



YGM

TRADING LTD.

YGM貿易有限公司

股份代號 Stock Code: 00375

2023/2024

Environmental, Social and Governance Report

環境、社會及管治報告

ASHWORTH

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Guy Laroche
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MICHEL RENÉ

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1. BOARD STATEMENT

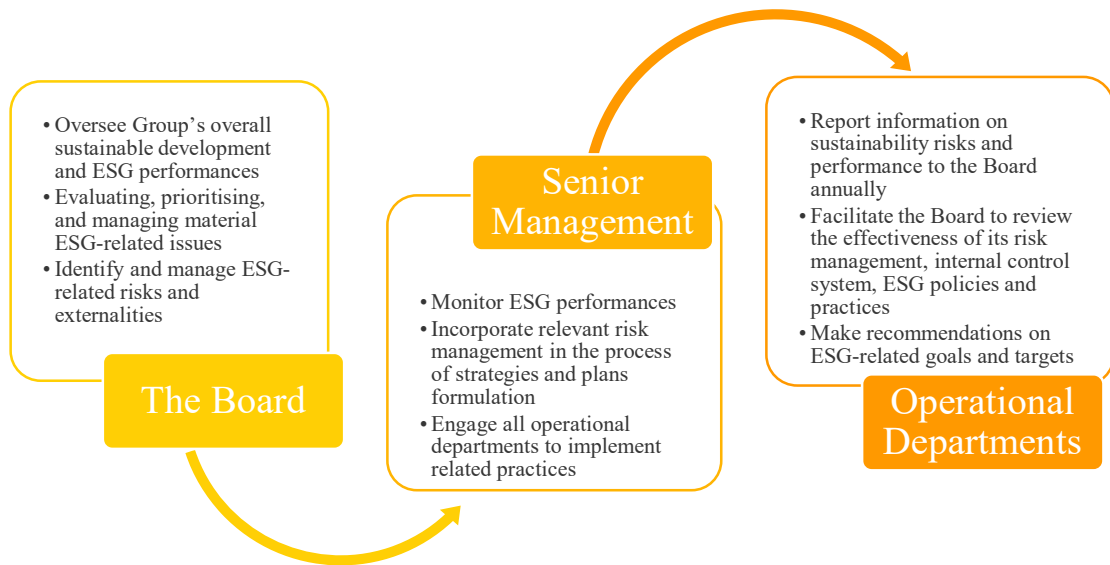
The Board is pleased to present the annual environmental, social and governance (“**ESG**”) report (“**ESG report**”) of the Group for the financial year ended 31 March 2024. This report is a testament to our commitment towards sustainable development, providing a comprehensive overview of our ESG-related initiatives, performance, and future plans. Key performance indicators (KPI) data and future performance targets presented in this report provide transparent insights into our ongoing commitment to improving our ESG performance.

In the past year, YGM Trading Limited (“**the Company**”) and its subsidiaries (“**the Group**”) have made significant strides in integrating ESG principles into our business model and daily operations. We truly believe that our commitment to ESG values not only drives long-term value but also contributes to a more sustainable world.

As a responsible corporate entity, we are fully committed to fulfilling our social responsibilities to all stakeholders, including employees, customers and suppliers. Their well-being is paramount to us, and we strive to build and maintain strong relationships founded on trust, transparency, and fairness. Furthermore, we have extended our outreach to the communities we serve through various philanthropic activities, emphasising healthcare and social welfare, as well as environmental protection. Recognising the impact of high-quality products on customer satisfaction, we strive to uphold rigorous quality standards.

Recognising the significance of environmental preservation, we actively engage in efforts to protect the environment, such as reducing air and greenhouse gas emissions, minimising energy, water and packing material consumption, and effectively managing waste generation, we contribute to environmental sustainability.

A robust corporate governance framework is the foundation for fostering sustainable growth and driving ESG performance within the Group. As the highest decision-making and management entity, the Board holds the ultimate responsibility for overseeing the Group's significant ESG aspects, encompassing strategies, objectives, policies, initiatives, performance, and risks. Through close collaboration with Senior Management and operational departments, the Board conducts regular assessments of ESG matters. By aligning our efforts with areas of concern, this allows us to remain at the forefront of responsible practices in our industry, and reinforce our unwavering commitment to sustainability.



We are proud of our ESG performance in the past year, as we have remained compliant with laws and regulations without any reported violations. Moreover, we are pleased to report zero fatalities in the regions where we operate (i.e. Mainland China, Hong Kong and Macau).

Looking forward, we recognise that our journey towards sustainable development is ongoing. We remain committed to continuous improvement and innovation in our ESG practices. We continue to engage our stakeholders, learn from our experiences, and adapt our strategies to meet emerging challenges and opportunities.

We would like to thank our employees, customers, shareholders, and all stakeholders for their continued support and trust. Together, we can make a significant impact and contribute to a more sustainable and inclusive future.

By Order of the Board

YGM Trading Limited

Chan Wing Sun, Samuel

Chairman

2. ABOUT YGM TRADING LIMITED

YGM Trading Limited ("**the Company**") and its subsidiaries ("**the Group**") operate in various business segments, including wholesale and retail of a diverse range of men's and women's clothing for globally recognised brands and textiles. In addition to the clothing business, the Group also participates in other sectors such as property rental, printing, and related services. Our corporate headquarters is located in Hong Kong, with branch offices in Guangzhou and Shanghai.

3. ABOUT THIS REPORT

This ESG report covers the Group's sustainability approach and policy while reviewing its performance and strategy against ESG-related risks and targets. It is the 8th ESG report since the report published in 2017. All of our ESG reports are published on our website (<https://www.ygmtrading.com/en/relation/FinalcialReports>) and the Hong Kong Stock Exchange's website (<http://www.hkexnews.hk>).

3.1. REPORTING FOUNDATION

This ESG report was developed according to the "Environmental, Social and Governance Reporting Guide" (the "**Guide**") under Appendix C2 to the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). We include an explicit statement from the board outlining the board's consideration of ESG issues, a description of our governance structure, and the management of environmental and social aspects with potential risks to comply with the related mandatory and comply or explain disclosure requirements. In order to prioritise our reporting on the "comply or explain" requirements, an assessment of materiality was carried out, taking into account the Guide's Environmental and Social Aspects.

A content index can be found in the section "The Stock Exchange ESG Reporting Guide Content Index Table" at the end of this report.

3.2. REPORTING BOUNDARY

This ESG report describes the ESG performance of the Group for the year ended 31 March 2024 ("**Reporting Year**"), which is consistent with that of the Company's annual report. The Report covered the primary activities in Hong Kong, Macau and Mainland China. Unless explicitly mentioned, the KPIs reported encompass all offices, warehouses, and points of sale ("**POS**") within these three regions. In our commitment to showcasing our comprehensive ESG performance, the Group is actively exploring the inclusion of additional overseas operations in the near future, as soon as practicable. This expansion will provide a more holistic view of our overall ESG initiatives and achievements.

The scope of disclosure included the ESG performance of the following 6 locations which represented the main operating sites and subsidiaries during the Reporting Year :

- 1) Hong Kong – YGM Marketing Limited
- 2) Hong Kong – Hong Kong Security Printing Limited
- 3) Macau – YGM Marketing (Macau) Limited
- 4) Guangzhou – YGM Trading Company Limited
- 5) Guangzhou – Guangzhou Bu Qing Heng Trading Company Limited
- 6) Shanghai – Shanghai Ji Yang Trading Company Limited

For a more detailed list of the Group’s principal subsidiaries, please refer to the Annual Report.

3.3. REPORTING PRINCIPLES

Quantitative: Appendix C2 of the Listing Rules guides the Group to prepare measurable KPIs for performance review. Quantitative information presented in the report is accompanied by narrative, explanation and comparison wherever applicable. All KPIs are provided with clear definitions and calculation methods, with reference to Appendix 2: Reporting Guidance on Environmental KPIs and Appendix 3: Reporting Guidance on Social KPIs and relevant internationally recognised methodologies.

Balance: The Group upholds this reporting principle to prepare ESG reports and strives to disclose both challenges and opportunities of ESG issues that the Group experienced during the Year. Pictures, charts and graphs reflect the actual performances of the Group, and with appropriate presentation formats, to avoid misleading.

Consistency: Consistent statistical methods have been used in this report to allow meaningful and consistent comparisons of relevant data over time.

Materiality: The Group communicates with key stakeholders on a regular basis in order to understand ESG-related issues that matter the most. Key ESG issues identified through stakeholder engagement and materiality assessment allow us to identify their expectations of the Group and develop appropriate strategies to respond to their views and needs.

3.4. REVIEW AND APPROVAL

The board of directors acknowledges its responsibility for ensuring the integrity of the Report and to the best of their knowledge, this Report addresses all relevant material issues and presents the ESG performance of the Group. The Board confirms that it has reviewed and approved the Report.

4. STAKEHOLDER ENGAGEMENT & MATERIALITY ASSESSMENT

Effective communication is vital for our success. The Company recognises and appreciates the valuable contributions made by stakeholders in advancing sustainable development. We highly value their feedback and opinions, which guide our management strategy on various sustainability issues.

4.1. STAKEHOLDER ENGAGEMENT

In previous years, we engaged the services of a third-party consultant to facilitate our stakeholder engagement process. To understand the ESG issues that hold significance for both our stakeholders and our business, interviews and surveys were conducted with the Group's senior management. The findings obtained were subjected to thorough analysis and validation by our senior management team, ensuring the reliability and accuracy of the results.

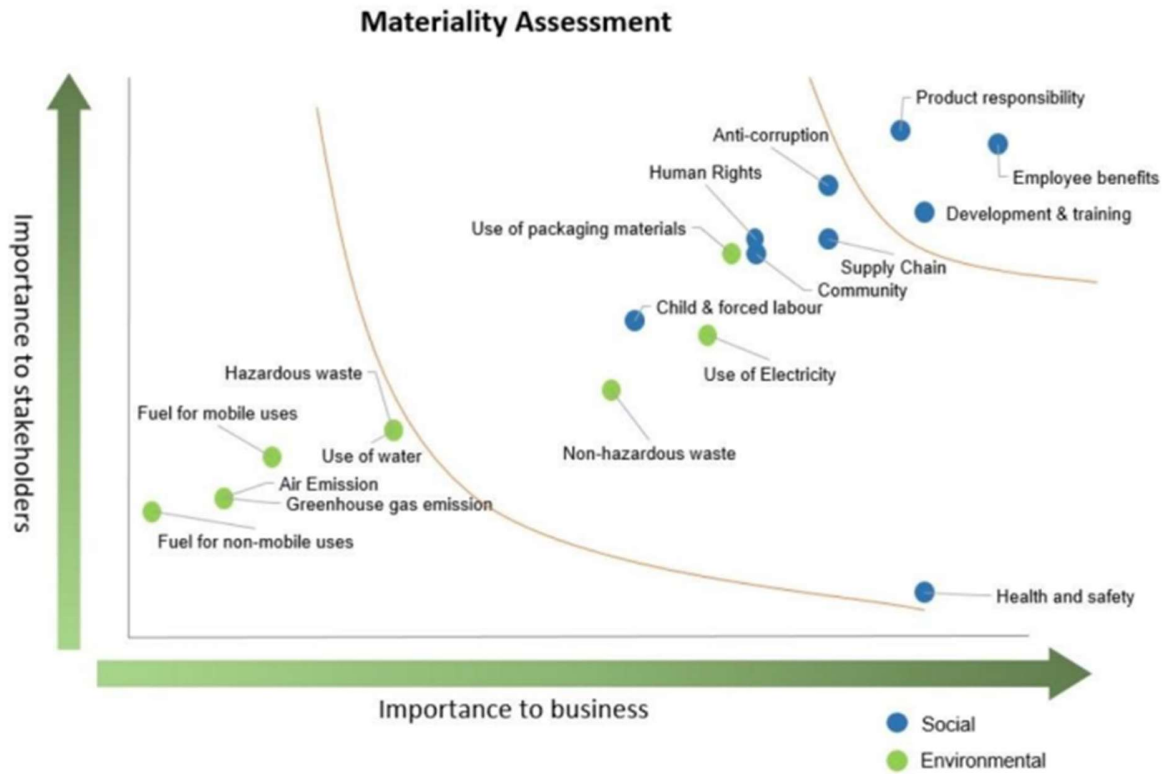
During the Reporting Period, we collected feedback from multiple departments regarding any information updates on our current ESG policies and initiatives, and reviewed the validity of our materiality findings.

4.2. MATERIALITY ASSESSMENT

Materiality assessment is key to identifying the major focus of our ESG direction and strategies. As there have been no substantial changes in our reporting scope, business nature, and key stakeholders, it is expected that the materiality assessment result will not have a major change after internal assessment. Thus, previous materiality assessment results are used.

The Group will conduct an annual review of these results to ascertain the need for stakeholder engagement and materiality assessment. To identify ESG issues that hold material significance for the Group, and to formulate appropriate ESG strategies, manage ESG practices, and determine the direction of the Report, we engaged third-party consultant in the previous reporting year to conduct a comprehensive materiality assessment.

After evaluating the significance of each ESG topic based on stakeholder input, each topic was ranked and presented in the materiality matrix below. The topics in the upper right quadrant of the matrix have been identified as the most critical ones, as they hold the greatest importance for the Group's business operations and stakeholders, according to their respective perspectives.



The top 3 ESG issues for social and environmental aspects and their relevance to the business operation is shown below respectively. Details will be disclosed in the relevant sections of this report. These material ESG issues have been taken into consideration in our ESG policy development and the resource allocation in the ESG management approaches.

Subject area	Material issue	Relevance to the business
Environmental	Use of packaging materials	Packaging materials used are specified by our clients (i.e. cardboard boxes, plastic 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 includes 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, while enhancing competitiveness at the same time.
	Product responsibility	To protect our brand image and retain customers' trust, we are committed to providing high-quality and safe products to customers.

5. ENVIRONMENT

The Group upholds environmental protection as part of its corporate culture. We recognise that our operations impact the environment, and consider this an indispensable element in our decision-making processes. The '**Sustainability Policy**' of the Group serves as a testament to our unwavering commitment to reducing the negative impact of our operational activities on the environment. This policy has been endorsed by our executive director, highlighting our dedication to creating a sustainable future. We strive to integrate various sustainable development practices into all aspects of the Group's activities, ensuring that sustainability becomes an integral part of our operations.

We are committed to complying with all applicable local environmental regulations and other related requirements for promoting sustainable development and preventing environmental pollution. During the Reporting Period, the Group has not identified any non-compliance on environmental emissions against relevant regulations of the reporting scope.

5.1. EMISSIONS

GHG Emission

The Group is dedicated to actively reducing carbon footprint and mitigating the emission of air pollutants and greenhouse gases (GHGs) throughout all aspects of its operations. We prioritise implementing environmentally sustainable practices at every stage of our business activities to minimize our impact on the environment.

During the Reporting Period, the total GHG emission of the Group is 623.49 tonnes of carbon dioxide equivalent (tCO_{2e}), representing emission intensity of 3.47 tCO_{2e} per million HKD revenue or 2.04 tCO_{2e} per headcount. In comparison to the previous year (2022/2023), the total emissions have experienced a notable increase of 21.16%. This increase can be attributed to the easing of pandemic restrictions and the resumption of normal business operations, particularly trading activities.

The primary source of greenhouse gas (GHG) emissions for the Group is generated from purchased electricity (81% of total emission; Scope 2 emission) and vehicle transportation (18% of total emission; Scope 1 emission). As part of our commitment to environmental sustainability, we aim to decrease carbon emissions resulting from vehicle use. The Group has set a clear objective to achieve a 15% reduction in carbon emissions by the year 2031, against the baseline year of 2021.

In terms of air emissions, the major source stems from the combustion of diesel and petrol fuel in vehicles in Hong Kong's operations. Throughout the Reporting Period, 57.01 kg of Nitrogen Oxides (NO_x) was emitted.

	2023/2024	2022/2023
Total GHG emissions (Scope 1, 2 and 3)¹	623.49	514.60
Scope 1 – Direct²		
Mobile combustion (tCO ₂ e)	110.80	41.20
Scope 2 – Energy indirect³		
Purchased electricity (tCO ₂ e)	507.76	529.20
Scope 3 – Other indirect⁴		
Business air travel (tCO ₂ e)	4.93	-55.70 ⁵
Paper waste disposed at landfills	-	
GHG emissions intensity by revenue (tCO₂ / million HKD)	3.47	2.40
GHG emissions intensity by workforce (tCO₂ / headcount)	2.04	1.58
Air pollutants⁶		
NO _x (kg)	57.01	62.07
SO _x (kg)	0.27	0.23
PM (kg)	2.82	5.97

¹ Global Warming Potential (GWP) adopted in this GHG calculation was based on the values disclosed in the Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC).

² Scope 1 refers to “direct GHG” emissions which mainly originate from fuel combustion during petrol/diesel oil consumption by vehicles. The calculation method was based on “2006 IPCC Guidelines for National Greenhouse Gas Inventories”.

³ Scope 2 refers to “energy indirect GHG” emissions which originated from the consumption of electricity purchased from external sources. The regional grid emission factor used for the calculation of emissions from operation sites in Mainland China was referenced to the values issued by the National Development and Reform Commission (NDRC) in People’s Republic of China, while the emission factor used for calculation of emission from electrical facilities in Hong Kong and Macau were referenced to the sustainability report of the designated power company.

⁴ Scope 3 refers to “other indirect GHG” emissions which was originated from the category of business air travel activities (in km) only. The calculation method was referenced to Conversion factors 2021 - DEFRA (Business travel - air, International, to/from non-UK, average passenger).

⁵ 2022/2023 Scope 3 emission is negative due to carbon offset from a large amount of paper being recycled during office relocation.

⁶ Calculation for pollutant emission from the use of vehicles was referenced to the emission factors issued from “Appendix 2: Reporting Guidance on Environmental KPIs” published by HKEx.

Waste Management

The 4R principle – Reducing, Reusing, Recycling and Recovering of waste remains integral to our business operations. The Group recognises its responsibility to minimise waste throughout its operations to reduce environmental impact. We are committed to actively managing waste and strive to maintain waste levels at a low level and to achieve net zero waste generation in the future.

Non-hazardous wastes

Paper plays a significant role in our business operations, being used extensively throughout various processes and activities. We recognise the importance of responsible paper usage and are committed to implementing strategies to minimise paper consumption and promote sustainable practices through the following ways :

- Adopt electronic application system in business practices;
- Electrify paper documents during stock auditing;
- Encourage recycling waste paper, and reuse single-side printed paper and envelopes;
- Placing reminders to enhance employee awareness on paper usage reduction; and
- Setting duplex printings to default setting;

During the Reporting Period, the Groups generated a total of 22.05 tonnes of paper waste. The Group is dedicated to reducing paper usage, aiming to achieve a 15% reduction by 2031 from the base year of 2021.

In addition to the waste generated from regular operations, construction waste may be generated during the refurbishment of our POS and stores for our brands. In such cases, we prioritise the adoption of the 4R principle to minimise the generation of construction waste. We ensure adherence to local regulations and internal guidelines in treating and disposing of construction waste. Since construction waste disposal is carried out independently by third-party contractors in strict compliance with local regulations, we do not possess specific data regarding the quantity of waste generated during construction, renovation, and improvement works at our stores and POS.

Hazardous wastes

During the Reporting Period, the Group's subsidiary engaged in the printing business generated a total of 3.58 tonnes of hazardous waste, mainly spent rag with solvent. To ensure proper management and disposal, these hazardous wastes were collected and handled by qualified recyclers. While the Group may not have direct control over the suppliers or principals of the respective brands, we actively communicate with them to ensure compliance with local environmental laws and regulations and promote the adoption of green procurement methods.

	Total Weight of Wastes (tonne)	Waste Intensity (tonne / million HKD revenue)
Non-hazardous wastes	22.05	0.12
Hazardous wastes	3.58	0.02

5.2. USE OF RESOURCES

Apart from reducing GHG emissions and waste generation, valuing resources and promoting responsible resource management are key priorities for us. We are dedicated to implementing initiatives that focus on conserving energy, water and packaging materials throughout our operations.

Energy consumption

The total energy consumption and intensity recorded during the Reporting Period were approximately 1,112,589 kWh and 6,195.29 kWh / million HKD revenue respectively, with a 4% reduction compared to 2022/2023 consumption.

In order to further reduce energy consumption in our operation, the Group has adopted administrative practices and equipment installation over the years:

- Replacing traditional lighting with more energy-efficient LED lighting ;
- Maintaining air conditioning system operating at 24°C to avoid over-cooling of offices;
- Turning off the air conditioning system after 7 pm;
- Encouraging employees to switch off idle electronic equipment and lights, especially during non-business hours (e.g. lunch hours); and
- Prioritising the adoption of energy efficiency labelled products.

The Group is dedicated to reducing energy consumption, aiming to achieve a 15% reduction of energy intensity by 2031 from the base year of 2021.

	2023/2024	2022/2023
Energy purchased (kWh)	1,112,589	1,161,403
Intensity (kWh per million HKD revenue) ⁷	6,195.29	5,423.85

⁷ The Company revenue in million HKD of the reported scope were approximately 179.59 and 214.13 in 2023/2024 and 2022/2023 respectively.

Water consumption

Regardless of our minimal reliance on water resources in our trading business, the Group is aware of water scarcity. Water-saving labels are displayed in toilets and pantries to encourage employees and visitors to conserve water.

The operating sites within our operation sites (i.e. office and retail stores in Hong Kong, Macau and Mainland China) obtained water from the municipal supply without any difficulties during the Reporting Period. All used water and wastewater are discharged in accordance with relevant laws and regulations. During the Reporting Period, total water consumption is 3,461 m³. The observed increase is mainly attributed to the absence of water consumption data in Macau due to technical issues in the previous report.

	2023/2024	2022/2023
Use of water (m ³)	3,461	1,804 ⁸
Intensity (m ³ per million HKD revenue)	19.27	8.42

Packaging Materials

As a retail and wholesale company, we understand that the protection of our products during transportation is crucial. To ensure the safety of our items as per client specifications, we primarily utilise plastic bags, plastic strips, cardboard boxes, paper boxes, and paper bags for packaging purposes.

While we have limited control over the selection of packaging materials due to client requirements, we remain committed to reducing our overall packaging materials usage. Our objective is to achieve a 15% reduction in packaging material usage by 2031, with the base year being 2021. Our retail stores are employing more efficient packaging techniques to minimise the use of wrapping paper.

Packaging materials	Total Weight of Consumption (tonne)	Consumption Intensity (tonne per million HKD revenue)
Paper	16.49	0.092
Plastic	3.44	0.019

⁸ Water consumption data for Macau were not included in 2022/2023 as water bills were included and paid for by landlords.

Other Materials

Besides the resources mentioned earlier, the Group's subsidiary engaged in the printing business utilized a total of 0.71 tonne of zinc during the Reporting Period, with a consumption intensity of 0.0040 tonne per million HKD revenue.

5.3. THE ENVIRONMENT AND NATURAL RESOURCES

Considering our business nature, we recognise the significant impact we have on natural resources, particularly due to our high paper demand. We understand that paper production contributes to deforestation and other environmental concerns. Therefore, we are committed to minimising our ecological footprint and implementing sustainable practices throughout our paper usage lifecycle.

Compliance with applicable environmental laws and regulations is of paramount importance to us. We recognise that sustainable development is a collective effort. As such, we prioritise the adoption of sustainable measures to reduce emissions, minimise waste, and enhance resource efficiency in our daily operations (e.g. prioritising the adoption of energy-efficient equipment and encouraging recycling practices). We consistently communicate these sustainable measures to our employees through regular email updates to raise awareness and encourage environmentally responsible practices.

In addition to the measures mentioned, we also prioritise creating a green and sustainable work environment. We incorporate plants into our facilities, ensuring they are present in every corner of our spaces. We believe that this not only enhances the aesthetics of our workspaces but also encourages our staff to plant and nurture plants in their working areas. We hope to instill a sense of ownership and connection to nature among our employees and strive to create a more sustainable and nurturing atmosphere that aligns with our overall commitment to environmental responsibility.

5.4. RESPONSE TO CLIMATE CHALLENGE

Our Group places a strong emphasis on reducing the environmental impact of its business operations and addressing natural resource depletion. We have implemented the following measures for preparedness and response to climate change.

Preparedness plan for disaster management

For emergencies (e.g. typhoons and heavy rains) that may affect the Group's operations, we have established measures to prevent damage caused by extreme weather. Measures including :

- Working arrangement in black rainstorm warning and/or typhoon signal no. 8 situation;

- Reinforcement of outdoor assets to enhance its strength against strong winds;
- Check windows regularly and ensure all windows are closed before typhoon strikes;
- Strength back-up equipment for emergency use; and
- Provide disaster prevention knowledge training to employees

During the Reporting Period, the Group has not been seriously affected by extreme weather conditions, we will continue to monitor and implement relevant measures.

6. EMPLOYMENT AND LABOUR PRACTICES

6.1. EMPLOYMENT

To ensure a fair, safe, and inclusive workplace, we have developed an Employee Handbook. The handbook serves as a guide for the employees and outlines a comprehensive range of employment practices, type of leave, welfare and benefit, termination policy, TBHR system, salary, and rainstorm and typhoon practise that strictly comply with the local employment laws and regulations applicable in regions where the Group operates. Introduction of the contents of the employee handbook will be carried out for employees who were newly hired.

Recruitment and dismissal

The Group is committed to enabling an open and fair recruitment process in which all the candidates are assessed and selected solely based on their qualifications, skills, and the ability to fulfil the job requirements. We strictly adhere to the prescribed recruitment procedure to ensure fairness and transparency at every stage of the process.

Discrimination in any form is not tolerated, and each candidate is provided with equal opportunities throughout the hiring process. The Group has implemented an '**Equal Opportunity Policy**' that aims at promoting equal opportunity in recruitment, promotion, and employment, ensuring all candidates and employees are treated fairly, and prohibiting any form of discrimination on the grounds of age, sex, race, family status, disability, pregnancy, and ethnicity in the workplace.

In addition to the recruitment process, we have a clear dismissal system and procedures, such that the employee's dismissal is reasonable with valid reasons (e.g. misconduct, fraud, and incapability to perform work). Terminal payments were made to the employees when their employment was terminated by the Group. Employees also have the right to resign voluntarily by giving suitable notice according to the terms set in the employment contracts.

Promotion and remuneration

The Group ensures promotions are based on individual performances and capabilities, without any biases and discriminations. Besides, regular evaluation and appraisal of employees' job performances are carried out by the assigned supervisors in a fair, holistic, and objective manner, taking into account the overall achievements of the employees. Discretionary bonuses may also be granted to eligible employees based on their performance.

We believe employees are important assets to the Group. We strive to retain quality employees by reviewing and adjusting our employees' salaries with reference to the market conditions to ensure competitive remuneration packages are offered. For our retail subsidiaries, a clear range of starting salary for different occupational class was developed as well. Moreover, all employees are entitled to statutory benefits (e.g. statutory holidays, annual leave, sick leave, maternity leave, and compassionate leave) as per local laws and internal policies, as well as medical subsidies including Western, Chinese medicine, and dentistry, and retirement scheme contributions, which enable employees to receive essential benefits and protection. Besides, front-line employees are entitled to a birthday holiday after probation, while office employees are offered a cake coupon and entitled to a birthday holiday after one year of service.

Promoting work-life balance is a top priority for us, we do not encourage employees to work overtime. Our office and warehouse employees typically follow dayshift schedules, while our sales associates of our retail stores follow day and night shifts. However, in situations where overtime work becomes necessary, compensation is paid for overtime work according to relevant labour legislation. Transport allowance is provided to retail staff to ease employees' burden. In addition, we provide education allowance to encourage employees to equip themselves and advance their professional skills.

Furthermore, we value the opinions of employees and aim to foster a workplace with mutual trust and open communication between management and employees by creating several channels for effective discussions between the parties to address any concerns from the employees related to the workplace.

During the Reporting Year, no reported cases of violations of employment laws and regulations were identified. The Group ensured the formulated measures and policies related to recruitment, dismissal, equal opportunity, promotion, remuneration, and benefits complied with the provisions set in the local government in our operating regions. As of 31 March 2024, the total number of relevant employees was 305 with a total employee turnover rate of 29.5%. The detailed employment data in the Reporting Year is as follows :

		Number of employees ⁹	
		2023/2024	2022/2023
By Gender			
Male		67	74
Female		238	252
By Employment type			
Full-time		266	296
Part-time		39	30
By Age			
Below 30		18	20
30 - 50		162	189
Above 50		125	117
By Employee Category			
Senior management		5	5
Middle management		43	45
General employee		257	276
By Geographical Region			
Hong Kong		169	178
Mainland China		118	130
Macau		18	18
Total		305	326

⁹ The number of employees disclosed was the number of people recorded as of the end of March in the reporting period.

	Employee turnover rate ¹⁰	
	2023/2024	2022/2023
By Gender		
Male	20.9%	26.7%
Female	31.9%	38.3%
By Age		
Below 30	100.0%	102.2%
30 - 50	30.9%	38.2%
Above 50	17.6%	13.9%
By Geographical Region		
Hong Kong	22.5%	31.7%
Mainland China	43.2%	44.8%
Macau	5.6%	16.2%
Total	29.5%	36.0%

6.2. OCCUPATIONAL HEALTH AND SAFETY

The Group strives to foster a healthy and safe workplace for the employees by integrating relevant occupational health and safety guidelines according to the Labour Department of Hong Kong into the Employee Handbook to minimise, mitigate, and prevent the possible occurrence of work hazards, injuries, diseases, so as to safeguard the health and safety of employees. We believe the occupational health and safety guidelines can raise employee awareness of work-related risks and maintain a healthy and safe work environment. Also, we have arranged dedicated employees responsible for the Group's occupational health and safety matters and reviewed our related performance regularly to ensure our workplace remains safe and healthy.

To ensure employees are fully aware and prepared for fire emergencies, the Group regularly conducts fire drills and displays fire escape routes at each exit. Smoke doors were also installed to minimise the occurrence of injuries to a large extent. Necessary fire extinguish and first-aid equipment were provided to employees and AED was situated on the ground floor of our premises to mitigate and prevent work-related injuries, ensuring safety in the workplace. In addition, we strictly forbid alcohol drinking and illegal drug abuse in the workplace to ensure employees can perform their work soberly and professionally, and keep the workplace safe. To create a healthy workplace and maintain employees' health, the Group provides body checkups for employees,

¹⁰ Employee turnover rate= total number of employees resigned in the specified category / number of employees in the specified category x100%

washes the carpets once a month, and cleans the air conditioning system regularly. Besides, we have set up several infectious disease control measures to control the spread of diseases in the workplace, including the provision of antibacterial hand sanitisers and surgical masks, and flexible work arrangements such as work-from-home and shift rotations.

In addition to the measures provided for facilitating the physical health of the employees, we also care for their mental health by setting up complaint channels for employees to express their concerns and grievances freely.

Despite the Group's main operation being wholesaling and retailing, which may be considered a low-risk workplace with POS involved, we ensure full compliance with the local regulations and laws in the operating regions in the Reporting Year, to reinforce our safety management system and ensure the health and safety of the employees.

During the Reporting Year, no reported cases of violations of the occupational health and safety laws and regulations in the operating regions were identified. No work-related fatalities occurred over the past two reporting periods, including the Reporting Year. However, there was 1 case of work-related injury (less than 3 days) in the Reporting Year.

	2023/2024	2022/2023
Number and rate of work-related fatalities	0 (0%)	0 (0%)
Number of work-related injuries	1	2
Lost days due to work-related injuries	< 3	80

6.3. DEVELOPMENT AND TRAINING

The Group believes continuous employee development and training are necessary and material for the enhancement of both the Group's operation and our employees' professional growth and development. We have established a series of internal and external training, and development courses with different topics and themes to strengthen the knowledge and capability of employees. All internal training courses were fully paid by the Group for employees, while external training courses were subsidised, or fully paid by the Group if the course is recommended and enrolled by us.

To familiarise new employees with the Group policies and practices and their roles during onboarding, we provide orientation and induction training to the new hires, with an introduction to the Group's background, culture, mission, vision, facilities, employee handbook, and social responsibility. Experienced employees were also arranged to guide new employees such that they could quickly adapt to the workplace.

To build up professional work-related knowledge of employees, we arrange work-related courses for employees and encourage them to obtain related certifications to enhance their professional

qualifications. We have designed specific training on product knowledge to allow employees to fully familiarise themselves with our products' characteristics, features, and advantages so that they can better understand the products and effectively promote them. The Group also organised information safety and privacy training to educate employees on the identification of security threats (e.g. phishing and malicious programs), and the protection of personal and confidential data to enhance employees' security awareness and reduce the risk of data breaches. Moreover, we recognise the significance of developing and enhancing employees' soft skills (e.g. communication and sales skills), which play a crucial role in building connections and fostering relationships with colleagues, clients, and suppliers. Complementary with hard skills training (e.g. Excel skills) to promote employees' personal growth.

As of 31 March 2024, a total of 511 employees have received training, with a total training hours of approximately 2,038 hours. The statistical details of training hours and trained employees are shown below :

		Percentage of trained employees ¹¹	
		2023/2024	2022/2023
By Gender			
	Male	5.1%	4.9%
	Female	94.9%	95.1%
By Employee Category			
	Senior management	0.8%	1.2%
	Middle management	6.5%	5.8%
	General employee	92.8%	93.0%

¹¹ Percentage of employees trained= total number of trained employees in the specified category / number of trained employees x100%

		Average training hours per employee¹²	
		2023/2024	2022/2023
By Gender			
	Male	3.6	2.2
	Female	7.5	5.1
By Employee Category			
	Senior management	39.9	31.1
	Middle management	7.1	3.9
	General Employee	6.0	4.1

6.4. LABOUR STANDARDS

The Group strictly prohibits and combats any form of forced labour and child labour in our workplaces. We are committed to upholding, respecting and protecting human rights to create a fair and zero-discrimination working environment.

We have established internal processes and systems during recruitment to verify the identity documents of the candidates to ensure they have the right to work and their ages are above the legal minimum age for work. Besides, we ensure all employees are working voluntarily without experiencing any threat of penalty, physical abuse, or mental abuse, and provide them the right to resign in a voluntary manner with a suitable notice period, demonstrating our commitment to eliminate and prevent forced labour. In case when suspected cases of child or forced labour are identified, our Human Resources Department acts swiftly and responsibly to report the case to the relevant department and take appropriate actions to safeguard the personal safety of the affected individual. Any individuals involved are immediately dismissed from their positions.

During the Reporting Year, we ensured strict compliance with the laws and regulations relating to the prevention of forced labour and child labour, and no reported cases of violations of the related laws and regulations in the operating regions were identified.

¹² Average training hours per employee= total number of training hours received by employees in the specified category / number of employees in the specified category x100%

7. OPERATING PRACTICES

7.1. SUPPLY CHAIN MANAGEMENT

To ensure quality procurement, the Group has implemented various policies and measures to assess and evaluate the performance and qualification of the potential suppliers, ensuring the engaged suppliers meet the required standards and are capable of delivering the desired products or services efficiently and effectively.

The quality of suppliers was of great importance to the Group, we evaluate and appoint suppliers based on their ability on research and development (R&D), productivity, price, and quality standards. During the primary evaluation stage of suppliers, we required them to declare their interests by stating their relationship with any of our employees to avoid conflicts of interest, ensuring the procurement process was carried out fairly and preventing biases made on procurement decisions. We ensured suppliers were in compliance with our supplier code and their information were kept confidential. Besides, the Group conducts seasonal appraisals in collaboration with existing suppliers across various departments. These appraisals involve random checks on aspects such as product quality, time management and services to ensure consistent quality and enhance business outcomes. The Group also implements a transparent accountability mechanism to oversee suppliers and ensure their compliance with product safety and quality standards, labour practices, and business ethics, allowing us track and monitor the performance of suppliers in these critical areas.

The Group's commitment to protecting the environment is reflected in its priority to source from suppliers that offer environmentally friendly products. Among the suppliers engaged, one Hong Kong supplier and one Mainland China supplier provided seawool products which were made from recycled bottles and oyster shells. We carefully select our suppliers and continually assess supplier risks. We have been considering opportunities to purchase from a more sustainable perspective. As paper is a primary raw material in our business, we seek to utilise this valuable resource to the most responsible manner possible. In order to ensure that our suppliers possess our commitments to quality and ethics. Most of our suppliers obtained the FSC, PEPC or Ecolabel certification, which verifies that paper products have been produced from responsibly sourced wood fibre.

In the Reporting Year, there were 59 suppliers with 4 new suppliers engaged. The detailed distribution of suppliers by geographical location is shown below :

	Number of suppliers	
	2023/2024	2022/2023
By Geographical location		
Hong Kong	19	16
Mainland China	29	29
Japan	3	2
Sweden	2	2
United Kingdom	0	1
Spain	1	1
Germany	1	1
Korea	1	1
Switzerland	1	0
Poland	1	0
Canada	1	0
Total	59	53

8. PRODUCT RESPONSIBILITY

8.1. PRODUCT QUALITY ASSURANCE

The Group aimed to provide products with high-quality standards and fulfil safety standards set by relevant regulations and laws to ensure the products consistently meet customers' expectations. We adhere to the legal requirements regarding advertising and labeling requirements concerning our products. Product sold in China is posted with labels in both Chinese and English, while products sold in Hong Kong are in English only.

Quality management and product recall procedure

To maintain the quality of services and products at every stage, the Group has implemented a clear standard operation procedure (SOP) for quality management, which covers R&D, production control, finished goods and customer service. We ensure the quality standards of our products align with the image and positioning of our brands.

Product safety was another paramount concern for the Group, we take rigorous measures to ensure that all our products meet the highest safety standards. We ensure that none of our provided

goods are harmful and strictly avoid the use of hazardous materials throughout the design and manufacturing process. Every style of our product was tested by an official testing laboratory in accordance with the safety requirements of relevant laws to ensure our products are safe to use and protect customers from unexpected risks. In the event that any substandard products are identified during the testing process or subsequent quality control inspections, substandard products will be returned to the respective suppliers for further investigation and resolution.

In addition to our established quality management system, the Group has developed a product recall process to address any potential recalls related to health and safety reasons. When complaints about our products occur regarding health and safety, we will send the products to an authorised testing institute to conduct relevant tests. If the products fail the relevant tests, we will inform all retail shops and customers to recall all the related products and destroy them. During the Reporting Period, there was no reported incident of recalls of products sold or shipped due to safety and health reasons.

Handling of consumer complaints

The Group value the opinions and complaints of our customers as they provide valuable insights for us to enhance and improve our performances. To effectively address customer complaints, we have set up a comprehensive complaint handling system to ensure complaints can be responded to and addressed promptly. Long-term improvement methods were also established for each complaint, in which returned goods were inspected and classified into different handling categories, such that we could understand the specific area of problems and issues of the products that we need to improve on, thus minimising the number of complaints received by the Group.

During the Reporting Period, there were no complaints received regarding the products and services provided by us.

Protection of intellectual property rights and data privacy

We are committed to protecting and maintaining intellectual property rights by requiring all suppliers to sign an agreement explicitly outlining the Group's intellectual property and copyright protection measures. To protect our brand identity, the Group also applied for trademark via intellectual property rights registration in relevant countries. Moreover, we only procure genuine products and strictly prohibit the purchase of products and services that violate copyrights or intellectual property rights.

In addition to intellectual property rights, the Group is dedicated to protecting the privacy of customers and ensuring that personal data are kept confidential. We imposed guidelines and policies to handle customers' personal data to make sure strict compliance with local regulations, including but not limited to the Personal Data Privacy Ordinance (Cap.486) in Hong Kong. Consent from customers was received before collecting their data to ensure we were lawfully using personal information. The purpose of collecting personal data was listed to ensure customers understand the use of their personal data and obtain their trust. In case of any changes to the content of the

customer's data collection agreement, we will update and communicate these changes to our customers clearly and transparently. Only authorised employees responsible for handling customer data have access rights to the collected data to prevent unauthorised access and data leakage.

In addition to protecting customer data, we also prioritize the confidentiality of our own internal information. Employees are required to handle confidential information securely, in accordance with the Confidentiality Policy of the Group.

9. ANTI-CORRUPTION

9.1. ANTI-CORRUPTION POLICY

The Group upholds high standards of integrity and impartiality in our business operation and remains zero tolerance towards any corruption or misconduct cases. We have engaged an independent non-executive director and a third party to monitor the governance performance and internal finance of the Group respectively to ensure compliance with business ethics. A series of policies and measures that adhere to the local regulations and laws in the operating regions were implemented to ensure integrity in our workplaces and prohibit any kind of fraud, bribery, or corruption.

We have formulated an '**Anti-corruption Policy**' that includes practices and guidances for employees to prevent corruption and bribery, such as the guidances for acceptance of advantage (e.g. gifts and discounts) and dealing with conflict of interest. We provide employees with conflict of interest declaration to ensure the decisions made are unbiased. The Group encouraged all employees, and business partners, including suppliers, clients, and contractors, to comply with the practices under this policy and we ensured all the aforementioned parties were aware of the Group's prevention practices of corruption and bribery. Regular anti-corruption training was provided to directors and employees to raise their awareness and ensure their understanding of the anti-corruption measures taken by the Group. Furthermore, HR Manager reviews our internal anti-corruption control system on department level to prevent fraud, bribery and money laundering in the workplace.

The Group encourages employees and business partners to report any suspected or actual malpractice or corruption cases in the workplace based on the reporting procedures in the '**Whistleblowing Policy**' of the Group. As outlined in the policy, we provided channels for reporting for employees and external parties. Upon any suspicion of misconduct or corruption, employees should first report to the Head of the Division or Department and the report will be submitted to the Chief Executive Officer after details of the suspected misconduct or corruption cases were collected. External parties are encouraged to email the Chairman of the Board to report the suspected corruption or malpractice cases if they noticed any, and they can report to the Audit Committee by email if the Chairman of the Board is involved in the case. For each reported case, a full

investigation is conducted fairly by an appointed seniority or dedicated committee of the Group. Once the Group identified and confirmed corruption cases, employees involved are summarily dismissed and the cases are referred to the relevant authorities (e.g. Securities and Futures Commission) if necessary.

During the Reporting Period, the Group did not receive any cases related to corruption or whistleblowing issues. There were no concluded or ongoing legal cases regarding corrupt practices brought against the Group or its employees. Besides, there were no cases of non-compliance to anti-corruption laws and regulations identified in the regions where the Group operates.

10. COMMUNITY ENGAGEMENT

10.1. COMMUNITY ENGAGEMENT

We are dedicated to engaging in community activities and services that contribute to the growth and cohesion of our society. Our commitment to fulfilling corporate social responsibility and dedication to creating a positive impact on the community is emphasised by the community activities participated in.

The YGM Corporate Volunteering Team continues to facilitate employee involvement in volunteering and community support work. Volunteer activities (e.g. Pink Walk 2023) were promoted to the employees' family and friends. We have organised charitable activities with community organisations, poverty alleviation organisations, health and welfare organisations and environmental protection organisations. The Group continually participates in fundraising and community care activities, and donates money or resources in the name of the Group. The areas of community services that we actively contributed to include environmental protection, child care, elderly visits and health, etc.

During the Reporting Period, we have participated and collaborated with different parties on a variety of community services with full support from Hong Kong offices and retail shops of the Group, including:

- Second-hand book and household goods recycling – “The journey of the rebirth of old items in households”
- Children’s Thalassaemia Foundation Gold Flag Fund Raising Day
- Elderly Home Visiting – “Caring for the Elderly Mid-Autumn Festival 2023”
- Tung Wah Group of Hospitals Flag Day 2023
- “Mid-Autumn Festival Mooncake Box Recycling Scheme”
- Pink Walk 2023
- “Red-packet Recycling and Reuse Campaign 2024”



Elderly home visiting – "Caring for the Elderly Mid-Autumn Festival 2023"



Supporting Tung Wah Group of Hospitals Flag Day 2023



Supporting Pink Walk 2023 fundraising walk and donated HKD 7,150 cash to Hong Kong Breast Cancer Foundation



Supporting inhouse "Red-packet Recycling and Reuse Campaign 2024"

11. THE STOCK EXCHANGE ESG REPORTING GUIDE CONTENT INDEX TABLE

HKSE ESG Reporting Guide	Description	Chapter
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	5.1 Emissions
KPI A1.1	The types of emissions and respective emissions data.	5.1 Emissions
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.1 Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.1 Emissions
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.1 Emissions
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	5.1 Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	5.1 Emissions

HKSE ESG Reporting Guide	Description	Chapter
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	5.2 Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	5.2 Use of Resources
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	5.2 Use of Resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	5.2 Use of Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	5.2 Use of Resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	5.2 Use of Resources
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	5.3 The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	5.3 The Environment and Natural Resources
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact the issuer.	5.4 Response to Climate Challenge

HKSE ESG Reporting Guide	Description	Chapter
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	5.4 Response to Climate Challenge
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	6.1 Employment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	6.1 Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	6.1 Employment
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.	6.2 Occupational Health and Safety

HKSE ESG Reporting Guide	Description	Chapter
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	6.2 Occupational Health and Safety
KPI B2.2	Lost days due to work injury.	6.2 Occupational Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	6.2 Occupational Health and Safety
Aspect B3: Developing and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	6.3 Development and training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	6.3 Development and training
KPI B3.2	The average training hours completed per employee by gender and employee category.	6.3 Development and training
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.	6.4 Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	6.4 Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	6.4 Labour Standards

HKSE ESG Reporting Guide	Description	Chapter
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of supply chain.	7.1 Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	7.1 Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	7.1 Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	7.1 Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	7.1 Supply Chain Management
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.	8.1 Product Quality Assurance
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	8.1 Product Quality Assurance
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	8.1 Product Quality Assurance

HKSE ESG Reporting Guide	Description	Chapter
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	8.1 Product Quality Assurance
KPI B6.4	Description of quality assurance process and recall procedures.	8.1 Product Quality Assurance
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	8.1 Product Quality Assurance
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.	9.1 Anti-corruption Policy
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.	9.1 Anti-corruption Policy
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	9.1 Anti-corruption Policy
KPI B7.3	Description of anti-corruption training provided to directors and staff.	9.1 Anti-corruption Policy

HKSE ESG Reporting Guide	Description	Chapter
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 take into consideration the communities' interests.	10.1 Community Engagement
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	10.1 Community Engagement
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	10.1 Community Engagement

