



鷹美(國際)控股有限公司

**EAGLE NICE (INTERNATIONAL) HOLDINGS LIMITED**

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

(Stock Code 股份代號: 02368)

# 2021



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



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## Section 1 About this Report

### 1.1 Foreword

Established in 1993, Eagle Nice (International) Holdings Limited (the “Company”) and its subsidiaries (the “Group”) have grown into a pioneering force in the international garment manufacturing industry during the past 28 years, working closely with progressive global sports brands to make vigorous plans for sustainable corporate development.

Committed to the mission of “pioneer innovation, benefit to customers, empower staff and reward shareholders”, the Group has not only attained international standards in products, services and technologies, but has also placed a strong emphasis on environmental protection and community involvement, underpinned by “sustainability and contribution society” as the new direction for ongoing development.

During the year, the Group deepened its human resources policy, occupational health and safety (“OHS”) policy and environmental policy to foster a safety culture and enhance environmental awareness, while active efforts have been made to commence green procurement. A Green Team has also been established to drive the promotion of environmental accreditation initiatives at the headquarters and the factories in fulfilment of its mission in sustainability.

### 1.2 Basis for the Compilation of the Report

The contents of this Environmental, Social and Governance report (the “Report”) is compiled in accordance with The Environmental, Social and Governance Reporting Guide of Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), taking into account the conditions of the Company as applicable. The Report is published annually for each financial year.

### 1.3 Period and Scope of Reporting

This Report covers the Group’s sportswear manufacturing business operations at its Hong Kong headquarters and 6 factories located variously in China, Indonesia and Vietnam for the year commencing on 1 April 2020 and ending on 31 March 2021:

- i. Hong Kong headquarters
- ii. Yumei ( Shantou ) Garments Co., Ltd. ( “Shantou” )
- iii. Maitex Co., Ltd of Huilai ( “Huilai” )
- iv. Eagle Nice ( Yifeng ) Garments Co., Ltd. ( “Yifeng” )
- v. P.T. Eagle Nice Indonesia ( “Indonesia” )
- vi. Pro Kingtex Vietnam Company Limited ( “Vietnam” )
- vii. Hubei LPV Sports Co., Ltd. ( “Hubei” )

### 1.4 Reporting Principles

- **Materiality:** The Group regularly draws reference from the sustainability standards of local and international industry peers and strives to match such standards. Meanwhile, the Group communicates with the stakeholders on a regular basis to identify the most concerned and material sustainability issues for the Group. Such sustainability issues will be incorporated into the Group’s development objectives subject to the general operating principles.
- **Quantitative:** The Group is committed to quantifying and disclosing its key performance indicators and data in the environmental and social aspects and, where appropriate and practicable, to explaining the methods of data collection and computation to enhance data transparency.
- **Balance:** To maintain the balance of the content, the sustainability performances and challenges that the Group and its stakeholders are concerned with are disclosed in a fair manner, so as to provide the public with impartial information.
- **Consistency:** Disclosures are made by the Group in accordance with The Environmental, Social and Governance Reporting Guide of the Stock Exchange. Under the same framework, it can make meaningful year-on-year comparisons of past performances and disclose the updated computational methods for relevant data where necessary.



Yumei Factory: Shantou City, Guangdong Province, China. ( 3D rendering picture )



## Section 2 Engagement with Stakeholders

### 2.0 Engagement with Stakeholders

We have fostered an engaging environment focused on transparent and open communications with stakeholders. Shareholders' meetings are convened by our board of directors to report on the Group's business and actively exchange views with shareholders. All investors are furnished with periodic reports on the business performance of the Group. We maintain close relations with customers, suppliers and other stakeholders through visits, proactive dialogue, social media and customer service.

## Section 3 Environmental, Social and Governance Performance

### 3.1 Environmental

#### 3.1.1 Emissions

The Group's objective is to accelerate the mitigation of climate change and gradually attain the goal of carbon-free operation.

##### 3.1.1.1 Solid Waste Management

The Group aims to minimise waste and convert waste into resources underpinned by active efforts in waste recycling and sorting to reduce our impact on the environment. Whilst achieving cost reduction, we also adopt the recycling and reuse of waste for conversion into energy or return to nature in a safe way.

Solid waste generated in the manufacturing process, including waste paper and plastics, as well as production scrap such as unused fabrics and cotton, are sorted for recycling.

The Group has established and implemented internal management procedures for the handling of hazardous waste. Wastes are centrally stored in an isolated location before they are delivered to qualified recycling agencies for processing. To lower the risk of incidents occurring, waste management awareness training has been provided to employees.

In the product development stage, the Group is committed to the adoption of automated and advanced technologies to increase the level of precision and reduce production scrap. During the year, the Group's manufacturing facilities implemented waste and emission reduction measures using different equipment according to their individual conditions:

- Computer-based cutting table
- Automated cutting machine
- Cotton template cutting machine

During the year, the Group carried out waste sorting in each manufacturing facility and collected data via online platforms to systematically manage and dispose of waste.

Analysed by weight, hazardous wastes generated by the Group's operations comprise mainly discarded chemical containers, machine oil, scrap light tubes, waste active carbon and contaminated rags. Non-hazardous waste include scrap fabric, scrap cotton, paper waste, plastic waste (including plastic bags, plastic cores and plastic plates) as well as domestic waste (including kitchen waste). Statistics on the weight and emission intensity of waste generated during the reporting year is shown in the table below:

Type of Waste		Annual emission volume	
		2021	2020
Hazardous waste	(tonne)	8.54	4.06
Non-hazardous waste	(tonne)	1,596.27	1,997.40
Annual production volume	(piece)	23,111,115	20,903,779
Emission intensity of hazardous waste (per production unit)	(gram/piece)	0.37	0.19
Emission intensity of non-hazardous waste (per production unit)	(gram/piece)	69.07	95.55

#### 3.1.1.2 Wastewater Management

Wastewater discharged by the Group's factories comprises mainly domestic wastewater and industrial wastewater generated from the printing processes at selected factories. Wastewater treatment and purification facilities have been built. Wastewater undergoes pre-processing at the Group's facilities and is subject to monitoring and test to ensure that wastewater discharge does not exceed limits permissible under the laws. Wastewater is discharged to sewage treatment plants only after samples passing relevant tests.

#### 3.1.1.3 Exhaust Air Management

The Group manages emissions of air pollutants in accordance with government regulations. Filtration devices are installed on ventilation ducts and compliance tests on such ventilation ducts are conducted regularly to ensure that the filtered exhaust gas is in compliance with relevant emission standards. During the year, the Group's manufacturing facilities used the following equipment of different types to avoid air pollution according to their individual conditions:

- Filtration devices using active carbons and negative ionic high-pressure technologies
- Photocatalytic oxidation equipment for decomposing volatile organic compound
- Electrostatic exhaust purifier installed at the ventilation duct of the cafeteria
- Laser exhaust ultraviolet photolysis

Moreover, at appropriate venues electricity is used to substitute natural gas to provide energy for relevant equipment in order to reduce direct exhaust emission from natural gas consumption.

#### 3.1.1.4 Strategy for Reducing Greenhouse Gas ( "GHG" ) Emission

Apart from exhaust emission generated in the production process, GHG is also generated in the consumption of transport fuel and municipal electricity supply in the Group's operations. Hence, the Group adopted proactive measures during the year to reduce GHG emission:

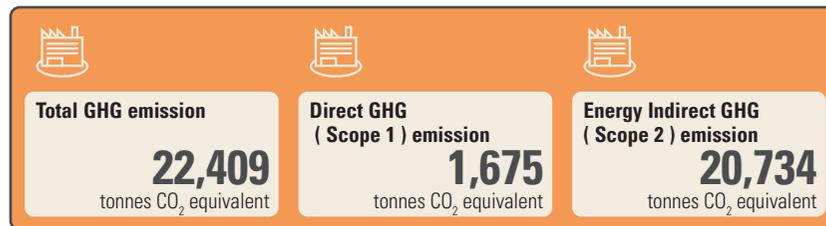
- Reducing the deployment of corporate vehicles and encouraging the use of public transport to control fuel consumption
- Enhancing management of lighting by prohibiting the switching on of lights in areas where work has not yet started
- Enhancing maintenance of air-conditioning temperature
- Increasing the efficiency of machinery utilisation
- Increasing the use of video conferences and reducing business trips



The Group was not aware of any emissions in violation of pertinent environmental laws and regulations during the reporting period. Major GHG sources and their emission volumes for the period are summarised in the following table:

Major source of GHG emission	Total annual consumption	
	2021	2020
Diesel consumption (litre)	30,242	24,594
Gasoline consumption (litre)	51,367	76,155
Natural gas consumption (cubic metre)	565,470	527,007
Electricity consumption (kWh)	24,992,798	25,592,413
Annual production volume (piece)	23,111,115	20,903,779
<b>Total GHG emission</b> (tonne CO <sub>2</sub> equivalent)	<b>22,409</b>	<b>22,554</b>
<b>GHG emission intensity</b> (gram CO <sub>2</sub> equivalent / piece)	<b>969.62</b>	<b>1,078.94</b>

Note: Huilai Factory did not consume any diesel in the previous year but consumed 320 litres this year, as the diesel was consumed by the power generators which experienced suspension during the year. The previous diesel reserve was fully consumed and new refill reserve was provided.



## 3.1.2 Use of Resources

The Group appreciates that the Earth's resources are limited and has adopted appropriate policies to procure the conservation of resources.

### 3.1.2.1 Energy Management

Employees must assume responsibility in energy conservation and emission reduction. The Group requires them to switch off equipment not in use and ensure that all energy-consuming equipment are disconnected from power supply before the end of the day. Energy conservation and environmental protection are advocated among employees to foster eco-friendly practices in their daily work habits.

### 3.1.2.1.1 Energy-saving equipment

Energy conservation and emission reduction represent an approach with which the Group seeks to achieve sustainability and enhance competitiveness. When procuring new equipment, the Group will give priority to equipment with energy-saving features. In particular, when purchasing the latest models of automated production equipment, the procurement department will first and foremost consider their energy-saving features. During equipment maintenance, if it is found that some components or wear-and-tear conditions are causing an increase in energy consumption, the department in-charge will repair or replace such components in a timely manner. Moreover, the Group regularly monitors the duration of use of energy-consuming equipment and the deployment of any equipment that requires excessive energy (including lightings), in order to increase the efficiency of energy use.

During the year, the Group's factories implemented different energy conservation projects according to their respective conditions:

- The application of equipment with energy-saving features, such as: spreader, filling machine and the booster pump at the pump station with inverter, to save power
- Air-source heat pump for water heating at a high energy-saving rate
- Installation of timers at sockets for air-conditioners and other electrical equipment
- Installation of cooling / heat air-conditioner of water storage type
- Replacement with inverter motors
- Air compressor management to prevent air leakage
- Comprehensive replacement with light-emitting diode ("LED") lights

### 3.1.2.1.2 Use of Renewable Energy

Even though the aforesaid energy-saving equipment have been used, the Group understands that the consumption of municipal electricity supply will inevitably generate a considerable amount of GHG. Therefore, the use of solar energy and other forms of renewable energy will be considered where appropriate:

- Solar street lamps
- Solar domestic water heaters

### 3.1.2.2 Water Conservation

The use of water-consuming equipment is under the supervision of dedicated personnel of the Group, who are responsible for the regular cleaning, maintenance and inspection of such equipment. Water supply facilities and parts with leaks or wear-and-tear identified during inspection are repaired or replaced in a timely manner to reduce water wastage. In addition, the Group emphasises water-saving features in the procurement of facilities and has made improvements to its production process and upgraded its facilities where appropriate to reduce the consumption of fresh water.

The Group's factories implemented different water conservation measures according to their respective conditions, reducing water supply by an aggregate of approximately 24,000 cubic metres for the year:

- Reuse of reclaimed water
- Spraying temperature regulation system designed with the use of recycled water
- Collection and storage of rain water for use in cleaning
- Adjusting the flow volume of water valves in equipment
- Enhancing maintenance and inspection of water pipes



### 3.1.2.3 Statistics on the consumption of resources

Following the implementation of conservation measures described above, the major resources consumed by the Group's factories during the reporting period are summarised as follows:

Resources	Total Annual Consumption	
	2021	2020
Electricity ( kWh )	24,992,798	25,592,413
Water ( cubic metre )	445,642	442,918
Natural gas ( cubic metre )	565,470	527,007
Packaging materials ( paper ) ( tonne )	1,685	1,622
Packaging materials ( plastic ) ( tonne )	294	336
<b>Annual production ( piece )</b>	<b>23,111,115</b>	<b>20,903,779</b>

Resources	Intensity of consumption per unit of production	
	2021	2020
Electricity ( kWh/piece )	1.08	1.22
Water ( litre/piece )	19.28	21.19
Natural gas ( litre/piece )	24.47	25.21
Packaging materials ( paper ) ( gram/piece )	72.91	77.59
Packaging materials ( plastic ) ( gram/piece )	12.72	16.07

### 3.1.3 The Environment and Natural Resources

In addition to the aforesaid emission reduction and resource conservation measures, the Group also monitors the environmental impact of its operations on a continuous basis, enhances staff awareness and skills in environmental matters to ensure that they have the ability to implement such measures, and addresses the environmental concerns of the community and its customers.

#### 3.1.3.1 Management of the Environment and Natural Resources

Other than wastewater generated by a minority of its operations, such as the printing process, which would have a relatively material impact on the environment, wastewater discharged from the Group's factories mainly consists of domestic wastewater. Industrial wastewater from the printing process is recycled and processed and only discharged when relevant benchmarks are met. Hence, it will not have any negative impact on the environment.

Paper represents another form of natural resources which the Group's business is more frequently associated with. Therefore, the feasibility of recycling and reuse in the production process has been sought, and methods for the separation and collection for related solid waste have been determined. Current measures include the recycling and reuse of old paper boxes and the recycling of paper tubes for suppliers to reuse. In addition, the use of electronic files in office operations has been enhanced to replace printed documents wherever possible; staff are also required to reuse paper which has been printed on a single side where appropriate, in a bid to reduce the consumption of paper resources.

#### 3.1.3.2 Environmental Monitoring

When capacity expansion or equipment procurement is required by production operations, the Group's factories will conduct internal environmental assessment. The Group will also conduct external environmental assessment in accordance with applicable laws on criteria such as boundary noise level and the discharge of wastewater, exhaust gas, dust and specified pollutants. Such tests can monitor the environmental impact of the Group's business to facilitate implementation of necessary improvements in a timely manner. During the year, the Group passed the evaluation under the Higg Facility Environmental Module formulated by the Sustainable Apparel Coalition in a solid manifestation of its competence and performance in controlling the environmental impact of its operations.





### 3.1.3.3 Environmental training

Staff training sessions and activities relating to environmental protection are organised by the factories to raise the environmental awareness of staff. Environmental training held by the Group's factories during the reporting year covered topics, such as general environmental knowledge, waste sorting, hazardous waste management, energy conservation measures and the handling of leakage and drills, among others. During the reporting year, a total of 12,280 participants from various regions completed an aggregate of 8,290 hours of training.

ENVIRONMENTAL TRAINING			
	2021		2020
	Number of participants	Number of training class hours	Number of participants
	<b>12,280</b>	<b>61</b>	<b>9,884</b>
			Number of training class hours
			<b>315</b>

### 3.1.3.4 Environmental Awards and Recognition

To enhance internal environmental management, individual factories have actively enhanced the implementation of relevant systems and measures by attaining the international ISO 14001 certification for environmental management systems.

Moreover, thanks to its effort in eco-friendly office management, the Group was awarded a certificate by well-known environmental organisations, World Green Organisation and World Wide Fund for Nature, during the year in recognition of its fulfilment of relevant environmental requirements.

Furthermore, the Group entered into agreements with numerous environmental organisations to pledge support for environmental protection in different areas:



Green Sense – No Air Con Night 2020



Green Monday and Hong Kong Broadband – Go Green



World Wide Fund for Nature – Earth Hour



ISO 14001 certification



World Green Organisation - Green Office and Eco-Healthy Workplace Award Labelling Scheme



World Wide Fund for Nature – Low Carbon Office Operation Programme - Sliver



## 3.1.4 Addressing Climate Change

To address the challenge of global climate change with a united effort, the Group has implemented relevant measures for the reduction of emissions, and conducted regular assessments of risks associated with climate change, on the basis of which effective contingency plans and response strategies have been formulated.

### 3.1.4.1 Risk Assessment

In relation to extreme weather and related catastrophes caused by climate change, the Group conducts regular assessment on the following risks which may affect its factories, infrastructure facilities and production processes:

- Whether factories and infrastructure facilities are located in areas threatened by typhoon and torrential rain caused by climate change
- The impact of potential heat wave caused by climate change on production processes (such as the operation of air-conditioners and automated machines)
- Whether the impact of climate change on the disruption of supply chains of individual materials has affected the procurement of raw materials (such as prices and volume)
- Whether plans with modified portfolios of materials are required to be formulated as a result of the tight supply caused by climate change
- Proactive consideration is given to budgets for the improvement of facilities or technologies to reduce GHG emission or pollution
- Endeavouring to procure the feasibility of increased use of clean energy (such as natural gas) and renewable energy (such as solar energy) where appropriate

### 3.1.4.2 Contingency plan for disaster management

To address emergencies caused by extreme weather (such as: floods caused by torrential rain) that have been identified, the Group has developed documentation on disaster risk management strategies and measures to manage the risk of floods nearby its production and warehouse facilities, formulate contingency plans and prevent damage caused by extreme weather, which include the following facilities and measures:

- Installation of anti-flood barriers that could withstand flood water with higher levels
- Bolstering plant structure to withstand super typhoons
- Replacing windows with those made of ultra-strong wind-resistant glass for operating facilities located in areas susceptible to typhoons
- Securing outdoor equipment or machinery (such as by using ropes) prior to the hoisting of super typhoon signals
- Introducing protective measures (such as the construction of concrete walls) at factories close to natural or artificial slopes to mitigate the damage caused by landslide

### 3.1.4.3 Other Response Measures

In addition to the formulation of preventive measures, the Group has also formulated a response strategy to address climate disasters, including the purchase of insurance to transfer the possible loss caused by natural disasters. Business continuation plans have also been formulated, whereby pre-formulated plans are executed to resume production and ensure ongoing operation in case of disruption caused by extreme weather.

Moreover, to ensure staff understanding of relevant knowledge prevention and response, the Group provides training on disaster preparedness knowledge and emergency measures, for example, they are instructed to ensure all windows are closed prior to a typhoon and regular inspection of windows in case of extreme weather conditions.





## 3.2 Social Aspects and Governance

### 3.2.1 Employment

On top of compliance with applicable employment laws, the Group has also established policies to ensure that each employee is treated on an equal basis and that his/her choices and rights are duly respected. During the reporting period, the Group was not aware of or brought to the attention of any incidents of non-compliance or cases of complaint regarding discrimination or recruitment.

#### 3.2.1.1 Recruitment and Promotion

The Group does not require a job applicant to disclose personal information irrelevant to the job position or not legally required, such as his/her religious belief, in the course of recruitment. The Group assures that no discrimination is held against any applicant because of his or her gender, ethnic origin, race, background, religious belief, marital status, sexual orientation, nationality or political views, among others, when a decision to hire an employee is made.

All employees are treated on an equal basis. Matters concerning appointment, wages, benefits, rewards, promotion and termination are considered solely on the basis of the employee's educational background, professional qualifications and competence. Male and female employees are treated equally.

#### 3.2.1.2 Remuneration and Benefits

The Group ensures that an employee would be entitled to reasonable remuneration commensurate with his or her competence and be subject to the regime of wages and benefits in a manner irrespective of his or her gender.

In accordance with local employment regulations, the Group pays to each employee a salary not less than the minimum wage prescribed under applicable local laws. Overtime wages are calculated and paid and paid holidays, such as statutory festive holidays, annual leaves and work-related injury leaves, are granted in accordance with relevant regulations. The Group also provides employees with appropriate insurance coverage, such as social insurance and labour insurance, in accordance with local regulations.

The Group's care for employees is also highlighted by extra benefits on top of statutory requirements. Different types of benefits are designated to employees according to their needs. These include additional paid leaves, employee insurance, incentive bonus (such as full attendance bonus), free accommodation, free lunch on work days, free company shuttle bus, training allowance and other relevant non-statutory holidays. Our Vietnam Factory provides a 24-hour accident insurance to every employee as an employee benefit in addition to the legally required insurance coverage to offer more comprehensive protection for employees. During the year, the Group also donated daily necessity supplies to employees in Indonesia affected by the flood to help them through difficulties during times of emergency.

The Group's effort in caring for employees has been recognised and commended by relevant organisations and authorities. Yifeng Factory has been awarded the title "Exemplary Employees' Home" by "Jiangxi Provincial Federation of Trade Unions", while Huilai Factory has received the "Exemplary Staff Support Award" from VF Corporation and The Centre for Child Rights and Business ("VF & CCR CSR"). At the Vietnam Factory, it has been commended by the local government authorities for its work in staff care during the pandemic and support for local employment. These honours and accolades have underlined external stakeholders' recognition of the Group's excellent performance as an employer.



VF & CCR CSR - Exemplary Staff Support Award



Jiangxi Provincial Federation of Trade Unions - Exemplary Employees' Home



Ho Chi Minh City People's Committee Award - commendation of the Group's participation in and implementation of "Standing by with business units" with outstanding results during the pandemic



Ho Chi Minh City Labour Federation Award - commendation of the Group's maintenance of staff care activities and effort to ensure staff could go to work as normal during the pandemic



### 3.2.1.3 Staff Employment Statistics

The Group's staff headcount and breakdown by various categories as at 31 March, 2021 is as below:

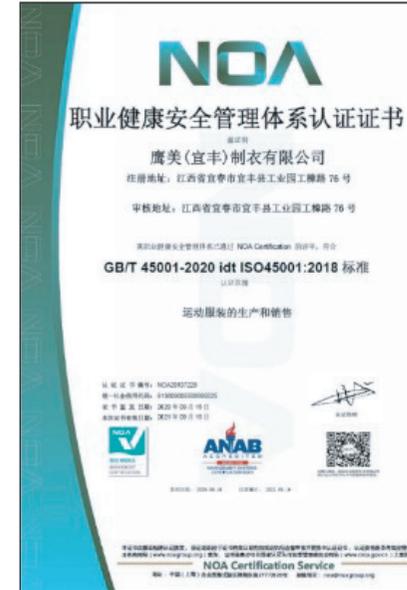
	Headcount of Employees	
	2021	2020
<b>Gender</b>		
Male	2,398	2,632
Female	10,292	10,423
<b>Employment Type</b>		
Full Time	12,690	13,055
Part Time	0	0
<b>Age group</b>		
18 - 30	3,381	3,887
31 - 45	7,149	7,206
46 - 60	2,150	1,953
> 60	10	9
<b>Total</b>	<b>12,690</b>	<b>13,055</b>

The overall employee turnover rate for the year, analysed by gender and by age group, as summarised in the table below, was approximately 4.5% lower than that of the previous year.

	Average Monthly Employee Turnover Rate (%)	
	2021	2020
<b>Gender</b>		
Male	2.79	2.99
Female	2.07	2.17
<b>Age group</b>		
18 - 30	4.25	4.09
31 - 45	2.12	1.95
46 - 60	1.76	1.65
> 60	0.00	1.19
<b>Overall average</b>	<b>2.27</b>	<b>2.38</b>

### 3.2.2 Health and Safety

The Group has established a health and safety system for the interests of staff to supervise and effectively prevent the occurrence of danger during work. The system covers management in various aspects, such as fire equipment and fire drills, maintenance and repair of electrical machinery, management of hazardous materials and waste, safety education, use of protective equipment and contingency plan management. Some factories have vigorously enhanced their relevant systems and obtained the international ISO 45001 certification for Occupational Health and Safety (OHS) Management System. Moreover, the Group has received the "Healthy Enterprise" Award presented by the "Yichun Municipal Health Office under the Yichun Municipal Industrial and Information Technology Bureau", underlining the Group's commitment of resources to staff health and safety and stakeholders' recognition for the Group's effort.



ISO 45001 certification



Yichun Municipal Health Office under the Yichun Municipal Industrial and Information Technology Bureau - Healthy Enterprise



### 3.2.2.1 Health and Safety Training

During the year, the factories organised training activities under a broad array of health and safety themes, ranging from general health and safety awareness to novel coronavirus pandemic (“COVID-19”) prevention and control:

- General safety and health knowledge
- Hazard analysis and evaluation of work injuries and accidents
- Information on the use of personal protective equipment
- Waste management and safety knowledge relating to the hazardous waste
- Safety knowledge relating to management of chemicals and storage safety requirements for dangerous chemicals
- Skills in safe operation of machinery and equipment, such as operation of the cutting machine, laser machine and special equipment, the use of elevated equipment and technology for welding safety
- Safety knowledge relating to electrical equipment
- Safety in transportation, such as safety in forklift operation and safety knowledge for operators
- Fire prevention measures and fire drills
- COVID-19 prevention and control measures
- System for the management of bloodborne pathogens
- Other emergency measures

During the reporting period, a total of 53,332 participants enrolled in approximately 427,210 hours of OHS training for staff at all factories.



### 3.2.2.2 OHS Management at Workplace

The Group regularly conducts full-scale risk assessments for factory operations, on the basis of which improvement plans are proposed and goals for health and safety supervision are determined.

Efforts have been made to ensure compliance of our waste storage sites with relevant health and safety requirements. Incompatible wastes are stored separately. The sites are equipped with essential fire-fighting facilities complemented by the proper display of warning signs.

Directions for use of personal protective equipment (PPE) have been formulated. Employees have been provided with individual PPE free of charge and duly instructed as to the proper use of such equipment, so as to minimise any impact on their health. Such protective equipment include: dust masks (in the cutting area), metal gloves (for cutting operations), finger guards (installed in special sewing machines), goggles (protection against splashes during operation) and ear plugs (in high noise areas, such as the embroidery workshop). Some manufacturing sites also provide protective belts for workers moving heavy objects to offer protection against waist or back injuries.

The Group regularly inspects or seeks reliable sources of water supply to ensure that all drinking water supplied in the factories is compliant with relevant hygiene standards. We also ensure regular cleaning, maintenance and inspection of all water-related equipment.

To cope with the COVID-19 pandemic, each factory adopted vigorous prevention and control measures during critical periods according to local epidemic conditions, such as the distribution of face masks to all staff and the arrangement of fast COVID-19 tests for staff subject to high infection risks, among others.

To identify any health risk of employees working in potentially hazardous positions, the Group has arranged health examinations for them. In the meantime, the Group assesses the job-specific occupational risks of staff on a regular basis. During the year, health checks for relevant operating personnel were immediately arranged upon identification of potential hazards in the template zones and laser processing zones of certain factories. Apart from these newly added zones, other positions presenting potential hazards are mainly those requiring work under high noise levels and in dusty environments, typically found in production departments involved in velvet filling, cutting and embroidering, among others. During the previous year, some factories implemented universal health checks for all staff; during the year, health checks were uniformly arranged in accordance with potential risks and local laws and regulations, hence the number of employees required to undergo health examinations for the year, totaling 3,510, was less than that of the previous year; no cases of occupational illness were identified.



Other than health examination, the management teams of the factories had taken care of health needs of employees according to their individual circumstances. For example, Huilai Factory has arranged approximately 225 employees to take part in “Check for Two Cancers”, a female healthcare initiative, in collaboration with Huahu Township Sanatorium and Zhenoi Hospital.

The Group was not aware of any violation of the local OHS laws and regulations during the reporting period and it has not reported any work-related fatality of staff during the past three years, including the reporting year. Statistics on the Group’s lost working days due to work injuries of employees are set out as follows:



Compared to the previous year as a whole, the number of working days lost due to work-related injuries decreased by approximately 59%, underlining the Group’s effort to protect staff health and safety.

The Group’s capability in health and safety control has been highly commended by local governments. Indonesia Factory was presented the “The Best Occupational Health and Safety Committee 2020” safety award by the Banten Province Governor in 2020 and Hubei Factory in China was honoured with the title of “District Fight Against COVID-19 – Vanguard Unit” awarded by the “People’s Government of Jingmen Duodao District”, which demonstrated the Group’s effort and contribution to staff protection.





### 3.2.2.3 Concern for the Psychological Well-being of Staff

In addition to the aforesaid safety management measures, recreational and sports facilities have been built and leisure activities have been organised by the factories for employees to add variety to their leisure life for the benefit of their psychological wellness. During the year, a parent-child relationship training programme for mobile parents was organised by Huilai Factory in association with VF & CCR CSR with an enrolment of close to 250 people, indicating the demand for this type of activity. The Group wishes to help employees to enhance the quality of their leisure life through these activities.

The Group cares about how its staff are doing in daily life, hence a channel for communication has been established, through which employees could seek advice on issues encountered in everyday life and at work. Employees may file complaints or request counselling via phone calls or in writing to voice their discontent regarding work allocation, management measures and reward system, among others, as well as any psychological distress resulting therefrom.

### 3.2.3 Development and Training

The Group has established procedures for the development of staff training programmes, as well as measures for supervising the implementation and assessing staff competence and the effectiveness of training.

The Group organises appropriate training courses for various job positions, such as:

- For management personnel: laws and regulations on quality management theories and methodologies
- For technical personnel: technical knowledge and operational procedures
- For quality control personnel: quality control techniques and inspection methods

Induction training for new employees is subject to flexible adjustment depending on the ability and level of experience of the new recruits, who will undergo evaluation upon conclusion of the probation period. If it is determined that a new recruit does not meet the required level of competence, additional training or a job transfer would be arranged to ensure compatibility of his / her abilities with the position.

Training may take the form of one or more of the following: internal training sessions, mentoring by veteran staff, external training, and internal training delivered by externally engaged experts. Candidates for specialised positions (such as electricians, pattern makers and quality control staff) must have obtained relevant certifications or passed relevant professional assessments before they are officially appointed.

The Group develops annual training plans based on training requirements identified through the evaluation of training conducted during the past year and the appraisal results of such training, as well as operational changes anticipated for the ensuing year (such as the introduction of technological changes and new equipment, and new quality requirements from customers), aiming to facilitate career advancement for the employees and drive sustainable business development for the Group.

Enrolment in the Group's staff training for job-specific skills and new employee induction amounted to a total of 57,694 for the reporting period. Total enrolment in staff training for the full year, analysed by gender and employee category, is summarised in the table below. Affected by COVID-19, overall enrolment in training and the average number of employees under training each month as a percentage of the total staff headcount decreased by approximately 26% and 7%, respectively, as compared to the previous year.

	Total enrolment in staff training	
	2021	2020
<b>Gender</b>		
Male	9,025	12,782
Female	48,669	65,705
<b>Employee Category</b>		
Senior Management	419	533
Middle Management	4,788	4,909
Junior Employees	52,487	73,045
<b>Total</b>	<b>57,694</b>	<b>78,487</b>

	Average monthly proportion of employees trained (%)	
	2021	2020
<b>Gender</b>		
Male	36.15	43.75
Female	34.36	41.24
<b>Employee Category</b>		
Senior Management	29.82	33.98
Middle Management	46.72	51.68
Junior Employees	33.69	40.85
<b>Overall average</b>	<b>34.51</b>	<b>41.58</b>

During the reporting period, our employees in aggregate spent a total of 28,942 hours in training. Also owing to the pandemic as aforesaid, total training hours and average training hours per month per employee decreased substantially by approximately 80% and 78%, respectively, as compared to the previous year as a whole.

	Total hours of employee training (hour)	
	2021	2020
<b>Gender</b>		
Male	5,962	40,055
Female	22,980	102,972
<b>Employee Category</b>		
Senior Management	201	538
Middle Management	3,639	5,639
Junior Employees	25,102	136,850
<b>Total hours</b>	<b>28,942</b>	<b>143,027</b>

	Monthly average of training hours per employee	
	2021	2020
<b>Gender</b>		
Male	0.22	0.93
Female	0.17	0.73
<b>Employee Category</b>		
Senior Management	0.21	0.35
Middle Management	0.28	0.66
Junior Employees	0.16	0.78
<b>Overall average</b>	<b>0.17</b>	<b>0.78</b>



## 3.2.4 Labour Standards

The Group does not hire child labour aged below the relevant legal threshold. The furnishing of documentation proving the age of a job applicant is a mandatory requirement and the Group will verify such documentation in the course of recruitment.

The Group prohibits the use of forced labour in any form (including prison labour, indentured labour, bonded labour, etc.). Under no circumstances will the Group withhold the original identity card of an employee or require an employee to pay deposits or deduct an employee's wages against employment related costs and expenses, such as work visa, medical examination, work permit and fees charged by agents / recruitment agencies.

Employees may be engaged in overtime work if they so wish. Any overtime work beyond the normal working hours shall be requested by the employees on a voluntary basis subject to the daily overtime limits imposed by local regulations. In the event of any violations, the Group would conduct investigation immediately. Moreover, the Group ensures that employees have the right to move freely within the work premises during working hours and to leave the premises during meal breaks and after work.

The Group was not aware of any employment of child labour or any violation of laws against forced labour during the reporting period.

## 3.2.5 Supply Chain Management

The Group requires suppliers to comply with the code of conduct for suppliers, which sets out its requirements for their service performance and the safety and quality standards of their products.

### 3.2.5.1 Distribution of Suppliers

As at 31 March 2021, the Group had engaged 440 suppliers distributed in the following geographical regions:

Geographical Region	Number of Suppliers	
	2021	2020
Mainland China	272	168
Hong Kong	44	68
Taiwan	29	45
Other Asian regions	77	79
Europe	9	7
United States	9	8
<b>Total</b>	<b>440</b>	<b>375</b>

### 3.2.5.2 Assessment of Suppliers

The Group monitors its existing suppliers on an ongoing basis in terms of their product quality, timeliness of delivery, ability to deal with issues, responsiveness to feedback and service quality, among others. The Group assesses the performance of suppliers, other than those designated by customers, generally by way of product sample testing, review of quality inspection records, and other methods deemed suitable for gauging their compliance.

This year, we have engaged 67 new suppliers. Other than those designated by customers, approximately 78% have passed our evaluation to ensure their compliance with the Company's stated requirements. The Group has worked out coordinated procedures with the new suppliers and monitored relevant raw materials and semi-finished products in accordance with the quality and technical requirements of customers. This year, the Group has assessed the performance of existing suppliers based on the same assessment mechanism. Likewise, other than those designated by our customers, arrangements were made to assess all suppliers which had a significant impact on the products. Each quarter, approximately 80% of the suppliers have received and passed relevant assessment on average.

Where necessary, the Group would discuss with customers the performances of suppliers and adjust the criteria for the selection and supervision of suppliers.

### 3.2.5.3 Environmental and Social Risk Control for the Supply Chain

The Group gives priority to suppliers that do not create significant hazards for the environment, as suppliers are assessed for their emission to, pollution and other negative impact on the external environment. In the meantime, the operational compliance of business partners in the supply chain is considered and assessment is made on their relevant social risks, such as staff employment compliance and safety compliance, among others. Therefore, priority is given to suppliers who have attained certification relating to environmental management (such as ISO14001) or social responsibility. For the year, more than 80 suppliers appointed by the Group were certificated suppliers. At some factories, suppliers with environmental certification or qualification accounted for 67% of the total number of suppliers appointed. In addition, the Group also conducts assessment on the environmental performance and social responsibility of appointed suppliers. During the reporting period, more than 110 suppliers passed such assessment.

### 3.2.5.4 Green Procurement

Other than production materials and equipment designated by customers, in accordance with operation requirements, the Group gives preference to materials and equipment with eco-friendly features. Materials are considered eco-friendly if they are natural, non-hazardous, environmentally certificated, or made of eco-friendly materials. Currently, green procurement covers fabric and accessories such as zippers, buttons and marks, among others, for example, one of the metal zippers with 75% of its ingredient is made of recycled polyester. Moreover, the solvent used by the Hubei Factory in its printing process is an eco-friendly material that has passed tests on hazardous substances, including tests on the level of formaldehyde, heavy metals, octylphenol ethoxylate, octylphenol and organotin compound contained. For the year, materials with environmental certification / qualification accounted for 73% of the total volume of purchase of similar materials at some factories.

When choosing energy-consuming equipment, priority is given to products which have attained energy-saving certification or high-efficiency energy labels, such as energy-saving machinery, LED lightings and eco-friendly air-conditioner refrigerants, among others.

Moreover, the Group has formulated a local procurement policy as a part of its green procurement. On the condition that the same quality is offered, priority is given to products and services provided by local suppliers, with a view to reducing the generation and emission of GHG in the transportation of procurement process. For the reporting period, the average supply localisation rate of the Group's factories was approximately 48%, with individual factories attaining a rate as high as 96%.



### 3.2.6 Product Responsibility

Through the employment of state-of-the-art technologies and effective quality control techniques, the Group ensures that every product manufactured fulfills the functional requirements of its customers and relevant product safety / quality standards, such as AATCC158, AATCC135, AATCC179, AATCC8, and ISO1308. Finished products are kept in a securely guarded location to prevent theft or smuggling.

Furthermore, the Group is committed to obtaining certification relevant to its products and processes for recognition of its status of practices and compliance. Examples of our certifications include the sustained maintenance of the status of "AEO Advanced Certified Enterprise" awarded by Shantou Customs of the People's Republic of China and the honour of "Jingmen Gaoxin District and Duodao District Innovation-driven and High Quality Development - Vanguard Unit" awarded this year.



1. Shantou Customs of the People's Republic of China - AEO Advanced Certified Enterprise

2. Jingmen Gaoxin District and Duodao District Innovation-driven Qualitative Development - Vanguard Unit

A comprehensive mechanism for handling complaints has been established. Upon receipt of a customer's complaint or request to return defective products, the case would be passed on to the department in-charge for investigation and analysis. Upon verification, rectifications would be devised and implemented within a stipulated time frame. Customer would be notified of the relevant outcomes and solutions.

The Group was not aware of any violation of product liability laws or customer complaints during the reporting period. No cases of product recall necessitated by product safety or health reasons have been identified out of the total number of products sold.

#### 3.2.6.1 Quality Control for Raw Materials

Inspections of raw materials are carried out based on approved samples and in accordance with the sampling standards of customers. Only materials endorsed by third-party certification will be purchased. Raw materials with metal contents will undergo testing for verification of such contents. Raw materials meeting required standards would be dispatched for use in production, while non-conforming materials would be processed and handled according to designated procedures.

#### 3.2.6.2 Quality Control for Semi-finished Products

All semi-finished products are subject to quality control procedures and all cut pieces are required to undergo 100% inspection. Non-conforming cut pieces are forthwith replaced with colour-matched pieces. All outsourced semi-finished products are subject to 100% inspection and needle detection. Sub-contractors producing sub-standard output will be required to improve their quality.

#### 3.2.6.3 Quality Control for Finished Products

Prototype samples are being developed for all products prior to mass production. A meeting would be held for all production lines prior to mass production to confirm the manufacturing requirements. The first prototype sample of a product should be approved by both the quality manager and the production manager before mass production. Every finished product from mass production process is subject to inspection by quality control personnel and remedies are promptly made in case of any defects. After rectification, the products would be inspected by the quality control personnel again. Data of non-conforming products are analysed and improvements to product quality are consistently made through the use of reliable quality control tools.

Upon completion of the manufacturing process, finished products are being sent to testing agencies or customer-approved internal laboratories for verification of their safety and quality. After thorough inspection, finished products are packed and stored in the warehouse. Prior to shipment, products are inspected in accordance with the sampling standards specified by customers. Products would only be dispatched for delivery after their quality has been confirmed by test results.

#### 3.2.6.4 Monitoring of Product Safety

To prevent the leftover of any residual sharp metallic elements in the products, a metal restricted area where the use of unauthorised metal tools are prohibited has been set up for each of the major production processes. Metal tools are registered and kept under lock. The use and delivery of such tools in daily operations is managed by designated personnel and the replacement of broken needles are recorded. The products stored in warehouse must go through metal detection tests before packaging.

#### 3.2.6.5 Protection of Intellectual Property Rights

The Group ensures that customer information would only be internally circulated within the Group. The disclosure of customers' design information and product specifications to external parties by the staff is prohibited. The following measures have been adopted by the Group to prevent the external disclosure of customer information.

Restrictions have been set for e-mail accounts to allow correspondence with designated customers and suppliers only. Access is granted, to the extent appropriate, to personnel of specialised departments on an as-needed basis. The downloading of information from the Group's computers to devices such as universal serial bus ("USB") drives, mobile phones and laptops are prohibited, as data transmission between computers and USB drives and external e-mail correspondence are under stringent control. Devices not registered with the Group are not allowed to be connected to the internal network.

An authorisation mechanism has been established to ensure the viewing of relevant information by authorised personnel only. Access to customers' drawings is centrally authorised and managed by the Information Technology Department. Information of customers' products is centrally managed through the enterprise resource planning system and accessible only by authorised personnel. The customer information, such as the design information, approved fabric and samples of all customers are received by dedicated personnel of the Group, who will encrypt such information upon receipt.

Confidentiality agreements binding both the Group and its employees are in place. Training on information security is provided to personnel allocated with computers, and the topics included instructions on computer logins and change of login passwords, permission to access shared directories and related precautions, document management, and rules for the sending and receipt of emails, among others. Unauthorised employees and visitors are not allowed to take photographs of the products while any relevant photographs taken must not be distributed to unauthorised personnel.

The Group respects the intellectual property rights of third parties and ensures that all commercial software are legally in use and properly licensed.

#### 3.2.6.6 Privacy Protection of Consumers' Information

The Group is not required to formulate any policy on consumer privacy, given that its products are not delivered to end consumers directly.



### 3.2.7 Anti-corruption

The Group has established an anti-corruption management system to regulate the conduct of all employees. They are prohibited from taking advantage of their positions to receive gifts, bribes or any payment in kind; embezzling properties or funds; soliciting gifts from suppliers; or taking advantage of the procurement process to seek personal gains. No gifts shall be accepted unless they have been authorised in accordance with the Group's policy and criteria.

#### 3.2.7.1 Staff training related to Anti-corruption

Upon recruitment, employees are requested to make a pledge to act with integrity and uphold ethical principles and reject corruption and bribery. The Group conducts education programmes to raise employees' awareness of anti-corruption. During the reporting period, the Group's factories organised a range of related training sessions, including induction training for new employees, regular training on factory regulations, training on anti-corruption policy, business ethics standardised management, among others, to explain to staff principles that they should comply with and the prohibition against seeking improper interests and bribery, such that they would appreciate the importance of integrity and keep vigilance against corruption behaviour. Throughout the reporting year, a total of 2,514 employees participated in anti-corruption related training for an aggregate of 1,501 hours.



Employees involved in the procurement process should avoid any conflict of interests that may compromise the fairness of their decisions. In particular, they are prohibited from taking advantage of their positions to narrow down the choices of suppliers and contractors. The selection process must resort to proper procedures, such as price comparisons and open tenders.

For items not designated by customers, procurement is generally conducted by comparing three suppliers against the evaluation criteria on product quality, price and other requirements of the Group.

For the approval procedure of service contracts, the Group has defined authorisation grades and determined different levels of reviewing and approving authorities for the approval based on the monetary amount involved.

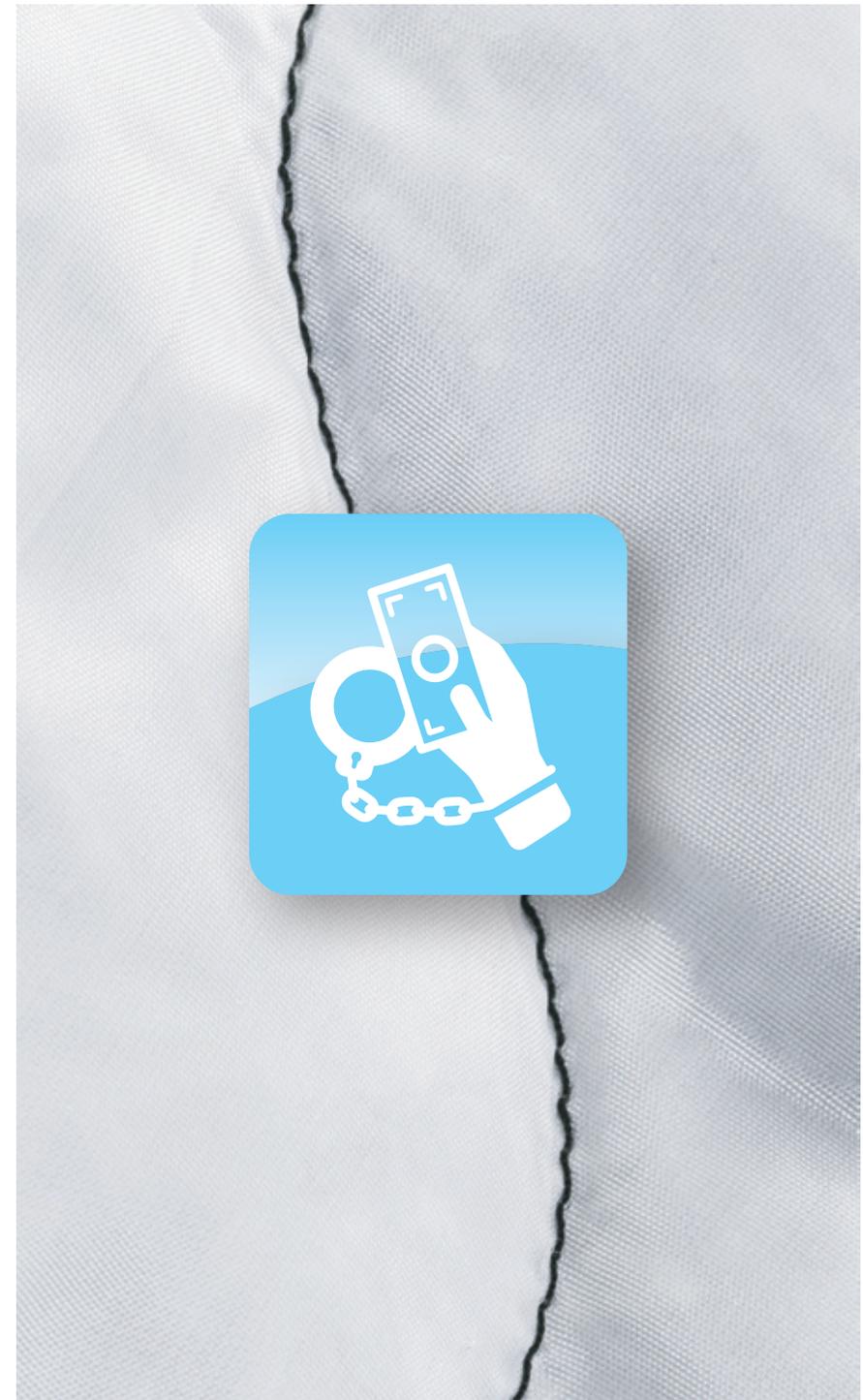
The Group also assesses its corporate governance / corruption risks, as well as other non-financial internal controls and risk management, on a regular basis.

To safeguard shareholders' interests, an independent third party agency has been engaged to audit the Group's financial accounts to ensure that the accounts are subject to accurate and adequate financial supervision.

#### 3.2.7.2 Whistle-blowing Procedure

The Group has established an internal communication mechanism to receive employees' opinions through e-mail, telephone, suggestion box and WeChat, among others. A complaint / reporting channel has also been set up. An employee who becomes aware of any suspicious matters relating to business ethics, corruption or bribery may lodge the case with management through e-mail, telephone hotline or the corporate WeChat account. The management team would investigate the case and rectify as appropriate if deficiency is identified.

During the reporting period, the Group was not aware of any cases of non-compliance or complaints relating to corruption.





### 3.2.8 Contribution to the Community

Social responsibility is an essential element underpinning the Group's corporate value. Over the years, the Group has been engaged in fruitful partnerships with various stakeholders to support initiatives for the benefit of community members in need and relevant organisations. Local operations reach out to community stakeholders and identify appropriate forms of support based on their respective specific advantages and communication networks. Over the years, community initiatives supported by the Group have covered poverty alleviation, relief for disaster-stricken areas, education sponsorships and compassionate visits. During the year, the Group continued to undertake such responsibility and actively identified the needs of individuals and groups in the community to offer them support and care.

The table below indicates selected events in different areas organised by the Group during the year:

Region	Event	Organiser	Details	Cash donation	Donation in-kind	Staff participation
01 Yifeng	Compassionate visit to rural areas	Yifeng Factory	Compassionate visits and donations to several senior homes in Yichun, including Chengtang Senior Home, Tangpu Senior Home, and Tangpu Gaojia Village Reciprocal Home			
02 Huilai	Spring Festival compassionate visits to underprivileged personnel	Huilai Factory	Compassionate visits to underprivileged personnel at Pingtian Village and Guanlu Village near the factory during the Spring Festival			
03 Hubei	Charitable donations	Hubei Factory	Donations to Duodao Fenghua Community			
04 Indonesia	Anti-epidemic health support	Indonesia Factory	Sponsorship of face masks for local police during the COVID-19 pandemic			
05 Indonesia	Sponsorship for local Eid al-Adha celebrations	Indonesia Factory	Donation of supplies (e.g. sheep and beverage) to the local village chief to support community festive activities			





鷹美(國際)控股有限公司

**EAGLE NICE (INTERNATIONAL) HOLDINGS LIMITED**

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

(Stock Code 股份代號: 02368)



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