



**Business Sustainability & Risk Management  
Case Analysis Competition 2016  
2016 企業可持續發展及風險管理案例分析比賽**

**Case Analysis Data**

**1. Notes for preparation**

In the following paragraphs you are given the background of a locally based SME that is going to prepare a Sustainability Report published in 2015 based on GRI G4 requirements.

Based on the information given, you are required to prepare a brief report that is ready for integration into the company's 2014 Sustainability Report.

You are encouraged to input additional information if you think fit so long as it is deemed applicable and logical.

For further instructions please refer to the "Entry Requirements and Information Sheet".

**2. The Company**

**Winful Group** is a Hong Kong based trading company. They are sourcing garment and textile products for global customers. They do not have their own production label.

The Hong Kong office acts as the sourcing agent and communicates with customers. The company has a production plant in Dongguan, China producing jeans.

Work process in Hong Kong Office : customers development – negotiation of orders – orders placement (either to own factory or to sub-contracting factories) – invoicing.

Work process in China factory : material preparation – cutting – sewing – washing – finishing – packing.

The company is now preparing its first Sustainability Report and the reporting period is from 1.1.2014 to 31.12.2014. Thereafter the company is considering to publish its Sustainability Report in subsequent years.

Following are the selected G4 Indicators that you are required to research, analyse and write up the reporting materials. You are required to prepare a written report (**max. five A4 pages with no more than 1,500 words in English**) based on the criteria below.

### **3. Provide a description of key impacts, risks, and opportunities**

Ref. : GRI G4 Indicator G4-2

The company should provide two concise narrative sections on key impacts, risks, and opportunities.

**Section One** should focus on the company's key impacts on sustainability and effects on stakeholders, including rights as defined by national laws and relevant internationally recognized standards. This should take into account the range of reasonable expectations and interests of the company's stakeholders. This section should include:

- ✚ A description of the significant economic, environmental and social impacts of the company, and associated challenges and opportunities. This includes the effect on stakeholders' rights as defined by national laws and the expectations in internationally recognized standards and norms.
- ✚ An explanation of the approach to prioritizing these challenges and opportunities.
- ✚ Key conclusions about progress in addressing these topics and related performance in the reporting period. This includes an assessment of reasons for under-performance or over-performance.
- ✚ A description of the main processes in place to address performance and relevant changes.

**Section Two** should focus on the impact of sustainability trends, risks, and opportunities on the long-term prospects and financial performance of the company. This should concentrate specifically on information relevant to financial stakeholders or that could become so in the future. Section Two should include the following:

- ✚ A description of the most important risks and opportunities for the company arising from sustainability trends
- ✚ Prioritization of key sustainability topics as risks and opportunities according to their relevance for long-term organizational strategy, competitive position, qualitative, and (if possible) quantitative financial value drivers
- ✚ Concise description of governance mechanisms in place specifically to manage these risks and opportunities, and identification of other related risks and opportunities

#### **Note:**

You are free to identify risk factors to the industry. For this competition, you are also requested to take into consideration risk factors arising in the process of sourcing, suppliers management and protection of workers safety.

#### **4. Wage Allocation**

Ref. : GRI G4 Indicator G4-EC5

Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.

- a. When a significant proportion of the workforce is compensated based on wages subject to minimum wage rules, report the ratio of the entry level wage by gender at significant locations of operation to the minimum wage.
- b. Report whether a local minimum wage is absent or variable at significant locations of operation, by gender. In circumstances in which different minimums could be used as a reference, report which minimum wage is being used.
- c. Report the definition used for 'significant locations of operation'.

#### **Winful Group :**

##### **Hong Kong Office:**

Top Management : directors are receiving a monthly wage plus year end director's bonus. The amount of bonus, if any, depends on turnover and net profits/losses of previous year.

Staff : all staff is paid monthly wage plus a bonus during Chinese New Year. The amount is based on individual performance and company earnings of the year.

##### **Workforce breakdown :**

Top Management (Director + Manager)	1 Managing Director + 4 Managers
Office Staff	50
Office Assistants	3

##### **Dongguan Factory :**

**Managers** : managers are paid by monthly wages plus discretionary bonus every 6 months. They do not receive overtime supplements. Minimum wage is not applicable since they are earning already over the minimum wages set out by the government.

**Supervisors** : supervisors are paid by monthly wages plus discretionary bonus for orders delivered on time. This is to be calculated and paid monthly. Minimum wages are not applicable to supervisors since they are already earning above the minimum wage rate. There are 3 grades of supervisor which is based on their years of service, performance and experience.



**Workers** : workers are paid by piece rate. Minimum wage rate applies to workers. They are paid overtime supplement and all legal statutory holidays paid in China.

The current **minimum wage per month** for Dongguan for 2015 is RMB1,510. This minimum wage is calculated based on 22 days per month and 8 hours a day work. Overtime supplements are : for extra hours worked in the evening in normal work day 150%. For overtime worked on rest days, i.e. Saturday or Sunday 200%. If workers are needed to work at statutory holiday, the overtime rate is 300%

Winful Group is providing free meals to all employees and lodging for those who need it.

Breakdown of workforce

Managers	4
Supervisors	20
Workers	250

**Note:**

1. You can create position grading and wage scale.
2. You can include any other welfares that are compulsory or voluntary.
3. Take note of Mandatory Provident Fund (“MPF”) contribution in Hong Kong.
4. In China minimum wage is raised almost every year.
5. Take note of social insurance contribution in China.
6. We are not taking the company’s yearly turnover into consideration but you should create figures that reflect current business environment and that the figures so created should be logical.

**5. Utilities consumption**

Ref. : GRI G4 Indicators G4-EN8 and G4-EN10 Water

Total water withdrawal by source

Percentage and total volume of water recycled and reused

- a. Report the total volume of water recycled and reused by the company.
- b. Report the total volume of water recycled and reused as a percentage of the total water withdrawal by source.
- c. Report standards, methodologies, and assumptions used.

**Winful Group :**

**Hong Kong Office** : Hong Kong Office is located in a commercial building and therefore they could not have water consumption record.

**Dongguan Factory :** Dongguan factory has a washing unit. The unit is to wash the jeans before delivery. This is a standard procedure for jeans production.

Together with the washing unit, there is the waste water treatment plant. This is a standard requirement for washing unit. The purpose of the water treatment plant is :

- a. Waste water from washing unit is being treated and tested before discharging to ensure no pollution to the environment
- b. Water can be treated and reused in the washing unit again

Following water consumption data is given as reference. You are requested to report on proposed water recycling / reused percentage.

Water Consumption table :

Month / 2014	Consumption for operation (factory, dormitory, canteen)	Consumption for washing unit	Total number of jeans produced
	Litre		Pairs
January	6,939	8,940	200,580
February	3,055	5,430	153,760
March	7,622	9,300	218,650
April	8,036	12,230	230,480
May	7,818	10,860	198,680
June	7,623	9,760	220,780
July	7,451	9,280	206,890
August	7,508	8,980	186,230
September	7,985	9,340	198,760
October	8,037	11,200	228,760
November	7,791	10,050	203,270
December	7,865	10,560	218,180

**Note:**

1. You are free to create a water re-use / recycling percentage.
2. You are free to assume reduction of water usage for coming years but the assumption should be realistic.



### Dongguan Factory

Managers 4 (average)  
Supervisors 20 (average)  
Workers 250 (average)

Grade	Gender	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Manager	Male	1	1	1	1	1	1	1	1	1	1	1	1
	Female	3	3	3	3	3	3	3	3	3	3	3	3
Supervisor	Male	2	2	2	2	2	2	2	2	2	2	2	2
	Female	18	18	18	18	18	18	18	18	18	18	18	18
Workers	Male	100	90	110	101	101	94	94	96	96	96	96	96
	Female	150	128	143	165	163	163	148	148	157	157	157	157
<b>Resigning rate</b>													
Manager	Male	0	0	0	0	0	0	0	0	0	0	0	0
	Female	0	0	0	0	0	0	0	0	0	0	0	0
Supervisor	Male	0	0	0	0	0	0	0	0	0	0	0	0
	Female	0	0	0	0	0	0	0	0	0	0	0	0
Workers	Male	0	10	0	9	0	7	0	2	0	0	0	0
	Female	0	22	0	11	10	0	20	0	12	0	0	0
<b>Hiring Rate</b>													
Manager	Male	0	0	0	0	0	0	0	0	0	0	0	0
	Female	0	0	0	0	0	0	0	0	0	0	0	0
Supervisor	Male	0	0	0	0	0	0	0	0	0	0	0	0
	Female	0	0	0	0	0	0	0	0	0	0	0	0
Workers	Male	0	0	20	0	0	0	0	0	0	0	0	0
	Female	0	0	15	22	8	0	5	0	21	0	0	0

**Note:**

You are free to create age groups of employees.

THE END