

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2018



YONGAN HOLDINGS

浙江永安融通控股股份有限公司

ZHEJIANG YONGAN RONGTONG HOLDINGS CO., LTD.*

(a joint stock limited company incorporated in the People's Republic of China)

Stock Code: 8211

**For identification purpose only*

CONTENTS

1	ABOUT THE REPORT	2
1.1	Reporting scope	2
1.2	Reporting standards and principles	2
1.3	How to obtain	3
2	ABOUT US	3
3	ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISK MANAGEMENT	4
4	SUSTAINABLE DEVELOPMENT POLICY	4
4.1	Stakeholders' involvement	4
4.2	Material issue assessment	5
5	QUALITY CONTROL	6
6	COMMUNICATION WITH OUR CUSTOMERS	7
7	INTELLECTUAL PROPERTY RIGHTS	8
8	EMPLOYMENT RELATIONSHIP	9
8.1	Employees	9
8.2	Health and safety	9
8.3	Talent training	11
8.4	Anti-corruption	12
8.5	Labour standards and equal opportunities	12
9	SUPPLIER MANAGEMENT	13
10	ENVIRONMENTAL MANAGEMENT	14
10.1	Emission management	14
10.2	Air pollutants	15
10.3	Wastewater	15
10.4	Wastes	16
10.5	Noise	16
10.6	Use of resources	16
10.7	Emission reduction measures	17
11	COMMUNITY INVESTMENT	18
12	CONTENT INDEX	19

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Year ended 31 December 2018

The board of directors (the “Board” or the “Directors”) of 浙江永安融通控股股份有限公司 Zhejiang Yongan Rongtong Holdings Co., Ltd.* (the “Company”) is pleased to present to our shareholders the environmental, social and governance report of the Company and its subsidiaries (the “Group” or “We”) for the year ended 31 December 2018.

1 ABOUT THE REPORT

This is the third independent “environmental, social and governance report” (the “Report”) of the Group. The purpose of the Report is to elaborate the performance of our business activities in the scope of environmental, social and governance during the past year, and it serves as one of the channels for communication with all stakeholders. For corporate governance matters of the Group, please refer to the “Corporate Governance Report” section of the 2018 Annual Report.

1.1 Reporting Scope

This Report discloses the measures and performance of the Group within major sustainable development scope during the period from 1 January 2018 to 31 December 2018 (the “Reporting Period”). Unless otherwise stated, the Report covers our manufacturing and sales of woven fabrics (as the main source of income of the Group) in Zhejiang Province, People’s Republic of China (“PRC”).

1.2 Reporting Standards and Principles

This report is prepared in accordance with the disclosure requirements of the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) set out in Appendix 20 to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) and was approved by the Board in June 2019. The end of the Report also provides an index of relevant contents to improve the readability of the Report. The Report discloses relevant data and information pursuant to the principles of materiality quantitative, balance and consistency.

We value the opinions of every stakeholder on the sustainability performance of the Group. Should you have any queries about this report, please feel free to contact us through the following methods and your attention to this report is highly appreciated.

Address:	Yangxun Qiao Town, Keqiao Qu, Shaoxing, Zhejiang Province, the PRC
Postal code:	312028
Tel:	(86) 575-84570099
Fax:	(86) 575-84576060
Email:	admin@zj-yonglong.com
Contact person:	Mr. Hu Hua Jun

1.3 How to Obtain

The Report is available in both Chinese and English on the websites of The Stock Exchange of Hong Kong Limited and the Company.

2 ABOUT US

The Group is engaged in the design, manufacture and sales of quality woven fabrics and has plants in place in Zhejiang Province, the PRC for production. “Relying on technology, developing products, winning by quality, expanding trade, strengthening management, and improving efficiency” are our consistent business policy and core value. We continue to achieve our goal of becoming the leader of the industry by continuously improving our product quality, business structure and sales channels.

Confronting with the ever-changing market environment, we have built our own product research and development center for development, experiment and testing purposes, researched and developed various brand-new technologies and products, and obtained the qualifications of “Enterprise Research and Development Centers” as accredited by Shaoxing City and “Sci-tech Small and Medium Enterprises in Zhejiang Province” as accredited by the Science and Technology Department of Zhejiang Province, by upholding the entrepreneurship of “sincerity, dedication, creativity and sublimation” and the market development strategy of “exploring the market with new product offerings” as our guide, which marks the social symbol of our strengths in textiles and equipments.



Jinziwei Prize

In February 2018, at the meeting of cadres in Yangxunqiao Town, we were awarded the “Jinziwei Prize” – the top prize for winning enterprises in the 2017 contest in Yangxun Qiao Town by the Committee of Yangxun Qiao Town of the Communist Party of China and the People’s Government of Yangxun Qiao Town in recognition of our contribution to promoting the development of the local communities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Year ended 31 December 2018

3 ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISK MANAGEMENT

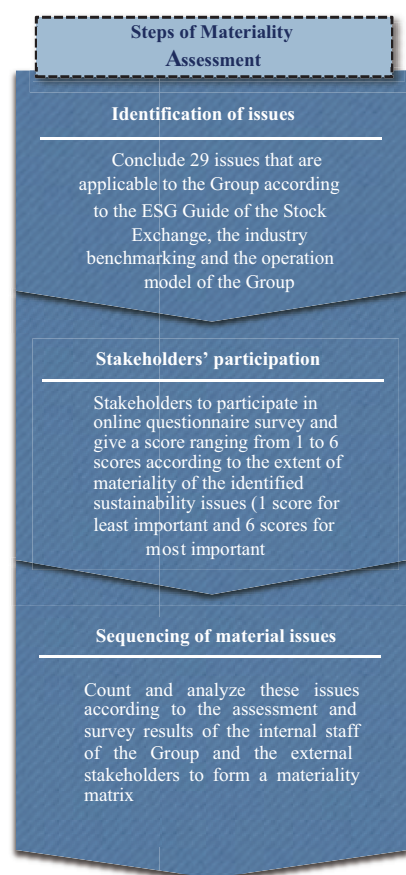
We share the common internal audit function with Zhejiang Yongli¹, our ultimate controlling shareholder. The risk management and internal control system is assessed by the internal audit department independently of Zhejiang Yongli. The Group has a set of risk management system in place, conducts regular risk assessment every year, which covers the environmental, social and governance aspects, and has formulated and implemented risk mitigation measures in respect of the identified risks. During the Reporting Period, we identified environment-related matters due to the change of the environmental protection policy of the local government. In order to meet the relevant target of energy conservation and emission reduction, relevant business risks will increase. As such, we plan to install new production machine at the beginning of 2019 to replace certain old and low-efficient equipments.

4 SUSTAINABLE DEVELOPMENT POLICY

4.1 Stakeholders' Involvement

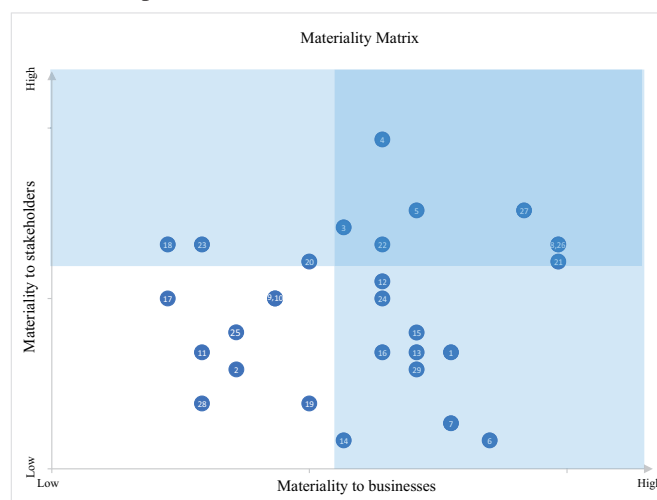
We constantly promote stakeholders' participation through multiple channels, such as staff communication group, customer satisfaction survey and participation in industry exhibitions. The Group is willing to response proactively to the attention and opinions of stakeholders on our performance and policy in environmental, social and governance aspects. In order to ensure the accuracy and objectiveness of the assessment, during the Reporting Period, we engaged a third party consultancy firm to conduct online survey and invited all stakeholders to express their expectations and opinions on which the analysis of the material issue assessment of the Group was based.

1 浙江永安融通控股股份有限公司 Zhejiang Yongan Rongtong Holdings Co., Ltd.* (the "Company") is a joint stock limited liability company established in the People's Republic of China (the "PRC"), whose H shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its intermediate parent is 貴州永安金融控股股份有限公司 (Guizhou Yongan Finance Holdings Company Ltd.*) ("Guizhou Yongan"), an enterprise established in the PRC, and the ultimate holding parent and ultimate controlling party of the Company is 浙江永利實業集團有限公司 (Zhejiang Yongli Industry Group Co., Ltd*) ("Zhejiang Yongli"), which is established in the PRC.



4.2 Material Issue Assessment

We have identified a total of 29 environmental, social and governance issues during our analysis of material scope during the year. We concluded the results of stakeholders' opinions and prepared a materiality matrix according to the analysis results that can accurately reflect the true concerns of stakeholders on environmental, social and governance issues, with the analysis results to be used by the Group as the reference to assess the strategic planning and risk management and as the basis on which we prepare this Report.



The materiality scope we considered

Labour issue	Environment issue	Supply chain issue	Product liability issue	Community participation issue
1. Diversity and equal opportunity	8. Wastewater discharge	16. Assessment and management of suppliers' environment and social performance	21. Product safety and quality	28. Participation in volunteer activities
2. Staff turnover rate	9. Greenhouse gas discharge	17. Anti-fraud and anti-corruption	22. Intellectual property rights	29. Charitable donation
3. Occupational safety and health	10. Waste gas discharge	18. Disaster emergency plan	23. Protection of customers'/consumers' privacy	
4. Talent cultivation and development	11. Treatment of non-hazardous wastes	19. Assessment of suppliers' performance	24. Technological research and development	
5. Prevention of child labour and forced labour	12. Treatment of hazardous wastes	20. Anti-money laundering system	25. Handling of customers' complaints	
6. Employment relationship and staff communication	13. Energy conservation and water consumption		26. Customer satisfaction	
7. Staff's compensation and benefits	14. Use of resources		27. Law-compliant operation	
	15. Assessment of impact on surrounding environment			

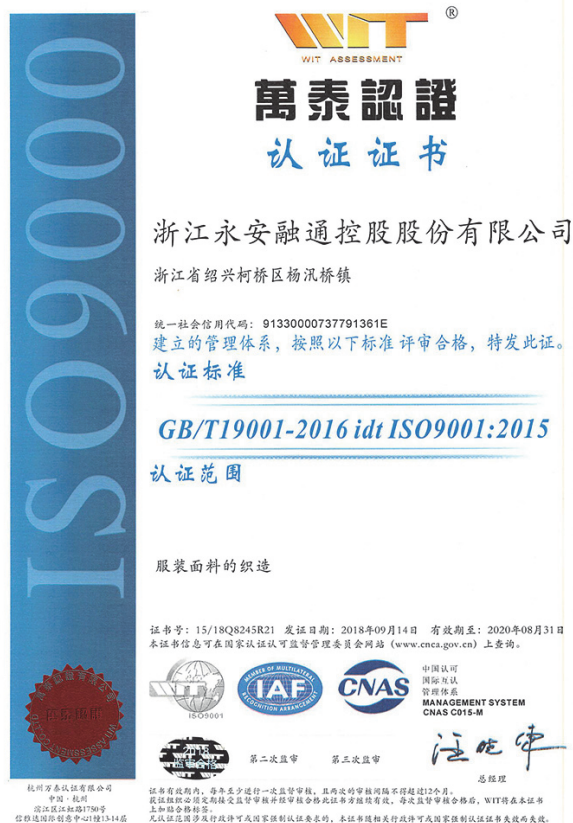
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Year ended 31 December 2018

According to the above matrix chart, set out on the upper right are the issues that matter most to stakeholders. Among these, we concluded the following eight environmental, social and governance issues that are identified to be relatively important, and highlighted the disclosure of them in the Report:

Important disclosure issue	Disclosure section
3. Occupational safety and health	Employment relationship
4. Talent cultivation and development	
5. Prevention of child labour and forced labour	
8. Wastewater discharge	Environmental management
21. Product safety and quality	Quality control
22. Intellectual property rights	Intellectual property rights
26. Customer satisfaction	Communication with customers
27. Law-compliant operation	Employment relationship; Environmental management; Intellectual property rights

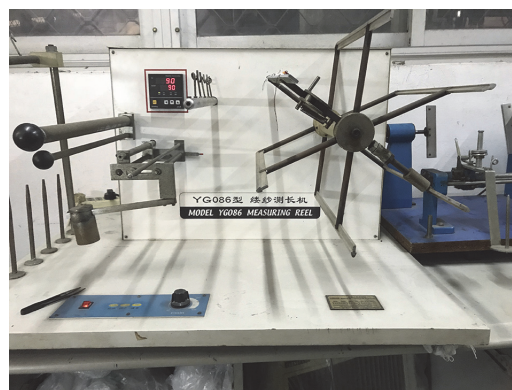
5 QUALITY CONTROL



To keep product quality is the focus in our entire production process. All of our products must meet our prescribed standards before entering the next process. In order to monitor objectively, detailed inspection procedures have been set up for the raw materials, semi-finished products and finished products. In order to ensure that our quality control policy and system are more systematic, we have built our quality management system according to ISO 9001: 2015 international standards and have obtained the relevant certification.

We have professional inspection equipments in place, including electronic yarn measuring machine, yarn examining machine, electronic single strand machine, yarn twist meter and thermostatic drier, and will conduct inspection according to the procedures set out in the relevant rules. For example, for finished products, the inspector shall check carefully the intrinsic and apparent quality of the fabrics as per the guidelines. The inherent quality includes tearing force, shrinkage, etc., which would be adjusted according to the orders from different customers; while for the apparent quality requirements, fabrics will be rated according to the objective scoring standards and may be judged as qualified only after they are rated first-grade or above. Qualified fabrics will be marked with a certification label before they are packed into warehouses. All of these are to ensure the delivery of our top quality goods.

To maintain the long-term stable quality of products is the only way an enterprise achieve its success. We build our own database through recording and regularly analyzing the quality data of fabrics to understand the fluctuations in quality. If the quality of our products is found to be abnormal, we will monitor the rectification timely in our workshops. Apart from our internal inspection, the Group will regularly forward its products to Zhejiang Provincial Quality Supervision Bureau for inspection in order to ensure the product quality and safety and that the products meet the national quality standards. We are also one of the nationally-recognized suppliers of military clothing fabrics.



During the Reporting Period, all of the products delivered for inspection have passed the testing, and we have not received complaints about product quality or any case in which the sold products had to be recalled for health and safety reasons. If any customer finds defective products, we will recall the products in the first place for check and then return them back to the customer after the correction work is finished. We strictly comply with the Product Quality Law of the People's Republic of China and other laws and regulations relating to product quality and labels. During the Reporting Period, no irregularities in product quality and labels occurred.

6 COMMUNICATION WITH OUR CUSTOMERS

The Group always believes that our long-lasting brand value is rooted upon the trust from our customers. Only through maintaining close relationship and communication with our customers can we have an in-depth understanding of and satisfy our customers' needs. Based on the results of the materiality assessment, both customers and the staff of the Group consider that customer satisfaction is a material aspect of vital importance. We listen to the voice of our customers through many channels. Our sales department will conduct a customer satisfaction questionnaire with our customers to understand their satisfaction on ten items including our product quality and services. During the course of questionnaire, they may give a score and feedbacks on dimensions such as product price, package, texture, appearance, label, delivery period, service method, service attitude, feedback time, and stability.

In 2018, our customer satisfaction was increasing, and the average satisfaction degree was 96.7% according to the survey results, up 1.5% over that for the previous year, whereby exceeding our annual targets we set. However, we will never be complacent. Instead, we will continue to work hard to welcome more challenges in the future.

The Group will also participate in different exhibitions or trade shows, such as China Keqiao International Textiles, Fabrics and Accessories Exhibition (中國紹興柯橋國際紡織品博覽會), and maximize our efforts to contact different new customers and old ones and understand market dynamics.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Year ended 31 December 2018

We strictly protect the information provided by our customers, formulate our confidentiality system, define our confidentiality scope that covers customer data, etc., and take various confidentiality measures. For instance, we grade the information that we shall keep confidential and only authorize the person on a certain position or above to use, receive or send, forward, apply, copy or extract them. If a leaker is found, he or she will be fired and claimed economic compensation or damages, or in serious circumstances, the legal liabilities so arising.

During the Reporting Period, the Group was not aware of any circumstances that the laws and regulations related to the confidentiality of customer data and product advertisement were breached, including without limitation, the Anti-unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), the Certain Provisions on Prohibition of Infringement of Business Secrets (Revised) (《關於禁止侵犯商業秘密行為的若干規定(修正)》), and the Advertisement Law of the People's Republic of China (《中華人民共和國廣告法》).

7 INTELLECTUAL PROPERTY RIGHTS

Intellectual property rights are the fruits of intellectual work. We comply with the laws and regulations related to intellectual property rights, and are committed to protect the intellectual property rights and patents of the Group and of other parties. We respect intellectual property rights and never tolerate the infringement of copyrights of third parties. We stipulate in the labour contract that employees should keep confidential matters relating to intellectual property rights. If any violations are found, disciplinary actions will be taken and serious offenders will be punished by law.

In 2018, we successfully passed the certification of the nationally recognized Enterprise Intellectual Property Rights Management Regulations (《企業知識產權管理規範》) (GB/T29490-2013) and obtained the Intellectual Property Management System Certification Certificate (《知識產權管理體系認證證書》). Through this certification, we have effectively regulated our internal regulation management of patents and trademarks, effectively protected our own intellectual property rights and strengthened our core competitiveness, and are steadily growing into an intellectual property rights demonstration enterprise. Up to now, we have accumulated nearly 36 products that successfully obtained patent licensing.

During the Reporting Period, we were not aware of any violation of laws and regulations relating to product responsibility.

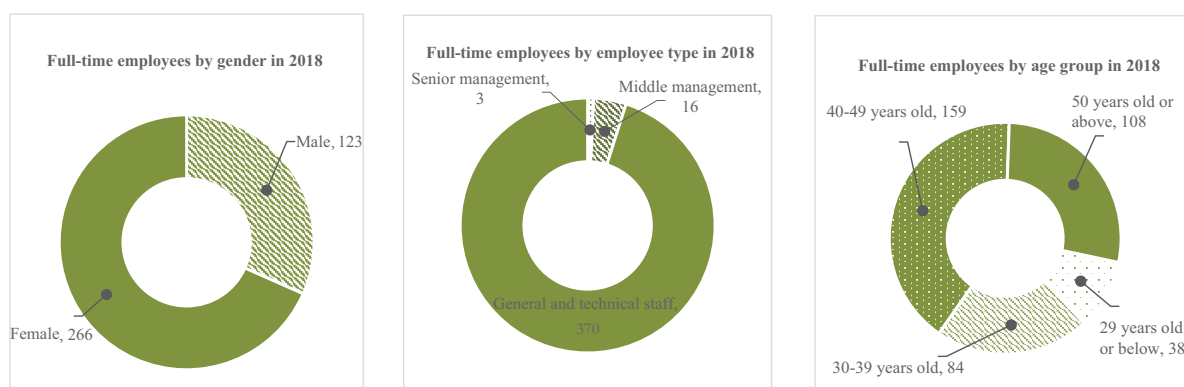


8 EMPLOYMENT RELATIONSHIP

The staff is the key to promoting an enterprise to achieve business success. The Group carefully treats and cares about every staff by committing to building a safe and healthy occupational working environment, on the one hand and by focusing on talent cultivation with the purpose of creating a win-win and harmonious situation between staff and employer for the Group.

8.1 Employees

As of 31 December 2018, we have a total of 389 employees, all of whom are from Mainland China. Female employees accounted for two-thirds of the total number of employees as our workshops are featured by workmanship and therefore are more likely to attract female applicants. Nevertheless, we have always upheld the recruitment principle of fairness and openness. The results of recruitment will never be allowed to be affected by race, skin color, gender, sexual orientation, religion, age, disability, or factors unrelated to work skills.



8.2 Health and Safety

Our top priority is to protect the health and safety of our staff through effective systems and policies. The Group has formulated a set of safety systems including the “Work Injury Accident Handling System (《工傷事故處理制度》)” and the “Fire Safety Management System (《消防安全管理制度》)”, which set out the safety rules and emergency measures for work injuries, fire and other emergencies. To implement these systems is also our focus on safety. We delegate our designated safety staff to regularly check safety loopholes while formulating detailed safety operation regulations which expressly detail the work safety matters and the operation rules of machines, and the safety production accountability regulations. All of these regulations will be posted on our workshops for inspection by staff at all times so as to enhance the safety awareness of all of our staff. We will issue safety notices at irregular intervals to remind our staff to comply with all safety measures.

In addition to the general safety facilities, personal devices are also offered to serve as another important line of defense to prevent the occurrence of accidents. We always provide our staff with sufficient and suitable personal protective equipments, including earplugs, women’s working caps, dust masks and protective glasses. During the Reporting Period, we were not aware of any violation of laws and regulations relating to occupational safety and health, nor any death or injury accidents occurred due to the work.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Year ended 31 December 2018

Fire Safety Training

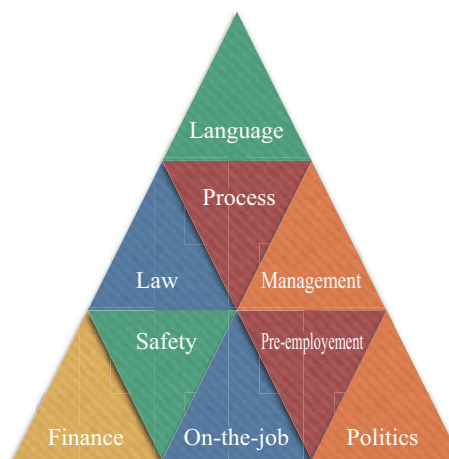
During the year, we invited the representatives from Liuji Fire Brigade in Hangzhou to hold the firefighting skills and safety knowledge training themed with “Awareness is More Important than Prevention and Responsibility is More Important than Implementation”. The corresponding directors of all workshops and departments and the special safety officers participated in this training activity.

The contents of the training cover the safety knowledge related to all positions, and the principles and applications of firefighting equipment including fire extinguishers, knowledge of escape and first aid, the establishment and operation methods of safety systems, etc. were also introduced during the training. With the combination of multimedia lecturing and practical manoeuvres, this fire safety training intrigued the learning interest and initiative of all of our staff while enhancing the staff's fire safety awareness and adaptability to handle emergency accidents, which helped provide strong guarantee for the Company to achieve our annual safety production goals.



8.3 Talent Training

As our employees are of vital importance to the sustainable development of the Group, in order to regulate our daily training management, strengthen the building of our training team, plan to satisfy our staff's needs for training and provide a basis for the Company and departments to implement trainings, we hereby formulated our Training Management System which sets out that the human resource department is responsible for collecting the training intention of the staff every year so as to define the training direction, and arrange internal and external trainings for the staff, which are pragmatic and diverse and cover English learning, prevention of legal risks, learning of production process, 6S management knowledge, modern financial knowledge, etc. Newcomers will be provided relevant pre-employment and on-the-job trainings by human resource department and the relevant department of the position to ensure the quality of the staff. Once completed, a standard assessment will be conducted and only those qualified can be retained for employment. We hope to retain talents and maximize our efforts to help our employees explore their inherent potential, strengthen their advantages and broaden their horizons.



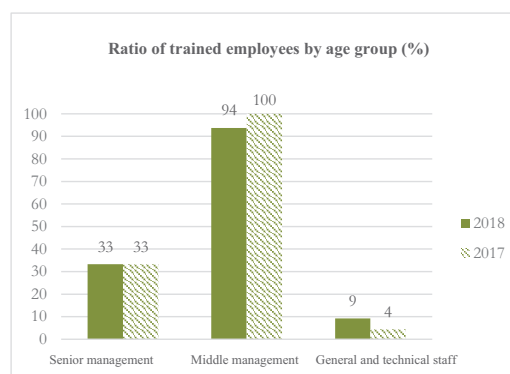
Management Skills Training



Fire Safety Training

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Year ended 31 December 2018



8.4 Anti-corruption

The Group highly values its honesty and trustworthiness enterprise culture. We have set up our anti-corruption policy and guidelines in compliance with relevant laws and regulations such as the Anti-unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), and the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), which, were detailly set out in our Employees' Handbook, strictly prohibit the staff from seeking personal gains, accepting invitations, any gifts or rebates, or abusing authority for giving gifts to family members and friends, etc. Any person violating the above working discipline would be required to make compensation or even be dismissed or otherwise; in the case of alleged commercial bribery, the person involved would be investigated by public security and judicial authorities without appeasement. If the staff is found to have any suspected situation, other staff may report the situation through many methods. Normally, the staff may report to and communicate with their direct supervisor or the human resource department of the Company who will seriously handle all opinions and suggestions. If the opinions of the staff cannot get attention, they may also write to the general manager either in their real names or anonymously for filing complaints, reporting, debriefing and communication through the general manager's letter box. All reports will be dealt with seriously as confidential information. During the Reporting Period, the Group was not aware of any material non-compliance with these laws and regulations.

8.5 Labour Standards and Equal Opportunities

As a responsible corporation, we will maximize our efforts to seek benefits for our staff so as to enhance the sense of belonging in the working environment and to nurture their cohesiveness. During the Reporting Period, many staff festival activities held by us expressed our care for and attention to them. On many including our Factory Anniversary on 6 December of every year, we will present our festival gifts, daily necessities or welfare payments, just like our best complements for our beloved family members. Understanding the plight of our employees from other provinces who are compelled to leave their hometowns, we will provide them with dormitories for free, hoping that it can offer them a casual and comfortable space after work.

We pay pension insurance, medical insurance, unemployment insurance, maternity insurance, work-related injury insurance and housing provident fund (five insurances and one fund) for all of our staff and provide them with reasonable compensation package. Policies regarding working hours, holidays (including statutory holidays, annual leave, sick leave, bereavement leave, maternity leave, etc.), benefits and dismissal have been explicitly included in the Employees' Handbook available for staff's inspection. If working overtime is needed for employees who are paid at non-piece rates, we will pay overtime wages to them based on their attendance, and reward them for their performance of work and attendance or qualifications, such as attendance awards, efficiency wages, and quality wages, etc.

To respect equal opportunities and embrace the diverse working environment is the foundation on which we create a rapport working environment. We believe that it is important to provide employees with equal opportunities regardless of race, skin color, gender, sexual orientation, religion, age, disability, etc. In terms of attracting talents, we promote our recruitment through advertisements and staff referrals. We also provide equal opportunities of promotion and development for each existing employee. With capability and work performance as assessment indicators of selection criteria, the employees are encouraged to keep learning, improving and developing, so as to enable employees to grow together with the Group. We perform monthly performance assessments for our employees, and annual summary and review will be organized by the human resources department at year end as an important basis for employees' promotion and salary adjustment.

We strictly abide by the Labour Contract Law of the People's Republic of China and other applicable local employment laws and regulations. Under the principle of voluntariness, we sign labour contract with each employee and adopt the zero-tolerance policy for any form of child labour or forced labour incidents.

9 SUPPLIER MANAGEMENT

The products of the Group are rooted in the quality of raw materials, which is one of the main considerations for our operation. Meanwhile, we are well aware that good supply chain management can positively impact the environment and the society; therefore, we have quite high requirements and expectations for the suppliers on the sustainable development scopes in many aspects such as quality, environmental protection, occupational health and safety, behavior ethics, laws and regulations. Therefore, we formulated and issued the Code of Conduct for Suppliers to provide guidance for their development of environmental protection and social responsibility, also demonstrating our determination to integrate the corporate concept of sustainable development into supply chain management.

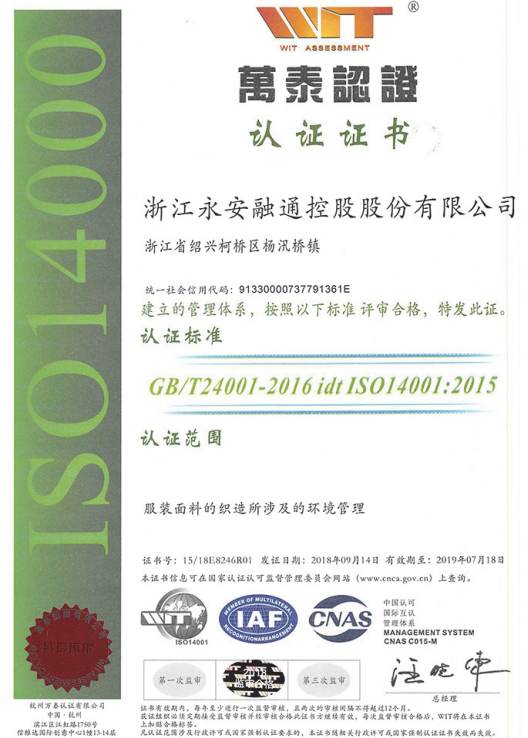
In terms of process management, we have carried out systematization. Relevant departments shall submit purchase orders to the Purchasing Department through the internal system firstly, and the Purchasing Department will invite two to three suppliers to make quotation for its consideration, in order to conduct market investigation and analysis. In addition, suppliers in neighbouring areas will be the first priority and we hope that this can reduce indirect carbon emission from the transportation fleet and also can reduce the corresponding transportation cost. Our purchasers shall visit major suppliers every month to further understand their latest operating conditions. We will continuously monitor the product quality of the suppliers and the Purchasing Department and its department head will regularly evaluate the suppliers based on the standards such as product quality, service level and price.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Year ended 31 December 2018

10 ENVIRONMENTAL MANAGEMENT

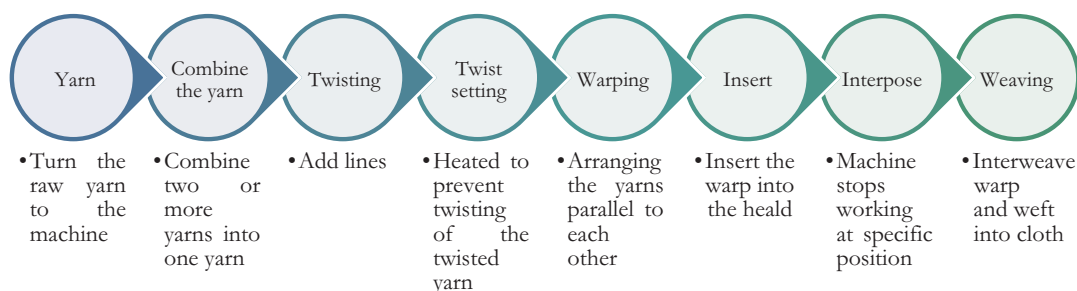
The establishment of a perfect system is the necessary stage for the practice of sustainable development of an enterprise. In order to do our best in the work of environmental protection, our environmental management system of clothing fabric weaving business has obtained the environmental management system certification of ISO14001:2015 environmental management system certification. During the Reporting Period, we had not received any prosecutions or complaints for significant impact on the environment and natural resources.



10.1 Emission Management

Our business operations mainly focus on the headquarters office and the production plant. The operations involve indirect greenhouse gas emissions resulting from the consumption of purchased electricity and direct greenhouse gas emissions and exhaust emissions from our own vehicles and gas furnaces of the canteens. In terms of water resource, the emission is domestic water used by employees. As for fabric dyeing processes, we have outsourced to third party dyeing factories for handling. Therefore, our production process will not produce industrial wastewater.

The main sources of waste are domestic waste and the batt of the workshop. During the Reporting Period, we have not been aware of any violations of the relevant national and local air, solid waste and water pollution regulations.



Production Flow Chart

10.2 Air Pollutants

Mechanized production process can effectively increase production efficiency and reduce the occupational strains that employees may suffer from repeating the same process. Therefore, our largest energy consumption and indirect greenhouse gas emission come from purchased electricity. During the Reporting Period, we have used electric steaming box to replace the steam required by the purchased yarn styling procedures. The greenhouse gas from direct emissions and exhaust emission are generated from commercial private cars and the use of fuel gas in the canteens. In addition, we outsource the logistics services of the goods, eliminating the need for self-transport fleets. All emissions and emission concentrations comply with air-related local government and national regulations and standards, including but not limited to the “Ambient Air Quality Standard” (GB3095-1996) and the “Law of the People’s Republic of China on Prevention and Control of Atmospheric Pollution”.

KPI	2018 ²	2017 ³	Unit
Air emission			
Nitrogen oxides (NO _x)	140.36	2.58	kg
Sulfur oxides (SO _x)	0.35	0.05	kg
Particulate matter (PM)	0.73	0.15	kg
Greenhouse gas emissions			
Total emissions (Scope 1 and 2)	17,766.47	13,434.42	tonnes CO ₂ -e
Scope 1	31.90	17.66	tonnes CO ₂ -e
Scope 2	17,737.46	13,419.66	tonnes CO ₂ -e
Removal (tree planting) (Scope 1)	2.90	2.90	tonnes CO ₂ -e
Density (calculated per thousand meters of fabrics)	0.99	0.72	tonnes CO ₂ -e

10.3 Wastewater

As the production process dose not involve use of water, our plants do not generate wastewater. However, the sewage mainly from canteens, offices, factories and staff dormitory. We comply with the relevant laws and regulations on sewage discharge, including but not limited to the “Integrated Wastewater Discharge Standard” (GB8978-1996), and wastewater will be collected and sent to the government sewage pipe network through a designated discharge port.

² The data of 2018 included the use of fuels by forklifts and the relevant emissions.

³ The data of 2017 in respect of the consumption and emissions of liquefied petroleum gas has been adjusted according to the actual consumption.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Year ended 31 December 2018

10.4 Wastes

In the textile production process, waste will be produced undoubtedly, and general waste will also be produced in offices and dormitories. We will collect all the waste and general garbage in a centralized manner, which will then be collected and processed by the municipal government department. During the year, we have no record of handling hazardous waste. But if such waste needs to be handled, we will properly store it in the temporary hazardous waste storage area outside the plant and warehouse, and finally engage recycle companies that have hazardous waste disposal operation licenses within the area to handle. During the Reporting Period, we have complied with the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》) and the Regulations on the Prevention and Control of Environmental Pollution by Solid Waste in Zhejiang Province (《浙江省固體廢物污染環境防治條例》), and we have not been prosecuted under the relevant laws and regulations.

KPI	2018	2017	Unit
Non-hazardous Waste			
Total amount generated and disposed	108.00	108.00	Tonnes
Domestic wastes	108.00	108.00	Tonnes
Density (calculated per thousand meters of fabrics)	6.05	5.81	kg

10.5 Noise

In order to properly manage the noise generated during the operation of the plant, we adopt appropriate sound control measures, including that in accordance with the Manufacturing Equipment Management System (《生產設備管理制度》), the production department will strengthen the daily care and maintenance of noisy equipment such as rapier, jet loom and air compressor and actively consider and prioritise less noisy equipment when changing production machines, to ensure that the noise meets the requirements of the "Environmental Noise Standard for Industrial Enterprises at the Boundary of the Factory" (GB12348-2008).

10.6 Use of Resources

The materials used for textile weaving include raw yarns, including polyester fibers, man-made fibers, viscose, and so on. In addition, we also minimize the use of product packaging materials. If necessary, we will use the simplest packaging to minimise the burden on the environment. During the Reporting Period, our packaging materials included paper tubes, woven bags and thin plastic films. In terms of the use of energy, the consumption includes the power consumption of factories and offices, the unleaded gasoline that is used by private cars and the liquefied petroleum gas used by the canteens. The water resources are mainly used for domestic water. During the Reporting Period, we purchased water from the municipal water supply institutions and we had no difficulty in sourcing water.

ZHEJIANG YONGAN RONGTONG HOLDINGS CO., LTD.*

KPI	2018 ²	2017 ³	Unit
Energy			
Total energy consumption	25,336.46	19,191.85	MWh
Purchased electricity	25,213.16	19,014.48	MWh
Purchased steam	Not applicable ⁴	108.53	MWh
Unleaded gasoline	35.13	27.17	MWh
Liquefied petroleum gas	58.07	41.67	MWh
Diesel oil	30.10	Not disclosed	MWh
Density (calculated per thousand meters of fabrics)	1.42	1.03	kWh
Water consumption			
Total water consumption	84,906.00	80,119.00	m ³
Density (calculated per meter of fabrics)	4.75	4.31	m ³
Packaging materials			
Total consumption	64.43	66.76	Tonnes
Paper	61.00	61.00	Tonnes
Plastics	3.43	5.76	Tonnes
Density (calculated per thousand meters of fabrics)	3.61	3.59	kg

10.7 Emission Reduction Measures

We proactively implement various energy conservation and emission reduction measures to make contribution to environment protection, including:

Reduction of use of resources

- Encourage the use of e-mail, information systems, USB flash drive and other electronic tools for internal and external communication to reduce paper consumption;
- Use double-sided printing or photocopying as much as possible;
- Encourage employees to turn off idle machinery, electric appliance, light and office facilities;
- Set strict restrictions and rules on the use of air conditioners. It is generally not allowed to switch on the air conditioner when the temperature is below 28 degrees; and
- Encourage employees to fasten the tap after usage to avoid the wasting of water resource.

Reduction of wastes generated

- Encourage employees to use re-useable cups and cutlery instead of disposable tableware;
- Encourage employees to reuse the paper with only one side used; and
- Encourage employees to reuse stationery, e.g. used envelopes and document folders.

⁴ The Group did not purchase any steam during the Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Year ended 31 December 2018

11 COMMUNITY INVESTMENT

As a responsible enterprise, we are striving to build sustainable communities and make contribution to communities in the place where our businesses are located. To this end, we encourage our staff to participate in various charitable activities, assist communities in creating more value and play our positive influence. We are committed to care and serving communities and provide support by way of direct financial contribution or in non-cash forms. For example, we donated RMB8,000 to the Buddha Association in Shaoxing, Zhejiang. During the Reporting Period, we organized a collective voluntary blood donation campaign with a total of 60 employees participated proactively.

12 CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs		Chapter	Page
A. Environmental			
Aspect A1: Emissions			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		Environmental management	14-17
KPI A1.1	The types of emissions and respective emissions data.	Emission management, air pollutants	15-16
KPI A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	Air pollutants	15
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity	During the Reporting Period, we have no record of handling hazardous waste	Not applicable
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity	Waste	16
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Emission reduction measures	17
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emission reduction measures	17

ZHEJIANG YONGAN RONGTONG HOLDINGS CO., LTD.*

Subject Areas, Aspects, General Disclosures and KPIs		Chapter	Page
Aspect A2: Use of Resources			
General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.		Use of resources	17
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Use of resources	17
KPI A2.2	Water consumption in total and intensity.	Use of resources	17
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Use of resources	17
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of resources	17
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	Use of resources	17
Aspect A3: The Environment and Natural Resources.			
General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources		Environmental management	14-17
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental management	14-17

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Year ended 31 December 2018

Subject Areas, Aspects, General Disclosures and KPIs		Chapter	Page
B. Society			
Employment and Labour Practices			
Aspect B1 : Employment			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		Employment relationship	9-13
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Employees	9
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Not disclosed	
Aspect B2: Health and Safety			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		Health and safety	9-10
KPI B2.1	Number and rate of work related fatalities.	Health and safety	9-10
KPI B2.2	Lost days due to work injury.	Not disclosed	
KPI B2.3	Description of occupational health And safety measures adopted, how they are implemented and monitored.	Health and safety	9-10

ZHEJIANG YONGAN RONGTONG HOLDINGS CO., LTD.*

Subject Areas, Aspects, General Disclosures and KPIs		Chapter	Page
Aspect B3: Development and Training			
General Disclosure Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.		Talent training	11-12
KPI B3.1	The percentage of employees trained by gender and employee category.	Talent training	12
KPI B3.2	The average training hours completed per employee by gender and employee category.	Not disclosed	
Aspect B4: Labour Standards			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		Labour standards and equal opportunities	12-13
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour standards and equal opportunities	12-13
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Not disclosed	
Operating Practices			
Aspect B5: Supply Chain Management			
General Disclosure Policies on managing environmental and social risks of the supply chain.		Supply chain management	13
KPI B5.1	Number of suppliers by geographical region.	Not disclosed	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Partly disclosed	13

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Year ended 31 December 2018

Subject Areas, Aspects, General Disclosures and KPIs		Chapter	Page
Aspect B6: Product Responsibility			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		Quality monitoring; Communication with the customers	6-8
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Quality monitoring	7
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Quality monitoring	7
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual property	8
KPI B6.4	Description of quality assurance process and recall procedures.	Quality monitoring	6-7
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Communication with the customers	7-8
Aspect B7: Anti-corruption			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		Anti-corruption	12
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Anti-corruption	12
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption	12

ZHEJIANG YONGAN RONGTONG HOLDINGS CO., LTD.*

Subject Areas, Aspects, General Disclosures and KPIs		Chapter	Page
Community			
Aspect B8: Community Investment			
General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests		Community investment	18
KPI B8.1	Focus areas of contribution.	Community investment	18
KPI B8.2	Resources contributed to the focus area.	Community investment	18

By Order of the Board
Zhejiang Yongan Rongtong Holdings Co., Ltd.*
Jiang Ning
Chairman

Zhejiang, the PRC, 26 June 2019

As at the date of this document, the executive Directors are Mr. Jiang Ning (Chairman), Mr. He Weifeng (Deputy Chairman), Ms. He Lianfeng (Chief Executive Officer) and Mr. Hu Hua Jun; the independent non-executive Directors are Mr. Song Ke, Mr. Leng Peng and Mr. Zhu Weizhou.