

Environmental, Social and Governance Report
2018



MOISELLE

MOISELLE INTERNATIONAL HOLDINGS LIMITED

STOCK CODE: 130



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ABOUT THE REPORT

This is the second Environmental, Social and Governance (“ESG”) Report of Moiselle International Holdings Limited (“Moiselle” or the “Company”) and its subsidiaries (collectively the “Group” or “We”). The ESG Report summarizes the efforts and achievement made by the Group in corporate social responsibility and sustainable development. As for the information of corporate governance, please refer to the “Corporate Governance Report” on pages 22 to 31 of the Annual Report of 2018.

1.1 SCOPE OF THE REPORT

The ESG Report focuses on the sustainability approach and performance in the environmental and social aspects of the Group’s retail business of its house brands in Hong Kong and its manufacturing plant in Shenzhen of the People’s Republic of China (the “PRC”), during the reporting period from 1 April 2017 to 31 March 2018 (the “Year”). The environmental key performance indicators (“KPIs”) from A1.1 to A2.4 as disclosed in the ESG Report are based on the Group’s headquarters and warehouse in Hong Kong, as well as the manufacturing plant in Shenzhen. The Group will continue to strengthen information collection in order to enhance the performance in environmental realm and to disclose relevant information in sustainable development.

1.2 REPORTING FRAMEWORK

The ESG Report was prepared in accordance with the “Environmental, Social and Governance Reporting Guide” under Appendix 27 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited.

1.3 STAKEHOLDER ENGAGEMENT

The engagement of our employees from different divisions of the Group helps us recognize our sustainability performance. The diligently collected and carefully analyzed data underscores not only the Group’s sustainable initiatives for the Year, but also the Group’s short-term and long-term sustainability strategy. The Group will continue to increase the involvement of stakeholders via constructive conversation with a view to charting a course for long-term prosperity.

1.4 INFORMATION AND FEEDBACKS

For detailed information about our performance in environmental, social and corporate governance, please refer to the official website (<http://www.moiselle.com.hk>) and the 2018 Annual Report of the Company. Your opinions will be highly valued. If you have any advices or suggestions, please email to enquiry@moiselle.com.hk.



CHAIRMAN'S MESSAGE

For the financial year ended 31 March 2018, Moiselle quantified its sustainability performance for the first time in the ESG Report. This allows all the stakeholders to track objectively the Group's performance in sustainable development and in fulfilling its corporate social responsibility. It will also make it easier for the Group to make improvements with precision.

As a socially responsible company, Moiselle cares about its stakeholders and the environment. It does its best to ensure compliance with relevant regulations throughout the entire process of its business, from corporate governance, raw material procurement, in-house garment processing and outsourced production, quality assurance, advertising to the protection of intellectual property rights and customer data. It also cares about its employees and gives back to society by making donations to some charitable organizations.

Specifically, the Group attaches great importance to the fostering of talent with a view to contributing to the fashion industry's sustainable development. Internally, it has created an intellectually stimulating environment for the staff, and offers them clear career paths according to their job knowledge, skills and performances. For instance, the Group provided its fashion designers with the opportunities to give full play to their capabilities and creativity. They were allowed to test their ideas on the market by showcasing their fashion designs in the fashion shows that the Group organized or participated in, namely the Shanghai Fashion Week which was organized by the Shanghai Fashion Designers Association (“上海服裝設計協會”) and the Shanghai International Fashion Center (“上海國際服裝服飾中心”) and hosted by the Shanghai Municipal Government in Shanghai, and large-scale fashion shows organized by the Group in Hong Kong. The fashion designers also designed tailor-made products for select customers who were members of a VIP club of the Group. The Group also gives them opportunities to do research on fashion in Europe every year. Such measures help to retain the talent and enhance the quality of the products and services.

To step up its support to the development of local talent, the Group made a donation to the faculty of design and environment of the Technological and Higher Education Institute of Hong Kong. It firmly believes that a business should contribute to education so that the youth can have a brighter future and the businesses can tap into a larger talent pool. This can ultimately help to ensure the sustainability of both society and the industry.

Nevertheless, the Group's care about society is not limited to its support to education but is also extended to families, the fundamental units of society. The Group also made donations to other types of non-profit or charitable organizations, including Family Development Foundation, All-China Women's Federation Hong Kong Delegates Association Limited and the Love Foundation to meet the needs of families, especially those of children and women.

Now that we have begun quantifying our sustainability performance in terms of key indicators, we will be able to raise the standards of disclosure and enhance the transparency and accountability. This not only will improve our communication with the stakeholders but also enable us to formulate and implement specific improvement measures.

Chan Yum Kit



PROTECTING OUR ENVIRONMENT

3.1 EMISSION TREATMENT

The control and reduction of adverse environmental impacts from the emission during operation are the major concerns of the Group. Therefore, we follow the relevant local laws and regulations in respect of wastewater and exhaust emission. Since the Group engages primarily in garment processing, it does not involve any laundries or dyeing processes and hence there is no exhaust emission or wastewater generated from industrial processes. The only source of wastewater of the Group is domestic sewage, which enters the municipal drainage system.

On the other hand, although the Group is not a heavy air polluter due to its business nature, air pollutants are emitted from the use of vehicles. We are dedicated to controlling our exhaust emission by adopting an effective fleet management, under which regular inspection and maintenance are arranged for our vehicles and our drivers are required to switch off idling engine.

Air pollutants emission from the use of vehicles during the Year:

Types	Weight (kg)
Nitrogen oxides (NO _x)	84.08
Sulphur oxides (SO _x)	0.26
Particulate Matter (PM)	4.07

Apart from air pollutants, greenhouse gas is another major type of air emission of the Group. Our vehicles release not only pollutants, but also greenhouse gases such as carbon dioxide (CO₂), methane (CH₄) and nitrous oxides (N₂O). Besides, the operation of our headquarters, warehouse and manufacturing plant will also directly or indirectly emit greenhouse gases through electricity consumption, use of refrigerant, water and sewage treatment, paper disposal to landfill and business trips by staff. Our manufacturing plant in Shenzhen also uses boiler and electricity generator which are also sources of greenhouse gas emission.

Greenhouse gas emission during the Year:

Types	Weight (tonnes CO ₂)
Total emission	885
Direct emission (Scope 1)	117
Indirect emission (Scope 2)	708
Indirect emission (Scope 3)	60
Intensity (emission/million Hong Kong dollars of revenue)	3.04

Protecting our Environment



3.2 WASTE MANAGEMENT

Solid waste is generated from our business operation which has drawn our attention in implementing a proper waste management. The Group generates non-hazardous waste during the production process and operation of business which includes general waste produced by office staff, paper and small fabric pieces. The non-hazardous waste is first collected and sorted by types, and then reused, recycled or transferred to the qualified companies for further treatment before disposal to landfill. On the other hand, hazardous waste which includes toner cartridges and obsolete computers is also collected and treated by qualified parties.

Waste generated during the Year:

Types	Total	Intensity
Non-hazardous waste	14 tonnes	0.05 tonnes/million Hong Kong dollars of revenue
Hazardous waste		
Toner cartridges	51 kg	0.18 kg/million Hong Kong dollars of revenue
Obsolete computers	10 pieces	0.03 pieces/million Hong Kong dollars of revenue

Adhering to our commitment to waste reduction, apart from reusing the furniture and other reusable decorations from retail shops, we seek to use the leftover fabrics from the production to the fullest extent by repurposing them for internal use, such as making uniforms for employees. We also recycle paper as a way to reduce waste discarded to landfill. Among the 14 tonnes of non-hazardous waste, 9.81 tonnes of fabrics and paper were reused or recycled during the Year. Apart from encouraging employees to reuse and recycle waste, the Group also sends the used toner cartridges to the suppliers for recycling and works closely with electronics companies to recycle obsolete computers and other electronic waste, for the purpose of waste reduction.

3.3 ENERGY CONSERVATION

The Group recognizes the importance of maintaining environmental sustainability in its daily operation. As part of our initiatives to reduce energy consumption of lighting system, we maximize the use of natural light, divide the office area into different light zones using independent lighting switches, and reduce the use of unnecessary lighting fixtures. We also adopt energy-efficient lighting and clean light fixtures regularly to increase the energy efficiency of lighting system.

Various measures are also employed to enhance the energy efficiency of air conditioning system, such as using variable speed drive for pumping and fan systems according to the actual air-conditioning demand, setting the temperature of the air-conditioners at an energy-efficient level, and allowing employees to dress in casual attire in office every Friday, so as to reduce the energy consumption.

Regarding the use of other electric devices, priority is given to energy-efficient devices in the procurement process. For example, energy-efficient multifunction devices and computer equipment virtualization are employed to reduce energy consumption. Employees are also encouraged to integrate energy conservation initiatives into their daily work by setting the computers to automatic standby or sleeping mode when idle and switching off electric devices before they leave at the end of daily work and for holiday.

Thanks to the efforts we have made on energy conservation, the total energy consumption during the Year was 1,100 MWh, and the average consumption per million Hong Kong dollars of revenue was 3.78 MWh.

Energy consumption by type during the Year:

Type	Consumption (MWh)
Stationary Combustion Source	139
Fuel combustion for vehicles	166
Electricity Usage	795

Protecting our Environment

3.4 GREEN OPERATION

In the face of climate change, the Group is mindful of its obligation to reduce emission during its operation. While complying with the local laws and regulations relating to environmental protection, our commitment to reducing the carbon footprint can be reflected by holding video conferences where possible to avoid any unnecessary overseas business travel while direct flights are chosen for inevitable business travel to reduce carbon emission. The Group understands the importance of employees’ support and participation to environmental protection at work, thus measures are taken to raise employees’ environmental awareness and boost employees’ participation. For example, posters are displayed to remind employees to save energy and resources in the office and reminder emails are sent to encourage employees to reduce emission.

With regards to water consumption, in total 24,389 m³ and on average 83.81 m³/million Hong Kong dollars of revenue of water was consumed during the Year. To minimize water waste, employees are encouraged to turn off the faucet tightly after using it.

Besides, the Group also uses packaging materials to the minimum extent as possible in order to reduce resources consumption. The packaging materials used by the Group are mainly paper, cartons and plastic. The corresponding total and average consumption are as follows:

Types	Total (kg)	Intensity (kg/finished products)
Paper	3,798	0.17
Cartons	2,797	0.09
Plastic	2,098	0.03

3.5 PAPERLESS OFFICE

To promote a paperless office and reduce the carbon emission, the Group always promotes the use of electronic systems to substitute paper-based office administration systems (OA System) and the use of electronic means for information dissemination wherever possible, such as e-fax. Employees are also recommended to print on both sides of the paper. All discarded papers, except printed paper with confidential information, are sent to waste paper recycling companies. We monitor the printing volume regularly and set print quota for users to lower the paper consumption. Moreover, the Group advocates the use of environmentally-friendly materials where appropriate, for instance, our annual reports and interim reports are printed with soy ink on Forest Stewardship Council (FSC) certified paper which is sourced from well-managed forest.





CARING OUR EMPLOYEES

4.1 EMPLOYMENT AND WELFARE

To protect the rights of employees, the Group strictly complies with the relevant laws and regulations, such as the Employment Ordinance of Hong Kong, Labour Law of the PRC (《中華人民共和國勞動法》) and Labour Contract Law of the PRC (《中華人民共和國勞動合同法》). As an equal opportunity employer, we ensure job applicants who meet the job requirement receive equal opportunity during the recruitment process and no job applicants shall be subject to unfair treatment on the grounds of gender, nationality, pregnancy, disability or marital status. After the acceptance of job offer, new employees are required to provide the copies of identification documents to the Group for age verification and prevention of child labour. The job position of employees is also clearly stated in the employment contract in order to avoid any form of forced labour. Upon the receipt of resignation, we pay the outstanding wages to employees on time as required by the relevant laws and regulations.

The Group derives strength from its focus on talent development, therefore it endeavours to offer its employees attractive remuneration package and conduct regular pay adjustment with reference to the performance of employees, job nature, economic conditions of the Group and market trend. As for retail employees, we also provide welfares in accordance with the relevant local laws and regulations on the employment insurance to ensure their rights are protected. For example, we make contributions to “Five Social Insurances and One Housing Fund” (「五險一金」) for employees in the PRC and provide medical allowance to employees in Hong Kong. Employees are entitled to annual leave, marriage leave, funeral leave, maternity leave, paternity leave and public holidays. Also, the working hours of employees are clearly stated in the employment contract and in compliance with the relevant laws and regulations to ensure sufficient rest time is given.

We also attach great importance to the work-life balance of the employees, thus leisure activities are often held for employees' relaxation. For example, we organized several leisure activities for our employees in the Hong Kong headquarters, including annual dinner and Christmas party, as well as inviting them to join the birthday party for office employees.

4.2 HEALTH AND SAFETY

As a responsible employer, the Group is committed to safeguarding the health and safety of employees through conformity to the local laws and regulations related to occupational health and safety, such as the Occupational Safety and Health Ordinance of Hong Kong and Law of the PRC on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》). For example, procedures on fire drill and handling of emergency, and the provision of necessary personal protection equipment to our factory employees are stated in work safety guidelines to get employees acquainted with our health and safety practices and enhance the awareness of workplace safety. To build an injury-free and comfortable working environment, greeneries are placed in the office area and employees are encouraged to maintain a clean and organized workplace.

4.3 TRAINING AND DEVELOPMENT

With employees' career development and the Group's business being the core parts of our operation, it is our aim to create an intellectually stimulating environment where employees can receive specific training tailored to their needs and goals, so as to be trained with sufficient knowledge and skills. For instance, trainings related to the safety policy and operations of garment processing are devised for employees working in factory while trainings on the shop operation and customer service skills are provided to the retail employees. Retail employees are also introduced to different collections of the seasons and prepared for the launch of new products during the training sessions.

Apart from the comprehensive training scheme, the Group paves a clear career path for its employees. Regular appraisal with respect to the job knowledge and skills, quality of work and work attitude is conducted to assess employees' performance. Employees with outstanding performance are given promotion opportunities. Training is also arranged for newly promoted retail employees to facilitate their adaptation to the new positions, and foster greater customer satisfaction.



OPERATING PRACTICES

5.1 SUPPLY CHAIN MANAGEMENT

The selection of suppliers, including the raw material suppliers and processing factories, involves thorough consideration of product quality, product safety, location of suppliers and delivery time, to minimize the social risks in the supply chain. In addition, to mitigate the environmental impact of our products, environmental performance of suppliers is also assessed where applicable, such as the use of low-lead materials or materials which contain environmentally-friendly dye.

5.2 QUALITY ASSURANCE

The major business of the Group, which is the manufacturing and retail of women's apparel for high-end and upper-middle markets, features high quality, great customer satisfaction and compliance with relevant local laws and regulations related to product quality and safety. To attain this goal, we place importance on the opinions from customer, so as to improve our services and further better the product quality. Moreover, we maintain well-established relationships with trustworthy raw material suppliers and processing factories, and deliver samples of each style of products provided to external parties for inspection.

In order to assure the quality of our products, quality checks conducted by corresponding departments take place at various production stages, such as the receipt of raw materials, design and sample development and mass production. After the mass production of garment, the quality control department performs final quality examination before delivery to the retail shops. Moreover, as part of our production process may be outsourced to the external factories, personnel from quality control department are sent to the external factories to conduct the quality check. Upon arriving at our factories, those products undergo second quality check so as to avoid quality problems caused by any third parties.

5.3 MANAGEMENT ON ADVERTISING

To safeguard the interest of the potential customers, the Group forbids any misleading information in its promotion works through rigorous compliance with the laws and regulations related to advertisement and labeling, such as the Trade Descriptions Ordinance of Hong Kong and Advertisement Law of the PRC (《中華人民共和國廣告法》). A series of stringent procedures is taken before the publication of advertisement to ensure the contents of our advertisement are true and accurate.

5.4 PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

Much has been done to protect the intellectual property rights and patents of the Group and other parties, which can be reflected by our abidance by the laws and regulations related to intellectual property rights. We respect intellectual property rights and do not tolerate any breach of third parties' copyrights. To prevent infringement of intellectual property rights, employees are required to sign software usage agreement which prohibits the use of pirated computer software.

5.5 PROTECTION OF CUSTOMER DATA AND PRIVACY

The Group is in strict compliance with the laws and regulations in relation to the protection of customer data and privacy. In accordance to the policy of confidentiality, it is the responsibility of employees to maintain the information of customers and the Group with the highest degree of confidentiality and refrain from disclosing the information to other parties without consent from the Group. In addition, the customer data collected for the VIP scheme is kept confidential as stated in the declaration of application form and signed acknowledgements from the customers are obtained.

Operating Practices

5.6 ANTI-CORRUPTION

The Group adheres to a high standard of business integrity throughout its operation and closely observes the anti-corruption laws and regulations, such as the Prevention of Bribery Ordinance of Hong Kong and Criminal Law of the PRC (《中華人民共和國刑法》). To deter any improper behaviours and misconduct, our employees are required to follow the code of conduct and uphold the highest standards of ethical and professional conduct. Under the policy on conflict of interest, employees are strictly forbidden to undertake any activity which collides or competes with the interests of the Group during the employment. Employees are also required to make declaration on any possible conflict of interest. Receipt of any kinds of gifts or favours from suppliers, customers and other related parties to the Group is prohibited.

Moreover, whistle blowing system is established for employees to lodge complaints and report suspected misconducts or illegal practice to their supervisors and even the management. Upon the receipt of complaint or report, internal inspection will be conducted and the personal information of the complainants will be protected.

During the Year, the Group was not aware of any breach of laws and regulations that have a significant impact on the Group in relation to bribery, corruption, extortion, fraud and money laundering.

CONTRIBUTING TO OUR COMMUNITY

Apart from the pursuit of business development, the Group spared no efforts in committing its charitable goal. During the Year, we have made donations to a variety of organizations of different natures, such as Family Development Foundation, the Society of the Academy for Performing Arts, Technological and Higher Education Institute of Hong Kong, which reflects our supports to different sectors of the society such as family development, arts and education. The Group also puts emphasis on the needs of children and women and provides love and support to them by making donation for supporting the operation of organizations such as the All-China Women’s Federation Hong Kong Delegates Association and the Love Foundation. We will continue to strengthen our support to the needy and contribution to the community so as to build a healthy and harmonious society.



T-shirts launched for the charity collaboration with the Society of the Academy for Performing Arts



APPENDIX:

KPI REPORTING GUIDE

KPI	Description	Chapters	Page No.
Environment			
A1 Emissions			
A1.1	The types of emissions and respective emissions data.	Emission Treatment	8
A1.2	Greenhouse gas emissions in total and, where appropriate, intensity.	Emission Treatment	9
A1.3	Total hazardous waste produced and, where appropriate, intensity.	Waste Management	10
A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	Waste Management	10
A1.5	Description of measures to mitigate emissions and results achieved.	Energy Conservation; Green Operation; Paperless Office	11-13
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Waste Management	10
A2 Use of Resources			
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Energy Conservation	11
A2.2	Water consumption in total and intensity.	Green Operation	12
A2.3	Description of energy use efficiency initiatives and results achieved.	Energy Conservation	11
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Green Operation	12
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	Green Operation	12

KPI	Description	Chapters	Page No.
A3 The Environment and Natural Resources			
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Emission Treatment; Waste Management; Energy Conservation; Green Operation; Paperless Office	8-13
Social			
B1 Employment			
B1.1	Total workforce by gender, employment type, age group and geographical region.	No relevant disclosure for the Year	N/A
B1.2	Employee turnover rate by gender, age group and geographical region.	No relevant disclosure for the Year	N/A
B2 Health and Safety			
B2.1	Number and rate of work-related fatalities.	No relevant disclosure for the Year	N/A
B2.2	Lost days due to work injury.	No relevant disclosure for the Year	N/A
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety	15

Appendix:
KPI Reporting Guide



KPI	Description	Chapters	Page No.
B3 Development and Training			
B3.1	The percentage of employees trained by gender and employee category.	No relevant disclosure for the Year	N/A
B3.2	The average training hours completed per employee by gender and employee category.	No relevant disclosure for the Year	N/A
B4 Labor Standards			
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment and Welfare	14
B4.2	Description of steps taken to eliminate such practices when discovered.	No relevant disclosure for the Year	N/A
B5 Supply Chain Management			
B5.1	Number of suppliers by geographical region.	No relevant disclosure for the Year	N/A
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management	16

KPI	Description	Chapters	Page No.
B6 Product Responsibility			
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	No relevant disclosure for the Year	N/A
B6.2	Number of products and service related complaints received and how they are dealt with.	No relevant disclosure for the Year	N/A
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Protection of Intellectual Property Rights	17
B6.4	Description of quality assurance process and recall procedures.	Quality Assurance	16
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Protection of Customer Data and Privacy	17

Appendix:

KPI Reporting Guide

KPI	Description	Chapters	Page No.
B7 Anti-corruption			
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.	Anti-corruption	18
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption	18
B8 Community Investment			
B8.1	Focus areas of contribution.	Contributing to our Community	19
B8.2	Resources contributed to the focus area.	No relevant disclosure for the Year	N/A