

長江製衣有限公司

YANGTZEKIANG GARMENT LIMITED

股份代號 Stock code : 294

ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT
環境、社會及管治報告

2022/23

For the Year Ended 31st March, 2023
截至二零二三年三月三十一日止年度

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1. ABOUT THIS REPORT

1.1. Overview

This Environmental, Social and Governance (“ESG”) Report (the “Report”) is published by the YangtzeKiang Garment Limited (the “Company”) (HKEx Stock Code: 294) and its subsidiaries (hereafter referred to as the “Group”), disclosing its strategy and performance of corporate social responsibilities (“CSR”) aligned with the “comply or explain” provisions in the Environmental, Social and Governance Reporting Guide (“ESG Guide”) issued by the Hong Kong Stock Exchange Limited.

1.2. Scope of the Report

This report covers the CSR management approach and performance with respect to the Environmental, Social and Governance (“ESG”) during the year from 1 April 2022 to 31 March 2023 (“FY2022/23”). This Report focuses on the relevant operational information of the core businesses related to the manufacturing and sales of garments during FY2022/23. Given that both revenue contribution and the impact of our business activities on the environment and society, the scope of the Report encompasses the Group’s Hong Kong Head Office as well as subsidiaries in Mainland China, Bangladesh and Ethiopia as follows:

Location of Head Office	Name of the Head Office
Hong Kong	YangtzeKiang Garment Limited (“the Company” or “Head Office”)
Location of subsidiaries	Name of subsidiaries
Panyu, China	Exquisite Knitters (Guangzhou) Limited (“EQK”)
Bangladesh	Lavender Garment Limited (“LAV”)
Location of joint ventures	Name of joint ventures
Wuxi, China	Wuxi YGM Textile Co., Ltd. (“Wuxi”)
Taizhou, China	Taizhou Changxin Textile (Xinghua) Co., Ltd. (“TZCX”)
Ethiopia	Wuxi Number One Cotton Ethiopia Textile Plc (“WNOC”)

Unless otherwise stated, the environmental and social data in the Report covers the entire Group.

1.3. Reporting Standards and Principles

This Report has been prepared in accordance with the ESG Guide under Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKEx”). We have followed the Reporting Principles as recommended by HKEx to define the report content, including:

<p>I. Materiality</p> <p>The disclosed information in the Report was carefully gathered, evaluated and presented based on its materiality to the Group’s business and its stakeholders (See section 3.2 for further details). The reporting scope is defined based on the significance of operations in terms of revenue contribution and ESG impact.</p>	<p>II. Quantitative</p> <p>All the disclosed information, statistics of key performance indicators (“KPIs”) in particular, were organized and calculated according to a series of standardized methodologies which are illustrated in the relevant sections.</p>
<p>III. Balance</p> <p>Information is disclosed as objectively as possible to provide stakeholders with an unbiased picture of the Group’s overall ESG performance.</p>	<p>IV. Consistency</p> <p>The report is written in accordance with the ESG Guide, in order to ensure consistency with its contents. In the event of inconsistency, including any changes in reporting scopes and/or methods of computation for KPIs, the Group will explain in the Report.</p>

1.4. Feedback for this Report

Your views and suggestions help formulate and reinforce the Group’s future sustainability direction and strategy. We hope you can provide us with your valuable comments at cs_info@ygm.com.hk.

2. BOARD STATEMENT

Throughout these years, we have been making consistent advancements and significant improvements by placing a high priority on Environmental, Social, and Governance (ESG) factors, as we strive for sustainable and enduring growth.

Established in 1949, YangtzeKiang Garment Limited (“YGM”) has grown to become a leading garment manufacturer that provides high-quality products and services. Not only is our commitment to ESG a strategic imperative, but it is also a reflection of our core values. As a corporate citizen, we are committed to creating a positive impact on our communities, conserving the environment while maintaining the quality of our businesses. Our pathway also moves towards greater transparency to our stakeholders with our disclosure on sustainability management approaches and performances.

At YGM, we are dedicated to strengthening climate resilience by incorporating ESG concepts into our business operations. In the long run, we support the Country’s national goal of reaching the carbon peak before 2030 and achieving carbon neutrality by 2060. We strive to reduce our carbon footprint in the manufacturing process and sales, enabling us to minimize climate change risk and enhance our carbon management performances. With sound management principles in our operations, we take up our corporate responsibility to contribute to the communities in which we operate in, as well as align with the United Nations Sustainable Development Goals, as illustrated in this report.

Through our joint operations with our partners in different countries, we are committed to upholding human rights, health, and safety standards, as well as taking measures to prevent child and forced labour. Our business provides job opportunities in the global community, and we strive to ensure that all employees are rewarded fairly and work in a healthy and safe environment. Additionally, we have partnered with charity organizations and donated to support community services, furthering our commitment to social responsibility.

The board of directors (the “Board”) takes full responsibility for the Group’s ESG strategy, management and performance, as well as reviews material ESG-related issues and development progress. In order to enhance the managerial level oversight of ESG issues, we have an ESG committee, led by senior management. The ESG committee is responsible for reporting ESG issues and risks to the Board and chairman regularly. To address the ESG risks, all department heads and factory managers are required to identify, evaluate and report the existing and potential ESG risks of their business lines to the board’s risk management committee for internal discussion and review on a regular basis. The Group will continue to improve our ESG governance through regular monitoring of the ESG progress and proposing countermeasures.

On behalf of the Board, I would like to thank all shareholders, clients and business partners for their long-term support, and all employees for their continuous contributions and efforts. Moving forward, the Group will proactively strengthen its ESG strategy to promote sustainable development in all respects.

The Report was confirmed and approved by the Board on 31 July 2023

By Order of the Board
Chan Wing Fui, Peter
Chairman, YangtzeKiang Garment Limited, Hong Kong

3. OUR ESG APPROACH

3.1. Stakeholder Engagement

Communication is the key to success. The Group believes that listening to stakeholders' opinions and effectively responding to their concerns are of paramount importance. This is the foundation for us to get prepared for future sustainable development and the role of a corporate citizen. As such, our sustainable development strategies primarily focus on facilitating stakeholders' understanding of our targets and collecting their feedback so as to implement better approaches and strengthen our sustainable development.

Our major stakeholders include shareholders, clients, employees, suppliers and business partners, and communities. Over the past year, we have engaged through various channels, which are illustrated in the table below:

Stakeholder groups	Communication channels
Shareholders	<ul style="list-style-type: none"> • The Company's website • Company announcements • Annual and general meetings • Annual and interim reports • Survey
Clients	<ul style="list-style-type: none"> • Meeting and promotion activities • Company website • Customer direct communication • Customer feedback and complaints • Survey
Employees	<ul style="list-style-type: none"> • Training and orientation • Emails and opinion box • Regular meetings • Employee performance evaluation • Employee activities
Suppliers and business partners	<ul style="list-style-type: none"> • Supplier meetings • Performance assessment • Regular communication with business partners (e.g. emails, meetings, on-site visits etc.)
Communities	<ul style="list-style-type: none"> • Training • Email • Survey

3.2. Materiality Analysis

Materiality assessment helps us identify ESG priorities that we should focus on and report to our stakeholders. It also helps us better utilize our resources to address the most critical issues identified by our stakeholders. In order to identify the ESG issues that are material to the Group in formulating appropriate ESG strategies for ESG management and determining the direction of the Report, a materiality analysis is conducted through the following process:



Considering our businesses did not undergo significant changes compared with the preceding financial year, the materiality results with reference to the industry standards and benchmarks remain relevant and applicable this year as well. The following six material issues covering social, operations and environmental aspects have been identified as being material to our stakeholders and the Group’s business and are thus focused on by the Group.

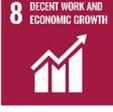


3.3 Sustainability Performance Highlights

Environmental		
Supported HKSAR government’s Climate Action Plan 2050	> 920,000 kWh of energy is saved by undergoing energy - saving reforms	> 3,200 kWh of energy generated by solar power
Social		
HKD 10,000 Community Donation and supported Green Deposit Program organized by BEA, amounting to USD 4,000,000	> 10 average training hours per employee	Zero work-related fatality for three consecutive years
Governance		
Supported the UN Sustainability Development Goals	Organized 15 anti-corruption trainings for employees	ESG committee enhanced the managerial level oversight of ESG issues

3.4. United Nations Sustainable Development Goals

At YGM, we are committed to promoting sustainable development and aligning our business practices with the United Nations' 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs). By supporting the SDGs, we aim to address critical social, economic, and environmental challenges and build a better world for people and the planet. As a responsible corporate citizen, we have identified the SDGs that are most relevant to our business development during the reporting period.

Aspect	Material issues	Relevance to our business operations	Relevance to the SDGs
Caring For People	Child and forced labour	The Group prudently prohibited all forms of child labour and forced labour. We undertake due diligence throughout the recruitment process. All job applicants are required to provide personal identity documents for verification of age. To prevent forced labour, all employees are required to sign a labour contract to ensure the employment is on an equal and voluntary basis.	  
	Human rights	The Group is dedicated to protecting the human rights of our employees by promoting the freedom of trade unions and collective bargaining.	
	Health and safety	The Group strives to provide a healthy and safe working environment to our employees. We implement workplace safety guidelines and comply with relevant laws and regulations.	
Operations Practices	Anti-corruption	The Group regards corruption-free work culture as the foundation of our business development. We do not tolerate any forms of bribery, extortion, fraud or money laundering in our business operations.	
	Product responsibility	Product responsibility is always our main focus. We are in full compliance with relevant laws and regulations to ensure our products conform to safety standards with minimal environmental impacts.	 
Environmental Management	Use of electricity	As the business nature of a garment manufacturer, electricity consumption is essential to our business machines operation, daily office operations and dormitories.	 

4. CARING FOR PEOPLE

The success of our business depends on the untiring efforts and dedicated service of all employees. The Group is committed to paying double efforts to attract, retain, and cultivate our talents for the sake of maintaining its market competitiveness. Not only do we formulate a series of employment policies to ensure that employees are treated fairly, but also provide competitive and attractive remuneration packages as well as benefits including medical insurance, retirement schemes, performance-based bonuses and suchlike. We encourage our employees in their professional training and development and support them to achieve a healthy work-life balance. We regularly review employment policies, remuneration packages as well as health and safety practices in an attempt to create a safe and caring working environment for our employees.

4.1. Labour Standards



The notion of “Protecting children from harm” is every company which bears the burden of social responsibility must strictly adhere to. Referencing relevant laws and regulations concerning labour and forced labour in each operational region, we formulate and prudently comply with the “Code of Conduct” and “Employee Handbook”, which clearly states the prohibitions of any form of child or forced labour. The Group undertakes due diligence throughout the recruitment process. All job applicants are required to provide personal identity documents for verification of age. The Group also ensures that all employees work on a voluntary basis and they can resign according to the requirements of their respective employment contracts. Bonded or forced labour, corporal punishment or coercion of any type related to work are prohibited. Besides, we will eliminate any incident of child labour and forced labour in accordance with the relevant laws and regulations of the operating regions. During the reporting period, there was no violation regarding child and forced labour.

4.2. Employment



The Group conducts our business and operation with the notion of “equality for all” in mind. On this ground, we are dedicated to promoting equal opportunities for all our employees in several different areas, including but not limited to recruitment, compensation and benefits, training, staff promotion, transfer, and dismissal. The “Recruitment Policy” established by EQK and LAV as well as the “Equal Opportunity Policy” and “Equal Opportunity Issue Handling Procedure” established by our head office outlines our commitment to providing a fair and inclusive working environment that embraces and promotes diversity.

For the sake of creating a fair and equal workplace for all employees, we carry out recruitment work according to job requirement. All job applicants are treated fairly and reasonably throughout the recruitment process. The group evaluate job applicants in terms of their work experiences, skills and knowledge. We never reject applications based on gender, marital status, religion, age, race, political affiliation, and physical or mental disability. We also respect the rights of employees to join associations freely and bargain collectively. The labour union at Wuxi and feedback channels at WNOC are established to provide a platform for employees to voice their opinions and concerns.

Our employment contract is aligned with relevant local labour laws and regulations. These relate to terms such as wages, overtime payment, maximum working hours, compensation, rest period and dismissal. Remuneration packages are determined in accordance with employees’ performance and experience, taking into account of prevailing salary levels in the market. We provide meal allowance for employees who work overtime, birthday and accommodation welfare as well as transportation allowance. All employees are entitled to paid holidays, which include statutory holidays and leave such as sick leave, as well as maternity and paternity leave as per local laws. In addition, the Group provides year-end double pay, provident fund scheme, medical insurance and training to staff.

We aim to create a positive and supportive work environment that values our employees' contributions and encourages them to develop their skills and expertise. At Wuxi, we have developed the “Group Salary Management System”, “Group Leader Promotion Management System” and “Wuxi Number One Cotton Performance Evaluation and Management Measures”. These policies ensure that our employees are fairly compensated and have opportunities for career advancement. We regularly assess and adjust our starting salaries based on market conditions. Besides, we establish staff promotion and internal job performance management systems to provide clear paths for career growth.

During the reporting period, the Group was in full compliance with the relevant laws and regulations in which we operate.

The following table shows the Group’s number of employees by gender, age, geographical location and employment type as at 31 March 2023:

	FY22/23	FY21/22
Total workforce	2,404	4,014
By gender		
Male	1,359	2,015
Female	1,045	1,999
By employment type		
Full-time	2,401	4,012
Part-time	3	2
By age		
Under 16	0	0
16-29	950	1,975
30-50	1,048	1,585
51 or above	406	454
By region		
Hong Kong	109	111
Mainland China	1,686	1,801
Myanmar	2	2
Bangladesh	0	1,238
Others	607	862
By employee category		
Senior management	27	53
Middle management	126	204
Non-management	2,251	3,757

Note:

- *The calculations are based on the Reporting Guide for Social Key Performance Indicators issued by the Stock Exchange*
- *The FY22/23 data covers Head Office, EQK, Wuxi, TZCX and WNOC; The FY22/23 data of LAV is not available due to disposal*

The Group's employee turnover rate by gender, age group and geographical location as at 31 March 2023 is as follows:

	FY22/23	FY21/22
Employee turnover rate	31.36%	21.50%
By gender		
Male	28.33%	20.79%
Female	35.31%	22.21%
By region		
Hong Kong	4.59%	18.92%
Mainland China	29.30%	18.77%
Myanmar	0%	250.00%
Bangladesh	0%	34.17%
Others	42.01%	8.82%
By age		
Under 16	0%	0%
16-29	48.63%	27.24%
30-50	19.27%	18.17%
51 or above	20.94%	8.15%
<i>Note:</i>		
- The calculations are based on the Reporting Guide for Social Key Performance Indicators issued by the Stock Exchange		
- The FY22/23 data covers Head Office, EQK, Wuxi, TZCX and WNOC; The FY22/23 data of LAV is not available due to disposal		

4.3. Health and Safety



With the notion of “Safety first”, the Group considers people’s health and safety as well as psychological and physical well-being are always placed in our top priorities. We consistently put tremendous efforts on the provision of comfortable and safe environment to all employees in our premises with the goal of creating an accident-free workplace. The Group has also outlined the health & safety standards for our employees in the “Health & Safety Policy” and “Code of Conduct”. Standard procedures such as special and routine inspections are formulated to identify safety risks and provide guidance on appropriate health and safety practices at the workplace to prevent potential accidents.

We prioritize fire safety by providing essential equipment such as smoke detectors, fire escape routes, first-aid boxes, and fire extinguishers, as well as installing smoke doors to prevent the spread of fire and smoke. In addition, we conduct regular fire drills to ensure that our employees are prepared to respond quickly and safely in case of an emergency. Furthermore, we adopt 5s management system (sort, set in order, shine, standardize and sustain) to create and tidy workplace to avoid work-related injuries.

In addition, the Group also identifies high-risk areas in the workplace. We install warning signs and safety barriers in high-risk areas as well as provide safety training for employees to alert them to potential dangers and prevent accidents. Furthermore, a regular testing of ventilation, temperature and dust is conducted in order to guarantee the safety of the working environment. Besides, we provide relevant health and safety training to employees especially to those who are responsible for handling chemicals or machines including electricity generators and boilers. The corresponding personal protective equipment such as gloves and ear protectors are provided to the employees who are required to wear such equipment during work to avoid any acute or chronic diseases.

The Group has taken additional measures in Bangladesh to ensure the safety of our employees. In Bangladesh, as required by some of our clients, we comply with the requirements of the *Accord on Fire and Building Safety* in Bangladesh (“*Accord*”), which is an independent, legally binding agreement between global brands and retailers and trade unions designed to build a safe and healthy workplace in Bangladesh. The clients that require us to comply with the *Accord* are mainly European brands. In addition, we arrange meetings with doctors and nurses for our employees every two months to promote health and safety in our factory and minimize any potential risks and hazards. For employees who have worked for a certain number of years at Wuxi, the Group arranges annual health check-ups.

Safeguarding against COVID-19

In response to the COVID-19 outbreak, the Group continue to implement a series of operational reinforcement measures to ensure employee health and safety and continued operations. Some of these actions taken by the Group include:

- Intensified hygiene and cleaning procedures in line with sanitary authorities’ guidelines
- Provided individual protection facemasks and hand sanitizers
- Established flexible working arrangements for the employees when they, or their family members or close contacts, display relevant symptoms, or when they are in self-quarantine following a recent trip to a high-risk location
- Distributed COVID-19 brochure to employees to enhance their safety awareness
- Conducted body temperature check before entering the factory
- Physical segregation of teams for a meal break to minimize personal contact
- Frequent cleaning and disinfection of the factories

The Group had zero work-related fatalities for three consecutive years, including the reporting period. The number work related injuries and lost days due to work-related injuries were 2 and 121 days respectively during the reporting period. The Group will continue to develop improvement plans to achieve the zero occupational incident rate target. During the reporting period, there were no reported incidents of non-compliance with laws and regulations regarding occupational health and safety.

	FY22/23	FY21/22
Work-related fatalities	0	0
Work-related injuries	2	12
Lost days due to work-related injury	121	119.5

4.4. Development and Training



The Group recognizes that the professional competence and development of our employees are crucial to our success in today's unpredictable market. We are committed to providing all-round training opportunities for our staff, including education allowances, seminars, and on-the-job training. For new employees, we offer induction training that introduces our corporate background, facilities, staff handbook, and social responsibility. In addition, we assign experienced staff members to guide new employees, ensuring a smooth transition into our workplace. We also offer trainee programs for university students in Ethiopia to gain practical experience and develop their skills.

To continuously improve our staff's knowledge and skills, we regularly review their education needs and provide various training opportunities, such as in-house discussion meetings and seminars conducted by third parties. We organize health and safety courses and technical training for our employees in Mainland China and Bangladesh to raise their awareness and knowledge of health and safety and environmental issues, ensuring that we meet our clients' expectations and requirements.

During the reporting period, the percentage of trained employees in the Group and the average number of training hours per employee are as follows:

Percentage of employees trained (%)	FY22/23	FY21/22
By gender		
Male	54.77 %	54.52%
Female	45.23%	45.48%
By employee category		
Senior management	1.31%	0.68%
Middle management	8.77%	5.79%
Non-management	89.92%	93.53%
Average training hours per employee (hour)		
By Gender		
Male	11.45	12.04
Female	9.50	8.98
By employee category		
Senior management	16.67	5.17
Middle management	17.13	15.24
Non-management	10.17	10.34
<i>Note:</i>		
- The calculations are based on the Reporting Guide for Social Key Performance Indicators issued by the Stock Exchange		
- The FY22/23 data covers Head Office, EQK, Wuxi, TZCX and WNOC; The FY22/23 data of LAV is not available due to disposal		

5. OPERATING PRACTICES

The Group emphasizes the quality of goods and services with the highest degree of integrity to our clients. Not only do we endeavour to satisfy the requirement of clients through the continuous improvement of our products and services, but also adopt a zero-tolerance approach against any bribery and corruption behaviours within our business. According to the materiality analysis results, the top six material ESG issues including “Anti-corruption” and “product responsibility” are highlighted in this section.

5.1. Anti-corruption



The Group advocates integrity and ethical operation, expecting all employees to uphold integrity, ethical and professional standards. The reputational capital of the Group is built on its long-established standards of ethics in conducting business.

The Group adopts a zero-tolerance approach toward any forms of corruption, including bribery, extortion and money laundering as stipulated in our social policy. We are also committed to strictly complying with all applicable anti-bribery laws of different jurisdictions, such as the “Criminal Law” of the People’s Republic of China and the “Anti-Unfair Competition Law” of the People’s Republic of China.

As stipulated in our social policy, we have implemented a zero-tolerance approach to bribery extortion, fraud or money laundering. In addition, our “Code of Conduct” established by head office as well as the “Funds Management System” formulated by WNOC, specifies the standards of conduct in relation to conflict of interests. Regular corruption assessments are conducted to detect bribery, fraud or other malpractice activities. All employees are required to report any potential violation of the “Code of Conduct” or other Group Policies to the management or the relevant government department. We also strive to maintain strict confidentiality concerning the identity of the whistle-blowers, a whistleblowing procedure is in place whereby potential breaches including misconduct, malpractices and/or suspicions of fraudulent activities can be reported confidentially, anonymously and without any risk of reprisal. Any director or employee in breach of relevant policy will be subject to disciplinary action.

Apart from the above policies, the Group conducted 15 anti-corruption trainings for employees to reinforce the alertness of anti-corruption and business ethics during the reporting period. Through the training, we provide some case studies for guiding employees in handling different situations. From the top management to general employees, there is a mindset of anti-corruption. The Group will continue to review and improve our anti-corruption policy and training regularly to prohibit any violations.

During the reporting period, there were no reported incidents of non-compliance with laws and regulations in relation to anti-corruption.

5.2. Product Responsibility



In line with our value of “Quality First”, we not only strive to provide quality products and excellent services, but also ensure the health and safety of our products by preventing the risks of health and safety accidents owing to product usage. Besides, we guarantee the provision of clear and unbiased information which allows our clients to make an informed decision from an indispensable part of our values and principles.

The Group implements Quality Control systems to manage our product quality performance and enhance the quality. Our product quality is in accordance with the requirements of clients and operating areas. For instance, our joint venture at Wuxi has obtained ISO9001: 2015 certification and thus maintained the quality management system with respect to the design and manufacture of yarn and textile products. We prioritize the quality of our yarn and textile products and conduct weekly assessments of their quality. Our testing cycle includes both semi-finished and finished products to ensure that quality is maintained throughout the production process. We also conduct regular testing of product quality through our 'Central Testing Laboratory' (Standard Testing Laboratory) to guarantee that our products meet the highest standards.

Moreover, factory compliance audits have been conducted by our clients or audit firms assigned by our clients regularly for ensuring optimum product quality and production capabilities, as well as compliance with international labour and environmental laws. In addition to satisfying client's requirements, the Group ensures all manufacturing stages, namely fabric selection, marker making, fabric cutting and testing of our products conform to the product standards. The “Code of Conduct” as well as the “Product Safety and Quality Policy” which set out by LAV outline our standards regarding product quality, health and safety, labelling and privacy matters relating to products provided and methods of redress. These policies contribute to sustainable and profitable growth by providing guidance on how to offer products that provide customer satisfaction while complying with the relevant laws and regulations.

The Group is dedicated to providing high-quality products and services and pays close attention to all complaints and recall requests. We have established a sound complaint handling mechanism to respond to customers as soon as possible, which includes developing a customer complaint filing system, assigning a dedicated person for handling complaints, and tracking feedback. We also have a corrective and preventive measures system and a system for analyzing significant quality incidents.

To ensure the quality of our products, we conduct regular inspections before their departure from the warehouses and only execute shipments after receiving approval from clients on the Acceptable Quality Limit (“AQL”) report. We have a recall process that ranges from checking the product or service to notifying customers. Additionally, the Group observes strict compliance with relevant local and national regulations relating to health and safety, advertising, labeling, and privacy matters relating to products and services provided, as well as methods of redress.

At Wuxi, we collect customer feedback through a 'Customer Satisfaction Survey' to improve our products and services continually. Furthermore, we develop long-term improvement methods for each complaint. Our commitment to quality and customer satisfaction demonstrates our dedication to providing the best products and services possible and building lasting relationships with our customers.

Intellectual Property Rights

The Group values confidential information, which covers any trade secrets or any confidential information that is essential for running the business. To safeguard the intellectual property rights of our customers' clothing design, visitors or employees (excluding relevant staff) are prohibited from taking photographs in the production area. Employees are prohibited to share any information related to the Group's trademarks, raw materials, product development, craftsmanship, orders, prices and profits with any irrelevant personnel.

Additionally, the relevant department shall sign agreements with respect to intellectual property rights and confidentiality with its suppliers. The agreements allow all parties to be aware of the ways the intellectual property will be used and the ultimate rights of using and distributing the materials. Thereby, the interest of our customers, the Group and any parties involved are highly protected.

During the reporting period, we strictly complied with relevant laws and regulations of the operating regions in relation to product quality, health and safety, intellectual property right, privacy and suchlike.

5.3. Supply Chain Management



Over the years, the Group has strictly monitored the quality performance, environmental and social management of each supplier. We always work closely with both clients and suppliers, primarily located in Mainland China. Regular audits, such as social audits, safety audits and/or technical audits are conducted at our factories by some of our clients to check whether their *Supplier Code of Conduct* is being observed. If any issue remains outstanding within the period, they also run a follow-up audit to leave no room for non-compliance.

During the reporting period, the Group engaged 778 suppliers from different locations. The following table is the number of suppliers by geographical region during the reporting period:

Region	Number of suppliers
Mainland China	576
Hong Kong China	130
Bangladesh	7
Other	65

The Group endeavours to drive responsible practices along the entire supply chain and align with the principle of open, fair and just procurement. Our selection of suppliers is mainly in accordance with five criteria — availability for production, price, credibility, capability, and full compliance with local laws and regulations. The “*Supply Chain Management Policy*” established at EQK defines standards and guidelines for transparent, fair and efficient supplier selection by the Group as well as for quality- focused collaboration.

In light of the impacts of climate change, the regulatory requirement has been tightened in operations, products and services in recent years. In an attempt to promote green procurement, we always encourage suppliers and clients to apply environmentally-friendly designs and packaging. We give priority to suppliers with sound environmental management and local suppliers whenever appropriate. These allow consistent production of high-quality green products from start to finish, thus the supply chain and the entire product life-cycle become more sustainable, resilient and ever-growing.

5.4. Community Investment

At YGM, we are committed to making a positive impact on the communities where we operate. In 2014, we established the YGM Corporate Volunteering Team to encourage our employees to engage in community activities. The team provides our employees with opportunities to participate in volunteer work and activities, and we offer several incentives to encourage participation. These incentives include fare subsidies, certificates, and insurance purchases by the Group. We also grant a half-day leave for every two activities participated in by colleagues taking part in charity and volunteer services.

Furthermore, we actively seek opportunities to support communities through donations, especially during the COVID-19 pandemic when many community activities have been postponed or cancelled. During the reporting period, we made charitable donations of HKD10,000 to support Lifeline Express Foundation, which helped poor cataract patients in mainland China regain their eyesight. Moving forward, we will continue to support the communities in which we operate, promoting healthy, resilient, and sustainable community development.

Furthering environmental protection and sustainable development in our community, we participated in the Green Deposit Program organized by the Bank of East Asia, Limited (“BEA”), amounting to USD4,000,000. This enables us to join hands with BEA to support green projects and businesses in society.

6. ENVIRONMENTAL MANAGEMENT

Environmental conservation is one of the aspects of sustainable development. The Group is committed to making contributions to environmental protection so as to achieve sustainable development. To address the environmental issues and mitigate their impacts on our operations, our subsidiaries have either developed an overall Environmental Policy or implemented various environmental requirements. In addition, our joint venture in Wuxi has obtained ISO 14001:2015 Environmental Management System certification with respect to the design, manufacture and relevant management process of yarn and textile products. As such, our management systems’ effectiveness is evaluated regularly to ensure the pathway towards sustainable development.

We strictly comply with relevant laws and regulations of the operating regions. There was no prosecution case involving the Group in respect of any environmental law during the Reporting Period. To further practice environmental protection, we usually review our manufacturing process if there is any improvement, draw up plans and implement a set of mitigating measures for a better environment.

We are committed to avoiding, mitigating and monitoring the environmental impacts through the following measures, whenever practicable:

- Efficient use of resources such as energy, water and raw materials
- Waste reduction by minimizing waste at source and recycling used product
- Optimization of material use
- Compliance with applicable environmental legislation, rules and regulations
- Regular review of our operational controls to enhance our environmental performance
- Communication with internal and external stakeholders on environmental performance
- Environmental awareness building of employees through education and corporate activities

The Group's emissions targets and steps taken to achieve them are as follows:

Environmental targets	Directional statements	Measures taken during the year
Renewable Energy	<ul style="list-style-type: none"> • Use of renewable energy to reduce our reliance on non-renewable sources and minimize our impact on the planet 	<ul style="list-style-type: none"> • Applied over 3,200 kWh of energy generated by solar power at Wuxi
Energy efficiency improvement	<ul style="list-style-type: none"> • Reduce the number of office equipment that unduly consumes energy • Apply energy saving products that increase energy efficiency 	<ul style="list-style-type: none"> • Underwent energy-saving reforms for our motor system at Wuxi, resulting in a reduction of over 920,000 kWh of energy • Optimized the air conditioning piping at WNOC, thus reducing electricity consumption • Applied energy efficient appliances and products such as LED light bulbs, thereby increasing energy efficiency • Turned off idle electrical appliances, computers, lighting and air conditioning when leaving the workplace, thereby reducing the number of power consumption equipment • Shutdown unnecessary machines for running during non-office hours or non-peak hours to reduce the energy consumption • Promoted energy saving through training regularly to conserve energy • Inspected the implemented machinery scheduling regularly to improve energy efficiency
Water efficiency improvement	<ul style="list-style-type: none"> • Reduce and monitor the water consumption • Prevent water leakages 	<ul style="list-style-type: none"> • Turned off the water tap after use to eliminate the unnecessary water consumption • Applied auto-stop water tap, wherever applicable, to improve the water use efficiency • Promoted water saving messages to our staff by updating water-saving signage in a common area, thereby reducing the water consumption • Implemented proper maintenance to prevent water leakage, thereby avoiding the waste of water resources

Environmental targets	Directional statements	Measures taken during the year
Greenhouse Gases (GHG) Emission reduction	<ul style="list-style-type: none"> • Reduce the need for the purchased electricity, thereby reducing the generation of indirect GHG • Minimize air emission from fuel combustions to reduce the generation of direct GHG 	<ul style="list-style-type: none"> • Turned off the idle electrical appliances, computer, lighting and air conditioning during non-office hours or when leaving the workplace to reduce GHG emitted indirectly from power consumption • Shutdown unnecessary machines for running during non-office hours or non-peak hours to minimize GHG emitted indirectly from power consumption • Motivated employees to minimize the use of fuel through training, thereby reducing the generation of direct GHG • Monitored the mobile combustion of vehicles as well as the emission of air pollutants from the use of boilers and back-up generators to ensure compliance with relevant legal standards • Inspected gas lines regularly to prevent gas leakage, thereby avoiding the waste of fuel and air emission
Waste reduction	<ul style="list-style-type: none"> • Reduce paper waste generated from the office operation • Reuse materials from the operations • Recycle waste such as paper, aluminium cans and plastics items • Environmental education 	<ul style="list-style-type: none"> • Established an OA office system to apply for and approve relevant matters through the OA system in order to reduce paper usage • Set up an ERP system to manage production, sales, procurement, warehousing, and cost accounting, which helps to avoid unnecessary printing on paper • Used paper on both sides to reduce the waste of paper • Reused materials such as yarn, gum tape, and polythene, thereby minimizing the waste of materials • Set up recycle boxes for recyclable materials including paper, aluminium cans, and plastics • Posted environmental information at the operating places, to enhance employees to reduce both hazardous and non-hazardous waste

6.1. Emissions

6.1.1 Air and Greenhouse Gas Emissions



Air Emission

As the garment manufacturing process is involved in materials transportation, the use of boiler and back-up generator, these activities cause air emissions in the surrounding environment. The main air emissions sources of the Group are generated from the fuel consumption of the vehicles. Nitrogen Oxides (NO_x), Sulphur Oxides (SO_x) and Particulate Matters (PM) are the major air pollutants. As a responsible enterprise, we make every effort to control air emissions through a series of environmental measures. We monitor the fuel consumption of vehicles for our regular review and nurture the awareness of employees. We also minimize activities that cause environmental impacts such as the combustion of fossil fuels. In order to avoid the pollution of surrounding soil and water, all factories are required to monitor emission quality on a regular basis and measure the level of air pollutants emitted from business operations, all of which are in full compliance with the relevant legal standards of the operating regions. At Wuxi, we appointed an independent third party to conduct regular air emission testing to ensure compliance with all applicable legal standards.

The Group's air pollutant emissions during the reporting period are as follows:

Type of Pollutants	Unit	FY22/23	FY21/22
NO _x	kg	164.38	158.29
SO _x	kg	4.44	5.79
PM	kg	15.56	15.09

Note:

- The calculations are based on the Reporting Guidance on Environmental KPIs published by the HKEX
- The FY22/23 data covers Head Office, EQK, Wuxi, TZCX and WNOC; The FY22/23 data of LAV is not available due to disposal
- The data availability of DTG in FY21/22 covers the period of Apr – Jul 2021 only

Greenhouse Gas Emission

Greenhouse gas (“GHG”) emissions are categorized into Scopes 1 and 2 expressed in tonnes of carbon dioxide equivalent (tCO₂e). Emission from electricity purchased is the major emission source which shares 99.94% of the overall emission. The remainder comes from mobile combustion of gasoline, diesel and stationary sources of diesel oil combustion under the operational control of the Group.

The Group endeavours to reduce GHG emissions across its operation and targets to reduce its operational footprint gradually. For the sake of managing the GHG emissions controlled by the Group, particularly in energy consumption along its production line. We formulate various energy conservation measures to reduce the carbon footprint during operations such as applying energy-efficient LED lighting systems and switching off idle electric appliances. Furthermore, the gas lines are inspected regularly to prevent gas leakage. We will continuously minimize our environmental impacts by exploring more energy-saving plans such as adopting solar energy.

This year, we have demonstrated our company's commitment to sustainability and environmental responsibility by applying over 3,200 kWh of energy generated by solar power at Wuxi. By utilizing this renewable energy source, we can reduce our reliance on traditional energy sources and minimize our impact on the environment. Our continued efforts to explore and implement more renewable energy sources will help us to achieve a more sustainable and environmentally friendly future.

Set forth below are the Group's greenhouse gas ("GHG") emissions during the reporting period:

Type of GHG Emissions	Unit	FY22/23	FY21/22
Total GHG Emission (Scope 1 and 2 inclusive)	tCO₂e	150,568.89	162,427.62
Direct (Scope 1) Emissions	tCO ₂ e	94.72	416.39
Energy Indirect (Scope 2) Emissions	tCO ₂ e	150,474.17	162,011.23
Intensity of GHG Emissions			
Head Office	tCO ₂ e/ m ² (floor area)	0.02	0.02
Subsidiaries (EQK, DTG, LAV)	tCO ₂ e/ piece of garment produced	<0.001	<0.001
Joint venture (Wuxi, TZCX, WNOC)	tCO ₂ e/ tonne of yarn	8.48	8.46

Note:

- The calculations are based on the Reporting Guidance on Environmental KPIs issued by the Stock Exchange, 2006 IPCC Guidelines for National Greenhouse Gas Inventories, IPCC Sixth Assessment Report, CLP Power Hong Kong Limited in 2022, the emissions factors for the Mainland-based operations referenced the Ministry of Ecology and Environment of the People's Republic of China, and Climate Transparency (2022 Report);
- Scope 1 includes emissions from stationary combustion of diesel; Mobile combustion of gasoline and diesel; and
- Scope 2 includes the energy indirect emission from the purchased electricity
- The FY22/23 data covers Head Office, EQK, Wuxi, TZCX and WNOC; The FY22/23 data of LAV is not available due to disposal
- The data availability of DTG in FY21/22 covers the period of Apr – Jul 2021 only
- The data of a private car in LAV is not included due to insufficient information for calculation. We will explore and improve the data collection system

6.1.2 Waste Management



The Group emphasizes waste management. We require all factories to prudently implement the relevant requirements for the treatment of waste. Both hazardous waste and non-hazardous waste are treated in full compliance with local laws and regulations. Any non-reusable fabric pieces were collected by a qualified waste handler in Mainland China while fabric scraps were also regularly collected by recyclers in Bangladesh. As our manufacturing process mainly involves the sewing of garments, lubricant oil and light tubes are the only hazardous waste generated, and they are stored in designated areas and disposed of properly through qualified contractors.

In terms of wastewater management, we endeavour to responsibly handle wastewater discharge. The Group abided by the relevant laws and regulations in which we operate. In both Hong Kong and Mainland China, our domestic wastewater generated is properly managed by the municipal treatment facilities provided by the government. In Bangladesh, the sewage generated from domestic use is collected by septic tanks, and further removed by a qualified contractor on a regular basis.

In order to reduce paper, Wuxi established an OA office system to apply for and approve relevant matters through the OA system in order to reduce paper usage. Wuxi also set up an ERP system to manage production, sales, procurement, warehousing, and cost accounting, which helps to avoid unnecessary printing on paper. In addition, the Group practices paper conservation by reusing A4 paper that has only been used on one side.

The hazardous waste and its intensity produced during the reporting period are shown below:

Hazardous waste	Unit	FY2022/23	FY2021/22
Total hazardous waste	Tonne	6.22	2.42
Head Office		nil	nil
EQK		nil	2.34
DTG		nil	0.08
LAV		nil	nil
Wuxi		6.22	nil
TZCX		nil	nil
WNOC		nil	nil
Hazardous waste intensity			
Head Office	Tonne / m ² (floor area)	nil	nil
Subsidiaries (EQK, DTG, LAV)	Tonne/piece of garment produced	nil	<0.001
Joint venture (Wuxi, TZCX, WNOC)	Tonne /tonne of yarn produced	<0.001	nil

Note:

- The calculations are based on the Reporting Guidance on Environmental KPIs issued by the Stock Exchange
- The FY22/23 data covers Head Office, EQK, Wuxi, TZCX and WNOC; The FY22/23 data of LAV is not available due to disposal
- The data availability of DTG in FY21/22 covers the period of Apr – Jul 2021 only
- The data marked as “nil” implies the data is not recorded or available during the reporting period

The non-hazardous waste and its intensity produced during the reporting period are shown below:

Non-hazardous waste	Unit	FY2022/23	FY2021/22
Total non-hazardous waste	Tonne	13.55	9.13
Head Office		nil	nil
EQK		nil	nil
DTG		nil	9.13
LAV		nil	nil
Wuxi		nil	nil
TZCX		nil	nil
WNOC		13.55	nil
Non-hazardous waste intensity			
Head Office	Tonne / m ² (floor area)	nil	nil
Subsidiaries (EQK, DTG, LAV)	Tonne /piece of garment produced	nil	<0.001
Joint venture (Wuxi, TZCX, WNOC)	Tonne /tonne of yarn produced	<0.001	nil

Note:

- The calculations are based on the Reporting Guidance on Environmental KPIs issued by the Stock Exchange
- The FY22/23 data covers Head Office, EQK, Wuxi, TZCX and WNOC; The FY22/23 data of LAV is not available due to disposal
- The data availability of DTG in FY21/22 covers the period of Apr – Jul 2021 only
- The data marked as “nil” implies the data is not recorded or available during the reporting period

6.2. Use of Resources

The Group continues to double our efforts to ensure prudent use of resources through implementing strict resources management policies and measures. According to the materiality analysis results, the use of electricity and water are identified as the most material environmental issues. In this section, we primarily focus on water and energy consumption, particularly the use of electricity.

6.2.1 Energy Consumption



Our major sources of energy consumption come from our factories, dormitories and offices. Considering our main sources of energy consumption are attributed to electricity consumption, we primarily focus on electricity saving measures.

In order to reduce energy consumption and improve energy efficiency, we implemented a number of measures in our operations during the reporting period as follows:

Minimizing the use of electricity:

- Undergo energy-saving reforms for our system
- replace lighting fixtures with LED gradually to improve energy efficiency
- motivate employees to conserve energy by switching off lighting and electric appliances during lunch hours and idling period
- avoid leaving the electric appliance in standby mode when not in use to reduce energy consumption
- inspect the implemented machinery scheduling regularly to improve energy efficiency
- Promote energy saving through training regularly to conserve energy

Reducing direct energy consumption:

- Inspect gas lines regularly to avoid gas leakage to reduce waste of energy
- Monitor mobile and stationary sources of combustion such as fuels consumed by vehicles, boilers and backup generator

During the reporting period, we underwent energy-saving reforms for our motor system at Wuxi, resulting in a reduction of over 920,000 kWh of energy. In order to increase energy efficiency, more than 80% of Wuxi's lighting system applied LED lighting. At WNOC, we also optimized the air conditioning piping, thus reducing electricity consumption. Adhering to our commitment to energy saving, we consistently review and improve energy consumption management so as to integrate energy-saving awareness into the Group's daily operations.

The breakdown of energy consumption is presented below:

	Unit	FY22/23	FY21/22
Use of energy			
Total energy consumption	kWh	250,122,031	272,576,681
Direct energy consumption		376,556	1,969,938
Natural gas		-	600,073
Head office		-	-
Subsidiaries		nil	600,073
Joint-venture		-	-
Diesel		97,622	703,023
Head office		-	-
Subsidiaries		nil	435,559
Joint-venture		97,622	267,464
Gasoline		278,934	666,842
Head office		56,573	65,888
Subsidiaries		61,609	409,654
Joint-venture		160,752	191,300
Indirect energy consumption		249,745,475	270,606,743
Electricity		249,745,475	270,606,743
Energy use intensity			
Head Office	kWh/m ² (floor area)	40.17	43.98
Subsidiaries (EQK, DTG, LAV)	kWh/piece of garment produced	1.91	1.26
Joint venture (Wuxi, TZCX, WNOC)	kWh/tonne of yarn produced	14,058.27	14,119.36
Use of electricity			
Total electricity consumption	kWh	249,745,475	270,606,743
Head Office		701,352	763,939
EQK		1,388,259	1,198,909
DTG		nil	197,361
LAV		nil	962,689
Wuxi		206,971,195	229,481,262
TZCX		13,099,310	15,094,511
WNOC		27,585,359	22,908,072
Energy use intensity			
Head Office	kWh/m ² (floor area)	37.17	40.48
Subsidiaries (EQK, DTG, LAV)	kWh/piece of garment produced	1.83	0.78
Joint venture (Wuxi, TZCX, WNOC)	kWh/tonne of yarn produced	14,043.62	14,095.18

Note:

- The calculations are based on the Reporting Guidance on Environmental KPIs issued by the Stock Exchange
- The conversion of the energy data unit to kWh is based on the lower calorific value
- Direct energy consumption includes fuel consumption (diesel and gasoline consumption), mobile combustions (diesel and gasoline)
- Indirect energy consumption refers to electricity consumption
- The FY22/23 data covers Head Office, EQK, Wuxi, TZCX and WNOC; The FY22/23 data of LAV is not available due to disposal
- The data availability of DTG in FY21/22 covers the period of Apr – Jul 2021 only
- The data of a private car in LAV is not included due to insufficient information for calculation. We will explore and improve the data collection system
- The data marked as “nil” implies the data is not recorded or available during the reporting period

6.2.2 Water Consumption



Since our businesses do not involve heavy use of water like fabric processing (e.g. dyeing and washing), the Group consumes relatively less amount of water in the production process compared to other garment manufacturers. During the reporting period, there was no issue in sourcing water that is fit for purpose. Nevertheless, we continuously pay attention to conserving water resources and executing various water-saving measures.

For monitoring water consumption, we apply water meters at our operations in Hong Kong and Mainland China.

	Unit	FY22/23	FY21/22
Use of water			
Total water consumption	m³	349,975	344,666
Head Office		4,654	4,617
EQK		15,877	17,683
LAV		nil	nil
DTG		nil	nil
Wuxi		249,503	248,600
TZCX		38,061	46,606
WNOC		41,880	27,160
Water use intensity			
Head Office	m ³ /m ² (floor area)	0.25	0.24
Subsidiaries (EQK, DTG, LAV)	m ³ /piece of garment produced	0.02	0.01
Joint venture (Wuxi, TZCX, WNOC)	m ³ /tonne of yarn produced	18.68	16.99

Note:

- The calculations are based on the Reporting Guidance on Environmental KPIs issued by the Stock Exchange
- The FY22/23 data covers Head Office, EQK, Wuxi, TZCX and WNOC; The FY22/23 data of LAV is not available due to disposal
- The data marked as “nil” implies the data is not recorded or available during the reporting period

In Mainland China, water is used mainly for domestic purposes throughout our business operations such as for consumption in dormitories. Not only does the Group encourage our employees to use water wisely, but also implements proper maintenance to prevent leakages. In addition, we examine water safety and quality through regular inspections at our business operations in Mainland China and Bangladesh.

We strive to reduce our water consumption through the following water-saving measures at our operations during the reporting period:

- Turn off the water tap after use to eliminate the unnecessary water consumption
- Apply auto-stop water tap, wherever applicable, to improve the water use efficiency
- Promote water-saving messages to our staff by updating water-saving signage in the common area
- Treat domestic sewage properly in sewage treatment plants at our Wuxi factory

6.2.3 Packaging Materials



The packaging materials used in our operations are mainly paper cartons, paper hand tags, tissue paper and plastic bags. As the use of packaging materials not only depends on the client's preferences and requirements but also needs to be sourced from suppliers that are approved or chosen by the clients, our control over the selection of packaging materials is very limited. Nevertheless, the Group continues to make efforts to prevent over-packaging and encourage our clients to use more green materials.

The following are the total amount and intensity of packaging materials used by the Group during the reporting period:

	Unit	FY22/23	FY21/22
Packaging materials used			
Total Packaging materials used	tonne	1,864.74	2,183.44
Head Office		0	0
EQK		65.68	95.61
DTG		nil	28.10
LAV		nil	225.39
Wuxi		1,615.73	1,684.02
TZCX		86.35	75.37
WNOC		96.98	74.95
The intensity of packaging material used			
Head Office	tonne /m ² (floor area)	0	0
Subsidiaries (EQK, DTG, LAV)	tonne /piece of garment produced	<0.001	<0.001
Joint venture (Wuxi, TZCX, WNOC)	tonne /tonne of yarn produced	0.10	0.10
<i>Note:</i>			
- The calculations are based on the Reporting Guidance on Environmental KPIs issued by the Stock Exchange			
- The FY22/23 data covers Head Office, EQK, Wuxi, TZCX and WNOC; The FY22/23 data of LAV is not available due to disposal			
- The data availability of DTG in FY21/22 covers the period of Apr – Jul 2021 only			
- The data marked as “nil” implies the data is not recorded or available during the reporting period			

6.3. The Environment and Natural Resources



The Group assesses the garment manufacturing processes and the material used to prevent environmental impact as much as possible. The Group is committed to taking care of the environment and investing in green practices. Hence, we are purposefully adopting sustainable business processes. As required by our clients, we have manufactured products with the *Global Organic Textile Standard* (“GOTS”), which is recognized as the world's leading processing standard for textiles made from organic fibres. We strive to comply with the international standards or initiatives, such as the *Business Social Compliance Initiative* (“BSCI”) and *Ethical Trading Initiative* (“ETI”) and *Better Cotton Initiative* (“BCI”), which promote better standards in cotton farming and practices. In addition, we nurture the mindset of environmental conservation from top management to general employees through training. When the Group executes green programs, the programs will be promoted to employees to gain more support. This allows the Group to maximize the positive impacts on the environment and natural resources.

6.4. Climate Change

Recognizing the climate risks such as extreme weather events, the Group regularly assess and manage these risks, taking measures to reduce greenhouse gas emissions and promote climate remediation. In line with Task Force on Climate-related Financial Disclosures (TCFD) recommendations, we identify climate change risks associated with our operations and develop countermeasures to mitigate their impact.

Type of Risk	Description of the Risk	Risk Response Measures
Acute risk	Extreme weather will bring physical risks related to climate change to the Group's operations in the short and medium-term, such as facility damage caused by strong typhoons, and production delays caused by continuous flooding.	The Group regularly manages and controls natural disasters that may be caused by identified climate change or emergencies arising from extreme weather conditions. To prevent damage caused by climate change, the Group formulates work principles, notification mechanisms, evacuation systems and accident investigation requirements in emergencies to help employees effectively respond to emergencies. At Wuxi, we purchased environmental liability insurance to ensure that we can quickly and effectively address any potential environmental issues that may arise.
Chronic risk	Extreme weather events may destabilize the supply of raw manufacturing materials and cause delays in production. The Group's assets may be damaged and factory operations disrupted, resulting in reduced access, higher maintenance costs and increased insurance premiums.	The Group gives priority to suppliers with sound environmental management so as to mitigate the effect of climate change. We also give priority to local suppliers whenever applicable to stabilize the supply of manufacturing materials due to the risk of transportation delay. This also shortens the travelling distance so that the Greenhouse gas emitted by vehicles can be greatly reduced, which remedies climate change. Besides, the Group usually makes purchase orders at an early stage by paying a deposit to avoid insufficient supply.
Market Risk	Increasingly concerns about climate change issues and standards for green products, thus increasing the Group's operation costs in the medium to long term.	The Group continues to evaluate operational risks due to climate change in the business, and analyze the potential impact, such as electricity supplies, increasing cost of raw materials, unstable transportation and any uncertainties due to the instability of climate, and devote resources to control the risks.

Outlook

The Group is committed to making contributions to the environment and society in which it operates. Through the regular reviews process, we put tremendous effort to uphold good corporate governance to prudently comply with the requirements of laws, Listing Rules, and internal management. Moving forward, the Group will continue to take a proactive approach to social, environmental, and governance.

APPENDIX: HKEX ESG REPORTING GUIDE CONTENT INDEX

A	Environmental	Chapter
ASPECT A.1	Emissions	6. Environmental Management; 6.1 Emissions
KPI A.1.1	The types of emissions and respective emissions data.	6.1.1 Air and Greenhouse Gas Emission
KPI A.1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
KPI A.1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6.1.2 Waste Management
KPI A.1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
KPI A.1.5	Description of emission target(s) set and steps taken to achieve them.	6. Environmental Management; 6.1 Emissions
KPI A.1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	6. Environmental Management; 6.1.2 Waste Management
ASPECT A.2	Use of resources	6. Environmental Management; 6.2 Use of Resources
KPI A.2.1	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).	6.2.1 Energy Consumption
KPI A.2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	
KPI A.2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	6. Environmental Management; 6.2.1 Energy Consumption
KPI A.2.4	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.	6. Environmental Management; 6.2.2 Water Consumption
KPI A.2.5	The total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	6.2.3 Packaging Materials
ASPECT A.3	Environment and natural resources	6. Environmental Management
KPI A.3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	6. Environmental Management; 6.3 The Environment and Natural Resources During the reporting period, there was no incident that had a significant impact on the environment and natural resources
ASPECT A.4	Climate change	6. Environmental Management
KPI A.4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	6.4 Climate Change

B	Social	Chapter
ASPECT B.1	Employment	4. Caring For People
KPI B.1.1	Total workforce by gender, employment type (e.g. full or part-time), age group and geographical region.	4.2 Employment
KPI B.1.2	Employee turnover rate by gender, age group and geographical region.	
ASPECT B.2	Health and safety	4. Caring For People
KPI B.2.1	The number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	4.3 Health and Safety
KPI B.2.2	Lost days due to work injury.	
KPI B.2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	
ASPECT B.3	Development and training	4. Caring For People
KPI B.3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	4.4 Development and Training
KPI B.3.2	The average training hours completed per employee by gender and employee category.	
ASPECT B.4	Labour standards	4. Caring For People
KPI B.4.1	Description of measures to review employment practices to avoid the child and forced labour.	4.1 Labour Standards
KPI B.4.2	Description of steps taken to eliminate such practices when discovered.	
ASPECT B.5	Supply chain management	5. Operating Practices
KPI B.5.1	The number of suppliers by geographical region.	5.3 Supply Chain Management
KPI B.5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	
KPI B.5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	
KPI B.5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	
ASPECT B.6	Product responsibility	5. Operating Practices
KPI B.6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	5.2 Product Responsibility
KPI B.6.2	The number of products and service related complaints received and how they are dealt with.	
KPI B.6.3	Description of practices relating to observing and protecting intellectual property rights.	
KPI B.6.4	Description of quality assurance process and recall procedures.	
KPI B.6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	

ASPECT B.7	Anti-corruption	5. Operating Practices
KPI B.7.1	The 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.	5.1 Anti-corruption Although the anti-corruption training for directors was not provided during the reporting period, we will improve and arrange the anti-corruption training for directors in the near future.
KPI B.7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	
KPI B.7.3	Description of anti-corruption training provided to directors and staff.	
ASPECT B.8	Community investment	5. Operating Practices
KPI B.8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	5.4 Community Investment
KPI B.8.2	Resources contributed (e.g. money or time) to the focus area.	

長江製衣有限公司
YANGTZEKIANG GARMENT LIMITED