



JIMU GROUP LIMITED

積木集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8187)

ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE REPORT

2019





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1. ABOUT THE REPORT

Jimu Group Limited and its subsidiaries (the “Group” or “we”) are pleased to present our Environmental, Social and Governance Report (the “ESG Report”). The report presents the Group’s concern to environmental and social impacts, policies and initiatives of the Group to demonstrate our long-term commitment to ensure that our activities, at all levels, are economically, socially and environmentally sustainable development to stakeholders. Additional information in relation to the Group’s corporate governance and financial performance can be referred to our annual report for the year ended 31 December 2019.

1.1 Scope and Reporting Boundary

The scope of the ESG Report covers the environmental and social performances of the Group’s principal operating activities of the Group which is principally engaged in the business of loan facilitation as well as footwear design and development in Hong Kong and the People’s Republic of China (“PRC”). The “Reporting Period” or “FY2019” is spanning over the period from 1 January 2019 to 31 December 2019. Part of the content may look back upon the performance of the Group in past years with a view to presenting the report in a more informative and comparable manner. The reporting boundary includes the operation entities in Hong Kong and the PRC.

1.2 Reporting Guidelines

The “Environmental, Social and Governance Reporting Guide” (the “ESG Reporting Guide”) which is set out in Appendix 20 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “HKEX”) serves as the reporting guidelines of this report.

1.3 Reporting Principles

The reporting principles of this ESG Report are governed by “materiality” and “quantitative”. With respect to “materiality”, we ensure that ESG issues discussed in this report are sufficiently important and material to investors and stakeholders including clients, communities, employees, institutions, governments, non-governmental organizations, shareholders, subcontractors, suppliers and industry associations. With respect to “quantitative”, Key Performance Indicators (“KPI”) required by the ESG Reporting Guide are measurable such that the effectiveness of our ESG policies and management systems can be evaluated and validated continuously.

The Group is determined to be a responsible enterprise and is committed to perfecting its business and improving the local community. In order to determine what issues are relevant and material to our business with respect to sustainability, the Group is aware that the key is to understand what issues that our stakeholders concerned most. We define our stakeholders as people who affect our business or who are affected by our business. In our daily business, we actively exchange information with our stakeholders through our transparent platform while we are devoted to continuous improvement of our communication system. In addition, we are committed to maintaining a long-term partnership with our stakeholders and are actively engaged in addressing their concerns with timely follow-up actions. The Group is working to create a sustainable growth for the benefit of all our stakeholders.

1.4 Reporting Framework

With reference to the ESG Reporting Guide and the Group's business operation, the presentation of our ESG Report divides the relevant aspects and KPI, which are considered to be relevant and material to the Group, into four subject areas: Environmental Protection, Employment and Labour Practices, Operating Practices and Community Investments.

A complete index in compliance with the ESG Reporting Guide is also available at the end of this report for reference. Except for provisions that the Group considers are inapplicable to its operations, for which explanations have been given on the rightmost column in the said index, this report is compliant with all the "comply or explain" provisions set out in the ESG Reporting Guide

1.5 Data Collection

Data in this report are extracted from the Group's internal management system and statistics, and part of the data collected in previous years. Unless otherwise stated, HKD is used in this report as its functional currency.

1.6 Report Availability

In addition to inclusion in the Group's Annual Report, this report is also accessible in electronic version from <http://www.jimugroup.hk/>.

1.7 Contact

We welcome all sorts of comments and suggestions from our stakeholders with respect to this ESG Report or our sustainability performance. Comments or views can be sent to enquiry@jimugroup.hk.

2. OUR ESG ACHIEVEMENT

The Group contemplates that ESG is an integral part of our principal business and also our ability to succeed in a relentlessly competitive market. As such, the Group has been continuously spending remarkable efforts to address various aspects of ESG, including greenhouse gas reduction, environmental compliance, health and safe work environment for employees, development and training opportunities for employees, customer satisfaction, and community investments.



3. ENVIRONMENTAL PROTECTION

3.1 Corporate Environmental Policy and Compliance

In recent years, the government of the People's Republic of China ("PRC") has been actively promoting the initiative of "Ecological Civilization" to provide a coherent conceptual framework for adjustments to development that meets 21st century challenges, including creating green supply chains, greening of the Belt and Road Initiative and accelerating efforts to achieve goals in relation to climate change, pollution reduction, circular economy, low-carbon economy, green development and other global environment concerns.

In response to the national strategy, the Group is committed to upholding high environmental standards and to disseminating the concept of sustainable and green development via reducing waste discharge, carbon footprint and resource consumption, devoting human and financial resources for environmental conservation and promoting a harmonious and sustainable development among people, society and the environment. We believe that investment in sustainable and green development will, in the long term, benefit the operation of the Group and enable the Group to achieve strategic needs.

To achieve environmental sustainability, the Group formulated relevant rules and regulations for a sound and effective management of energy consumption, greenhouse gas ("GHG") emission, as well as discharge of domestic waste and sewage and other pollutants, highlighted as below.

- Comply with applicable environmental protection laws and regulations;
- Define appropriate goals, objectives and targets on a regular basis for our ESG management approach;
- Continuously improve the ESG management system and maintain rigorous standards;
- Promote environmental awareness among the workforce with regular communication; and
- Communicate our environmental performance to stakeholders and seek their involvement wherever applicable.

During the Reporting Period, the Group complied with relevant laws and regulations relating to air and GHG emissions, discharge into water and land, and generation of hazardous and non-hazardous waste. The Group did not violate any environmental protection laws or regulations in the region of its operation, nor was it subject to significant fines, non-monetary penalties and litigation relating to environmental violations.

3.2 Emissions

Given our Group's business, by nature, we do not generate a significant amount of exhaust gas or GHG directly throughout its operation. However, our daily operation and office administration inevitably involve consumption of fossil fuel directly or indirectly, which releases Nitrogen Oxides (NO_x), Sulphur Oxides (SO_x), and Carbon Dioxide (CO₂) into the air. The Group is highly aware that such GHG emission is one of the major sources of global warming. Therefore, we strive to reduce our carbon and ecological footprint and adopt practices that are sustainable to the environment. The Group incorporated sustainable measures in its daily operations to properly manage our GHG emissions and address various environmental issues, including:

- Migration to product materials with a longer durability and a low carbon footprint whenever possible;
- Maintaining indoor temperature at an optimal level for comfort;
- Providing on-off and zoning control of lighting and ventilation system in the workplace according to the operation schedule;
- Encouraging employees to switch off machines and devices, such as computers and monitors when not in use;
- Procuring energy efficient electrical appliances (such as those with Grade 1 energy labels, fridge with door) and systems whenever practical;
- Encouraging employees to make the best use of modern telecommunication system to avoid unnecessary travel arrangement;
- Placing "Green Message" reminders on office equipment and workplace to further enhance employees' environmental awareness;
- Organizing training sessions including case studies to improve awareness of energy efficiency and GHG saving and to engage staff to adopt the energy saving practices;
- Continuous replacement of aged air handling unit by more energy efficient ones with variable frequent drive control;

In accordance with the ESG Reporting Guide set out by HKEX, our environmental performance of “Emissions” during the Reporting Period is tabulated below.

Table 1 – Emissions

	Unit	FY2019	FY2019 Intensity (per employee)
GHG Emissions	CO ₂ e (t)	82.5	0.13
Nitrogen Oxides	g	2,443.7	3.90
Sulphur Oxides	g	129.4	0.21
Particulate Matter	g	179.9	0.29

3.3 Waste Management

Waste Management Policy

Our principal waste management policy endeavours to achieve a green and paperless operation and a minimal generation of waste during our operation wherever possible and practical. Through the ‘4-R Principles – Reduce, Reuse, Replace and Recycle, the Group strives to achieve the target of reducing waste generation and aims at waste management from the source. Our waste management practice is compliant with laws and regulations relating to environmental protection in the region where we operate.

While educating our employees and business partners the significance of sustainable development, we constantly encourage all employees to reduce paper usage through duplex printing, paper recycle and frequent use of electronic information systems for material sharing or internal administrative documents. We encourage increased use of reusable product, such as envelopes, and better separation of waste streams for recycling, maintaining 100% recycling of used toner cartridges by collecting and returning all used cartridge to recycling agents. We encourage minimal consumption of paper towels in the workplaces.

Hazardous Waste

Given our business nature, the Group does not directly produce hazardous waste in its business activities. However, with respect to our business of mobility solution development, the Group encourages the development of new technologies and progressive designs to integrate with environmental sustainability in all aspects through minimizing application of hazardous materials in designs and through compliance with the latest regulatory requirements.

Non-hazardous Waste

The non-hazardous wastes generated by the Group are mainly domestic waste including stationery, packaging materials, paper from our operations, among which, recyclable wastes will be recycled for reuse.

Wastewater Discharge

The Group's operations do not consume a significant amount of water. Our main use of water is for sanitary purposes. Similarly, most of the wastewater discharged from our facilities is sanitary wastewater. The small proportion of wastewater that comes from our design and developing processes is treated within our facilities in compliance with required standards before discharge. The Group ensures all domestic sewage is properly discharged into the urban sewage pipe network for subsequent sewage treatment.

Table 2 – Total Waste Discharge

	Unit	FY2019
Domestic Waste	tonne	136

3.4 Use of Resources

In light of finite earth's resources, the Group considers the conservation of natural resources through low-carbon practices as an indispensable component of our sustainable business. Through actively promoting various environmental-friendly measures, we encourage an efficient use of resources, including energy, paper, water and other raw materials. As such, the Group has initiated policies to raise the awareness of electricity conservation and has adopted energy saving measures throughout our daily operation as elaborated in the section of Emissions.

Material Selection

One of the significant environmental impacts of shoes is attributed by the manufacturing process of the shoe life cycle. Through a careful selection of materials and increase the use of environmentally friendly materials, the Group anticipates that the manufacturing of shoes will cause less impact on the environment.

On the other hand, the final stage of the shoe life cycle is disposal which collectively results in a severe impact on the environment. As a responsible footwear design group, the Group has been improving product durability through a careful selection of material to prolong the shoe life while maintaining the comfortability and function intended.

Water Consumption

The Group takes a cautious approach to water stewardship, seeking to maximize efficiency and reduce water consumption. We strive to engage all employees, clients, suppliers and business partners to develop a habit of conserving water consciously. Water saving devices are installed at water taps in the office wherever possible. Pantry and washrooms are posted with environmental messages to remind employee the importance and urgency of water conservation. The utility facilities are maintained regularly for service to ensure that water seepage or leaking pipelines are replaced or repaired on a timely basis. The Group also seeks to reduce water usage, reuse water and improve the quality of wastewater discharged from our working stations wherever possible.

Packaging Material

Given our business nature, the Group does not have manufacturing facilities and does not consume a significant amount of packaging materials. However, we encourage our suppliers to use less packaging material.

Environmental Performance

In accordance with the ESG Reporting Guide set out by HKEX, our environmental performance of “Energy and Resources Use” during the Reporting Period are tabulated below.

Table 3 – Energy and Resources Use

			FY2019 Intensity
	Unit	FY2019	(per employee)
Electricity	kWh	52,072	83.18
Purchased Gas	kg	n/a	n/a
Unleaded Petrol	L	8,801	14.06
Diesel	L	n/a	n/a
Paper	kg	530	0.85
Water	m ³	479	0.76

3.5 Going Forward

While the impact of climate change is increasingly influential, the Group is aware that consumers are gradually becoming more sensitive to sustainability issues, such as, ecological and ethical footprints which are beginning to influence the purchasing decisions of average consumers. Where once customer would rarely question how a product was made or what it was made of, corporates are now expected to clearly state where products come from and how the ESG policies inform their choice of processes, materials and deployment of human resources.

ESG issues become now front and centre in boardrooms across the entire Group, being fully committed to instilling the consciousness of resources conservation and environmental protection into the work and life of every employee. We continue to seek business partners who share our philosophy, commitment to environment conservation and compliance with the applicable environmental laws and regulations.

Although change is always difficult and requires careful management, we believe that these initiatives are capable to reflect our commitment to offering our clients the best quality of services with the least adverse impact on our planet, building a greener and healthier environment together with all the members of the community.

4. EMPLOYMENT AND LABOUR PRACTICES

4.1 Recruitment and Promotion

The experienced and competent workforce is constantly perceived by the Group as the key driver for our ongoing corporate development and growth. As such, it is of paramount importance for us to proactively manage our talent pipeline and career development for the employees. The Group is determined to set itself in a good position to maintain a robust business performance and growth together with our employees, with an objective to uphold an open, fair, just and reasonable human resource policy.

The Group has formulated the recruitment policy with respect to equal opportunities, diversity and anti-discrimination. We encourage differences and individuality in employees, with the philosophy that diversity can bring new ideas, dynamics and challenges to our operations. We discourage all forms of discrimination on gender, age, family status, sexual orientation, disability, race and religion. Our employment policy encourages hiring of talented people with physical or mental disabilities. We are committed to supporting our employees to maintain a family-friendly work environment because we respect their roles and responsibilities in their families. We strive to make sure employees and business partners comply with laws and regulations, follow ethical business practices and respect equal opportunity in employment. We bring in new recruits and equip them with necessary skill sets to develop a long-term rewarding career with us.

During the Reporting Period, we observed the applicable laws and regulations and follow our employment policies relating to recruitment and promotion, compensation and dismissal, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, by providing competitive remuneration package, including internal promotion opportunities and performance-based bonus, so as to recruit and retain experienced employees.

4.2 Employment

In order to attract and retain our employees, which are our most valuable assets, the Group offers competitive wages, medical insurance, disability and invalidity coverage, maternity leave and other compensation to our employees. The Group decides the remunerations payable to its staff based on their duties, work experience and the prevailing market practices. Apart from basic remuneration, share options may be granted to eligible employees by reference to the performance of the Group and individual employees.

In Hong Kong, the Group complied with the Labour Law of Hong Kong and relevant employment laws and regulations throughout the Reporting Period, including the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) by participating in the Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) for our eligible employees, Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong), Employment Ordinance (Chapter 57 of the Laws of Hong Kong) (the “EO”) and Employees’ Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) (the “ECO”) by offering competitive wages, medical insurance, disability and invalidity coverage, maternity leave and other compensation to our employees.

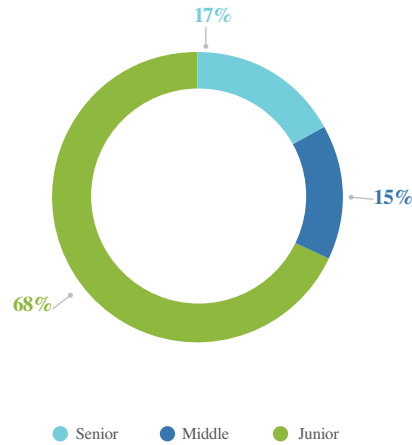
In the PRC, we have participated in welfare schemes concerning pension insurance, unemployment insurance, maternity insurance, occupational injury insurance and medical insurance in accordance with the local regulations including the Regulations on the Administration of Housing Provident Funds, Social Insurance Law and Labour Law of the PRC.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations in respect of human resources. We strictly prohibit discrimination, harassment and bullying at all workplaces. In accordance with the ESG Reporting Guide set out by the HKEX, details of the Group’s workforce during the Reporting Period are tabulated as well as presented in charts below.

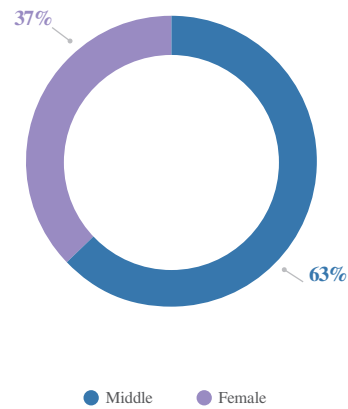
Table 4 – Our Workforce

	FY2019
Total Number of Full-Time Employees	626
Turnover Rate by Gender	
Male	41.4%
Female	43.1%
Turnover Rate by Age	
Under 30 years old	46.2%
30 – 50 years old	36.9%
over 50 years old	60.0%

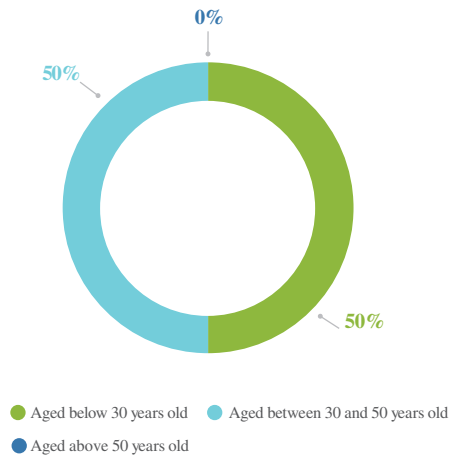
**Total Workforce by Employment Level
as of 31 December 2019**



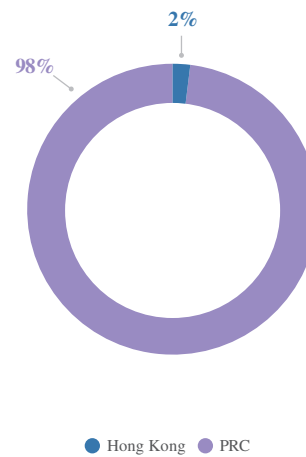
**Total Workforce by Gender
as of 31 December 2019**



**Total Workforce by Age Group
as of 31 December 2019**



**Total Workforce by region
as of 31 December 2019**



4.3 Occupational Health and Safety

Employees' health and safety is of supreme importance to the continuing operation of the Group. As a result, we have been attaching great importance to a healthy, comfortable and safe working environment for our employees which protect them from potential occupational hazards and health and safety risks, in order to achieve zero tolerance of accidents and injuries.

Encourage contractors to align with our Occupational Health and Safety (OHS) standards and develop an OHS management system based on hazard analysis and risk assessment of their projects or operations. OHS audits are conducted on a scheduled basis to review effectiveness of the implementation of the OHS management system. We provide contractors a corrective action plan within a required timeframe in the event that non-compliance or irregularities are identified for necessary corrective actions. The result of the OHS audits is an important part of our assessment of contract renewal with the contractors.

The goals of our Occupational Safety and Health (“OSH”) policy are highlighted as below.

- The OSH management system aims at identification, prevention and management of risks and hazards throughout the workplaces as well as follow-up actions for accidents or personal injuries;
- The OSH management system defines appropriate objectives and targets on a regular basis;
- Zero tolerance of accidents and injuries;
- Promotion of safety culture among employees;
- Commitment to the provision of a safe and healthy working environment for the employees;
- Commitment to human and financial for the OSH management system;
- Communication of our health and safety performance with stakeholders and seek their involvement wherever applicable;
- Regular review of the performance of various OSH measures so that their effectiveness and reliability can be maintained;
- Encouraging contractors to align with our Occupational Health and Safety (OHS) standards and develop an OHS management system based on hazard analysis and risk assessment of their projects or operations.
- Compliance with applicable laws and regulations in relation to occupational safety and health.

To achieve the goals of our OSH policy, the following measures are adopted.

- Formulation of emergency response plans, risk assessment and accident investigation mechanism so as to ensure legal compliance with OSH;
- Promotion of safety culture through various communication channels such as safety campaigns, discussion and sharing sessions;
- Organization of induction programs and safety training programs to new employees such that they can be familiar with our corporate policies in relation to health and safety matters as quickly as they can;
- Assignment of competent and skilled staff to handle works with critical hazards or impacts related to OSH;
- Installing air purifiers in relatively crowded areas such as conference and meeting rooms;

- Prohibiting smoking and abuse of alcohol and drugs in the workplace;
- Providing clean and tidy rest area such as corridors and pantry;
- Providing adjustable chairs and monitors for eye protection;
- Setting up posters of proper working postures and lifting method accessible on the intranet and at appropriate locations in offices;
- Organisation of fire drills and emergency evacuation simulations to raise the employees' awareness of fire prevention and to equip employees with appropriate knowledge and skills in the event of emergency; and
- Provision of first aid kits and fire extinguishers in workplace.



Safety training sessions organized for staff-members during the Reporting Period

During the Reporting Period, the Group complied with the laws and regulations in relation to occupational safety and health in multiple regions, such as the Occupational Safety and Health Ordinance of the Laws of Hong Kong, Labour Law, Regulations on Period of Medical Treatment of Diseases or Non-work-related Injuries of Employees and Regulation on Work-Related Injury Insurance of the PRC. During the Reporting Period, the Group did not record any accidents that resulted in death or serious physical injury and did not identify any material non-compliance with laws and regulations relevant to health and safety of employees. Summary of work-related fatalities and injuries during the Reporting Period are shown in the table below.

Table 5 – Health and Safety

	FY2019
No. of Work-Related Fatalities	0
Rate of Work-Related Fatalities	0
No. of Injuries at Work	0
Lost Days due to Injury at Work	0

4.4 Development and Training

The Group envisions that empowering its people through development and training is the cornerstone of our success in the long-run. The Group listens and responds to our people, striving to create an environment of continuous learning, to facilitate development of careers and to provide knowledge and skills for better fulfilment of roles and responsibilities. Our training programmes are designed not only to meet our business vision and to provide skillset required for the operation, but also for the benefit of society as a whole wherever possible.

Considering that each of the position is of unique professional and technical needs, the Group ensures that every new joiner receives proper orientation training and mentoring in order to help them adapt to the new working environment affirmatively and quickly. Continuous training is committed by the Group in different ways including internal training programs, comprehensive training for specific skill development, and courses for continuous professional development for relevant employees so as to ensure that they possess the appropriate qualities and skill-sets. Implementation of safety training and comprehensive risk assessments are also one of the most important tasks in the Group.

During the Reporting Period, employees at all levels satisfied their needs of trainings through multiple training programs, including induction training, technical skills training and pre-post training as summarised in Table 6 below. These training programs not only facilitate the career prospect of individual employee, but also further enhance the sustainable development of the Group. We organized professional training sessions and seminars for directors and senior management with topics generally including occupational safety, corporate governance, business development and strategy in order for them to develop and refresh their knowledge and skills. We additionally provided the management with a series of thematic courses to strengthen and refresh their knowledge, leadership and management skills, which is expected to drive the team to grow for the best interest of the Group.

During the Reporting Period, details of the development and training programs provided by the Group is summarized as below.

Table 6 – Employee Training

	Unit	FY2019
Average hours of training received per employee	hours	21.3
Average hours of training per employee by ranking		
Senior Staff	hours	9.3
Intermediate Staff	hours	11.1
Junior Staff	hours	26.8
Average hours of training per employee by gender		
Male	hours	21.9
Female	hours	20.8
Percentage of employees trained by employment level		
Senior Staff	%	63.6
Intermediate Staff	%	37.6
Junior Staff	%	100
Percentage of employees trained by gender		
Male	%	96.5
Female	%	65.7



Staff Development Day organized during the Reporting Period

4.5 Harmonious Culture

The Group is strongly convinced that a harmonious corporate culture among the employees and management are always the key drivers to the Group's healthy and prosperous growth. To achieve this, we utilize a variety of channels, including:

- Regular all-staff meetings to update on business performance and the development of key projects.
- Employee engagement such as annual employee survey which provides a confidential route for employee feedback. Follow up actions ensure that employees' voices are heard and responded to at both corporate and team levels.
- Regular and festival gatherings are organised during the Reporting Period to enhance the harmonious spirit of different levels of staff members throughout the Group.

The Group believes that such a corporate culture and harmonic working environment will naturally achieve a synergistic result to facilitate employee retention and to improve productivity.



Sports Day organized for all employees during the Reporting Period

4.6 Labour Standards

Being fully aware that exploitation of child and forced labour violates human rights and international labour conventions, the Group strictly prohibits the employment of any child labour and forced labour in any form. New employees are required to provide true and accurate personal data when they are onboard. Recruiters should strictly review the entry documents including medical examination certificates, academic certificates and identity cards. The Group constantly rejects to engage suppliers and contractors, that hire child labour or forced labour in their operations.

During the Reporting Period, the Group strictly complied with the laws and regulations in relation to prevention of child and forced labour, including the Employment Ordinance of Hong Kong (Chapter 57 of the Laws of Hong Kong) and Labour Law, Prohibition of Child Labour Provisions, Underage Workers Special Protection Provisions, Prohibition of Forced Labour and Prisoners Labour Policy and Procedures of the PRC as well as relevant legislations in the countries that we operate. No material non-compliance with the laws and regulations related to the prevention of child labour or forced labour have been found by the Group.

5. OPERATING PRACTICES

The Group realizes that we must operate in a sustainable fashion with a comprehensive ESG management approach so as to achieve our goal to be a responsible corporate in the Asia-Pacific region. In addition, it is essential to us to encourage all business partners to incorporate those sustainability practices and policies into their operation thoroughly in order to work together in our pursuit of sustainable development.

5.1 Innovation-Driven Development

The Group anticipates that innovation and technology strategies shall play a crucial role in the long-term business development. As such, we are determined to set ourselves in a good position to continuously and proactively introduce products, services and processes derived from high-tech oriented research and development, into our operation and business model wherever commercially feasible and appropriate.

5.2 Supply Chain Management

The Group understands that the supply chain management is always one of the key aspects of the Group's operation. Our supply chain management team not only considers economic and commercial benefits during the tendering processes, but also evaluates the suppliers' and contractors' track record with respect to legal and regulatory compliance which include environmental, social and governance aspects.

We developed a vendor and supplier selection mechanism based on potential vendors' compliance with all applicable laws and regulations in relation to the safety, environment, forced labor, child labor and other social aspects. Suppliers which can deliver products and services with environmentally friendly and socially responsible features will be given a higher technical score during our assessment process. Inspection and assessments may be conducted by the Group if deemed necessary. We continue to ask our suppliers to fully observe the "Apparel, Footwear and Accessories Chemical Safety Technical Guidelines" to ensure product safety and premium quality. Cooperation contract with suppliers will be terminated if they are found to fail to reach the applicable compliance standard. In addition, every supplier is required to comply with our code of practice, which prohibits offering of gifts, certificates, loans, hospitality, service or favor in an improper manner. Further, the Group encourages all business partners to develop energy-saving and consumption-reducing policies in order to work together in our pursuit of sustainable development. We believe that, through the above review process, we can minimize the potential environmental and social risks associated with the supply chain management.

The Group is dedicated to maintain a good relationship with its suppliers. During the Reporting Period, the Group has engaged 21 suppliers which are all geographically located in the PRC. No complaint was received from the suppliers and there was no disputed debts or unsettled debts and all the debts are settled on or before due dates or a latest date as mutually agreed.

5.3 Quality Management System

The Group believes that the quality control measures, together with footwear design and development capabilities, are the principal factors to attract and retain our international branded customers. To ensure the quality of footwear, we closely monitor product quality throughout the production process. Our full span quality control covers raw material examination, footwear production process monitoring, finished footwear checking and testing, and packaging inspection. As part of our quality management process, the quality of raw materials purchased by our footwear suppliers will be sampled for in-house examination. Raw materials are also tested by third party laboratories when it is required by our customers. This ensures that our footwear can meet the expectation of quality by our customers.

Under our quality control measures, the finished footwear produced by our footwear suppliers is subject to sample checking by our quality control staff to ensure that the finished footwear can meet our customers' requirements. We do not have a product return policy. Nevertheless, in order to maintain goodwill and business relationships with our customers, we strive to investigate each complaint and satisfy our customers' requests to the best of our capacity.

5.4 Product Responsibility

To be a successful business, we are committed to the highest standards of products and services we deliver, maintaining continuous communication with our customers to ensure that we understand and fulfil their needs and expectations. While maintaining strict product quality, we keep track of emerging trends and continue to develop and optimize products that offer the best solutions to our customers.

The Group undertakes the defined quality assurance protocol to ensure products and services constantly meet customer requirements and legal and safety standards for its intended use and for circumstances of reasonably foreseeable misuse. We carry out regular assessment for each product type with respect to the aspects of environmental impact, health impact, safety and hazards associated with the raw materials. We ensure that every product is correctly labelled with sufficient information and directions for use required by legislation and industry codes of practice. We perform continuous and regular assessments of the product quality and review of opportunities for improvements and changes.

During the Reporting Period, our operation in the PRC complied with relevant laws and regulations in relation to advertising, labelling and consumer protection, such as “Consumer Protection Law of the People’s Republic of China”, the “Advertising Law of the People’s Republic of China”, and “PRC Product Quality Law”, by ensuring that there are no false and misleading messages in our advertisements and promotion activities. In Hong Kong, the Group, during the Reporting Period, complied with relevant laws and regulations, for instances, the Trade Description Ordinance (Chapter 362 of the Laws of Hong Kong). During the Reporting Period, the Group did not identify any material non-compliance of the laws and regulations related to the quality of products and services.

5.5 Sanction Risk Management

The Board had effectively monitored and evaluated our business exposure to sanctions risk, including (i) the establishment of a risk management committee; (ii) assigned members of our merchandising department and order processing department to review the information relating to our customers or the counterparties of the contract (including its full name, country of incorporation or registration and country of shipment destination) before entering into any business transaction with any of them.

Our designated staff will assess the information of our customers or the counterparties against various lists of restricted parties and countries maintained by the US, EU or United Nations, including, any government, individual or entity that is the subject of any OFAC-administered sanctions and determine whether our customers or the counterparties (i) are registered or operate in the sanctioned countries; (ii) is/are owned or controlled by a sanctioned person; or (iii) has/have shipment destination which is located in the sanctioned countries.

During the Reporting Period, none of our products were sold to any sanctioned countries. The Group has not entered into any sanctionable transactions that would or may expose the Group, our shareholders and investors to any risk of being sanctioned.

5.6 Customer Feedback and Handling

Realizing that our customer needs and expectations should be well addressed, the Group pays attention to the level of satisfaction of customers and their feedback. Regular communication channels and feedback systems, such as telephone hotline, emails, social media and websites, are in place to gather information on satisfaction and suggestions for improvement from our diverse portfolio of customers. In particular, our sales personnel and merchandisers maintain regular communications with customers via phone call or overseas visit periodically.

The Group consolidated and comprehensively analysed the customers' feedback in order to identify the issues. Follow-up actions, including internal evaluation and modification of training programs for employees, will be taken to address the issues identified and to continuously improve our service delivered. Feedback will additionally be provided to the customers in a timely manner.

There were no cases of product recall nor complaints received against our services due to health and safety issues during the Reporting Period.

Table 7 – Product Recalls and Complaints

FY2019

Percentage of complaints received about the products related to health and safety issues	n/a
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5.7 Privacy Protection

The Group undertakes to strictly comply with relevant laws and regulations in relation to privacy that have an impact on the Group, to ensure that all data are securely kept in our internal system with access control. The Group sets out data privacy requirements in our corporate policies, under which customer data would be used exclusively for matters relating to the Group's operation only. We strive to ensure all collected data kept is free of unauthorized or accidental access, processing, erasure or other use.

5.8 Anti-Corruption

Insisting on the honesty, integrity and fairness in all aspects of our business, and upholding a high standard of business ethics and prohibition of any forms of bribery and corrupt practices, the Group has developed a series of policies of anti-fraud and anti-bribery as part of the exercise of Corporate Governance.

During the Reporting Period, the Group observed with related laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering, such as the Prevention of Bribery Ordinance (Chapter 201 of the laws of Hong Kong) and Criminal Law and the Regulations for Suppression of Corruption of the PRC.

According to the Group's policy, employees may report any concern in relation to accounting controls and audit matters to the Audit Committee which will review each complaint and decide how the investigation should be conducted. No cases of anti-corruption were concluded whereas the Audit Committee identified no complaint from employees during the Reporting Period.

5.9 Whistle-Blowing

In order to encourage our employees to report illegality, irregularity, malpractice, unethical acts or behaviours, inappropriate conducts or actions, which may damage the Group's interests, we established whistle-blowing policy and implement procedures for our employees to report improprieties via a confidential reporting channel to the extent that is made possible to all employees. The policy aims to encourage our employees to report behaviour that is not in line with the principles of ethics and the Group's policy such as events that are non-compliant with the Group's policy, laws, rules, regulations, general practice of financial reporting and internal control.

The Group is committed to addressing the "whistle-blowers" concerns in a fair and reasonable manner and to handling the reports with due care and conducting a comprehensive and independent investigation for each reasonably established report. All "whistle-blowers" who report in good faith are reasonably protected from retaliation or adverse consequence of their employment regardless of whether the allegation is substantiated.

The whistle-blowing policy and its procedures, which apply to all levels of the members of the Group, have been documented in the employee handbook and have been circulated among employees for their reference.

5.10 Intellectual Property Rights

The Group is committed to compliance with relevant laws and regulations in relation to intellectual property right (“IP rights”) by valuing and protecting its intellectual properties through patent fees and periodic trademark renewals.

In order to ensure that the customer’s IP rights of products is properly protected during the outsourcing processes to suppliers, a confidentiality agreement regarding IP rights must be signed before engagement. Internally, we enter into standard employment contracts with our employees which contain provisions on intellectual property rights and confidentiality. Relevant employees of the Group have signed a written confirmation to (i) confirm that all intellectual property rights created or made during their employment with the Group shall belong to us; and (ii) agree not to use or disclose the confidential information relating to the product designs without authorisation of the Group.

6. COMMUNITY INVESTMENT

The Group is actively committed to making a better society through our active involvement in the community and partnership with local non-profit organizations, whenever possible and appropriate, putting the best effort in helping the local communities and people in needs through community services and engagement, social support and sponsorship programs.

Going forward, the Group will continue to attach great importance to community services, and will encourage our staff members to be actively engaged in voluntary services and join hands together to disseminate the spirit of services in the community where we all depend on.

7. HKEX ESG GUIDE CONTENT INDEX

Aspects, General Disclosures and KPIs	Description	Relevant sections in the ESG Report	Remarks
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	
KPI A1.1	Types of emissions and respective emissions data	Environmental Protection	
KPI A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	Environmental Protection	
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity	n/a	The Group has not identified any hazardous waste was produced in our core business
KPI A1.4	Total non-hazardous waste produced and intensity	Environmental Protection	
KPI A1.5	Description of measures to mitigate emissions and results achieved	Environmental Protection	
KPI A1.6	Description of how hazardous and non – hazardous waste are handled, reduction initiatives and results achieved	Environmental Protection	

Aspects, General Disclosures and KPIs	Description	Relevant sections in the ESG Report	Remarks
Aspect A2: Use of Resources			
General Disclosure	Policies on efficient use of resources including energy, water and other raw materials	Environmental Protection	
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	Environmental Protection	
KPI A2.2	Water consumption in total and intensity	Environmental Protection	
KPI A2.3	Description of energy use efficiency initiatives and results achieved	Environmental Protection	
KPI A2.4	Description of whether there is any issue in sourcing water, water efficiency initiatives and results achieved	n/a	Defined to be irrelevant to the Group's operation
KPI A2.5	Total packaging material used for finished products, and if applicable, with reference to per unit produced	n/a	Use of packaging material is not applicable to the Group's core operation
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	Environmental Protection	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them	Environmental Protection	

Aspects, General Disclosures and KPIs	Description	Relevant sections in the ESG Report	Remarks
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	
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Employment and Labour Practices	
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Employment and Labour Practices	
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	
KPI B2.1	Number and rate of work-related fatalities	Employment and Labour Practices	
KPI B2.2	Lost days due to work injury	Employment and Labour Practices	

Aspects, General Disclosures and KPIs	Description	Relevant sections in the ESG Report	Remarks
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Employment and Labour Practices	
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	
KPI B3.1	The percentage of employees trained by gender and employee category	Employment and Labour Practices	
KPI B3.2	The average training hours completed per employee by gender and employee category	Employment and Labour Practices	
Aspect B4: Labour Standards			
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 preventing child and forced labour	Employment and Labour Practices	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Employment and Labour Practices	
KPI B4.2	Description of steps taken to eliminate child and forced labour practices when discovered	n/a	No such incidents were reported during the Reporting Period.

Aspects, General Disclosures and KPIs	Description	Relevant sections in the ESG Report	Remarks
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain	Operating Practices	
KPI B5.1	Number of suppliers by geographical region	Operating Practices	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Operating Practices	
Aspect B6: Product Responsibility			
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 health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Operating Practices	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	n/a	Not applicable to the Group's core operation
KPI B6.2	Number of products and service related complaints received and how they are dealt with	Operating Practices	No products and service related complaints received during the Reporting Period.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Operating Practices	

Aspects, General Disclosures and KPIs	Description	Relevant sections in the ESG Report	Remarks
KPI B6.4	Description of quality assurance process and recall procedures	Operating Practices	
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Operating Practices	
Aspect B7: Anti-corruption			
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 bribery, extortion, fraud and money laundering	Operating Practices	
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	Operating Practices	No concluded legal cases regarding corrupt practices during the Reporting Period.
KPI B7.2	Description of preventive measures and whistle – blowing procedures, how they are implemented and monitored	Operating Practices	

Aspects, General Disclosures and KPIs	Description	Relevant sections in the ESG Report	Remarks
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration communities' interests	Community Investment	
KPI B8.1	Focus areas of contribution	n/a	
KPI B8.2	Resources contributed to the focus areas	n/a	