

MBV International Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1957

2020

Environmental,
Social and Governance
Report

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

MBV International Limited (the “Company” together with its subsidiaries, hereinafter referred to as the “Group” , “we” or “us”) is pleased to present our first annual Environmental, Social and Governance Report for year ended 31 December 2020 (the “ESG Report”) to provide an overview of the Group’s management of significant issues affecting the operation, including environmental, social and governance (“ESG”) matters.

The board of directors (the “Board”) has overall responsibility for the Group’s ESG strategy and reporting. The Board is responsible for evaluating and determining the Group’s ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place.

REPORTING PERIOD

The ESG Report illustrates the Group’s initiative and performance regarding the environmental and social aspects during the reporting period from 1 January 2020 to 31 December 2020 (the “Reporting Period”).

REPORTING SCOPE

This ESG Report covers major subsidiaries of the Group in Malaysia with core business that principally engaged in sourcing, wholesaling, supplying and marketing imprintable apparel and gift products all across Malaysia and in Singapore. The Group will continue in assessing the impacts of its business on the major ESG aspects and to include in the ESG Report.

REPORTING BASIS

The ESG Report is prepared in accordance to the ESG Reporting Guide set out by Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The Group has complied with the disclosure requirements of the “comply or explain” provisions set out in the ESG Reporting Guide. In view of our first time disclosure of certain key performance indicators (“KPIs”) which are considered material by the Group during the Reporting Period, the Group will continue to optimize and improve the disclosure of KPIs. The ESG Report is prepared and published in both English and Chinese. In the event of contradiction or inconsistency, the English version shall prevail.

CONTACT INFORMATION

The Group welcomes your feedback on the ESG Report for our sustainability initiatives. Please contact us through our Company website <http://www.orensport.com>.

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STAKEHOLDERS ENGAGEMENT

We identified the key stakeholders of our business operations and interacted with our stakeholders regularly through various communication channels. The following table illustrates the issues of concern of our major stakeholders and the ways we communicate with them:

Stakeholder	Expectation	Engagement channel	Measures
Government	— Abide by laws and regulation	— On-site inspections and checks	— Operated, managed and paid taxes according to laws and regulations, strengthened safety management
	— Fulfil duty to pay tax	— Company website	
	— Promote regional economic development and employment		— Accepted the government's supervision, inspection and evaluation
Shareholders and Investors	— Provide high transparency for information disclosure	— Annual general meeting and other shareholder meetings	— Issued notices of general meeting and proposed resolutions according to regulations
	— Protect shareholder's rights and interest	— Annual report, interim report and announcements	— Disclosed Company's information by publishing annual reports, interim reports and announcements
		— Company website	— Disclosed company contact details on website and in reports and ensured all communication channels available and effective

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STAKEHOLDERS ENGAGEMENT_T (CONTINUED)

Stakeholder	Expectation	Engagement channel	Measures
Employees	<ul style="list-style-type: none"> — Education and training — Career development opportunities — Health and safety working environment — Safeguard the rights and interests of employees 	<ul style="list-style-type: none"> — Employee communication — Training, seminars and briefing sessions — Intranet and emails 	<ul style="list-style-type: none"> — Provided a healthy and safe working conditions and environment — Provide training to employee — Provide attractive remuneration packages
Customers	<ul style="list-style-type: none"> — Provided safe, high-quality products — Stable relationship — Business ethics 	<ul style="list-style-type: none"> — Website, brochures and annual report — Email and customer service hotline — Complaint handling mechanism — Regular meeting — Sale representatives' visits 	<ul style="list-style-type: none"> — Provided prompt quality customize products

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STAKEHOLDERS ENGAGEMENT (CONTINUED)

Stakeholder	Expectation	Engagement channel	Measures
Suppliers	— Honest cooperation	— Supplier review and assessment	— Performed contracts according to agreements
	— Strong relationship	— Regular meeting	— Enhanced daily communication, and established long-term cooperation with quality suppliers and contractors
Public and communities	— Discharge social responsibilities	— Volunteering	— Carry out charitable activities
	— Community involvement	— Charity and social investment	— Provided volunteer service, kept communication channels open between the company and the communities
		— Annual report	
		— Donation	

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A.ENVIRONMENTAL ASPECTS

Aspect A1: Emissions

Due to the nature of our business, our Group's operations do not directly generate industrial pollutants, and as such our Group did not incur direct costs of compliance with applicable environmental protection rules and regulations in past years. Our Board expects that our Group will not directly incur significant costs for compliance with applicable environmental protection rules and regulations in the future.

The Group is committed to reducing its impact on the environmental and its carbon footprint whilst pursuing our quest to deliver quality and reasonable price products to our customers. Consumption of fuel and energy has been a significant contributor to greenhouse gases as well as other environmental concerns. The Group has adopted various practical measures to reduce the use of natural resources (thus in turn reduce emissions) as mentioned in aspects "A2: Use of Resources" in this ESG Report.

Regarding waste, no material hazardous waste produced during the Reporting Period. Non-hazardous waste mainly includes commercial waste. In order to properly control the disposal of our production wastes, we have formulated detailed environmental protection rules and guidance for our staff to follow during operation. We also engage approved disposal contractors to perform waste disposal and treatment, so as to minimize the impact on nature.

Thus, in light of the above mentioned, we believe that our operation does not generate hazards with any significant adverse effect on the environment, and our environmental protection measures are adequate to comply with all applicable current regulations in Malaysia.

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A.ENVIRONMENTAL ASPECTS (CONTINUED)

Aspect A1: Emissions (Continued)

During the Reporting Period, there was no material breach of or non-compliance with the applicable laws and regulations related to environmental protection.

Major air pollutants emissions from vehicles during the Reporting Period as follows:

Air Pollutant Emission

Type of Air Pollutants	Air Pollutant Emission (tons)
Nitrogen Oxides	0.333
Sulphur Dioxide	0.002
Particulate Matter	0.025

During the Reporting Period, the greenhouse gas ("GHG") emission from the operation is set out below:

GHG Emission

Type of GHG emissions	Equivalent CO ₂ emission (tons)
Scope 1 Direct emissions	436.02
Scope 2 Indirect emissions	356.07
Total	792.09
Intensity (tons/ Revenue RM'000)	7.24

Note:

The calculation of the GHG gas is based on the "A Corporate Accounting and Reporting Standard" from The GHG Protocol.

Scope 1: Direct emissions from vehicles that are owned by the Group

Scope 2: Indirect emissions from the generation of purchased electricity consumed by the Group

Scope 3 is not disclosed as it is an optional disclosure and the corresponding emission is not controlled by the Group

Hazardous and non-hazardous waste

During the Reporting Period, no significant non-hazardous waste is generated other than the scrapped textiles and clothes amounting to approximately 21,845 kg (0.20kg / Revenue RM '000) during the course of production. The Group has engaged collectors to handle and collect the waste produced so as to minimize the environmental impact.

During the Reporting period, the Group has no significant hazardous waste generated due to our business nature.

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A.ENVIRONMENTAL ASPECTS (CONTINUED)

Aspect A2: Use of Resources

The Group places high priority on the efficient use of resources. The major resources used by the Group are fuels, electricity, water, and packaging materials. For usage of water, the Group did not encounter any problems in sourcing water that is fit for purpose. The Group strives to improve the efficient use of natural resources, such as minimising waste/emissions and implementing effective recycling program. Practical measures are implemented as follows:

- Switching off lights and turning off unnecessary energy-consuming devices such as air-conditioning system when staff leaves the office;
- Adopting LED lighting in some manufacturing facilities, warehouses, and others;
- Promoting environmental protection such as saving water and electricity by slogan or poster in office and factories;
- Encourage the use of paper by printing or photocopying on both sides of paper, where applicable;
- Collection of scrapped textiles and clothes for recycling purpose;
- Regular maintenance of vehicles with good condition for operational efficiency;
- Strictly follow the procurement plan in order to avoid duplication of purchase and idle resources;
- Focus on quality management so as to reduce wastage and scrap for less pollution resulted.

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Energy, water and packaging materials consumption by the Group during the Reporting Period is set out below:

Energy Consumption

Type of energy	Energy consumed (kWh)
Unleaded petrol	832,970.82
Diesel	784,535.63
Purchased electricity	552,223.00
Total	2,169,729.45
Energy intensity (kWh/ Revenue RM'000)	19.82

Water Consumption

	(m ³)
Running water consumed	18,761
Intensity (m³/ Revenue RM'000)	0.17

Packaging materials

Type of packaging materials	(tons)
Plastic	20.77
Intensity (tons/ Revenue RM'000)	0.00019

Aspect A3: The Environment and Natural Resources

The Group raises staff's awareness on environmental issues through education and training and enlist employees' support in improving the Group's performance, promote environmental awareness amongst the customers, business partners and shareholders and support community activities in relation to environmental protection and sustainability and evaluate regularly and monitor past and present business activities impacting upon health, safety and environmental matters. With the integration of policies mentioned in sections "Emissions" and "Use of Resource", the Group strives to minimise the impacts to the environment and natural resources.

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B.SOCIAL ASPECTS

Aspect B1: Employment

The Group believes that a key to our success is our ability to recruit, retain, motivate and develop talented and experienced staff members. We endeavour to attract and retain appropriate and suitable personnel to serve our Group. Our group assesses the available human resources on a continuous basis and will determine whether additional personnel are required to cope with the business development of our Group. The Group strictly complies with relevant laws and regulations regarding employment and labour protection including but not limited to the Employment Act 1955, the Employees Provident Fund Act 1991, the Employees' Social Security Act 1969, the Employment Insurance System Act 2017. The Group's human resources manual sets out our standards for compensation and dismissal, recruitment and promotion, working hours, rest periods, confidentiality, and other benefits and welfare.

We have a recruitment policy in place to maintain a fair and effective recruitment procedure. Under such policy, we normally recruit employees with the appropriate skills, both technical and personal, in order to meet our current and future needs and to ensure that the employees appointed are qualified and competent to carry out the duties. We have always maintained a good working relationship with our employees.

We entered into individual labour contracts with each of our employees in accordance with the applicable labour laws of Malaysia, which cover matters such as wages, employee benefits and grounds for termination. The remuneration package our Group offers to our employees includes salary, bonuses, allowances and medical benefits. In general, we determine an employee's salary based on each employee's qualifications, experience and capability as well as the prevailing market remuneration rate.

Our Group considers that our employees play a pivotal role in our continuous growth. It is our policy to maximise the potential of our employees through training and development. Our Group provides both internal and external training related to marketing knowledge, good customer service, safety and quality management and other useful topics. For new hires, our Group provides an induction training programme followed by on-the-job training during their probation period, and continually monitors their progress throughout the probation period. Our employee training and development aim at equipping our employees with the knowledge and skills necessary to perform their job functions and enhance their capability. We believe this will also increase the overall competitiveness of our workforce and can maintain good relationship with our employee as we believe that our employees are valuable assets to our Group.

During the Reporting Period, there were no material non-compliance regarding employment brought against the Group or its employees.

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Below is a detailed breakdown of our employees employed under our major subsidiaries of the Group in Malaysia by gender, age group and employment category as at 31 December 2020:

	Number of staff	% of total
By gender		
Male	181	44.1
Female	229	55.9
Total	410	100.0
By age group		
30 or below	193	47.1
31- 40	118	28.8
41- 50	64	15.6
51 or above	35	8.5
Total	410	100.0
By employment category		
Contract or short term	1	0.2
General	383	93.4
Middle and Senior	26	6.4
Total	410	100.0

Below is a detailed breakdown of turnover rate of our employees employed under our major subsidiaries of the Group in Malaysia by gender and age group as at 31 December 2020. They are defined by the categories of employees leaving employment divided by the average number of employees in those specified categories.

	Number of staff	% of total
Turnover rate by gender		
Male	49	23.8
Female	59	22.8
Total	108	23.3
Turnover rate by age group		
30 or below	65	28.8
31- 40	26	19.8
41- 50	13	18.4
51 or above	4	10.8
Total	108	23.3

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Aspect B2: Health and Safety

The Group places a strong emphasis on occupational safety of our staff. The Group strictly complies with relevant laws and regulations regarding employment and labour protection including but not limited to the Occupational Safety and Health Act 1994. During the course of our business operations, our staff working at our warehouses are required to lift heavy objects racks and handle heavy mechanical equipment and our staff performing cutting and sewing operating are required to handle cutting and pattern machines, sewing machines and machinery for specific tasks. They are provided with staff instructions manuals and supervision on-site to ensure their safety and health at work. We also provide regular internal and external trainings to our employees regarding operational and work safety.

The Group maintains fire insurance, motor vehicles insurances, burglary insurances, glass insurance, money insurance, public liability insurance, surgical scheme policy and foreign workers compensation scheme policy for foreign workers.

During the Reporting Period, there is 1 injury case, causing approximately 53 working days lost. There were no material non-compliance cases noted in relation to laws and regulations for health and safety. Our Group did not have any material incidents of work injury for the previous 3 financial years.

In view of the outbreak of novel coronavirus ("COVID-19") in the beginning of 2020, the Group has taken a host of measures to help containing the spread of the disease and to safeguard our employees.

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Aspect B3: Development and Training

The Group recognizes the importance of training for the development of our employees as well as our Group. We provide various types of trainings to our employees as mentioned in aspects “B1: Employment” and “B2: Health and Safety” in this ESG Report. We believe it is a win-win approach for achieving both employee and corporate goals as a whole.

The Group is in the process of arranging responsibilities of the relevant departments on quantifying the percentage of employees trained, and the average training hours completed per employee in the coming year.

Aspect B4: Labour Standards

The Group is fully aware that child labour and forced labour violate fundamental human rights and also pose threat to sustainable social and economic development. The Group strictly complies with relevant labour laws in Malaysia and prohibits the use of child labour and forced labour. The Group also complies with relevant laws and regulations regarding employment and labour protection including but not limited to the Minimum Wages Order 2018 and the Minimum Wages Order 2020. Employment contracts and other records, documenting all relevant details of the employees (including age) are properly maintained for verification by relevant statutory body upon request.

During the Reporting Period, we did not identify any issue related to child labor or forced labor within the Group.

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Aspect B5: Supply Chain Management

The Group works closely with its customer, suppliers and subcontractors who are committed to high quality, environmental, health and safety standards.

Suppliers

Our suppliers primarily include our OEM manufacturers for ready-made products and suppliers of raw materials including yarn, fabric and accessories such as buttons, zippers, packing materials, labels and other materials mainly in the People's Republic of China ("PRC"), Bangladesh, Malaysia and other Asian countries. We had over 22 major OEM manufacturers and over 30 major raw material suppliers. The majority of our products are ready-made products we sourced and procured from OEM manufacturers primarily located in the PRC and Bangladesh. We usually place production orders with our OEM manufacturers weekly based on our daily inventory report for ready-made products. To determine whether to assign our production orders to suppliers in the PRC, Bangladesh or other countries, we typically take their prices, business relationship with us, technical capabilities, production capacities, delivery schedules and their respective strength and expertise into consideration.

Policies and procedures for selection and evaluation of suppliers are established for staff to follow. We have a careful selection process for our suppliers, including OEM manufacturers and raw material suppliers. We evaluate our prospective suppliers based on a number of factors, including their technical strengths, product quality, quality control effectiveness, pricing, core management team, credit rating, size, reputation, environmental, health and safety standards, production capacity and ability to meet our delivery timeline. We also conduct annual evaluations on our suppliers, including OEM manufacturers and raw material suppliers and cease to procure from those suppliers who (i) deliver off-standard products for a continuous period; (ii) refuse to replace or refund defective products; (iii) fail to meet our requisite standards, such as production capacity, environmental, health and safety standards, under our annual evaluation; and (iv) perform any actions which significantly affect our business interests.

Subcontractors

When our Johor Facilities are working in full capacity, our Group may subcontract the production to subcontractors. We generally provide the subcontractor with the fabrics to be used and the specification and design of the products. In addition, we engage subcontractors for services such as silkscreen printing and embroidery. During the Reporting Period, we had approximately 10 major subcontractors mainly in Malaysia. We monitor the quality of the outsourced products as well as the service provided by our subcontractors closely to ensure that products manufactured or processed externally meet our requirements including but not limited to environmental, health and safety standards. Our Directors believe that our Group had a stable working relationship with our subcontractors during the Reporting Period.

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Our Group evaluate the subcontractors taking into account of their technical capability, track records, services, prices, production capabilities, ability to complete the manufacturing procedures in a timely manner and product quality. Based on these factors, our Group selects and maintains a list of subcontractors approved by our Directors.

Our Group will generally obtain a number of quotations from the list of approved subcontractors and select the most suitable one based on fee quotes and track records, before placing subcontracting orders with the respective subcontractors. Apart from subcontracting fee, our Group also set out other terms of subcontracting service including terms of payment, method and time of delivery in the order form with the subcontractors. Our Group had not entered into any long-term agreements with our subcontractors during the Reporting Period. In order to ensure that the products meet the required quality standard, our Group performs quality inspection on the finished products provided by the subcontractors.

We believe there are no significant environmental and social risks for our management decision on supply chain management during the Reporting Period.

The following is an analysis of the Group's number of suppliers and subcontractors by geographical location during the Reporting Period:

Number of major suppliers, OEM manufacturers and subcontractors by

Bangladesh	2
Malaysia	38
PRC	19
Others	1

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Aspect B6: Product Responsibility

Quality control

We monitor the quality of the finished products by performing quality inspection to ensure that products manufactured meet our quality control standards. We maintain quality control procedures for our products produced by our OEM manufacturers and subcontractors, and as well as those produced in facilities in Johor, we also inspect the raw materials with the view to ensuring the overall quality of our products. We generally follow up with our suppliers and/or our production department on production and delivery schedules in order to ensure that the finished products can be delivered or produced in accordance with our requirements. Our staff members who are responsible for quality control perform inspections on the products to ensure they meet the relevant specifications. During the Reporting Period, we did not receive any material claims or complaints by our customers in respect of the quality of our products and there was no incident of failure of our quality control procedures which had a material and adverse impact on our business operations.

Product return policy

Our products are subject to final inspections before delivery to the customers' designated locations to ensure that they conform with our specifications and quality requirements. We do not have any return policy in respect of our products. However, we may accept a return of products due to quality issues or require our OEM manufacturers to rectify any defects our customers identified after delivery of the products to them. In the event that issues relating to product return arise, we follow up closely with our customers on any claims or requests for product return, payment refund, rectification or price discount, and may enter into negotiations with our customers to resolve the issue on a case by case basis. During the Reporting Period, there had been no material claims against us in relation to defective products and there had not been any material product returns from customers.

Protection of Intellectual Property Rights

In order to maximize the protection of our intellectual property, the Group has registered trademarks in certain countries and region where the Group currently have no business operations. We may not have any business transaction/commercial relation with such countries/regions. We retain the legal ownership of all designs, inventions or ideas developed by our employees during the course of their employment.

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Customer Information and Feedback Management

Subject to compliance with the relevant privacy protection regime, the Group will strive to protect the privacy of customer information. Any organizations or personnel are prohibited to access customer information without relevant approval by the Group.

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Aspect B7: Anti-Corruption

To ensure operation efficiency and employees' development in a fair and honest working environment, the Group has formulated whistleblowing policy in the corporate governance manual in order to promote business ethics and integrity so as to avoid suspected corruption, extortion and money laundering channel such as by letter and email for employees to report suspected corruption are provided. If there are any suspected case related to corruption, employees are encouraged to report the related cases through the mentioned channels. All these practical actions not only win the trust of customers, but also enhance the sense of belonging and fair play among our employees.

The Group has been in strict compliance with law and regulation related to anti-corruption. During the Reporting Period, there was no legal case regarding corrupt practices, extortion and money laundering brought against the Group or its employees.

Aspect B8: Community Investment



As a socially responsible company, the Group is committed to understanding the needs of the communities in which we operate. The Group strives to develop long-term relationship with our stakeholders and seek to make contributions to programmes that have a positive impact on community development.

During the Reporting Period, the Group donated 1,000 sets of medical protection gears to support the front – line medical personnel of the community during the outbreak of COVID – 19 during the reporting period.





MBV International Limited

Unit B, 23/F, Yue Hing Building

103 Hennessy Road, Wan Chai, Hong Kong

Email: ir@orensport.com

www.orensport.com