competitiveness as well as its leading position in the industry. We will continue to evaluate our performance in these areas from time to time.



# MANAGING OUR SUSTAINABILITY

As a responsible garment manufacturer and high-end fashion retailer, we are deeply committed to achieving our mission by providing superb products and harmonious working environment to our customers and employees respectively. In addition, the Group upholds the highest standard of business ethics to become a trustworthy business partner. We strive to go beyond the national and local environmental and social regulations whenever possible.

**Our Vision** To customise your lifestyle with us

**Our Mission** To be your choice for high-quality products with compelling values

Three corporate values have been established to guide our employees towards the corporate vision and mission.

| Our Values  |  |  |
|---|--|--|
| <p><b>Be Excellent</b></p> <p>Have self-belief and ownership mindset for awesome results and growth</p> | <p><b>Be Bold</b></p> <p>Embrace new ideas and fail forward, creating a culture that drives innovation</p> | <p><b>Win Together</b></p> <p>1 + 1 = 3 (or more!)<br/>One company, one team, one vision</p> |

Under the corporate values, our five commitments assist us to optimise our performance in product responsibility, employee relationship and development, build mutual trust with our business partners and contribute to the society.

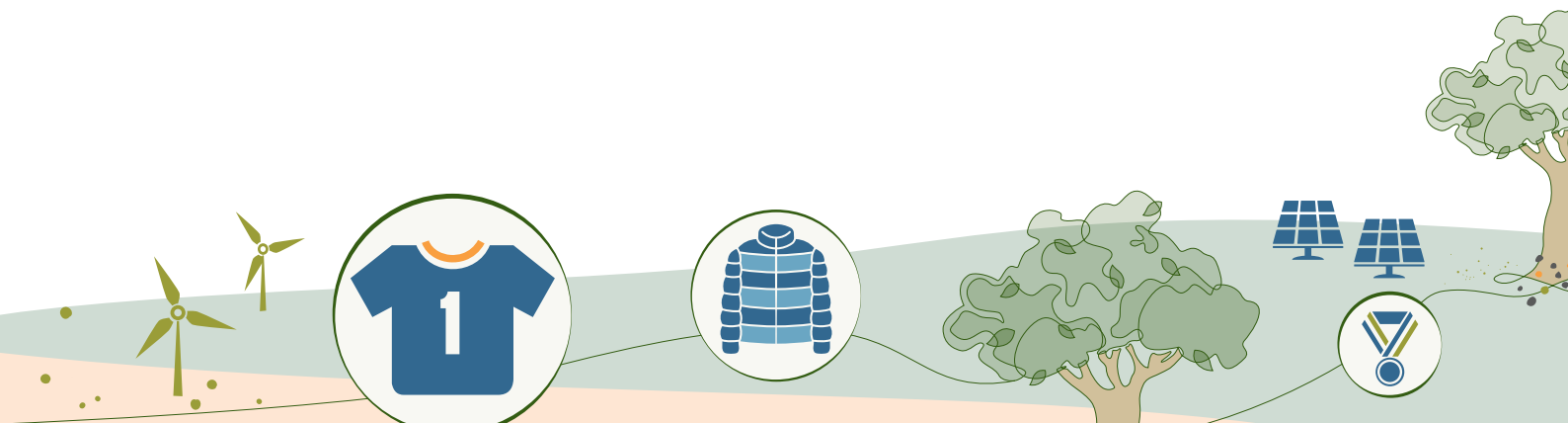


## SUSTAINABILITY GOVERNANCE

The Group has established its Sustainability Policy to clearly outline our sustainability vision, commitment and approach as well as the responsibility of the Board and relevant personnel. The Board has the overall responsibility for the Group's ESG governance, which includes:

- (1) evaluating and determining the Group's ESG-related risks and opportunities;
- (2) ensuring that appropriate and effective ESG risk management and internal control systems are in place;
- (3) setting the Group's ESG management approach, strategy, priorities and objectives;
- (4) establishing, monitoring and reviewing the Group's ESG-related goals and targets for continuous improvement; and
- (5) approving ESG-related disclosures including ESG report.

The Board has also delegated powers and authority to the Corporate Social Responsibility ("**CSR**") Department and the Sustainability Department to supervise day-to-day ESG matters of the Group, including but not limited to conducting materiality assessment, implementing the Board's ESG strategy and policies, and preparing ESG report. The head of each business unit supports the CSR Department and the Sustainability Department, whenever necessary.



## MANAGING OUR SUSTAINABILITY

### ESG RISK MANAGEMENT

As stipulated in the ESG Risk Management Framework, the Board has the overall responsibility for the ESG risk management of the Group whilst the Board Executive Committee is delegated with the power to oversee and review the Group's ESG risk management system, internal control system and activity on an ongoing basis. Meanwhile, the CSR Department and the Sustainability Department are responsible for maintaining frequent communication between the Board Executive Committee and the functional managers to ensure that the Group has an effective ESG risk management system in place.

ESG risks that may pose or have posed impacts to the Group's business and operations are identified and assessed in terms of likelihood and impact. The identified risks are then prioritised into three levels based on their scores of likelihood and impact. The result is reviewed annually and is subject to adjustment whenever necessary. For material ESG risks, appropriate control strategies are formulated by the functional managers to prevent the risks from occurring or reduce their impact or probability of occurring. The risk level of each ESG risk is tracked, monitored and reported on an annual basis by the CSR Department, the Sustainability Department and the functional managers. The Board and Board Executive Committee will be notified of important changes or updates on the ESG risks status through meetings.

Most of our clients are world-renowned brands with commitments to provide responsible products to consumers. Being part of their value chain, we attach great importance to controlling our ESG risks. Since we are aware that ESG risks may pose great influence to the Group's business opportunities and operations, below are some measures implemented to manage material ESG risks to the Group:

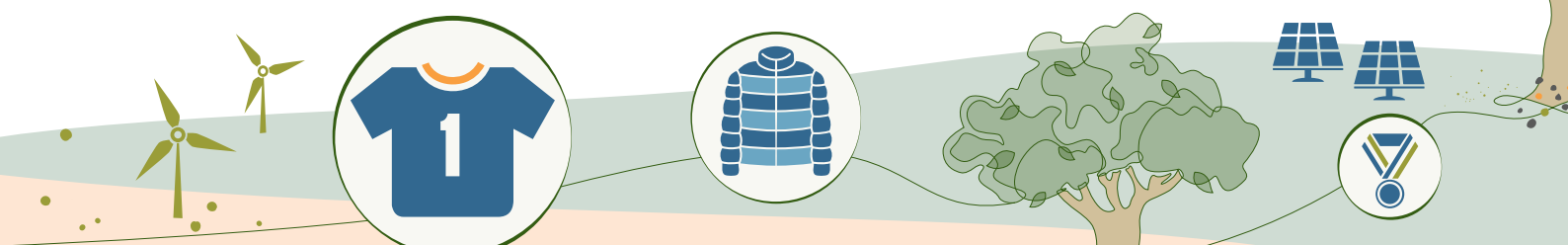
|  |  |
|--|--|
| Health, safety and environmental ("HSE") risks | The procedure of identification and assessment of HSE impacts and hazards within our manufacturing operations has been established. The assessment criteria are clearly defined to assess the possibility, exposure and consequences of each HSE risk. When significant risk is identified, control measures are formulated. The HSE risks and effectiveness of the control measures are reviewed and updated at least twice per year.         |
| Regulatory risks                               | To ensure our manufacturing facilities fulfilling all HSE laws, regulations and other requirements, a procedure has been endorsed. The procedure standardises the workflow to identify all applicable regulatory and other requirements as well as evaluates compliance status of the manufacturing facilities. We check for new or amended laws and applicable requirements at least twice per year to keep abreast of the regulatory change. |





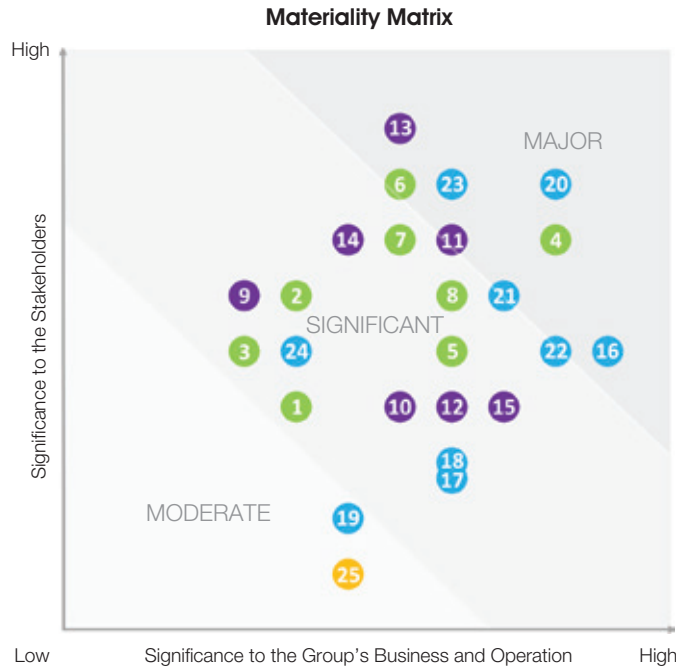
Acknowledging the importance of stakeholders' opinions in assessing and determining our ESG directions, the Group has established various communication channels for key stakeholder groups to express their expectations and concerns. The opinions collected become the backbone of this Report and lay a foundation for our ESG development in the future.

| Key Stakeholder Groups                         | Engagement Channels  |
|--|--|
| Customers                                      | <ul style="list-style-type: none"> <li>• Customer visits</li> <li>• Customer audits</li> <li>• Direct communications (meetings, phone calls and emails)</li> </ul>   |
| Suppliers and Sub-contractors                  | <ul style="list-style-type: none"> <li>• On-site visits</li> <li>• Procurement processes</li> <li>• Compliance reporting</li> <li>• Audits and assessments</li> <li>• Direct communications (meetings, phone calls and emails)</li> </ul>                            |
| Business Partners                              | <ul style="list-style-type: none"> <li>• Direct communications (meetings, phone calls and emails)</li> </ul>   |
| Employees                                      | <ul style="list-style-type: none"> <li>• Trainings and orientations</li> <li>• Staff meetings and events</li> <li>• Performance appraisals</li> <li>• Employee satisfaction surveys</li> <li>• Company intranet</li> <li>• Hotline</li> <li>• Opinion box</li> </ul> |
| Shareholders/Investors                         | <ul style="list-style-type: none"> <li>• Company's publications</li> <li>• Annual general meetings</li> <li>• Investor conferences</li> <li>• Company website</li> <li>• Phone calls and emails</li> </ul>   |
| Government and Regulatory Organisations        | <ul style="list-style-type: none"> <li>• Reports and submissions according to regulatory requirements</li> <li>• Meetings and seminars</li> <li>• Company's publications</li> </ul>  |
| Communities and Non-governmental Organisations | <ul style="list-style-type: none"> <li>• Community activities and public events</li> <li>• Charitable donations</li> <li>• Meetings and seminars</li> <li>• Company website</li> <li>• Company's publications</li> </ul>   |
| Media  | <ul style="list-style-type: none"> <li>• Press conferences, releases and interviews</li> <li>• Company website</li> <li>• Company's publications</li> </ul>  |



# MATERIALITY ASSESSMENT

After conducting a desktop research, a number of environmental, social and operating topics were selected for materiality assessment. Significance of the topics to the Group and its stakeholders are assessed to help the Group understand the gap between its development direction and stakeholders' expectations. The Group's and stakeholders' matters of concern are presented in the following materiality matrix:



**Environment**

- 1 Air pollutant emissions
- 2 Greenhouse gas emissions
- 3 Climate change
- 4 Energy efficiency
- 5 Water and effluents
- 6 Use of materials
- 7 Waste management
- 8 Environmental compliance

**Employment**

- 9 Labour rights
- 10 Labour management relations
- 11 Employee retention
- 12 Diversity and equal opportunity
- 13 Prevention of child and forced labour
- 14 Occupational health and safety
- 15 Employee training and development

**Community**

- 25 Community support

**Operation**

- 16 Customer satisfaction
- 17 Customer service quality and complaints handling
- 18 Customer health and safety
- 19 Marketing and product and service labelling compliance
- 20 Intellectual property
- 21 Customer privacy and data protection
- 22 Responsible supply chain management
- 23 Business ethics
- 24 Socio-economic compliance

Based on the materiality matrix, the top five material issues to the Group are intellectual property, energy efficiency, prevention of child and forced labour, customer privacy and data protection and business ethics. Measures for the corresponding aspects are discussed in the following sections of the Report. Moving forward, Win Hanverky will continue to investigate and develop feasible strategies to fulfil stakeholders' expectations on the material issues.



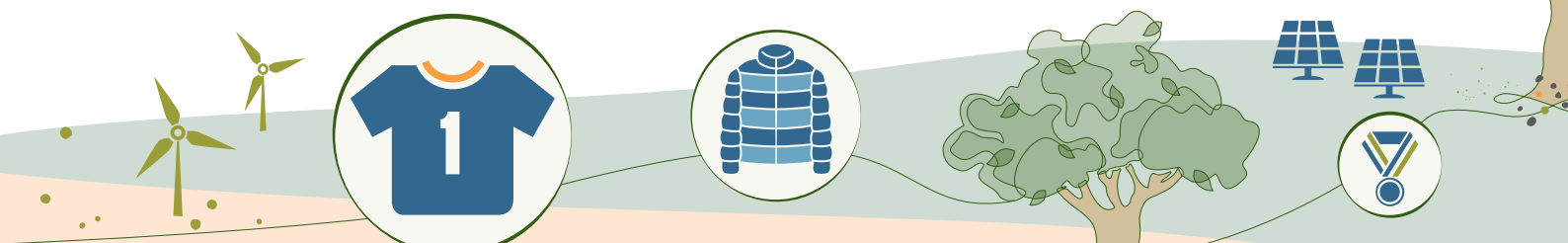
## PROTECTING THE ENVIRONMENT

The Group endeavours to make our effort in protecting the environment by complying with national and local environmental laws and regulations. Regarding the business nature of the Group, most of our environmental impacts are attributed to the manufacturing operations. Hence, we proactively review and control our production activities to minimise our environmental footprint. Energy-saving practices are also introduced to our offices and retail stores to further reduce our carbon emissions. A precautionary approach is adopted when formulating environmental protection measures.

Environmental targets regarding greenhouse gas (“GHG”) emissions, generation of hazardous and non-hazardous waste, and use of water and energy are established and endorsed by the Board to provide an overall direction for the Group to move forward in the journey of sustainability. Below are the targets of our sportswear manufacturing business. Moving forward, we will explore reduction targets for the retail business.

| Aspect           | Target  |
|------------------|---|
| GHG emissions    | By the end of 2030, to reduce 42% of GHG emissions in scope 1 and 2 against the 2021 baseline.      |
| Waste management | By the end of 2025, to achieve 100% production waste diversion from landfill.                       |
| Water usage      | By the end of 2025, to reduce 3% of water consumption per product against the 2021 baseline.        |
| Energy usage     | By the end of 2025, to increase the proportion of renewable energy to 50% of the total consumption. |

In addition, we engage our employees to participate in our environmental initiatives. Working hand in hand, we hope to raise their awareness of environmental issues and educate them to live and work in a more sustainable way in the long run.



### CONTINUAL ENVIRONMENTAL PERFORMANCE IMPROVEMENT

The Group pays extra attention to its potential impacts to the environment, especially those related to exhaust air, wastewater, noise and various wastes generated during the garment manufacturing process. We believe it is our duty as a socially responsible enterprise to strive for environmental sustainability and resources protection. Hence, all of our manufacturing operations are conducted with approvals from authorities or valid operation licenses. We also pay close attention to the changes in national and local environmental protection laws and regulations. Rather than merely meeting the statutory requirements, we have also adopted a multifaceted sustainability strategy to mitigate our impacts on the environment by reducing emissions from the source, utilising resources efficiently as well as developing an environmentally friendly culture and practices in the workplace.

The environmental management system (“**EMS**”) of our manufacturing facilities are formulated with reference to ISO 14001:2015 international standard. Four of the manufacturing facilities have already obtained ISO 14001:2015 accreditation. Factory management has the overall responsibility to ensure the EMS is endorsed. External audit is carried out annually to monitor the implementation of the EMS. Prevention and mitigating measures and working guidelines are developed based on the significant environmental aspects and risks identified. The effectiveness of the measures and management approach is reviewed regularly with reference to the national and local statutory requirements to achieve continual improvement.



## Greenhouse Gas Emissions

Emissions of carbon dioxide and other greenhouse gases are a primary driver of climate change and presently one of the world’s most pressing challenges. The reduction of GHG emissions has always been our main aim. To achieve this with a constructive framework, we joined the “Business Ambition for 1.5°C” campaign launched by the Science Based Targets initiatives (“SBTi”), shifting from carbon-intensive sources towards renewable energy and low-carbon operations which paves the way for us to achieve reductions.

In line with the SBTi’s criteria, we targeted to reduce 42% of GHG emissions in scope 1 and 2 against the 2021 baseline with the contribution of grid decarbonisation, energy efficiency improvement, a rooftop solar panel extension plan and offsite renewable energy procurement by 2030.

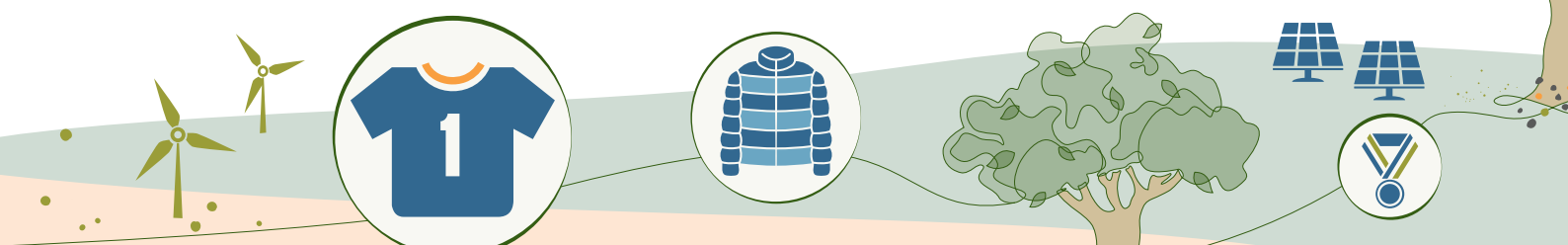
Several GHG emissions reduction projects commenced in FY2022. We have installed rooftop solar panels in two of our manufacturing facilities. Various types of energy-consuming equipment have been upgraded to energy-efficient equipment and electrical sub-metering systems have been installed to monitor the energy efficiency of each manufacturing facility.

In FY2022, the total GHG emissions were 20,915 tonnes of carbon dioxide equivalent (“tonnes CO<sub>2</sub>e”). The major GHG in our business came from the consumption of electricity (Scope 2 Emission), which accounted for 20,203 tonnes CO<sub>2</sub>e or approximately 97% of the total emissions. Please refer to the Management of Resources Utilisation Section for more information on our GHG reduction measures.

| GHG emissions        | Unit  | FY2022 | FY2021 |
|----------------------|---|--------|--------|
| Scope 1 <sup>1</sup> | Tonnes CO <sub>2</sub> e                            | 712    | 683    |
| Scope 2 <sup>2</sup> |   | 20,203 | 19,427 |
| Total                |   | 20,915 | 20,110 |
| Intensity            | Kilogram CO <sub>2</sub> e per one piece of product | 0.53   | 0.58   |

<sup>1</sup> Scope 1 represents direct GHG emissions generated by the use of gasoline, diesel and refrigerant of our sportswear manufacturing business. The calculation is made with reference to the published emission factors from 2006 IPCC Guidelines for National Greenhouse Gas Inventories, GHG Protocol for Energy Consumption in China and the guidance worksheets of World Resources Institute.

<sup>2</sup> Scope 2 represents indirect GHG emissions generated by the use of purchased electricity of our sportswear manufacturing and retailing businesses from local power companies. The calculation is based on the emission factors from The Ministry of Ecology and Environment of People’s Republic of China (2022), CLP 2020 Sustainability Report, CEM 2020 Sustainability Report, EMA Electricity Grid Emission Factor of Average Operating Margin in 2020, Taiwan Bureau of Energy – Energy Statistics Handbook 2017, Determination of Current Emission Factors for Vietnam, and Grid Emission Factor of the Phnom Penh Electricity Grid for Cambodia.



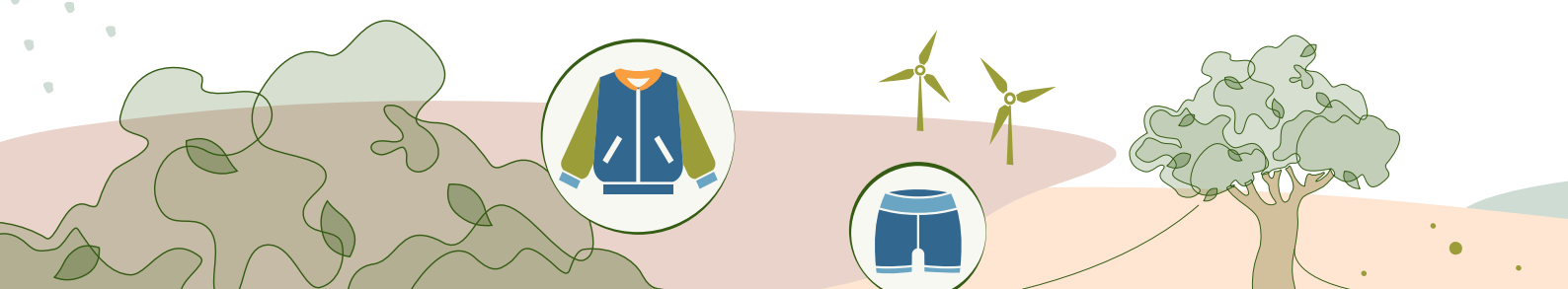
# PROTECTING THE ENVIRONMENT

## Air Pollutant Emissions

The exhausts of the manufacturing equipment, staff kitchens and company vehicles are the main sources of our air pollutants. In FY2022, we were not involved in any confirmed violations relating to emissions that had a significant impact on the Group.

One way to prevent air pollutant emissions is prohibiting open burning practice. In addition, we also implement mitigation measures to reduce our emissions:

| Source of Emissions     | Measures Adopted  |
|-------------------------|---|
| Manufacturing equipment | For processes that produce air pollutants, treatment facilities have been installed to make sure all exhausts are treated before emitting to the atmosphere. Moreover, emissions of the manufacturing facilities are properly monitored, recorded, and duly reported to the local authority departments in accordance with the national and local statutory requirements. We provide regular maintenance for the air treatment equipment to ensure they operate efficiently at all times. |
| Staff kitchens          | For emissions from our staff kitchens, conventional stoves are replaced by electric cooktops in the staff kitchens. Oil fume filtering system is installed to filter the kitchen exhausts before discharging. The filtration system undergoes full examination and maintenance every six months and external inspection is carried out annually to ensure the emissions comply with statutory requirements.   |
| Company vehicles        | Vehicle fuel consumption is recorded monthly to monitor usage. Further investigations will be carried out if any irregular patterns are observed. Regular maintenance of company vehicles is carried out to prevent excessive emissions.  |



**Exhaust Gas Treatment Facility for Laser Emissions**

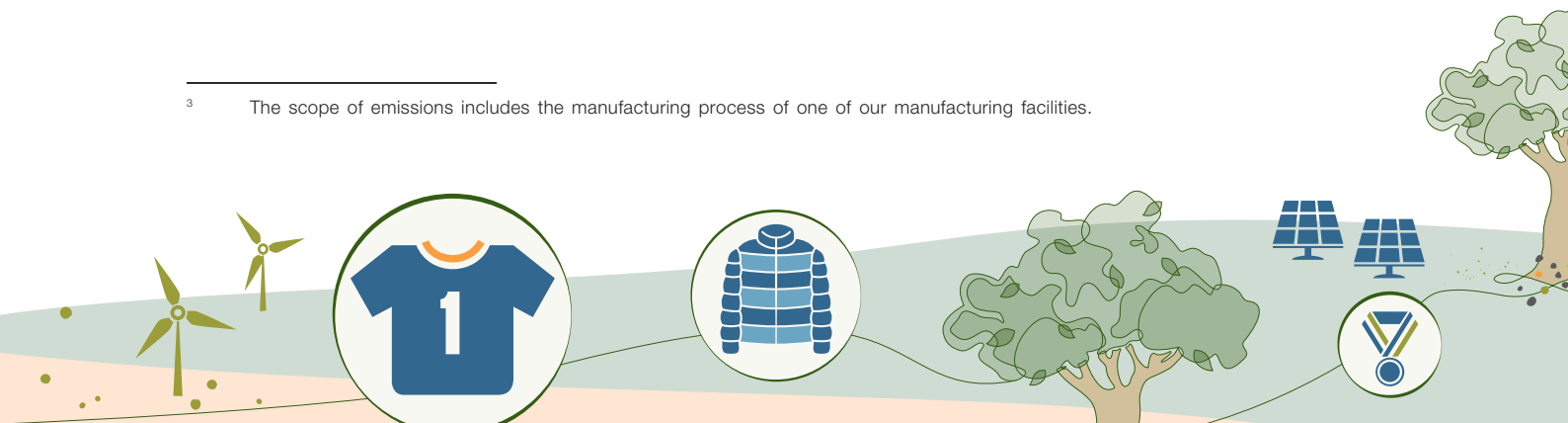


During the manufacturing process, air treatment facility is installed to treat air pollutants, such as smoke, sulphur oxides, nitrogen oxides and volatile organic compounds, generated during laser cutting operations. All collected exhausts are directed to a buffer tower for chemical adsorption treatment before they are emitted from the chimney to ensure the flue gas complies with statutory emission requirements. This facility mitigates our impacts to the surrounding environment and people.

The manufacturing process is the main source of our air pollutant emissions. Every year, we entrust qualified third parties to conduct external inspections to ensure compliance with relevant emission standards in the regions where we operate. During the Reporting Period, emissions of major air pollutants were within the permitted levels.

| Air pollutant emissions <sup>3</sup> | Unit     | FY2022 | FY2021 (Restated) |
|--------------------------------------|----------|--------|-------------------|
| Nitrogen oxides                      | Kilogram | 0.37   | 0.44              |
| Sulphur oxides                       |          | 0.00   | 0.03              |
| Particles                            |          | 420    | 228               |
| Volatile organic compounds           |          | 5.22   | 3.92              |

<sup>3</sup> The scope of emissions includes the manufacturing process of one of our manufacturing facilities.



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## PROTECTING THE ENVIRONMENT

### Wastewater Discharge<sup>4</sup>

The Group complies with the Water Pollution Prevention and Control Law of the People's Republic of China ("PRC"), the Emission Limit of Water Pollutants of the Guangdong Province, the National Technical Regulation on Industrial Wastewater (QCVN 40:2011/BTNMT) of Vietnam, and other applicable regulations and standards. In FY2022, we were not involved in any confirmed violations relating to wastewater discharge that had a significant impact on the Group.

We have established internal policies and procedures and introduced various measures to effectively control and manage wastewater discharges in offices and staff kitchens. Moreover, we conduct checking and provide maintenance for the wastewater treatment facilities and pipelines periodically to prevent leakage and secondary pollution to the environment.

During our manufacturing process, we mainly generate domestic wastewater from offices and staff dormitories as well as wastewater with grease from the staff kitchens. Wastewater has to go through a series of treatment in the three-level septic tank before discharging to public sewage. Every year, we engage qualified third parties to conduct external inspections to ensure the parameters of our effluents are within the requirement of government standards.

Water-saving targets and measures are endorsed to reduce the generation of domestic wastewater in our facilities. Details can be found in the Management of Resources Utilisation Section below.

### Noise Control

During our manufacturing process, noise is inevitably generated from the manufacturing equipment. We control the noise level and its impact on the environment by confining all production activities within indoor areas. The noise levels of our facilities are tested annually by external testers to ensure regulations, such as the Emission Standard for Industrial Enterprises Noise at Boundary (GB12348-2008) of the PRC, are met. In addition, all employees are trained to use noise protection equipment properly, such as ear plugs, and undergo occupational health examinations to reduce the chance of occupational deafness.

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<sup>4</sup> We purchase semi-finished textile products and further process them into garments, therefore our manufacturing process does not involve any water consumption.





### Disposal of Solid Wastes

As governed by our internal solid waste classification standard, employees under sportswear manufacturing business are required to segregate their wastes into three major categories: hazardous, recyclable, and non-recyclable wastes.



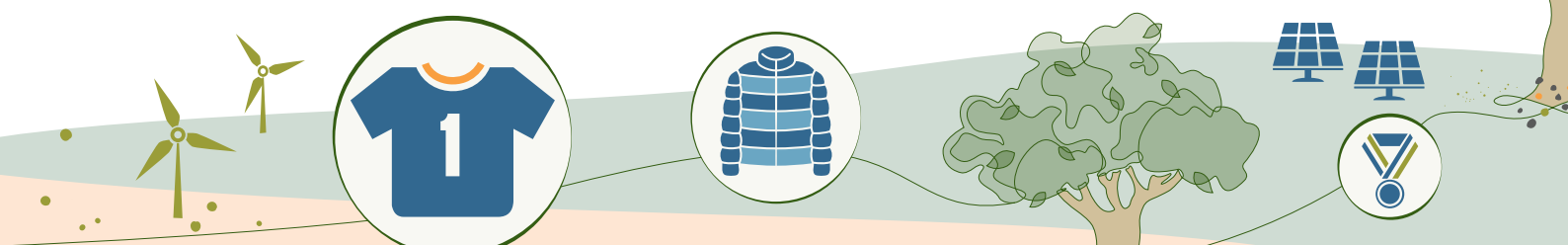
All wastes are stored properly within our premises as well as being collected and treated by qualified third parties. We have a thorough waste vendor selection mechanism to make sure all waste collection and handling service providers comply with the client and local law requirements. Documents and information such as business licenses, environmental permits, company reputation and situation, waste handling methods and so on are examined during the selection process. Vendors who are unable to fulfil the requirements or unable to provide required documents will not be selected as our partners.

Chemicals are inevitably consumed during our manufacturing process. A series of guidelines specifically for hazardous waste management is endorsed to minimise environmental impacts and comply with the relevant national and local laws and regulations. All hazardous waste is stored in sealed containers with proper labelling to prevent secondary pollution to the environment. Qualified environmental agents take charge of the waste handling procedure which may vary depending on the waste category.

During the Reporting Period, the Group generated 1,676 tonnes of non-hazardous waste, with an intensity of 0.042 kilogram per one piece of product, and 2.7 tonnes of hazardous waste, with an intensity of 0.00007 kilogram per one piece of product.

| Waste generation              | Unit                              | FY2022  | FY2021  |
|-------------------------------|-----------------------------------|---------|---------|
| Total non-hazardous waste     | Tonnes                            | 1,676   | 1,957   |
| Non-hazardous waste intensity | Kilogram per one piece of product | 0.042   | 0.057   |
| Total hazardous waste         | Tonnes                            | 2.7     | 2.0     |
| Hazardous waste intensity     | Kilogram per one piece of product | 0.00007 | 0.00006 |

During the Reporting Period, the Group was not involved in any breaches of relevant laws and regulations relating to generation and discharge of hazardous waste and non-hazardous waste that had a significant impact on the Group.



### MANAGEMENT OF RESOURCES UTILISATION

The Group has been upgrading its environmental equipment in recent years to optimise the use of resources and reduce our carbon footprint. Moreover, each of our manufacturing facilities has proposed a sustainability plan with resource-saving targets and initiatives to demonstrate our commitment in resources utilisation. Below are the initiatives adopted for saving energy, water and paper.

#### Conservation of Energy

Saving energy not only helps to reduce our operating cost, but also eases the social cost shouldered by society. We keep track of our energy usage across our facilities. The management staff of the Group's factories are also responsible for devising and executing their energy-saving plans, while their Social and Environmental Affairs ("SEA") Department conducts staff training programmes based on the respective training needs.

In addition, several energy-saving measures have been implemented in production lines, offices, staff dormitories and canteens:

- A practical guide is established on the use of air-conditioning. Only under specific circumstances, staff are allowed to turn on the air conditioners;
- Upgrade traditional sewing machines with energy-saving servo motors;
- Replace traditional lighting with LED;
- Install steam traps in steam irons;
- Install skylights in several areas to utilise natural light;
- Insulate heat generating equipment such as ironing machines to reduce indoor temperature;
- Install energy meter to keep track of electricity consumption in different divisions of the factories for future improvement; and
- Install solar panels and solar water-heating facilities to reduce energy use.

#### Rooftop Solar Panels



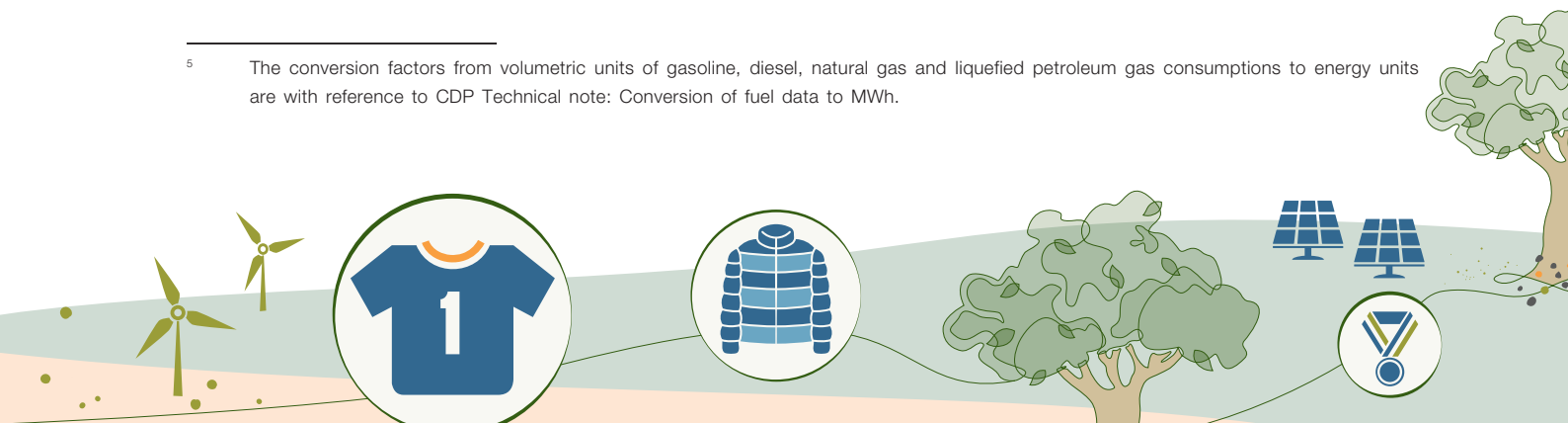
In order to achieve the target of increasing the proportion of renewable energy to 50% of the total consumption for our production activities by 2025, installation plans of rooftop solar panels have been endorsed for our factories. In FY2022, two of our manufacturing facilities installed rooftop solar panels which generated solar energy of 4,000 MWh. The remaining installation phase will be continued in the forthcoming fiscal year. It is estimated that a total capacity of 7.218 MWp will be installed in our factories.



During the Reporting Period, electricity was the main source of energy consumption in our production sites and office, in which we consumed 28,774 MWh with an intensity of 0.73 kWh per one piece of product.

| Energy consumption <sup>5</sup>                   | Unit                         | FY2022 | FY2021 |
|---|------------------------------|--------|--------|
| <b>Direct energy — mobile and stationary fuel</b> |                              |        |        |
| Gasoline  | MWh                          | 599    | 321    |
| Diesel  |                              | 1,161  | 825    |
| Natural gas                                       |                              | 27     | 112    |
| Liquefied petroleum gas                           |                              | 599    | 482    |
| Photovoltaic                                      |                              | 3,449  | 0      |
| Total   |                              | 5,835  | 1,740  |
| Intensity   | kWh per one piece of product | 0.15   | 0.05   |
| <b>Indirect energy</b>                            |                              |        |        |
| Electricity                                       | MWh                          | 28,774 | 28,826 |
| Intensity   | kWh per one piece of product | 0.73   | 0.84   |
| <b>Direct and indirect energy</b>                 |                              |        |        |
| Total   | MWh                          | 34,609 | 30,566 |
| Intensity   | kWh per one piece of product | 0.88   | 0.89   |

<sup>5</sup> The conversion factors from volumetric units of gasoline, diesel, natural gas and liquefied petroleum gas consumptions to energy units are with reference to CDP Technical note: Conversion of fuel data to MWh.



### Conservation of Water

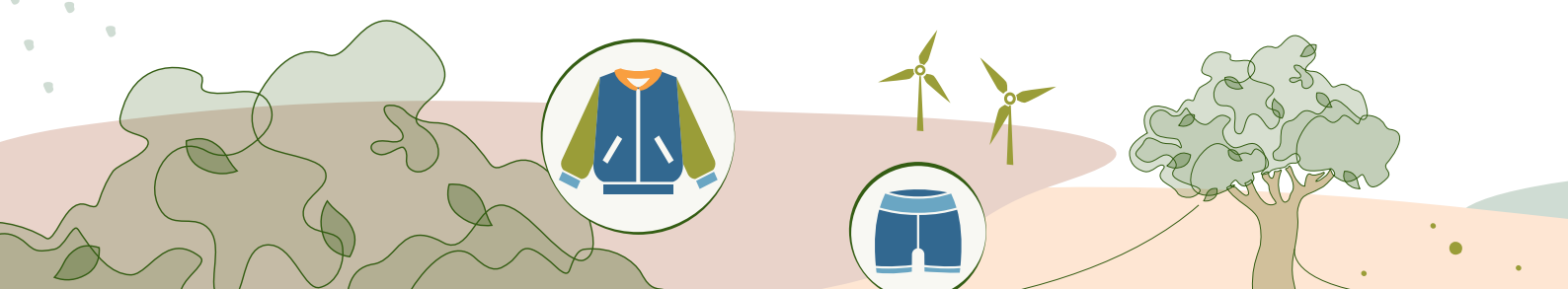
Freshwater is crucial not only to our production activities but also to basic survival needs. To conserve this precious natural resource, we conduct weekly inspections and maintenance on water pipes to avoid water leakage. Factory infrastructures upgrade has been planned or is already underway. Details of the upgrade are as follows:

- Water sub-metering systems are installed to monitor water consumption and identify leaks and inefficiencies;
- Greywater is treated and reused for non-potable purposes;
- Collect rainwater for gardening and cleaning;
- Install flow restrictor in water taps; and
- Adopt dual flush toilets.

Meanwhile, we provide detailed instructions and training periodically to our employees on how they can save water in daily activities. Water usage in each area is being closely monitored to pinpoint inefficient water use and facilitate continuous improvement. In FY2022, there was no issue for the Group regarding water sourcing as all water was supplied by the local water supply authority.

| Water consumption <sup>6</sup> | Unit                                    | FY2022  | FY2021  |
|--------------------------------|---|---------|---------|
| Total                          | m <sup>3</sup>                          | 433,720 | 454,174 |
| Intensity                      | m <sup>3</sup> per one piece of product | 0.011   | 0.013   |

<sup>6</sup> The water consumption and water recycled/reused accounts for the domestic use of water.



### Paper Waste Reduction

The Group advocates conservation of paper and encourages employees to make use of electronic platforms, such as email and intranet, to exchange files whenever possible to reduce physical copies. All paper consumption is recorded to avoid excessive use of paper. Furthermore, we encourage our staff to use both sides of the paper before putting it in recycling bins for further handling by qualified recycler. Details of the paper consumption are illustrated as below.



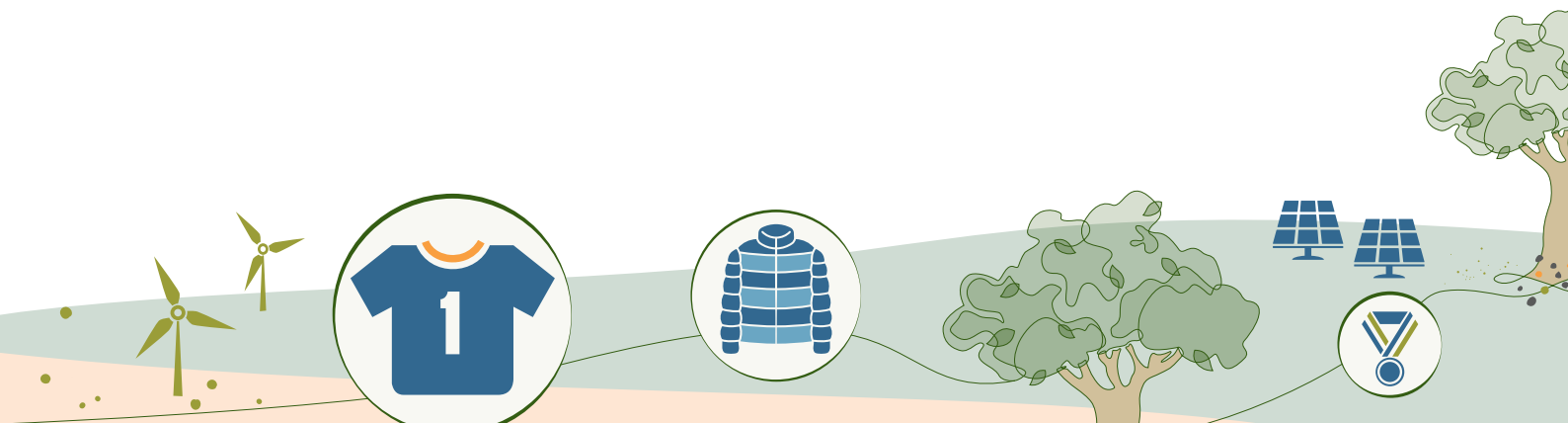
Paper Recycling Bins

| Paper Consumption | Unit                              | FY2022 | FY2021 |
|-------------------|-----------------------------------|--------|--------|
| Total             | Tonnes                            | 32     | 23     |
| Intensity         | Kilogram per one piece of product | 0.0008 | 0.0007 |

### Use of Packaging Materials

During the Reporting Period, carton boxes and plastic bags were our main sources of packaging materials. Details of the packaging materials consumption are illustrated as below.

| Packaging materials consumption | Unit                              | FY2022 | FY2021 |
|---------------------------------|-----------------------------------|--------|--------|
| Total                           | Tonnes                            | 2,075  | 1,325  |
| Intensity                       | Kilogram per one piece of product | 0.052  | 0.038  |



## THE ENVIRONMENT AND NATURAL RESOURCES

Emissions from our production operations may have impact on the surrounding environment and natural resources. To avoid contaminating the water bodies and soil fertility, we have implemented a series of chemicals management procedures and guidelines. No employee is allowed to pour chemicals directly to sewage or land. Wastewater is treated before being discharged to public sewage. All chemicals are properly stored in sealed containers to avoid leakage and causing pollution to the environment.

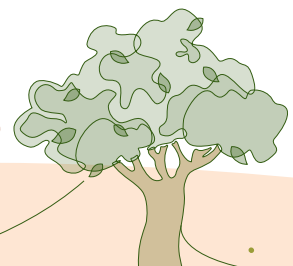
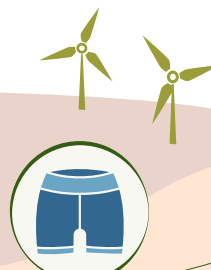
Environmental activities, such as Tree Planting Event and Run for the Oceans, were organised during the Reporting Period to raise employees' awareness of the importance of environmental protection. We hope to spread the idea of being environmentally responsible to our employees for building a green culture within the Group.



Tree Planting Event



Run for the Oceans



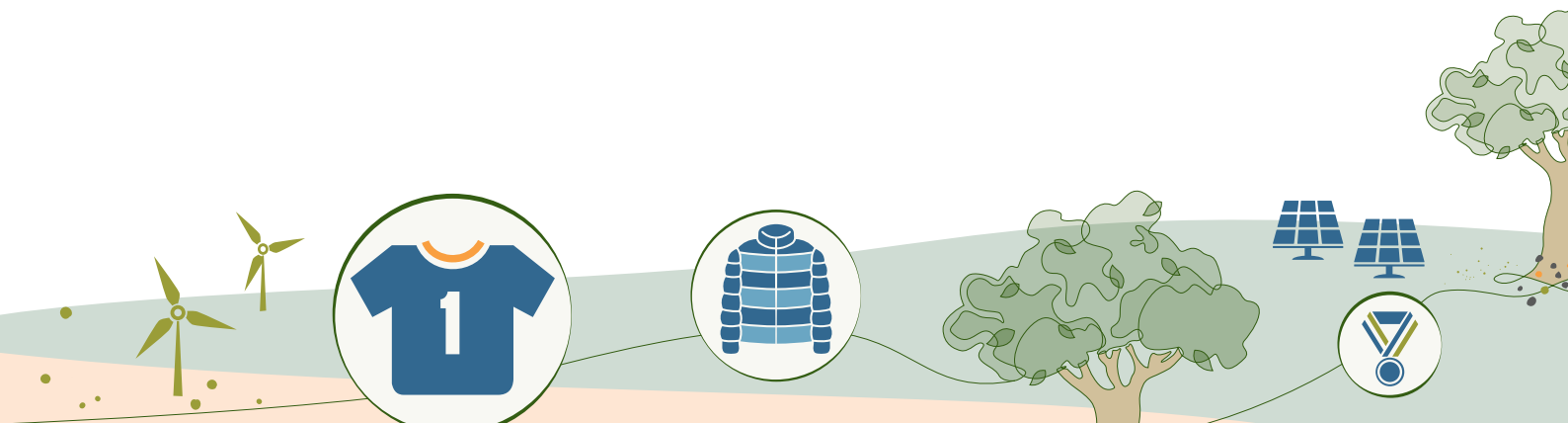
## CLIMATE CHANGE RESILIENCE

Climate change is increasing the frequency and intensity of the extreme weather and climate events that are affecting all countries as well as each business sector. As a responsible enterprise, we shoulder the responsibility of enhancing our business resilience to climate change throughout our operations to build a better environment. Besides the aforementioned measures we have taken to reduce pollution and waste in the manufacturing process, management for mitigation and adaptation of climate-related risks is also a key item on our agenda. A Climate Change Policy together with an ESG Risk Management Framework are in place to identify, assess and manage climate-related risks.

Below are some identified risks as well as the counter measures:

|                           | Top Risks Identified   | Counter Measures  |
|---------------------------|--|---|
| Climate Physical Risk     | Extreme weather may cause damages to property assets and power supply. For example, floods may occur in a more frequent manner for coastal regions, which may lead to larger expenses on the maintenance of physical assets and recovery of the manufacturing operation. | <p>Widely adopt rooftop solar panel system for onsite electricity supply to reduce dependence on fossil fuel and carbon emissions.</p> <p>Actively study renewable energy procurement to reduce GHG emissions.</p> <p>Frequently conduct drills on climate-related emergency such as flooding and fire for building capability and knowledge of response measures of our workers.</p> |
| Climate Transitional Risk | More stringent regulatory disclosure requirements and growing expectations from business partners on climate change.   | Closely monitor regulatory disclosure requirements and establish annual decarbonisation business plan to conduct climate risk assessment and implement mitigation measures.   |

We have provided training regularly to our employees to keep abreast of their knowledge on climate change and different types of green events were held to enhance their awareness of the issue.



## HEALTH AND SAFETY

Adhering to the core value of people-oriented, the safety and health of our employees have always been on the top of our list. The Group endeavours to foster a safe and hygienic working environment for every staff and spares no efforts in the prevention of work-related injuries. We firmly comply with applicable occupational health-related laws and regulations that are relevant to the Group’s operations, including but not limited to the Occupational Safety and Health Ordinance of Hong Kong, the Law of the PRC on Prevention and Control of Occupational Diseases, Production Safety Law of the PRC, the Fire Control Law of the PRC, Chapter VIII of the Labour Law of Cambodia, and the Law on Occupational Safety and Health of Vietnam.

Considering the business nature of our main business sectors, multiple safety measures are implemented in the sportswear manufacturing business. A HSE management system is established with reference to ISO 45001:2018 standard for our manufacturing facilities and two of the manufacturing facilities have attained the accreditation. The HSE management system works as the backbone for formulating applicable safety strategies, policies, guidelines and coherent safety instructions for employees to follow. To make sure the system is carried out properly, a HSE Committee is established in each of the manufacturing facilities. We proactively organise regular HSE meetings with the management and workers of our manufacturing facilities to discuss updates on industry HSE regulations, on-site safety operation procedures, audit mechanism and precautions for hidden dangers.

Safety policies regarding the use of energy, machinery and chemicals, working at height and emergency situations are formulated. Safety training, relevant information and instructions relating to internal safety policies are provided to all workers properly. As the last line of defence, personal protection equipment is supplied to workers as a preventive auxiliary measure to protect their occupational health and safety in the manufacturing process.

During the Reporting Period, there were 189 lost days due to work injuries, and no work-related fatality.

|   | FY2022 | FY2021 | FY2020 |
|---|--------|--------|--------|
| Work-related fatality                       | 0      | 0      | 0      |
| Lost days due to work injuries <sup>7</sup> | 189    | 264    | —      |

<sup>7</sup> The data of FY2020 was unavailable. Internal data collection system has been refined starting from FY2021.





### Chemical Management

Chemicals are being used in the day-to-day manufacturing process. A chemical management procedure is strictly implemented to manage the storage and use of chemicals. A chemical inventory list is established to clearly record the composition and monthly usage of all daily use chemical products. Chemical goods are properly kept in warehouse to prevent chemical incidents. In addition, employees are required to put on personal protective equipment, such as gloves and goggles, before handling chemicals. Relevant training is organised annually to refresh relevant knowledge of our staff.

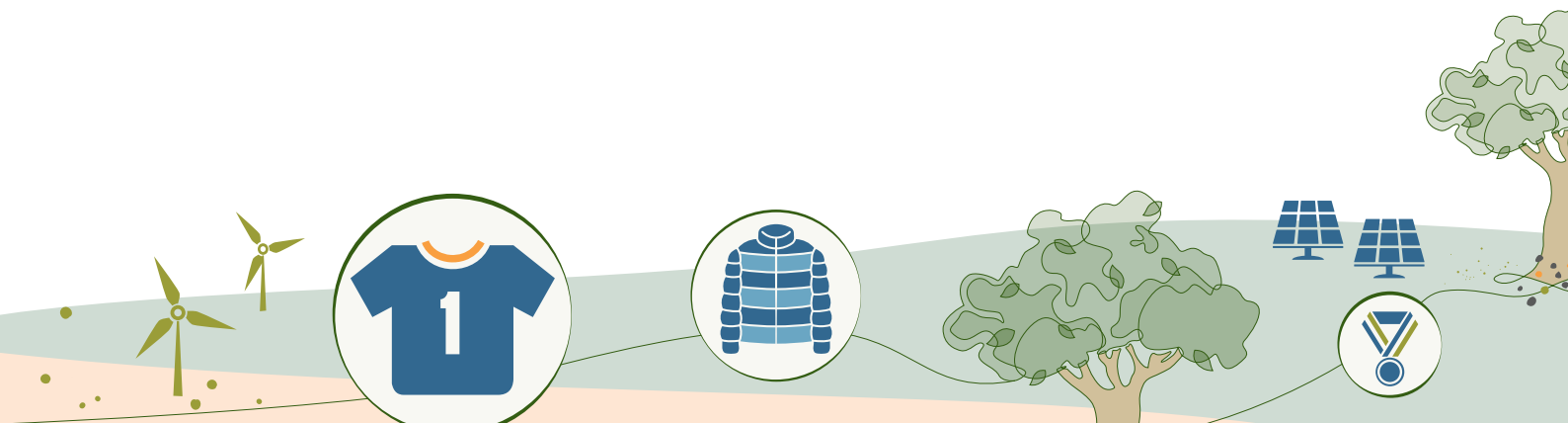
### Emergency Preparedness

Crisis management plan is in place for each manufacturing facility to prepare for unforeseeable emergencies such as fire outbreak, natural disasters, pandemics and so on. The plan outlines the accident reporting mechanism, responsibility of each Crisis Management Committee member in the manufacturing facilities as well as remedial measures. All emergency situations should be reported to the Crisis Management Committee immediately. A written report will be submitted to the Crisis Management Committee within a defined period of time depending on the severity of the emergency event.

In order to enhance employee awareness and prepare our staff for unpredictable emergencies, drills are organised regularly. During the Reporting Period, firefighting training, emergency response and evacuation drill were arranged to production workers in our manufacturing facilities.



Firefighting Training, Emergency Response and Evacuation Drill



# RESPECTING OUR EMPLOYEES

## Work-life Balance

We pay the same level attention to our employees' mental health and physical health. During the Reporting Period, we organised various gathering activities for our employees, such as new year party, mid-autumn festival gathering, international women's day and football tournament.



New Year Decoration Contest



Lion Dance at Mid-autumn Festival



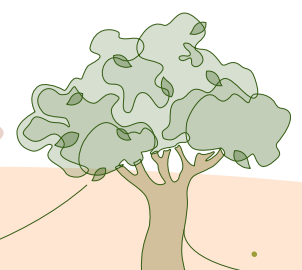
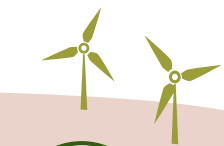
International Women's Day



Football Tournament



Team Building



## EQUAL OPPORTUNITY AND FAIR EMPLOYMENT

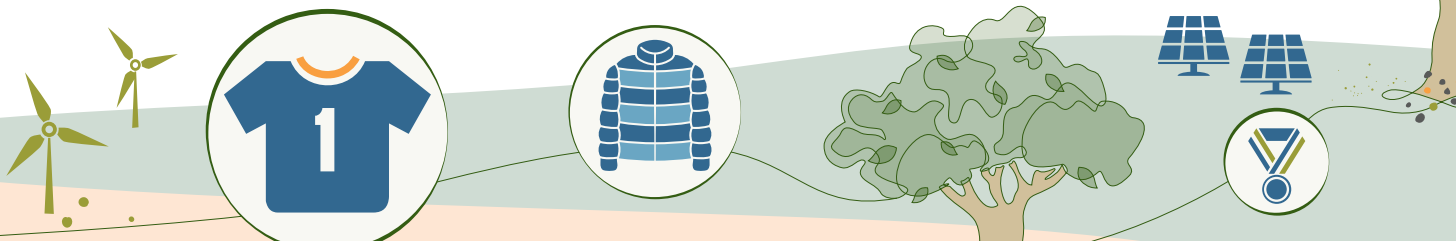
As an equal opportunity employer, the Group is steadfast in promoting fairness and equality in the workplace. All decisions of employment and promotion are solely based on the candidates' qualification, competency and performance regardless of age, gender, family status, disability, ethnicity, religious and political beliefs or any other factors unrelated to the job requirement. Any forms of discrimination and preferential treatments are considered as violations of the Group's Code of Conduct ("CoC"). Employees who violate the CoC are subject to disciplinary actions including immediate dismissal.

The Group safeguards the rights of female manufacturing workers. It is strictly forbidden to request female candidates and employees to take pregnancy tests or make non-pregnancy commitment at any time of the recruitment process or employment. For pregnant workers and mothers with infants under 12-month-old, they are entitled to a reduced working hour arrangement while receiving their full salaries. Working positions of pregnant workers are also secured during maternity leave. Refresh training will be provided when they return to work to facilitate their re-adaptation to the working environment.

## EMPLOYEE REMUNERATION

The Group considers the benefits and well-being of its employees as the most important factors in fostering good staff relations. Full time employees are entitled to market competitive salary, paid leaves (including statutory holidays, annual leave, marriage leave and compassionate leave), medical and social insurance depending on the local regulations and laws. In the spirit of cultural diversity and acceptance, we grant foreign workers extra leave on the national days and New Year of their home countries, and key festivals of their cultures or religions.

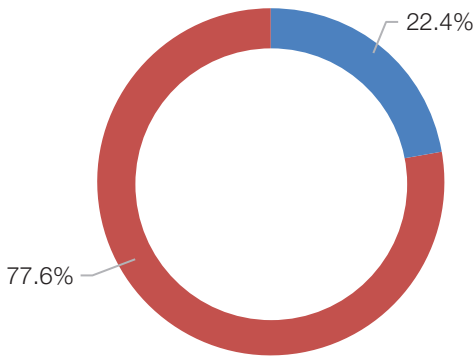
Working overtime is not encouraged. Fixed and maximum working hours are established to ensure that our employees are able to strike work-life balance and not overwhelmed by work. No sensitive workers, including pregnant employees and retiring workers, are allowed to work overtime.



WORKFORCE COMPOSITION

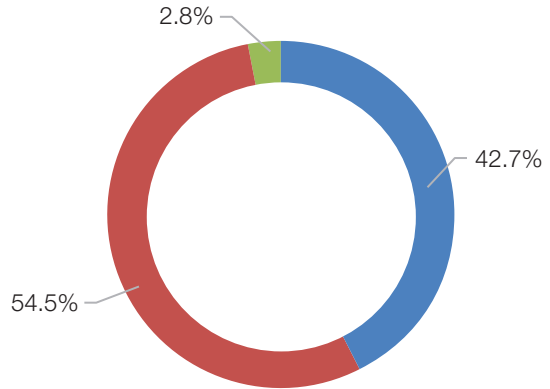
As at 31 December 2022, the number of employees under the scope of this Report was 16,520. Composition of the Group's employees by gender, age group, employment type and geographic region are as follows:

By gender



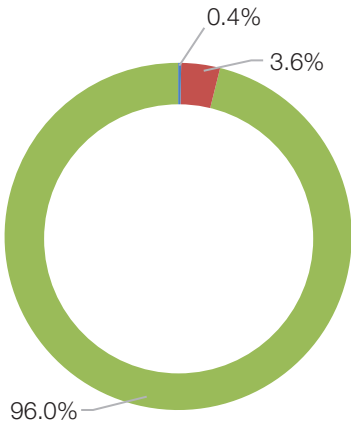
Male Female

By age group



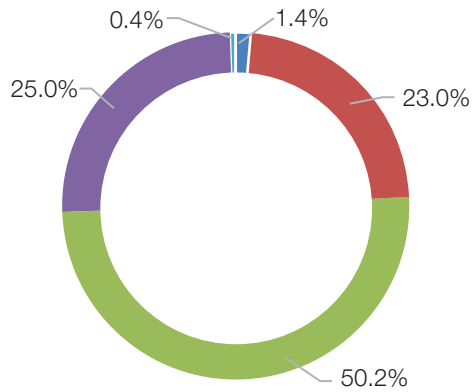
Below 30 30-50 Over 50

By employment type

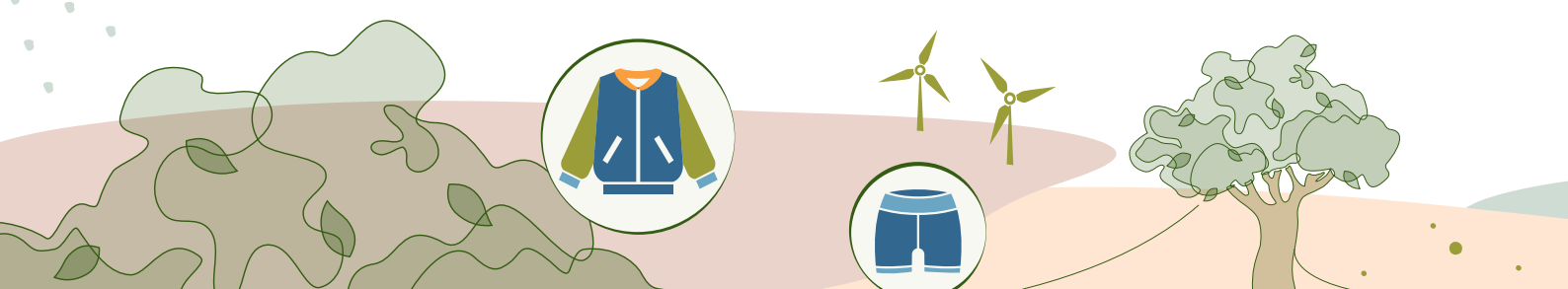


Top Management Management/Supervisor General Staff

By geographical region



Hong Kong Mainland China Vietnam Cambodia Others (Macau, Taiwan and Singapore)



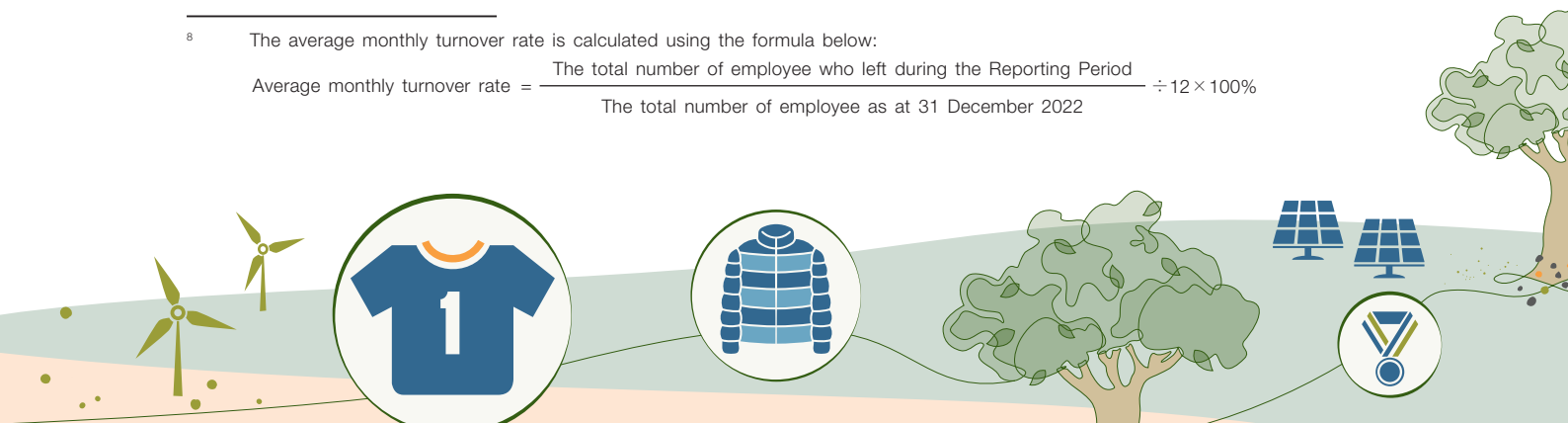
## TURNOVER RATE

The average monthly turnover rate during the Reporting Period was 5.1%<sup>8</sup>. The detailed breakdown is presented in the table below:

| Category               | Sub-category    | FY2022 | FY2021 (Restated) |
|------------------------|-----------------|--------|-------------------|
| By Gender              | Male            | 6.7%   | 6.0%              |
|                        | Female          | 4.6%   | 4.1%              |
| By Age Group           | < 30 years old  | 6.6%   | 6.1%              |
|                        | 30-50 years old | 4.0%   | 3.3%              |
|                        | > 50 years old  | 2.4%   | 2.7%              |
| By Geographical Region | Mainland China  | 4.6%   | 4.8%              |
|                        | Hong Kong       | 6.7%   | 10.0%             |
|                        | Taiwan          | 1.8%   | 1.9%              |
|                        | Cambodia        | 2.8%   | 2.4%              |
|                        | Vietnam         | 6.4%   | 5.4%              |
|                        | Singapore       | 1.7%   | 5.0%              |
|                        | Macau           | 3.5%   | 0.0%              |

<sup>8</sup> The average monthly turnover rate is calculated using the formula below:

$$\text{Average monthly turnover rate} = \frac{\text{The total number of employee who left during the Reporting Period}}{\text{The total number of employee as at 31 December 2022}} \div 12 \times 100\%$$



**TRAINING AND CAREER DEVELOPMENT**

To develop employees’ strengths and potential, the Group provides a variety of training and development opportunities at all levels. For the sportswear manufacturing business, assessment on training need is carried out by consulting employees in different manufacturing units in order to design appropriate training programmes to enhance their awareness on supervisory skills, health and safety, team work and hygiene in workplace in order to align with the Group’s objectives and goals. Annual training plans are devised for each manufacturing unit to properly manage the training implementation.

Below are some of our training programmes for our sportswear manufacturing business:

|   |  |
|---|--|
| Induction Training                        | All new comers will be given an introduction on the company history, organisational structure, policies and regulations on labour management and HSE aspects, workplace standards, customer requirements, in-house HSE rules and communication channels, quality control measures and so on before the commencement of their duties.   |
| On-the-job Training                       | Every new worker will receive 19-day training to ensure that they are equipped with sufficient technical and safety knowledge in using the machineries.  |
| Compliance Training                       | The SEA Department of our manufacturing facilities regularly reviews the latest updates and changes in policies and regulations on the HSE aspects. It coordinates with the Human Resources (“HR”) Department to provide annual training to ensure staff are trained and aware of the latest compliance requirements.  |
| Functional and Management Skills Training | This programme aims at providing our staff with the knowledge of critical functional skills for workplace including writing, presentation and communication skills, use of communication technologies (including the internet, wireless networks, cell phones and so on) and foreign language classes. For the management staff, training programmes aiming at elevating their management competencies, such as skills on team management, coaching and mentoring, and problem solving and decision making, are offered. |
| Management Trainee Programme              | A 2-phase management trainee programme is provided to develop dedicated fresh graduates to become management executives at an accelerated pace. In the first phase of the training, trainees will take roles in different departments to learn about the operational process and system. The programme will be elevated to the project management level in the second phase of the programme.  |
| Refresher Training                        | All employees who attended training sessions will be assessed to measure the training effectiveness. Those who failed to meet the passing requirement will be retrained. In addition, employees who returned from leave for more than 3 months will also be retrained on the latest safety standards and other necessary skills.   |



In addition to the training programmes, we also organised a sewing skills contest in one of our manufacturing facilities in Mainland China during the Reporting Period. Through the contest, we hope to advocate virtuous competition among our workers as well as motivate them to strive for continuous improvement on their technical skills. In FY2022, the average training hours completed per employee was 10.4 hours.



Sewing Skills Contest

Annual appraisal is in place to review employees' working performance as well as competencies. The appraisal is based solely on the capacity of the employee, including the ability to work (knowledge and skills), expertise, credibility and personality (e.g. attitude, proactivity etc.). At the beginning of every year, performance goals are set based on the 'SMART' framework and communicated to employees. During the appraisal, each staff is rated based on the degree of attainment of these goals, core competencies, such as job required knowledge and communication skills, behaviour and other indicators. Adhering to the principle of transparency, the results will be communicated to staff and serve as the objective basis for the Group on making employment decisions, including but not limited to, remuneration adjustment, succession planning and staff development.



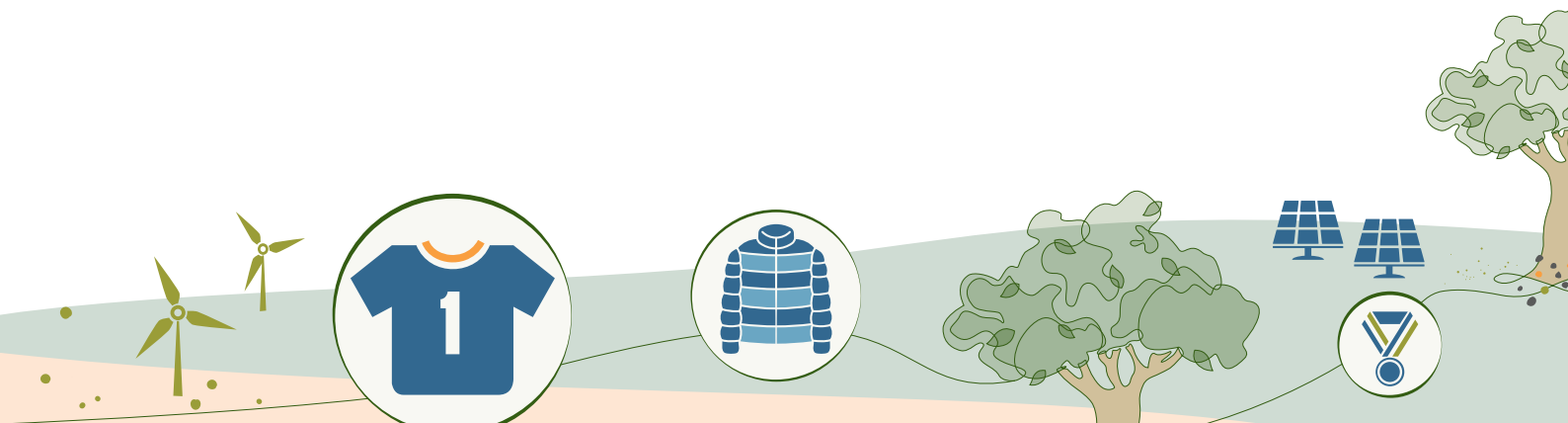
Orientation Training for New Workers



Team Work Training



Supervisory Skills Training



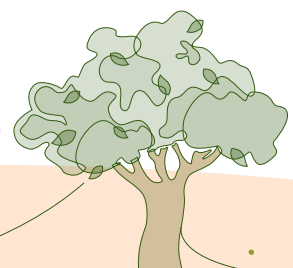
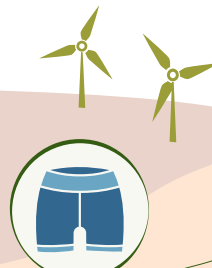
## RESPECTING OUR EMPLOYEES

| FY2022<br>Percentage of Employees Trained by Gender |                    |       |        |        |
|---|--------------------|-------|--------|--------|
| By Geographical Region                              | Number of Trainees | Male  | Female | Total  |
| Hong Kong   | 93                 | 35.5% | 64.5%  | 100.0% |
| Mainland China                                      | 1,041              | 19.8% | 80.2%  | 100.0% |
| Vietnam   | 11,444             | 32.3% | 67.7%  | 100.0% |
| Cambodia  | 2,680              | 2.4%  | 97.6%  | 100.0% |

| FY2022<br>Percentage of Employees Trained by Employment Type |                    |                |                        |               |        |
|--|--------------------|----------------|------------------------|---------------|--------|
| By Geographical Region                                       | Number of Trainees | Top Management | Management/ Supervisor | General Staff | Total  |
| Hong Kong  | 93                 | 8.6%           | 37.6%                  | 53.8%         | 100.0% |
| Mainland China   | 1,041              | 1.2%           | 8.4%                   | 90.4%         | 100.0% |
| Vietnam  | 11,444             | 0.0%           | 1.6%                   | 98.4%         | 100.0% |
| Cambodia   | 2,680              | 0.0%           | 2.1%                   | 97.9%         | 100.0% |

| FY2022<br>Average Training Hours by Gender |      |        |  |
|--|------|--------|--|
| By Geographical Region                     | Male | Female |  |
| Hong Kong                                  | 1.8  | 2.2    |  |
| Mainland China                             | 12.3 | 12.3   |  |
| Vietnam                                    | 12.3 | 12.3   |  |
| Cambodia                                   | 1.4  | 2.2    |  |

| FY2022<br>Average Training Hours by Employment Type |                |                        |               |
|---|----------------|------------------------|---------------|
| By Geographical Region                              | Top Management | Management/ Supervisor | General Staff |
| Hong Kong   | 1.8            | 1.9                    | 2.2           |
| Mainland China                                      | 2.1            | 10.3                   | 12.6          |
| Vietnam   | 0.0            | 10.0                   | 12.3          |
| Cambodia  | 0.0            | 1.1                    | 2.2           |





## LABOUR STANDARDS

We are firmly against any forms of child and forced labour. During the Reporting Period, the Group was not aware of any breaches of relevant laws and regulations that had a significant impact on the Group relating to preventing child and forced labour in Vietnam, Mainland China, Cambodia, Hong Kong, Taiwan, Macau and Singapore. In addition to complying with the national and local regulations and laws in regions where we operate, the Group has developed its own system to prevent child and forced labour.

### Prevention of Forced Labour

The Group recruits directly or via legitimate recruitment agencies. During the recruitment process, we do not request any fee from the applicants, and we strictly forbid our employees from receiving any forms of benefits or commission from applicants. Employment contracts are signed on a voluntary basis and are legally binding. We ensure all of our employees are given free access to their personal information held by the Group when requested.

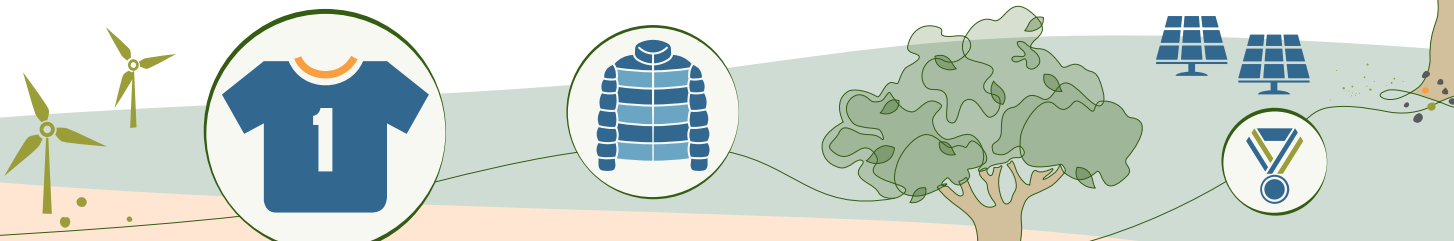
For our sportswear manufacturing business, the production targets are set within a feasible range that can be completed by the production staff within normal working hours. Employees' consent for working overtime is required to prevent forced overtime work, and they are compensated in accordance with the applicable labour laws, regulations and company rules.

In terms of salary, all payments are made directly to the employees or their authorised persons. Employees under probation are paid at least equal to the minimum wage rate as stipulated by local authorities. The Anti-forced Labour Policy is clearly stated in our CoC and regularly communicated to all staff to ensure they are fully aware of their rights.

### Anti-Child Labour

Protocols for age verification and background check are in place during the recruitment process to ensure job applicants meet with the legal working age in the operating region. Accordingly, recruitment officers examine official documents to verify the age of applicants. The recruitment process will be suspended when there is any doubt or inconsistency until confirmation from government authorities is received.

Upon discovery, underage labour will be ceased to perform any works promptly. Immediate background checks will be conducted, following up with their guardians and escorting the employees back to their guardians directly. To encourage the children to stay in schools or receive other formal training, the Group will also make recommendations on schools or training programmes to the child's guardians and offer conditional financial support before the children reaching legal working age.



## STAFF COMMUNICATION

Effective communication among management and staff is the foundation for fostering positive labour relations and enhancing work efficiency. In view of that, the Group has established a wide range of communication channels to listen to the employees' opinions.

### Communication Channels

- Opinion Box
- Hotline
- WoVo and HRIS
- Monthly Meeting
- Employee Satisfaction Survey

Opinion boxes are allocated in workplace and are checked weekly by HR Department and trade union representatives. We aim at responding to each comment or enquiry within 7 days, or within 1 month if an internal investigation is necessary. Feedbacks will be listed on bulletin boards in the workplace. Employees can also voice their suggestions or grievances via telephone hotlines, WoVo and the human resource information system ("HRIS"), monthly meeting, and regular employee satisfaction survey.

The Group listens to opinions from employees carefully and strive to continuously improving our policies to optimise the balance between their needs and business operations. In order to motivate employees to engage in the enhancement of our operations, the employees who offer constructive opinions and suggestions will be rewarded.



As an international professional garment manufacturer and high-end fashion retailer, the Group is aware of its power and obligation to make the world a better place. During FY2022, we continued making contributions to enhance public health as well as poverty alleviation.

We participated in the community investment in Mainland China. Believing that knowledge enables upward socioeconomic mobility and is the foundation to providing life-changing opportunities and sustainability development, the Group donated HK\$124,000 to charitable organisation and secondary school in Yunfu, and provided quality education supplies to underprivileged children in suburban areas.

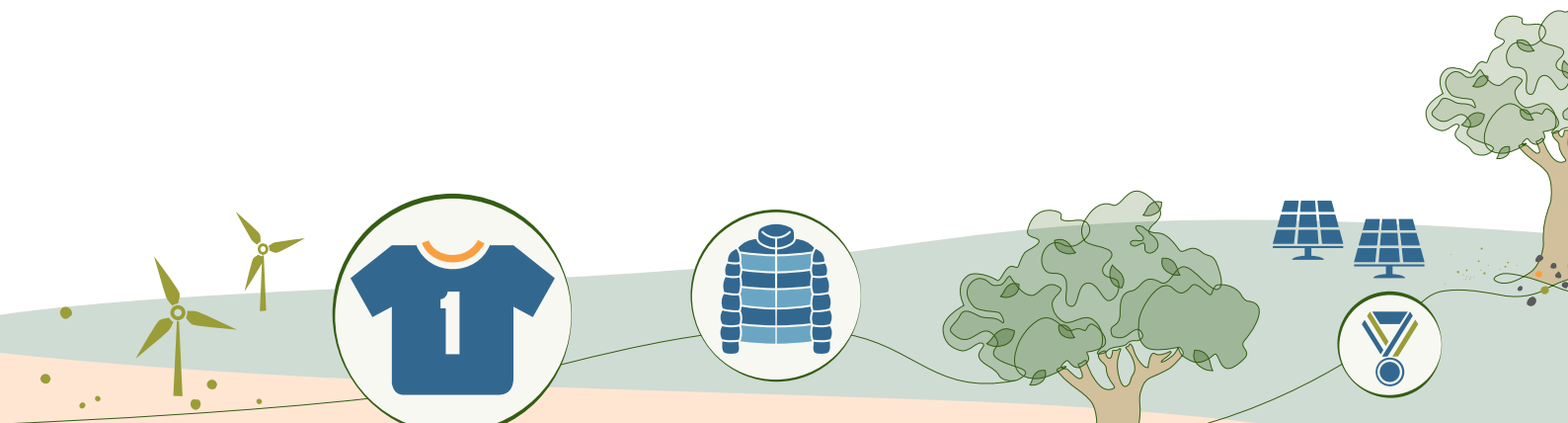


Financial Donation to School Age Children



Blood Donation and Charity Donation Day

New year is a time of year for celebration. To allow children living in impoverished families to have a happy new year, the Group donated some new clothing to low-income families to cheer them up.



## SATISFYING OUR CUSTOMERS

To be your choice for high-quality products with compelling values is the mission of the Group. A number of measures have been in place to assist us in becoming a trustworthy corporation as well as sustaining the long-term business growth.

We ensure that our operations comply with relevant laws and regulations, including but not limited to, the Product Quality Law of the PRC and the Law of the PRC on the Protection of Consumer Rights and Interests.

### QUALITY AND RESPONSIBLE PRODUCT

Upholding the standard of marketing ethics, we fully comply with relevant laws and regulations including the Advertising Law of the PRC to ensure accurate product information is delivered to our customers. Apart from that, various measures regarding the aspects of quality assurance and customers' shopping experience are implemented under our key business sectors. During the Reporting Period, there was no record of breaches of the relevant laws and regulations or product recall due to safety and health reasons.

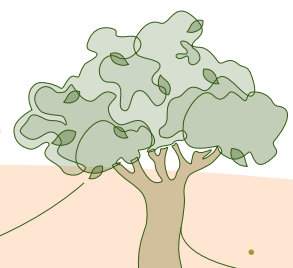
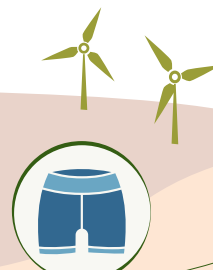
#### Our sportswear manufacturing business

We strictly follow customer requirements on the material we use for garment manufacturing. To ensure the quality of all materials and products, regular sampling is performed based on our clients' standardised material and product testing specifications and procedures. All non-conforming materials and products are subject to the standardised handling procedures as outlined in our internal policies for the manufacturing facilities to prevent any unintended use or delivery. Any identified non-conforming raw materials, semi-finished and finished products are required to be separated and kept in red baskets with specific labels accordingly. The materials and products will be sent to applicable production units for repair, rework or reprocessing after conducting further analysis and review.

#### Our high-end fashion retailing business

The procedures of the logistics and inventory management of our high-end fashion retailing business are controlled by the Standard Operations Procedure to keep our service and product quality at the highest level. Detailed instructions on the controls of inbound and outbound shipments are outlined in the procedures to make sure that the Group is capable to provide accurate, efficient and timely deliveries to our customers. A series of stringent inventory management guidelines is also in place to control the hardware and software of our warehouse to safeguard the quality of products. For example, indoor temperature is maintained at a stable level to avoid our products from being deteriorated. In addition, all products are subject to four-eyes principles in checking during the picking and packing operations to reduce the chance of sending out defective products.

A Product Exchange and Return Policy is in place in case of product exchange or refund requests made by our high-end fashion retailing customers regarding product quality issues. Our Retail Operations Director is responsible for overseeing all the refund requests. Approval from the Retail Operations Director is required before arranging refunds to the customers. All refund requests from customers will be replied within two days. All non-conforming products will be transported to inventory and handled based on the non-conforming products handling procedure.



## SUPPLY CHAIN MANAGEMENT

The Group is dedicated to producing quality and integrity garment in a responsible manner. On top of the Group’s policy and requirements, we strictly adhere to customers’ policy and requirements in sustainability which include supply chain management on supply chain code of conduct, and environmental concerns. Compliance assessments of our manufacturing facilities and raw materials suppliers who can be qualified as designated suppliers are also performed regularly together with customers.

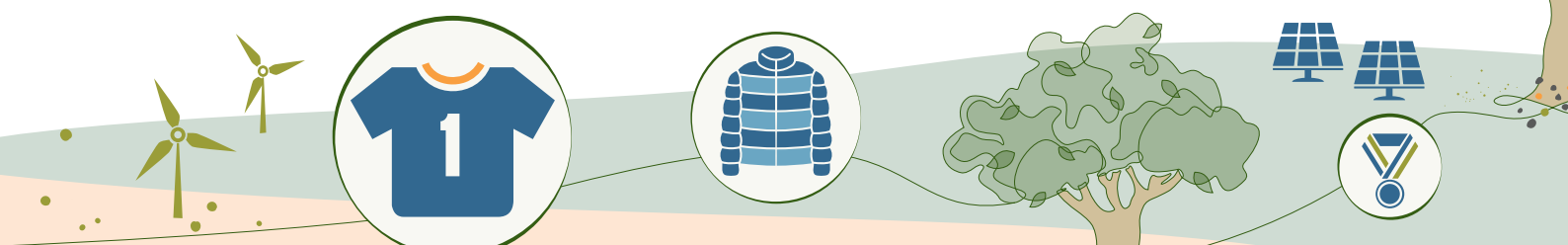
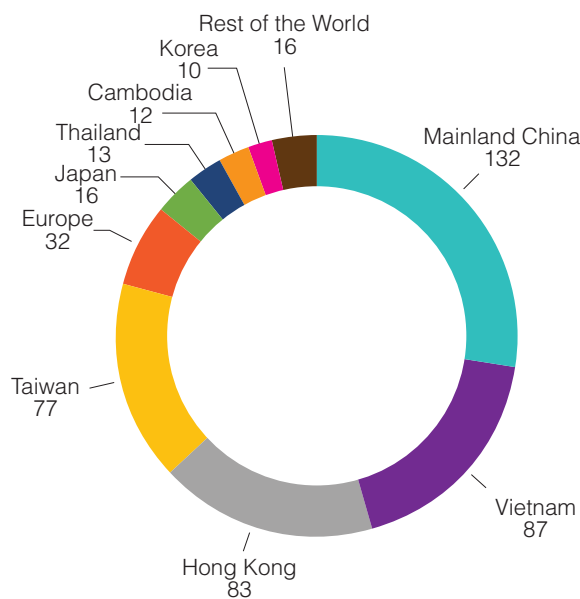
As a means to foster a responsible supply chain, all selected suppliers and contractors are required to sign a contract supplemented with a commitment letter on the Group’s requirements regarding the environmental protection and occupational health and safety aspects before the establishment of formal business relationship. This is to ensure the suppliers and contractors are fully aware of the Group’s requirements.

**Basic requirements for our suppliers and contractors**

- Comply with relevant legal requirements on the health, safety and environment aspects
- Comply with the Group’s social responsibility rules, including but not limited to anti-child labour policies
- Align with the Group’s requirements on the capacity to provide products and services

In addition, suppliers with international recognised certificates, such as ISO 14001 and ISO 45001, and/or uphold with the requirements of Higg Index and/or Recycled Claim Standard will be granted with higher priority in the procurement process to promote the use of environmentally friendly and responsible products.

As of 31 December 2022, the number of suppliers under the scope of this Report was 478, of which 375 was related to sportswear manufacturing business. Distribution of suppliers by geographical region is illustrated below:



## SATISFYING OUR CUSTOMERS

For selected waste handling vendors of manufacturing facilities, they will be required to sign a contract which includes commitment regarding environmental protection behaviours. Every year, they are required to conduct self-assessment on their internal operations and submit the self-assessment report to us. An annual on-site audit is also carried out by the SEA Department of each manufacturing facility to check the conditions of the working environment as well as the employment status of the waste service providers. Whenever there is an update on our internal waste management policy, the latest policy together with a revised agreement will be provided to the selected vendors.

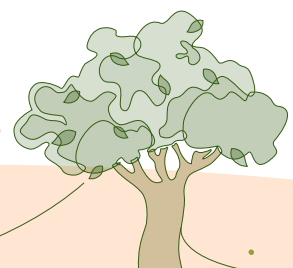
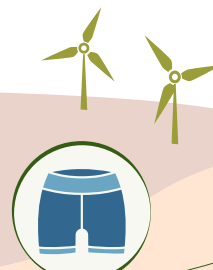
Compliance training is offered to the newly approved suppliers of sportswear manufacturing business to brief them on the latest updates and changes in policies and regulations on the HSE aspects and ensure they are well-informed of and trained to fulfil the latest compliance requirements.

## SATISFACTORY CUSTOMER SERVICE

We appreciate feedbacks from our customers. All feedbacks are treated as the cornerstone for optimising our products and services quality and efficiency. Several communication channels, including client meeting, hotline and email, are established for our clients to express their expectations and opinions.

In the event of feeling unsatisfied, customers of our high-end fashion retailing business are encouraged to communicate directly with our salespersons, so that we can address their needs with prompt response. Details of complaints received will be recorded in the form of customer comment/complaint report, and will be sent to the Retail Operation Department for follow-up investigations and handling. As stipulated in the customer complaint procedure, the handling progress has to be reported to the customer within three days after receiving the complaint.

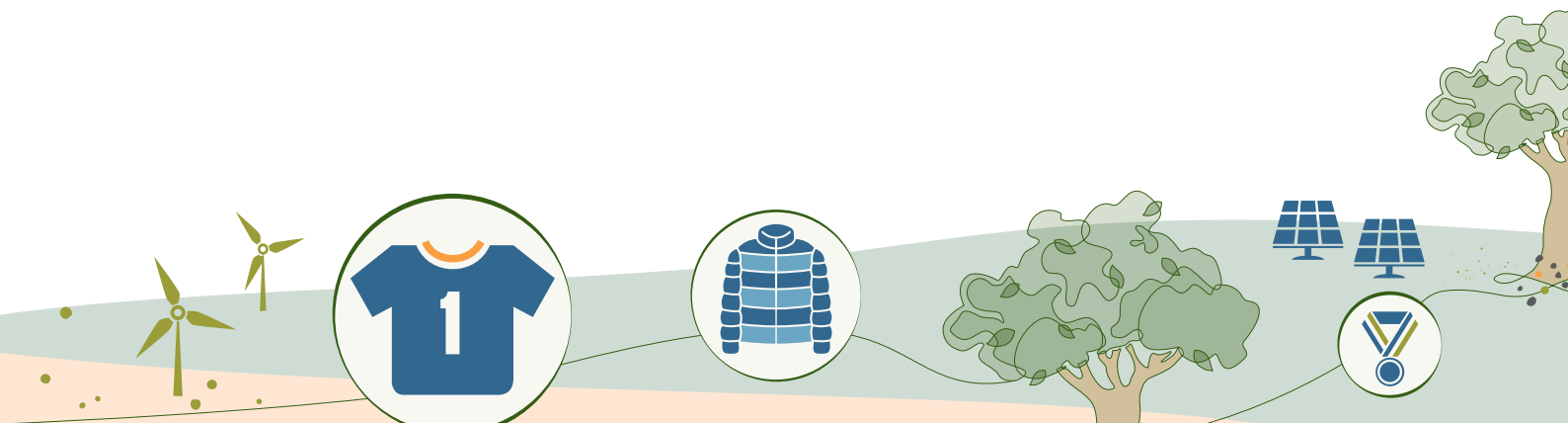
Meanwhile, the complaints from customers or any related parties of our sportswear manufacturing business are handled by the Quality Assurance Department. The Quality Assurance Department is responsible for conducting investigations on the complaints to identify the root causes of the issues. Suitable remedial solutions will be taken to satisfy the customers or related stakeholders. The investigation results and corrective action plans will be reported to the complainants promptly. We will also reassure the implementation of the corresponding preventive measures to avoid any reoccurrence. During the Reporting Period, no product and service-related complaints was received.



## CUSTOMER PRIVACY AND INTELLECTUAL PROPERTY PROTECTION

The effectiveness of privacy management is closely linked to the Group’s reputation. We place a strong emphasis on safeguarding customers’ privacy by endorsing a comprehensive privacy management system. Confidential information includes but not limited to the business information, proprietary products, technologies, research and development information (including self-developed software systems) and trade secrets of the Group and its business partners. As stipulated in the CoC, all employees are strictly prohibited from disclosing any confidential information to third parties or using the information to exchange for personal advantages during or after their employment unless approval from directors is granted. Any breach of the CoC is subject to disciplinary actions including immediate termination. To protect the personal information collected from the membership programme of our high-end fashion retailing business, all information of the members are properly stored at our office.

In addition to the CoC, an anti-piracy approach is adopted for intellectual property (“IP”) protection. In our operations, we only purchase computer software and hardware from licensed sources to prevent unauthorised use of copyright products. We also respect the IP rights of our business partners that internal brand security policies are endorsed and implemented in our manufacturing facilities to protect their IP rights. The policies focus on not only the lifecycle of our products, including the stages of product development, production, storage or logistics, but also visitors’ access, information exchange, and archival processing. During the Reporting Period, the Group was not aware of any infringement of any law and regulations relating to privacy or intellectual property.



## ANTI-CORRUPTION

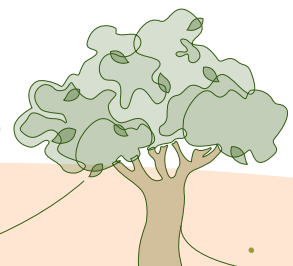
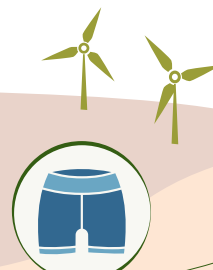
Any form of fraud, bribery, extortion and money laundering is strictly prohibited, as clearly stated in the CoC. In FY2022, the Group was not aware of any material non-compliance with laws and regulations relating to fraud, bribery, extortion and money laundering in the regions where we operate. During the Reporting Period, there was no legal case regarding corrupt practices brought against the Group or our employees.

All employees are forbidden to solicit, offer or accept any gifts, gratuities or any form of advantages in dealings with any stakeholders to obtain and retain business. All employees should avoid any situation that may lead to actual or perceived conflicts of interest. In any circumstances that may induce conflict of interest, employees should fill in the Conflict of Interest Declaration Form to make a written declaration to the management. Employees who violate the CoC will face disciplinary actions, including immediate termination. Serious offense will be handed over to local authority for further handling.

In case of any suspicious cases, employees are welcomed to report via whistleblowing hotline, email or directly to the HR Director. All reported cases will be handled timely and fairly by the Board Executive Committee.

The complaint process including details and the identity of the complainant must be kept confidential. Any acts of retaliation to the complainant or obstruction of the investigation are considered violations of the CoC.

With the aim to reinforce the implementation of our anti-corruption practices and further foster an integrity corporate culture, anti-corruption training programmes and relevant materials are arranged to our employees at all levels on a regular basis. In FY2022, training materials were sent to the Board and employees to refresh their knowledge on the Group's standards on business ethics as well as the latest anti-corruption resources published by the Independent Commission Against Corruption.





### Sustainable Corporate (Environment) Outstanding Award

We are proud that our effort to advance environmental sustainability has received notable recognition. We were honoured to garner an outstanding award at the “Standard Chartered Corporate Achievement Awards 2022”, recognising our dedication and achievements in sustainable development. This reward affirms our commitment to the environment, climate and marine issues, and continuing in an orderly manner to achieve the United Nations Sustainable Development Goals. In terms of sustainability vision and strategy, the award recognised our forward-looking sustainability strategy in setting accountable goals and plans with measurable and time-bound targets on environmental management.



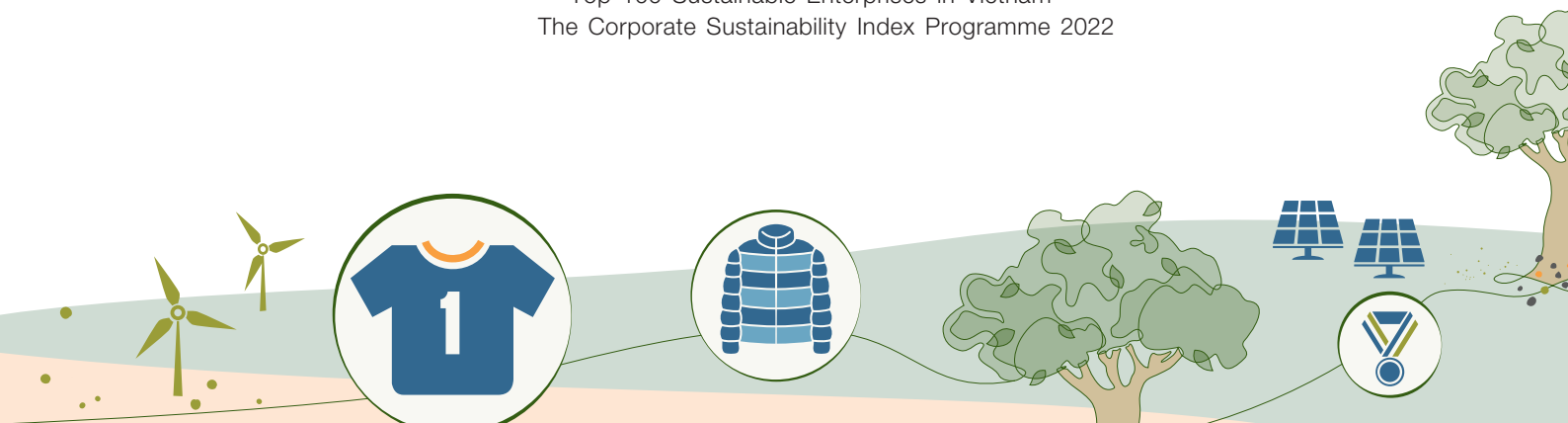
Sustainable Corporate (Environment) – Outstanding Award  
Standard Chartered Corporate Achievement Awards 2022

### Top 100 Sustainable Enterprises in Vietnam

One of our manufacturing facilities in Vietnam has been named as part of the top 100 sustainable enterprises in The Corporate Sustainability Index Programme 2022, conferred by The Vietnam Chamber of Commerce and Industry. This award provides recognition and prestige for our business in achieving outstanding commitments to promoting women’s empowerment and gender equality, respecting children’s rights and adopting climate change measures. We are committed to working with government agencies and different stakeholders to build a sustainable business community in Vietnam.



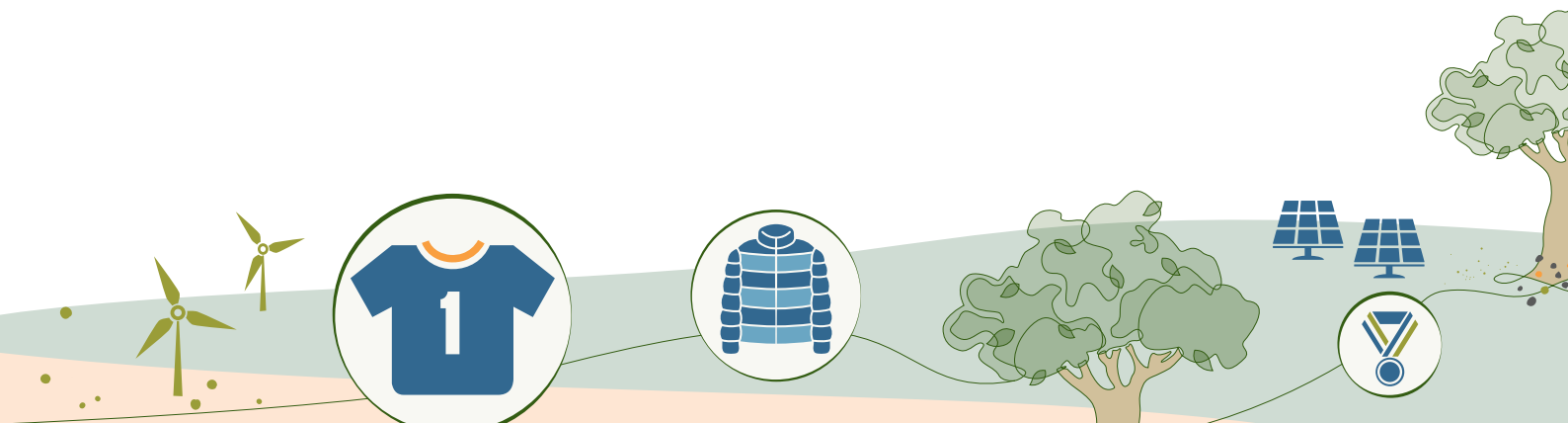
Top 100 Sustainable Enterprises in Vietnam  
The Corporate Sustainability Index Programme 2022



| HKEx ESG Reporting Guide General Disclosures and KPIs |   | Explanation/<br>Reference Section   |
|---|---|---|
| <b>Aspect A: Environmental</b>                        |   |   |
| A1 Emissions  | <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p> <p>Note:</p> <p>Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations.</p> <p>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</p> <p>Hazardous wastes are those defined by national regulations.</p> | <p>Protecting the Environment</p> <p>– Continual Environmental Performance Improvement; Management of Resources Utilisation</p> |
| KPI A1.1  | The types of emissions and respective emissions data.   | Protecting the Environment<br>– Continual Environmental Performance Improvement   |
| KPI A1.2  | 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).   | Protecting the Environment<br>– Continual Environmental Performance Improvement   |
| KPI A1.3  | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).  | Protecting the Environment<br>– Continual Environmental Performance Improvement   |
| KPI A1.4  | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).  | Protecting the Environment<br>– Continual Environmental Performance Improvement   |
| KPI A1.5  | Description of emission target(s) set and steps taken to achieve them.  | Protecting the Environment<br>– Continual Environmental Performance Improvement   |
| KPI A1.6  | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction targets set and steps taken to achieve them.  | Protecting the Environment<br>– Continual Environmental Performance Improvement   |



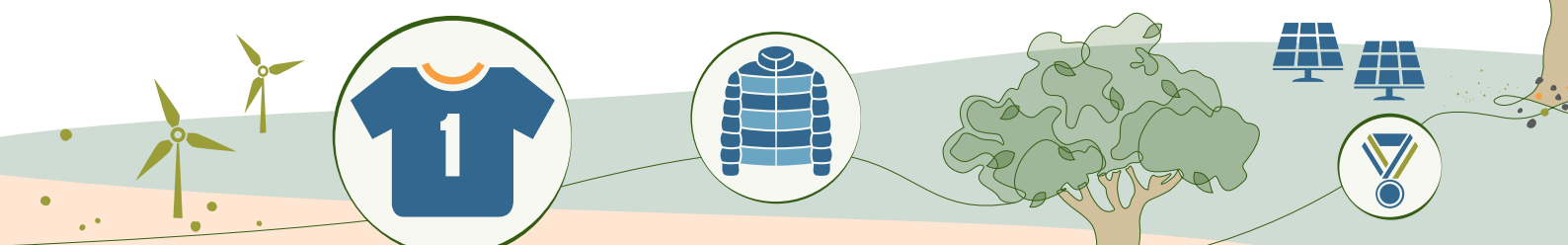
| HKEx ESG Reporting Guide General Disclosures and KPIs |  | Explanation/<br>Reference Section                                     |
|---|--|---|
| A2 Use of Resources                                   | <p>Policies on efficient use of resources including energy, water and other raw materials.</p> <p>Note:</p> <p>Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</p> | Protecting the Environment<br>– Management of Resources Utilisation   |
| KPI 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).   | Protecting the Environment<br>– Management of Resources Utilisation   |
| KPI A2.2  | Water consumption in total and intensity (e.g. per unit of production volume, per facility).   | Protecting the Environment<br>– Management of Resources Utilisation   |
| KPI A2.3  | Description of energy use efficiency target(s) set and steps taken to achieve them.  | Protecting the Environment<br>– Management of Resources Utilisation   |
| KPI A2.4  | 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.   | Protecting the Environment<br>– Management of Resources Utilisation   |
| KPI A2.5  | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.   | Protecting the Environment<br>– Management of Resources Utilisation   |
| A3 The Environment and Natural Resources              | Policies on minimising the issuer's significant impacts on the environment and natural resources.  | Protecting the Environment<br>– The Environment and Natural Resources |
| KPI A3.1  | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.  | Protecting the Environment<br>– The Environment and Natural Resources |
| A4 Climate Change                                     | Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.   | Protecting the Environment<br>– Climate Change Resilience             |
| KPI A4.1  | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.   | Protecting the Environment<br>– Climate Change Resilience             |



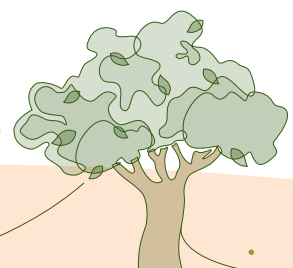
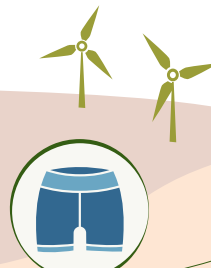
| HKEx ESG Reporting Guide General Disclosures and KPIs |   | Explanation/<br>Reference Section  |
|---|---|--|
| <b>Aspect B: Social</b>                               |   |  |
| B1 Employment   | <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p> | Respecting Our Employees<br>– Equal Opportunity and Fair Employment; Employee Remuneration; Workforce Composition; Turnover Rate |
| KPI B1.1  | Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.  | Respecting Our Employees<br>– Workforce Composition  |
| KPI B1.2  | Employee turnover rate by gender, age group and geographical region.  | Respecting Our Employees<br>– Turnover Rate  |
| B2 Health and Safety                                  | <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to providing a safe working environment and protecting employees from occupational hazards.</p>   | Respecting Our Employees<br>– Health and Safety  |
| KPI B2.1  | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.   | Respecting Our Employees<br>– Health and Safety  |
| KPI B2.2  | Lost days due to work injury.   | Respecting Our Employees<br>– Health and Safety  |
| KPI B2.3  | Description of occupational health and safety measures adopted, and how they are implemented and monitored.   | Respecting Our Employees<br>– Health and Safety  |



| HKEx ESG Reporting Guide General Disclosures and KPIs |  | Explanation/<br>Reference Section                             |
|---|--|---|
| B3 Development and Training                           | <p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p> <p>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</p> | Respecting Our Employees<br>— Training and Career Development |
| KPI B3.1  | The percentage of employees trained by gender and employee category (e.g. senior management, middle management).   | Respecting Our Employees<br>— Training and Career Development |
| KPI B3.2  | The average training hours completed per employee by gender and employee category.   | Respecting Our Employees<br>— Training and Career Development |
| B4 Labour Standards                                   | <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to preventing child or forced labour.</p>  | Respecting Our Employees<br>— Labour Standards                |
| KPI B4.1  | Description of measures to review employment practices to avoid child and forced labour.   | Respecting Our Employees<br>— Labour Standards                |
| KPI B4.2  | Description of steps taken to eliminate such practices when discovered.  | Respecting Our Employees<br>— Labour Standards                |
| B5 Supply Chain Management                            | Policies on managing environmental and social risks of the supply chain.   | Satisfying Our Customers<br>— Supply Chain Management         |
| KPI B5.1  | Number of suppliers by geographical region.  | Satisfying Our Customers<br>— Supply Chain Management         |
| KPI B5.2  | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.  | Satisfying Our Customers<br>— Supply Chain Management         |
| KPI B5.3  | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.   | Satisfying Our Customers<br>— Supply Chain Management         |
| KPI B5.4  | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.  | Satisfying Our Customers<br>— Supply Chain Management         |



| HKEx ESG Reporting Guide General Disclosures and KPIs |  | Explanation/<br>Reference Section  |
|---|--|--|
| B6 Product Responsibility                             | <p>Information on:</p> <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</li> </ul> <p>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p> | Satisfying Our Customers<br>— Quality and Responsible Product; Customer Privacy and Intellectual Property Protection |
| KPI B6.1  | Percentage of total products sold or shipped subject to recalls for safety and health reasons.   | Satisfying Our Customers<br>— Quality and Responsible Product  |
| KPI B6.2  | Number of products and service related complaints received and how they are dealt with.  | Satisfying Our Customers<br>— Satisfactory Customer Service  |
| KPI B6.3  | Description of practices relating to observing and protecting intellectual property rights.  | Satisfying Our Customers<br>— Customer Privacy and Intellectual Property Protection                                  |
| KPI B6.4  | Description of quality assurance process and recall procedures.  | Satisfying Our Customers<br>— Quality and Responsible Product  |
| KPI B6.5  | Description of consumer data protection and privacy policies, and how they are implemented and monitored.  | Satisfying Our Customers<br>— Customer Privacy and Intellectual Property Protection                                  |



| HKEx ESG Reporting Guide General Disclosures and KPIs |   | Explanation/<br>Reference Section              |
|---|---|--|
| B7 Anti-corruption                                    | Information on:<br><br>(a) the policies; and<br><br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to bribery, extortion, fraud and money laundering. | Upholding Business Ethics<br>– Anti-Corruption |
| KPI B7.1  | 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.  | Upholding Business Ethics<br>– Anti-Corruption |
| KPI B7.2  | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.  | Upholding Business Ethics<br>– Anti-Corruption |
| KPI B7.3  | Description of anti-corruption training provided to directors and staff.  | Upholding Business Ethics<br>– Anti-Corruption |
| B8 Community Investment                               | 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                           |
| KPI B8.1  | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).   | Community Investment                           |
| KPI B8.2  | Resources contributed (e.g. money or time) to the focus area.   | Community Investment                           |

