

CROCODILE

2022-2023

Crocodile Garments Limited | 鱷魚恤有限公司

Environmental, Social and Governance Report | 環境、社會及管治報告書



Environmental, Social and Governance Report

ABOUT THE REPORT

Crocodile Garments Limited (hereinafter referred as “**Company**”, and together with its subsidiaries referred as “**Group**”) is delighted to publish its annual Environmental, Social and Governance (“**ESG**”) Report, highlighting its performance, with disclosure reference made to the ESG Reporting Guide as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**” and “**HKEX**” respectively). The Group has complied with all the “comply or explain” provisions set out in the ESG Reporting Guide during the period from 1 August 2022 to 31 July 2023 (“**Reporting Period**”).

REPORTING SCOPE

This Report covers the Group’s principal operations in two subject areas, namely, Environmental and Social of the “Garment and related accessories business” and “Property investment and letting business” in Hong Kong and Mainland China during the Reporting Period, unless otherwise stated. These two business operations represent the core operations of the Group during the Reporting Period. The scope of this report includes a total of 2 offices, 2 warehouses, all retail stores (14 retail stores as of 31 July 2023) in Hong Kong and Mainland China. Since 1 August 2022, the Group has rented out the dormitory in Zhongshan to third party and the emission data no longer be recorded, the operation of dormitory in Zhongshan is excluded from the reporting scope. Besides, the franchise store in Macau Special Administrative Region of the People’s Republic of China (“**PRC**”), which the Group has relatively less control, is also excluded from the scope.

REPORTING PRINCIPLES

The preparation of this Report has applied the following principles:

Materiality – materiality assessments have been carried out to identify material environmental and social issues that have major impacts on investors and other stakeholders; the significant stakeholders, process, and results of the engagement of which are presented in the section “Stakeholder Engagement and Materiality Assessment”.

Quantitative – key performance indicators (“**KPI**”)s have been established, and are measurable and applicable to make valid comparisons under appropriate conditions; information on the standards, methodologies, assumptions, and/or calculation tools used, and sources of conversion factors used, have been disclosed when applicable.

Balance – performance of the Group was presented impartially, avoiding choices, omissions or presentation formats that may unduly influence readers’ decisions or judgements.

Consistency – consistent statistical methodologies and presentation of KPIs have been used to allow meaningful comparisons of related data over time.

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THE BOARD STATEMENT

The board of directors of the Group (“**Board**” and “**Directors**” respectively) understands its full responsibility for overseeing the Group’s ESG issues and risks. The Board is committed to managing and minimising its environmental and social impact. To prioritise material ESG issues and identify potential risks, the Board conducts materiality assessment and pays attention to the metrics which are most relevant to “Garment and related accessories business” and “Property investment and letting business”.

The ESG working group (“**Working Group**”) is formed by different employees from various departments of the Group. The Working Group implements various environmental and social measures, and cooperates with third-party professional, such as ESG consultant to evaluate the Group’s ESG issues and to adopt suggestions for the Group’s ESG progress. The Board assesses the environmental and social risks of the Group’s businesses through annual meeting and integrates the environmental and social issues into its corporate governance structure to promote environmental and social strategies, sets up goals and monitor the ESG performance of the Group. The Board reviews the Group’s ESG performance and effectiveness of policies and measures annually to improve the measures which are considered with room for improvement in the stakeholders’ views.

The Board has integrated the ESG-related risks into the Group’s risk management system, which assesses and manages the ESG-related risks comprehensively. By adopting the risk management system, the Board can ensure that the Group complies with the relevant environmental and social laws and regulations, and maintain the balance between the efficiency of business operations and the improvement of the Group’s ESG performance. The Board evaluates the policies and the strategies of the ESG-related risks annually through the Board meeting.

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SUSTAINABILITY MISSION AND VISION

Having been a “Caring Company” for more than a decade, the Group believes that a high standard of corporate social responsibility is essential for building up and maintaining a good corporate and social relationship, motivating staff and creating a sustainable return to the Group. The Group is committed to contributing to the sustainability of the environment and community in which the Group conducts businesses and where its stakeholders live.

Apart from focusing on business development, the Group also actively shoulders social corporate responsibilities. The Group is committed to strictly complying with laws and regulations related to environmental protection and social compliances. The Group is determined to reduce its environmental impact, and promptly implements the 3R concept, namely, “Recycle”, “Reduce” and “Reuse” to promote green living. The Group eliminates unnecessary packaging materials while ensuring the protection of the product is not compromised. Besides, the Group encourages the public to take actions to protect the environment and improve the quality of the environment.

The Group is committed to adopting good employee-oriented human resource management practices, while supporting community activities, and sponsoring and donating to society and charitable organisations to promote social services and community welfare.

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AWARDS AND HONOURS

- (i) Since 2008, the Group has been certified as a “Hong Kong Green Organisation” by the Environmental Campaign Committee and issued a “Wastewi\$e” Certificate of “Good Level” and a “Energywi\$e” Certificate of “Excellence Level” by the Environmental Campaign Committee for 15 consecutive years.
- (ii) The Group has been awarded the “Caring Company” for 15 consecutive years and has garnered the ‘15 years Plus Caring Company Logo’ by The Hong Kong Council of Social Service, recognising the Group’s commitment to corporate social responsibility and continuous effort in community services.
- (iii) The Group has participated in the “Good Employer Charter” Scheme launched by the Hong Kong Labour Department as a signatory organisation and was accredited “Family-friendly Good Employer” under the “Good Employer Charter 2020” in recognition of its efforts in promoting a family-friendly employment culture.
- (iv) The Group has been awarded for the “Quality Tourism Services Scheme” for more than 17 consecutive years, “Outstanding QTS Merchant Award” in 2019 and “Quality Tourism Services Silver Award” in 2022 from the Hong Kong Tourism Board, recognising the Group’s high-quality services.
- (v) Since 2006, the Group has been awarded the “Hong Kong Top Brand Mark (Top Mark) – Ordinary & Premier Mark” on men’s wear, “Hong Kong Premier Brand” since 2006 and “Hong Kong Top Brand Ten Year Achievement Award” since 2009 by Hong Kong Brand Development Council and The Chinese Manufacturers’ Association of Hong Kong.
- (vi) The Group has been awarded “Top Ten Brands of Hong Kong” by Hong Kong Capital Entrepreneur’s Hong Kong Brands Award in 2008.

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STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

The Group communicates regularly with and gathers feedback from stakeholders through various channels to understand their expectations, build and maintain a good relationship, and identify the most significant environmental and social aspects of the Group's operations to its stakeholders. The table below outlines the Group's various dialogue channels for different types of stakeholders:

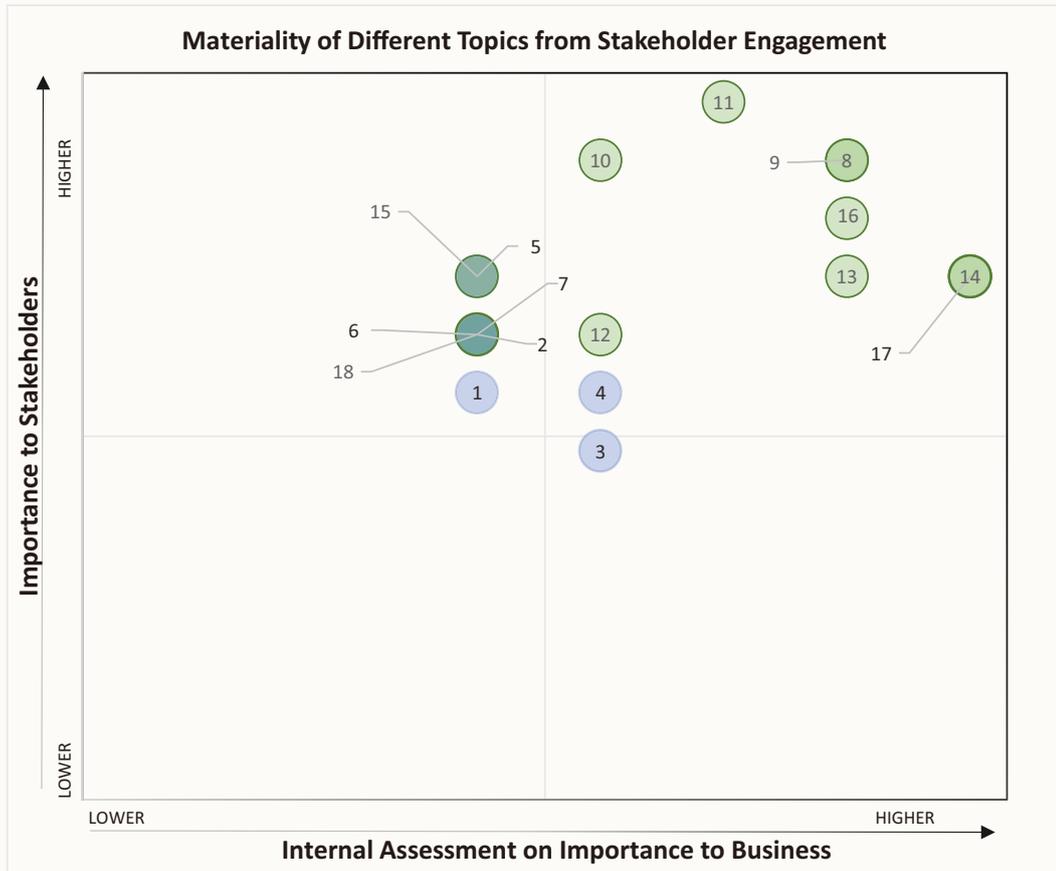
Stakeholders	Means of communications
Shareholders	<ul style="list-style-type: none"> • Shareholders' annual and general meetings • Press release, such as annual reports, interim reports, periodic announcements and circulars • The Group's website (www.crocodile.com.hk) • Website of HKEX (www.hkexnews.hk) • Survey • Share registrar
Clients	<ul style="list-style-type: none"> • Meeting and promotion activities • Email or telephone • Social media: Youtube, Instagram, WeChat, Facebook and Weibo • Facebook live, Wechat live • Hong Kong online ordering hotline: WhatsApp • Mainland China online shopping platform: Suning.com • Offline customer services: Customer service hotline, SMS, EMD • Annual ESG Survey
Suppliers	<ul style="list-style-type: none"> • Supplier meetings • Email or telephone • WeChat • Annual ESG survey
Internal Stakeholders (such as Directors & employees)	<ul style="list-style-type: none"> • Email • Training • Annual ESG Survey • Meetings

In addition to publishing news on the Group's website, third-party professionals (such as registered Public Interest Entities ("PIE") auditors, lawyers and share registrar) and webpages (such as HKEX's website) are also engaged to publish news on their behalf to reduce public concerns or to address key topics.

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STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT (continued)

During the Reporting Period, the Group has specifically engaged Board members, shareholders, clients, suppliers, senior management and frontline and other employees to gain further insights on ESG aspects they find material. The Materiality Matrix below shows the result of the Group’s materiality assessment process:



Environmental	Social
1 Energy	8 Employment
2 Water	9 Occupational Health and Safety
3 Air Emission and Climate Change	10 Development and Training
4 Waste and Effluent	11 Labour Standards
5 Other Raw Materials Consumption	12 Supplier Management
6 Environmental Protection Measures	13 Intellectual Property Right
7 Climate Change	14 Data Protection
	15 Customer Service
	16 Product/Service Quality
	17 Anti-corruption
	18 Community Investment

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STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT (continued)

Following topics have been deemed as the most important by stakeholders:

- (i) Data Protection
- (ii) Anti-corruption
- (iii) Intellectual Property Right
- (iv) Product/Service Quality

The Group reviews and manages the material aspects with policies and best practice and will continue to work towards building positive relations with its stakeholders, improving the overall ESG performance and developing better control on ESG-related risks. The Group strives to reduce its impact on the environment and society, and to achieve sustainable and optimum economic growth with the Group strategy on new products and energy business.

STAKEHOLDERS' FEEDBACK

The Group welcomes stakeholders' feedback on its ESG approach and performance. Stakeholders may at any time give their suggestions or share their views with the Group via email at corpadmin@crocodile.com.hk.

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A. ENVIRONMENTAL

As a responsible garment business participant, the Group has strictly endeavoured to comply with laws and regulations regarding environmental protection and has adopted effective environmental technologies to ensure that its merchandises meet the material standards and ethics in respect of environmental protection. The Group has actively promoted material-saving and extensive use of environmentally friendly clothing materials, aiming at protecting the environment and improving the air quality in community.

The Group strictly abides by laws, rules and regulations enforced by the PRC and Hong Kong in relation to environmental protection and pollution control, including but not limited to the followings:

- (i) Environmental Protection Law of the PRC;
- (ii) Energy Conservation Law of the PRC; and
- (iii) Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste.

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A. ENVIRONMENTAL (continued)

No cases of material non-compliance with relevant laws and regulations that have a significant impact on the Group relating to air and greenhouse gas (“GHG”) emissions, discharges into water and land, and generation of hazardous and non-hazardous waste had been recorded during the Reporting Period.

A1. Emissions

A1.1 Air Emissions

Air pollutants emitted by the Group were mainly generated from the use of Group’s motor vehicles to deliver products to and from its stores and warehouses. The Group strives to realign the routes of transportation to maximise the cost effectiveness while keeping the emission of pollutant as low as possible.

During the Reporting Period, air pollutant emission of nitrogen oxides (“NOx”), sulphur oxides (“SOx”) and respiratory suspended particles (“PM”) were 140.52 kg (2022: 94.10 kg), 0.26 kg (2022: 0.31 kg) and 10.99 kg (2022: 4.57 kg), respectively. The Group strives to plan and adjust transportation routes to maximise its effectiveness of business service with lower exploitation of resources and emissions. With the Group’s continuous effort, the amount of diesel consumption for product delivery decreased compared with the last reporting period. On the other hand, as the Group’s business was gradually resumed from the COVID-19 pandemic, the demand of using passenger cars was increased, it was inevitable that the petrol consumption increased as compared with the previous reporting period. Therefore, the Group has commenced to replace the existing vehicles with electric vehicles.

A1.2 GHG Emissions

During the Reporting Period, 239.06 tonnes (2022: 414.71 tonnes) of carbon dioxide equivalent (CO₂eq) were emitted, resulting in an intensity of 0.0028 tonnes/’000 HKD revenue (2022: 0.0040 tonnes/’000 HKD revenue). The reported GHG emissions of the Group were attributed to the following activities:

- (i) direct (scope 1) GHG emissions: the mobile combustion of fuels for transportation;
- (ii) indirect (scope 2) GHG emissions: purchased electricity; and
- (iii) other indirect (scope 3) GHG emissions: fresh water and sewerage processing, and paper waste disposal at landfills.

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A. ENVIRONMENTAL (continued)

A1. Emissions (continued)

A1.2 GHG Emissions (continued)

Scope	Emission sources	2023	2022
		GHG Emission (in tonnes CO ₂ eq)	GHG Emission (in tonnes CO ₂ eq)
Scope 1 Direct GHG emission	Gasoline	40.11	40.99
	Diesel	7.34	14.07
Scope 2 Indirect GHG emission	Purchased electricity	189.80	347.44
Scope 3 Other indirect GHG emission	Fresh water processing	0.02	7.24
	Sewerage processing	0.01	2.49
	Paper waste disposed at landfills	1.78	2.48
Total GHG Emission		239.06	414.71

Notes:

1. Emission factors were referred to Appendix 27 of the Listing Rules and their referred documentation as set out by the Stock Exchange, unless stated otherwise.
2. Emission factors for purchased electricity in Hong Kong and Mainland China were obtained from HK Electric Investments Limited, CLP Power Hong Kong Limited and The Ministry of Ecology and Environment of the PRC respectively.

A1.3 Hazardous Waste

No significant amount of hazardous waste was generated and no electric waste has been disposed of during the Reporting Period as the relocation of the office has been completed.

A1.4 Non-hazardous Waste

Non-hazardous waste generated by the Group's business operations during the Reporting Period included waste office paper and general office waste. A total of 5.10 tonnes of non-hazardous waste, of which of 58% was office/general garbage, 35% was carton boxes and 7% was office wastepaper, were generated during the Reporting Period. The waste intensity was 0.060 kg/'000 HKD revenue (2022: 0.054 kg/'000 HKD revenue).

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A. ENVIRONMENTAL (continued)

A1. Emissions (continued)

A1.5 Measures to Mitigate Emissions

The Group is aware of the emissions generated from its operations. Since the Group's operations involve distribution of products, which result in air and GHG emissions from mobile combustion, the Group strives to plan and adjust transportation routes to maximise cost-effectiveness while preventing emissions.

The Group has initiated a target of 3% emission reduction intensity in 5 years, using the reporting period 2020/21 as a baseline. The amount of GHG emission intensity in this Reporting Period is decreased by 35% compared with the baseline. The Group plans to further increase the overall portfolio energy efficiency and decrease the Group's energy consumption. The Group will minimise emissions from vehicles by optimising the transportation route. Besides, the Group has commenced to replace the existing vehicles with electric vehicles and facilitated more senior management and employees to adopt electric vehicles in the future in order to expand the proportion of electric vehicle use.

Note: The GHG emission reduction target has been restated in order to reflect the actual situation of the Group's environmental performance.

A1.6 Wastes Handling and Reduction Initiatives

Hazardous waste generated by the Group was collected by licensed handlers or property management of the office buildings, warehouses and dormitory for proper recycling or treatment before disposal. The reusable parts or accessories of the waste electronic and electrical appliance are either retained or sent to waste management and recycling companies to convert into raw materials. All carton boxes were collected by the property management of the office buildings and were sent to recyclers.

The Group has implemented the following waste reduction initiatives:

- (i) placing recycling bins and promote recycling of wastepaper, plastic bottles, and aluminium cans in office;
- (ii) filing documents electronically whenever possible;
- (iii) using recycled paper, toners and cartridges for printing and photocopying;
- (iv) setting the default mode of the printers and computers to black and white printing;
- (v) simplifying product packaging and encouraging retail customers to use their own shopping bags;

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A. ENVIRONMENTAL (continued)

A1. Emissions (continued)

A1.6 Wastes Handling and Reduction Initiatives (continued)

- (vi) providing reusable tableware for employees to reduce the use of disposable tableware;
- (vii) placing water dispensers in common areas to reduce the demand of bottled water;
- (viii) collecting used red pockets at the end of Chinese New Year;
- (ix) adopting new automation system for the Group's human resource operation to reduce paper consumption, such as storing the personal information of the staff, e-leave application, online working schedule and attendance records; and
- (x) collecting all bulbs and fluorescent lamp wastes by the designated recycled boxes provided by the government.

The Group also consolidates its retail network by shutting down stores with poor performance and negotiated with landlords to get short-term leases and rent concessions, avoiding the generation of hazardous and non-hazardous waste during relocation.

The Group has awarded the “Wastewi\$e Certificate” of “Excellence Level” and recognised as a Hong Kong Green Organisation by the Environmental Campaign Committee for its effort in pursuing environmental initiatives and participation. The Group would review its initiatives and strive for better performance.

As a responsible garment company, the Group believes that avoid overproduction of clothing is an important issue to its sustainable business development. The Group strictly controls the level of clothing inventory which is only adequate for nine months of sales.

Besides, the confidential document waste was collected and destroyed by a qualified third-party confidential document waste handling company. All the destroyed document waste was sent to recycling factories in Mainland China and overseas to further handle the document waste.

The Group has set a target of reducing 3% of waste generation intensity in 5 years, using the reporting period 2020/21 as a baseline. The non-hazardous waste production intensity in this Reporting Period has decreased by 29.4% compared with baseline. The Group encourages its employees to separate and recycle the waste generated as much as possible. With recycling measures implemented, the Group believes that it can effectively reduce the amount of waste being sent to the landfill.

Note: The waste reduction target has been restated in order to reflect the actual situation of the Group's environmental performance.

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A. ENVIRONMENTAL (continued)

A2. Use of Resources

The Group upholds and promotes the principle of effective use of resources. To meet the Group's environmental commitments, various efficiency initiatives have been implemented to minimise energy use and water consumption.

A2.1 Energy Consumption

During the Reporting Period, purchased electricity, diesel and gasoline were consumed for the office and warehouse operations, and transportation respectively. A total of 425.56 MWh electricity consumption of the Group was recorded. The consumption of gasoline and diesel were 15,030 Litres and 2,664 Litres respectively. The total energy consumption was calculated to be 596.10 MWh, representing an energy intensity of 0.0089 kWh/'000 revenue during the Reporting Period.

The major source of energy used by the Group was electricity. It was used in all areas of the Group's business operations, such as general lighting, powering of laptops, printers, Point-of-Sale systems and other electrical equipment in the offices, stores and warehouses. The Group has been actively seeking for more energy efficient equipment to reduce electricity consumption and hence, GHG emission. Although our society was gradually resumed from the pandemic of Coronavirus Disease 2019 ("COVID-19"), shops were no longer closed and the business hours were resumed to normal, the total energy consumption and its intensity were reduced due to the Group's energy efficiency effort made on its business.

Gasoline and diesel were used for goods and materials delivery and passenger transportation purposes in the Group's several motor vehicles. The following table shows the breakdown of the Group's energy consumption during the Reporting Period.

Energy Consumption Sources	Consumption (in individual unit)	Consumption (in MWh)
Purchased Electricity	425,558 kWh	425.56
Gasoline	15,030 Litres	142.04
Diesel	2,664 Litres	28.51
Total		596.11

Note: Conversion factors were referred to the IEA Energy Statistics Manual and 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

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A. ENVIRONMENTAL (continued)

A2. Use of Resources (continued)

A2.2 Water Consumption

The water consumption of the Group was totally 54.06 m³ (2022: 16,923 m³), resulting in an intensity of 0.0006 m³/’000 HKD revenue (2022: 0.16 m³/’000 HKD revenue). Water was used in the pantries and washrooms of the offices. There was a significant decrease in water consumption during the Reporting Period as the dormitory in Zhongshan has been leased out to third party, and most of the water consumption derived from this dormitory last year. The Group constantly reminds its employees of the importance of saving water. As some retail outlets of the Group are in shopping malls, water usage was managed by the property management and therefore consumption figures were not available. Nevertheless, the Group spares no effort to save natural resources of the Earth. The Group has always put employees’ health as the top priority, and maintaining hygiene is the most important element when it comes to preventing the spread of diseases. The Group therefore increased the frequency of cleaning, which may increase the amount of water consumption. However, the Group rearranged all staff in the subsidiaries to work in the headquarter in order to minimise resource consumption and simplify the working procedure, so the overall water consumption was decreased during the Reporting Period.

A2.3 Energy Use Efficiency Initiative

The Group has adopted the following measures to consume energy efficiently:

- (i) establishing energy saving policies and guidelines and inform employees thereof via email;
- (ii) including energy efficiency requirements when procuring energy-related products;
- (iii) assigning representatives to coordinate energy saving programs;
- (iv) conducting energy audit/check to monitor energy consumption per type (e.g. fuel and electricity);
- (v) turning off unnecessary lightings during lunch hour, overtime work and after normal operating hours;
- (vi) applying lighting zone control to enable switching on/off lighting independently in different parts in offices;
- (vii) applying electronic ballasts for at least 50% of the applicable lighting devices in offices;

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A. ENVIRONMENTAL (continued)

A2. Use of Resources (continued)

A2.3 Energy Use Efficiency Initiative (continued)

- (viii) using fans to enhance cooling effect and reduce the use of air-conditioners;
- (ix) applying solar film on windows to reduce direct sunlight and the demand for air-conditioning;
- (x) ensuring indoor temperature controllers are correctly set to maintain temperature at 24°C–26°C in offices ; and
- (xi) replacing the existing vehicles to electric vehicles and encouraging senior management and employees to use electric vehicles in the future in order to increase the proportion of electric vehicle use..

In the property investment sector, specific measures, if possible, have been implemented to consume energy efficiently in the Group's properties:

- (i) controlling the usage of air-conditioning units during night-time;
- (ii) using LED lamps in public areas; and
- (iii) switching off some passenger lifts after office hours.

In addition, the Group has joined and supported various environmental protection programs organised by reputable institutions. Its dedication has been recognised with certifications.

The Group aims at a 3% reduction in energy consumption intensity in 5 years, using the reporting period 2020/21 as a baseline. The amount of total energy consumption intensity in this Reporting Period has decreased by 23% compared with the baseline. The Group strives to increase overall energy efficiency and decrease its energy consumption continuously by ensuring the above measures are stringently followed. Energy-saving LED lights or electrical appliance have also been installed whenever feasible. The Group will regularly review and update its energy use efficiency initiatives.

Note: The energy consumption reduction target has been restated in order to reflect the actual situation of the Group's environmental performance.

Environmental, Social and Governance Report

A. ENVIRONMENTAL (continued)

A2. Use of Resources (continued)

A2.4 Water Use Efficiency Initiatives

The Group's businesses do not involve heavy use of water, and thus no formal policy has been implemented. Nevertheless, the Group reminds its employees to conserve water resources. When a water leak is found, it will be repaired immediately to prevent water loss. There was no issue in sourcing water that is fit for purpose.

The Group aims at a 3% decrease in water consumption intensity in 5 years, using the reporting period 2020/21 as a baseline. The water consumption intensity in this Reporting Period is decreased by 99.6% compared with the previous reporting period. The Group will remind its employees to be conscious of their water consumption continuously.

Note: The water consumption reduction target has been restated in order to reflect the actual situation of the Group's environmental performance.

A2.5 Packaging Materials

The total weight of packing materials, including paper shopping bags and carton boxes, used was 2.0 tonnes (2022: 2.1 tonnes), with an intensity of 0.02 kg/'000 HKD (2022: 0.02 kg/'000 HKD revenue) during the Reporting Period. The Group prevents over-packaging and encourages its customers to bring their own bags instead of purchasing shopping bags. The Group also uses recyclable packaging materials whenever possible. Coupled with the fashionable and beautiful designs, the plastic bags can be reused by customers.

A3. The Environment and Natural Resources

The impact of the Group's main businesses on the environment and natural resources is caused by garment manufacturing business, including production in the factories and transportation of goods, and the emissions derived from the office operation. The Group strives to reduce air pollutants and GHG emissions from its vehicles used in the process of transportation, reduce electricity used in offices, shops and warehouses, and reduce waste production and water consumption. The detailed reduction measures of air pollutants, GHG emissions, water consumption and energy consumption are stated in sections A1.5, A1.6, A2.3 and A2.4. The Group is committed to complying with all applicable environmental laws and regulations. During the Reporting Period, the Group did not receive any related complaints, nor had it breached any relevant environmental laws and regulations.

Environmental, Social and Governance Report

A. ENVIRONMENTAL (continued)

A4. Climate Change

Governance of Climate-related Risks Management

The Board focuses on managing the risks brought by climate change, integrating ESG (including climate-related issues) into the corporate governance process, improving board-level supervision, and leading the management to cope with the climate risk in the existing business processes and the impact on the company's overall strategy. The climate-related risks management has been integrated into the Group's risk management system. The Board has the responsibility to monitor the effectiveness of its climate-related risks management, discuss, report and formulate related measures within the risk management process, such as the Board meetings, and formulate emergency plans according to the risks identified in order to strengthen its ability to cope with the negative impacts brought from extreme weather emergency conditions. The Group strived to ensure normal production and operations, and maintain the safety of public security and employees' life and property. For detailed information about the ESG governance of the Group, please refer to "The Board Statement" section.

Climate-related Risks Management

An ESG risk assessment was conducted based on assessing the possibility and impact of each identified risk into three levels: high, medium and low. Risks are then classified into three overall risk levels, high, medium and low based on the possibility and impact ratings.

Risk levels	Definition of the overall risk levels
High	Risks at this level may have serious consequences. There will highly likely be some impacts on the Group and hindrances for the Group to achieve strategic goals.
Medium	Risks at this level may have serious consequences, but they are less likely to occur. Conversely, the consequences could be minor in nature, but the probability of occurrence is higher.
Low	Risks at this level have limited harm and consequences for the Group to achieve its strategic goals, and the probability of occurrence is low.

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A. ENVIRONMENTAL (continued)

A4. Climate Change (continued)

The Group's Climate-related Risks identification

The Group believes that climate change is important to the Group's business development. To ensure the Group is more capable of coping with the challenges brought by climate change, it has identified its climate-related risks and opportunities and implemented some measures to cope with the negative impacts and grasp the benefits of climate change. The details are shown in the following tables.

Physical and Transition risks:

Climate-related Risk	Timeframe	Potential financial impacts	Risk level	Trend
Physical Risks				
Extreme weather	Short term	<ul style="list-style-type: none"> – Frequent typhoon and rainstorm may reduce the foot traffic in the shopping malls. The operation of the shops will be suspended in serious situations. As a result, the sales revenue of the Group may be decreased. – Frequent typhoon and rainstorm may disrupt the transportation of products. It may cause damage to products and delay of transportation. 	Medium	Increase
Extreme weather	Long term	In the global warming trend, the number of hot days is increasing, which may affect the sales of winter clothes and reduce the Group's revenue.	Low	Increase

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A. ENVIRONMENTAL (continued)

A4. Climate Change (continued)

Physical and Transition risks: (continued)

Climate-related Risk	Timeframe	Potential financial impacts	Risk level	Trend
Transition Risks				
Tightening of climate-related policies	Long term	<ul style="list-style-type: none"> – The tightening of climate-related policies may affect: <ul style="list-style-type: none"> • The operation of the suppliers, it may lead to unstable supply of products, and increase the cost of raw materials. • The business of the suppliers directly, which affect the Group's stability of product supply. 	Low	Increase
Cost to transition to lower emissions technology	Long term	The clothing manufacturers may bear high cost derived from the transition to the lower emissions technology, and thus may increase the cost of manufacturing the clothes.	Low	Increase
Changing customer behaviour	Medium term	With the customers' preference on low-carbon and environmentally friendly products, high cost may be derived from allocating human and financial resources on research and development of low-carbon products.	High	Increase

Environmental, Social and Governance Report

A. ENVIRONMENTAL (continued)

A4. Climate Change (continued)

Measures to cope with the climate-related physical and transition risks

1. To meet the market preference for the environmentally friendly garment products, the Group has given priority to environmentally friendly and durable raw materials for clothing production, such as certified responsible animal and plant fibres or recycled fibres. The Group strives to monitor its suppliers by inspecting the quality, the safety and environmental protection standards of their raw materials and products.
2. To minimise the short-term physical risks brought by the extreme weather conditions, the Group has developed online shopping platform for the customers to shop even the businesses of physical retail shops are suspended under typhoon and rainstorm conditions. Besides, the Group has realigned transportation routes to increase the transportation efficiency under the extreme climate conditions.
3. Since the number of hot days is increasing, the Group has implemented the sale strategy by adjusting the sale combination of different types of clothes year by year gradually, so the lost revenue from the sales of winter clothes can be compensated by the sales of other types of clothes.
4. In order to avoid the high cost of manufacturing the clothes derived from the transition to lower emissions technology and stricter environmental policies, the Group will compare the average cost among the clothing manufacturers regularly which strengthen the cost control of clothing supply. Besides, the Group discusses with the suppliers about their difficulties during the transition period of stricter environmental policies and the adoption of lower emission technologies, and provides support to them.

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Climate-related Opportunity

The Group strives to promote long-term environmentally friendly and low-carbon business under the global warming trend, which can maintain the Group's reputation and the stability of the business operation, and thus can maintain stable revenue in the future. The Group has adopted some measures regarding the climate-related opportunity. For instance, adopting energy saving initiatives to reduce consumption of natural resources, GHG and pollutant emissions. The detailed reduction measures of air pollutants, GHG emissions, water consumption and energy consumption are stated in sections A1.5, A1.6, A2.3 and A2.4.

Metrics and Targets

To measure the level and impact of the Group's climate-related risks, the Group monitors metrics and indicators to ensure an effective and quantitative assessment. The Group monitors and reviews its Scope 1, Scope 2, and Scope 3 GHG emissions (in tCO₂eq.), total GHG emissions (in tCO₂eq.) and the GHG emission intensity (in tCO₂eq./'000 HKD revenue) regularly. The GHG emission data and information about target setting are shown in the section "A1. Emissions" of this Report.

Environmental, Social and Governance Report

B. SOCIAL

1. Employment and Labour Practices

B1. Employment

The Group stringently complies with the national and local laws and regulations concerning employment and labour practices, including but not limited to the following:

- (i) The Employment Ordinance of Hong Kong;
- (ii) The Sex Discrimination Ordinance of Hong Kong;
- (iii) The Disability Discrimination Ordinance of Hong Kong;
- (iv) The Race Discrimination Ordinance of Hong Kong;
- (v) Labour Law of the PRC;
- (vi) Labour Contract Law of the PRC;
- (vii) Law of the PRC on the Protection of Rights and Interests of Women;
- (viii) Law of the PRC on the Protection of Minors;
- (ix) Law of the PRC on the Protection of Disabled Persons; and
- (x) Social insurance Law of the PRC.

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare had been identified during the Reporting Period.

Being a signatory of the “Good Employer Charter” organised by the Hong Kong Labour Department, the Group pledges to adopt employee-oriented human resources management practices.

Environmental, Social and Governance Report

B. SOCIAL (continued)

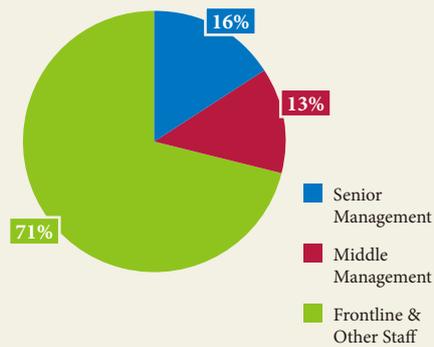
1. Employment and Labour Practices (continued)

B1. Employment (continued)

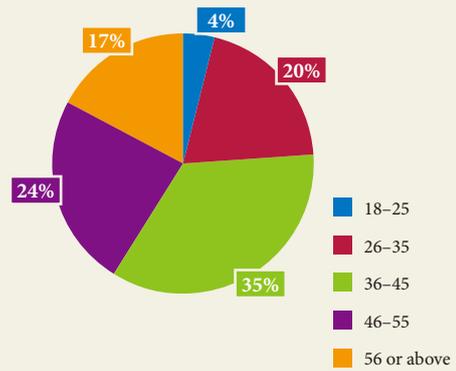
Workforce

At the end of the Reporting Period, the Group had a total of 108, of which 94% were full-time employees. The figures below present the workforce distribution by different categories.

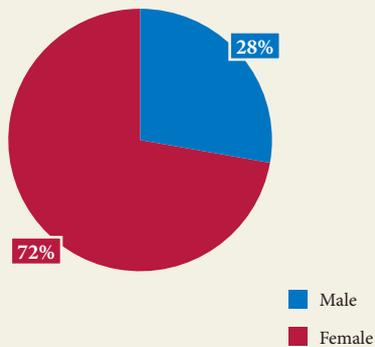
The Workforce Distribution by Employee Category



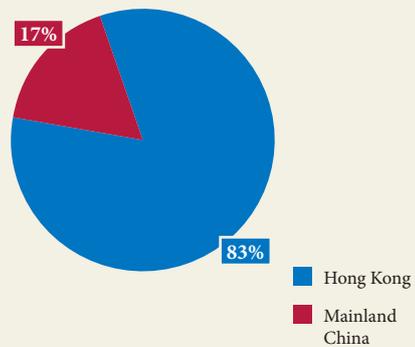
The Workforce Distribution by Age



The Workforce Distribution by Gender



The Workforce Distribution by Geographical Region



Environmental, Social and Governance Report

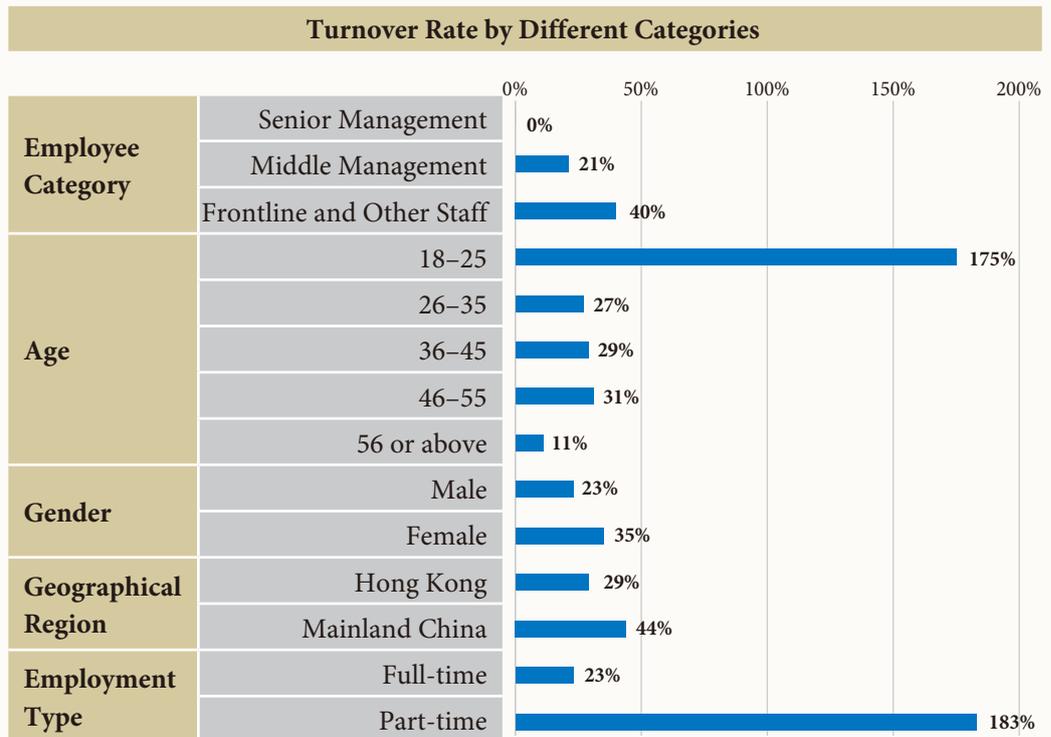
B. SOCIAL (continued)

1. Employment and Labour Practices (continued)

B1. Employment (continued)

Turnover

The total turnover rate of the Group during the Reporting Period was 31.48%. The detailed distribution is illustrated in the graph below:



The demographic groups with the highest turnover rates were employees between 18-25 years old and part-time employees.

*Note: The turnover rate was calculated by (no. of employees leaving the Group during the Reporting Period/ no. of employees as of 31 July 2023)*100%.*

Environmental, Social and Governance Report

B. SOCIAL (continued)

1. Employment and Labour Practices (continued)

B1. Employment (continued)

Recruitment and Dismissal

The recruitment procedure is guided by relevant laws and regulations, including but not limited to:

- Labour Law of the PRC; and
- Employment Ordinance of Hong Kong.

The Group adopts a fair recruitment policy to offer open and equal opportunities, free of gender, race, family status and age discrimination, with a view to recruiting the best talents. The Group's employee handbook outlines the terms and conditions of employment, expectations for employees' conducts and behaviours, so as employees' rights and benefits. The Group reviews its compensation and benefits programs regularly to ensure that its compensation and benefits packages remain competitive. Such benefits include mandatory provident fund, subsidised medical care, share option scheme, employee insurance, staff discount on purchases, education subsidies and special leaves.

The Group's employee handbook contains resignation and retirement policies. The Group has formulated resignation forms and resignation questionnaires, ensuring smooth progress of the resignation process and allowing the resigned employees to express opinions on the Group. Termination of employment contract shall be made in writing by either party. An employee may be summarily dismissed without advance notice or payment in lieu of notice for serious misconduct in accordance with relevant laws.

Compensation, Allowance and Benefits

Apart from stringently following applicable laws and regulations, the Group strives to provide various benefits to its employees. Employees are entitled to basic salaries, statutory holidays, various types of paid leave (annual, compensation, marriage, maternity, paternity, sick, etc.), medical allowance, education subsidies, transportation allowance, and staff discounts. Free oral check-ups, scaling and polishing are also provided to employees once a year. To provide greater protection for employees, the Group strengthens and extends the medical insurance coverage to employees in Mainland China. The Group continues to provide family care leave. The Group provides an additional day off during the Lunar New Year, so that employees can spend time with their families. The discretionary bonus may also be provided to employees at the sole discretion of the management of the Group ("**Management**").

Environmental, Social and Governance Report

B. SOCIAL (continued)

1. Employment and Labour Practices (continued)

B1. Employment (continued)

Working Hours

The Group implements flexible working hours. Employees can choose the working hours that best suit their schedules, which facilitates work-life balance among employees. Also, the Group limits the opening hours of the head office and warehouses to ensure adequate rest periods are provided for its employees. The Group does not encourage unauthorised overtime work.

Equal Opportunity

The Group endeavours to promote the concept of equal opportunity and non-discrimination in the employment practices. It has established and implemented policies that promote a harmonious and respectful workplace. Equal opportunities are offered to candidates and employees during recruitment, internal transfer and promotion, on the grounds of equality on gender, nationality, marital status, disability and religious belief. Any employee is entitled to the same benefits and equal treatment. The Group takes a zero-tolerance policy against any workplace harassment and discrimination through exercising a grievance reporting mechanism. Upon finding or encountering any suspicious actions, employees can make a complaint to the Human Resources Department. The case will be investigated thoroughly and confidentially in accordance with the guidelines in handling harassment complaints. No incidences of workplace discrimination were filed during the Reporting Period.

Communication

At the end of each year, heads of each department conduct performance evaluation with their subordinates. Appraisal interviews are conducted, and appraisal forms are filled to review their performance and technical level in the previous year. Work goals and areas for improvement are discussed, encourage them to set and strive to meet new goals.

The Group hosts an annual dinner each year if possible. Gathering employees in the annual dinner not only fosters team spirit, but also shows appreciation and rewards the employees for their hard work.

Environmental, Social and Governance Report

B. SOCIAL (continued)

1. Employment and Labour Practices (continued)

B2. Employee Health and Safety

Workplace safety is of the Group's high priority. The Group strictly complies with all applicable laws and regulations in relation to occupational health and safety, including but not limited to

- Law of the PRC on the Prevention and Control of Occupational Diseases;
- Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong); and
- Employees' Compensation Ordinance (Chapter 292 of the Laws of Hong Kong).

The Group attaches great importance to the health and well-being of its employees. The Group is committed to providing a safe and comfortable work environment for its employees. To provide employees with health protection, the followings are the major measures:

- Apart from conducting regular defaunation, replacement of filters in water dispensers, and cleaning of air-conditioning systems, the Group has also added certified natural air sanitizing and purifying liquid to the air-conditioning systems to reduce the risk of infection;
- Displaying fire escape signs to guide people from wherever they are in a building, via a place of relative safety to the assembly area;
- Cleaning and disinfecting offices and retail shops regularly;
- Providing hand sanitisers, rapid antigen test kits and disposable masks for all employees and visitors if they are needed although the prevention policy for the COVID-19 has been cancelled after our society resumed from the pandemic;
- Providing medical insurance and annual dental checkups to all staff; and
- Providing health and safety related training to employees to raise their safety and health awareness.

Environmental, Social and Governance Report

B. SOCIAL (continued)

1. Employment and Labour Practices (continued)

B2. Employee Health and Safety (continued)

Occupational Health and Safety Statistics

	2022/23	2021/22	2020/21
Work-related fatality	0	0	0
Work-related fatality rate	0%	0%	0%
Work injury cases	1	2	0
Lost days due to work injury	233	8	0

During the Reporting Period, the Group has recorded 1 work-related injury case. An employee hurt his left leg accidentally when commuting to office. The Group has compensated to the employee and handled the case according to the related laws and regulations.

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards had been identified during the Reporting Period.

B3. Development and Training

The Group believes that employees are the valuable assets of an enterprise and regards human resources as part of the corporate wealth. The Group provides on-the-job training and development opportunities to facilitate its employees' career progression and to enhance their competencies in performing their jobs effectively and efficiently. Through different kinds of training, employees' professional knowledge on corporate operations, occupational and management skills are enhanced.

The Group encourages self-development of employees through attending internal and external training programs. Employees can apply for the sponsorship for external training programs relevant to their jobs. Prior approval from their department heads is required and applicants must present relevant certificates to the Human Resources Department for verification after completing the course.

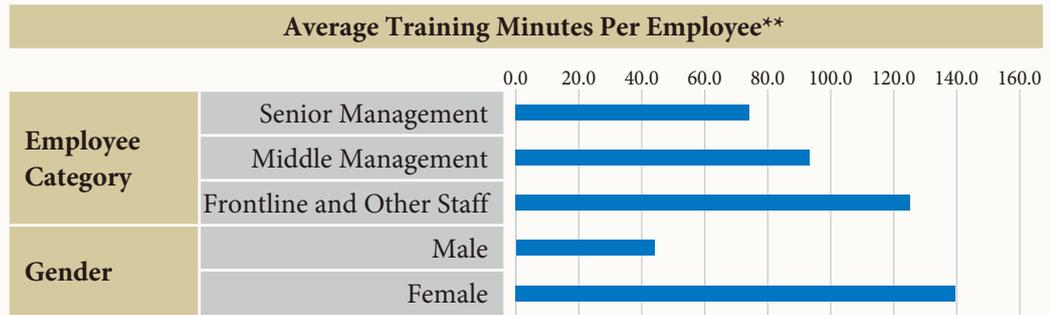
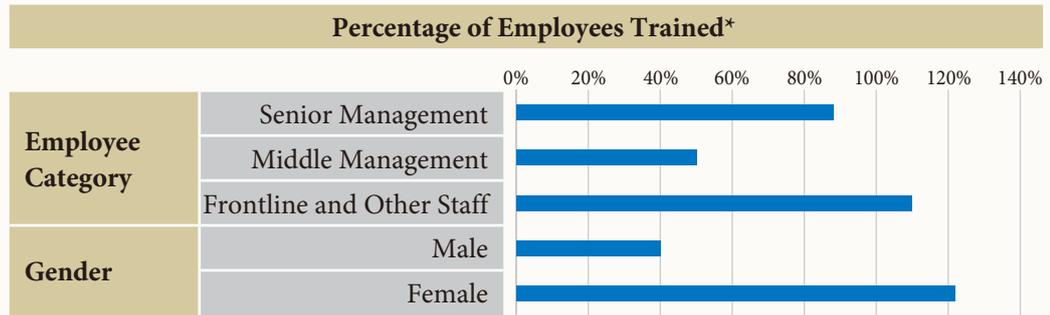
Environmental, Social and Governance Report

B. SOCIAL (continued)

1. Employment and Labour Practices (continued)

B3. Development and Training (continued)

During the Reporting Period, the Group has provided training for 99% of its employees, and a total of 12,210 minutes of training has been provided to 107 employees.



* Number of employees trained/the total number of employees as of 31 July 2023.

** Total training minutes/the total number of employees as of 31 July 2023.

Environmental, Social and Governance Report

B. SOCIAL (continued)

1. Employment and Labour Practices (continued)

B3. Development and Training (continued)

The Group provided various topics of training for employees during the Reporting Period. The details are shown in the following table.

Training Topics	Number of Trained employee	Training Minutes
ICAC Training (For Directors & Executives)	15	675
Microsoft Office 365	70	3,150
CROCO Product Training	10	1,800
Simple Steps to Calculate and Lower Your Carbon Footprint Today	1	120
The Analysis of How Human Resource Management Responds to the Cancellation of MPF “offset” Severance Pay and Long Service Payment	3	540
Employment Ordinance and Minimum Wage Ordinance	3	405
ERP Training (Property Module)	16	1,920
Product Knowledge Training	21	3,600

B4. Labour Standards

Safeguarding the rights of employees and creating an environment of respect, integrity and fairness for employees are of paramount importance to the Group. Child labour and forced labour is strictly prohibited in the Group. For operations in Hong Kong, the Group ensures full compliance to relevant regulations and refers to the Employment of Children Regulations (Chapter 57B of the Laws of Hong Kong). For the Group’s operations in Mainland China, it ensures full compliance to relevant laws and regulations in the Labour Law and the Labour Contract Law of the PRC which stipulate the prevention of the use of child labour of ages under 16 and the prevention of any unlawful way of forced labour.

The Human Resources Department implements comprehensive checking system during the recruitment process to ensure compliance with all the applicable laws and regulations regarding employment and labour standards. Background check process is conducted in each recruitment process to ensure no child and forced labour is hired. If child labour or forced labour is found, the employment shall be terminated.

The Group has equally stringent requirements for its contractors who are required to observe and comply with the same applicable regulations at the relevant jurisdictions. If child or forced labour is found in any place of production, the Group will warn the particular supplier. If repeated violations occur, the Group will terminate all business with the supplier concerned.

No non-compliance with relevant laws and regulations relating to preventing child and forced labour had been identified during the Reporting Period.

Environmental, Social and Governance Report

B. SOCIAL (continued)

2. Operating Practices

B5. Supply Chain Management

Supply chain management is of crucial when it comes to a sustainable business strategy. The Group adheres to the principle that both the quality of its products and stable business relationship with its premier suppliers are essential to maximise the “Crocodile” brand value in long-term. Hence, the Group has adopted a stringent approach in procurement by conducting a preliminary assessment on the potential suppliers’ credentials to ascertain their backgrounds, production facilities and goodwill. The Group also checks whether the products and services provided by the suppliers meet the relevant safety and environmental protection standards. The Group has also actively promoted material saving and extensive use of environmentally friendly clothing materials.

The Group makes a preliminary assessment on the supplier’s official website to understand its background, production facilities, and corporate responsibilities. The Group will also check whether the potential suppliers obtain any certificates regarding their corporate responsibility, product, or other relevant recognition, and prevent cooperating with suppliers with negative news and reviews, including the environmental and social performance, etc. After assessing the potential suppliers’ credentials preliminarily, the Group will select the suppliers by further scrutinising the qualities of their fabrics, yarns, manufacturing parts and delivery capabilities, and examining whether the materials and/or products supplied comply with the relevant safety and environmental standards.

The Group purposed to sign the agreement “Social Responsibility and Ethics Commitment Letter for Suppliers” with the suppliers annually in its future plan, which means to require the suppliers to make commitments to the environmental and social standards, including but not limited to labour rights, labour health and safety, environmental protection and ethical business. The Group monitors the performance of its suppliers by taking reference from the public comments on the suppliers, requiring the suppliers to complete an assessment report annually, which evaluates their productivity and material usage by ranking, and arranging site-visit to the suppliers’ production factories if they are feasible.

The Group has given priority to environmentally friendly and durable raw materials for clothing production when selecting the suppliers, such as certified responsible animal and plant fibres or recycled fibres.

The Group cooperates with various suppliers. During the Reporting Period, the Group engages with 75 suppliers from Hong Kong, and 23 suppliers from Mainland China.

Environmental, Social and Governance Report

B. SOCIAL (continued)

2. Operating Practices (continued)

B6. Product Responsibility

Product and Service Quality

The Group requires all suppliers and manufacturers of its products and packaging to comply with the Group's policy. The Group keeps its sourcing protocols reviewed regularly and up-to-date in order to maintain the high quality and safety standards of its products and customer satisfaction. The Group cooperates only with suppliers which can provide products of high quality and checks if flaws are found to ensure the product quality.

The Group cherishes feedback from customers, which helps the Group improve its services and product quality. The Retail Department is responsible for handling customer suggestions relating to products and services to ensure timely responses are provided to customers' inquiries and opinions.

During the Reporting Period, the Group has recorded 217 of product recall cases for safety and health reasons, which contributed to the recall rate of 0.2%. Besides, it had received 15 products related complaints. All complaints have been solved by product inspection, product repair, product exchange or communication. If the products are needed to be recalled, the retail shop staff will record the purchased information of the customers, and send the returned commodities for further inspection. If product quality problems are found during the inspection process, the exchange of products will be arranged. Furthermore, the Group realises the importance of ensuring product quality before sales. The Group sets the quality targets for its products, such as colours and materials, and requires its suppliers to provide product samples for reviewing at the initial stage of manufacturing the clothes, then the Group conducts a final product quality check before sending the products to the market for sales. The Group continues to provide training to new employees, senior sales and supervisors, enabling them to better understand customer needs and excel their performance to meet customers' expectations. The Group has also provided product training for frontline staff and sales staff, so as to ensure they have more understanding of the characteristics of various products, and enable them to introduce the most suitable products to customers with different needs.

Environmental, Social and Governance Report

B. SOCIAL (continued)

2. Operating Practices (continued)

B6. Product Responsibility (continued)

Product Labelling, Health and Safety, and Advertising

For any marketing and promotional activities, the Group ensures that relevant activities observe applicable laws and regulations such as the Advertisement Law of the PRC and Advertisements Regulation (Cap. 132, sections 104 and 149) in Hong Kong. No false nor misleading contents shall be contained in any advertisement.

For the property investment and letting business, to ensure the customer is not misled and fully understands the terms of the property leasing policy, the Group explains the details of the lease clause of the property unit to the customer, and answers the customer's questions clearly.

During the Reporting Period, the Group had not recorded any cases of material non-compliance with laws and regulations regarding health and safety, advertising, labelling and privacy matters relating to products and services provided.

Intellectual Properties (“IPs”)

It is the Group's prominent code of conduct that all employees need to protect the Group's assets and uphold the privacy of confidential information of IPs such as copyrights, trademarks, and patents. The Group ensures to comply with all IP laws and regulations, including but not limited to the Trademarks Ordinance (Chapter 559 of the Laws of Hong Kong) and the Prevention of Copyright Privacy Ordinance (Chapter 544 of the Laws of Hong Kong). All employees are required to sign a non-disclosure undertaking upon commencement of their employment. Superiors are responsible for ensuring their subordinates fully understand and comply with the code of conduct. The Group also provides a channel for staff to report any potential breach of the code. In addition, the Group also precludes any sales of pirated goods, counterfeits and knockoffs in Hong Kong and overseas. There are no non-compliance cases in the above-mentioned laws and regulations during the Reporting Period.

As of 31 July 2023, 473 active trademarks had been registered within various regions, including Hong Kong, Mainland China and overseas.

Environmental, Social and Governance Report

B. SOCIAL (continued)

2. Operating Practices (continued)

B6. Product Responsibility (continued)

Data Protection

The Group understands that it has an indispensable responsibility for the protection of personal data. Data privacy of consumers and suppliers is strictly protected by the Group. The Group has policies and written guidelines in place for all staff of collection, processing, use of and access to employees' and customers' personal data and information. When collecting any personal data and information, the Group strictly complies with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) and all the relevant regulations to secure the information collected is solely for specific purposes, e.g., personnel, advertising and promotional; and only authorised staff can access to it. The Group never sells, transfers or discloses any personal data to third parties unless with the consent from data owners. Sound security protection of the personal data is in place.

To preserve the confidentiality of customer personal data and other sensitive information, the Group maintains the following data privacy principles:

- (i) Without authorisation of the Company's authorised persons, employees shall not disclose any confidential information of the Group, such as the Group's undisclosed business policies, the Group's performance, sales information, cost, customer information, product styles and personal information of other employees, etc. Employees also shall not disclose, sell and transfer any confidential information about the customers to third parties without the authorisation of the customers, such as name, address, phone number and email address.
- (ii) Employees who are authorised to access or manage such information must take adequate confidentiality measures to prevent such information from being misused or misunderstood. The Group strictly prohibits all employees from taking or reselling the Group's property, including servers, computer systems, or other equipment, etc., and can only be used for purposes related to the Group's businesses or other purposes approved by the Company's authorised persons.

Environmental, Social and Governance Report

B. SOCIAL (continued)

2. Operating Practices (continued)

B6. Product Responsibility (continued)

Data Protection (continued)

- (iii) Employees are not allowed to change any equipment, facilities, or installed software without the approval of the Company's authorised persons, or develop any applications that have not been approved by the supervisor.
- (iv) When using personal computer software, appropriate security measures should be taken, and only personal computer software provided by suppliers specified by the Group can be used. The use of all computer software must strictly abide by the provisions of the Group's employee handbook.
- (v) Data is backed up every day and is protected by firewalls to prevent hackers. In addition to the storage devices of the Group, data is also stored in authorised third-party companies, ensuring that data will not be lost accidentally.
- (vi) Personal data of applicants will be properly destroyed or deleted permanently after 60–90 days, and the personal data of resigned employees will be properly destroyed or deleted after 2–3 years.

If the intrusion of private and sensitive data is being discovered, the Group will plug the loopholes immediately, and will further access the scale of the data breached. The Group will take corresponding measures to prevent intrusion of private and sensitive data in the future.

During the Reporting Period, the Group had not received any noticeable cases of unauthorised use of/access to personal and private information of employees and customers.

Environmental, Social and Governance Report

B. SOCIAL (continued)

2. Operating Practices (continued)

B7. Anti-corruption

The Group advocates strong work ethic that insists on compliance with law, integrity, honesty and professional dedication. The Group strictly observes the following laws and regulations, including but not limited to:

- Criminal Law of the PRC;
- Anti-Unfair Competition Law of the PRC;
- Anti-Money Laundering Law of the PRC;
- Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong); and
- other laws and regulations relating to commercial bribery.

The Group forbids any form of acceptance of advantages or acts of bribery. Explicit rules concerning employees' professional integrity are stated on the Group's employee handbook. It is the Group's principle that all staff are not allowed to receive or offer any advantages such as money, gift, loan, reward, contract and services from or to any business associates. All employees are required to declare whether there is a conflict of interest when they sign the employment contract. If there are any cases of conflict of interest afterwards, the concerning employee is required to update and notify, based on his/her seniority, the Management or the Board.

Environmental, Social and Governance Report

B. SOCIAL (continued)

2. Operating Practices (continued)

B7. Anti-corruption (continued)

The Group has a whistle-blowing policy which encourages reporting of any suspected corruption issues. Whistle-blowers can report the suspected cases to the supervisors in verbal and written ways. Investigation will be carried out promptly for any suspected fraudulent incidents and staff will be dismissed if found to have committed fraud; and the case will be reported to the respective authority when necessary. All the information of the reported cases is kept strictly confidential to protect the whistle-blowers from intimidation and retaliation.

The Group provides training to its Directors and employees to ensure that they are aware of money laundering and extortion-related operation and suspicious activities or transactions. During the Reporting Period, the Group has invited Independent Commission Against Corruption (“ICAC”) to conduct an anti-corruption seminar for all the Board members and Senior Management. The content of the seminar included corruption reporting, corruption prevention laws and cases, personal corruption prevention tips and a question-and-answer session.

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to corruption, bribery, fraud and money laundering had been identified during the Reporting Period.

Environmental, Social and Governance Report

B. SOCIAL (continued)

2. Operating Practices (continued)

B8. Community Investment

While formal policies on community engagement are yet to be established, the Group continues to put resources in community welfare services, disaster relief, pandemic support and environmental protection and strives to implement corporate social responsibility and to participate in public welfare activities. During the Reporting Period, the Group had involved in the following volunteering activities:

Focus Area of the community engagement	Activities in the Reporting Period	Beneficiary/ Collaborators/ Partner Organizations	Resources Contributed
Disaster relief	Donation of clothes for relieving earthquake disaster	Turkey	150 clothes
Community service support	Sponsorship of charity TV show “Heart of Yan Chai”	Yan Chai Hospital	HKD100,000
	Resource donation	Yan Chai Hospital	16 items of cooking utensil
		Caritas Second Hand Recycling Shop	54 items of decorations
Caritas Computer Workshop		5 items of computers and electronic accessories	
	Hong Kong Police Force	1,000 pcs of COVID-19 Rapid Antigen Tests	

Environmental, Social and Governance Report

B. SOCIAL (continued)

2. Operating Practices (continued)

B8. Community Investment (continued)

Focus Area of the community engagement	Activities in the Reporting Period	Beneficiary/ Collaborators/ Partner Organizations	Resources Contributed
	The sales of the charity raffle tickets – Yan Chai Hospital Charity Raffle 2022	Yan Chai Hospital	The sales of 200 charity raffle tickets which are worth HKD2,000 in total.
	Consultant Annual donation 22/23	Yan Chai Hospital	HKD10,000
	Overseas study tour organised by the charity fund of Yan Chai Hospital Lim Por Yen Secondary School in 2022–2023	Yan Chai Hospital Lim Por Yen Secondary School	HKD50,000
	Flag day	Yan Chai Hospital	HKD1,000
	Croco Market	Online shop for minorities	Offer free space and publicity in the online shop for minorities
	Transworld 2022 Fantastic Summer	Yan Chai Hospital	HKD2,000

