



# La Chapelle

Shanghai La Chapelle Fashion Co., Ltd.



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



## ESG REPORT 2017

(Stock Code: 06116)

# CONTENTS

1	Message from Senior Management	2
2	About This Report	4
3	Summary of Environmental, Social and Governance Aspects	6
3.1	The Group's ESG Strategies	6
3.2	The Group's ESG Structure	6
3.3	Stakeholders' Participation and Assessment of Significance	6
4	Employment and Labour Standards	8
4.1	Employment	8
4.2	Health and Safety	9
4.3	Development and Training	10
4.4	Labour Standards	13
5	Anti-corruption	14
6	Supply Chain Management	15
7	Product Responsibility	16
8	Community Investment	18
9	Environmental Protection	20
9.1	Emissions and Use of Resources	20
9.2	Environment and Natural Resources	23
10	Appendix: Disclosure Index	24



# 1 Message from Senior Management

Dear friends of La Chapelle,

The spring of 2017 brought the first Environmental, Social and Governance (“ESG”) report of La Chapelle. The report gave fans of La Chapelle clothing a detailed look at the brand’s development and its efforts in environmental protection, social responsibility and corporate governance. Today, our second ESG report is about to be published.

La Chapelle was first established in Xuhui District, Shanghai. There we remained until, after years of expansion and the gradual shrinking of per capita office space year by year, we started planning a new headquarters complex in Wujing Town, Minhang District, in 2016, which provides a better office environment to our employees. Main construction work was completed in 2017, adding a touch of colour to the blueprint of La Chapelle.

The concern for human and environmental welfare demonstrated by the Wujing headquarters’ construction reflects our larger commitment to our environmental and social responsibilities. Compared to a routine store renovation, the new headquarters project involves complicated and unpredictable risk factors. The management of construction site involves a long-term and continuous process, which is complicated. On the construction site itself, staff from the Group’s Infrastructure Department are mingled with workers from construction and supervision units. Thus, we insist on putting safety first and always keep it in mind, and will never downgrade safety in favour of meeting deadlines. No matter you are from the La Chapelle family or our partners, we hope that you will be able to maintain happiness and well-being of you and your families while completing jobs and creating wealth.

As General Secretary Xi Jinping once remarked, there is no substitute for the environment. Therefore, we should protect the ecological environment as if it was our eyes and treat it as if it was our lives. At our new headquarters, bright, spacious offices and green surroundings manifest that respect, helping to meet the Group staff’s growing demand for a better life and the public’s desire for a healthier environment.

From a perspective of consideration, we try to minimise the negative impact of the new office complex on the environment. To this end, La Chapelle has taken various measures in cooperation with design and construction units, including installation of facilities to reduce electricity, oil and water consumption; making fullest possible use of pre-existing buildings, roads and pipelines; implementing construction waste recycling; and carefully planning construction to minimise disturbance to the land and the surrounding natural environment.

For two decades, La Chapelle has grown into a multi-brand fashion group with a dual listing on the Main Boards of the Shanghai and Hong Kong Stock Exchanges. Today we operate through more than 9,000 retail points across the country, and implement sales through online platforms and physical retail points. During all this time, our corporate mission of “creating a better life” has continued to inspire us.

Our development would not have been possible without the support of our suppliers, our customers, our past and current staff, and the unwavering confidence of our investors. On behalf of the Board and the management of La Chapelle, I would like to express our heartfelt thanks to them.

At the same time, I would like to extend our sincere appreciation to the families of every individual who has contributed to La Chapelle’s development. It is their understanding and quiet dedication that has made our employees’ hard work possible. For those friends who are no longer with La Chapelle, we will always remember and appreciate their past contributions, and are always ready to welcome them back to our big family, either for work, cooperation or purely meet as friends.

The survival and development of an enterprise greatly depends on its relationship with stakeholders; or in other words, on how effectively it fulfils its corporate social responsibilities. Our Group has approached them proactively over the years, as a way to assure customers of their purchases of La Chapelle clothing, and to maintain the satisfaction and confidence of employees, investors and partners alike.

## 1 Message from Senior Management

The Group's dedication to saving energy and reducing emissions, maintaining production safety, providing a healthy workplace, and improving public welfare can be seen in every facet of its activities, from the decisions made by management to the behaviour of ordinary staff. This report specifically describes our commitments in these areas.

Goals can only be reached with persistent conviction. For La Chapelle at its 20th anniversary, the blueprint for development has been drawn, and it is the time to put plans into action. We will keep in mind the mission of "creating a better life" and work steadfastly to move ahead towards a better future by sticking to our ideals and beliefs.

**Xing Jiaxing**

*Chairman*



## 2 About This Report

### STATEMENT FROM THE BOARD

The board of directors of the Company together with the directors thereof guarantee that the information contained in this report does not include any false statements, misleading representations or material omissions, and all members jointly and severally accept responsibility as to the truthfulness, accuracy and completeness of the report's content.

### BASIS OF PREPARATION

This report was prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Environmental, Social and Governance Reporting Guide on the Shanghai Stock Exchange. The reporting period is from 1 January 2017 to 31 December 2017. A portion of the content consists of a brief review of previous and recent related activities. This report will be published on the website of The Stock Exchange of Hong Kong Limited and on the Group's official website.

### THE GROUP'S BUSINESSES

Shanghai La Chapelle Fashion Co., Ltd. (the "Company") was incorporated in the People's Republic of China on 23 May 2011, converting from its predecessor, Shanghai Xuhui La Chapelle Fashion Limited, founded in 1998. Shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 9 October 2014, and on the Main Board of the Shanghai Stock Exchange since 25 September 2017. The company and its subsidiaries (the "Group") are a fast-growing multi-brand fashion group in the PRC that designs, markets and sells apparel products with a focus on mass-market ladies' casual wear.

The Group sells apparel products directly to retail customers through both physical retail points and online platforms, all of which are directly controlled and operated by the Group (save for those retail points under the brands invested by the Group). During the reporting period, the Group recorded revenue of RMB8,999 million, representing a year-on-year increase of 5.2%. At the end of the reporting period, the Group's retail network comprised 9,448 retail points in 31 provinces, autonomous regions and municipalities across the country, covering 2,783 department stores and shopping centres.

During the reporting period, the Company steadfastly continued the implementation of its multi-brand strategy in line with industry trends, and enriched its brand portfolio and category coverage through external investment. Up to now, the Company owned 10 proprietary brands: La Chapelle, Puella, 7m, La Babité, Candie's, JACK WALK, Pote, MARC ECKÖ, UlifeStyle and 8eM.

In respect of brand, as of the end of 2017, La Chapelle and Puella continued to be the two brands with the largest sales contribution to the Company, amounting to 45.2% in aggregate. In 2017, the Company's other major ladies' wear brands (such as 7m and La Babité) continued to maintain a good income growth momentum and became the engine for the growth of the Company's scale. In particular, the revenue of La Babité recorded a year-on-year increased of 28.0%, which was mainly due to the expansion of retail outlets; while the revenue of 7m increased by 13.4%. The men's wear brands (JACK WALK, Pote and MARC ECKÖ) are in a continuous stage of development, and their revenue recorded a year-on-year growth of 19.1% in 2017, which was mainly due to the increase in sales of the same stores.

## 2 About This Report

Upon this foundation, through external investment or equity participation, the Company introduced a variety of new fashion brands (including O.T.R, OTHERMIX, Siastella, tanni, Maria Luisa, NN, Mum Meet Me, Kin, GARTINE) catering for market categories such as mass leisure, designer brands, high-end men's and women's wear, and parent-child clothing. During the reporting period, the Group invested in companies and entities such as Badi Fashion, Ningbo Lang Sheng and Mingtongsiji.

In the upcoming three to five years, the Company will engage in the overseas markets through investments, and at the same time, introduce high-end products and brands from overseas to the country. By applying the multi-brand differentiation strategy, the Company will continue to create a rich and diverse multi-brand operating system. By optimising and developing sales channels, the Company will establish a service-oriented offline direct retail network with wide and deep coverage, and will further promote the strategy of O2O (Online-to-Offline) to connect the offline and online retail channels and further improve the all-channel sales system. By enhancing the talent development system, improving the information system and strengthening organisation and management capabilities, we will achieve comprehensive and sustainable differentiation development.

### PUBLICATION INTERVAL

This report is published annually. It is our second Environmental, Social and Governance Report follows the Group's first, which was published in April 2017. The Environmental, Social and Governance Report for the next reporting period (2018) is expected to be released in April 2019.

### REPORTING SCOPE

The scope of this report comprises Shanghai La Chapelle Fashion Co., Ltd. and its subsidiaries. The information on policies and society herein covers all businesses, while information on the environment and use of electricity covers properties under the Group's control, including the new headquarters complex in Wujing Town, Minhang District, Shanghai; two headquarters office buildings in Xuhui District, Shanghai; and three warehouse logistics centres (located in Tianjin, Taicang, Jiangsu and Chengdu, Sichuan, respectively).

### SOURCES OF DATA

The data in this report was derived from internal documents and related statistics of the Shanghai La Chapelle Fashion Co., Ltd. and its subsidiaries.

### REPRESENTATIONS

For convenience of expression, "Shanghai La Chapelle Fashion Co., Ltd." is also referred to as "La Chapelle", "La Xia", "the Group" or "we" in this report.



## 3 Summary of Environmental, Social and Governance Aspects

### 3.1 THE GROUP'S ESG STRATEGIES

The Group has always regarded corporate social responsibility as a core obligation as well as a sublimation and extension of its corporate value. We put people first, and work to maintain high standards in such areas as employment equality, training and development, and employee welfare. We also firmly oppose improper business conduct, and work with various stakeholders to maintain fair trade principles through publicity and education as well as punishment. These are among our most important contributions to the healthy and orderly development of a socialist market economy.

Ensuring the health and safety of customers and employees is a company's basic responsibility and also one of the foundations of sustainable development. Our stringent supply chain management system not only ensures that the Group's products comply with quality, environmental protection, fashion and other standards, but also focuses on communication with suppliers to strengthen sustainable development hand in hand.

To create a harmonious and beautiful environment demonstrates a corporate citizen's accountability to the society. The Group discourages the excessive use of water, electricity and other resources, and even encourages reductions in the use of eco-friendly packaging materials. The Group realises that effective environmental protection encompasses all aspects of architectural design, construction and daily operation.

The Group continuously deepens sustainable development from the inside and takes initiative to integrate environmental and social responsibilities into its internal management system. Externally, the Group aims at achieving environmental friendliness and social harmony by striking a balance among corporate development, environmental protection and social benefits. In addition, the Group hopes to cultivate the sustainable competitiveness of corporate brands by voluntarily undertaking environmental and social responsibilities.

### 3.2 THE GROUP'S ESG STRUCTURE

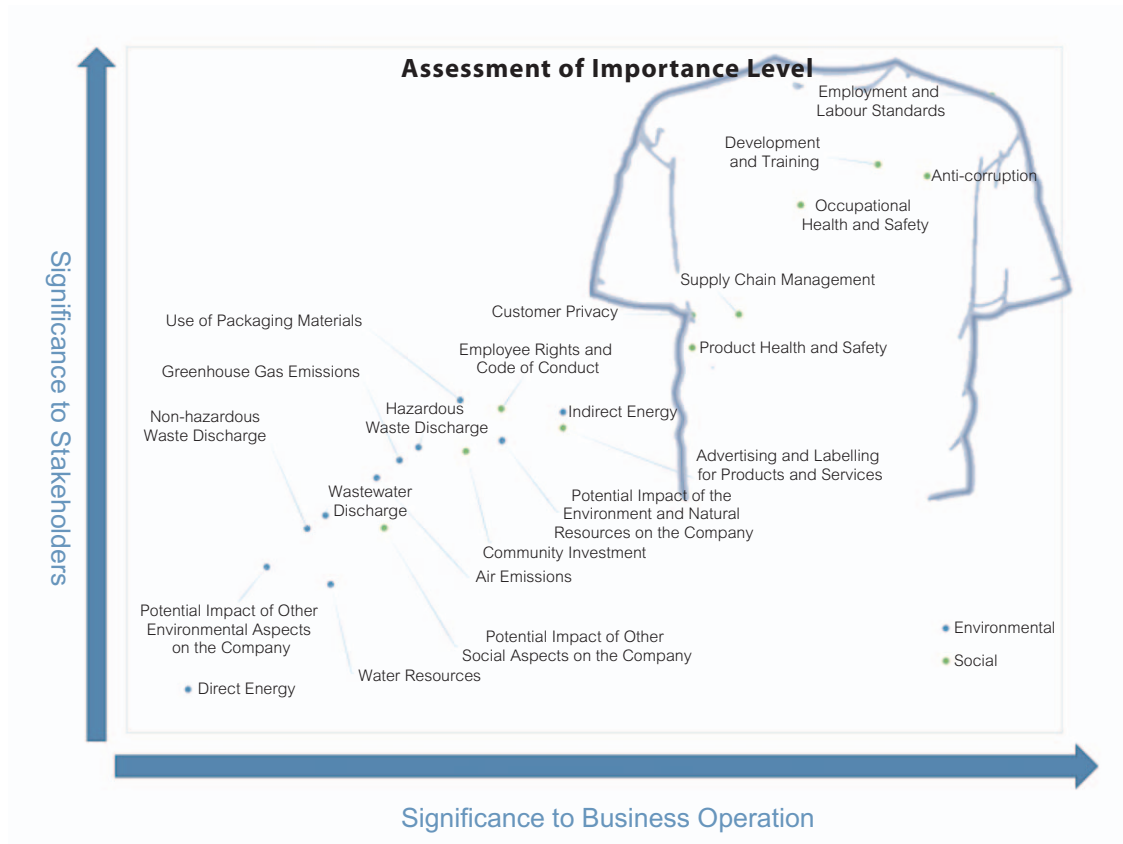
The Group has established an ESG report working committee led by senior management with the participation of middle management. This working committee is led by the office of the board of directors and comprised of representatives from departments in relation to the Group's daily administration, including the Brand Business Unit, Logistics Department, Store Decoration Engineering Department, Quality and Process Department, Administration Department, Supplier Management Department, Legal Department, and Supervision Department. The working committee is responsible for circulating and communicating the Group's ESG strategies, specific initiatives and feedback. It is the key driving force of our sustainable development.

### 3.3 STAKEHOLDERS' PARTICIPATION AND ASSESSMENT OF SIGNIFICANCE

The Group's ESG stakeholders include employees, suppliers, customers, shareholders and investors, the government, and the communities in which the Group operates. In respect to the annual stakeholders' participation in this report – apart from the members of the Board and the senior management who serve as the decision-makers and designers of the Group's strategies – we extend the scope of internal stakeholders participating in the assessment of significance to the middle level management. In doing this, we expect to receive a more diverse perspective on corporate social responsibilities and the planning of related practical activities. The assessment of significance in this report was mainly conducted via interview and questionnaire. For next year and beyond, we will continue to focus on stakeholders, will review and update the assessment of significance, and will introduce external stakeholders when conditions permit, to ensure that the report reflects the Group's latest progress in sustainable development.

### 3 Summary of Environmental, Social and Governance Aspects

Based on the stakeholders and assessment of significance, we have identified the aspects that pose a significant impact on the Group's sustainable development. These aspects have been listed as the key areas of the Group's sustainable development, as follows:





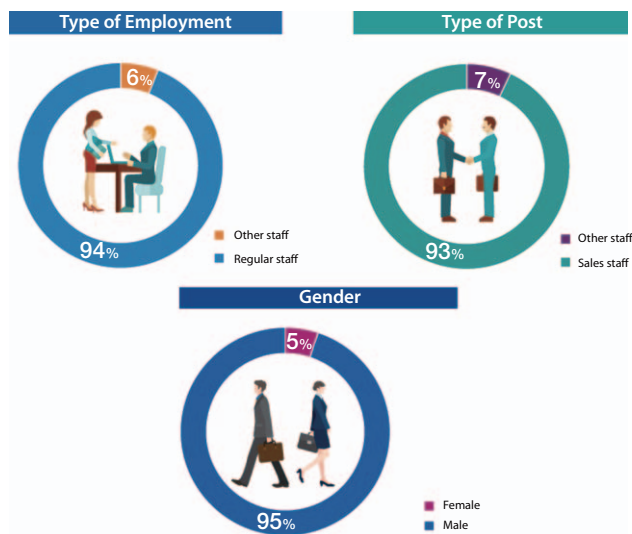
## 4 Employment and Labour Standards

Happiness is one of the Group's core values. For us, employees are akin to family. A cornerstone of our human resource work is the aim to make our "family" happy by providing employees with a comfortable, friendly working environment and a competitive remuneration package. Their happiness directly contributes to the happiness and satisfaction of our customers.

### 4.1 EMPLOYMENT

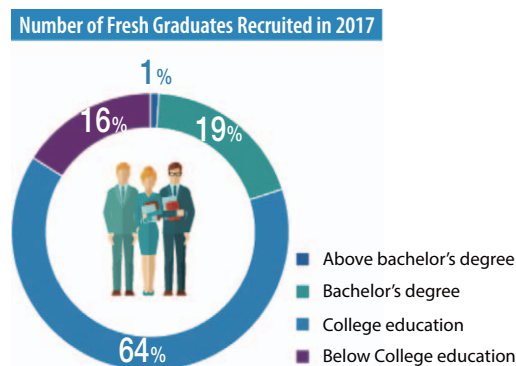
#### Legal compliance and equality in employment

The Group and its subsidiaries strictly enforce social insurance and housing provident fund regulations in accordance with the *Labour Law of the People's Republic of China*, *Labour Contract Law of the People's Republic of China*, *Social Insurance Law of the People's Republic of China* and other relevant national laws and regulations. We pay salaries and make contributions to social insurance and housing provident funds in a full and timely manner to protect employees' legitimate interests. The Group promotes fair competition, offers equal opportunities for all staff, and does not discriminate against any employee by sex, age, marital status, religion, race, nationality or physical condition during the processes of recruitment, appointment and promotion.



#### Creating opportunities and attracting talent

The Group attaches great importance to young people's development, and recruits a large number of fresh college graduates every year. During the reporting period, a total of 606 graduates joined our Group.



To help students gain social experience before they leave school, the Group's subsidiaries also host intern students as circumstances permit. At the end of the reporting period, the Group had 709 trainees.

The Group's regard for national unity is reflected by the 184 members of minority groups it officially employed at the end of the reporting period.

#### Retaining talent with good remuneration and care

The Group is well aware of the importance of a stable team to the steady development of an enterprise. Thus it is committed to retaining talent with good remuneration and care. We determine employees' compensation and benefits based on market conditions, individual responsibilities and performance. In some stores, we have tried a "partnership programme" which links employee remuneration with store performance. The programme stimulated employees' enthusiasm and increased the stores' sales volumes. Our regard for employees as members of a "family" is reflected in such gestures as offering cakes for employee birthdays and giving support to those in need. We also encourage our staff to maintain a healthy work-life balance by acting as a good employee in La Chapelle and a good child, mate and parent at home.

## 4 Employment and Labour Standards

The Group attaches great importance to employees' satisfaction and encourages them to provide feedback on any problems and troubles they may encounter at work. To ensure that the voice of all the staff is heard, we provide employees with clear feedback channels. The human resources department and labour union of the Group are responsible for collecting their opinion and coordinating with the relevant departments to deal with these issues in a timely manner.

### 4.2 HEALTH AND SAFETY

The Group manages health and safety from three aspects: workplace safety, physical health and safety as well as mental health.

#### Workplace safety

The Group has more than 9,000 physical retail points in department stores and shopping centres built in various decades. We take a rational approach to decorating stores, to avoid over-decoration, enable the selection of high quality construction materials, and to minimise waste. In-store displays are designed to make the most efficient use of space while minimising tripping hazards and sharp edges and protuberances. Highly visible signage is posted where tripping or falling hazards exist, such as when there are steps between a store and public areas.

The Group complies fully with the *Production Safety Law of the People's Republic of China*, the *Construction Law of the People's Republic of China* and other relevant laws. During the reporting period, there were no incidents of violation. Banners displayed at the new headquarters construction site at Wujing Town – “create wealth with your hands, weave happiness with safety”, and “quality in my hands, safety in my heart” to remind the site workers of the importance of safety.

Other safety measures at the headquarters construction site include installing protective doors at the lift entrance and strengthening protection of pedestrian paths.

#### Physical health and safety

As health and safety are basic guarantees for employees' pursuit of a better life, we attach great importance to these matters. The Group provides employees with physical examinations every two years and maintains a medical database to aid in the early detection and treatment of disease.



▲ Safety warning banners hanging at the headquarters construction site



▲ Safety exit at the construction site

## 4 Employment and Labour Standards

As our Group has many young employees, we organise frequent health lectures and sports activities to bring their attention to physical health in an engaging manner.

### Health is valuable, prevention comes first

Health and safety were high priorities during construction of the new headquarters complex. The site's living and working spaces were carefully separated from construction areas to minimise the impact of noise. Medical facilities were made available in construction, living and working areas, and a first aid system and emergency plan were implemented.

At the construction site, a bulletin board displayed operational safety guidelines, and a display stand was created for firefighting supplies. Regular educational sessions and fire drills were held to enhance the safety awareness and knowledge of site workers.

During the reporting period, no violations of laws and regulations were reported for the Group's projects, and there were no safety related incidents.



### Mental Health

As well as helping to safeguard employees' physical health, the Group is also devoted to take care of and pay attention to their mental health. Overall, the Group advocates "happiness from the six senses" of health, respect, caring, growth, sharing and social responsibility.

As the retail service industry is intensively customer-oriented, the Group believes that helping employees to reduce stress and maintain a happy mood will enhance both their sense of belonging and improve their ability to create a positive shopping experience for customers.

## 4.3 DEVELOPMENT AND TRAINING

The personal quality, professional proficiency and work attitude of employees bring significant impacts to the sales of Group stores. To some extent, the Group's development mirrors that of its own employees, and thus, we emphasise on employees' personal development with the aim of fostering "inheritance, development and effectiveness", the La Chapelle School of Management provides comprehensive training resources to all employees. Vertically, the School offers courses for new employees, store assistants, heads and managers, and regional leaders. Horizontally, training is offered for both "soft" sales skills and in the "hard" technological area of clothing textiles. Instructors include full-time lecturers from the schools of management and various senior employees.



## 4 Employment and Labour Standards

### Training Data of La Chapelle Group Headquarters for 2017

Trainees	Courses	No. of classroom sessions	No. of in-store sessions	Training hours*	Number of participants*
New employees (functional departments)	Company introduction, brand introduction, company system, corporate culture and professional ethics regarding anti-corruption	11	–	1,113	371
New key positions	Company introduction, brand introduction, corporate policies, corporate culture and professional ethics regarding anti-corruption; rotational training in key departments	29	5	574	29
Training programmes and open classes	TTT; commodity layout training; training on office system operation; Gold of the Desert King; 2017 retail market report; 2018 fashion trend conferences, anti-corruption training, etc	75	62	569	3,300
Aggregate		115	67	2,256	3,700

### La Chapelle National and Regional Training in 2017

Trainees	Courses	No. of classroom sessions	No. of in-store sessions	Training hours*	Number of participants*
New employees	Introduction to the company and brands, corporate culture, basic techniques of service and sales, basic display knowledge and anti-corruption policy	639	676	3,597	15,745
Store assistants	Sales skills, clothing fabric knowledge, clothing match skills and motivation	985	917	5,508	32,780
Store heads and managers, sales officers, management team	Corporate organisational structure and corporate policies, the process of opening a new store, corporate core values and mentality, team building, data analysis, display skills, transfer and inventory specifications, team leadership, Super Team, TTT	512	325	2,826	11,115
Training helpers	Clothing match aesthetics, how to teach a new staff, how to organise a training course, the professional skills of product teaching	102	123	729	1,711
La new stars	Corporate organisational structure and system, the process of opening a new store, corporate core values and mentality, team building, data analysis, display skills, transfer and inventory specifications	127	169	757	1,138
Special projects in areas managed by headquarters	National Double Eleven special projects, national anti-corruption training, RFID project, mainstay projects in southwest region, national gold store manager training camp in north China	334	195	1,501	50,104
Aggregate		2,699	2,405	14,918	112,593

\* Class hours are calculated based on training hours. Calculation for the number of participants is based on the number of trainees.



## 4 Employment and Labour Standards

At the same time, we also encourage our employees to learn outside the La Chapelle School of Management to gain an understanding of new concepts and trends, update their knowledge, master new technology and even obtain higher degrees.

### Online training: Green and efficient

Apart from traditional classroom training, the Group also offers independently developed online training courses through various platforms, thus providing online training for new employees and mobile training for store assistants. At the end of the reporting period, there were 55,000 users registered for mobile training courses. These reduced the working time occupied by concentrated classroom training, minimised foot traffic to and from training facilities, and substantially cut down the use of paper training materials. It has been calculated that an average three sheets of A4 paper is consumed per person per training session. Predicated on this figure, supplanting some classroom training with online training saved a total 126,000 sheets of paper in 2017, the equivalent of a carbon emissions reduction of 0.98 tonnes<sup>1</sup>.

### Starting careers at La Chapelle

Employees tend to be very young in service industries such as ours. To help new arrivals understand the corporate culture, familiarise themselves with their work as quickly as possible and better transform into the workforce from schools, the Group launched the “La New Star” programme. The programme selects the best prospects among new employees and cultivates them as management trainees through comprehensive training and “in-the-field” practice.

In recent years, the year by year expansion of the Group has provided young people with a broad career platform. Management trainees have gradually become the solid workforce of La Chapelle through trainings and job rotations. At the end of the reporting period, the average age of store managers of the Group was 30.

### Senior management training

The management team is the architect of the Group’s development. Its members joined La Chapelle bringing knowledge and ideas, and it is the Group’s responsibility to help them keep them up to date and capable of achieving its ambitious goals. To this end, the Group encourages continuing external training for senior management. As well as providing funds, the Group also allows flexible schedules to help them balance work and study. At the end of the reporting period, 23 senior management members had completed MBA courses at various universities.

In the future, the Group will cooperate with the Institute for China Business of Hong Kong University (SPACE), arranging a 18-month postgraduate diploma course on consumer marketing and retail management for our middle and senior management, and collaborate with internationally-renowned design institutes to conduct special training.

### It takes a decade to grow trees but a century to nurture people

The Group reserved a 10,000 square metres area at the Wujing headquarters construction site for training uses. In the short run, the space will be used to provide various types of headquarters-level training for middle management and regional staff. The courses mainly comprise general knowledge training such as integrated management skills and leadership, and professional skills training such as fashion trends, retail market reports and commodity layout. In the long run, our intention is to use the training site and the valuable experience of La Chapelle staff to not only serve employees, but also students aspiring for further study in the clothing industry and members of the general public who want to improve their clothing match skills.

<sup>1</sup> According to estimates in the “Carbon Audit Toolkit for Small and Medium Enterprises in Hong Kong” issued by The University of Hong Kong and City University of Hong Kong, a 2.5 kg package of 500 sheets of A4 paper generates 1.55g of emissions per unit.

## 4 Employment and Labour Standards

### 4.4 LABOUR STANDARDS

We believe that all people should “take care of one’s own children first and then extend the same care to others’ children”. Adolescents and children are in a critical period of physical and educational growth, and should be protected to the full extent of the law. Therefore, in accordance with national laws and regulations such as the Law on the Protection of Minors of the PRC and Provisions on the Prohibition of Using Child Labour of the PRC, the Group explicitly prohibits the employment of child labour and conducts a rigorous recruitment process to avoid employing child labour inadvertently. Once identified, child labourers will be dismissed immediately and person(s) concerned will be held responsible. At the same time, the Group includes the prohibition of child labour in its standards for supplier selection. During the reporting period, there were no occurrences of the use of child labour.

We adhere to the philosophy of “do unto others what you would have them do unto you” and fully respect the concept of employment freedom. During the employment period, the Group will not detain employees’ valid documents, impose a deposit charge, or obtain labour by means of any form of force. The Group disapproves of overtime work. If overtime work is unavoidably needed, the Group will provide employees with alternative leave or overtime pay in accordance with relevant laws and regulations including the *National Labour Law* and the *Provisions on Payment of Wages*. During the reporting period, there were no incidents of child labour, forced labour, or any related discrimination and harassment.



▲ Members of the Group’s middle and senior management attend training on the “norms of dual listing”



▲ Members of the Group’s middle and senior management attend training on the “norms of dual listing”



▲ A group participating in mainstay project training in the southwest region



▲ A group participating in LB branded commodity layout training

## 5 Anti-corruption

Improper business conduct such as corruption, bribe-taking and bribe-giving, either under the premise of sacrificing the interests of the enterprise, or in violation of the principle of fair competition and damaging the reputation of the enterprise, will severely disturb the normal management order of the enterprise. Hence, our Group is strongly against and explicitly prohibits this improper business conduct in all its forms.

### LEARNING FROM PAST MISTAKES

Based on the *Anti-Unfair Competition Law of the PRC*, the Group has formulated *Anti-corruption Regulations*, a *Reward Policy for Raising Complaints and Reporting Corruption* and a *Gifts and Presenting Policy*. These provide clear definitions of acts of corruption and serious violations of laws and regulations, and describe the standardisation of systems for reporting, investigating and management. Also included are the launches of *Employee's Undertaking to Comply with the Anti-corruption Regulations*, *Anti-commercial Bribery Agreement for Suppliers* and *Anti-commercial Bribery Agreement for the Development Department*.

We developed a comprehensive and detailed anti-corruption system and make it implemented in a posture of no restricted zone, full coverage and zero tolerance, which is not the Group's harsh demand on its employees, but it's out of the love for them. In terms of anti-corruption, we adhere to the policy of "prevention first and education first". Based on the actual situation of the Group, the Supervision Department compiled the Anti-corruption Training Cases and cooperated with the School of Management to conduct regular anti-corruption training and assessment to deepen the anti-corruption awareness of employees and prompt them to constantly improve their self-cultivation and regulate their own behavior.

During the reporting period, the Supervision Department organised and participated in 80 anti-corruption training sessions, with the total number of participants reaching nearly 160,000.

### COMBATING CORRUPTION IN AN OPEN, TRANSPARENT AND THREE-DIMENSIONAL MANNER

Anti-corruption is not only a matter of importance to the Group, but is a subject of concern across society.

The Group has always stood firm on anti-corruption issues. Since establishing its Supervision Department in 2015, the Group has taken comprehensive measures to rectify bad practices and enforce discipline to eliminate potential sources of corruption. Internally, we require relevant undertakings or agreements be signed between the Group and its employees as well as partners. Externally, we announced reporting hotlines and e-mail and postal addresses and set up the "Clean La Chapelle" WeChat account (which has gained 35,000 followers), thus forming a three-dimensional anti-corruption network.

The Supervision Department has specially assigned staff to receive complaints via WeChat, e-mail or letter, with replies given within three working days. If warranted by the nature of the reported incident, we will communicate with the head of the department concerned and work out an investigative plan within three working days, based on which follow-up measures will be formulated. Results will be returned to the relevant complainants after prudent investigation. All the content, investigation process and results of the complaint will be put on record and will be sorted and filed in a timely manner.

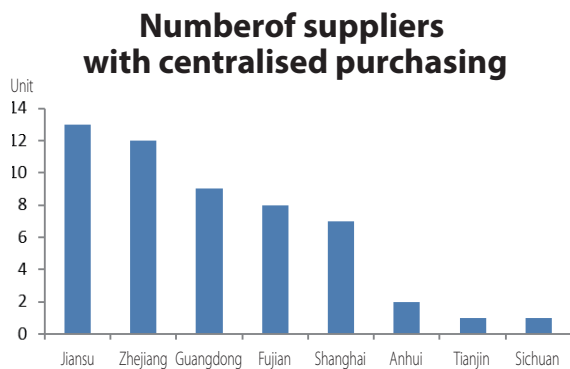
During the reporting period, the Supervision Department accepted a total of 110 reports and complaints, three of which were transferred to judicial authorities. As of the end of the reporting period, 100 cases had been settled.

## 6 Supply Chain Management

### CENTRALISED PURCHASING TO REDUCE COSTS AND IMPROVE EFFICIENCY

Some of the Group's brands originated through endogenous development, while some were added via acquisition. All their procurement channels were operated under the brands' respective management departments.

In 2015, this situation began to change with the Group's establishment of a Centralised Purchase Centre (CPC). Its operations began in the area of surface accessories with huge demand, high generality and price competitiveness, and it gradually improved the Group's purchasing efficiency while reducing commodity and management costs.



### GREEN ONLINE PURCHASING

The Group launched development of its BOM information system in 2016, and subsequently rolled it out to suppliers. The system enables the Group to place paperless orders, and provides suppliers with real-time tracking of demand. This facilitates both parties' in accurately adjusting inventories and purchasing strategies. Since its introduction in March 2017, the system has effectively reduced the use of paper and dramatically reduced redundant products or materials. It demonstrates how the Group and suppliers can work together in green development. The Group has adopted various measures to conduct environmental protection. Information on the Group headquarters' total reduction in paper use during the reporting period is disclosed in the chapter on environmental protection.

### RESPONSIBLE PURCHASING WITH ON-SITE EXAMINATION

The Group is not directly engaged in apparel manufacturing and all products provided to customers are from suppliers. Therefore, as one of its social responsibilities, the Group is dedicated to helping suppliers in the industry chain operate in a safe, healthy, environmental-friendly manner. As part of its commitment to responsible purchasing, the Group has also adopted the conditions for open tendering.

For apparel suppliers, the Group took the initiative to sign the Letter of Commitment on Social Responsibilities and to appoint global leading third-party quality services institutions (SGS-CSTC Standards Technical Services Co., Ltd., Bureau Veritas Consumer Products Services Shanghai Co., Ltd. and Intertek Group plc) for on-site inspections. We also cooperate exclusively with environmentally qualified raw accessories suppliers, which also guarantees the stability and reliability of the Group's purchase as the whole society is increasingly concerned about environmental protection and relevant authorities are more strict in environmental protection currently..





## 7 Product Responsibility

### MASS MARKET FASHION WITH HIGH QUALITY

The Group is dedicated to providing customers with high-quality products.

To ensure product quality, starting from procurement, we prohibit purchasing products that contain toxic and hazardous substances, and we ensure that all our products sold at retail points meet relevant national quality standards such as the *National General Safety Technical Code for Textile Products* (GB18401-2010) and the *Safety Technical Code for Infants and Children Textile Products* (GB31701-2015). All the products for sale have been issued with a certificate of qualification by a state-certified testing agency.

La Chapelle is positioned in mass market fashion, with its products meeting basic functional requirements as well as aesthetic needs. The Company closely follows the spirit of “following the nature of retails and addressing the concerns of customers”. We can satisfy customer's needs for fashion in different situations with our cost-effective costumes with clear image and high-quality. To achieve this, the Group has a design team with nearly 400 members who track fashion trends and analyse feedback from sales to inspire new items of apparel for the target customer, which have become the live card of La Chapelle.

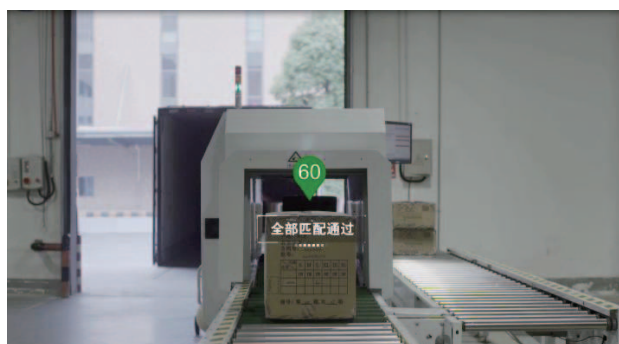
### TREATING CUSTOMERS AS FRIENDS

The Group strongly emphasises dedicated customer service as a part of its brand appeal.

Despite an increasing number of stores and a commensurate expansion of the service team, the Group has never “watered down” its standards of customer service. For new stores, partners with retail experience in the same category conduct in-store staff training to better pass on the cultural concept of La Chapelle and continue the consistent warm services of La Chapelle.

In all retail stores, we emphasise respect for customers and understanding their needs and preferences as individuals. The skill and enthusiasm of store assistants in these areas are key factors affecting the quality of our service. To enhance their selling skills, the Group use a combination of centralised learning and on-the-job training which places equal emphasis on soft skills and hard technological knowledge. Our goal is to mould store assistants into trusted customer advisers.

We emphasise constant communication with customers to stay abreast of their satisfaction and preferences. This enables us to adjust marketing strategies quickly as needed, and to make appropriate improvements to product and service quality. During the reporting period, we conducted a customer satisfaction survey to identify areas in need of improvement, and subsequently took action as indicated.



## 7 Product Responsibility

### EMBRACING TECHNOLOGY, STRIVING FOR INNOVATION

Innovation is an important boost to corporate development. The Group is concerned about the development of science and technology and is actively applying it in practice. Among the Group's recent applications of new technology was its implementation of radio frequency identification ("RFID") in December 2017 after nearly a year of intense preparation. RFID electronic tags, ancillary equipment and software are now in use across the whole process of supply, logistics, and sales of garments and bags.

Close cooperation with suppliers brought production of La Chapelle's electronic RFID tags quickly up to speed. Each product is affixed with a unique coded tag which serves as an "ID card", recording their manufacturer, production batch, style, model and colour.

The product is conveyed to the warehousing and logistics centre, and into the warehouse through a tunnel chassis. The tunnel can check the quantity of the product without opening its box. The box is passed automatically if it matches the system information, or if not, is transited and manually rechecked. This procedure does not affect subsequent product access, and has substantially improved storage efficiency.

Currently, RFID covers 67% of the total number of stores. The introduction of RFID not only greatly improved the Group's management efficiency, but also brought certain environmental and social benefits. From an environmental aspect, it accelerated the sales data feedback to the supply side, enabling the Group to respond quickly to the market, avoid excessive stocking, reduce wasted resources, and benefit many suppliers in the industry chain. From a social aspect, it has changed a mode of operation that used to result in frequent work stoppages or overtime work due to inventory checking, and has also substantially reduced the labour intensity of store and warehouse staff.

### ENCOURAGING INNOVATION AND FIGHTING FAKES

As a large multi-brand group, we are acutely aware of the importance of innovation in fashion. We therefore take the protection intellectual property, patents and other innovative achievements very seriously. We also respect others' innovations, and abide by industry standards and norms in this area. The Group encourages innovation and welcomes creative talents to join its "family". Every year, we make a large investment in design and textile innovation, and continuously enhance our capacity for independent design and development. At the end of the reporting period, the Group held a total of 458 trademarks, licenses, copyrights and appearance designs.

The Group pays close attention to La Chapelle products' market performance, especially on the e-commerce platform, and regularly inspects its sales channels and investigates abnormalities to stamp out fakes. The Group's online implementation of RFID tech has added greatly to our ability to identify and fight fake products.

### GUARANTEEING CUSTOMER PRIVACY

We are committed to protecting customer data, and will not disclose customer information to any third party without their consent. For this purpose, the Group has adopted strict management practices which ensure that unauthorised employees cannot access private information. We regularly educate and train employees about the customer privacy, and have taken steps to strengthened cyber security for our TMALL, JD and other online stores to protect customer data.



## 8 Community Investment

### SYSTEM PROTECTION, TARGETED POVERTY ALLEVIATION

The Group believes in development with “win-win” economic and social benefits. Therefore, as the Company has developed steadily over the years, it has actively participated in public charity projects and has demonstrated its responsibility and commitment as a large enterprise. The Group conscientiously implements relevant poverty alleviation policies, takes effective measures to deepen poverty alleviation work, ensures that it is making the real poverty alleviation, truly making the poverty alleviation, donates materials, cares and solves real life difficulties of employees in need within the Group and vulnerable groups in areas which it has operated.

For La Chapelle, public welfare and charity means more than donating money; it is about integrating social responsibility with corporate strategic planning. During the reporting period, the Group formulated an External Donation Management System in accordance with the *Laws and Regulations of the People's Republic of China on Donation of Public Welfare* and the *Company Law of the People's Republic of China*, and based on its past donation practices and current actual conditions, to strengthen its management of external donations. This laid a foundation to enable the Group to better fulfill its corporate social responsibilities and effectively promote and enhance its public image.

### DONATING CLOTHES WITH A WARM HEART

The Group frequently leveraged its industrial advantages for its public welfare activities. For example, 7M's Business Department provided clothing and event-related materials to teams from the Huazhong University of Science and Technology participating in the “China's Universities' 100-Hour Relay”.



▲ The Huazhong University of Science and Technology team wearing 7M sportswear

In the last decade, the Group has made frequent donations of clothing through the Foundation for Disabled People's Welfare and local Red Cross societies. During the reporting period alone, the Group donated 1.146 million items of clothing to vulnerable groups through cooperation with charity organisations:

Donors	Donation partners	Pieces
Shanghai La Chapelle Fashion Co., Ltd.	China Foundation for Disabled Persons	977,402
Shanghai La Chapelle Fashion Co., Ltd.	Shanghai Foundation for Disabled Persons	154,964
Shanghai La Chapelle Casual Fashion Co., Ltd.	Qingdao Red Cross Society	7,833
Shanghai La Chapelle Casual Fashion Co., Ltd.	Yantai Zhifu Red Cross Society	2,996
La Chapelle Fashion (Taicang) Co., Ltd.	Anhui Red Cross Society	2,963
<b>Total</b>		<b>1,146,158</b>

## 8 Community Investment



### WINTER WARMING PLAN, CHARITY BAZAAR

In January 2018, La Chapelle commenced "Winter Warming New Year Plan". The Group also prepared more than 3,000 items of winter clothes, including down jackets, trousers, and sweatpants, for the project. These were handed out to poor students and households in 12 townships of Yingdong District. Considering that the actual needs of poor families are not limited to clothings, the 10-day new clothing charity bazaar was commenced in January 2018 at seven factory stores in Shanghai. Twenty percent of the sales amount from the bazaar was devoted to the purchase of supplies for donation to the needy.

On 29 January 2018, La Chapelle teamed up with Flying Ant's Charity Platform (飞蚂蚁公益平台) for a "Winter Warming New Year Plan" charity activity in Yingdong District, Fuyang City, Anhui Province. The activity distributed winter clothing to 50 needy students at the central school of Ranmiao Town to encourage them to work hard on study and bless them good health, so that they can make contribution to the society in the future.

### DONATING BLOOD, CARE AND CONCERN

The Group has a large number of young and middle-aged employees. This is not only the foundation for us to grasp the fashion trend and serve consumers, but also the source of our ability to support local volunteer donation and use blood to convey love over the years. In the mobilisation of voluntary blood donations, we emphasise the importance of voluntarily donating blood for salvaging patients and, on the other hand, let employees know that proper blood donation is beneficial to the body through science education.

During the reporting period, the Group's administrative department organised 87 employees, who were qualified in the body check, into five groups to participate in voluntary blood donation. The total volume of blood donated was 19,200 millilitres. Employees who successfully donated blood were rewarded with three additional days of paid holiday (excluding the blood donation day) and RMB800-1,200 of nutritional subsidies to express the Group's support and concern for employees' participation in blood donation.



## 9 Environmental Protection

### ENVIRONMENTAL POLICY AND COMPLIANCE STATEMENT

Environmental protection is one of our core values, while the Green Earth is the purpose of our life; La Chapelle supports the world's environmental protection is our long-term motto. With the Group acting in full compliance with laws and regulations including the *Environmental Protection Law of the PRC* and *Energy Conservation Law of the PRC*, and other relevant laws in the places where we operate, we are committed to implementing green, low-carbon development and recycling in business operations to achieve the mission of "creating a better life".

The Group's major environmental protection concepts include:

- Using renewable packaging materials;
- Using energy-saving equipment in offices and other places of business;

- Encouraging employees to save resources in their daily work;
- Integrating environmental protection concepts into the design and production of clothing.

During the reporting period, the Group did not violate any environmental laws and regulations.

### 9.1 EMISSIONS AND USE OF RESOURCES

#### Energy-saving facilities to reduce energy consumption

The Group has 9,448 outlets and online sales channels including TMALL and JD stores, three logistics centres, and headquarters buildings in mainland China. As they all consume electricity continuously, energy is a major contributor to the Group's use of resources, and also comprises its major source of greenhouse gas emissions.

**Table 1: Electricity Consumption in 2017**

	Location	Number	Electricity consumed (kWh)
New headquarters complex	Wujing Town, Minhang District, Shanghai	1	1,083,731
Warehouse Logistics Centre	Tianjin, Taicang of Jiangsu, Chengdu of Sichuan	3	3,669,617
Headquarters office building	Shanghai	2	510,139
<b>Total</b>			<b>5,263,487</b>

In 2017, the Group generated 3,082 tonnes<sup>2</sup> of greenhouse gases from its controlled properties' outsource electricity.

During the reporting period, the Group had a total of four projects under construction. By installing energy-saving lighting fixtures, water-saving devices, and equipping them with limiters, their actual water use and electricity consumption was less than designed, boosting the projects' green credentials.

<sup>2</sup> With reference to the requirements of the China Development and Reform Commission Office Climate [2017] No. 1989.



## 9 Environmental Protection

The Group's influence on equipment used and electricity consumed by its business outlets in department stores is necessarily limited. For example, the Group cannot regulate the use of air conditioning in shopping malls where it operates. However, there are still ways to improve the energy efficiency of these outlets. For instance, since 2015 the Group has phased in the use of LED lightings in the design of new stores and in the decoration of old stores. Switching from a 70W metal halide bulb to a 20-40W LED unit can reduce electricity consumption by 30% to 40% a year.

### PRESERVING WATER RESOURCES

Water is the source of life. We understand fully the valuableness of freshwater resources and post promotional slogans next to the water facilities in office buildings to enhance employees' awareness of water conservation. We use faucet taps in construction projects and arrange special personnel to take care of maintenance of the water pipe network to prevent the phenomena of "spraying, dropping, dripping, and leaking". At the same time, when such use is approved and practical, the Group will exploit such non-traditional sources of water such as rivers and rainwater collection to meet its needs. For example, during the reporting period, the Group's new headquarters complex used 111,279 cubic metres of freshwater, of which 13,650 cubic metres were derived from non-traditional sources.

Wash tanks are located at the headquarters construction site to ensure the cleanliness of vehicles carrying earthwork and waste off-site, and avoid contamination of off-site roads. Wastewater generated from construction and vehicle washing is drained into tertiary sedimentation tanks, with the resulting filtered water then entering a circulating tank before being used for dust alleviation. Wastewater is not directly discharged into the municipal network, but is collected regularly by qualified institutions upon precipitation at septic tanks and grease traps.

### PACKAGING WITH LOW ENVIRONMENTAL IMPACT

Whether it was purchased online or in a retail space, we strive to ensure that our products reach customers in a good condition and are well-packed. Therefore, the Group's

consumption of packaging materials has increasing at the same pace as its sales, creating a key area of concern in terms of our sustainable development.

The Group's packaging materials are mainly used in logistics and retail.

In the logistics sector, manufacturers make deliveries to the Group's warehouses and logistics centres. Packing is completed by the manufacturers, and the logistics centre is responsible for onward delivery to retail points. Although we have limited control over the packaging materials, we advocate saving packaging materials as much as possible and avoiding excessive packaging under the premise of effective protection of goods. At the current stage, the Group will focus more on the use of the packaging materials that can be effectively managed, such as recycling of certain carton boxes and transfer of unrecyclable carton boxes to qualified waste recycling agencies, etc.. In 2017, we conducted the pilot work for more wear-resistant transit box at the Taicang warehouse. From the test result, the use of transfer boxes reduced consumption of packaging materials in the Group's internal cargo transit. In 2018, we will carry out further pilot work along these lines.

In the retail sector (which further divided into online sales and stores sales), for online sales the main packaging materials used are plastic bags. Since October 2015, the Group has used a more eco-friendly PE (polyethylene) material for the packaging of new products. For store sales, the major packaging material is paper shopping bags. The paper bags provided by the Group are made of eco-friendly recyclable raw materials (secondary paper), with a recycling symbol printed to remind consumers to reuse or recycle after initial use. We purchase packaging bags in a centralised manner and distribute them to stores to ensure the controllability and traceability of the process. During the reporting period, a total of 34.53 million paper bags, 14.04 million PP plastic bags, and 660,000 tapes were used. In packaging, we made good use of the space inside the packaging and used it on demand. The use of cartons during the reporting period was as follows:

## 9 Environmental Protection

**Table 2: Carton boxes use in 2017**

Category	Type	Specification	Number
Carton box	Standardised box	580*380*430	90,000
	½ box	580*380*215	20,000
	Irregular box	1000*600*300 or 150	10,000
		850*600*300 or 150	

### SAVING ENERGY AND REDUCING EMISSIONS

The Group has integrated environmental protection into its internal management, and has implemented several measures in detail. We formulated the Code of Employee Conduct in the Office, stipulating that employees shall hibernate the computer at meal time or during breaks, close all doors and windows and turn off lights and shut down power suppliers (sockets, monitors, water dispensers and air conditioners) when they leave, achieving “clearance of rubbish, passage and desk; turning off of electricity, closing of window, cutting off tap”. In the unoccupied rooms, all electric appliances must be switched off and the room temperature is monitored during use of air conditioner; we prohibit employees from using disposable tableware and from eating the animals and plants protected by the State. We encourage our employees to save water and electricity, and to use stairs instead of lifts to reach adjacent floors. The administrative department is responsible for inspecting and supervising the implementation of the above energy and resource conservation regulations.

The Group regularly organises relevant training to convey the importance and pass on the relevant knowledge of environmental protection to employees. We also remind our staff to pay attention to environmental protection through posters. The signs of environmental protection, such as Keep Clean, Environmental Protection and No Smoking, can be seen everywhere in the office. The signs of resources saving, such as Double-sided Printing, Do Not Open the Window while AC is on and Saving Water can also be seen everywhere in the office.

The Group encourages paperless office operations, and on occasions when printing is required, double-sided printing is recommended. Since October 2016, the Group’s headquarters has relocated its formerly distributed office printers to designated central locations (with paper recycling boxes) and controlled paper use through a swipe card system. These measures have effectively reduced unnecessary printing and reduced the overall use of paper. In 2017, headquarters’ office paper usage decreased by 827 packages compared with the same period in 2016, a 27.52% reduction equivalent to a 3.2 tonnes<sup>3</sup> cut in carbon emissions.

Some of the non-hazardous waste generated by the Group’s operations are routinely handled by the sanitation department. As manufacturing processes generating hazardous waste in construction projects are completed at factories, the Group does not directly generate waste of that type.

<sup>3</sup> The estimation is based on a package of 500 A4 papers weighing 2.5 kg and unit discharge of 1.55 g as stated in the Hong Kong SME Carbon Audit Toolkit published by the University of Hong Kong and City University of Hong Kong.

## 9 Environmental Protection

### 9.2 ENVIRONMENT AND NATURAL RESOURCES

The establishment of an ecological society is the ultimate goal of the sustainable development of China. As the Group's construction projects are closely related to the environment, it

has worked to integrate eco-friendly concepts into its projects from the design stage. The 200-acre phase I portion of Taicang Logistics Park includes an actual green area of approximately 75 acres, with a green coverage ratio of 37.5%. The landscape includes 537 trees and uses nearby rivers for irrigation.

Name	Cherry	Camphor	zelkova	Podocarpus	Hackberry	Osmanthus	Semperflorens	Camellia uraku	Ginkgo
Quantity (tree(s))	400	48	16	4	4	16	27	8	14

At the sametime, we also take efficient use of the main building of the warehouse. The rooftops of Group warehouses are also increasingly being used to develop photovoltaic projects. Solar energy generated by photovoltaic panels can be used to cool warehouses' top floors, and can also provide clean electricity to the grid.

Green considerations are of paramount importance when planning Group construction projects. Environmentally friendly details extend to the selection of low-noise, low-vibration construction tools and equipment in accordance

with the *Emission Standard of Environment Noise for Construction Site*. A total of five monitoring points are set up to continuously monitor construction site noise. As well, outdoor floodlights are equipped with shades and carefully aligned to direct light towards the site to minimise light pollution of the surrounding enterprises, people or plants.

In the new headquarters complex at Wujing Town, the green spaces between buildings are complemented by roof gardens, creating a green and vibrant work environment for employees.





# 10 Appendix: Disclosure Index

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Index		Notes
Aspects	Content	Sections	Pages	
<b>A. Environmental</b>				
A1: Emissions	<p>General Disclosure</p> <p>Information on below in relation to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer.</p> <p>Note: Air emissions include NO<sub>x</sub>, SO<sub>x</sub>, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.</p>	9.1	20-22	
	KPI A1.1 Types of emissions and respective emissions data.		–	Note 1
	KPI A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).		20	
	KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).		–	Note 1
	KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).		21-22	
	KPI A1.5 Description of measures to mitigate emissions and results achieved.		20-22	
	KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.		22	

## 10 Appendix: Disclosure Index

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)			Index		Notes
Aspects	Content		Sections	Pages	
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.		9.1	20-22	
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).		20	
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).		21	
	KPI A2.3	Description of energy use efficiency initiatives and results achieved.		20-22	
	KPI A2.4	Description of whether there is any issue in sourcing water, water efficiency initiatives and results achieved.		21	
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.		21-22	
A3: Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.		9.2	23	
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them.			



## 10 Appendix: Disclosure Index

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)			Index		Notes
Aspects	Content		Sections	Pages	
B. Social					
B1: Employment	General Disclosure Information on below relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.		4.1	8	
	KPI B1.1	Total workforce by gender, employment type, age group and geographical region.		8	Note 4
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.		–	Note 2
B2: Health and Safety	General Disclosure Information on below relating to providing a safe working environment and protecting employees from occupational hazards: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.		4.2	9-10	
	KPI B2.1	Number and rate of work-related fatalities.		–	Note 3
	KPI B2.2	Lost days due to work injury.		–	Note 2
	KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.		9-10	
B3: Development and Training	General Disclosure Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.		4.3	10-13	
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).		11	Note 4
	KPI B3.2	The average training hours completed per employee by gender and employee category.		11	Note 4

## 10 Appendix: Disclosure Index

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)			Index		Notes
Aspects	Content		Sections	Pages	
B4: Labour Standards	General Disclosure Information on below relating to preventing child and forced labour: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer		4.4	13	
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.			
	KPI B4.2	Description of steps taken to eliminate child and forced labour practices when discovered.			
B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.		6	15	
	KPI B5.1	Number of suppliers by geographical region.			
	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.			
B6: Product Responsibility	General Disclosure Information on below relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer		7	16-17	
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.		–	Note 2
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.		–	Note 2
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.		17	
	KPI B6.4	Description of quality assurance process and recall procedures.		15	
	KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.		17	

## 10 Appendix: Disclosure Index

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)			Index		Notes
Aspects	Content		Sections	Pages	
B7: Anti-corruption	General Disclosure Information on below relating to bribery, extortion, fraud and money laundering: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer		5	14	
	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.			
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored			
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.		8	18-19	
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).			
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.			

Note 1: As the Group's operations do not involve heavy industrial production or use fossil fuels directly, and do not possess a logistics fleet, air emissions and hazardous waste produced are not significant. Main non-hazardous waste is packaging materials.

Note 2: The KPIs of these social aspects are temporarily not disclosed.

Note 3: As the Group's works involve limited hazardous operations, the indication is not applicable,

Note 4: The Group has disclosed other quantitative indicators.

