

# MOS HOUSE GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

**Stock Code: 1653**

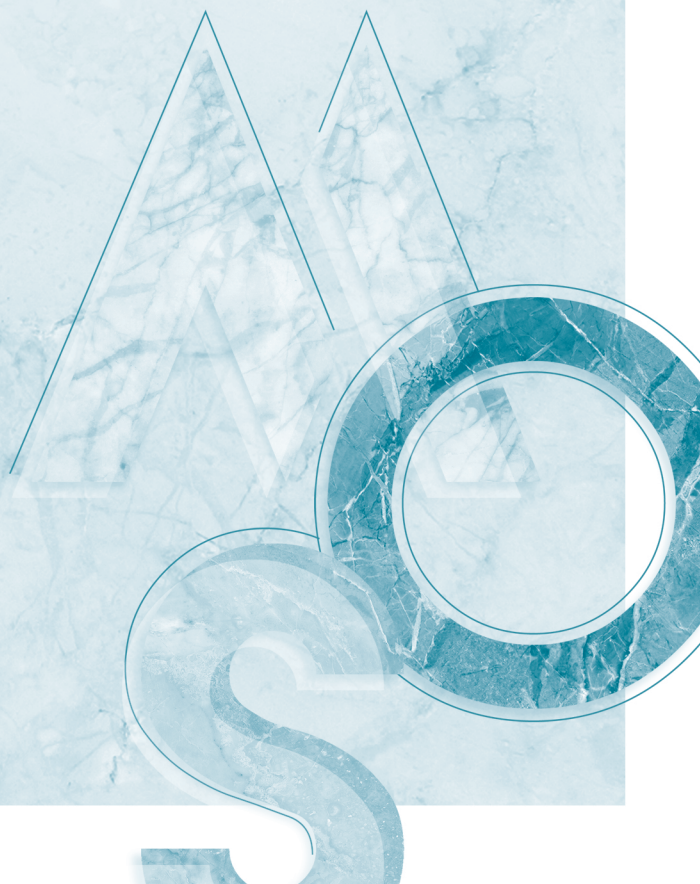


2022

ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT

# Contents

Introduction	2
ESG Governance	3
Materiality Assessment	4
TCFD	6
Stakeholder Engagement	7
Environmental	8
Social	12
Operating Practices	15
Community	17
HKEx ESG Reporting Guide Index	17



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 1. INTRODUCTION

### About this Report

MOS House Group Limited (“MOS House” or the “Company”) and its subsidiaries, (collectively known as the “Group” or “we”) are pleased to present our 2022 Environmental, Social and Governance (“ESG”) Report (the “Report”).

This Report outlines our sustainable development approaches, describes measures implemented and summarizes the Group’s ESG performance. We understand that ESG performances are connected with the long-term growth and value of our business, and being a responsible corporate citizen benefits our stakeholders.

### Scope of Reporting

This Report covers our principal operation, which includes retailing and supplying high-end European imported porcelain, ceramic and mosaic tiles in Hong Kong and Macau. The Reporting Period is from 1 April 2021 to 31 March 2022 (the “Reporting Period”). There are no significant changes in the reporting scope as compared to last year’s report. The performance data of the previous year is also listed in the Report for reference and comparison.

This Report is published in both Chinese and English, and is available on the websites of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Company respectively.

### Reporting Standards

This Report is prepared in accordance with the requirements of the “Environmental, Social and Governance Reporting Guide” (the “HKEx ESG Reporting Guide”), which is Appendix 27 to the “Rules Governing the Listing of Securities on the Stock Exchange” (the “Listing Rules”) and adheres to the four reporting principles as set out in the Guide. A content index of the ESG Guide is provided at the end of the Report for the convenience of the stakeholders. The Report has also adopted the TCFD recommendations.

In preparation of this Report, due diligence has been taken to adhere to the reporting principles stipulated in the HKEx ESG Reporting Guide:

- “Materiality” — The materiality assessment detailed on page 4 has ensured the Report addresses the most material ESG topics pertaining to our businesses.
- “Quantitative” — The Report strives to disclose quantitative metrics and related targets whenever possible, to demonstrate our impact.
- “Balance” — The Report presents an unbiased representation of our ESG management approach and performance. It avoids misleading omissions and presentation.
- “Consistency” — Whenever deemed material, the Report details the standards, tools, assumptions and/or source of conversion factors used, as well as explanations of any inconsistencies to previous reports. For the Group’s corporate governance practices, please refer to pages 15 to 26 for the section “Corporate Governance Report” contained in our 2022 annual report published on 28 July 2022.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Reporting Period

This Report specifies the ESG activities, challenges and measures taken during the financial year ended 31 March 2022.

## Comments and Feedback

We welcome any comments on our ESG issues, stakeholder opinions and suggestions as these motivate and impact our improvements and future developments in regards to sustainability.

If you have any enquiries or comments, feel free to submit them by mail. Our address is: 50/F, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong

## 2. ESG GOVERNANCE

### Board Statement

The Board evaluates the materiality of the identified ESG risks and oversees the progress made against ESG related targets and initiatives. The Board sets the overall direction for the Group's ESG strategies, integrating ESG considerations as part of the business decision-making process.

### Internal Control and Risk Management

The Group understands the importance of internal control and risk management. A structured internal control and risk management system is closely related to the sustainable development of an enterprise. Therefore, the Board continues to monitor our internal control system, risk assessment and risk management system, so as to identify unfavourable factors that may adversely affect our business. These include the risks in the areas of operation, finance, compliance, social and environmental protection, etc. Corresponding measures will be implemented once these risks are identified.

Additionally, the Company's Audit Committee performs internal audits and risk management periodically to ensure an effective internal control monitoring system is maintained. In order to further enhance our risk management and internal control system, we have engaged an internal control consultant as our independent external adviser to conduct reviews over our risk management and internal control system, so as to ensure the sustainability of our business and to adopt enhancement measures if necessary. The Group's sustainable development policies are expected to be complemented by the continuous monitoring and improvement of our internal control and risk management system, further contributing to the Group's effort in achieving its goal of sustainable development.

For more information about our policies and procedures on corporate governance, please refer to the "Corporate Governance Report" on pages 15 to 26 in our 2022 Annual Report published on 28 July 2022.

## 3. MATERIALITY ASSESSMENT

As we treasure every opinion from our stakeholders, we conducted a materiality assessment as to identify the ESG topics that are significant to our business. Based on their comments, we were able to identify, prioritize and manage the ESG issues that may potentially affect our business. We formulated a 3-step approach for our materiality assessment:

- Step 1 — Identify Relevant ESG Issues: We identify ESG issues relevant to the Group with reference to the HKEx ESG Reporting Guide, previous engagement results and routine communications with stakeholders.
- Step 2 — Stakeholders Engagement: We invite our stakeholders to provide feedback through an online survey on the importance of these issues to the Group and to comment on the Group's work in sustainability.
- Step 3 — Analyse Results and Management Evaluation: The data collected from the survey are analysed and combined with the management's evaluation to conclude on the materiality of the ESG issues.

After conducting and analysing the responses, we identified the relevant ESG issues and assessed their importance in relation to the Group's businesses and stakeholders. These issues are shown in the table below, together with the aspects of the HKEx ESG Reporting Guide to which they relate:

### The most material topics

1. Quality of goods and services
2. Health and safety of goods and customers
3. Customer communication and satisfaction

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Other material topics

Environmental	Employment	Social Operation	Community
Air pollution and emission control	Workplace diversity, anti-discrimination and equal opportunity	Suppliers' selection, assessment and continuous supervision	Charitable donations
Climate change mitigation and adaptation	Occupational health and safety	Supplier's sustainability and social responsibility	Participation in voluntary activities
Waste handling and management	Training and development of employees	Anti-fraud/anti-corruption	
Energy and water conservation	Employment relationship and communication with employees	Disaster/emergency response and management	
Sustainable use of other resources and green packaging	Talent attraction and employee retention	Customer data protection and privacy	
Green procurement	Employee Benefits	Complaint handling	
		Protection of intellectual properties and rights	
		Advertising management	
		Prevention of child labour and forced labour	

The Group has established appropriate and effective management policies and internal control systems for ESG issues, and confirmed that the contents disclosed herein are in compliance with the requirements of the HKEx ESG Reporting Guide. This Report will pay attention on the aforementioned issues and respond to stakeholders' concerns in the relevant sections.

## 4. TCFD

We have summarised our climate-related risks with reference to the four core elements recommended by TCFD which are governance, strategy, risk management, metrics and targets.

### Governance

The Board evaluates the materiality of the identified ESG risks and oversees the progress made against ESG related targets and initiatives. The Board sets the overall direction for the Group's ESG strategies, integrating ESG considerations as part of the business decision-making process.

### Strategy

Climate change is a prevalent issue for companies across all sectors and geographical regions, due to the nature of the Group's business operations, climate change is not a material aspect in the short and medium term.

Physical climate risks come in the form of extreme weather conditions in greater frequency and intensity, as well as rise in sea level. Extreme weather (e.g. more frequent and intense typhoons) and changes in climate patterns (e.g. higher humidity) can affect the safety of our employees and can cause damage to our physical retail locations.

The Group recognizes the transition risks and opportunities presented by climate change. The Group will continue to disclose our ESG-related information annually with reference to the HKEx ESG Reporting Guide and TCFD framework.

### Risk Management

The Group understands the importance of internal control and risk management. A structured internal control and risk management system is closely related to the sustainable development of an enterprise. Therefore, the Board continues to monitor our internal control system, risk assessment and risk management system, so as to identify climate change risks and opportunities to enhance the Group's resilience.

### Metrics and Targets

As the potential impacts of climate change on our future businesses are growing, the Group plans to enhance the strategies and performance on decarbonization. We aim to reduce our carbon emissions year-on-year, and we have implemented many measures to reduce energy and water use during daily operation to achieve this target.

The metrics used to assess climate-related risks and opportunities, to manage relevant strategies and review performance mainly include carbon emissions, energy use, and water consumption. Detailed figures are listed in the "Environmental" Section of this report.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 5. STAKEHOLDER ENGAGEMENT

Maintaining an open dialogue with stakeholders is important for the continuous development of the Company on its sustainable journey. We regularly review ESG related policies to respond to our stakeholders' concerns, as well as rebalance the resources on different ESG issues. By doing so, the Company is able to identify the most material issues that matter to our business. Concurrently, we can mitigate risks and spot opportunities through this process.

The Group aims to collaborate with its stakeholders to improve its ESG performance and create greater value for the community on a continuous basis. We have engaged with our major stakeholders such as customers, suppliers, shareholders and investors, employees, other business partners, government and regulatory authorities through various communication channels.

The Group uses diversified engagement methods and communication channels as shown below:

Stakeholders	Expectations and Concerns	Key Communication Methods
<b>Customers</b>	<ul style="list-style-type: none"> <li>High quality products and services</li> <li>Protection of the rights of customers</li> </ul>	<ul style="list-style-type: none"> <li>Daily front-line communications</li> <li>Regular business exchanges and meetings</li> <li>Customer feedback</li> <li>Questionnaire survey</li> </ul>
<b>Suppliers and contractors</b>	<ul style="list-style-type: none"> <li>Supplier appointment</li> <li>Sustainable supply chain</li> <li>Fair and open procurement</li> <li>Stable business relationship</li> </ul>	<ul style="list-style-type: none"> <li>Business visits</li> <li>Annual meetings</li> <li>Questionnaire survey</li> </ul>
<b>Shareholders and investors</b>	<ul style="list-style-type: none"> <li>Return on investment</li> <li>Corporate governance</li> <li>Business compliance</li> </ul>	<ul style="list-style-type: none"> <li>Company website</li> <li>Annual and interim reports</li> <li>Annual general meetings and other shareholders' meetings</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Employees' compensation and benefits</li> <li>Career development</li> <li>Healthy and safe working environment</li> </ul>	<ul style="list-style-type: none"> <li>Employees' performance appraisal</li> <li>Regular departmental meetings</li> <li>Questionnaire survey</li> </ul>
<b>Other business partners</b>	<ul style="list-style-type: none"> <li>Fair and open procurement</li> <li>Stable business relationship</li> </ul>	<ul style="list-style-type: none"> <li>Daily operations or regular business exchanges</li> <li>Regular meetings</li> <li>Questionnaire survey</li> </ul>
<b>Government and regulatory authorities</b>	<ul style="list-style-type: none"> <li>Involvement in communities</li> <li>Business compliance</li> <li>Environmental awareness</li> </ul>	<ul style="list-style-type: none"> <li>Daily operations</li> <li>Regular meetings</li> <li>Cooperation with the government and regulatory authorities in compliance inspections</li> </ul>



## 6. ENVIRONMENTAL

### Air Emissions

We aim to enhance our environmental performance across our operations and embed sustainable strategies. The Group is committed to promoting a green environment by introducing environmentally friendly business practices, educating its employees to enhance their awareness on environmental protection and complying with the relevant environmental laws and regulations.

Our major emissions were generated from the purchased electricity from retail shops and offices in operation, as well as the unleaded petrol and diesel consumed by our passenger cars and forklift. To minimise the carbon footprint incurred by our daily operation, we have implemented the below measures to achieve the “green operation” as we target to decrease our air emissions year-on-year.

- Install a high-efficiency motor unit when replacing the machine
- Increase the application of natural light
- Lights and unnecessary energy-consuming devices must be turned off when employees leave the office to reduce energy consumption and lower the relevant greenhouse gas emissions
- Educate employees on the importance of water conservation and reduce unnecessary water waste. When any leaks occur on any equipment, perform maintenance procedures immediately to avoid waste
- Ensure equipment and devices are switched off during downtime and breaks
- Set the temperature of air conditioning in our office within an energy-efficient level from 24°C to 26°C
- Encourage employees to switch off all computers and warehouse/office equipment, electrical appliances and air conditioners when not in use
- Advocate 3R's concept — “Reduce, Reuse and Recycle”

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A detailed summary of the Group's air emissions is shown below:

Air pollutants <sup>1</sup>	Unit	FY2022	FY2021
Nitrogen Oxides	Kg	80.46	70.02
Sulphur Oxides	Kg	0.17	0.15
Particulate Matter	Kg	2.21	1.93

GHG emissions <sup>2</sup>	Unit	FY2022	FY2021
Scope I (Direct emissions)	Tonnes of CO2e	27.29	25.25
Mobile combustion	Tonnes of CO2e	27.29	25.25
Scope II (Indirect emissions)	Tonnes of CO2e	555.032	344.45
Electricity purchased	Tonnes of CO2e	555.032	344.45
Total GHG emissions (Scope I, II)	Tonnes of CO2e	582.322	369.7
GHG emissions intensity (Scope I, II)	Tonnes of CO2e/ HKD million revenue	4.46	2.51

## Waste Management

We adhere to the 3R's concepts; "Reduce, Reuse and Recycle" to reduce the waste generated across our operations.

Due to our business nature, hazardous waste is not material for the Group and the major non-hazardous wastes are paper waste, ordinary office waste and broken tiles.

In order to reduce the Group's paper consumption, we adopted a range of measures, such as:

- Promote a paperless practice in the office
- Encourage double-sided printing or photocopying for documents
- Use of electronic files

Moreover, the Group also avoids using single-use paper cups and encourages employees to bring their own cups. We have appointed a third-party contractor to handle our non-recyclable waste from the warehouse and the office, to ensure that all the generated waste is properly handled. We target to decrease our waste generation year-on-year. No hazardous waste was produced by the Group during the Reporting Year.

<sup>1</sup> Due to an increase in business activity, the Group's air pollutants increased in the Reporting Year compared to the previous reporting year.

<sup>2</sup> Due to an increase in business activity, the Group's GHG emissions increased in the Reporting Year compared to the previous reporting year.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A detailed summary of the Group's non-hazardous waste is shown below:

Non-hazardous Waste <sup>3</sup>	Unit	FY2022	FY2021
Total Non-hazardous Waste Produced	Tonnes	105.75	69.5
Intensity of Non-hazardous Wastes Produced	Tonnes of CO2e per HKD million revenue	0.81	0.47

## Use of Resources

Through the Group's commitment, resource efficiency and eco-friendly measures across its operations have been embedded. Fuel and electricity are consumed due to the nature of the Group's operations, the Group aims to further reduce the environmental impacts of its activities.

## Energy Consumption

To reduce its energy consumption and raise awareness of energy conservation, the Group will encourage the offices and its retail shops to implement energy efficiency measures. We target to decrease our energy consumption year-on-year.

The electricity, petrol and diesel consumptions account for a substantial part of the energy consumption for the Group, as reflected in the energy consumption of the Group shown below:

Energy consumption <sup>4</sup>	Unit	FY2022	FY2021
Direct	MJ	340,377.38	332,856
Petrol (gasoline)	MJ	33,621.38	31,500
Diesel	MJ	306,756	301,356
Indirect	MJ	2,864,819.23	2,261,772
Electricity purchased	MJ	2,864,819.23	2,261,772
Total energy consumption	MJ	3,205,196.61	2,594,664
Energy intensity	kWh/HKD million revenue	6,814	4,900

The Group has adopted measures to improve its energy efficiency performance as mentioned in the section "Emissions".

## Water Consumption

Only tap water provided by the Water Supplies Department is used, no issues sourcing water have been encountered. However, we understand water is a precious resource and we encourage our staff to save portable water. We target to decrease our water consumption year-on-year.

The wastewater generated by the Group was mostly from the operation of our offices and retail shops. Therefore, we do not have significant wastewater generated during the Reporting Period. Municipal wastewater was directly discharged into the municipal sewer line.

<sup>3</sup> Due to an increase in business activity, the Group's non-hazardous waste increased in the Reporting Year compared to the previous reporting year.

<sup>4</sup> Due to an increase in business activity, the Group's energy consumption increased in the Reporting Year compared to the previous reporting year.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A detailed summary of the Group's water consumption is shown below:

Water consumption	Unit	FY2022	FY2021
Total water consumption	M3	453.28	1,208.83
Water intensity	M3/HKD million revenue	3.47	8.22

## Packaging Material Consumption

Due to the nature of our operations, plastics wraps and non-woven bags were used. To protect our environment, we are looking for methods to reduce our packing material consumption as well as any alternative materials beyond plastics.

A detailed summary of the Group's packaging material consumption is shown below:

Packaging material consumption	Unit	FY2022	FY2021
Total packaging material consumption	Tonnes	1.8	2.4

## The Environment and Natural Resources

We recognize that the protection of the environment is a common responsibility, as a responsible listed company in Hong Kong, we strive to sustain the earth in an eco-friendly way to operate our business.

We have not identified any specific regulatory requirements related to environmental protection beyond the above sections that have significant risks to the Group and we consider that our operation does not cause any significant impact to the environment and natural resources during the Reporting Period. However, we still prioritize environmental issues in our business and recognise the future risks associated from climate changes and other relevant issues. Therefore, we monitor this topic and are ready for any change of climate-related regulations.

During the Reporting Period, the Group has not been subjected to administrative sanctions or penalties for violating environmental laws or regulations that would have a significant impact on the Group.

## Climate Change

Climate change is a prevalent issue for companies across all sectors and geographical regions, due to the nature of the Group's business operations, climate change is not a material aspect in the short and medium term. Climate risks can be categorised into physical and transition climate risks.

### Physical Climate Risks

Physical climate risks come in the form of extreme weather conditions in greater frequency and intensity, as well as rise in sea level. Extreme weather (e.g. more frequent and intense typhoons) and changes in climate patterns (e.g. higher humidity) can cause damage to our physical retail locations.

### Transition Climate Risks

Transition climate risks are the evolution of the regulatory, technological and market landscape due to climate change action. More stringent policy risks, such as an increase in emissions regulations may impact the Group's operations and its supply chain.

## 7. SOCIAL

### Employment

The Group adheres to the “people-centric” principle and has developed policies and procedures that align with the applicable employment laws and regulations in Hong Kong, including but not limited to the Employment Ordinance (Cap. 57). The internal policies are regularly reviewed by our Human Resources Department.

As we strive to build an inclusive and diverse working environment, any form of harassment and discrimination is not tolerated by the Group. We respect our employees and treat them equally. We recruit talents based on their working experience, qualifications and knowledge, regardless of factors such as skin colour, age, gender, sexual orientation, gender identity, nationality etc.

We provide a competitive remuneration package to our employees. All rest days and statutory holidays as stated in local laws and regulations, employees are entitled to have paid annual leaves, maternity leaves, paternity leaves, marriage leaves and festivals early leaves.

Benefits such as medical benefits, MPF scheme and other benefits subject to the Group’s human resource policies, such as birthday leave with a cash gift and celebration activities such as Christmas Party for the festival are provided by the Group.

The Group has a clear promotion ladder for the employees, promotion and salary increments are based on the results of regular performance appraisals. Furthermore, our shop staff, who are under managerial grade, undergo a monthly and quarterly performance appraisal based on standard performance criteria. Performance bonus, salary increment and promotion are determined with reference to the results of the staff appraisal. Staff dismissals are in accordance with the Employment Ordinance, as well as the requirements stipulated in the employment contracts.

During the Reporting Period, the Group was not subjected to any major administrative sanction or punishment due to violation of any employment laws or regulations.

As of 31 March 2022, the Group had a total of 61 employees. The employment breakdown is as below:

Workforce	Unit	FY2022	FY2021
Total	Persons	61	66
Male (By Gender)	Persons	40	44
Female (By Gender)	Persons	21	22
Full-time (By employment type)	Persons	58	65
Part-time (By employment type)	Persons	3	1
< 30 (By age group)	Persons	15	14
30–39 (By age group)	Persons	9	13
40–49 (By age group)	Persons	19	30
50–59 (By age group)	Persons	18	8
>60 (By age group)	Persons	0	1
Board (By employee category)	Persons	5	2
Management (By employee category)	Persons	5	5
Senior (By employee category)	Persons	7	7
Junior (By employee category)	Persons	44	40
Hong Kong (By region)	Persons	61	54

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A detailed summary of the Group's employee turnover is shown below:

Turnover Rate	Unit	FY2022	FY2021
Overall	%	34.78	43
Male (By Gender)	%	39.47	11
Female (By Gender)	%	25.64	14
<30 (By age group)	%	0	40
30–39 (By age group)	%	200	7
40–49 (By age group)	%	5.26	7
50–59 (By age group)	%	0	0
>60 (By age group)	%	0	0
Hong Kong (By region)	%	34.78	43

The calculation of turnover rate is shown as below:

$$\text{Turnover rate} = \frac{L}{E} * 100\%$$

L = Number of employees leaving employment during the Reporting Period  
E = (Number of employees at the beginning of the Reporting Period + Number of employees at the end of the Reporting Period)/2

A detailed summary of the Group's Board members is shown below:

Number of Board members	Unit	FY2022	FY2021
Total	Persons	5	5
Male (By Gender)	Persons	4	3
Female (By Gender)	Persons	1	2
<30 (By age group)	Persons	0	0
30–39 (By age group)	Persons	0	0
40–49 (By age group)	Persons	0	1
50–59 (By age group)	Persons	4	3
≥60 (By age group)	Persons	1	1
Master or above (By education)	Persons	3	1
Bachelor (By education)	Persons	2	4

## Health and Safety

We are committed to providing a comfortable, safe and healthy environment in our office, retail shops and warehouses for all of our employees.

In line with the Occupational Safety and Health Ordinance (Cap. 509), working in a safe and healthy environment is a promise we make to our employees. To provide our employees with a safe and healthy working environment, our staff handbook for the operation and warehouse staff contains work safety rules, such as emergency and evacuation procedures upon a breakout of fire, an electrical outage or flooding in our retail shops.

During the Reporting Period, the Group received no complaints or notices from regulatory bodies in relation to the violation of safety laws and regulations. Moreover, the Group did not identify any significant fines or non-monetary sanctions for non-compliance with the protection of employees and provision of safe working environment. There were no work-related fatality cases reported during the Reporting Period and in each of the past three years. There were 18 lost days due to work injury during the Reporting Period.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To combat the coronavirus pandemic, we adopted a series of measures to protect our employees and customers. We put notices on our stores to remind customers to wear face masks when they enter our shops. In addition, we provide hand sanitizers at the entrance for our employees and visitors and check the body temperature of any individual that is visiting our offices and retail shops.

## Development and Training

We encourage our staff members to receive trainings so as to improve their efficiency and productivity. Our employees are welcome to join internal and external training courses as we support our employees in their quest for self-improvement and equipping themselves with new skills. As such, the Group provides training to all employees as to strengthen their product knowledge and enhance their familiarity with the industry.

We provide on-the-job training to new members to educate them with our internal rules and precautions at work as to ensure they pick up the required skills swiftly. Through the trainings, we aim to foster a sense of work safety within our staff members and to enhance their ability at work.

A detailed summary of the Group's training and development activities is shown below:

Percentage of employees trained	Unit	FY2022	FY2021
Overall	%	63.93	27
Male (By gender)	%	82.05	67
Female (By gender)	%	17.95	33
Board (By employee category)	%	0	0
Management (By employee category)	%	7.69	8.2
Senior (By employee category)	%	12.82	14.3
Junior (By employee category)	%	79.49	81

Average training hour	Unit	FY2022	FY2021
Overall	hours per employee	0.1	0.14
Male (By gender)	hours per employee	0.08	0.12
Female (By gender)	hours per employee	0.14	0.16
Board (By employee category)	hours per employee	0	0
Management (By employee category)	hours per employee	0.2	0.2
Senior (By employee category)	hours per employee	0.29	0.31
Junior (By employee category)	hours per employee	0.07	0.12

## Labour Standards

The Group strictly prohibits any recruitment of child and forced labour in its business. To mitigate the risk of hiring child labour, all new recruits are subject to a set of review procedures, from interview to identity checking. We have complied with laws and regulations relating to minimum age and wages of employment, such as the Minimum Wage Ordinance (Cap. 608). In the event that child and/or forced labour is discovered, the HR department shall remedy the situation and conduct a root-cause analysis to prevent re-occurrence.

We uphold that:

- Forced behaviour shall be prohibited;
- No employee shall be induced to work for the Group by fraudulent means; and
- None of the employees' interest shall be obtained or none of the employees shall be forced to work through punishments or coercion.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 8. OPERATING PRACTICES

### Supply Chain Management

The quality control of the imported tiles and bathroom fixtures from our suppliers is vitally important due to the nature of our business. To maintain a high-level of monitoring, a set of policies and procedures have been embedded across our supply chain management.

In order to select reliable and quality suppliers, we evaluate them with various criteria, such as:

- Reputation in the industry
- Product quality
- The standards they obtained

Under our rigorous assessment, most of our tile suppliers surpass the basic requirements such as CE mark<sup>5</sup>, indicating that they met the requirements of the European Economic Area (EEA), and possess the ISO 9001 certification on quality management system and ISO 10545 certification on standards and quality of tiles.

We also take our suppliers' sustainability performance into account, as such, the products' environmental friendliness is one of our concerns when choosing the suitable suppliers. Therefore, most of our suppliers have obtained environmental certifications, such as Ecolabel<sup>6</sup> which recognizes products that have less environmental impact throughout their life cycle, and LEED<sup>7</sup> certifications for the production premises, as well as ISO 14001 on environmental management system standards etc. We demonstrate our care to the environment by embedding these concepts across our business practices.

A detailed summary of the Group's suppliers is shown below:

Number of suppliers	Unit	FY2022	FY2021
Total	Suppliers	76	60
China (By region)	Suppliers	6	6
Hong Kong (By region)	Suppliers	15	12
Europe (By region)	Suppliers	53	40
Others (By region)	Suppliers	2	2

<sup>5</sup> A conformity marking for products sold in the European Union. It states that the products are assessed before placed on the market and meets the European Union safety, health and environmental protection requirements.

<sup>6</sup> EU Ecolabel, a voluntary labelling system which is recognised throughout Europe that helps customers to identify products and services that have a reduced environmental impact throughout their life cycle, from the extraction of raw material through to production, use and disposal.

<sup>7</sup> Leadership in Energy and Environmental Design, a set of standards introduced by the U.S. Green Building Council for environmentally sustainable construction.



## Product Responsibility

As the major business of the Group is retailing and supplying of overseas manufactured tiles, no production process is involved in the business. As the largest player in the overseas manufactured tile retailing industry, we are devoted to ensuring and providing premium products to our customers.

To guarantee the product quality, our quality control team will check the products against specifications as set out in relevant purchase orders placed upon the arrival of products at our warehouse. Our team will also perform visual inspections to verify the quality of the products packed in individual cartons. In case of any apparent defects discovered, we will immediately contact the relevant suppliers and reach a mutually agreed mechanism for returning or exchanging the products concerned.

Before we deliver our products to the customers, our quality control team will conduct a sample checking procedure on the products by scanning them. Although we do not provide warranties for the products sold, we generally accept the return or exchange of the unused and untainted purchase for our retail customers given that defects are discovered upon or after delivery within a reasonable period, say within two weeks of delivery.

In a bid to safeguard the information in relation to operations and business activities of the Group and our business association, we have established a rigorous data privacy policy in the staff handbook that states all proprietary, confidential or generally undisclosed information will be handled with security control and proper procedures.

The Group also pays close attention to defending and protecting our intellectual property rights. Some trademarks and domain names of the Group have been registered in Hong Kong and China.

During the Reporting Period, the Group has complied with relevant laws and regulations on product safety, health and advertising, including but not limited to Sale of Goods Ordinance (Cap. 26), Trade Descriptions Ordinance (Cap. 362), and Consumer Goods Safety Ordinance (Cap. 456). There were no products sold or shipped subsequently subject to recalls for safety and health reasons. Additionally, the Group received no complaints in regards to the product quality.

## Anti-corruption

We strictly adhere to business ethics and integrity and comply with requirements of the statutory laws, rules and regulations, such as the Prevention of Bribery Ordinance (Cap. 201). We are dedicated to stipulating an anti-corruption and transparent environment across our business operations.

A whistle-blowing channel has been launched to allow employees to report any irregularities in regard to fraud and bribery. Furthermore, our accounting staff will check any payments that are not incurred in the ordinary course of sales transactions to prevent bribery from third-parties. We conduct anti-corruption training related to topics such as bribery practices. During the Reporting Period, all of our directors received anti-corruption training as well as 88.14% of our staff.

During the Reporting Period, there were no legal cases regarding corruption brought against the Group and its employees. There were also no whistle-blowing reports received.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 9. COMMUNITY

### Community Investment

The Group cares not only for its business operations, but also for the wider community. As we would like to cultivate a harmonious relationship with the community, we encourage our employees to participate in voluntary works in local community and pass their love on.

As well as engaging with the community, we have also provided financial support in the past although no donations were made during the Reporting Period.

## 10. HKEx ESG REPORTING GUIDE INDEX

Aspect	KPI	Description	Statement/Section	Page No.
<b>Subject Area (A) Environment</b>				
<b>A1: Emissions</b>				
A1	General disclosures	Information on: (a) the policies; and (b) compliance	Our Environment	pp. 8-10
	KPI A1.1	The types of emissions and respective emissions data		p. 9
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).		p. 9
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).		p. 9
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).		p. 10
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.		p. 8
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.		p. 9

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect	KPI	Description	Statement/Section	Page No.
<b>A2: Use of Resources</b>				
A2	General disclosures	Policies		pp. 10-11
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).		pp. 10
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).		p. 11
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.		p. 10
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.		p. 10
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.		p. 11
<b>A3: The Environment and the Natural Resources</b>				
	General disclosures	Policies		p. 11
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.		p. 11
<b>A4: Climate Change</b>				
	General Disclosures	Policies		p. 11
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.		p. 11

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect	KPI	Description	Statement/Section	Page No.
<b>Subject Area (B) Social</b>				
<b>B1: Employment and Labour Practices</b>				
B1	General disclosures	Information on: (a) the policies; and (b) compliance		pp. 12-13
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.		p. 12
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.		p. 13
<b>B2: Health and Safety</b>				
B2	General disclosures	Information on: (a) the policies; and (b) compliance		pp. 13-14
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.		p. 13
	KPI B2.2	Lost days due to work injury		p. 13
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.		pp. 13-14
<b>B3: Development and Training</b>				
B3	General disclosures	Policies		p. 14
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).		p. 14
	KPI B3.2	The average training hours completed per employee by gender and employee category.		p. 14

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect	KPI	Description	Statement/Section	Page No.
<b>B4: Labour Standards</b>				
B4	General disclosures	Information on:  (a) the policies; and  (b) compliance		p. 14
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.		p. 14
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.		p. 14
<b>Operating Practices</b>				
<b>B5: Supply Chain Management</b>				
B5	General disclosures	Policies		p. 15
	KPI B5.1	Number of suppliers by geographical region.		p. 15
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.		p. 15
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.		p. 15
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.		p. 15

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect	KPI	Description	Statement/Section	Page No.
<b>B6: Product Responsibility</b>				
B6	General Disclosures	Information on: (a) the policies; and (b) compliance		p. 16
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.		p. 16
	KPI B6.2	Number of products and service-related complaints received and how they are dealt with.		p. 16
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.		p. 16
	KPI B6.4	Description of quality assurance process and recall procedures.		p. 16
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.		p. 16
<b>B7: Anti-Corruption</b>				
B7	General Disclosures	Information on: (a) the policies; and (b) compliance		p. 16
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.		p. 16
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.		p. 16
	KPI B7.3	Description of anti-corruption training provided to directors and staff.		p. 16

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect	KPI	Description	Statement/Section	Page No.
<b>B8: Community</b>				
B8	General disclosures	Policies		p. 17
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).		p. 17
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.		p. 17