



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



2023

Environmental, Social and Governance Report

** For identification purpose only*

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1 ABOUT THE REPORT

1.1 Reporting Purpose

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 eighth Environmental, Social and Governance (“**ESG**”) report (the “**Report**”) of the Company and its subsidiaries (the “**Group**” or “**We**”). With brand awareness we built over years, we seize the development opportunity to strengthen our leading position in textile industry. We understand that our responsibility goes well beyond providing quality products and services for our customers. We are pleased to publish the Report to describe the environmental and social matters on the Group and detail our efforts on sustainable development.

1.2 Reporting Scope

The Report discloses the measures and performance of the Group on material sustainable development aspects from 1 January 2023 to 31 December 2023 (the “**Reporting Period**” or the “**Year**”). Unless otherwise stated, the scope of the Report focuses on our woven fabrics manufacturing and sales segment in Zhejiang Province, the People’s Republic of China (the “**PRC**”), the main income source of the Group.

1.3 Reporting Standards and Principles

The 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 C2 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 March 2024. In order to improve the readability of the Report, an index of relevant contents is attached to the end of the Report.

The Report discloses relevant data and information pursuant to the principles of materiality, quantitative, balance and consistency:

- **Materiality:** The ESG issues mentioned in the Report are determined by the Board of Directors, and the material issues are identified through communication with stakeholders and questionnaire survey before disclosure.
- **Quantitative:** Key Performance Indexes (“**KPIs**”) are disclosed in a quantitative way so that the benefits of ESG policies and management systems can be evaluated and validated by stakeholders.
- **Balance:** The contents of the Report should provide an unbiased picture of our performance for the Year so as not to inappropriately affect the decision-making or judgment by the readers of the Report.
- **Consistency:** The data disclosed in the Report has been compiled using a consistent statistical methodology to allow stakeholders to make meaningful comparisons.

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1.4 Access of the Report

The Report is available in both Chinese and English on the websites of The Stock Exchange and the Company. In case of any discrepancy or inconsistency between the Chinese and English versions, the Chinese version shall always prevail.

1.5 Opinion on the Report

We value the opinion of stakeholders on the Report. If you have any comments or suggestions on the Report and our sustainable performance, you are welcome to contact us through the following channels. Your valuable comments will allow us to be continuously improved. We sincerely thank you for your attention to our sustainable development process.

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Contact person:	Mr. Lou Lijiang

2 ABOUT THE GROUP

The Group is principally engaged in the research and development, manufacturing and sales of quality woven fabrics with production base located in Zhejiang Province, the PRC. We always adhere to the business policy and core value of “relying on technology, developing products, winning by quality, expanding trade, strengthening management, and improving efficiency”, continuously pursue excellence, and strive to establish a leading position in the industry. Facing to the ever-changing market environment, we adhered to the corporate spirit of “Solidarity, Struggling, Pragmatic, and Innovation”, and followed the market development strategy of “leading by new products”. To this end, we have established an independent product research and development center focusing on the development, testing and testing of new technologies and products. These efforts have allowed us to be recognized as the “Enterprise Research and Development Centers” by Shaoxing City and the “Sci-tech Small and Medium Enterprises in Zhejiang Province” by the Science and Technology Department of Zhejiang Province. Our product quality has also been widely recognized by the society and the industry.

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3 SUSTAINABILITY GOVERNANCE

Sustainability governance is crucial to the long-term business development of the Group. To ensure that our sustainability performance continues to improve and evolve, the Board of Directors of the Group assumes the ultimate responsibility for overseeing the Group's risk management activities and associated material ESG risks. With the assistance of the senior management, the Board has a deep understanding of the ESG trends, risks and opportunities that are closely related to the Group's long-term development, as well as the Group's performance and progress in the process of sustainable development. The Board continues to lead the senior management to formulate and implement sustainable development policies and management strategies to effectively respond to environmental, social and governance risks related to operations. Through these efforts, the Group will gradually achieve its strategic goal of sustainable development.

Risk management plays a very important role in the daily operation and sound corporate governance of the Group. In today's highly competitive and rapidly changing business context in the economy, industry, regulations and operating environment, a well-established risk management system provides us with a powerful tool to identify, analyze and mitigate various risks that may hinder the achievement of our business objectives. The Board has delegated authority to the senior management, who is responsible for identifying and assessing ESG-related risks and potential opportunities, and continuously and effectively managing these risks. In addition, the senior management is required to regularly report the latest ESG issues to the Board, conduct in-depth discussions and make strategic recommendations. This process covers:

- formulate and review the Group's ESG strategies, priorities, indicators and goals;
- identify, review and manage material ESG-related risks and opportunities (including but not limited to climate-related and supply chain risks);
- plan, improve and monitor the implementation of ESG-related policies and measures;
- follow up and review the Group's ESG performance and progress against established goals and targets;
- review and monitor the Group's communication channels on stakeholder engagement to ensure ongoing communication with key stakeholders and understanding of their expectations; and
- prepare the annual ESG report and submit it to the Board for review and approval on a regular basis.

In addition, in order to prioritize ESG risks, including climate-related risks, we have determined the risk level based on the likelihood and significance of potential risks. In order to manage ESG risks, we have formulated corresponding risk mitigation measures for each identified material risk, combined with sound internal control, and entrusted relevant business departments to implement corresponding measures to continuously identify, evaluate, optimize, manage and monitor the ESG risks faced by the Group in the course of operation, so as to minimize the impact of risks on our business operations. For details of our risk management approach, please refer to the section headed "Corporate Governance Report" in the 2023 Annual Report.

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4 OUR SUSTAINABILITY STRATEGY

Adhering to the corporate spirit of “Solidarity, Struggling, Pragmatic, and Innovation”, the Group has formulated and implemented our sustainability strategy, aiming to deeply integrate the concept of sustainable development into the Group’s daily operations. The strategy is composed of four core dimensions, which will jointly guide us to move forward steadily on the path of sustainable development:

Creating Value for Customers:	Providing high-quality products at a reasonable price for enhancing values for customers.
Creating Value for Employees:	Creating a professional development environment for employees to achieve mutual growth and progress.
Creating Value for the Environment:	Reducing the impacts of operation on the environment through responsible operation and management.
Creating Value for the Society:	Actively participating in industrial trade fairs to promote industrial development.

5 STAKEHOLDERS COMMUNICATION

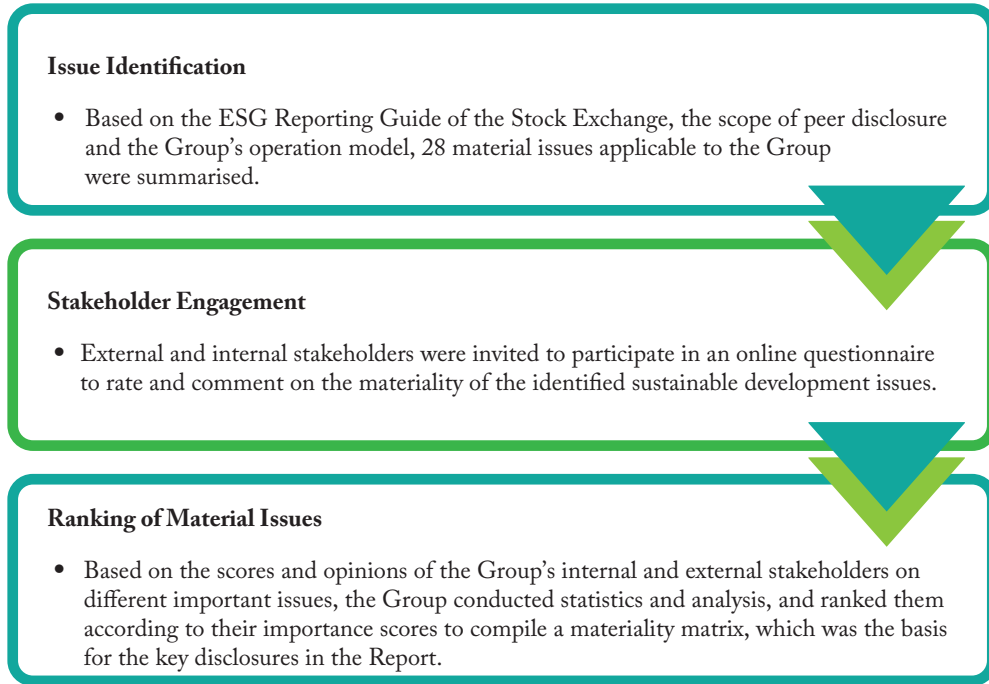
Meeting the needs and expectations of our stakeholders is crucial to the long-term development of our Group. In order to understand our performance in different areas of sustainable development and stakeholders’ expectations on us, we actively collect opinions from stakeholders. This not only enables us to continuously optimize our sustainability performance, but also promotes transparency and refinement of our sustainability strategy on material ESG issues. To ensure that we have a deep understanding of and respond to the expectations and feedback of our key stakeholders such as customers, employees, suppliers, shareholders, the government and the community, we maintain close communication with them through various channels. This not only helps us mitigate risks but also strengthens our relationship with each other.

6 MATERIALITY ASSESSMENT

During the Reporting Period, we commissioned an independent third-party agency to conduct an online questionnaire survey to fully understand the issues of concern to our key stakeholders. This initiative aims to accurately identify material sustainability issues that are closely related to the Group’s business. Through systematic materiality analysis, we have identified a total of 28 ESG issues. To further reflect our stakeholders’ genuine concerns on ESG issues, we have developed a materiality matrix based on the results of the questionnaire survey. This analytical tool not only provides an important basis for the preparation of this Report, but also provides strong support for the Group to optimize its strategic planning and risk management assessment.

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The procedures and steps of the Group’s materiality assessment are as follows:

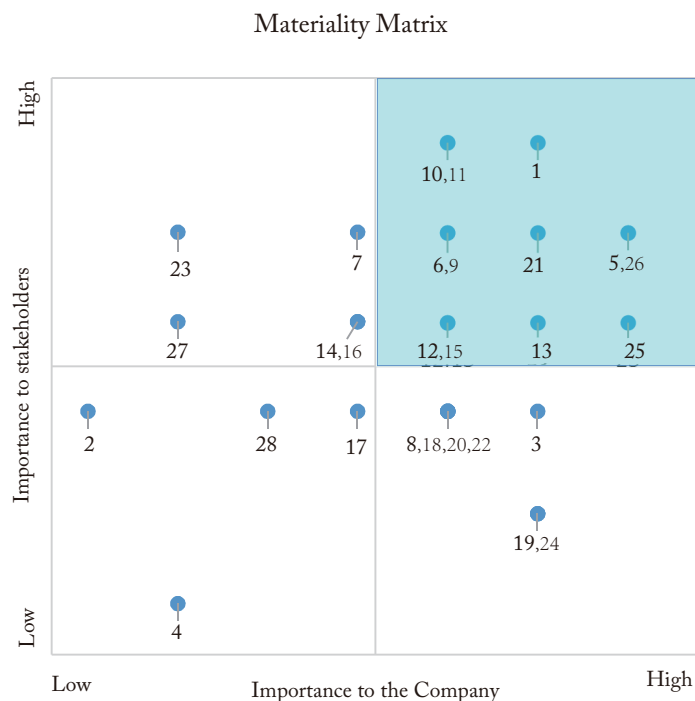


The material scope we considered

Labour Issues	Environmental Issues	Supply chain issues	Product Responsibility Issues	Community Engagement Issues
1. Equal opportunity, diversity and inclusion	8. Greenhouse gas emissions	15. Assessment and management of suppliers’ environment and social performance	20. Product safety and quality	27. Participation in voluntary activities
2. Employee turnover rate	9. Waste gas emissions	16. Anti-corruption and related training	21. Intellectual property	28. Charitable donation
3. Occupational safety and health	10. Climate change and resilience	17. Disaster emergency plan	22. Privacy protection of customers/ consumers	
4. Talent cultivation and development	11. Wastes	18. Assessment of suppliers’ environmental and social performance	23. Technology research and development	
5. Prevention of child labour and forced labour	12. Energy and water conservation	19. Anti-money laundering system	24. Handling of customers’ complaint	
6. Employment relationship and employee communication	13. Use of resources		25. Customer satisfaction	
7. Employees’ compensation and benefits	14. Assessment of impact on surrounding environment		26. Compliant operation	

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The Group's materiality matrix is as follows:



According to the results of the online questionnaire survey, the ESG issues that the stakeholders are most concerned about are concentrated in the top right corner of the materiality matrix, while the less important ESG issues are listed below the left corner. As a result, we have identified the following 12 ESG issues which are identified as more material and are highlighted in the Report:

No.	Key Disclosure Issue	Disclosure Section
1	Equal opportunity, diversity and inclusion	Employment Rights
5	Prevention of child labour and forced labour	Employment Rights
6	Employment relationship and staff communication	Employment Rights
9	Waste gas emissions	Emission Management, Air Pollutants
10	Climate change and resilience	Responding to Climate Change
11	Wastes	Environmental Management, Waste Management
12	Energy and water conservation	Environmental Management, Energy Use Management, Water Resource Management
13	Use of resources	Creating Value for the Environment
15	Assessment and management of suppliers' environment and social performance	Supply Chain Management
21	Intellectual property	Intellectual Property Protection
25	Customer satisfaction	Customer Satisfaction
26	Compliant operation	Creating Value for Customers, Creating Value for Employees, Creating Value for the Environment

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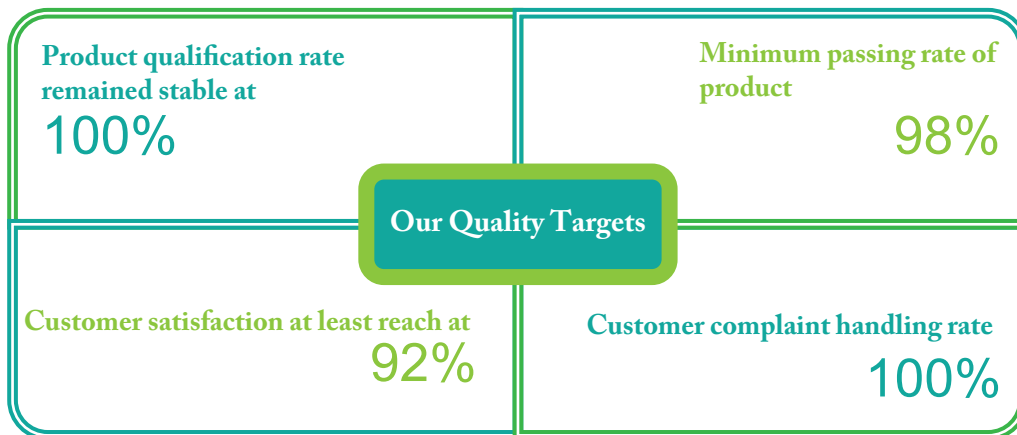
7 CREATING VALUE FOR CUSTOMERS

7.1 Product Quality

In order to continuously meet and exceed the needs and expectations of customers, the Group always adheres to the highest pursuit of product quality. To this end, we have specially formulated the Quality Assurance Policy, the core purpose of which is to formulate a systematic product quality control process based on customer needs. The introduction of this policy aims to establish an efficient and sound management system to ensure that our products achieve excellence in safety, stability and compliance with national quality standards. We firmly abide by the “Product Quality Law of the PRC” (《中華人民共和國產品質量法》) and other applicable laws and regulations, and implement the quality policy of “remaining meticulous, meeting customer requirements, striving for excellence and exceeding customer expectations” and the production principle of “acting meticulously to meet customers’ needs while keeping improving to exceed customers’ expectation” in our daily operations. At the beginning of each year, we carefully formulate and strictly implement the annual quality plan to ensure the stability of product quality.

We have implemented strict quality control measures for the whole process of product production, from the selection of raw materials, daily maintenance of equipments, supervision of various production links to quality testing of final products. To ensure that our products meet high quality and safety standards, we have established a comprehensive and meticulous quality inspection system. In each workshop, we have professional quality inspectors who verify the raw materials, gray fabrics, semi-finished products and finished products according to precise inspection procedures to ensure that each link meets regulatory requirements and our internal quality standards before the next production step. Our quality laboratories are responsible for recording and analyzing quality data and establishing a comprehensive quality database to keep us abreast of the dynamic changes in product quality based on test data and historical experience. If any abnormal fluctuation in quality data is found, we will immediately carry out rectification. In addition to internal testing, the Group regularly sends products to Zhejiang Provincial Quality Supervision Bureau for authoritative inspection every year to ensure that our products always meet national quality standards. At the same time, we have set clear quality targets and expect annual productivity to reach or even exceed our expectations.

Quality objectives can be roughly divided into:



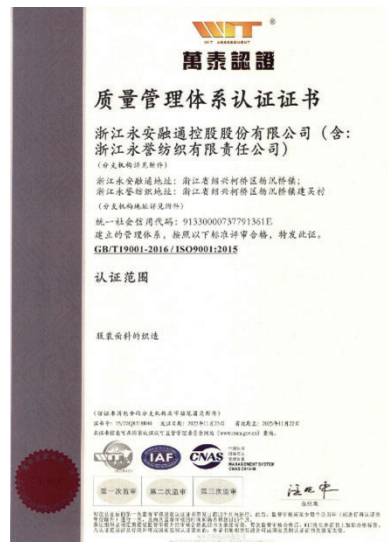
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During the Year, we achieved the relevant passing rate, and there was no material impact on our production capacity due to quality issues.

In order to improve product quality management, maintain a high level of product quality and meet the requirements of the market and customers, we regularly sort out and improve various process quality management systems to ensure that our business and production processes keep pace with the times and respond to the rapid changes in the fashion industry.

In order to achieve the normalization and standardization of corporate management, we have established an effective quality management system. In accordance with the international quality management system standard ISO9001: 2015, we have incorporated various management activities into the system standard management, and have obtained relevant certifications, so as to make quality management work more procedural and normalised, and transform emergency and passive management into predictive and controlling management. We adopt the work process standards of “prevention first, process control, post-conclusion and improvement” to ensure that the quality of the production process is effectively controlled and continuously improved. We continuously strengthen the inspection of the production process and provide systematic training for quality inspectors to ensure effective production inspection management. These measures together have laid a solid foundation for the excellence and stability of our product quality.

During the Reporting Period, all of our products delivered for inspection had passed the testing, and we had not received any material 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 has been finished. We strictly comply with the “Product Quality Law of the PRC” and other laws and regulations relating to product quality and labels. During the Reporting Period, we were not aware of any circumstances that we had seriously breached relevant laws and regulations in respect of product health and safety and labels.



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7.2 Customer Satisfaction

Adhering to the concept of customer first, the Group has committed to improving the customer service system and actively maintaining close contact with customers to improve the quality of customer service and customer satisfaction. Customer satisfaction is regarded as a material topic within the Group and in the eyes of customers. We provide our customers with multiple channels to give feedback on their opinions and suggestions. In addition, our sales department actively invites customers to participate in customer satisfaction surveys every year to deeply understand their satisfaction with our product quality and services. Customers can rate and express their opinions based on ten aspects, including product price, packaging, materials, appearance, label, delivery time, service mode, service attitude, feedback efficiency and product stability, which will be an important reference for our continuous improvement.

Regarding the handling of customer complaints, we did not receive any material complaints during the Year. Once the complaint is received, we will first arrange relevant department to record and then arrange relevant workshop to recall products for repair and return them back as soon as possible after the repair has been finished.

In 2023, our customer satisfaction remained at a high level, with an average satisfaction rate of 97.25% (2022: 97.5%) according to the survey results.

7.3 Confidentiality of Customer Data

The Group is committed to protecting customers' privacy rights. To this end, we have formulated a confidentiality system to ensure that the scope of confidentiality covers customer information, and have adopted a number of confidentiality measures. For example, we divide the information that the Company is required to keep confidential, and only authorise personnel at or above a certain rank to use, receive, transmit, copy or extract the information. Employees are not allowed to copy or use customer information without approval. If we find that any employee divulges customer information without permission, the employee will be dismissed and required for financial compensation or compensation, or in more serious cases, be held legally liable. In addition, the "Employee Handbook" also sets out the responsibilities and code of conduct for employees to keep customer privacy confidential. We require employees to obtain consent from department heads before accessing the Group's confidential information. During the Reporting Period, the Group was not aware of any material non-compliance with the laws and regulations related to the confidentiality of customer data and privacy including but not limited to the "Anti-Unfair Competition Law of the PRC" (《中華人民共和國反不正當競爭法》), and "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)》).

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7.4 Promotion and Advertisement

In order to maintain the Group's image and compliance, the Group is committed to complying with the advertisement related rules, including but not limited to the "Advertisement Law of the PRC" (《中華人民共和國廣告法》), and provide clear and reliable information on products and services on the publicity materials (such as brochures and web pages), so as to ensure that customers can make wise choice. We are committed to promoting our products and services and providing customers with reliable information in a responsible manner in accordance with the requirements of relevant laws and regulations and ensuring the authenticity of product information to protect their right to know and their rights.

During the Reporting Period, the Group was not aware of any material non-compliance with the laws and regulations in respect of product advertisements.

In addition, the Group actively participated in domestic and foreign industry exhibitions to promote the development of the industry and the Group's business. For example, we participated in the Texworld International Fabrics Fair in Paris, France, the Spring and Autumn Expo in Shanghai and Keqiao of Shaoxing, China, respectively, etc., which fully demonstrated our diversified textile fabrics and finished products to meet the diversified needs of different buyers. We also set up product consulting services to understand market demand and answer customer questions, actively participate in multi-party communication platforms, grasp the latest market trends and development, promote industry exchanges and cooperation, and create more long-term value for the industry and customers.



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7.5 Protection of Intellectual Property Rights

The Group respects intellectual property rights, is committed to protect the intellectual property rights and patents of the Group and other parties, strictly complies with the “Patent Law of the PRC” (《中華人民共和國專利法》), the “Trademark Law of the PRC” (《中華人民共和國商標法》) and other relevant laws and regulations, and has zero tolerance for any infringement of third-party copyrights. In order to ensure the safety of intellectual property rights, we clearly stipulate in the labour contract that employees must abide by the confidentiality obligation of intellectual property rights. Once violations are found, they will be dealt with in accordance with the Company’s discipline. For serious violations, we will investigate their legal responsibilities in accordance with the law. The “Intellectual Property Management Manual” of the Group provides a framework for the management of intellectual property rights and for the implementation of the three major principles of consolidating technological achievements, protecting intellectual property rights and deepening technological development. In addition, we have formulated and implemented the “Intellectual Property Risk Mitigation Plan”, so as to effectively protect the Group’s intellectual property rights before the product is launched for sale, during brand or product promotion, and at the same time prevent infringement of others’ intellectual property rights, reduce intellectual property disputes and reduce intellectual property risks. We have accumulated 51 products that have been successfully granted patent licensing so far. During the Reporting Period, we were not aware of any material non-compliance with the laws and regulations relating to the protection of the intellectual property rights.

7.6 Supplier Management

A sound supply chain management system plays a key role in maintaining the high quality of our raw materials and establishing long-term and stable cooperative relationships with our suppliers. To ensure the stability of raw material quality and accurately identify potential environmental and social risks in the supply chain, we have developed a systematic supply chain management process. The process requires relevant departments to submit procurement requests to the procurement department through the internal system, and the procurement department will invite two to three high-quality suppliers for quotation comparison based on the results of market research and analysis.

In order to achieve green and responsible procurement goals, we not only continuously monitor the performance of suppliers, but also integrate environmental protection and social responsibility into all aspects of supplier management. We actively promote the certification of environmental management system and occupational health and safety management system, and require suppliers to accept environmental and safety certification and supervision audits by certification institutions every year. At the same time, functional departments within the Group will also strengthen the supervision and inspection of the implementation of internal systems, so as to effectively reduce environmental and social risks and ensure the stable and sustainable development of the supply chain.

Our procurement team conducts regular in-depth visits to our key suppliers to keep abreast of their latest operations. We always maintain continuous supervision on the quality, service level and price of our suppliers’ products. In order to ensure that the performance of suppliers meets our expectations, we also conduct comprehensive assessments of suppliers on a regular basis. During the evaluation process, we comprehensively consider various factors such as quality assurance, delivery efficiency, price rationality and payment terms, complaint handling mechanism and service quality of suppliers to score their overall performance. For suppliers whose performance fails to meet our expectations, we will make improvement suggestions in a timely manner, and even consider establishing cooperation with new suppliers when necessary. We attach great importance to the performance of suppliers in environmental protection and social responsibility. When selecting suppliers, we give priority to suppliers with similar geographical locations to reduce transportation costs and carbon emissions. At the same time, we will also actively encourage suppliers to develop and provide more environmentally friendly products to promote the sustainable development of the entire supply chain.

In addition, we also encourage suppliers to fulfil their social responsibilities. The comprehensive “Code of Conduct for Suppliers” of the Group regulates our requirements and expectations on suppliers in terms of quality, environmental protection, occupational health and safety, behaviour and ethnics, laws and regulations. For example, the suppliers are required to reduce the use of packaging materials, avoid the use of materials that are harmful to human health, and actively improve the working and living conditions of their employees, with an aim to create an interdependent multi-win environment under shared development. At the same time, we also focus on the sustainability performance and risks of the suppliers. We have incorporated the environmental and social risk assessment of the supply chain into the Group’s ESG-related risk assessment, and formulated risk response strategies and monitoring results for the identified ESG risks of the supply chain to avoid or reduce risks.

During the Reporting Period, we had a total of 57 raw material suppliers located in China. The Group has also implemented the above employment practices for all the suppliers.

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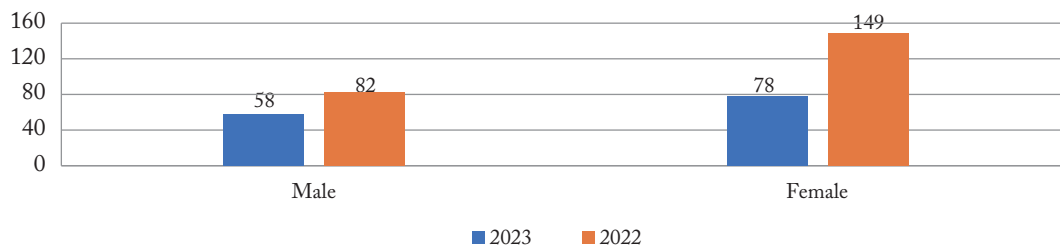
8 CREATING VALUE FOR EMPLOYEES

We understand that employees are indispensable to promote the development of the Company. To this end, we strive to create a harmonious, inclusive and equal working environment to ensure that every employee feel fair and respected. In order to attract and retain outstanding talents, we provide a competitive salary and welfare system to ensure that the hard work of employees can be paid. At the same time, we attach great importance to the personal growth and development of employees, and provide diversified training opportunities to help employees continuously improve their skills and knowledge. We protect the rights and interests of our employees by formulating the “Employee Handbook” and the “Corporate Policy on Child and Forced Labour”, and ensure that our business operations are in strict compliance with the “Labour Contract Law of the PRC” (《中華人民共和國勞動合同法》), the “Labour Law of the PRC” (《中華人民共和國勞動法》) (the “**Labour Law**”) and other local applicable employment related laws and regulations. During the Reporting Period, we were not aware of any material noncompliance with relevant laws and regulations in the employment and labour standards of the Group.

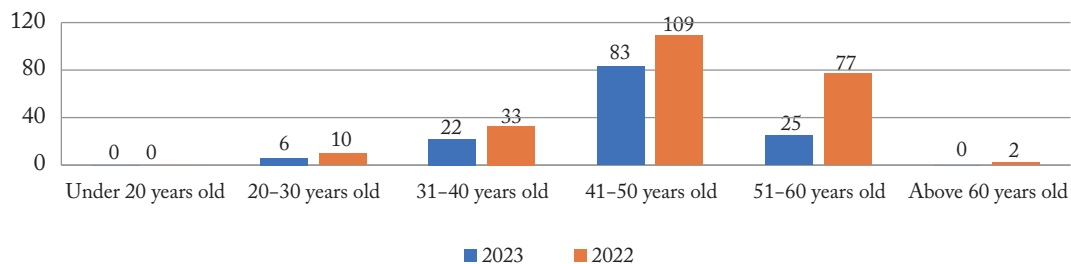
8.1 Employee Overview

As of 31 December 2023, we had a total of 136 (2022: 231) full-time employees under our woven fabrics manufacturing and sales segment in Zhejiang Province, all of whom are from Mainland China.

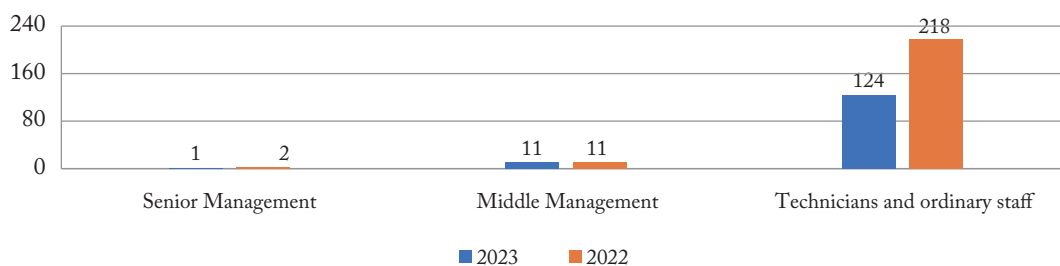
Total number of employees by gender



Total number of employees by age group



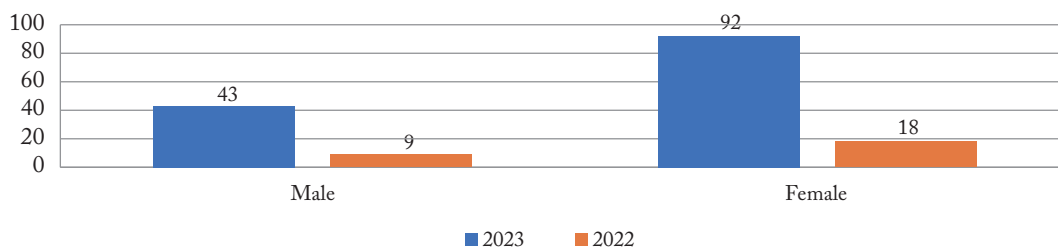
Total number of employees by employment category



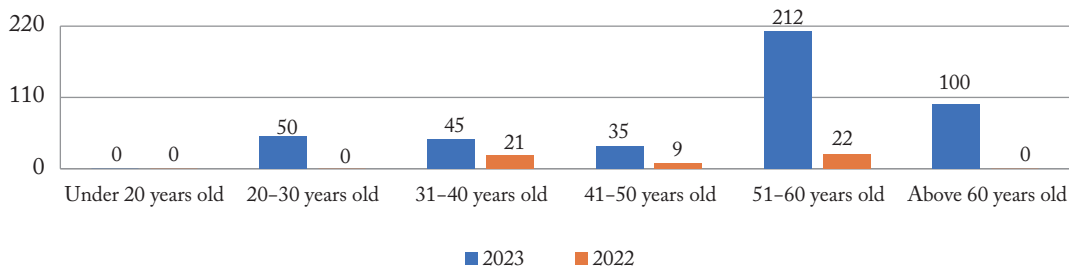
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During the Reporting Period, the Group’s employee turnover rate was 71%. The distribution by gender, age group and geographical region is as follows¹:

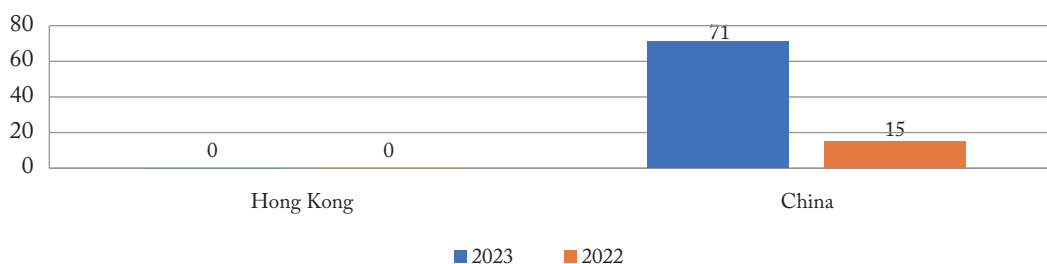
Employee turnover rate by gender (%)



Employee turnover rate by age group (%)



Employee turnover rate by region (%)



¹ During the Reporting Period, there were no new employees who were re-employed after retirement. A total of 2 employees aged over 60 have retired/resigned.

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8.2 Employment Rights

The Group is committed to creating a diverse, inclusive and respectful workplace where every employee can enjoy equal opportunities. We understand that the diversity of talents has great value in promoting the Group's business development. To this end, we firmly oppose any form of workplace discrimination and strive to create a harmonious and fair working atmosphere. In the recruitment and employee evaluation process, we always ensure fairness and impartiality, and are not affected by factors such as ethnicity, race, gender, religion, age, marital status, etc. This includes but is not limited to the recruitment process, determination of compensation and benefits, promotion opportunities, training, and dismissal decisions. We insist on taking the qualification, work experience and personal ability of employees as the main considerations to ensure that these factors are the main criteria for determining the career development of employees. When selecting suitable candidates and evaluating annual salary adjustment or promotion, we strictly follow the principle of working ability as the core, such as qualifications, work performance and industry experience. Factors that are not related to working ability, such as age, gender and religious belief, will not be taken into consideration. We firmly believe that such practice will help our Group to build a fairer, more inclusive and more efficient working environment. As the craftsmanship and job types of the workshops are more likely to attract female candidates, our female employees account for 57% of the total number of employees. We continue to uphold the principle of fairness and foster a mutually inclusive workplace culture.

We adopt "zero-tolerance" approach towards all forms of forced labour and the use of child labour. We strictly complies with the "Labour Contract Law of the PRC" and other applicable labour standards in the places where it operates, and strictly prohibits the use of any form forced labour in its operations, as well as the employment of any child labour under the age specified by local labour laws. The Human Resources Department will verify the ages of employees according to the local valid identity documents before the Group enters into labour contracts on a voluntary basis, so as to prevent any instances of forced Labour or child Labour. Once child labour or forced labour is found, we will immediately take the person concerned away from the workplace in accordance with relevant laws and arrange the person concerned to be sent to an occupational health inspection institution for physical examination to confirm the physical and mental health status of the person concerned. We will also immediately identify the problems in the recruitment process and take improvement measures. During the Reporting Period, the Group was not aware of any material non-compliance with local laws and regulations relating to child labour and forced labour.

8.3 Remuneration and Benefits

One of the keys to sustainable business development is the ability to attract and retain talents. The Group is committed to creating a comfortable and safe working environment for our employees and designing and managing the remuneration systems and benefits on the principles of impartiality, reasonableness and economy to support our development.

The Group complies with the "Labour Law of the PRC", the "Labour Contract Law of the PRC" and other employment related laws and regulations, and provides our employees with attractive remuneration and welfare packages. We will pay pension insurance, medical insurance, unemployment insurance, maternity insurance, industrial injury insurance and housing provident fund (five social insurances and one financial fund) for our employees. In addition, our employees also enjoy national statutory holidays, and can apply for sick leave, personal leave, family leave, bereavement leave and maternity leave for personal needs. The Human Resources Management Department is responsible for the daily remuneration management of the Group. The remuneration of employees consists of post specific salaries (basic salary and post wage), seniority wage, professional title subsidy, bonus, etc., among which the basic salary, post specific salary, seniority wage, and professional title subsidy are paid to employees on a monthly basis, while bonus is calculated annually and paid at the end of each year. Once an employee's labour contract is terminated due to a serious breach of labour discipline, we will also grant financial compensation to the dismissed employee in accordance with the labour law and relevant regulations.

The Group also holds employee welfare and holiday activities to express our care for and attention to them and deepen employees' sense of belonging to the Company. For example, at festivals, including the Women's Day on 8 March, the Dragon Boat Festival, the Mid-Autumn Festival and our factory anniversary on 6 December of every year, we present our festival gifts, daily necessities or welfare payments to our employees, just like our best complements for our beloved family members.

Meanwhile, the Group provides our employees from other provinces with dormitories for free, hoping that it can offer them a casual and comfortable space after work.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

8.4 Talent Cultivation

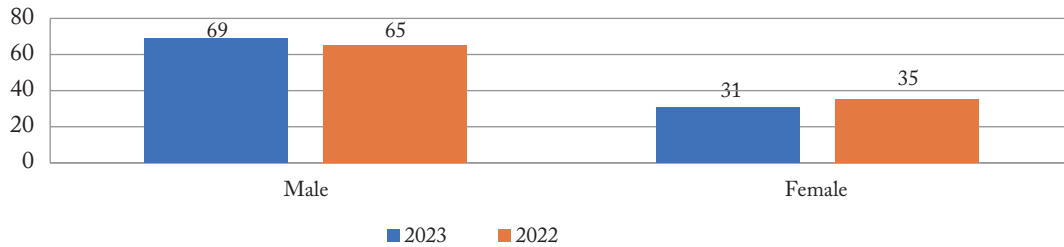
The Group always prioritises the need for continuous training to our employees so as to provide the best quality of product and service to customers. We are committed to creating a challenging, inspiring and attractive working environment for our employees, and providing equal opportunities for competition and development for each employee to encourage self-development and improve business quality.

We actively provide our employees with various training and development options, and spare no effort to invest in training programs for them, to help them develop their strengths. The training we provide includes pre-job training, induction training, on-the-job training and external training. During the Reporting Period, we provided practical and diversified training, including professional skills improvement techniques, management systems operation procedures, environmental factors and hazard sources identification, inspection skills, occupational health and safety management system, fire safety knowledge and emergency preparation, as well as laws and regulations and etc.

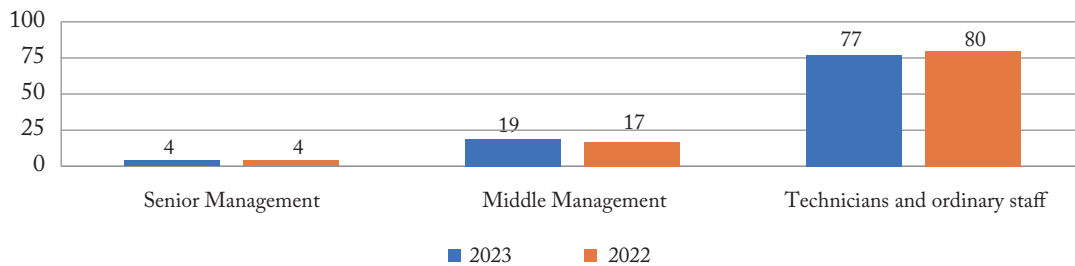
We will provide employees with more opportunities to deploy their positions based on their work ability, hoping to explore their potential. We take integrity, work performance, sense of responsibility and motivation as the criteria for promotion, so that the employees with good performance can engage in more challenging jobs. The Group’s promotion process is generally progressive by rank, with the opportunity for the employees to be promoted through the ranks if they perform well, supporting the career development of the employees.

During the Reporting Period, the percentage of our employees who have received the training is 22%², and the breakdown by category is as follows:

Percentage of employees trained by gender (%)



Percentage of employees trained by employment category (%)

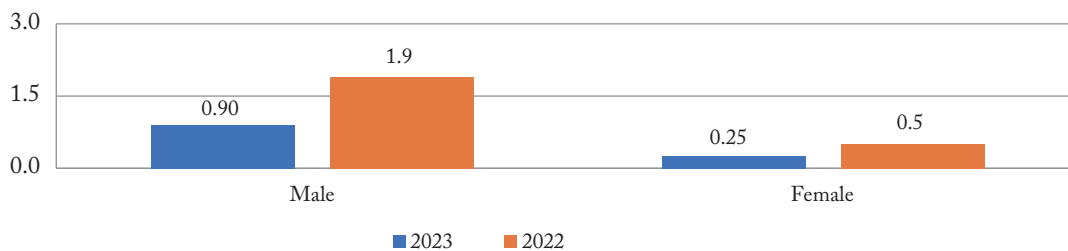


² Employee training data includes the data of the employees who have left during the Reporting Period.

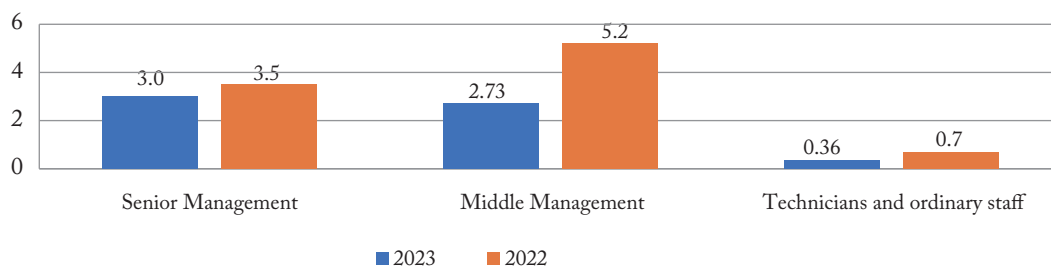
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, we provided a total of 112.5 hours³ of different types of trainings to our employees. On average, each employee has received approximately 0.48 hours of trainings.

Average training hours completed per employee by gender (hours)



Average training hours completed per employee by employment category (hours)



8.5 Occupational Health and Safety

The Group attaches great importance to the health and safety of its employees and commits to providing a safe and healthy working environment for its employees and firmly establishing the concept of “safety first”. We are not only committed to improving the physical health of our employees, but also to the mental health of our employees. Therefore, we continuously strive to improve and maintain a good and comfortable working environment to prevent industrial accidents and diseases. The Group has established a complete management system responding to occupational health and safety management involved by the weaving process of apparel fabrics and has successfully obtained ISO 45001: 2018 certification, which proves that occupational safety and health meets international standards. We mainly control safety through five aspects: employees, equipments, materials, systems and risk control.

In terms of fire prevention measures, we strictly abide by the “Emergency Plan for Fire and LPG Explosion Accidents”, which sets out the handling procedures in case of fire and explosion accidents. We also hold fire drills on a regular basis to enhance the fire safety awareness of the employees of the Group and effectively carry out fire safety work. In addition, we have formulated the “Fire Safety Management System”, which clearly divides the fixed fire areas in the plant according to the degree of fire hazards and the needs of the tasks such as production, maintenance, construction.

³ Employee training data includes the data of the employees who have left during the Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



During the Reporting Period, we were not aware of any material non-compliance with the “Prevention and Control of Occupational Diseases Law of the PRC” (《中華人民共和國職業病防治法》), “Fire Prevention Law of the PRC” (《中華人民共和國消防法》) and other laws and regulations relating to occupational safety and health, nor any death or injury accidents occurred due to the work.

Employees	Equipments	Materials	Systems	Risk Control
<ul style="list-style-type: none"> New employees can start work only after receiving trainings on safety education at factory level, workshop section level and post level, and getting qualified. Job-transfer training is required for any change of post. 	<ul style="list-style-type: none"> Equipments for safety operations, and individual protective equipments, such as gloves, protective glasses, work clothes, insulated shoes, anti dust masks are provided. 	<ul style="list-style-type: none"> Materials on production sites, not exceeding the standard quantity, are well stored, while inflammable and explosive articles are deal with extra attention. 	<ul style="list-style-type: none"> We have formulated a set of safety systems including the “Work Injury Accident Handling System” and the “Fire Safety Management System” which set out the safety rules and emergency measures for work injuries and other emergencies. 	<ul style="list-style-type: none"> We emphasize the management of areas with security concerns and prohibited unauthorized entries.

Work-related injury incidents during the Reporting Period: 0



Number of working days lost due to work-related injuries: 0

Number of work-related fatalities in the past 3 years: 0

Death rate at work in the past 3 years: 0%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

8.6 Anti-corruption

The Group always adheres to the core values of integrity, honesty and fairness, and we have a firm zero-tolerance attitude towards any form of bribery, fraud or other corrupt practices. In order to ensure that our business activities are compliant and free from corruption, we strictly abide by the “Anti-Unfair Competition Law of the PRC” (《中華人民共和國反不正當競爭法》), the “Criminal Law of the PRC” (《中華人民共和國刑法》) and other relevant laws and regulations.

To further promote the operational philosophy of honesty, integrity and fairness, we have formulated a detailed Employee Handbook, which includes clear anti-corruption policies and guidelines. This manual clearly informs employees that they are strictly prohibited from soliciting or accepting any form of benefits when performing their duties. In addition, we require all employees who intend to join or cooperate with our Group and suppliers with a certain business scale to sign the Integrity Agreement or the Integrity and Honesty Agreement for Suppliers. This agreement aims to ensure that all partners can jointly abide by the Group’s rules and regulations and the local laws and regulations, and that our business activities always adhere to the principles of “openness, fairness, impartiality, integrity and transparency”.

In order to encourage employees to actively report possible corruption, we have set up a variety of convenient reporting channels. Employees can choose to report to their immediate superior or the Human Resources Department in real name or anonymously, or directly complain to the general manager through the general manager’s mailbox. We promise that all reports will be handled as confidential information and ensure the security and privacy of whistleblowers.

To further strengthen our employees’ anti-corruption awareness, we regularly conduct anti-corruption training. These trainings aim to allow employees to deeply understand the importance of integrity and ensure that the suppliers can strictly abide by the relevant agreements. Through these measures, we firmly believe that we can create a healthy, transparent and fair business environment for our Group. During the Reporting Period, we conducted training on anti-corruption matters to strengthen employees’ understanding of the importance of integrity, honesty and compliance with laws. During the Reporting Period, the Group was not aware of any material non-compliance with the relevant laws and regulations concerning any corruption, bribery, extortion, fraud and money laundering.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

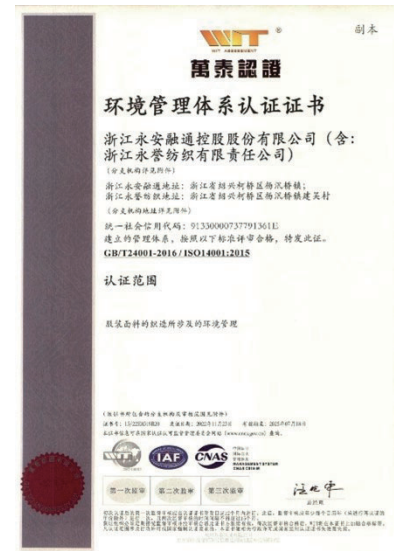
9 CREATING VALUE FOR THE ENVIRONMENT

9.1 Environmental Management

The Group understands that the core of sustainable development is to reduce the negative impact of operating activities on the environment. To this end, we are firmly committed to encouraging our employees, customers and suppliers to take environmental protection measures in their business operations and work together to protect global environment. We not only encourage internal employees to practice environmental protection concepts in their daily work, but also actively guide external partners to participate in this noble mission. Through these efforts, we firmly believe that we can contribute to the realization of a greener and more sustainable development.

In order to systematically manage the environmental impact of the production process, we have established an environmental management system in compliance with the ISO 14001:2015 Environmental Management System Certification, which systematically helps us to improve the environmental performance of our clothing fabric weaving business and ensures that the production process complies with environmental protection standards. In addition, in accordance with applicable national environmental laws and regulations, the “GB/T19001-2008 Quality Management System Requirements” and the “GB/T24001-2004 Environmental Management System Specification and Guidance for Use”, we have prepared the “Quality and Environmental Management Manual” (《質量環境管理手冊》) to establish the approaches, objectives and commitments of the environmental management system of the Group, with a view to continuously enhancing employees’ awareness of environmental protection and reducing the impact of business on the environment.

The Group abides by applicable environmental laws and regulations and industrial standards in its operations, including but not limited to the “Environmental Protection Law of the PRC” (《中華人民共和國環境保護法》), the “Prevention and Control of Atmospheric Pollution Law of the PRC” (《中華人民共和國大氣污染防治法》), the “Recyclable Energy Conservation Law of the PRC” (《中華人民共和國可再生節約能源法》), the “Prevention and Control of Pollution From Noise Law of the PRC” (《中華人民共和國噪聲污染防治法》), the “Prevention and Control of Water Pollution Law of the PRC” (《中華人民共和國水污染防治法》) and the “Prevention and Control of Environmental Pollution by Solid Waste Law of the PRC” (《中華人民共和國固體廢物污染環境防治法》), the “Environmental Impact Assessment Law of the PRC” (《中華人民共和國環境影響評價法》), the “Promoting Clean Production Law of the PRC” (《中華人民共和國清潔生產促進法》), the “Environmental Protection Tax Law of the PRC” (《中華人民共和國環境保護稅法》), “Measures for Investigation and Handling of Sudden Environmental Incidents” (《突發環境事件調查處理辦法》), the “Catalogue of Classified Management of Pollutant Discharge Permits for Stationary Pollution Sources” (《固定污染源排污許可分類管理名錄》) and “HJ/T 185-2006 Cleaner Production Standard: Textiles (Cotton Printing and Dyeing)” (《清潔生產標準紡織業(棉印染)》). During the Reporting Period, we were not aware that there was any litigation or complaint on violating the relevant laws and regulations which has material impact on the Group.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To constantly review our sustainability performance, we have set our environmental targets and actively implemented corresponding measures for emission reduction to create an environmentally friendly and low-carbon future.



Greenhouse Gas

Implement regulatory measures in an orderly manner and encourage employees to implement energy conservation and emission reduction measures in their daily operations to reduce greenhouse gas and exhaust gas emissions



Waste

Proper classification and disposal of solid waste: recycle waste with reuse value; entrust non-recyclable hazardous waste to reduce pollution to soil and natural resources consumption



Water Consumption

Make full use of water resources and encourage employees to save water and reduce water consumption



Energy

Improve energy efficiency and reduce energy use

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

9.2 Responding to Climate Change

Climate change has become a global environmental challenge that needs to be actively addressed. The impacts include typhoons, rainstorms and floods, which may lead to damage to the plant and machinery, employees unable to work as usual, disruptions of transportation and supply chain, that may affect our business. Therefore, the Group actively reviews the risks brought by the climate change to our operations and formulates adaptive strategies to improve our climate risk management capabilities. We identifies the risks and impacts of climate change on the Group's operations through an ESG risk assessment conducted by a third party for our business. The Board is responsible for approving the ESG risk assessment report to identify the impacts of climate change on the Group and launch appropriate policies to mitigate climate-related risks. The climate-related risks are as follows:

Physical Risk	Impact on the Group	Mitigation Measures
Acute risk	Extreme weather, such as typhoons and rainstorms, may disrupt production, supply of raw materials and transportation of finished products and makes employees unable to work as usual, threatening the safety of employees.	The Group has formulated the “Emergency Plan for Preventing Typhoon and Flood” (《防颱風·防汛緊急預案》), and formulated the procedures for preparation in advance and response during an event, so as to ensure that each department has a clear division of work and maintain sufficient resource allocation to respond to disasters such as typhoons and flood seasons. We will continue to monitor the weather conditions in the regions of operations in order to get prepared in a timely manner.
Transition Risk	Impact on the Group	Mitigation Measures
Market risk	As climate change has become a hot topic in recent years, customers' environmental and social requirements for their purchased products and even for suppliers have gradually increased.	The Group will actively promote green operation and social responsibility, timely review and update the Group's environmental and social measures, so as to better meet the requirements of customers and the market.
Policy and law risk	The PRC and Hong Kong governments may tighten environmental laws and regulations. The Group may be subject to more stringent regulatory requirements and more severe penalties for non-compliance relating to production energy consumption and emissions and pollutant disposal, which may result in additional costs.	We will also pay close attention to the guidelines issued by local governments and regulatory authorities on climate change, and update the Group's policies and measures in a timely manner to ensure that our business will have sufficient capacity to resist relevant climate risks in the future.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

9.3 Emission Management

Our business operations mainly focus on the headquarter 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 air emissions from use of fuels by vehicles and the canteens. The main sources of waste are domestic waste and the batt of the workshop. If any excessive emissions are found, we will immediately request relevant department heads to follow up and fill in the “Corrective and Preventive Measures Report”(《糾正/預防措施報告》), to follow up and effectively manage the emission so as to prevent recurrence of such issues.

9.3.1 Air Pollutants

The Group’s production process does not directly generate exhaust gas, and the major greenhouse gas emissions come from the consumption of purchased electricity. On the other hand, the Group’s use of commercial private cars and gas consumption in staff canteens will directly lead to the emission of air pollutants and greenhouse gasses. In order to minimize the impact of these emissions on the environment, we regularly inspect and maintain the gas emission systems of commercial private cars and canteens. We insist on doing so to ensure that our emissions and emission concentration not only comply with the relevant environmental laws and regulations of the PRC such as the “Prevention and Control of Atmospheric Pollution Law of the PRC” (《中華人民共和國大氣污染防治法》), but also meet or exceed industry standards such as “GB3095-2012 Ambient air quality standards” (《環境空氣質量標準》), “GB16297-1996 Integrated emission standard of air pollutants” (《大氣污染物綜合排放標準》) and “DB33/962-2015 the Discharged Exhaustion Gas National Standard for Dyeing and Finishing of Textile Industry” (《紡織染整工業大氣污染物排放標準》). Through these efforts, we aim to minimize the negative impact of our daily operations on the environment.

KPI	Unit	2023	2022
Nitrogen oxides (NO _x)	kg	51.03	51.01
Sulfur oxides (SO _x)	kg	0.13	0.13
Particulate matter (PM)	kg	0.28	0.28
Total emissions (Scope 1 and 2)	tonnes CO ₂ -e	3,596.45	8,927.19
Scope 1	tonnes CO ₂ -e	17.64	16.07
Scope 2	tonnes CO ₂ -e	3,579.50	8,711.80
Removal (tree planting) (Scope 1)	tonnes CO ₂ -e	0.69	0.69
Intensity (calculated per thousand meters of fabrics)	tonnes CO ₂ -e	0.65	0.97

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

9.3.2 Energy Use Management

The main use of energy of the Group includes the purchased power consumption of factories and offices, and to a lesser extent, the unleaded petrol and diesel oil that is used by private cars and the liquefied petroleum gas used by the canteens. We strictly comply with applicable environmental laws and regulations, including but not limited to the “Energy Conservation Law of the PRC” (《中華人民共和國節約能源法》), the “Renewable Energy Law of the PRC” (《中華人民共和國可再生能源法》), and the “Decision of the State Council on Strengthening Energy Conservation” (《國務院關於加強節能工作的決定》). We actively promote green operations and implement relevant energy conservation measures to reduce unnecessary electricity consumption, including:

- encourage employees to turn off idle machinery, electric appliance, lights and office equipments;
- strictly restrict the use of cold air conditioners. It is generally not allowed to switch on the air conditioner when the temperature is below 28°C.

KPI	Unit	2023	2022
Total energy consumption	MWh	5,932.11	14,671.24
Purchased electricity	MWh	5,867.07	14,607.12
Unleaded petrol	MWh	14.03	13.11
Liquefied petroleum	MWh	39.42	39.42
Diesel oil	MWh	11.59	11.59
Intensity (calculated per thousand meters of fabrics)	KWh	1.07	1.59

9.4 Noise Management

The Group’s main source of noise is the mechanical and power noise generated by the machines in the workshop during percussion. We have formulated the “Manufacturing Equipment Management System” (《生產設備管理制度》) and the “Noise Emission Control Regulations” (《噪音排放控制規程》) with reference to the “Prevention and Control of Pollution From Noise Law of the PRC” (《中華人民共和國噪聲污染防治法》). The production department will strengthen the daily care and maintenance of noisy equipment such as rapier weaving machine, jet loom machine and air compressor in accordance with the above procedures and actively consider and prioritise less noisy equipment when changing production machines, or install noise eliminator and soundproof devices for those equipment that may generate large noise and use sound-absorbing and sound-insulating materials and technical measures for workshops, to ensure that the noise emission meets the requirements of the “Class III standard of the Environmental Noise Emission Standard for Industrial Enterprises at the Boundary of the Factory” (《工業企業廠界環境噪聲排放標準》) (GB12348-2008) and other applicable standards.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

9.5 Water Resources Management

The Group obtains water from municipal water supply institutions for domestic use and did not have any difficulty in obtaining water sources. The sewage discharge mainly comes from canteens, offices, factories and employee dormitories. As the Group has outsourced fabric dyeing processes to third party dyeing factories for handling, the production process will not involve the use of water or produce industrial wastewater. We strictly comply with the applicable environmental protection laws and regulations, including but not limited to the “Water Law of the PRC” (《中華人民共和國水法》), the “Prevention and Control of Water Pollution Law of the PRC” (《中華人民共和國水污染防治法》), the “Water and Soil Conservation Law of the PRC” (《中華人民共和國水土保持法》), “Regulations on Urban Drainage and Sewage Treatment” (《城鎮排水與污水處理條例》), “Integrated Wastewater Discharge Standards (GB8978-1996)” (《污水綜合排放標準 GB8978-1996》), the “Regulations on the Prevention and Control of Water Pollution in Zhejiang Province” (《浙江省水污染防治條例》), “HJ 471-2020 Technical Specifications for Dyeing and Finishing Wastewater Treatment of Textile Industry” (《紡織染整工業廢水治理工程技術規範》) and “GB 4287-2012/XG1-2015 the Discharge Standards of Water Pollutants for Dyeing and Finishing of Textile Industry” (《紡織染整工業水污染物排放標準》), and wastewater will be collected in a unified manner and sent to the government sewage pipe network for centralized treatment through a designated discharge port, so it will not have impact on the environment. To enhance employees’ awareness of environmental protection, we encourage employees to cherish water and turn off the taps after use to avoid wasting water resources.

KPI	Unit	2023	2022
Total water consumption	m ³	86,543.00	75,906.00
Density (calculated per thousand meters of fabrics)	m ³	15.57	8.23

9.6 Packaging Material Management

The major packaging materials used by the Group include paper tubes, woven bags and thin plastic films. We are committed to applying the simplest packaging and minimize the use of product packaging materials to further reduce the consumption of natural resources.

KPI	Unit	2023	2022
Total packaging consumption	tonnes	38.00	38.00
Paper	tonnes	36.00	36.00
Plastics	tonnes	2.00	2.00
Density (calculated per thousand meters of fabrics)	kg	6.84	4.12

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

9.7 Waste Management

The Group did not generate any hazardous waste in its operations during the Reporting Period. The non-hazardous waste generated by the Group mainly includes batt in the textile production process, paper packaging of products, general domestic waste in offices and dormitories. We strictly abide by applicable environmental laws and regulations, including but not limited to the “Prevention and Control of Environmental Pollution by Solid Waste Law of the PRC” (《中華人民共和國固體廢物污染環境防治法》), the “Regulations of Zhejiang Province on the Prevention and Control of Environmental Pollution by Solid Waste” (《浙江省固體廢物污染環境防治條例》), the “Administrative Measures for Urban Domestic Waste” (《城市生活垃圾管理辦法》), the “Technical Policy for the Prevention and Control of Hazardous Waste Pollution” (《危險廢物污染環境防治技術政策》), the “Circular Economy Promotion Law of the PRC” (《中華人民共和國循環經濟促進法》), the “Administrative Measures for the Transfer of Hazardous Wastes” (《危險廢物轉移管理辦法》), the “Interim Provisions on the Supervision and Administration of Major Hazardous Sources of Hazardous Chemicals” (《危險化學品重大危險管理暫行規定》) and the “Regulations on the Safety Management of Hazardous Chemicals” (《危險化學品安全管理條例》). All non-hazardous wastes are collected and handed over to municipal government departments for collection and treatment. We did not record any hazardous waste disposal during the Reporting Period. If such waste needs to be handled, we will maintain it in a specially set storage area and arrange the qualified recyclers to handle it to prevent pollution and safety issues. During the Reporting Period, we were not aware of any material non-compliance with relevant laws and regulations.

We proactively implement a series of waste reduction measures, including:

- encourage the use of e-mail, information systems, USB flash drives 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 use re-usable cups and cutlery instead of disposable cutlery to reduce waste generation;
- encourage employees to use both sides of paper;
- encourage employees to reuse stationery, such as old envelopes and document folders to reduce paper waste; and
- carry out household waste sorting to effectively distinguish dry, wet and industrial waste.

KPI	Unit	2023	2022
Total volume of non-hazardous waste generated and disposed tonnes	tonnes	576.82	576.82
Density (calculated per thousand meters of fabrics)	kg	103.80	62.56

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

10 CREATING VALUE FOR THE SOCIETY

Our Group adheres to the noble philosophy of building a more harmonious society and consistently brings positive and far-reaching impacts to the communities where we operate. We actively promote the construction of sustainable communities where we operate, focus on contributing to economic and industrial development, community building and caring for the elderly, respond to the public welfare work of the government and the community, fulfill corporate social responsibilities, and pay attention to and respond to the needs of the community.

We are committed to providing employment opportunities for local people and create values for our business and community. We also support and encourage our employees to participate in volunteer activities to help the community create more values and make a positive impact. We participated in the “Welcome the Asian Games — Vitality League Building (喜迎亞運 · 活力團建)” campaign of Iron Blood Education during the May 4th Youth Day to support the youth development in our operating regions and help tap the boundless potential of young people.

We also actively respond to different community activities and participate in promoting social construction. We participated in the promotion activity of “Building a Civilized City Together (共建文明城市)”, which promoted the concept of building a civilized city to the public, encouraged the public to work with us to create a better living environment, and educated our next generation through interactive games to build a civilized and harmonious city together.

In addition, we encouraged our employees to participate in the civilized persuasion volunteer service activity of “Zhejiang Embraces Courtesy · Keqiao Radiates Love (浙江有禮 · 柯橋有愛)” in Keqiao District, Shaoxing City, assisted in traffic persuasion, patiently answered inquiries from citizens, cared for the elderly, the disabled and pregnant citizens, and jointly created a safe travel environment.

We always adhere to the philosophy of “taken from society and used for society” and spare no effort to promote an inclusive society. We are leading our staff to care for the elderly in Pudangxia Village, express condolences and understand their needs, convey warmth and blessings to the elderly in severe winter, give back to their past efforts for community development, and work together to build a long-term and inclusive society.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emission Management Air Pollutants	23-24
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KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management	26
KPI A1.5	Description of emission target (s) set and steps taken to achieve them.	Emission Management Air Pollutants	23-24
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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Major Scopes, Aspects, General Disclosure and Key Performance Index (“KPI”)		Chapter/Statement	Page
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General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environment Management	20-21
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (in MWh) and intensity (e.g. per unit of production volume, per facility).	Energy Usage Management	24
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water Resources Management	25
KPI A2.3	Description of energy use efficiency target (s) set and steps taken to achieve them.	Energy Usage Management	24
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target (s) set and steps taken to achieve them.	Water resources management	25
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Packaging Material Management	25
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimizing the issuer’s significant impact on the environment and natural resources	Creating Values for the Environment	20-26
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Creating Values for the Environment	20-26
Aspect A4: Climate Change			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Responding to Climate Change	22
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Responding to Climate Change	22

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Major Scopes, Aspects, General Disclosure and Key Performance Index (“KPI”)		Chapter/Statement	Page
B. Social			
Employment and Labor 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, holidays, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Creating values for Employees	13-19
KPI B1.1	Total workforce by gender, employment type (for example, full or part-time), age group and geographical region.	Employee Overview	13-14
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employee Overview	13-14
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.	Occupational Health and Safety	17-18
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the Reporting Year.	Occupational Health and Safety	18
KPI B2.2	Lost days due to work injury.	Occupational Health and Safety	18
KPI B2.3	Description of occupational health And safety measures adopted, how they are implemented and monitored.	Occupational Health and Safety	17-18
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees’ knowledge and skills for performing duties at work. Description of training activities.	Talent Cultivation	16-17
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Talent Cultivation	16-17
KPI B3.2	The average training hours completed per employee by gender and employee category.	Talent Cultivation	16-17

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Aspect B4: Labor 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.	Employment Rights	15
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Employment Rights	15
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employment Rights	15
Operating Practices			
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supplier Management	12
KPI B5.1	Number of suppliers by geographical region.	Supplier Management	12
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.	Supplier Management	12
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supplier Management	12
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supplier Management	12
Aspect B6: Products 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.	Creating Values for Customers	8-12
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Quality	8-9
KPI B6.2	Number of products and services related complaints and how they are dealt with.	Customer Satisfaction	10

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Major Scopes, Aspects, General Disclosure and Key Performance Index (“KPI”)		Chapter/Statement	Page
KPI B6.3	Description of practices related to observing and protecting intellectual property rights.	Protection of Intellectual Property Rights	12
KPI B6.4	Description of the quality assurance process and product recall procedures.	Product Quality	8-9
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Confidentiality of Customer Data	10
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	19
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	19
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption	19
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption	19
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	Creating Values for the Society	27
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Creating Values for the Society	27
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Creating Values for the Society	27

By Order of the Board
ZHEJIANG YONGAN RONGTONG HOLDINGS CO., LTD.*
Lou Lijiang
Chairman

Zhejiang, the PRC, 28 March 2024

As at the date of this document, the executive Directors are Mr. Lou Lijiang (Chairman), Ms. He Lianfeng (Chief Executive Officer) and Mr. Hu Hua Jun; the non-executive Director is Mr. Xia Zhenbo (Deputy Chairman) and the independent non-executive Directors are Mr. Yu Weidong, Mr. Zhang Jianyong and Mr. Yuan Lingfeng.