

i.century Holding Limited 愛世紀集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8507



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2020

Environmental, Social and Governance Report

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1. INTRODUCTION – SUSTAINABLE DEVELOPMENT

The Sustainable Development Goals agreed by United Nations Member States are seventeen goals that aim to develop a better future to the world by 2030, by ending poverty, fighting inequality and addressing the urgency of climate change to protect the people and the earth. Guided by the goals, it is the collaborative effort of all governments, businesses, civil society, and the community members to work together to build a better future for everyone.

2. ABOUT THIS REPORT

2.1. Environmental, Social and Governance to Support Sustainable Development

Environmental, Social and Governance (the “ESG”) are the preferred and important factors to measure a company’s performance, for company valuation, risk management and regulatory compliance. The Group is committed to its stakeholders through maintaining sustainable growth in business, ensuring the well-being of its employees, and caring for the environment. The Group is pleased to present this ESG Report (the “Report”), which demonstrates the ESG performance of the Group in achieving sustainable development for the future.

2.2. The Group’s ESG Commitment

The Board understands its responsibility and is committed to lead and steward the Group with the aim to achieve long-term returns and generate a positive impact on the society and the environment. By assessing and evaluating ESG-related risks and reporting performance, the Group is able to ensure operational reliance and compliance with the relevant legal and regulatory requirements.

2.3. Reporting Scope

This Report summarises the policies, management approach and performance of the Group in respect of corporate social responsibility. This Report is focused on the Group’s core and material business in the management of the apparel supply chain including product development, sourcing and procurement of raw materials, production management, quality control to logistics arrangement. The Group has its headquarters in Hong Kong and representative offices in the People’s Republic of China (the “PRC”), the United States of America (the “USA”), France and Australia. This Report is prepared in accordance with the reporting principles of ‘Materiality’, ‘Quantitative’, ‘Balance’ and ‘Consistency’. With the aim to optimise the reporting process and expand disclosures in this Report, the Group is dedicated in gathering the relevant data, formulating, implementing, and monitoring policies. The Group makes every effort to ensure consistency between the Chinese and English versions of this Report. However, in the event of any inconsistency, the English version shall prevail. This Report was reviewed and approved by the Board on 26 June 2020.

2.4. Reporting Period

This Report illustrates and highlights the environmental and social performance of the Group for the reporting period from 1 April 2019 to 31 March 2020 (the “Reporting Period”).

2.5. Reporting Framework

This Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) contained in Appendix 20 of the GEM Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”). This Report complies with the “comply or explain” provisions of the ESG Guide.

Key Performance Indexes (the “KPIs”) Reference Table

Reference KPIs of the ESG Guide	Corresponding KPIs in the section of this Report
A. Environmental	
A1: Emissions	Emissions Policies and Compliance Carbon Footprint – Greenhouse Gas Emissions Air Emission Hazardous and Non-hazardous Waste Disposal
A2: Use of Resources	Conservation of Resources
A3. The Environment and Natural Resources	Emissions Policies and Compliance Conservation of Resources The Environment and Natural Resources
B. Social	
Employment and Labour Practices	
B1: Employment	Employment Policies and Compliance
B2: Health and Safety	Occupational Health and Safety Policies and Compliance
B3: Development and Training	Human Capital Development and Training Policies
B4: Labour Standards	Labour Practices and Compliance
Operating Practices	
B5: Supply Chain Management	Supply Chain Management Manufacturers and Suppliers’ Engagement
B6: Product Responsibility	Product Responsibility and Quality Assurance Process Data Protection and Privacy Policy Protecting Intellectual Property Rights
B7: Anti-corruption	Anti-corruption Policies and Compliance Conflict of Interest Policy Preventive Measures and Whistle-blowing Procedures
Community	
B8: Community Investment	Community Care and Charitable Donations The Sustainable Future

2.6. Stakeholders' Engagement

Stakeholders' expectation and concern toward the Group are not only essential to its business development, but also help to identify the risks and opportunities regarding sustainable development. To foster collaborative relationship with its stakeholders including policymakers, regulators, employees, investors, customers and suppliers, the Group conducted various activities throughout the Reporting Period to exchange thoughts and ideas, and discuss and review ESG goals with all stakeholders aiming to structure business strategies that are valuable to its future growth and challenges. The following stakeholder engagement activities were conducted during the Reporting Period.

Stakeholder Group	Approach of Engagement
Community	Corporate website Announcements and news Financial statements/ESG information
Customers	Corporate website Customer service hotline Contracts and agreements Service meetings Comments and complaint channels Industrial channels' communications and activities
Employees	Orientations, trainings, and meetings Performance appraisals Notices and circulars Emails and other electronic communications
Policymakers and Regulators	Financial statements/ESG information Corporate website Announcements and notices
Investors and Shareholders	Annual general meeting and notices Financial statements/ESG information Corporate website Announcements and notices
Suppliers and Business Partners	Business meetings, supplier conferences and interviews Contracts and agreements Industrial channels' communications and activities Quotations and tendering process Supplier appraisal, assessment, and evaluation

2.7. Stakeholders' Feedback

The Group welcomes stakeholders' comments and feedbacks regarding its ESG performance and approach as they are valuable to its risk management and continuous improvement. Please send your questions, suggestions, and recommendations to the Group:

Address: Unit 212-215, 2/F, Elite Industrial Centre, 883 Cheung Sha Wan Road, Lai Chi Kok, Kowloon, Hong Kong.

Email: info@icenturyholding.com

3. ENVIRONMENTAL PERFORMANCE

3.1. Emissions Policies and Compliance

The Group's core business is basically to design, source and procure fabric and raw materials, manage production, control quality, and arrange the logistics of the delivery of garment products. The Group complies with all material aspects of applicable environment protection laws and regulations in the countries it has operations and does not involve in air (dust and residues), water, and noise pollution. While the activities of the Group's businesses are mainly conducted through office-based work, minimal environmental impact is caused. In addition, the Group is aware of the industry's Higg Index, which was developed by the Sustainable Apparel Coalition, to measure and score a company's environmental, labour and social impacts on their product's sustainability performance. Thus, improving ESG related performance is also the commitment of the Group.

3.2. Carbon Footprint – Greenhouse Gas Emissions

Carbon footprint is defined as the total amount of direct and indirect emissions of greenhouse gas ("GHG") expressed in terms of the equivalent amount of carbon dioxide ("CO₂-e") emissions. During the Reporting Period, the total operation area comprising the Group's headquarters and offices, was 961.36 square metres ("m²") (2019: 815.12 m²) and was accounted for 100% of its GHG emissions.

The total net GHG emissions generated by the Group was 74.56 tonnes of carbon dioxide equivalent ("tCO₂-e") (mainly carbon dioxide, methane and nitrous oxide) during the Reporting Period (2019: 48.78 tCO₂-e). The carbon emission intensity was 0.078 tCO₂-e/m² (2019: 0.060 tCO₂-e/m²), a year-over-year increase of 29.26%.

The Group has made great efforts in controlling its emissions as well as its consumption of resources. Its energy conservation practices included deploying energy saving lightings, switching off idle lightings, computers and electrical appliances and equipment, monitoring water consumption, using digital technology and recycled paper, encouraging the use of public transport and using tele or video conferencing as an alternative to business travel.

The following table highlights the carbon footprint of the Group.

Scope	Sources of GHG emissions	2020	2019	2018
		GHG* emissions (in tCO ₂ -e)		
1	Mobile – Gasoline	8.94	0	0
2	Purchased electricity	42.63	37.15	42.93
3	Disposal of paper waste	22.90	11.58	44.18
	Fresh water processing	0.06	0.04	0.03
	Sewage water processing	0.03	0.01	0.01
	Total GHG* emissions	74.56	48.78	87.15
	Carbon Emission intensity per m²	0.078	0.060	0.160

* The GHG is calculated according to the "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong" jointly published by Environmental Protection Department and Electrical and Mechanical Services Department.

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3.3. Air emission

Air emission was generated from the use of gasoline and diesel-powered motor vehicles for employees commuting and transportation. The combustion of gasoline and diesel fuel in vehicle engines produces emissions of air pollutants into the environment. The following table highlights the estimated air emission of the Group during the Reporting Period

Types of Pollutants	2020	2019
	Emission Data (kilogram) ("kg")	
Nitrogen Oxides (NO _x)	1.12	Not applicable
Sulphur Dioxide (SO ₂)	0.05	Not applicable
Particulate Matter	0.08	Not applicable

3.4. Hazardous and Non-hazardous Waste Disposal

The operating activities of the Group do not produce any hazardous waste to the environment. Paper and its related printed matters were the only non-hazardous waste generated during the Reporting Period. The GHG emissions constituted by paper waste was 22.90 tCO₂-e (2019: 11.58 tCO₂-e/m²). Paper waste from the offices was collected by the property management for recycling and disposal. The Group will continue to monitor its paper reuse and recycling efficiency to reduce paper consumption and disposal.

3.5. Conservation of Resources

During the Reporting Period, the primary resources consumed by the Group were electricity, gasoline, water, and paper. The following table illustrates the consumption of different resources by the Group.

Scope	Sources of GHG emissions	2020			2019		
		Consumption	GHG* emissions (in tCO ₂ -e)		Consumption	GHG* emissions (in tCO ₂ -e)	
			Intensity			Intensity	
1	Mobile – gasoline	3,303.00 L	8.94	0.18 tCO ₂ -e per employee	N/A	N/A	N/A
2	Purchased electricity	80,653.88 kWh	42.63	83.90 kWh/m ²	72,141.50 kWh	37.15	88.50 kWh/m ²
3	Disposal of paper waste	4,771.08 kg	22.90	0.46 tCO ₂ -e per employee	2,411.68 kg	11.58	0.24 tCO ₂ -e per employee
	Water processing	141.00m ³	0.09	0.002 tCO ₂ -e per employee	86.00 m ³	0.05	0.001 tCO ₂ -e per employee

Fossil Fuel Consumption – Gasoline

The air emission of motor vehicles may affect the people and neighbouring communities through its environmental impact. A total of 3,303.00 litres of gasoline (2019: N/A) was consumed during the Reporting Period. Regular maintenance on vehicles were conducted to ensure optimal performance and enhance gasoline efficiency.

Energy Consumption – Electricity

The total electricity consumption was 80,653.88 Kilowatt-hour (kWh) (2019: 72,141.50 kWh) during the Reporting Period, and the energy intensity was 83.90 kWh/m² (2019: 88.50 kWh/m²). The Group's energy saving practices also include the use of window blinds in the office for heat insulation during summer season.

Water Consumption

The Group did not encounter any issue in sourcing water that is fit for purpose during the Reporting Period. The total freshwater consumption was 141.00 cubic meters (m³) (2019: 86.00 m³). The water consumption of the representative offices was not available for carbon footprint calculation as it was included in the property management fee and the relevant information was not available. Besides, the amount of water used in the offices was not significant. Nevertheless, the Group is committed to minimise water consumption to conserve this precious natural resource.

Paper Consumption

Reducing the consumption of paper in its offices has been one of the environmental objectives of the Group. A total of 4,771.08 kg of paper (2019: 2,411.68 kg) was used by administration and report publication purposes during the Reporting Period.

3.6. The Environment and Natural Resources

To seek long-term sustainability of the environment and community where it operates, the Group is committed to control its emissions as well as documenting its consumption of resources and has strictly complied with the relevant environmental laws and regulations. As the Group's businesses are mainly conducted indoor, minimal environmental impact is caused by office-based work.

4. EMPLOYMENT AND LABOUR PRACTICES

4.1. Employment Policies and Compliance

As at 31 March 2020, the total workforce of the Group was 50 (2019: 48), the employee composition is listed in the following table. As human resource is one of the key elements to the Group's future development and success, with the additional workforce, the Group continues to foster a sense of ownership at work by building a stimulating yet harmonious working environment for employees.

Employee Structure	2020	2019	2018
Total number of employees	50	48	32
By gender			
Male	30.0%	22.92%	12.50%
Female	70.0%	77.08%	87.50%
By age			
18-25	0%	0%	0%
26-35	10.0%	10.4%	21.9%
36-45	30.0%	35.4%	34.4%
46-55	58.0%	54.2%	40.6%
56 or above	2.0%	0%	3.1%
Turnover Rate	40.8%	51.2%	Data not available

To promote a diverse and high-quality workforce, the Group provides equal opportunities to its employees in respect of recruitment, training and development, job advancement, and remuneration and benefits. The Group's staff handbook is designed to communicate important laws and work ethics surrounding employment, benefits and welfare, training and development, occupational health and safety, and code of conduct guidelines. It is an essential tool in helping to define the expectations of both the management and the employees, and to protect them from unfair or inconsistent treatment and discrimination.

The Group has dedicated and experienced employees to support its business expansion strategies, employees' remuneration is structured to encourage a sustainable workforce and to attract, retain, and recognize employees. The objective of the Group's human resource management is to reward and recognise performing employees by reviewing their remuneration and welfare through the performance appraisal system. Performance appraisal is conducted annually based on employees' work performance, skills, and achievement.

4.2. Occupational Health and Safety Policies and Compliance

The Group cares about the well-being of its employees and is committed to providing a safe and secure working environment for them. In compliance with the relevant occupational health and safety regulations in the places where it operates, instructions and guidelines regarding health and safety precautions are developed and communicated to the employees periodically. Through communicating various occupational health and safety awareness guidelines in the staff handbook and memorandums, employees are aware of the relevant health and safety related issues.

The COVID-19 pandemic crisis has been putting pressure on the Group and its employees during the Reporting Period. As part of the COVID-19 countermeasures and to prevent the spread of the virus, the Group has implemented stringent infection preventive measures to protect its employees. The Group's administration department closely monitored the health of its employees every day by checking their body temperature, providing sufficient surgical masks and alcohol-based hand rub in the offices. The Group also required its employees to suspend work arrangements that involved air travel and to consider using other methods such as online video meeting software for interviews or meetings. Employees are advised to wear masks and avoid physical contact (such as shaking hands, hugging) and crowded places when they are required to meet people or work outside in their local community.

The Group has also established a response mechanism in responding to scenarios where employees are infected by COVID-19 to minimise the impact to other employees, the neighbour of the Group and the members of the public. The Group also followed the quarantine requirement of the countries where it has operations to minimise the spreading of the virus.

During the Reporting Period, the Group was not aware of any non-compliance relating to health and safety related laws and regulations.

Occupational Health and Safety Data	2020	2019	2018
Number of work injury cases	0	0	0
Number of work-related fatalities	0	0	0
Lost days due to work injury	0	0	0
Work injury rate	0	0	0

4.3. Human Capital Development and Training Policies

The Group understands that human resource is one of its most valuable assets and developing them by improving their knowledge, experience and skills are important and critical to the Group's continued success and growth. To encourage and assist employees in developing their potential, both management and employees can initiate training needs and engage external professional training institution to organise training programs. The Group also offers educational grant and encourages training through job induction, job rotation, on-the-job training and secondment so employees are able to learn dynamically for personal development and future career progression in the industry.

The following table listed the average number of training hours per employee by employee category during the Reporting Period:

Training Hours	2020	2019
Total (hours)	149.5	63.5
Average (per employee) (hours)	3.0	1.3

By Employee Category (Average training hours and percentage of employees who received training)

Executives	By hour	4.5	2
	By percentage	100%	100%
Senior management	By hour	44.8	17.2
	By percentage	100%	100%
General staffs	By hour	N/A	N/A
	By percentage	N/A	N/A

4.4. Labour Practices and Compliance

The Group complies with the applicable laws and regulations relating to employment, child and forced labour practices in the countries where it operates. Recruitment of employees is strictly abided by the hiring process and guidelines administered by the Human Resource Department so that suitable talents are recruited in accordance with relevant labour laws, job requirement, and both the Group and the candidates' expectation for a fair, harmonious and sustainable workforce. During the Reporting Period, there was no incidence of work stoppages, labour disputes, litigation, claims, administrative action or arbitration against the Group.

5. OPERATING PRACTICES

5.1. Supply Chain Management

The Group works with many different garment manufacturers and material suppliers across its supply chain. By positioning in the middle stream of the value chain in the apparel industry, the quality compliance and performance of upstream manufacturers is of utmost importance. Since the final garment products must be made in accordance with the specifications and requirements requested by customers, manufacturers and material suppliers are chosen carefully to ensure quality compliance and timely delivery. Manufacturers and suppliers are selected based upon documented procedures, due diligence check, and clear criteria included product range, quality assurance, pricing, production facilities, labour laws compliance, and financial standing, so that goods and services are procured in an honest, competitive, fair, and transparent manner that delivers the best value for money results.

5.2. Manufacturers and Suppliers' Engagement

The Group believes that a strong establishment of cooperative relationship with its suppliers can ensure the effectiveness of its operational flow and the quality of its garment products. By using strategic manufacturers and material suppliers who offer high quality, reliable, safe, and technologically advanced service and products, superior apparel products are made for its customers. During the Reporting Period, 210 suppliers (2019: 173) were listed on the approved suppliers list which the Group would review periodically and provide updates to its employees. The Group also monitors, audits and manages processes from materials selection, production, labour standard, quality management system, environmental consciousness, and logistics arrangement to ensure its supply chain is operating effectively and efficiently that guarantees the quality and standard of its products.

5.3. Product Responsibility and Quality Assurance Process

The Group is committed to providing high quality, stylish and fashionable products to its customers. During the Reporting Period, a total of 1,038,310 pieces of garment (2019: 1,052,546 pieces) were shipped to over 30 countries (2019: 30 countries) including Australia, Canada, France, Japan and the USA. To ensure the apparel is produced according to customers' specification on the design and materials selection, pre-production meetings are conducted to understand customers' budget, expectation, and brand requirement. At the same time, ideas are exchanged for quality assurance and on-going cooperation. Prototype and salesman samples are produced for customers' approval once the production details such as production specifications and production schedule are confirmed, while pre-production samples are produced for customers' final approval before the bulk production is scheduled.

Together by partnering with the Group's selected manufacturers and suppliers, product quality and service stability are maintained and guaranteed. The Group performs annual assessment to evaluate the overall performance of its manufacturers and suppliers with documented reports for continuous improvement. During the Reporting Period, there was no significant complaints received on product quality and delivery.

5.4. Data Protection and Privacy Policy

The Group is committed to protecting the privacy of its customers, employees, business partners and suppliers. The Group complies with the Personal Data (Privacy) Ordinance by ensuring the highest standard of information security and protection. All personal and business data collected during the Group's business activities are organised and stored to safeguard their confidentiality. As stipulated in the Group's Code of Conduct, employees are instructed of their responsibility to follow the confidentiality code on the access to information and to ensure the safekeeping of all personal, customer and business data, trade secrets and proprietary information. Employees are prohibited from disclosing the information to unauthorised parties.

5.5. Protecting Intellectual Property Rights

The Group registered several trademarks and domain names as they are important to its brand and corporate image. The Group understands and complies with the intellectual property (the "IP") rights regulation. During the Reporting Period, there was no material infringement of the IP rights and the Group is confident that all reasonable measures have been taken to prevent any infringement of its own IP rights and the IP rights of third parties.

5.6. Anti-corruption Policies and Compliance

The Group is committed to conducting business with the highest level of business ethics, integrity, and professionalism, which is key to maintaining trust and building sustainable relationships with its stakeholders. Employees must adhere to the Group's Code of Conduct which provides clear guidance on how business activities should be conducted. To formalize the commitments, employees are required to take personal responsibility for observing the highest standards of integrity and conduct when dealing with the Group's business. All non-compliance with the Code or fraudulent practices including the action to offer, provide, obtain, receive an advantage or to avoid an obligation are strictly forbidden.

5.7. Conflict of Interest Policy

The Group requires its employees to avoid the conflict between personal and financial interest and the professional official duties in the Group. A situation in which employees exercise authority, influences decisions and actions or gain access to valuable information when dealing with third parties with his profession to achieve financial and personal gain is strictly prohibited. The Group's Code of Conduct requires its employees to declare any conflict of interest to the Human Resource Department on an annual basis.

5.8. Preventive Measures and Whistle-blowing Procedures

The Group encourages whistleblowing whereas an employee or a third party could report any suspected cases of corruption, theft, fraudulent activities, and conflict of interest to the Company Secretary in strict confidence. Incidents and allegations or suspicions of fraud are assessed and investigated. The Group conducts periodic and systematic risk assessment and communicates related anti-fraud policies and procedures to employees on a regular basis. During the Reporting Period, communication was performed to ensure employees understand the Group's Code of Conduct and the Group was not aware of any non-compliance with relevant laws and regulations that would have any significant impact on the Group, nor any corruption litigation against the Group or its employees.

6. COMMUNITY INVESTMENT

6.1. Community Care and Charitable Donations

The Group's Community Investment Policy is designed to support charitable and non-profit organisations through donations and community care. During the Reporting Period, garment samples and usable clothing products were donated to The Salvation Army, these donated clothing items were pre-sorted, distributed, and sold in the Salvation Army Family Stores in Hong Kong and Macau. The net proceeds went to The Salvation Army across its invaluable community programmes. The Group is also committed to conducting business in every aspect to minimize any potential environmental and social impact by continuously considering the community and performing its works in an environmentally friendly and sustainable way. The Group will explore opportunities in future charitable or community events to play a part in making a difference and strengthening the community.

7. THE SUSTAINABLE FUTURE

Due to the outbreak of the COVID-19 pandemic outbreak in the world, the Group's major customers located in Australia, Europe and the USA have stopped placing or refused to commit their merchandising orders as their employees are required to work from home, and the lockdown of the cities has lower people's confidence in the outlook of the industry in the second half of 2020. Therefore, the economic development in the textile and apparel industry continues to be a challenge.

Clothing is an integral part of people's lives and the increasing concerns towards resources deprivation and environmental degradation surrounding the industry must continue to be addressed. To be eco-conscious with respect to product lifecycle, from raw materials selection to the design, production management and logistics, is another challenge the Group is facing. However, the Group is confident that it will overcome the challenges and continue to expand and flourish in the industry.