



時代集團控股有限公司
SITOY GROUP HOLDINGS LTD.

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號:1023



Environmental, Social
and Governance Report
環境、社會及管治報告

2023



COLE HAAN

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(This content is for management use and will not be shown in the final report)

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ABOUT THE REPORT

The Environmental, Social and Governance (“ESG”) Report elaborates on various types of work done by Sitoy Group Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) to fully implement the concept of sustainable development and perform its corporate social responsibilities, and its environmental and social performance from 1 July 2022 to 30 June 2023 (the “Year”).

SCOPE OF THE REPORT

The ESG Report focuses on the environmental and social performance of the Group’s manufacture and sale of handbags, small leather goods and travel goods business in the People’s Republic of China (the “PRC” or “Mainland China”) and Hong Kong during the Year. The key performance indicators (“KPIs”) disclosed in the ESG Report are based on the data collected from the Group’s subsidiaries, namely (i) Dongguan Shidai Leather Products Factory Co., Ltd. (“Dongguan Shidai”) and (ii) Sitoy (Yingde) Leather Products Co., Ltd. (“Yingde Leather”). The scope of the ESG Report has been carefully determined based on the entities of the Group’s operations that have significant environmental and social impacts.

REPORTING FRAMEWORK

The ESG Report was prepared in accordance with the “Environmental, Social and Governance Reporting Guide” under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and in compliance with the mandatory disclosure requirements and “comply or explain” provision thereof.

REPORTING PRINCIPLES

In preparing this report, we meet the four reporting principles stipulated in the Guide – “materiality”, “quantitative”, “consistency” and “balance”.

Materiality:

Stakeholder engagement and materiality assessment were conducted for the determination of the content of the ESG Report. The Group has identified ESG-related issues, collected and reviewed the views of internal management and various stakeholders, assessed the relevance and materiality of the issues, and prepared and validated the information in the ESG Report. The ESG Report covers a comprehensive range of material ESG issues of concern to the Group’s stakeholders.

Quantitative:

The Group has disclosed quantitative environmental and social KPIs in the ESG Report. To enable stakeholders to have a full understanding of the Group’s ESG performance, the standards, methodologies, references and conversion factors used to calculate the KPIs are described wherever appropriate.

Consistency:

The Group uses consistent reporting and calculation methods, as far as reasonable, to facilitate the comparability of ESG performance between years. In case of any changes in methodologies, the Group will present and explain in details in the corresponding sections.

Balance:

The Group discloses the ESG achievement and areas for improvement in a transparent and unbiased manner for objective review by stakeholders.

INFORMATION AND FEEDBACK

For detailed information about the environmental, social and corporate governance of the Group, please refer to the official website (www.sitoy.com). Your opinions are highly valued by the Group. Should you have any advice, please contact the Group at esg@sitoy.com.



KEY HIGHLIGHTS

Achievement in Multiple Environmental Aspects:

Accredited both “Wastewi\$e” certificate in Good Level and “Energywi\$e” certificate in Basic level by Hong Kong Green Organisation Certification

Attainment of Internationally Nationally
Recognised Certification:
WRAP Certification
Advanced AEO Certification

Locally Recognised
Awards and Honors:
“Happy Company”
and “Caring
Company”

Commitment to
Sustainable
Development:
Newly join ESG
Pledge Scheme

Total Training Hours:
144,315 hours

Community
Donation:
> HKD450,000

Sustainable Products:
The Generation ZERØGRAND II and
5.0 ZERØGRAND EMBROSTITCH
RUNNING SHOE



BOARD STATEMENT

Effective ESG governance approach is vital to the sustainable development of the Group. With the aim of ensuring proper ESG governance within the Group, the board of directors (the “Board”) of the Group has established an Environmental, Social and Governance Committee (the “ESG Committee”).

The ESG Committee identifies and manages ESG-related risks, while authority has been properly delegated to the management of the Group to execute ESG policies. To better manage ESG-related matters, the ESG Committee keeps track of local and international emerging market trends regarding ESG-related issues that may potentially impact its business operations, and make timely adjustment to its strategies accordingly. The ESG Committee holds regular meetings every year and upon request of any member of the ESG Committee, and in accordance with its term of reference, has the following responsibilities, including but not limited to:

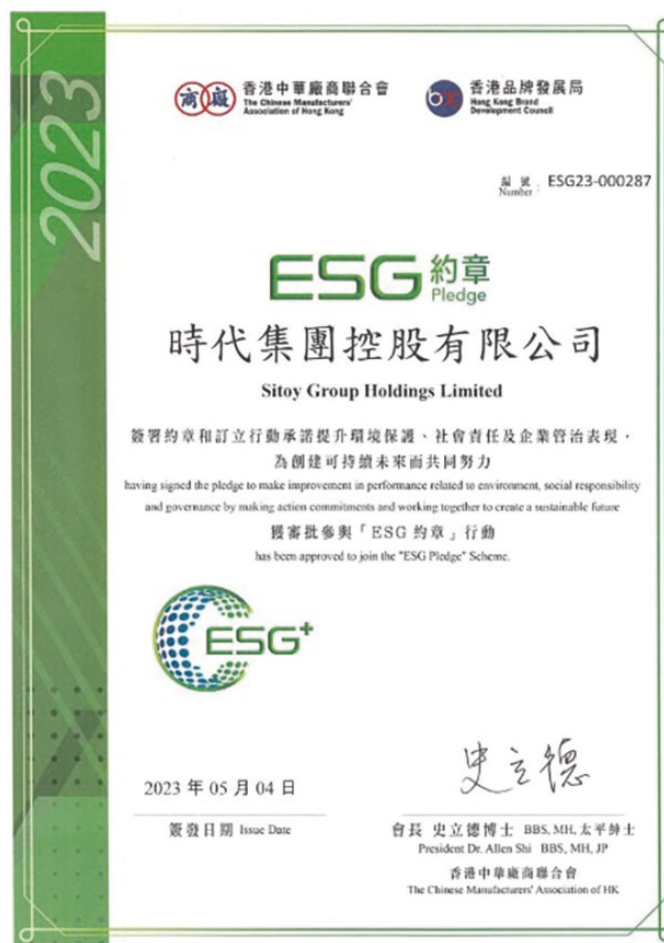
- Propose long-term development plan and sustainable development policies;
- Identify material ESG risks and opportunities and determine their relevant importance to the business operation through reviewing and assessing internal operation; and
- Formulate sustainable development strategies in all ESG aspects, including health and safety, community relations, environment, human rights and anti-corruption.

To gather the opinions of the Group’s stakeholders on ESG issues, the ESG Committee has engaged a third-party ESG consultant in conducting a materiality assessment to identify issues that are likely to influence the business and our stakeholders, especially to the environmental and social aspects. The issues would be reviewed and prioritised, and those with high significance to the Group and stakeholders are considered material. The ESG Committee reviews and concludes the material ESG issues of the Group. In addition, the ESG Committee regularly reviews the stakeholder communication channels to ensure effective communication between the Group and different stakeholders.

BOARD STATEMENT

With the aim of formulating and executing effective ESG policies and measures, the ESG Committee reviews the plans and execution of ESG-related work with respect to its targets and goals during regular meetings. The Group also shares its progress in ESG with different stakeholders, most notably through the Group's annual ESG Report. The chairman of the ESG Committee also has to attend the annual general meeting to answer questions thereat on the ESG Committee's activities and responsibilities.

The Group has joined the ESG Pledge Scheme organised by The Chinese Manufacturers' Association of Hong Kong and co-operated with Hong Kong Brand Development Council. The scheme aims at strengthening the concern of sustainable development. By joining the scheme, the Group has demonstrated our commitment to adopt, practice and promote the concept of sustainable development. We have also committed to formulating specific and concrete action plans to fulfill the concept.



BOARD STATEMENT

COMMUNICATION WITH STAKEHOLDERS

The Group attaches great importance to the opinions of different stakeholders, which form the basis for the Group to formulate short-term and long-term strategies for sustainable development. With an aim of communicating effectively with stakeholders, the Group strives to understand and respond to their expectations and needs through a wide range of communication channels.

Stakeholders	Expectations and Needs	Means of Communication and Response
Government and Regulators	<ul style="list-style-type: none"> • Strict compliance with national policies, laws and regulations • Paying taxes in full and on time • Production safety 	<ul style="list-style-type: none"> • Regular information reporting • Regular meetings with regulators
Shareholders	<ul style="list-style-type: none"> • Returns • Compliant operation • Enhancement of company value • Transparency of information and effective communication 	<ul style="list-style-type: none"> • General meetings • Company announcements • Email, telephone communication and company website
Business Partners	<ul style="list-style-type: none"> • Operational integrity • Performance of contracts • Mutual benefit and win-win result 	<ul style="list-style-type: none"> • Business communications • Engagement and cooperation
Customers	<ul style="list-style-type: none"> • Outstanding products and services • Health and safety • Performance of contracts • Operational integrity 	<ul style="list-style-type: none"> • Customer communication meetings • Return visits • Social media platforms
Environment	<ul style="list-style-type: none"> • Energy conservation and emission reduction • Ecosystem protection • Reasonable use of water 	<ul style="list-style-type: none"> • Communication with local environmental department • Communication with local residents
Industry	<ul style="list-style-type: none"> • Establish industry standards 	<ul style="list-style-type: none"> • Communication with local labour department • Participation in industry forums • Visits and mutual inspections
Employee	<ul style="list-style-type: none"> • Protection of rights • Occupational health and safety • Remunerations and benefits 	<ul style="list-style-type: none"> • Employee communication meetings/ activities • Training and workshops
Community and the Public	<ul style="list-style-type: none"> • Participation in charity 	<ul style="list-style-type: none"> • Company website • Company announcements • Interview with media • Mutual visits



BOARD STATEMENT

In the future, the Group will continue enhancing the level of stakeholder engagement so as to more comprehensively collect stakeholders' opinions towards the Group's business and ESG strategies.

MATERIALITY ASSESSMENT

In order to develop a clear and effective approach to ESG management, the Group conducted a materiality assessment during the Year to identify ESG issues of importance to the Group's business and its stakeholders. This materiality assessment was based on the internal stakeholder survey, views of third-party ESG consultant and materiality maps issued by reputable external organisations¹ on ESG-related matters. The material ESG issues identified by the Group during the Year are as follows:

Aspects	Material Issues
Employment and Labour Practices	<ul style="list-style-type: none">• Employment Compliance• Labour Management• Remuneration and Benefits
Operating Practices	<ul style="list-style-type: none">• Operational Compliance• Supply Chain Management• Product Quality and Safety• Intellectual Property Protection• Information Security• Anti-corruption

¹ The materiality maps referenced in the materiality assessment have included the ESG Industry Materiality Map and the SASB Materiality Map produced respectively by Morgan Stanley Capital International (MSCI) and the Sustainability Accounting Standard Board (SASB).



ENVIRONMENTAL PROTECTION

The Group is engaged in the design, research, development, manufacture, sale, retailing and wholesale of handbags, small leather goods, travel goods and footwear products, the provision of advertising and marketing services and property investment. As the Group's manufacturing and operating facilities are mainly based in the PRC, the Group complies with local relevant environmental laws and regulations, including but not limited to Environmental Protection Law of the PRC, Law of the PRC on the Prevention and Control of Atmospheric Pollution, Law of the PRC on Prevention and Control of Water Pollution and Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes. Non-compliance with applicable provisions was not observed during its operation.

As a corporate citizen, the Group attaches great importance to conducting its business in an environmentally sustainable manner. For example, Dongguan Shidai and Yingde Leather have formulated a comprehensive environmental management system including, among others, their environmental management approach and structure, policies for handling emissions, management of environmental pollution accidents, procedures and criteria in setting environmental-related goals and targets. Internal reviews are conducted on a regular basis to evaluate the effectiveness of the environmental management system.

Employees' understanding and participation in environmental protection are important for the Group to realise its environmental protection policies and measures. Therefore, Yingde Leather has provided regular trainings regarding its environmental policies, in order to enhance employees' participation in and awareness of environmental protection.

ENVIRONMENTAL PROTECTION

ENVIRONMENTAL GOALS AND PROGRESS

The Group is committed to maintaining transparency and tracking the progress of the various initiatives that address our goals set in the Year. The table below highlights our environmental-related goals in different areas. The Group also ensures that the environmental impacts of its production bases are minimised through continuous improvement and promises to constantly monitor the progress of its goals.

Aspect ²	Our Goals	Progress	Section with Corresponding Measures
Emissions	<ul style="list-style-type: none"> Gradually reduce the emissions of harmful gases from production process Commit to the long-term production of carbon dioxide neutral products and the provision of carbon dioxide neutral services Continue to drive the transition to the use of renewable energy instead of traditional fuels 	<ul style="list-style-type: none"> Upgraded Dongguan Shidai's exhaust gas purification treatment equipment to reduce the emission of harmful gaseous volatile organic compounds ("VOCs") Increased the portion of recycled material in our product in compliance with Global Recycled Standard ("GRS") to reduce carbon footprint Greenhouse gas ("GHG") reduced by 7% in terms of intensity compared to the last reporting period 	Emission Management
Waste	<ul style="list-style-type: none"> Maximise resource utilisation, with the goal of establishing a production process that will not cause serious damage to the environment Reduce waste paper and other waste generated during production processes and from the use of our products 	<ul style="list-style-type: none"> Non-hazardous waste and hazardous waste reduced by 37% and 18% in terms of weight compared to the last reporting period 	Emission Management
Electricity	<ul style="list-style-type: none"> Reduce the electricity consumption of Dongguan Shidai by 32 MWh Prioritise the use of energy-saving, highly efficient and environmentally friendly equipment and machinery Continue to drive the transition to the use of renewable energy instead of traditional fuels 	<ul style="list-style-type: none"> Electricity consumption of Dongguan Shidai has been reduced compared to 2022 Yingde Leather continues to drive the transition to the use of renewable energy by replacing the conventional street lamps to solar street lights Consideration of using new energy, such as solar energy 	Sustainable Operation

² Since the Group does not operate a water-intensive business, no related goals were set in the Year. The Group will continue to monitor and review our water consumption and establish related targets in the future.



ENVIRONMENTAL PROTECTION

EMISSION MANAGEMENT

Apart from complying with relevant local laws and regulations relating to the management of air emission, water discharge and solid waste, the Group endeavours to control and mitigate environmental pollution, and strictly controls the management of exhaust emissions from the manufacturing process.

Air Emissions

Major sources of exhaust emission from the Group include the industrial exhaust emission generated during the paint spraying process and gluing process by Dongguan Shidai as well as emissions from vehicle exhaust.

Exhaust emission generated from the glue sprayer in the gluing process is transferred to a closed water tank for dilution, sedimentation, filtration and disinfection before discharge. Regular inspection by third-party consultants and clearance of emission pipelines is carried out by Dongguan Shidai to ensure proper functioning.

Dongguan Shidai has a well-established management plan for the installation of the paint spraying process and gluing process so as to meet the continuously improving requirements of environmental protection. The details of the management plan are as below:

- Replace old, less efficient facilities of the paint spraying process;
- Centralise the installation of paint spraying equipment for more standardised management; and
- Upgrade the exhaust gas purification treatment equipment of paint spraying process and gluing process.

For vehicle exhaust emission, the Group conducts regular vehicle maintenance and requires drivers to switch off idling engines to minimise the environmental impacts of vehicle exhaust emission. In addition, the Group also offers training sessions to drivers to enhance their awareness of low carbon driving such as avoiding sudden acceleration.

Wastewater

The Group strictly adheres to policies and laws such as “Water Pollution Prevention and Control Law of the People’s Republic of China” and “Environmental Protection Law of the People’s Republic of China” in handling domestic sewage produced by the Group. Industrial wastewater is only produced from the paint spraying process by Dongguan Shidai and the major source of wastewater generated by the Group is domestic sewage, which undergoes a series of treatment before discharge. The clearance and maintenance of sewage treatment facilities are carried out by Dongguan Shidai and Yingde Leather to ensure the normal functioning of the facilities.

In addition, we encourage the use of wiping rags, instead of washing, for cleansing the tools to prevent the production of wastewater.

ENVIRONMENTAL PROTECTION

Hazardous and Non-hazardous Waste

Scrap produced from cutting and trimming of leather, fabric and other raw materials or components accounts for the non-hazardous waste generated by the Group. The Group utilises computerised typesetting to maximise the use of fabric as far as possible and minimise scrap. The waste materials are separated and reused where practicable, while the remaining scrap is recycled by qualified units. The handling of scrap materials is in compliance with the Measures of the Customs of the PRC for the Administration of Leftover Bits and Pieces, Surplus Materials and Parts, Defective Products, Byproducts and Disaster-hit Bonded Goods in Processing Trade as well as other relevant laws and regulations. Other than the scrap, domestic waste produced during daily operations is separated and cleaned up by the municipal sanitation department on a daily basis.



Hazardous waste, such as obsolete computers, used batteries and waste cartridges, is delivered to qualified recycling companies for further handling. Other hazardous wastes generated from the manufacturing process such as waste oil, spent activated carbon and waste glue have been properly sorted, packaged and stored for centralised harmless treatment by green technology companies in accordance with the Law of the PRC on the Prevention and Control of Environment Pollution by Solid Waste, Environmental Protection Law of the PRC and Civil Code of the PRC.

ENVIRONMENTAL PROTECTION

SUSTAINABLE OPERATION

Apart from emission management, the Group has also recognised the importance of sustainable development in its daily operation. During the Year, the Group did not have any issues in sourcing water.

The Group has formulated and implemented resources and energy management policies, such as the energy-saving and consumption reduction management system of Yingde Leather and the green office policy of the Group, to reduce consumption and conserving resources.

Various measures have been implemented during the Year, such as:



ENVIRONMENTAL PROTECTION

The water and electricity usage data are monitored. The existing equipment is checked regularly. For the replacement of damaged equipment, we conduct assessments on the new equipment in the market and preferentially select energy-saving types. In addition to the conservation of energy and water, the Group has made continuous efforts to integrate green office practices into its daily operation. For example, employees are encouraged to use both sides of the paper and to recycle used paper, adjust the font size and line spacing for documents, and disseminate information via electronic means, so as to reduce paper consumption. Paper stock count is also carried out regularly to monitor paper consumption and appropriate measures are made for improvement. In addition, the Group prefers packaging materials with optimised size and uses as little packaging filler as possible for the purpose of reducing the use of packaging materials.

The Group is fully aware of the impacts brought about by its GHG emissions and strives to minimise the emission. To reduce GHG emissions induced by commuting, the Group advocates green commuting among employees and replaces unnecessary business trips with video conferences.

During the Year, the Group has accredited both “Wastewi\$e” certificate in Good Level and “Energywi\$e” certificate in Basic level by Hong Kong Green Organisation Certification, which demonstrated our commitment and contribution to energy savings.



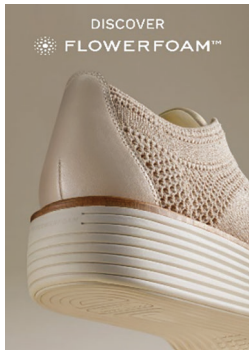
As an environmentally responsible company, we actively participate in green living and energy-saving event to demonstrate our commitment to support the environment and raise environmental awareness of our employees. In collaboration with the WWF-Hong Kong, we participated in “Earth Hour” on 24 and 25 March 2023 by switching off non-essential lights and electric-powered devices in our offices and retail stores for one hour in response to the global challenge of climate change.



ENVIRONMENTAL PROTECTION

Green products

Since our brand Cole Haan's first sustainable sneaker launched in 2022, the Group has expanded a range of environmentally-friendly products. Generation ZERØGRAND II, is Cole Haan's new sustainable product offering in its Change Forward™ campaign towards sustainable operation. Its lightweight footbed consists of 20% recycle content which features antimicrobial properties for added comfort. Besides, the soft and flexible upper is crafted in 20% recycled materials with the laces made with 100% rPET. The sneaker also featured the patented FlowerFoam™ sole that is composed of a minimum of 40% natural dandelion rubber which is a sustainable alternative to conventional tree rubber. Compared to the rubber tree that takes approximately 7 years to grow, the European dandelion is fast-growing and takes approximately a year to grow, so it can be harvested at a faster rate to reduce the plantation of rubber trees linked to deforestation. Unlike rubber tree that only adapts to tropical regions, the European dandelion can thrive in a temperate climate so it can grow near the manufacturing site in temperate regions and reduce the transportation cost and associated carbon footprint.



During the year, Cole Haan also introduced the 5.ZERØGRAND Embrostitch Running Shoe. It is Cole Haan's first sustainable running shoe, crafted with a minimum of 25% naturally derived or recycled content by weight. Its Grand.360 Design & Engineering System focuses on the mechanics of the human body and actively seeking environmentally conscious naturally derived or recycled materials. The sustainable upper of this running shoe is crafted in 100% recycled polyester and the lightweight sole is made with 30% of bio-based materials.



ENVIRONMENTAL PROTECTION

RESPONSE TO CLIMATE CHANGE

The world is currently encountering the challenge of climate change. The Group is concerned about climate-related issues and has identified and assessed the key physical and transition risks and opportunities posed by climate change to its operational business through qualitative analysis. The analysis results have assisted the Group in developing strategies to enhance its resilience toward climate-related risks.

Time horizon	Risk/Opportunities	Potential Financial Impact (+/-)	Responses
Short to medium term	Physical risks	Both the factories and equipment of Dongguan Shidai and Yingde Leather are exposed to more extreme weather events such as flooding caused by heavy rainfall.	<p>The Group has established a natural disaster emergency plan in accordance with the Emergency Response Law of the PRC, Flood Control Law of the PRC, Law of the PRC on Protecting Against and Mitigating Earthquake Disasters and other national laws and regulations to deal with climate-related risks.</p> <p>The Group has developed sustainable sneakers made of natural dandelion rubber and recycled material (please refer to “Green products” on page 14 of this ESG Report for details).</p>
	Transition risks	More frequent natural hazards will decrease the production capacity due to reduced available working days, leading to delayed order delivery.	
Long term		<p>Consumers are shifting toward a more sustainable lifestyle with their growing awareness of environmental protection, leading to a change in customer preferences such as the demand for sustainable materials for footwear and handbags from consumers.</p> <p>In addition, increasing costs of the Company due to prolonged extreme weather and Covid disease may add extra burden to the Company.</p>	
	Opportunities	Development of low-emission footwear, handbag and small leather goods.	



EMPLOYMENT AND LABOUR PRACTICES

The Group always strives to build a harmonious workplace for employees with the purpose of enhancing sincere and interactive communication, supporting employees' career development, and protecting the interests of employees. We are a responsible employer and are committed to implementing better employment practices and advocating ethics and human rights at the workplace.

EMPLOYMENT POLICIES

The Group is convinced that employees are the core driving force for the success of the corporation. The Group is committed to providing employees with a fair and open working environment as well as strengthening their sense of belonging. The Group not only formulates its employment policies in accordance with all local laws and regulations regarding employment and labour practices, including but not limited to the Labour Law of the PRC, Labour Contract Law of the PRC and Employment Ordinance of Hong Kong, but also adheres to employment standards requested by its original equipment manufacturers' customers.

In terms of employee recruitment, the Group gives priority to internal promotion in case of any vacancies, so as to support employees' career development. In line with the principles of fairness and consistency, the Group embraces a diverse workforce and will not tolerate any form of discrimination. Employees, regardless of their race, gender, age, marital status or religion, have equal access to opportunities within the Group. A comprehensive assessment system has been developed for employee recruitment in which only the applicant's abilities and experience as well as the job requirements are considered. Working hours, which are explicitly stated in the labour contract, vary with the employee's job nature and location. The Group rigorously prohibits the use of forced labour by ensuring that overtime work is on a voluntary basis and paying overtime wages in full and in a timely manner. To prevent the use of child labour, applicants' identification documents are verified and carefully checked to ensure they are legally employable. If forced labour or child labour is discovered, the Group will immediately stop his or her duties and investigate the incident thoroughly. For departing employees, an exit interview will be conducted by the human resource personnel to understand the reason for leaving and make further improvements to minimise future employee turnover.

During the Year, the Group did not notice any non-compliance with the applicable labour laws and regulations in the areas where it operates and did not face any disciplinary action with respect to the labour protection issues.

EMPLOYMENT AND LABOUR PRACTICES

SALARY AND BENEFITS

In order to retain top talents in the industry, the Group provides competitive remuneration for employees and offers rewards and incentive payments to outstanding performers. An employee's remuneration package is determined on grounds of his or her qualification, position and seniority and is reviewed on an annual basis. Performance evaluations are conducted regularly, the results of which are used as the basis for assessing the training demands and developing other human resources policies such as promotion, position transfer and remuneration determination. In addition to public holidays and other holidays prescribed in applicable laws, employees are also entitled to, among others, maternity leave, marriage leave, paternity leave and compassionate leave.

In accordance with the Social Insurance Law of the PRC, Mandatory Provident Fund ("MPF") Schemes Ordinance of Hong Kong and other relevant laws and regulations, the Group pays social insurance and housing provident fund for employees in Mainland China and MPF Schemes in Hong Kong. In addition to statutory requirements, the Group pays employer's liability insurance in Mainland China, and medical insurance and labour insurance for employees in Hong Kong. Various amenities, medical facilities and recreation facilities such as canteens, clinics, sports sites, libraries and internet centres are opened up for employees of Dongguan Shidai and Yingde Leather.

With an aim to promote work-life balance, the Group organised various employee activities and provided employees with different benefits during the Year. Some of the activities are shown below:

Celebration of Chinese New Year



During the Chinese New Year, the Group provided red packets to our employees and made handcrafts to decorate our office, to create a festive atmosphere and enhance employees' sense of belonging.

Celebration of Chinese Mid-Autumn Festival



The Group distributed gifts and mooncakes and organised activities to celebrate the Mid-Autumn Festival and enhance company cohesion.

EMPLOYMENT AND LABOUR PRACTICES

Celebration of Dragon Boat Festival



For the Dragon Boat Festival, the Group delivered traditional festival food such as rice dumplings in order to express company's care to the employees.

Healthy Month



We launched Healthy Month in July to promote work-life balance to our employees. Healthy fruits and drinks were delivered to the employees every Friday within the Healthy Month. Health Seminar regarding emotion wellness and massaging sessions were also organised which helped our employees reduce life's stresses and led to a more productive workforce.

EMPLOYMENT AND LABOUR PRACTICES

Our commitment to promoting work-life balance and happy work culture has been recognised and awarded as “Happy Company” by The Chinese Manufacturers’ Association of Hong Kong for three consecutive years and Promoting Happiness Index Foundation in 2023.



In recognition of the Group’s continuous contributions in caring for the environment, employees and the community, the Group has been awarded “Caring Company” by the Caring Company Scheme launched by the Hong Kong Council of Social Service.





EMPLOYMENT AND LABOUR PRACTICES

DEVELOPMENT AND TRAINING

The Group attaches great importance to establishing a team with diverse expertise and assisting its employees in exploring their potential. As such, regular performance appraisals are conducted to evaluate employees' working abilities, efficiency, attitudes, interpersonal skills and other capabilities. Outstanding employees will be given opportunities for promotion. With a view to fully realising employees' potential, the Group has developed a comprehensive internal promotion system and provided employees with smooth career paths.

In the meantime, the Group provides pre-job training programmes to its new recruits before the commencement of work to familiarise them with the Group's policies and structure, working culture, employee benefits and safety knowledge. From time to time, different levels of on-the-job training are also provided for employees to enhance their skills and productivity. For example:

- Training on the introduction of manufacturing requirements and the origin of customers' brands is provided for workshop leaders and management;
- Training on manufacturing skills such as the oblique opening of cutting bed is provided for leaders working in workshops;
- Orientation training such as occupational health and safety, business ethic and chemicals knowledge is provided for new employees;
- Training on safety awareness of supply chain is provided for the management of different departments;
- Training on risk and emergency management is provided for new employees and different departments;
- Training on information security management and disposal is provided for employees using computers and working in the office premises;
- Training on the latest relevant laws, regulations and policies is provided for custom department, human resources department and other related departments;
- Training on custom and shipping and the latest relevant laws, regulations and policies is provided for employees of the custom department, finance department, and human resources department;
- Warehouse management training is provided for employees working in warehouses;
- Trade security training;
- Training on operation procedural for management in workshop;

EMPLOYMENT AND LABOUR PRACTICES

- Training on social responsibility including occupational health, safety, environment and business standard of clients is provided for management in workshop; and
- Training on displaying new arrival products for employees in the retail store.



Apart from internal training, external training programmes are also offered to employees to cater to their training needs such as leadership training, management training and team building training. To encourage employees to participate in work-related training courses offered by external professional organisations, the Group provides subsidies for external training to eligible employees in Hong Kong office.

OCCUPATIONAL HEALTH AND SAFETY

The Group is paying close attention to employees' health and safety. The Group not only adheres to the provisions of the Law of the PRC on the Prevention and Control of Occupational Diseases, Occupational Safety and Health Ordinance of Hong Kong, and other relevant laws and regulations, but also complies with all occupational health and safety guidelines imposed by customers. During the Year, Yingde Leather obtained the Worldwide Responsible Accredited Production ("WRAP") Certification to assure that the manufacturing process is safe, legal and ethical.



EMPLOYMENT AND LABOUR PRACTICES

Yingde Leather has formulated a safety production plan, which stipulates the policy of safety production inspection, reporting and handling of incidents, safety training and equipment safety management to strengthen safety management and enhance the safety knowledge and awareness of employees. Four internal safety inspections are carried out every month to adhere to the concept of “prevention is better than cure” in workplace. All of our employees are actively cooperated and attach great importance to safety work. Meanwhile, the safety production plan of Dongguan Shidai in the Year has four focuses which establish a long-term mechanism for safe production to ensure the safe operation of production and business, including technology advancement, standardisation in safety management, safety training and occupational disease prevention.

Upon recruitment, the Group notifies recruits of basic information such as job contents, occupational hazards and production safety in pre-job training. Employees are required to attend induction training and pass examination before taking up the post. In order to minimise work-related risks and injuries, the Group has formulated safety guidelines and operating manuals for manufacturing processes and posted them on the walls or tables in employees’ working areas. The Group also provides employees with training programmes on work safety and adequate personal protective equipment and supplies. Yingde Leather has established a system for standardising the distribution, equipping and management of personal protective equipment and supplies in order to ensure production safety during operations. Regular inspections by third-party consultants on occupational hazards posed by chemical materials, indoor air quality, dust and noise and maintenance checks on equipment are also conducted in accordance with applicable national or industrial standards to ensure a safe working environment.

In order to promptly and effectively deal with dangerous incidents, injuries and other emergencies, Dongguan Shidai has also set detailed emergency incident management procedures for each type of incident, including fire, hazardous chemical spills, work-related injuries, infectious diseases and natural disasters.

The Group carried out safety and fire drills, with an aim to enhance employees’ safety awareness and improve their emergency capabilities. Dongguan Shidai and Yingde Leather had conducted a total of 2 hazardous chemical spill drills and 5 fire drills during the Year.



EMPLOYMENT AND LABOUR PRACTICES

Dongguan Shidai carried out material risk assessment to identify the source of risks and safety assessment, and continuously improved and monitored the issues. During the Year, there were 132 lost days due to 25 cases of work injury among our employees. In the past three years, there was no work-related fatality. The Group did not notice any non-compliance with the applicable laws and regulations relating to occupational health and safety in the areas where it operates and did not face any disciplinary action with respect to occupational health and safety issues.

Regarding public health issue in the Year, the Group has actively adhered to national and local disease prevention and control requirements and placed the safety and health of employees as its top priority while conducting business in an orderly manner. During the Year, the Group timely adjusts relevant measures related to COVID-19 according to the announcement issued by the National Health Commission. In addition, the Group has set out Guidelines and Practices for Prevention of COVID-19. A hybrid working mode is implemented to reduce face-to-face communication among employees and protect their health. The Group also provides rapid antigen testing (“RAT”) kits and encourages our employees to have RAT before work on odd weekdays every week. We set out a clear home isolation flow for employees who are tested positive for Covid-19 to prevent the spread of the disease. In addition, we provide vaccination leave to our office and frontline employees in Hong Kong and Macau to encourage our employees to get vaccinated and ensure they have sufficient rest after vaccination. To prevent the risk of infection caused by inland traveling, employees are required to apply for approval before going to work in other provinces and cities, and employees who have visited high-risk areas are required to undergo nucleic acid tests and quarantine.

Dongguan Shidai has developed the coronavirus disease control handbook (新型冠裝病毒感染肺炎疫情防控應急指引手冊) to guide the employees on disease prevention in different situations, a coronavirus disease control leading group (冠狀病毒疫情防控制導小組) has also been set up to carry out the coronavirus disease control contingency plan (冠狀病毒疫情防控制應急預案) and implemented a number of disease control measures, such as:

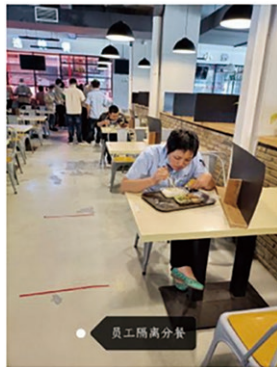


Delivered protective items such as face masks, hand sanitizers, goggles and gloves to the employees



Disinfected all vehicles entering

EMPLOYMENT AND LABOUR PRACTICES



Separated seating arrangement in the canteen



Set up 2 independent rooms for medical observation and 48 quarantine rooms for the employees with enough supply of daily items



Conducted temperature check for all visitors



Put up anti-pandemic posters in the workplace to foster hygiene awareness among employees



OPERATION MANAGEMENT

Integrity, responsibility and compassion are the foundation stones we use to build excellence in our operation. We have continued to safeguard the quality of our products and services with reliable and accountable management systems whilst adhering to the principle of sustainable development at the same time.

SUPPLY CHAIN MANAGEMENT

The raw materials used to produce handbags, small leather goods, travel goods and footwear products primarily consist of leather, fabric, straw, polyurethane, polyvinyl chloride and so on. Besides, there are also auxiliary materials used during the manufacturing process, such as thread, lining, reinforcement materials, edge paint and various packaging materials.

When receiving an order in which the suppliers are designated by customers, the Group strictly adheres to the requirements set forth in the order to purchase raw materials of a specific quantity, type and quality. When there are no designated suppliers, the Group's procurement team selects suppliers based on its own criteria, including quality, price, experience, service, compliance and payment terms. In order to maintain an efficient and stable supply chain, the procurement team also visits both designated and non-designated suppliers regularly to ensure that the raw materials are up to standard and can be delivered on a timely basis. Only the suppliers that meet the criteria can be added to the list of certified suppliers. The Group continues performing strict inspections on the quality of raw materials to ensure that their quality meets the required standards. Raw materials that fail in the Group's tests would be returned to the relevant suppliers. If the supplier fails to comply with the Group's requirements repeatedly, it would be removed from the list of certified suppliers with the procurement terminated.

The Group is concerned about the environmental and social risks in the supply chain. It regularly reviews the updates to supply chain-related policies and regulations in the regions it operates to identify potential risks. The Group also communicates with internal and external stakeholders to understand the environmental and social risks associated with its supply chain. Suppliers' environmental and social performance is taken into account during the supplier selection process. For example, priority is given to suppliers with relevant environmental and social certifications of environmental protection, energy management, social responsibility and safety management. In addition, the Group's procurement processes are subject to various customer-imposed guidelines on safety, health, environmental and human rights to reduce the environmental and social risks involved in its manufacturing operations. Many of the raw material suppliers are designated and have been acknowledged by the Group's customers in terms of their performance in environmental and social governance.

The Group integrates the concept of environmental conservation in its supply chain management and procurement, considers the environmental impacts of the products or raw materials in the procurement process and selects those with less environmental impacts, such as products that are conducive to water reduction, recyclable, possess energy efficiency labels. We also give priority to suppliers that are geographically closer and more accessible to the Group, where appropriate, to lower carbon emissions from transportation. We will also remind our employees to use products purchased earlier to avoid wastage due to products expiring.

During the Year, there were 189 suppliers from Guangdong Province, 3 suppliers from Zhejiang Province, 2 suppliers from Jiangsu Province, 1 supplier from Fujian Province, 1 supplier from Shandong Province and 1 supplier from Guangxi Province.

OPERATION MANAGEMENT

QUALITY CONTROL

Product quality and safety are the foundation of the Group's product commitment and have been embedded in its manufacturing process. Through its long-term cooperation with international brands, the Group has accumulated in-depth expertise and know-how with respect to every key step of the manufacturing process of its products, especially high-end and luxury handbags and small leather goods. During the Year, Dongguan Shidai is recognised as an advanced Authorised Economic Operator ("AEO") (高級認證企業) by the Customs of PRC for complying with the relevant supply chain security standard.



The Group adheres to the approach of scientific management. Dongguan Shidai and Yingde Leather have employed Electronic Tracking System ("ETS") and Enterprise Resources Planning ("ERP") system to evaluate the manufacturing performance, identify manufacturing bottlenecks, improve operating efficiency and further strengthen manufacturing capabilities. By virtue of the systems, it is effortless to manage the manufacturing process on a real-time basis and track the status of raw materials and finished products as well as evaluate employees' work efficiency. After inspection, each batch of leather and fabric, known as the main raw materials, is assigned a barcode by the ERP system and taken to warehouses equipped with air-conditioning system, humidity control and specially-made racks for storage before being delivered to manufacturing lines.

On the manufacturing lines, employees are well trained and have acquired the necessary experience and skills. Each employee is assigned to one specific step in the manufacturing process to increase work efficiency. To ensure high productivity, a daily target of the number of components to be finished by each employee is indicated by ETS in each workshop and a team leader is responsible for supervising and monitoring the quality of a particular step on each production line. To ensure that the quality of finished products meets relevant requirements and the defective products can be identified at an early stage, the Group performs various quality inspections, including random sample testing at different stages in the manufacturing process. The Group also conducts various testing procedures in laboratories, such as tests on decolourisation and fading, warping, abrasion, tensile and water-proof. Meanwhile, on-site quality control personnel are also arranged by customers to inspect the quality of finished products. In case of any non-conforming products reported by customers, the Group will recall them based on the procedures requested by customers and carry out corresponding measures of redress to minimise the impacts and customers' loss. During the Year, the Group was not aware of any product subject to recalls for safety and health reasons.

The Group has also established a chemical custody team to carry out various quality management measures, such as engaging third parties to carry out chemical testing of finished products for compliance with the United States, European Union or other international product safety standards as requested by customers and required by the laws and regulations on restricted and hazardous materials in the areas where the products are imported and sold.



OPERATION MANAGEMENT

CUSTOMER SERVICE

The Group sells handbags, small leather goods, travel goods and footwear products of brands TUSCAN'S, Fashion & Joy and Cole Haan through its retail stores and e-commerce platforms in Mainland China and Hong Kong. Committed to providing customers with high-quality products and services, the Group not only executes strict quality control measures in the manufacturing process, but also engages professional organisations such as the National Leather Products Quality Supervision and Examination Centre in the PRC to conduct quality examination of each new product so as to guarantee that only qualified products are launched in its retail stores. The Group has formulated a guideline for employees in retail stores. Employees shall serve customers with enthusiasm and sincerity, have a good command of product knowledge and promote sales based on customers' demands. Upon receipt of customers' complaints, response shall be given and follow-up measures shall be taken in a polite and timely manner. The Group normally offers a warranty period for all the products in the retail stores. In case of any defective products found, employees shall confirm and record customers' maintenance requirements carefully. The Group also focuses on improving its service level and perfecting product development by collecting and preserving customers' opinions and suggestions as well as conducting customer satisfaction surveys.

During the Year, the Group received 91 complaints, and all complaints have been processed and resolved. 78 complaints were resolved by implementing internal improvement measures such as informing factory and suppliers of the issues and strengthening internal training on quality control, 7 complaints were resolved by arranging replacement for customers, 6 complaints were resolved by arranging reimbursement for customers.

ADVERTISEMENT AND PROMOTION

The Group strictly adheres to applicable laws and regulations, such as the "Advertising Law of the People's Republic of China". The Group promotes the products of its retail stores through both online and offline activities. Online activities mainly involve interaction on social media, such as Facebook, Instagram, WeChat and Weibo, as well as promotion on the official website and other online media. Offline activities include road shows, opening activities of new stores, in-store display and promotion, advertisements on magazines and so on. It is the Group's commitment that all the advertising and promotional activities are carried out in conformity with the laws and regulations on advertisement and promotion in the areas where it operates, including but not limited to the Advertising Law of the PRC, Trade Descriptions Ordinance of Hong Kong. Product information published has been strictly reviewed and does not contain any form of false advertising that jeopardises consumers' rights and interests.

PRIVACY AND INTELLECTUAL PROPERTY PROTECTION

The Group attaches great importance to privacy protection and complies with relevant laws and regulations relating to privacy protection, including but not limited to the Personal Data (Privacy) Ordinance of Hong Kong. All new recruits are requested to sign a confidentiality agreement. As stipulated in the confidentiality provisions and non-competition restrictions formulated by the Group, employees are prohibited from divulging any technical information, such as the manufacturing methods, experimental data, drawings, and operation manuals; business information, such as customer lists, marketing plans, procurement documents, and cooperation agreements; and customers' information. In addition, employees are required to keep and use Company's information and documents in strict compliance in accordance with the Group's regulations.



OPERATION MANAGEMENT

The Group strictly abides by the Trademark Law of the PRC, Copyright Law of the PRC, Copyright Ordinance of Hong Kong, and other relevant laws and regulations relating to intellectual property protection. Apart from manufacturing customers' products, the Group has also established its own brands. The Group has implemented internal policies to eliminate the risk of infringing customers' and third parties' intellectual property in its design, research, development and manufacturing processes as well as protecting its own rights. Employees working on customers' products are not allowed to participate in manufacturing the Group's own products. The Group's design and development team shall ensure their designs are not identical and do not bear a close resemblance to the products of any other customers or those in the public market. In addition, measures have been adopted to facilitate the management and protection of intellectual property, for example, using password-protected computers to store products' information, encrypting files in the transmission process and prohibiting employees from taking out product prototypes and samples without permission.

During the Year, the Group did not notice any non-compliance with the applicable laws and regulations relating to privacy and intellectual property protection in the areas where it operates and did not face any disciplinary action with respect to these issues.

ANTI-CORRUPTION

It is the Group's long-held belief that honesty and integrity are among the most important moral conduct. The Group adheres to all the laws and regulations regarding anti-corruption, including but not limited to the Criminal Law of the PRC and Prevention of Bribery Ordinance of Hong Kong, and strictly forbids any form of bribery and corruption during its operation.

Employees are obliged to avoid conflicts of interest while dealing with suppliers, customers and other third parties in cooperation with the Group. Any potential conflicts of interest should be reported to the Group. Employees holding important positions are required to sign an anti-commercial bribery statement with the Group. Employees should report any illegal behaviour discovered through the reporting email to the company secretary and the whistle-blower's privacy will be kept strictly confidential. Moreover, in order to enhance the awareness of employees in ethical issues and corruption risks, training was provided to employees of Dongguan Shidai and Yingde Leather in the Year. For example, Yingde Leather has organised 1.5 hours of anti-corruption training for 16 managers of different departments. Employees were informed of laws and regulations and company policies related to the prevention of corruption, and the skills to handle the ethical situation in workplace as well as the procedure of reporting corruption or any illegal conduct. With regard to the procurement process, the Group has set up an internal monitoring group to assess suppliers' performance on a monthly basis for the identification and prevention of any illegal activities. When selecting suppliers, the Group will prioritise suppliers that have signed international agreements related to anti-corruption. The Group also proactively promotes business integrity and ethics among our staff by organising seminars on anti-corruption regularly.

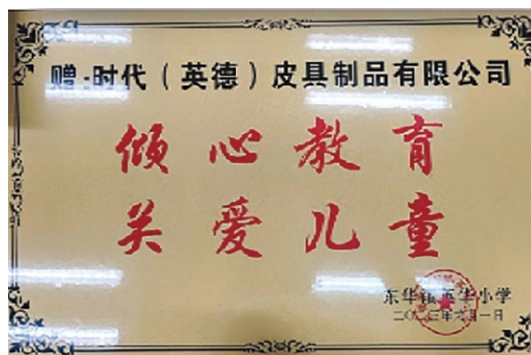
During the Year, the Group did not notice any non-compliance with the applicable laws and regulations relating to anti-corruption and did not face any disciplinary action with respect to corruption issues.

COMMUNITY INVESTMENT

While focusing on its business operation, the Group also continued fulfilling its social responsibilities by making contributions to the community. The effort of our chairman, Mr. Yeung Michael Wah Keung in actively promoting sustainable social development and community charitable activities was recognised. He garnered the “2021 Outstanding Social Responsibility Enterprise Award” by Hong Kong Commercial Daily. He was selected by a jury of business leaders and experts for his excellent performance in the five aspects: “business policy”, “employees care”, “environmental sustainability”, “creating value” and “caring for society”. The Group spares no effort in participating in public welfare activities to help those in need in the community where it operates. During the reporting period, the Group has contributed in the following aspects:

Active support for education

To support the development of education, Yingde Leather donated RMB5,000 to the 2023 “Heartful Education and Caring for Children” event.



Poverty alleviation

On the occasion of the 2023 “Guangdong Poverty Alleviation Day”, Yingde Leather offered target assistance to registered impoverished villagers and households by donating RMB140,000.



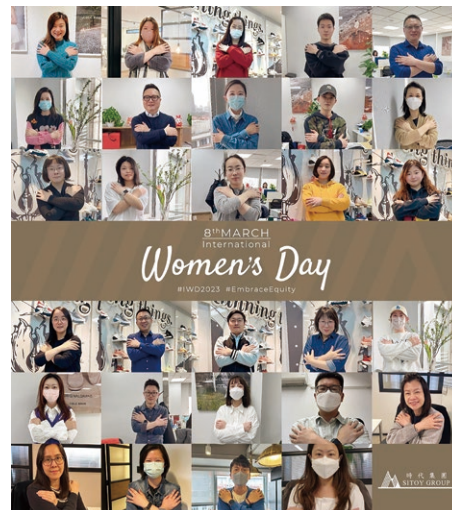
COMMUNITY INVESTMENT

Financial support for Social Service Organisation

The Group is dedicated to supporting the community through different channels. In 2023, we became “Sponsor of the Year” by donating HKD48,000 to Po Leung Kuk, one of the most prominent charitable organisation in Hong Kong.

Support for gender equality

During the Year, the Group has committed to advancing gender equality by participating in International Women’s Day, a global acknowledgement of the social, economic, cultural, and political achievement of women. We celebrated the achievements accomplished by our female employees and raised awareness of gender equality by supporting “EmbraceEquity” – the theme of International Women’s Day in 2023.



Supporting cancer patient

The Group actively contributed to charity and public welfare through organising employees in Hong Kong to participate in the “Dress Pink Day” organised by Hong Kong Cancer Fund on 21 October 2022. Our employees raised HKD4,050 for the Cancer Fund’s free breast cancer services as a support to women with breast cancer.



COMMUNITY INVESTMENT

Caring our environment

We actively promote the awareness of waste reduction and conservation through our actions. Our employees participated in a shoreline cleaning fundraising event organised by Greeners Action on 30 October 2022. A total of 80 volunteers including our employees gathered at the shore of O Pui Tong, Kat O, and worked together to clean up garbage that had washed up on the shore. 78 bags weighing over 350 kilograms of garbage were removed. The Group also donated HKD50,000 to Greeners Action in the shoreline cleaning fundraising event as a further support to the conservation of the shore of Kat O.



Giving back to Society

The Group dedicates to contribute to the society in different ways. During the Year, we donated HKD100,000 and sponsored products to support the cycling challenge and charity concert organised by Culture Power Charity Foundation, an NGO which dedicates to support low income families and disadvantaged groups.



SUMMARY OF KEY PERFORMANCE INDICATORS

The environmental and social key performance indicators of Dongguan Shidai and Yingde Leather are as follows:

Indicators	Year ended 30 June 2023	Year ended 30 June 2022
Environmental Aspect		
Vehicle Exhaust Emissions³		
Total Emission of Nitrogen Oxides (NO _x) (kg)	115.30	98.97
Total Emission of Sulphur Oxides (SO _x) (kg)	0.38	0.33
Total Emission of Particulate Matter (PM) (kg)	9.20	6.54
GHG Emissions⁴		
Total Emission (Scope 1, 2 & 3) (t CO ₂ e)	6,247	6,785
Emission Intensity (kg CO ₂ e/m ² of floor area)	34.92	37.93
Scope 1 Direct Emissions ⁵ (t CO ₂ e)	600	1,018
Scope 2 Energy Indirect Emissions ⁶ (t CO ₂ e)	5,497	5,609
Scope 3 Other Indirect Emissions ⁷ (t CO ₂ e)	150	158

³ The calculations of air pollutants from the PRC take reference from the emission factors from the Appendix II “Reporting Guidance on Environmental KPIs” (“Appendix II”) published by the Stock Exchange.

⁴ The Group’s greenhouse gas inventory includes carbon dioxide, methane and nitrous oxide. For the ease of reading and understanding, the greenhouse gas emissions data is presented in carbon dioxide equivalent (CO₂e). The conversion factors of carbon dioxide, methane and nitrous oxide are based on the Sixth Assessment Report provided by the Intergovernmental Panel on Climate Change.

⁵ Scope 1 covers emissions from stationary combustion sources, emissions from vehicles, and fugitive emissions from refrigerant use and emission reductions from tree planting. The calculation method of stationary combustion sources is based on Appendix II provided by the Stock Exchange and the emission factors are from the “Enterprises in Other Sectors of Industry – Guidelines on Greenhouse Gas Emission Accounting and Reporting (Trial)” issued by the National Development and Reform Commission (“NDRC”) of the PRC. The calculation method of emissions from vehicles is based on Appendix II provided by the Stock Exchange and the emission factors are from the “Land Transport Enterprises – Guidelines for Accounting and Reporting of Greenhouse Gas Emissions (Trial)” issued by the NDRC of the PRC. The calculation method and emission factors of fugitive emissions from refrigerant use are based on Appendix II provided by the Stock Exchange.

⁶ Scope 2 covers emissions from electricity purchased from power companies. This is calculated based on the emission factors in the “Average Carbon Dioxide Emission Factor of China Regional Power Grid” provided by the NDRC and the “Sustainability Report 2020” provided by the Hong Kong Electric Co.

⁷ Scope 3 covers the outbound business trip for employees, the methane gas generation at landfill due to paper waste and the electricity for water treatment. The calculation of outbound business trip is based on the International Civil Aviation Organization Carbon Emissions Calculator. The calculation method and the emission factor of methane gas generation at landfill due to disposal of paper waste is based on Appendix II provided by the Stock Exchange. The calculation of electricity for water treatment is based on Appendix II provided by the Stock Exchange and the emission factors are provided by the “Average Carbon Dioxide Emission Factor of China Regional Power Grid”.

SUMMARY OF KEY PERFORMANCE INDICATORS

Indicators	Year ended 30 June 2023	Year ended 30 June 2022
Solid Wastes		
<i>Non-hazardous Wastes</i> ⁸		
Total Production (t)	506	809
Production Intensity (kg/m ² of floor area)	2.83	4.52
<i>Hazardous Wastes</i> ⁹		
Total Production (t)	1	1
Production Intensity (kg/m ² of floor area)	0.003	0.004
Use of Resources		
<i>Energy</i>		
Total Consumption (MWh)	12,519	12,722
Consumption Intensity (kWh/m ² of floor area)	69.99	71.12
Direct Energy Consumption ¹⁰ (MWh)	2,090	2,082
Indirect Energy Consumption ¹¹ (MWh)	10,429	10,640
<i>Water</i> ¹²		
Total Consumption (m ³)	302,564	319,936
Consumption Intensity (m ³ /m ² of floor area)	1.69	1.79
<i>Packaging Materials</i>		
Total Consumption of Plastic Products (piece)	6,535,802	4,211,554
Consumption Intensity of Plastic Products (piece/product)	1.04	0.72
Total Consumption of Paper Products (piece)	31,257,051	33,553,189
Consumption Intensity of Paper Products (piece/product)	4.99	5.72

⁸ Non-hazardous waste for the year ended 30 June 2023 included domestic waste. The non-hazardous waste data for the year ended 30 June 2023 is based on the daily estimated volume of general waste and the volume-to-weight conversion factors provided by the Beijing Municipal Commission of Urban Management.

⁹ Hazardous waste included waste light tube, toner cartridge, computers and lubricant, and is calculated based on the actual amount of waste.

¹⁰ Direct energy consumption is derived from the fuel consumption of generators, gas cooking ovens and vehicles, and is calculated based on the emission factors in the “Sustainability Report 2020” issued by the Hong Kong Electric Company. The emission factors for generators and gas cooking ovens are provided by the “Guide to Calculating and Reporting Greenhouse Gas Emission in Industry and Other Sectors (Trial)” issued by the NDRC of the PRC. The calculation method of emissions from vehicles is based on Appendix II provided by the Stock Exchange and the emission factors are from the “Land Transport Enterprises – Guidelines for Accounting and Reporting of Greenhouse Gas Emissions (Trial)” issued by the NDRC of the PRC.

¹¹ Indirect energy consumption is derived from purchased electricity consumption and is calculated based on the actual amount consumed.

¹² Water consumption is calculated based on the actual amount consumed.

SUMMARY OF KEY PERFORMANCE INDICATORS

Indicators	Year ended 30 June 2023	Year ended 30 June 2022
Social Aspect		
Employment		
<i>Total Number of Employees</i>	3,828	4,036
<i>By Gender</i>		
Male	1,466	1,591
Female	2,362	2,445
<i>By Age Group</i>		
Below 30 Years Old	334	747
30 ~ 50 Years Old	2,745	2,717
Above 50 Years Old	749	572
<i>By Type of Employment</i>		
Full-time	3,828	4,036
Part-time	0	0
<i>By Geographical Location</i>		
Mainland China	3,827	4,035
Hong Kong	1	1
Employee Turnover Rate¹³		
<i>Total Employee Turnover Rate</i>	46%	38%
<i>By Gender</i>		
Male	53%	44%
Female	41%	34%
<i>By Age Group</i>		
Below 30 Years Old	91%	98%
30 ~ 50 Years Old	38%	28%
Above 50 Years Old	40%	27%
<i>By Geographical Location</i>		
Mainland China	46%	38%
Hong Kong	0%	0%

¹³ Employee turnover rate is calculated in accordance with the Appendix III “Reporting Guidance on Social KPIs” (“Appendix III”) published by the Stock Exchange.

SUMMARY OF KEY PERFORMANCE INDICATORS

Indicators	Year ended 30 June 2023	Year ended 30 June 2022
Percentage of Employees Trained¹⁴		
<i>Total Percentage of Employees Trained</i>	100%	53%
<i>By Gender</i>		
Male	100%	48%
Female	100%	57%
<i>By Employee Category</i>		
Senior Management	100%	32%
Middle Management	100%	42%
Entry-level Management	100%	63%
Frontline Employees	100%	53%
Average Training Hours Completed¹⁵		
<i>Total Average Training Hours Completed</i>	38	35
<i>By Gender</i>		
Male	29	28
Female	43	40
<i>By Employee Category</i>		
Senior Management	13	12
Middle Management	26	24
Entry-level Management	31	32
Frontline Employees	40	37

¹⁴ Percentage of employees trained is calculated in accordance with the Appendix III published by the Stock Exchange.

¹⁵ Average training hours completed is calculated in accordance with the Appendix III published by the Stock Exchange.

SUMMARY OF KEY PERFORMANCE INDICATORS

Indicators	Year ended 30 June 2023	Year ended 30 June 2022
Percentage of New Recruits Trained¹⁶		
<i>Total Percentage of New Recruits Trained</i>	100%	100%
<i>By Gender</i>		
Male	100%	100%
Female	100%	100%
<i>By Employee Category</i>		
Middle Management	100%	100%
Entry-level Management	100%	100%
Frontline Employees	100%	100%
Average Orientation Training Hours Completed¹⁷		
<i>Total Average Orientation Training Hours Completed</i>	19	6
<i>By Gender</i>		
Male	12	5
Female	24	6
<i>By Employee Category</i>		
Middle Management	22	6
Entry-level Management	30	6
Frontline Employees	18	5

¹⁶ Percentage of new recruits trained is calculated in accordance with the Appendix III published by the Stock Exchange. The data for senior management for the year ended 30 June 2023 is not disclosed as there was no new recruit for the position.

¹⁷ Average orientation training hours completed is calculated in accordance with the Appendix III published by the Stock Exchange. The data for senior management for the year ended 30 June 2023 is not disclosed as there was no new recruit for the position.

APPENDIX: CONTENT INDEX OF “ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE”

ESG Indicators	Summary	Sections	Page
Environmental			
Aspect A1: Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Protection	8
		Environmental Protection – Emission Management; Sustainable Operation	10 12
KPI A1.1	The types of emissions and respective emissions data.	Summary of Key Performance Indicators	32
KPI A1.2	Direct and energy indirect greenhouse gas emissions in total and intensity.	Summary of Key Performance Indicators	32
KPI A1.3	Total hazardous waste produced and intensity.	Summary of Key Performance Indicators	33
KPI A1.4	Total non-hazardous waste produced and intensity.	Summary of Key Performance Indicators	33
KPI A1.5	Description of emissions target set and steps taken to achieve them.	Environmental Protection – Environmental Goals and Progress;	9
		Emission Management	10
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target set and steps taken to achieve them.	Environmental Protection – Environmental Goals and Progress;	9
		Emission Management	11
Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Protection	8
		Environmental Protection – Environmental Goals and Progress; Sustainable Operation	9 12
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Summary of Key Performance Indicators	33
KPI A2.2	Water consumption in total and intensity.	Summary of Key Performance Indicators	33
KPI A2.3	Description of energy use efficiency target set and steps taken to achieve them.	Environmental Protection – Environmental Goals and Progress;	9
		Sustainable Operation	12
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target set and steps taken to achieve them.	Environmental Protection – Sustainable Operation	12
KPI A2.5	Total packaging material used for finished products and with reference to per unit produced.	Summary of Key Performance Indicators	33

APPENDIX: CONTENT INDEX OF “ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE”

ESG Indicators	Summary	Sections	Page
Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuer’s significant impacts on the environment and natural resources.	Environmental Protection	8
		Environmental Protection – Emission Management;	10
		Sustainable Operation	12
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection – Emission Management; Sustainable Operation	10 12
Aspect A4: Climate Change	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environmental Protection	8
		Environmental Protection – Response to Climate Change	15
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.	Environmental Protection – Response to Climate Change	15
Social			
Employment and Labour Practices			
Aspect B1: Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment and Labour Practices	16
		Employment and Labour Practices – Employment Policies;	16
		Salary and Benefits	17
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Summary of Key Performance Indicators	34
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Summary of Key Performance Indicators	34
Aspect B2: Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employment and Labour Practices	16
		Employment and Labour Practices – Occupational Health and Safety	21
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Employment and Labour Practices – Occupational Health and Safety	23

APPENDIX: CONTENT INDEX OF “ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE”

ESG Indicators	Summary	Sections	Page
KPI B2.2	Lost days due to work injury.	Employment and Labour Practices – Occupational Health and Safety	23
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Employment and Labour Practices – Occupational Health and Safety	22
Aspect B3: Development and Training	General Disclosure Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	Employment and Labour Practices Employment and Labour Practices – Development and Training	16 20
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Summary of Key Performance Indicators	35
KPI B3.2	The average training hours completed per employee by gender and employee category.	Summary of Key Performance Indicators	35
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時代集團控股有限公司
SITOIY GROUP HOLDINGS LTD.

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號: 1023



COLE HAAN