



YGM
TRADING LTD.

YGM貿易有限公司
股份代號 Stock Code: 00375



Environmental, Social and
Governance Report
環境、社會及管治報告
2018/19

ASHWORTH

BLACK CLOVER

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1 About YGM Trading Limited

1.1 About our company

YGM Trading Limited (“the Company”) and its subsidiaries (collectively “the Group”) are engaged in the wholesale, retail and distribution of a wide range of men's and ladies' wear for many globally renowned brands. The Group is also engaged in other business segments including property rental, printing and other related services. As at the end of March 2019, the Group's distribution network comprised 79 points of sales (“POSs”) — 31 in Hong Kong, 11 in Macau, 25 in Mainland China, 11 in Taiwan and 1 in Paris.

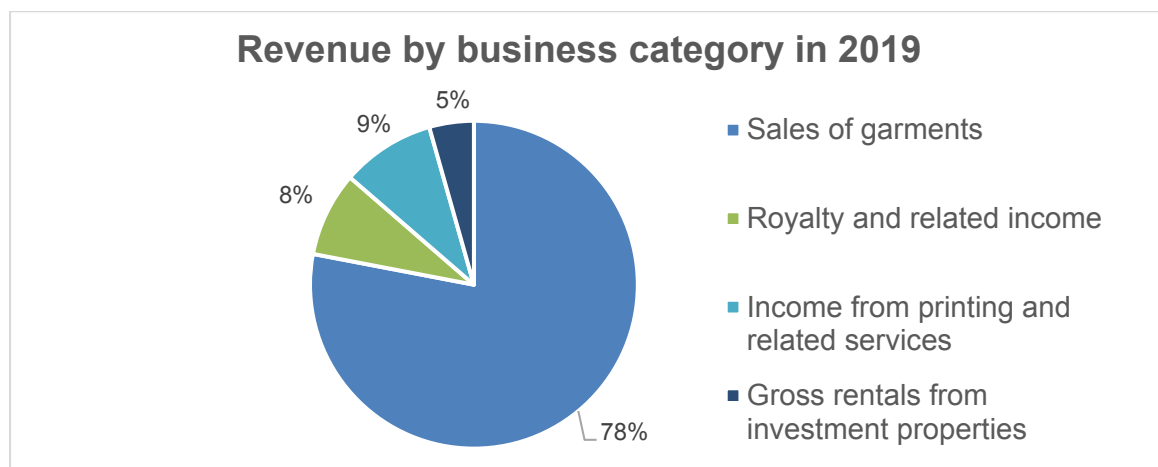
In the financial year 2018/19, the Group's primary business was the retail and wholesale of branded garments and accessories in the Greater China region. These markets had stop declining compared to the previous year but rental remains high and losses are still recorded. After the sale of Aquascutum, the Group is still in the process of trimming down head office expenses to reflect the diminished activities. Overall we do not expect a sharp turnaround quickly in retail and wholesaling of branded garments and accessories but the management is constantly looking for new opportunities. For more details, please refer to the Annual Report 2018/19¹.

1.2 Our business performance

Revenue generated from each significant category is as follows:

Business category	2019 HK\$'000	2018 HK\$'000
Sales of garments	281,360	471,169
Royalty and related income	30,111	54,765
Income from printing and related services	33,347	33,561
Gross rentals from investment properties	15,857	16,195
Total	360,675	575,690

Table 1: Revenue by business category¹

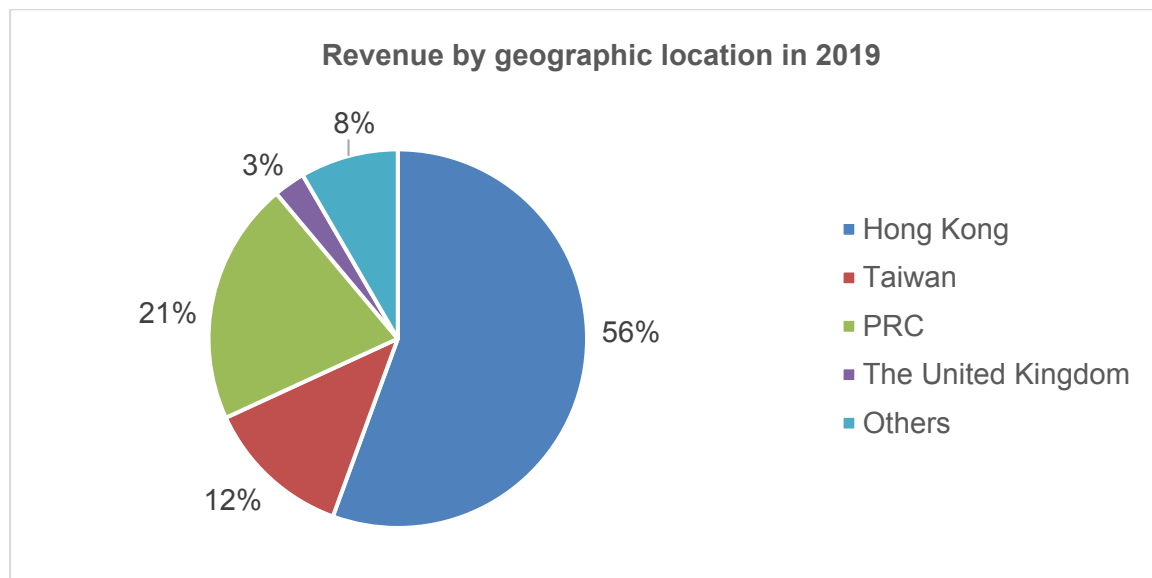


¹ YGM Trading Limited's Annual Report 2018/19. Access at <https://www.ygmtrading.com/uploads/AnnouncementFile/20190725-1828-file-5d39844cc4901-0.pdf.pdf>

The following table sets out information about the Group's revenue by geographical location.

Location	2019 HK\$'000	2018 HK\$'000
Hong Kong	200,434	258,756
Taiwan	45,337	62,199
People's Republic of China (PRC)	74,918	158,808
United Kingdom	9,755	63,322
Others	30,231	32,605
Total	360,675	575,690

Table 2: Revenue by geographic location



2 About this report

2.1 Reporting reference

This Environmental, Social and Governance Report (“ESG Report” or the “Report”) was prepared in accordance with the ESG Reporting Guide (“ESG Guide”) in Appendix 27 to the Main Board Listing Rules of the Stock Exchange of Hong Kong Limited (“SEHK”). It should be read in conjunction with the Company’s 2018/19 Annual Report (the “Annual Report”).

2.2 Reporting period

This Report covers the ESG performance and approach taken by the Group for the year ended 31 March 2019, concurring with the period covered by the Annual Report. The ESG Report is published annually.

2.3 Scope of this report

The scope of this ESG Report covers the Group’s primary activities in Hong Kong, Macau and Mainland China. Unless otherwise stated, the key performance indicators (“KPIs”) reported covers all offices, warehouses and POSs in the three regions. To display its overall ESG performance, the Group is considering to include additional overseas operations as soon as practicable.

The main entities included within the scope of this ESG Report are listed below. For a more detailed list of the Group’s principal subsidiaries, please refer to page 130 to 131 of the Annual Report.

Name of company	Place of incorporation/ establishment and business
YGM Marketing Limited	Hong Kong
YGM Apparel Hong Kong Limited	Hong Kong
YGM Marketing (Macau) Limited	Macau
YGM Trading Company Limited	People’s Republic of China

Table 3: Entities within the scope of the Report

3 Stakeholder engagement and materiality assessment

3.1 Stakeholder engagement

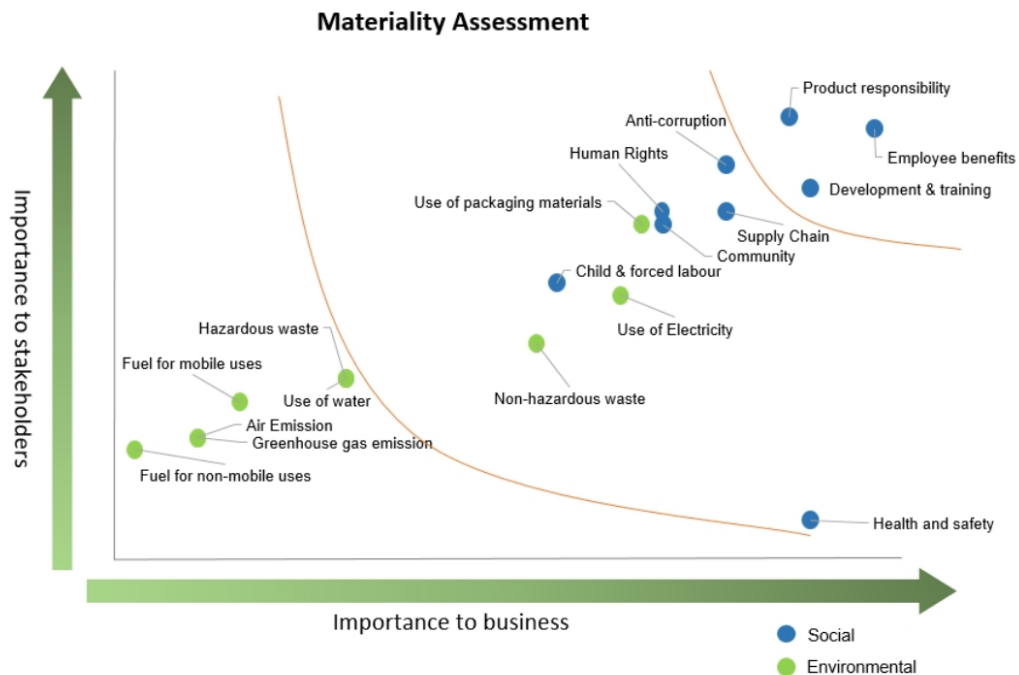
Our main stakeholders are our clients, employees, contractors and suppliers. We value all insights and feedback from our stakeholders, and through engagement we are able to formulate greater sustainability strategies as well as identify material ESG aspects we should focus on in our annual reporting process.

In the previous years, we appointed a third-party consultant to facilitate our stakeholder engagement process. To understand the ESG issues that are important to our stakeholders and our business, we have conducted interviews and surveys with the Group's senior management. The results were further analysed and validated by the senior management.

During the reporting period, we collected feedback from multiple departments regarding any information updates on our current ESG policies and initiatives, and reviewed the validity of our materiality findings.

3.2 Materiality assessment

Materiality assessment is key to identifying the major focus of our ESG direction and strategies. As mentioned in the previous section, we have assessed the importance of various ESG aspects through the stakeholder engagement process, and the results are presented in the following materiality matrix.



In the table below, we have classified the material ESG issues and their relevance to the business operations.

Aspect	Material issue	Relevance to the business
Environmental	Use of packaging materials	Packaging materials used are specified by our clients. These include cardboard boxes, plastics bags, ribbons and gift boxes. We strive to minimise the usage and wastage of packaging materials, whenever practicable.
	Use of electricity	Use of electricity is essential to operate our business, from air-conditioning to lighting, etc. at our offices and POSs.
	Non-hazardous waste	Non-hazardous waste of our operations include both general waste and construction waste generated from renovations of our POSs.
Social	Employee benefits	Employees are an important asset and we ensure to safeguard their welfare.
	Development and training	We provide training to our staff to build a team with strong industry knowledge and expertise as well as enhance competitiveness.
	Product responsibility	To protect our brand image and retain customers' trust, we are committed to providing high-quality and safe products to customers.

Table 4: List of material issues and their relevance to the business

4 Environment

4.1 Sustainability Policy

Our Sustainability Policy was developed as a means to show our ongoing involvement in minimising any negative impact on the environment our activities might have and maximising the effective use of resources. Endorsed by the Executive Director, the policy demonstrates our commitment to sustainable development. Under the policy, we will seek to increase our employees' awareness and engage with them at all levels. We seek to further develop environmental and social practices in our operations and as a final goal, fully integrate sustainable development into all the Group's activities.

4.2 Use of resources

As per the materiality assessment results, the major environmental impact of the Group lies in the use of packaging materials, the use of electricity and the non-hazardous waste generated.

4.2.1 Use of packaging materials

Packaging materials protect our products from potential damage during transportation. We mainly use plastic bags, cardboard boxes and plastic strips as per client specifications. As a retailing and wholesaling company, we have very limited control over the selection of the materials used for the packaging. Nevertheless, this does not diminish our commitment to reducing our packaging usage for example by avoiding repackaging, whenever possible.

Packaging materials	Amount used (kg)
Plastics	1,688
Cardboard boxes	2,327
TOTAL	4,015

Table 5: Types of packaging materials used in Mainland China during the reporting period

4.2.2 Use of energy

We are fully aware of the linkage between energy usage and greenhouse gas emissions. Even though our materiality assessment did not identify greenhouse gas emissions as a material issue, we pay attention to the Group's major source of energy consumption, i.e. electricity, in our operations for lighting systems and air conditioning. We have put in place the following initiatives to minimise electricity consumption in practically applicable areas:

- Switching off lights during non-business hours (e.g. recess and lunch hours)
- Avoiding over-cooling of offices and maintaining a suitable air conditioning temperature;
- Encouraging employees to switch off idle electronic equipment; and
- Replacing equipment with more energy-efficient models, such as LED lighting.

During this reporting period, the Group's total electricity consumption in Hong Kong, Macau and Mainland China amounted to 849,971 kWh.

Location	Floor area (m ²)	Total annual electricity consumption (kWh)	Electricity intensity (kWh/m ²)
Hong Kong	5,997	583,468	97.3
Macau	279	48,324	173.5
Mainland China	2,434	263,179	108.1
TOTAL	8,710	894,971	102.8

Table 6: Electricity consumption of the Group during the reporting period

4.2.3 Use of water

We recognise water as an important natural resource. Since most of the POSs are operated in the leased premises, we do not have control over the use of water. However, we strive to minimise our water consumption and raise their awareness in our office in Hong Kong by placing posters and other publicity materials in prominent places to encourage water conservation.

4.2.4 Use of printing paper

Another commonly used material in the office is printing paper, and we closely monitor printing paper consumption to avoid wastage. We encourage employees to reduce their paper use through the following ways:

- Replacing paper documents with electronic copies when possible to promote a paperless work space;
- Enhancing employee awareness on waste reduction at source;
- Defaulting the printer to duplex printing;
- Reusing single-side printed paper; and
- Recycling waste paper.

4.3 Emissions

As most of our operations were conducted within the office and shops, we did not generate a significant amount of hazardous waste, wastewater or air emission. Nevertheless, our daily business activities do generate non-hazardous waste, which include construction waste from renovations of our POSs as well as general waste from our daily operations. To properly manage the waste generated, different measures are put in place.

4.3.1 Waste management

Non-hazardous waste

1. General waste

The 4R principle (reduce, reuse, recycle and replace) is at the core of our business and helps us minimise waste generation. General waste from our operations is handled by a third-party contractor in accordance with the local regulations.

The amount of waste paper recycled in Hong Kong and Mainland China during this reporting period was 3,125 kg and 700 kg respectively.

2. Construction waste

We regularly refurbish the POSs and stores for our brands. In all locations, we continuously encourage our contractors to generate minimal construction waste materials whenever possible. In addition, we ensure any construction waste produced is disposed of properly as per local regulations.

Hazardous waste

The Group does not produce significant hazardous waste as we either purchase finished products directly from principals of the respective brands or outsource the production to third-party suppliers. While we do not have direct control over our supplier's production process and their waste disposal, we communicate with them to ensure that all aspects of the supply chain are in compliance with relevant environmental laws and regulations.

4.3.2 Greenhouse gas and air emissions

Greenhouse gases are mainly generated by electricity consumption at the Group's offices and POSs. Though greenhouse gas emissions of our operations are not monitored, we strive to conserve energy use to minimise carbon emissions. We are currently enhancing our data collection system to better monitor and evaluate carbon emissions, and disclose relevant data as soon as practicable. We will further strive to identify and implement more efficient carbon reduction measures in the future.

4.4 Environment and natural resources

Emissions, use of resources and the major environmental issues in our business have already been discussed in the above sections.

4.5 Regulatory compliance

There was no reported incident of non-compliance with laws and regulations regarding environmental issues during the reporting period.

5 Social

5.1 Employment and labour practices

The Group is dedicated to ensuring fair treatment of all our employees, and our hiring policy strictly complies with local employment requirements. Furthermore, the Group strives to provide a safe working environment and competitive remuneration packages for employees, as well as adopt transparent and fair recruitment practices.

5.1.1 Recruitment and employee benefits

To show our commitment to providing equal opportunities for all employees, we have in place the Equal Opportunities Policy. The coverage of Equal Opportunities Policy includes, but is not limited to, recruitment, compensation and benefits, training, promotion opportunities, transfer and dismissal. In addition, any form of discrimination based on an employee's nationality, race, religion, gender, age or disability will not be tolerated.

We respect opinions of our employees, and encourage open communication between the management and employees as a way to build mutual trust and respect. To facilitate discussion, we have put in place various channels that allow employees to address their concerns to the management or discuss with their immediate supervisor or senior management team, according to the employee's preference.

Furthermore, employees are entitled to paid holidays including statutory holidays, annual leave, maternity leave, paternity leave, compassionate leave and sick leave as per our internal policies and local laws. In terms of employee compensation, we offer various competitive remuneration packages, which include retirement scheme contributions and medical subsidies. During the reporting period, there was no reported incident of non-compliance with laws and regulations relating to employment practices.

As of 31 March 2019, the Group had a total of 391 employees in Hong Kong, Macau and Mainland China. A detailed breakdown of our workforce is presented below:

Employment data	
Total number of employees	391
By gender	
Male	55
Female	336
By employment type	
Full time	343
Part time	48
By age	
Below 30	58
30-50	272
Above 50	61

Employment data (con't)	
By location	
Hong Kong	245
Mainland China	129
Macau	17
By employee category	
Senior management	4
Middle management	11
Non-management	376
Turnover rate	
Overall turnover rate	16%
By gender	
Male	20%
Female	15%
By location	
Hong Kong	20%
Mainland China	8%
Macau	24%

Table 7: Employment and turnover rate in Hong Kong, Macau and Mainland China operations

5.1.2 Occupational health and safety

The Group places great importance on the health, security and safety of employees in the workplace. We strive to improve the working conditions for our employees, and encourage every single employee to help us create and maintain a proper workplace that is clean, safe, healthy and free of any type of violence. Our Employee Handbook includes a section regarding occupational health and safety guidelines issued by the Labour Department of the Hong Kong SAR Government.

Our workplace mainly consists of POSs and indoor offices where our primary activities of garment wholesaling and retailing take place. While this might be considered a low-risk workplace, we ensure full compliance with occupational health and safety regulations and legislations as a means to guarantee a working environment that is safe and efficient for all our employees.

The consumption of alcohol, illegal drugs and/or substances is strictly prohibited at our workplace. We expect every employee to perform his or her duty in a professional manner at work.

To ensure our employees are well-prepared for any emergency situation, we conduct regular fire drills, and remind employees of our safety guidelines and precautionary measures to avoid any work-related injuries or accidents. During the reporting period, we organised a first-aid workshop on cardiopulmonary resuscitation ("CPR") and automated external defibrillator ("AED") in Hong Kong to improve our staff's awareness and knowledge of health and safety at our workplace.



CPR & AED Workshop

During the reporting year, there was no record of any work-related fatality, injury or reported incidents of non-compliance with laws and regulations relating to occupational health and safety.

5.1.3 Development and training

We believe that employees should continuously improve their knowledge and skills through training, which can enhance our competitiveness. All staff members are encouraged to attend work-related courses and activities, and acquire additional professional qualifications.

We nominate employees to attend activities such as external training sessions, product launch conferences and industry seminars. During the reporting period, the average number of training hours received per employee is 6.1 hours.

Training hours of employees	Total number of employees participated	Average training hours
By gender		
Male employee	8	2.6
Female employee	247	6.7
By employee category		
Senior management	4	20.0
Middle management	11	15.0
Non-management	240	5.7

Table 8: Training and development record during the reporting period

5.1.4 Labour standards

We strongly believe it is essential that each individual's basic human rights be respected and are firmly opposed to any and all forms of forced labour and child labour. During the recruitment process, we verify applicants' age with their identity cards to prevent child labour.

During the reporting year, there was no reported incident of non-compliance with laws and regulations relating to labour standards and in particular child labour and forced labour.

5.2 Product responsibility

Product quality

As part of our efforts to provide fashionable, quality and safe products to customers, we closely monitor our product quality in order to build trust in our customers and improve our brand's competitiveness.

We strive to make sure that none of the merchandise produced by the Group is harmful, and that no hazardous materials are used throughout the design of our products all the way to the manufacturing process. To do so, all materials used comply with national laws as well as the Group's internal policies on product safety.

We have put in place quality control systems, which are in compliance with relevant laws and regulations. Ensuring product quality not only helps us meet our clients' expectations but also gain their trust, which in turn helps create more business opportunities and attract more customers.

Personal information privacy

The Group's Confidentiality Policy clearly states that all our employees are forbidden from disclosing any confidential information or trade secrets relating to the Group. The policy ensures confidential information including but not limited to personal data, employment terms and conditions, customer and supplier list or details, loyalty programmes, business plans are safeguarded. All employees are required to abide by this Confidentiality Policy during their employment by the Group as well as any time after the termination of their contract with the Group.

Any customer information obtained from our loyalty programmes is processed in compliance with our Confidentiality Policy, Cap. 486 Personal Data (Privacy) Ordinance in Hong Kong as well as any other laws that might be relevant in other jurisdictions. For further security, the customers' information is only accessible by authorised personnel, and other procedures have also been implemented to prevent any information leakage.

During the reporting period, there was no reported incident of non-compliance with laws and regulations relating to product responsibility.

5.3 Supply chain management

We seek to establish long-term relationships with our third-party suppliers. We continuously assess and evaluate our suppliers as part of our supply chain management effort. Our assessment of suppliers is based on different criteria such as price, quality and capability.

The Group expects all its suppliers to follow fair and equal employment practices, and stand against any kind of discrimination or unethical labour. In addition, all our suppliers are strongly encouraged to not only include but also promote green practices and considerations in their production.

We ensure all our suppliers meet our product safety and quality requirements, as well as business reputation and other indicators mentioned hereinabove. We conduct on-site factory visits and assessments to ensure compliance with local environmental laws and regulations.

5.4 Anti-corruption

We believe that mutual trust and respect is essential in establishing positive relationships with our suppliers, customers and business partners. Therefore, the Group strongly stands against acts of blackmail, fraud and bribery, which could severely impact our business.

Our Employee Handbook clearly stipulates our prohibition against any conflicts of interest and acts of bribery. We require all our staff members to abide by the Prevention of Bribery Ordinance and reserve our rights for filing claims to the Independent Commission Against Corruption (ICAC).

During the reporting period, there was no reported incident of non-compliance with laws and regulations relating to anti-corruption.

5.5 Community investment

We strive to participate in community activities to promote harmonious development of the society. Such community engagements highlight our corporate citizenship and commitment towards the society.

In 2014, we set up the YGM Corporate Volunteering Team, which creates a platform for all employees to participate in volunteering work and activities. We encourage employee participation by providing the participants with the following incentives:

- subsidies;
- certificates;
- insurance purchased by the Group; and
- leave granted to colleagues participating in charity and volunteer services.

During this year's reporting period, we organised some new volunteering and charity activities, as summarised below. The total donation made in the reporting year amounted to HKD617,000.

Location	Type of activities
Hong Kong	Red Packet Recycling Day
	SADS HK Charity Hike
	MSF Day (Medecins Sans Frontieres)

Table 9: Volunteer activities participated by the employees of the Group during the reporting period

Photos of our community activities



Red Packet Recycling Day



SADS HK Charity Hike



MSF (Medecins Sans Frontieres) Day

6 SEHK ESG Reporting Guide Content Index

	Aspects	Section	Remarks
A	Environmental		
A1	Emissions Policies relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Compliance with relevant laws and regulations that have a significant impact on the issuer.	4. Environment (P.6-8) 4.1 Sustainability Policy (P.6) 4.2 Use of resources (P.6-7) 4.3 Emissions (P.7-8) 4.5 Regulatory compliance (P.8)	Greenhouse gas emission is not identified as a material aspect in our stakeholder engagement. However, we are improving our data collection system and strive to disclose such data as soon as practicable.
A1.1	The types of emissions and respective emission data.	4.3.2 Greenhouse gas and air emissions (P.8)	
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.3.2 Greenhouse gas and air emissions (P.8)	
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.3.1. Waste management (P.8)	
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.3.1. Waste management (P.8)	
A1.5	Description of measures to mitigate emissions and result achieved.	4.2 Use of resources (P.6-7) 4.3 Emissions (P.7-8)	
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	4.3.1. Waste management (P.8)	
A2	Use of Resources Policies on the efficient use of resources, including energy, water and other raw materials.	4.2 Use of resources (P.6-7)	
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	4.2.2 Use of energy (P.6-7)	
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	4.2.3 Use of water (P.7)	

	Aspects	Section	Remarks
A2.3	Description of energy use efficiency initiatives and result achieved.	4.2.2 Use of energy (P.6-7)	
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	4.2.3 Use of water (P.7)	Use of water is not identified as a material aspect, and we do not have control over water usage in our POSs.
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	4.2.1 Use of packaging materials (P.6)	
A3	The Environment and Natural Resources Policies on minimizing the issuer's significant impact on the environment and natural resources.	4. Environment (P.6-8) 4.4 Environment and natural resources (P.8)	
A3.1	Description of the significant impacts of activities on the environment and natural resources and the action taken to manage them.	4. Environment (P.6-8) 4.4 Environment and natural resources (P.8)	
B			
B1	Employment Policies on employment and compliance with local laws and regulations that have a significant impact on the issuer regarding the following: <ul style="list-style-type: none"> Compensation and dismissal Recruitment and promotion Working hours and rest periods Equal opportunity and anti-discrimination Diversity Other benefits and welfare 	5. Social (P.9-13) 5.1 Employment and labour practices (P.9-11) 5.1.1 Recruitment and employee benefits (P.9-10)	
B2	Health and Safety Policies on providing a safe working environment and protecting employees from occupational hazards and compliance with relevant laws and regulations.	5.1.2 Occupational health and safety (P.10-11)	

YGM Trading Limited

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	Aspects	Section	Remarks
B3	Development and Training Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	5.1.3 Development and training (P.11)	
B4	Labor Standards Policies and compliance with laws and regulations on preventing child and forced labor.	5.1.4 Labour standards (P.11)	
B5	Supply Chain Management Policies on managing environmental and social risks of the supply chain.	5.3 Supply chain management (P.12)	
B6	Product Responsibility Policies and compliance with relevant laws and regulations on health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	5.2 Product responsibility (P.11-12)	
B7	Anti-corruption Policies and compliance with relevant laws and regulations relating to bribery, extortion, fraud and money laundering.	5.4 Anti-corruption (P.12)	
B8	Community Investment Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	5.5 Community investment (P.13)	

