



ANTA Sports Products Limited

Dare to Change
The Future



Principles of the Report GRI: 102-3; 102-4; 102-45; 102-46; 102-48; 102-49; 102-50; 102-51; 102-53

The vision of ANTA Sports is to become a respectable world-class multi-brand sportswear group. In order to achieve this goal, we must continue on enhancing the Group's sustainable development. Our favourable operating model, combined with the environmental, social and governance policies, has effectively reduced our operational risks, so that the Group continues to improve on its path of development and increase the corporate value in the long run. For the purpose of demonstrating the Group's performance, accomplishments and challenges in environmental, social and governance during the year, this report summarizes how our business activities create long-term value for the stakeholders.

This report covers the Group's sustainability policy during the year. It focuses on the environmental, social and governance performance of the Group's major operating units¹ in China. The principle of the report follows of HKEx's listing rule – Appendix 27, "Environmental, Social and Government Reporting Guide", and it references GRI's Core Option in the best possible way. Based on these strict guidelines, we hope to enhance the report's comprehensiveness and representativeness.

This report cites data and information from our archived documents, records, statistics and research. In order to enhance data comparability, we continued to recruit Carbon Care Asia to conduct carbon emission assessment and other environmental data analysis. At the same time, we continue to commission a consultancy company to carry out stakeholder engagement and conduct materiality test. By having the participation of the independent third-parties, we believe that we will have a more accurate understanding of the stakeholder's views and keep the report objective and balanced.

The resources and contribution that we devoted in this report show our emphasis in the area of environment, social and governance. It also expresses our dedication in integrating the concept of sustainable development into our daily operation. If you have any feedback on this report, please send an email to ir@anta.com.hk. Your valuable comments will help us to improve and grow with time. Your information will be strictly protected and will not be disclosed to third parties. You can get our published reports on ir.anta.com/en/about_sus.php. We appreciate your feedbacks towards the Report.



Concept of the report GRI: 102-12

As a leading multi-brand sportswear group in China, the theme of our report from last year was to respond to the United Nation’s “17 SDGs²”. During the year, we continue to innovate, change and work towards the 17 SDGs. Therefore, “DARE TO CHANGE THE FUTURE” is the theme of the report. We would like to showcase our determination in solving problems by sharing the performance and effectiveness of our initiatives in the past year. In addition, we would like to demonstrate our care to the public, for the community and social responsibilities.

In 2015, the United Nations announced and launched the “2030 Agenda for Sustainable Development”, which included the 17 SDGs and 169 targets. It aims to facilitate cooperation amongst all relevant stakeholders for achieving the goals. This initiative has been considered as a resolution to different kinds of

violent conflicts, human rights, climate change and environmental degradation, keeping everyone on track to develop sustainably for the planet in the next 15 years.

However, the problems we faced continue to evolve over time as society progresses. Effective solutions for the past may no longer be effective and new problems may arise. Since the traditional approach may not be able to solve the problems, it is important for us to come up with creative solutions and find a way out amongst the challenges. We firmly believe that the current involvement and contribution are not only helpful for paving the way for future development, but also build a better future for the stakeholders.

Company Profile GRI: 102-1; 102-2; 102-6

ANTA brand was established in 1991, while ANTA Sports Products Limited, a leading sportswear company in China, was listed on the Main Board of HKEx in 2007 (Stock code: 2020.HK). For many years, ANTA Sports has been principally engaging in the design, development, manufacturing and marketing of ANTA sportswear series to provide the mass market in China with professional sporting products including footwear, apparel and accessories. By embracing an all-round brand portfolio including ANTA, FILA, DESCENTE, SPRANDI, KINGKOW, and KOLON SPORT, and by setting up an investor consortium to successfully acquire Amer Sports Corporation in 2019, a Finnish sportswear group that has internationally-recognized brands including Salomon, Arc’teryx, Peak Performance, Atomic, Suunto, Wilson and Precor etc. ANTA Sports aims to unlock the potential of both the mass and high-end sportswear markets.

Group Structure GRI: 102-5; 102-10; 102-18

For detailed group structure and definitions, please refer to our 2018 Annual Report.

1. The manufacturing facilities covered in this report include ANTA China (PRC), Athletic (PRC), Quanzhou Material (PRC), Henan Material (PRC), ANTA Xiamen (PRC), Xiamen ANTA Industrial (PRC) and ANTA Changting (PRC). The administrative facilities include the office buildings in Xiamen and Jinjiang as well as the self-operated FILA and DESCENTE stores. The data is primarily derived from internal documents and records as well as estimations made by our employees

2. Source: <http://www.un.org/sustainabledevelopment/>

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MESSAGE FROM THE CHAIRMAN GRI: 102-14



Innovation comes with inevitable risks. If a corporation chooses to stay in place, it can also be risky. There are a lot of changes in the market conditions, such as progressively severe climate issues, continued tightening of environmental regulations, highly competitive talent acquisition and increasingly high customer standards. All these facilitate corporations to make ongoing changes to meet the challenges. We are fully committed to promoting innovation and change, intended to take the lead in both the industry and society while promoting our business development.

At the moment, we have already integrated innovation into every single aspect of our corporate development. We are determined to become the most adaptable innovative corporation.

We do not only focus on innovation that offers high value experiences in both products and retail areas; but we also stress on the importance to improve on areas that our customers cannot see, namely human resources and corporate cultural etc., based on our customers' needs. For example, we actively invested in the development of innovative

technologies during the year, in which the functionality and sustainability of our products have been improved, so that our customers can enjoy products that are professional and environmental-friendly. Furthermore, we are heavily developing the infrastructure of information technology. To provide better service quality to our customers, we enhanced the operation efficiency in our retail stores by proactively improving our online management system with external professional organizations. Regarding the promotion of sports cultures, we are sponsoring the Olympic Games to

promote sports development. At the same time, we are actively promoting the importance of popularizing sports and contributing to the health of every member of the society.

We have been striving for innovation and changes. Apart from supporting the Group's business development and increasing market shares, we are also eager to take up more responsibility for both the society and the environment by finding a more effective way to tackle the problems we faced and creating a more liveable environment. These fearless and innovative attitudes allow us to lead the industry – we are one of the Chinese sportswear companies that launches fluorine-free waterproof products and introduces the fluorine-free concept.

Regardless of the upcoming uncertainties in future environmental, social and governance conditions, we hope to embrace our courageous attitude and take the lead in innovation and development amongst Chinese sportswear brands, as well as representing China in exploring a new setup for the global sportswear market.

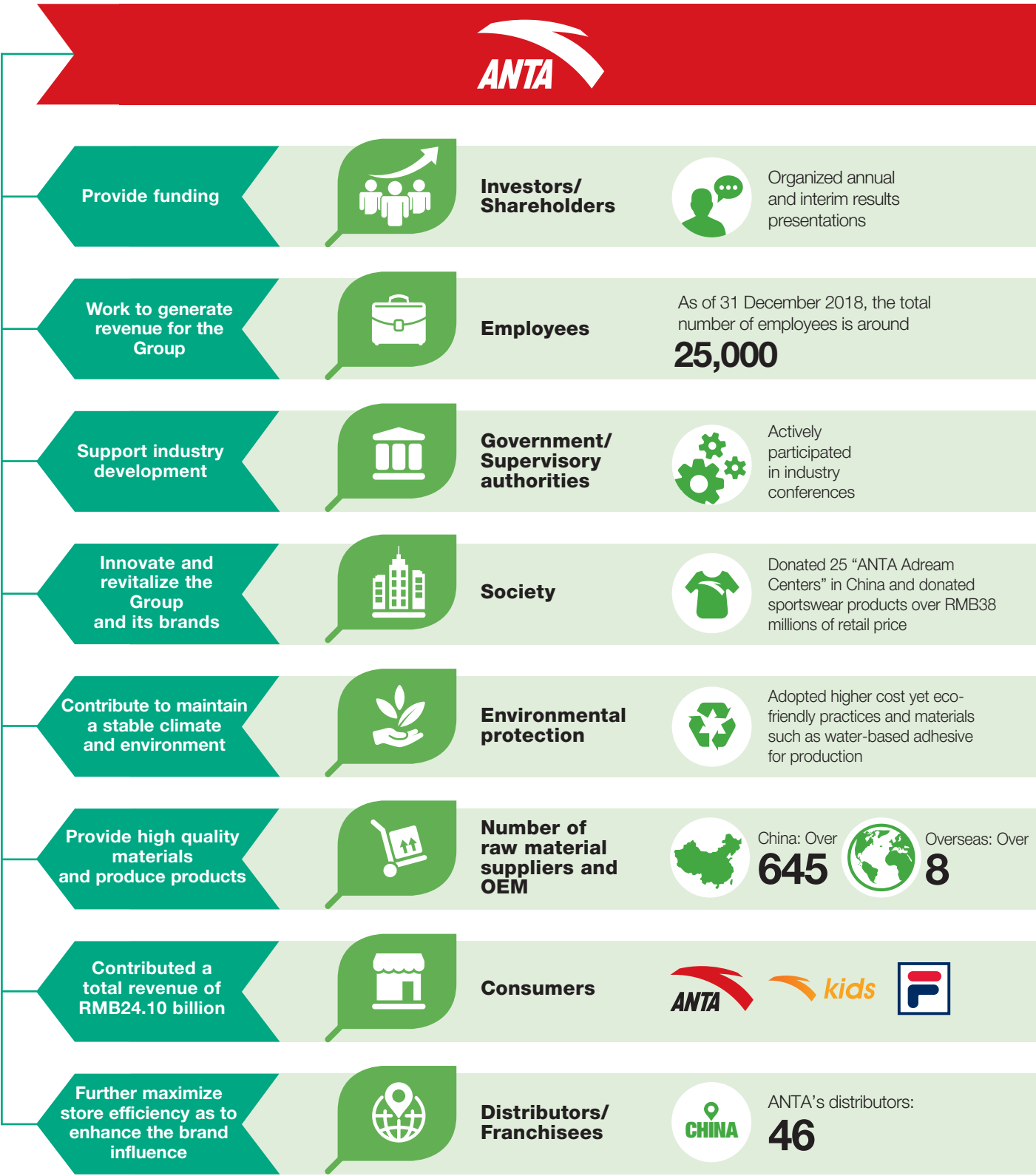


Ding Shizhong
The Chairman and CEO

Hong Kong, 22 May 2019



2018 HIGHLIGHTS GRI: 102-7; 102-40





One-on-one meetings



Conference calls



Non-deal roadshows and investment forums etc.

Paid dividend to shareholders of RMB2,425 million



36%



64%

Achieved a staff cost ratio (as a percentage of revenue): 10.9%



Two suggestions on industry upgrading and talent training to the government



Actively cooperated with the policies stated in the "Blueprint of Healthy China 2030" and also other relevant sports policies

Paid tax (effective tax rate: 26.6%) and provide job opportunities



Donated more than RMB4 millions to "Sturdy Growth Charity Project"



Initiated "Congenital Heart Love Relief Project" and other charity programmes

Bolster the sports for all culture and enhance the industry development



Total GHG emission: +24.6% to 84,302 tonnes CO₂e



Carbon intensity: -13.6% to 3.50 tonnes CO₂e per RMB million revenue

Determine to minimize the emissions of greenhouse gases



Organized supplier annual meeting



Frequently collected the opinions and satisfaction levels of suppliers

Assist in production and operation



Offer high quality sportswear products



Organized distributor annual meeting and quarterly trade fairs



Executed exclusive distributor strategies and streamlined operating policies

Provide operational support and relevant training

2018 HIGHLIGHTS

Sustainability Review

OUR BUSINESS																																	
Sustainability meaning	Increased potential for long term value creation	Growing revenue potential	Increased innovation potential																														
And where are we now?	<p>Increasing stock price since IPO</p> <table><tr><th>Date</th><th>Stock Price (HKD)</th></tr><tr><td>10/7/2008</td><td>5.28</td></tr><tr><td>31/12/2018¹</td><td>37.55</td></tr></table> <p>¹. Bloomberg data</p>	Date	Stock Price (HKD)	10/7/2008	5.28	31/12/2018 ¹	37.55	<p>Keeping an upward revenue trend</p> <table><tr><th>Year</th><th>Revenue (RMB million)</th></tr><tr><td>2014</td><td>8,922.7</td></tr><tr><td>2015</td><td>11,125.9</td></tr><tr><td>2016</td><td>13,345.8</td></tr><tr><td>2017</td><td>16,692.5</td></tr><tr><td>2018</td><td>24,100.0</td></tr></table>	Year	Revenue (RMB million)	2014	8,922.7	2015	11,125.9	2016	13,345.8	2017	16,692.5	2018	24,100.0	<p>Solid R&D expense</p> <table><tr><th>Year</th><th>R&D ratio (as a percentage of cost of sales)</th></tr><tr><td>2014</td><td>4.3</td></tr><tr><td>2015</td><td>5.2</td></tr><tr><td>2016</td><td>5.1</td></tr><tr><td>2017</td><td>5.7</td></tr><tr><td>2018</td><td>5.2</td></tr></table>	Year	R&D ratio (as a percentage of cost of sales)	2014	4.3	2015	5.2	2016	5.1	2017	5.7	2018	5.2
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	<p>Multi-brand strategy</p>	<p>New ANTA SKU in 2018</p> <table><tr><th>Category</th><th>SKU Count</th></tr><tr><td>Apparel</td><td>1,600 types</td></tr><tr><td>footwear</td><td>2,900 types</td></tr><tr><td>Accessories</td><td>1,000 types</td></tr></table>	Category	SKU Count	Apparel	1,600 types	footwear	2,900 types	Accessories	1,000 types																							
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RESULTS HIGHLIGHTS

Financial Performance



Revenue
increased by 44.4% to
RMB **24.10** billion



Gross profit margin
increased by 3.2%
point to
52.6%



Profit attributable to equity
shareholders increased by 32.9% to
RMB **4.10** billion



Basic earnings per share
increased by 30.6% to
RMB **152.82** cents



Payout of the profit attributable to
equity shareholders
44.9%

Operational Performance



Number of ANTA stores
(including ANTA KIDS
standalone stores)
in China stood at
10,057



Number of FILA stores
(including FILA KIDS and
FILA FUSION standalone stores)
in China, Hong Kong,
Macao and Singapore stood at
1,652



Number of DESCENTE
stores in China stood at
117



Number of KOLON SPORT
stores in China stood at
181



Number of KINGKOW stores in China,
Hong Kong, Macao and United States
stood at
77



Number of SPRANDI
stores in China stood at
104

2018 HIGHLIGHTS

Constituent stock

ANTA Sports became the constituent stock of the following indices:

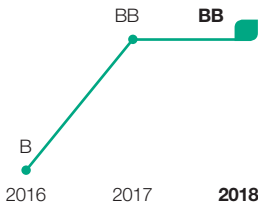
Index Abbreviation	Index name in English
BWORLD	Bloomberg World Index
HSCI	Hang Seng Composite Index
HSCICG	Hang Seng Composite Consumer Goods Index
HSLI	Hang Seng Composite Large Cap Index
HSSUS	Hang Seng Corporate Sustainability Benchmark Index
MXAP	MSCI AC Asia Pacific Index
SBBMGLU	S&P Global BMI (US Dollar)
SCRTCN	S&P China BMI Index
SCRTEM	S&P Emerging BMI Index
SGYU1	SP Global MidSmallCap
SPEAC	S&P Emerging Asia Consumer Index

Rating and Prize

ANTA Sports's rating:

Maintained to “BB” rating in MSCI

Our previous ratings:



Maintained to “A+” rating, issued by Hong Kong Quality Assurance Agency under the HKQAA’s Sustainability Rating



ANTA Group was awarded in the:

“Excellent Innovation Value Award” and “Excellent Organizing Value Award” at the 2nd Business Leaders Summit Forum and China’s Most Valuable Enterprise Awards Ceremony organized by the “Business Management Review”, a publication under “China Business News” which is one of the mainstream financial publications in China

“Golden Bee Harmonious Contributor Award” of 13th International CSR Forum and the Award Ceremony of 2017 “GoldenBee CSR China Honor Roll”

Received a certificate “Never Stop Loving and Lightening Up The Future” from Fujian Province Youth Development Foundation to honor our charitable contribution



“Top 50 Brands of Responsibility Corporate Citizenship Brands 2018 in China” at The 3rd China Corporate Citizenship Brand Summit



Our promotion video “ANTA Dream Training Camp” was named:

“Outstanding Benevolent Activities Promotion Video” at China’s Omni-media Annual General Meeting and 2018 Omni-media Benevolent Activities Awards Ceremony



Our Chairman & CEO, Ding Shizhong won:

One of the Top Ten Philanthropists at the 15th China Charity Ranking

Our 2017’s Report was awarded the:

“Best ESG Report - Large-Cap” of Hong Kong ESG Reporting Awards



“Carbon Care@ESG Label” in Carbon Care® Innovation Lab



STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

GRI: 102-42; 102-43; 102-44; 102-47

We believe stakeholders' views can help improve our policies and serve as a reference for the Group's sustainable development strategies. In order to ensure quality communication, we continued to invite professional third-party as consulting company to collect stakeholders' opinions and gain a better understanding and evaluation on the potential risks. As usual, we continue to maintain two-way communication with

both internal and external stakeholders. We collected their views to improve our current measures and provide some basis for the management to formulate operating policies.

Key issues identification

Amongst the broad spectrum of issues within our business operation, to balance the quality of content for disclosure, we

identified the most critical information and demonstrated the performance and resolution for the key issues. By doing so, stakeholders are able to gain a comprehensive understanding of the Group's overall performance. Besides, the Group can take the opportunity to reduce potential risks by improving and blocking any loopholes in the policies.

Process of key issues identification:

1. Collect information and identify issues

The task force considered the Group's realistic operating condition and identify relevant key issues by referencing the HKEx Listing Rule Appendix 27, the GRI's Guidelines, the 17 SDGs, industry news and suggestion from the consulting company.

2. Issue analysis and order arrangement

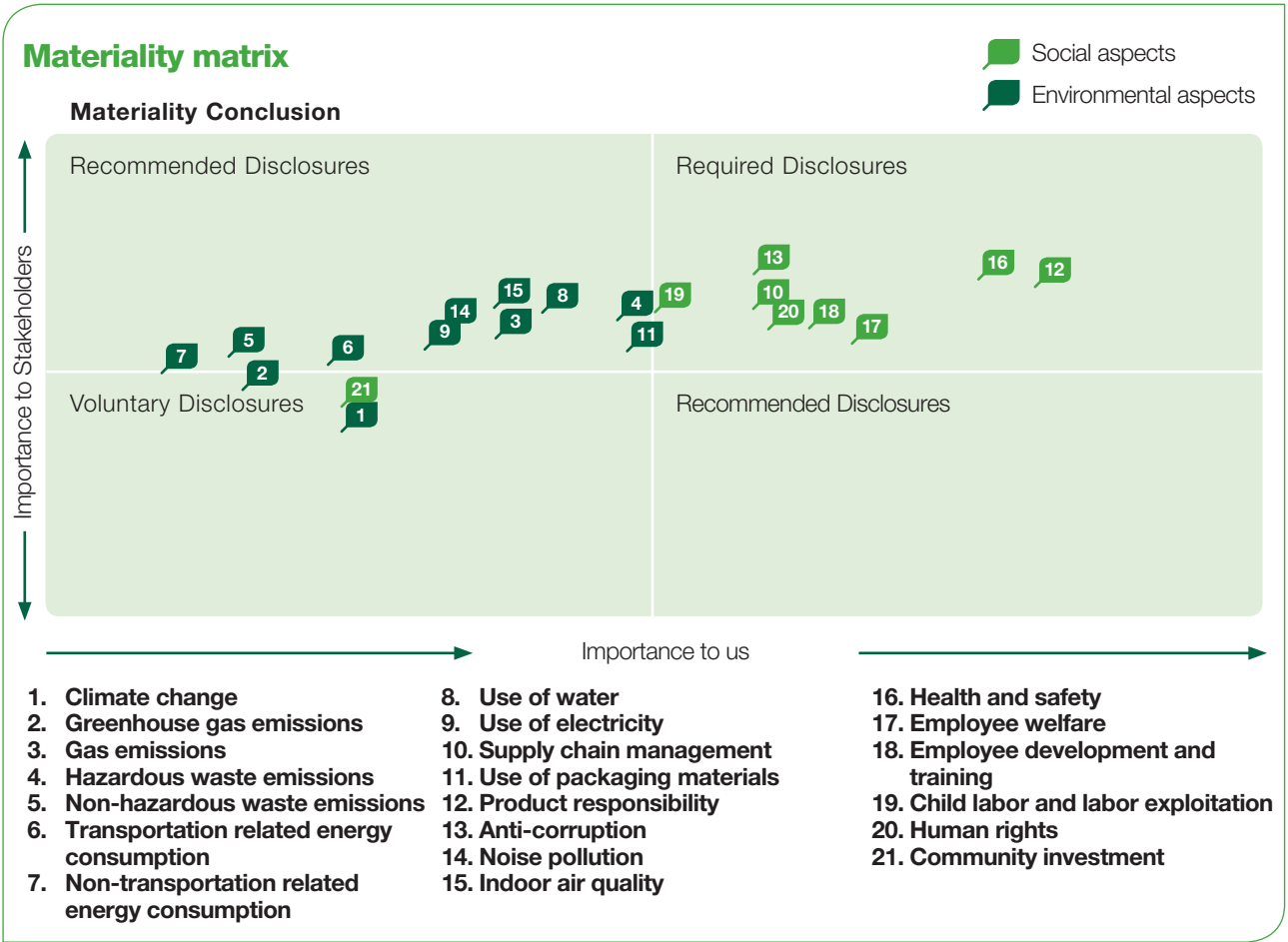
The task force analyzed how different key issues affect the Groups' operation based on the realistic condition of the group and the industry. A list of key issues are generated and it was used to develop surveys for internal and external stakeholders to discuss and arrange discussion order.

3. Materiality matrix

After collecting feedback by the consulting company, both internal and external stakeholders are invited to participate in group discussions and surveys. They were asked to analyze and rank different items relating to the key issues. The task force collected the feedback and rating to create an importance matrix that provides the foundation of disclosure for this report.

Topics	Content	
Environmental responsibility	1 Climate change	
Operational emission	2 Greenhouse gas emissions	6 Transportation related energy consumption
	3 Gas emissions	7 Non-transportation related energy consumption
	4 Hazardous waste emissions	8 Use of water
	5 Non-hazardous waste emissions	9 Use of electricity
Operational practices and management	10 Supply chain management	12 Product responsibility
	11 Use of packaging materials	13 Anti-corruption
Safety and health	14 Noise pollution	16 Health and safety
	15 Indoor air quality	
Employees' rights and development	17 Employee welfare	19 Child labor and labor exploitation
	18 Employee development and training	20 Human rights
Social responsibility	21 Community investment	

After having in-depth discussions with over 20 stakeholders, we collected detailed feedback on all kinds of key issues. Also, we distributed a survey to the stakeholders and invited them to rank the importance of different key issues to both our development and theirs. After consolidating and analyzing the survey, we created the below importance matrix:



Based on the 21 key issues identified in the above matrix, an independent consulting company conducted in-depth discussions with over 20 stakeholders, who are department heads, product designers, and the management of raw material suppliers and OEM etc. It is hoped that the feedbacks collected from these discussions are representative, which is achieved by including staff from all levels and suppliers from different areas. From the above matrix, we

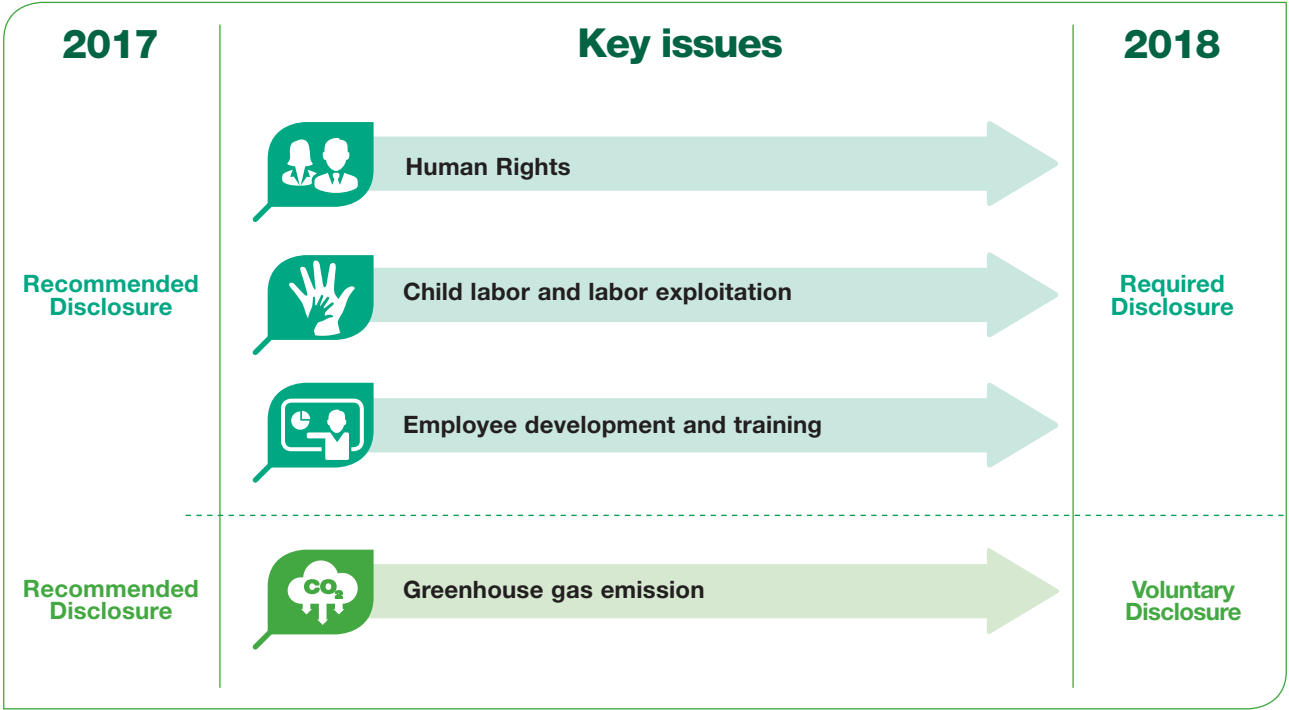
understand the important issues from the stakeholders' perspective. We are responding to our stakeholders by including these topics in this report.

The aforementioned matrix mainly divides the issues into three categories, namely "Required Disclosure", "Recommended Disclosure" and "Voluntary Disclosure". According to the matrix, "Employees' Rights and Development" and "Operational

Practices and Management" are listed as "Required Disclosure"; while most of the issues relating to "Environmental Responsibility" and "Operational Emission" are considered as "Recommended Disclosure". However, even though issue 3, 6, 14, 15 and 18 fall under "Recommended Disclosure", we will not disclose the information in the Report as we are optimizing the data collection system.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Comparing to the materiality matrix from last year, there are some small changes in terms of the order of importance of the key issues during the year:



Although the issue of greenhouse gas emissions is considered less important for the stakeholders, we believe that corporations have an inexcusable responsibility for this issue. Therefore, we choose to provide an in-depth

disclosure on this topic in the report and demonstrate our role in environmental protection.

Apart from discussing all the key issues, we have placed the focus on the theme

of innovation during the year. We hope to show case how we encourage staff and suppliers through different ways to propose some creative ideas to handle different situations and problems.

Stakeholder Engagement GRI: 102-40

In addition to the mentioned in-depth discussions with stakeholders, we also organized a series of stakeholder engagement activities during the year to maintain a close relationship between the stakeholders and us.

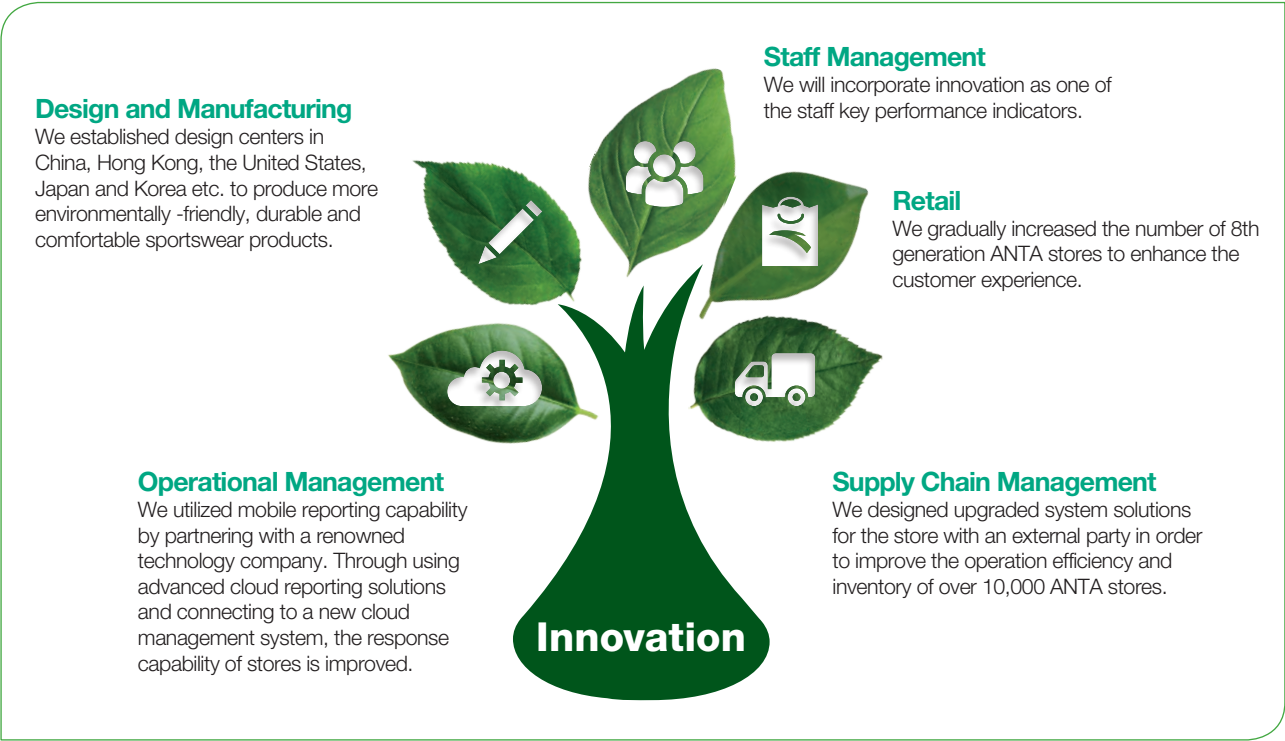
External stakeholders	Engagement activities during the year
Investors/shareholders	Conducted one-on-one meetings, investment conferences and telephone conferences
	Organized roadshows in Hong Kong, Beijing, Shanghai, Shenzhen, Singapore, Seoul, London, Edinburgh, New York, Boston and Toronto etc.
	Arranged visits to the company, retail stores, trade fairs and fashion show
	Organized annual and interim results presentation
	Organized annual shareholder meeting
Customers	Conducted customer satisfaction survey
	Collected customers' feedback through different channels such as complaint hotline
Suppliers	Collected suppliers' feedback
	Conducted supplier satisfaction survey
	Organized supplier events
Distributors	Hosted trade fairs
	Organized distributor events
Media	Attended press conferences of annual and interim results announcements
	Attended media interviews
Government/regulatory bodies	Organized meetings for setting up standards
Landlords	Hosted meetings or sent written correspondence for communication
	Invited landlords to participate in brand events
Spokesperson	Ensured timely communication with the spokesperson and collected their feedback about products
	Provided tailor-made products based on their requirements
Chinese athletes	Sponsored athletes' apparel and products for their competitions

Internal stakeholders	Engagement activities during the year
Board of Directors	Conducted board meetings
Management	Participated in decision making and operation of the company, performed management roles, directed and facilitated staff to fulfill their job duties
Staff	Conducted in-depth interviews with staff who were randomly selected
	Participated in various staff events

OVERALL PERFORMANCE IN 2018

2018 is a year full of innovative ideas.

The sportswear industry has been encountering new challenges in environmental protection, corporate management, manufacturing or sales and that created some impacts on the corporate operation. To maintain our leading position in this ever-changing sportswear industry, we continue to improve our existing policies and operation models, so as to encourage creativeness from our teams to explore more possibilities and even turn challenges into opportunities.



Environment

Climate change has been influencing the development of the industry. Different areas ranging from product design, customer demand to retail strategies need to be adjusted because of climate change. As the frequency of having extreme weather increases, we are facing more impacts. While we have to face the unpredictable weather, we also need to bear the increase in cost and limited raw material supply due to the climate issues, which makes business operations more challenging.

Our stance: GRI: 102-16



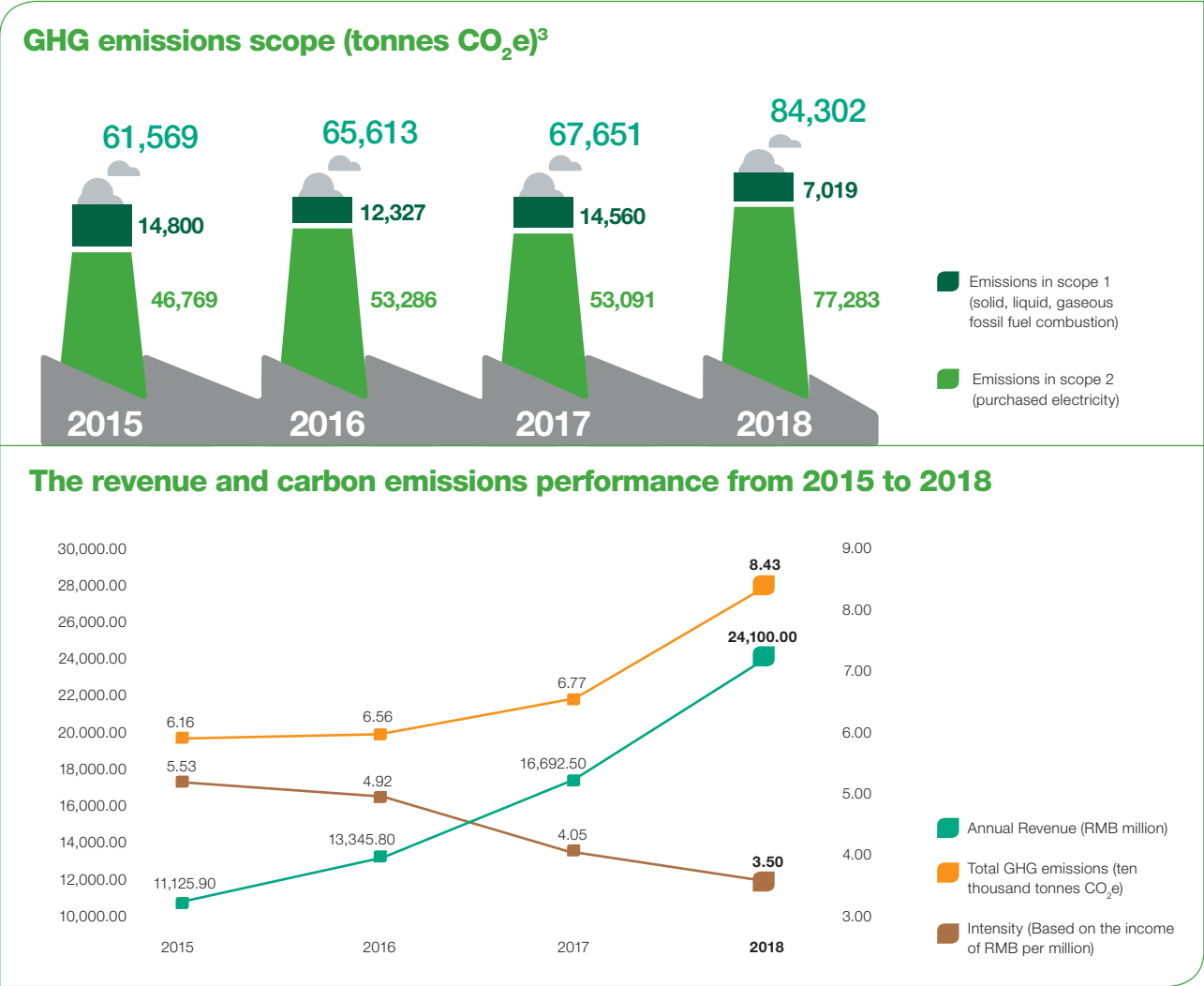
- Strictly abide by the environmental laws and regulations where we operate and try our best to avoid making irreparable damage to the environment;
- We have an unavoidable responsibility to promote the importance of environmental protection amongst the industry and society;
- Pay close attention to how environmental changes might have an impact on us and prepare accordingly;
- Try our best to eliminate elements that cause negative impacts on the environment through different kinds of administrative and operational means, as well as regulating all types of suppliers.

Risk and response GRI: 102-11

Risks	Effects	Solutions
Tightening national environmental regulations	<ul style="list-style-type: none"> The tightening of environmental regulations has eliminated many small-scale factories that followed outdated environmental protection measures, which affected the upstream section of the overall supply chain, such as dyed fabric. It becomes difficult for the brand to ensure stability in source of materials and production timeline Increase production costs 	<ul style="list-style-type: none"> Adjust internal procurement procedures and schedule. The focus will be on order placement, which ensures priority will be given to bulk orders, so that the OEMs can have more time for production Provide support for partnering suppliers, ensuring their facilities, manufacturing process and measures are in line with the national requirements Integrate the demand from various brands of the Group to place order at the suppliers in order to lower the cost
Environmental pollution cases in the supply chain	<ul style="list-style-type: none"> Green groups exert pressure on the Group Affect the brand image in the community Violate relevant government regulations 	<ul style="list-style-type: none"> Develop internal control and crisis management policies and provide training to the staff Establish stricter supply chain management policy in order to monitor suppliers' performance
Increasing ratio of producing environmentally friendly products	<ul style="list-style-type: none"> Increase development and manufacturing costs Green materials may fail to meet some of the requirements for functional products, which affects the quality of the products 	<ul style="list-style-type: none"> Integrate the demand of various brands under the Group to streamline production model and lower the cost Sponsor suppliers to establish "R&D Laboratory" for developing new materials
Changes of consumer preference and habits	<ul style="list-style-type: none"> Consumers are paying more attention to environmental protection issues and they are having a higher standard towards the manufacturing requirement of a brand Climate change has made it difficult to predict customers' demand. It is difficult for the Group to grasp the sales focus of a season 	<ul style="list-style-type: none"> Develop more variety of products and provide more responsibly produced products to the customers Use cloud technology to improve the way and efficiency of retail data extraction and analysis, so as to understand customer preferences in a more timely and accurate manner

OVERALL PERFORMANCE IN 2018

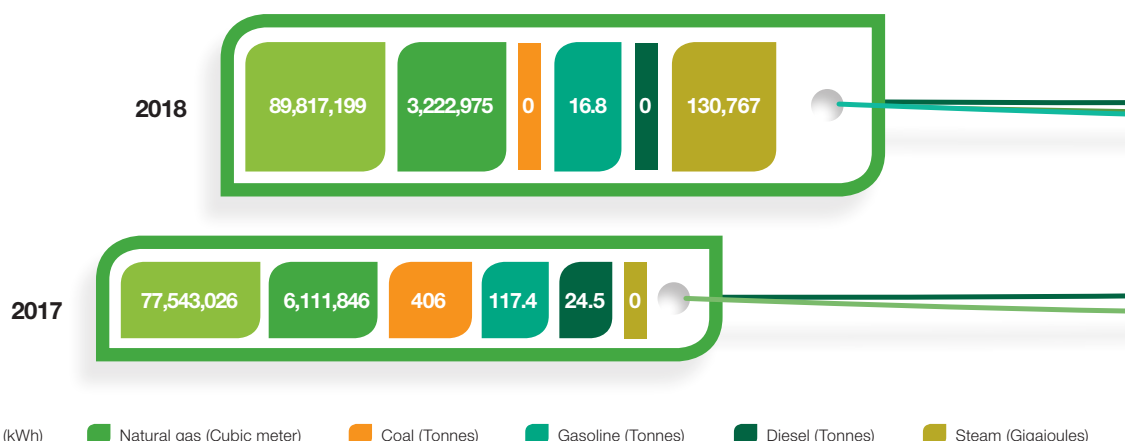
The following covers our performance in carbon emissions and environment protection:



This is the 4th consecutive year for us to disclose the performance of GHG emissions. Although the total amount of GHG emissions has been increasing along with our business development, the intensity is dropping year by year, with a cumulative decrease of 36.7%. These data clearly demonstrated that we did not relax on GHG emissions for the rapid business expansion. Instead, we have strengthened the overall approach and management to limit unnecessary GHG emissions. According to the breakdowns, the emissions in scope 1 show a declining trend, which during the year, emissions greatly decreased 51.8% when compared to last year. For the emissions in scope 2, it increased 45.6% when compared to last year's performance. These changes are mainly due to the reducing use of fossil fuels and increasing proportion of purchased electricity used.

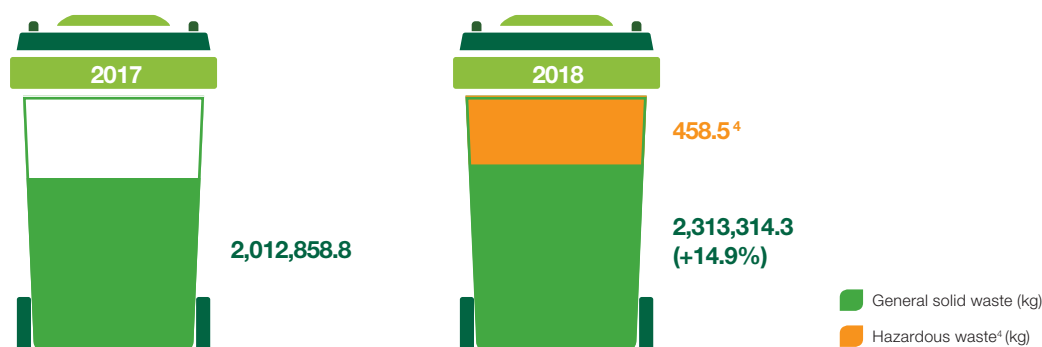
³ We adopt the "Equity Ratio Method" to adjust the calculation of the overall GHG emissions based on our shareholding ratios of each unit.

Energy use performance



In terms of energy use performance, the relatively high usage of energy is mainly due to the direct operation of production lines. To further improve the current energy usage portfolio, we completely eliminated the use of coal and diesel during the year, and reduced the consumption of gasoline and natural gas, overall reducing the dependence on fossil fuels. And as a result, we have increased the use of purchased electricity to maintain the normal operation of the production line and businesses sectors. Besides, we have replaced the coal-burning boilers by steam boilers.

Volume of waste production



In terms of the amount of waste generated, we disclosed the amount of hazardous waste generated for the first time during the year, hoping to further improve the existing environmental data disclosure performance. Due to the improvement of manufacturing technology, the materials used and production process adapted are basically safe and non-hazardous. The amount of hazardous waste generated is not significant. During the year, our hazardous wastes were mainly paint slag, waste oil and sludge. They would be stored temporarily in the specified hazardous storage room and collected regularly by qualified recyclers.

4. Only covers the relevant data of the Group's Athletic (PRC) factory. The disclosure scope will be further expanded when the data collection performance of other factories becomes more mature.

OVERALL PERFORMANCE IN 2018

Policies and measures



We have been strictly complying with environmental laws and regulations. We also went beyond and established a list of policies to ensure for a more comprehensive environmental protection policy that corresponds to different areas such as design, procurement, manufacturing and retail.

Upstream

The upstream business is a crucial process that determines the quality of the products, including design and R&D and procurement. Product design determines the use of material, craftsmanship and manufacturing process.

- Included environmental factors into design consideration

Our definition of environmental protection:
Use fewer energy or reduce greenhouse gas emissions when comparing to the traditional method

We always value the importance of product design. While we hope each of our product can meet our consumers' needs, we also want to bring new impacts to the industry and promote the importance of sustainability in the community. Our design and R&D team would opt for greener materials if it does not affect much on the products' functionality, cost and price. However, if the cost might be hugely affected or if the functionality of the product might be impaired, the project will be discussed amongst different departments in order to find a better resolution.



- Dedicated to develop new materials and increase the ratio of using green materials

We set up design centers in China, Hong Kong, the United States, Japan and Korea etc., as well as R&D laboratories with Chinese suppliers. We hope to make use of new technology to develop new products and provide green, durable and comfortable sports products for the customers.

For example, during the year, we signed a cooperation agreement with a renowned petrochemical corporation and the National Green Functional Footwear Engineering Research Center in Fujian Province. This agreement establishes a comprehensive cooperative relationship in the field of new materials for sports shoes and apparel, and started some new material cooperation projects. the National Green Functional Footwear Engineering Research Center in Fujian Province is the only scientific research platform approved by

the Fujian Provincial Development and Reform Commission for the innovative application of shoe materials. The parties in this cooperation will establish a task force. There will be a quarterly communication mechanism to facilitate product development and application and use scientific research to solve material-related challenges.

Additionally, we will use different types of environmental-friendly materials such as the Sorona fabrics, developed by DuPont.

■ Introduce more environmental-friendly products

We have been persistent in keeping our focus on R&D and we have not given up on creating better products. After having a hundred times of repeated trials in two years, the R&D team has developed the A-RAIN BREAKER technology, inspired by the lotus leaf bionics. A-RAIN BREAKER technology apparel is a combination of technology and environmental protection. After doing 20 washes under the GB/T868-2001 standard, the product can

retain its waterproof function that matches the requirement for the GB/T4745-2012 standard. It solves the long-term problem – non-fluoride waterproof products is not durable after washing.

The fluorine-free waterproof features of the A-RAIN BREAKER technology allow ANTA to be one of the sportswear brands in China to release a fluorine-free product and introduce the fluorine-free concept. Apart from hoping to continue to be the leader of innovative material application in China, we also hope to enhance the durability of our products and extend the life cycle of each product.

Apart from A-RAIN BREAKER technology, our A-RENO technology is another good example of durability. A-RENO technology focuses on its persistence of antibacteria property. It is also one of the products in the industry that can maintain a 99.9% anti-bacterial property after 50 washes.



OVERALL PERFORMANCE IN 2018

Midstream

- Regulate chemical use with prudence

In the manufacturing processes, there is inevitable use of chemicals such as color dyes, glues and coating. Excessive use of these chemicals will bring negative impacts to the environment and the users. However, the technology we have nowadays does not allow us to completely abandon the use of chemicals. Therefore, we have strict control for the use of chemicals and we apply a stricter standard than the national testing standards — the “List of Restricted Chemicals”, in an effort to give our staff a better understanding of our chemical substances control. The list helps ensure that the chemical substances used in the manufacturing process can meet the strict requirements of the Group. We also try to use alternatives that are more environmental-friendly and safe in order to reduce the environmental impact brought by the chemicals. For example, we are using benzene-free water-based glue.

- Treatment of hazardous and non-hazardous waste

In the case of hazardous waste, we have established a strict code for the treatment and use of chemicals. Through accurate estimation of usage, we can avoid the preparation of excess amount which results in harmful waste. If there are excess chemicals left, the remaining will be processed according to the procedures set by the group.



For non-hazardous waste, we encourage our employees to reduce waste and follow the “Environmental 4Rs”, namely “Reducing”, “Recycling”, “Reuse” and “Replace”, to reduce the generation of waste. The general waste will be disposed of in accordance with the internal guidelines, including being recycled or disposed of according to actual conditions.

Downstream

- Improve performance of logistics to reduce carbon emissions

During the year, our logistics center in Fujian Province, China, was officially opened in the first half of the year. It provides a better solution for our logistical process and supply chain management. The logistics center is an integrated park for storage, transportation and express delivery.

There are more than 12,000 retail stores owned by our brands. The logistics for the distribution process is generating plenty of carbon emissions. We collect the latest retail information from the retail stores and directly deliver the products to the stores so that the distributors do not have to serve as the middleman. With the real-time information on sales performance at the stores, the Group can shorten the delivery time, improve the flexibility and efficiency of replenishment, allowing more comprehensive planning for the logistic routes. It can prevent the delivery team from having overlapping routes; hence, carbon emissions can be reduced.

Governance GRI: 102-8; 102-9

The success of a corporation is built upon the foundation of reliable corporate governance, which helps maintain a corporation's stable operation and sustainable development. Through effective management of a corporation, we can fully control the status of the supply chain and assess the overall quality of governance and operational

risks. It helps to prepare for possible changes and achieve sustainable development goals. In addition, setting up a transparent governance structure and system allows each unit in the supply chain to work within the guidelines. It increases the units' confidence in us and improves their operational efficiency.

In order to keep our governance practices and systems up to date, we focus on systematic innovation reform during the year. We can improve working efficiency and the rate of development through the application of technology.

Important data in 2018

	2018	2017
	Upstream	
R&D costs ratio (as a percentage of the cost of sales)	5.2%	5.7%
Number of raw material and OEM suppliers in China	Over 645	Over 615
Number of raw material suppliers and OEM in overseas countries	Over 8	Over 8
	Midstream	
Total number of staff	25,000	18,800
Ratio of male to female staff	Male 36%: Female 64%	Male 40%: Female 60%
Staff costs ratio (as a percentage of revenue)	10.9%	12.0%
Number of injured staff	58	39
Corruption-related cases	3	0
	Downstream	
Recall rate of products of ANTA and ANTA KIDS for safety and health reasons	Less than 0.01%	Less than 0.01%
Customer profile breach	0	0
Total number of customer complaints	4,479	5,299

During the year, our data on governance is similar to the previous year. Overall, there was no major change.

OVERALL PERFORMANCE IN 2018

Policies and measures



In terms of governance, we believe that one-way top-down governance approach will lead to lack of communication internally and deviation of the actual implementation in the long run, resulting in the failure of governance systems and affecting our stable development. Hence, we advocate for the two-way communication governance model. By obtaining feedback from all branches in the supply chain, we adjust our governance policies and ways of implementation to ensure the effectiveness and feasibility of our governance policies.

We focus on establishing communication channels for different units. We organize the feedback and share the analysis with the relevant departments, so as to study how to incorporate the

feedback into the daily operational measures. We also formulate targeted policies and measures, and address the different needs, based on the roles and responsibilities of each unit.

Upstream – Supplier management/ Product development management

Our position: GRI: 102-16

- We support original design and value intellectual property;
- We have the responsibility to monitor the suppliers' performance, so to ensure they are in compliance with the law and match with

public expectation in the area of environment, social and governance;

- We are responsible for supervising suppliers so as to ensure they are in compliance with the "Labor Contract Law of the People's Republic of China" and relevant laws and regulations, and to give their employees reasonable treatment and protection; and
- We try our best to incorporate environmental protection elements into design and procurement consideration, and to provide more environmentally-friendly products for the customers.

Risk and Response GRI: 102-11

Risk	Impact	Response
Supplier performance does not meet the requirements of the law and regulation	<ul style="list-style-type: none"> • Law enforcement department will regulate illegal suppliers. It may affect the production process of the supplier and result in short supply • Any supplier violations may affect brand reputation 	<ul style="list-style-type: none"> • Develop effective policies and systems to monitor suppliers. Implement supplier monitoring policies and conduct regular on-site inspections to reduce potential risks
Suppliers' operation and technology development failed to keep up with the pace of the Group	<ul style="list-style-type: none"> • If the supplier's technology and operational status fail to meet our developmental needs, it will affect the stability of our production, or even slow down the speed of our development 	<ul style="list-style-type: none"> • Proactively provide assistance to suppliers for enhancing their operational quality and matching with our development direction
Product development risk	<ul style="list-style-type: none"> • Consumer preferences for fabric and clothing styles change rapidly. Product sales are largely determined on whether our product development can adapt to consumer preferences in the market 	<ul style="list-style-type: none"> • Invest more resources in product development • Collect and analyze the market response and consumer feedback to keep up with consumer preferences

Relevant policies and measures for R&D and design

R&D and design are the sources of our products. To ensure that our products can become trend-setters that meet consumer needs, we invest a lot of resources in product development every year. During the year, we have invested 5.2% of the cost of sales to R&D.

With the aim of giving our design team more inspiration and room to create products, we do not only provide technical support for the designers in the area of fabrics, accessories, printed embroidery and seamless craft, but also work on exploring new production techniques and fabrics.

Apart from design, supplier is also one of the significant factors. We need support from the suppliers in the area of management systems, raw material supply and R&D. We believe that the

provision of all-round supports and resources to supplier could help them effectively manage their operation and well develop their business. In this case,

we could build a win-win situation with the suppliers in the long run to ensure their quality and stability.



OVERALL PERFORMANCE IN 2018

Supplier management policy and measures GRI: 102-9; 102-10

For every new supplier, we will conduct a supplier qualification survey based on their legal and financial documents. This survey ensures that they are fully complied with the laws and regulations, and they have obtained all necessary licenses and operating permits. We will then arrange an on-site audit, and the scope for this audit includes social responsibility, quality control, on-site management, technology and cost management. All areas must meet our entry criteria before the suppliers can become a part of our system.



Total number of suppliers for the Group (Including raw material suppliers and OEM for apparel and footwear products)

	2018	2017
China	Over 645	Over 615
Overseas	Over 8	Over 8

For all the suppliers, we have a complete assessment and mechanism to ensure the quality and stability of the supply chain, which also helps maintain our production efficiency and product quality.

Basic supplier evaluation criteria:

- Performance and rating in three areas: credibility, contract spirit and financial stability;

- Based on the requirements of product type, price and company size, the suppliers have R&D capability, production management capability and quality control systems that are in line with the industry standards;
- Hold Chinese certification related to production and quality control and obtain the ISO international standards, if possible; and
- Meet the requirements listed in the background questionnaire.

Starting from last year, we have developed a more comprehensive audit requirement based on social enterprise responsibilities of the supplier. Their responsibilities are clearly stated in ten important aspects:



Basic principles		
	Child labor	<ul style="list-style-type: none"> • Comply with the local minimum working age requirement • Obtain proof of the age of the employee
	Forced labor	<ul style="list-style-type: none"> • Staff should not be forced to work and their wills shall not be violated • Prison labor or bonded workers will not be employed
	Discrimination	<ul style="list-style-type: none"> • No discrimination during the process of recruitment, salary adjustment, promotion and demotion • Pregnancy shall not be the grounds of dismissal or rejection of job application
	Complaint mechanism and communication channels	<ul style="list-style-type: none"> • Establish a complaint mechanism and communication channels for all employers
	Salary and benefits	<ul style="list-style-type: none"> • Cannot pay less than statutory minimum wage
	Health and safety	<ul style="list-style-type: none"> • Obtain local operations and fire protection permits for all work locations and facilities • Electrical equipment is kept in good condition and maintained properly • Ensure there are two exits for each workshop and each exit must lead to an outdoor safe area • Emergency exits are opened
	Disciplinary measures	<ul style="list-style-type: none"> • Corporal punishment, coercion, exploitation and sexual coercion are strictly prohibited
	Working hours	<ul style="list-style-type: none"> • Salary and working record should be provided
	Human resources management	<ul style="list-style-type: none"> • All staff is required to sign a contract of employment
	Social responsibility management system	<ul style="list-style-type: none"> • “Supplier Code” should be posted at the factory site • Establish working hours and payroll management system

OVERALL PERFORMANCE IN 2018

In order to make sure the suppliers are effectively implementing our requirement and monitoring their actual operation, we will conduct quarterly, semi-annual or annual field audit based on the suppliers' contract period and past performance. Performance statistics and summary will be shared in each quarter. If a supplier fails to meet our requirement during the regular inspection, they have to make improvement at a given time; otherwise, their contract will be terminated.

Maintain good communication with suppliers

We developed the "QC Standards Management Measures" to assist our suppliers' sustainable development. We standardized the training content and operation standards of the suppliers, so that our suppliers will be able to maintain good and stable production while managing the qualities at the same time. In order to get our suppliers to grow with us and keep up with our pace of development, during the year we set up some innovative ways to provide more technical assistance to our suppliers:

- Establish a Group Supply Chain Skill Master Workshop

The Group Supply Chain Skill Master Workshop is a joint-platform developed by different departments in procurement, human resources, R&D, and quality control. The workshop provides technical training, technical guidance and technological innovation for highly-skilled personnel. Through this platform,

we can cultivate more talents for a particular skill. Besides, we can also export our technology, culture and talents to the suppliers and increase their operation and production level.

After establishing the workshop, the eight types of skill masters will work in rotation, which will also meet the Group's performance requirement:

Monthly	Share the master's technical experience and innovation on a regular basis.
Quarterly	Each skill master must provide a coaching session for the suppliers.
Annually	Cultivate a "successor" and retain a highly skilled talent team for the Group.

Furthermore, we provide a variety of communication channels for the suppliers to maintain good communication, such as organizing conferences, training seminars, supplier conference.

- FILA Supplier Seminar

At the FILA seminar, FILA presented a detailed analysis of the current situation and challenges in the supply chain. FILA explained the problems to the suppliers, including capacity planning, talent training and technical ability enhancement. Also, they shared some specific requirements regarding the supply chain upgrade.

Besides, the representatives of different suppliers shared their views and feedbacks at the seminar. By sharing their practical operational experience with us, it fostered effective communication between the two parties and strengthened the partnership.

- FILA Supplier Chain Partners Conference

FILA also organized a Supply Chain Partners Conference to clearly explain the brand's direction and retail strategies to the suppliers, allowing them to have a thorough understanding of the brand and coordinate for the development.

- ANTA Group New Material Presentation

Using the theme "Leading Technology for Sustainable Development", we showcased the progress in new materials development and application for footwear products in order to keep pace with the suppliers' innovative idea. Fifty-seven suppliers were invited to the event.



Midstream – Production and operations management/Staff management

Our position: GRI: 102-16

Production and operations management

- We are responsible for ensuring that the manufacturing process is fully complied with the requirements of national laws and regulations;
- As a responsible corporation, we need to ensure the quality of the Group's governance is in compliance with the requirements of the law and it also fits into the social norms; and
- We have a responsibility to ensure that the governance structure of the Group is open and transparent, in which all stakeholders can obtain relevant information of the Group through a reasonable channel.

Staff management



- We abide by the law and regulations, and we will try our best to eliminate any form of exploitation;

- As a company that values talent, we respect each of our staff, regardless of their gender, age, religion, ethnicity and other personal preferences;
- We are responsible for providing reasonable treatment and protection to our staff and ensure that they have a reasonable quality of life where they reside;
- We are responsible for a safe working environment to our staff;
- We have the responsibility to set up a comprehensive training mechanism to provide appropriate training, so that our staff will be able to demonstrate their strengths in a position that fits; and
- We value the needs of our staff's family roles, and we will try our best to coordinate and make the appropriate arrangement.



OVERALL PERFORMANCE IN 2018

Risk & Response GRI: 102-11

Risks	Impact	Response
Recruitment of production line staff becomes challenging	<ul style="list-style-type: none"> • Affect the stability and progress of the Group, and hinder the Group's manpower allocation and development 	<ul style="list-style-type: none"> • Enhance automation in the production process and reduces the demand for labor • Improve the treatment and benefits for staff on production line • Establish a clear development ladder and promotion mechanism to promote young people's desire in joining the field
Increase of staffing costs	<ul style="list-style-type: none"> • Increase operating costs of the Group and hurt profit 	<ul style="list-style-type: none"> • Enhance automation in production processes and reduces the demand for labor • Consider moving some of the production bases to lower costs area
Frontline staff turnover	<ul style="list-style-type: none"> • Affect overall manpower allocation of the Group and operational efficiency • Affect staff morale 	<ul style="list-style-type: none"> • Offer more competitive paid and benefits for frontline staff in the industry • Reduce the work intensity of frontline staff by increasing ratio in automated production • Create an understanding and joyful corporate culture • Maintain good communication with the staff and refine staff policy based on their feedback
Different levels of technical and processing skills among staff	<ul style="list-style-type: none"> • Cause product quality problem and the instability of product quality will affect the overall production efficiency 	<ul style="list-style-type: none"> • Based on the staff's preference and capability, provide technical and processing training to improve their level of proficiency • Provide suitable technical training according to the needs of different positions and require staff to participate in regular assessment, making sure that they master the required skills
Industrial accidents	<ul style="list-style-type: none"> • The production process involves a large number of machines. If an accident occurs and staff is physically injured, it does not only affect the company's image, but also affect the production efficiency and stability • The glue we used on semi-finished and finished products are inflammable. If a fire breaks out, it will directly affect our production and lead to adverse impacts on production and operation 	<ul style="list-style-type: none"> • Arrange occupational safety training for staff and increase safety awareness in the workshop • Provide suitable work equipment for staff, especially for those who work in dangerous positions, to protect staff from injuries • Conduct crisis prevention drill on the production line regularly • Ensure all work areas are equipped with effective fire extinguishing devices and teach employees the proper use of the equipment

Relevant policies and measures for production and operation management

Production and operations are the most important areas of the overall business for the Group. Therefore, for the sake of establishing a stable business system with long term capabilities, we need to identify any potential risks and develop a set of policies and precautions.

Governance structure

GRI: 102-18



The Board of Directors is responsible for the overall management of our business. The roles of the Board of Directors are to oversee and manage all important matters, including the development and approval of all policies, overall strategies, internal control and risk management systems, as well as monitoring the performance of the senior management. During the year, the Board of Directors is formed by nine directors, which includes six Executive Directors and three Independent Non-Executive Directors.

During the year, the roles of the Chairman and CEO are held by Mr. Ding Shizong. We understand that the best way to governance is to separate the roles of Chairman and CEO, and the same person should not take on both roles. However, Mr. Ding has profound experience in the consumer market of sporting goods. The Board of Directors believe that having Mr. Ding to take both of the roles as Chairman and CEO is largely beneficial to the business prospects and management, in terms of the Group’s overall strategic plan and business development. In order to increase the independence of the Board of Directors, there were six Executive Directors and three Independent Non-Executive Directors to monitor and balance the Chairman’s utilization of power.

Regarding risk management and strategic development, the Group’s governance is mainly responsible by the audit committee, remuneration committee, nominating committee and risk management committee. These workforces help the Board of Directors to assess and establish the nature and extent of risks for each developmental decision. Appropriate monitoring and control measures are in place to ensure the effectiveness of the overall governance system and maintain the operational risks in the acceptable range.

In order to control this type of risk more effectively, we established the Audit and Supervision Department, which audits five different areas including factory, supply chain, brand, engineering and retail. This department covers the auditing for all areas in the company’s business and is equipped with dedicated investigators with specialized skills. It guarantees that the anti-corruption work is done in an independent, objective and fair manner.

Maintain integrity in governance

	2018	2017
Corruption-related cases	3	0

We believe having an effective auditing system, improving staff awareness and implementing policies effectively can maintain the Group’s operation. With the help of comprehensive professional management, we can assess the potential corruption risks within the Group through the systems of internal control audit, engineering review, supervision and major contract review. Based on the information, we tailor a solution accordingly and continuously improve our risk management capability. During the year, we have three employees violated the rules in the “ANTA Group Anti-corruption Rules”. We punished them by following the “Reward and Punishment Management System” as well as termination of the employment contract and handed them over to legislative authority.

Additionally, we issued an “Corporate Responsibility Code” to all employees, asking them to understand the content of it. The staff should clearly know the bottom line and principles that they should abide by. Furthermore, we have set up a column in our internal publication “ANTA Youth” that writes about the popularization of relevant legal knowledge. Combining this column with 25 sessions of anti-corruption training, we hope to enhance the knowledge of anti-corruption among staff and their awareness for the topic of integrity. Externally, we used a legal way to regulate the behaviours of our partnering suppliers by asking them to sign an “Anti-commercial Bribery Agreement” in order to prevent any corruption and bribery cases.

OVERALL PERFORMANCE IN 2018

In terms of reporting channels, we have established multiple channels for communication as usual. Employees can make an anonymous report to the audit department. Different ways to file a report include:

- 1. E-mail: ANTA Audit and Supervision Department E-mail address (jc@anta.com)
- 2. Hotline: ANTA Audit and Supervision Department Reporting Hotline(180-3031-1272)
- 3. Mailing address: ANTA Operation Center Group Audit Monitoring, 99 Chiayi Road, Guangyin Mountain, Siming District, Xiamen
- 4. Report to the Chairman of the Board of Directors or the Chairman of the audit committee.

As a department dedicated to anti-corruption investigation, the Audit and Supervision Department is appointed by the Group and it is independent of the management team. This governance structure guarantees independence and objectivity for our anti-corruption work. This department has strict confidentiality measures to handle reporting information, registration, custody and investigation in order to protect the confidentiality of the personal data for those who filed a report.

According to the “ANTA Report and Reward System”, employees who filed a report with their actual names will be included in a “Special Protection List” that protects them from unnecessary nuisance. If the case of corruption is

found to be true, the staff who reported the case will be considered a meritorious person for upholding the Group’s interests. The Group will reward 50% of the amount – capped by RMB1 million, involves in the corruption case to the staff concerned.

Furthermore, we actively involve in the initiative proposed by external organizations. By using the influence of us in the industry, we would like to enhance the integrity of the industry as a whole and establish a faithful business environment.

- Join the “Trust and Integrity Enterprise Alliance”

During the year, we actively participated in the “Trust and Integrity Enterprise Alliance”. We work with all members in the Alliance to combat corruption both inside and outside of the company. Trust and Integrity Enterprise Alliance is an organization initiated by leading enterprises in various industries. It aims to promote integrity management and jointly create an operating philosophy that promote honesty, faithfulness and lawfulness resulting in a quality business environment in the long run. In the Alliance, we share a dishonesty system. We will not hire any people or supplier who violate their work ethics to increase the social cost caused by the malpractices.

Maintain good product quality

The quality of the Group’s products has contributed to the success of the brand. Therefore, we are very persistent about the quality of our products. In response to the health and safety of consumers, we developed a strict “Chemical Safety Technical Specification for Apparel, Shoes and Accessories”, and we carry out risk assessment and inspection control at various stages in the product cycle, such as ensuring products are free of sharp tip in the product structure, residual broken needles and hazardous chemical content. Based on testing and inspection, we developed and implemented relevant inspection plans, standards and implementation guidelines:

- 1. Quality Control Departments from each brand conduct assessment of materials and products in the early stages of product development, including health and safety of the type of project;
- 2. In the production process of materials and products, all suppliers are strictly required to carry out inspections, using the product inspection plan and standards formulated by the Group, which includes health and safety inspection of the project.

	2018	2017
Recall rate of products of ANTA and ANTA KIDs for safety and health reasons	Less than 0.01%	Less than 0.01%

3. When the suppliers deliver the products, we will inspect them. The quality control department of the brand will carry out warehouse inspection, and the Group's Quality Control Department will conduct a certain proportion of risk monitoring for the warehouse products; and
4. The Group's Quality Control Department needs to conduct chemical safety inspection for the products every quarter according to the chemical safety sampling program developed by the Group.

If there is a quality issue or safety hazards of the products after leaving the factories, we will recall the product according to the "Product Recall Management System" to ensure that the defective products are properly handled and not causing any harm to the consumers. For products that are found to be inconsistent with any regulations, defective in the self-inspection process, or the recalling rate of the same product is more than 5%, we will complete sending the notification of one working day after confirming the product recall. We will also notify the distributors to recall all the products and staff are not allowed to handle the case privately.

Improve the standards of production and management

After the establishment of a comprehensive corporate governance system, we are committed to enhancing the overall governance efficiency and management quality of the Group, hoping to take the Group's development to the next level. During the year, we improved our management quality by promoting a number of trainings to identify and develop the potential of our management staff.



- Champion coaching class at the Garment Production Center

The coaching class was launched during the year. The class content was jointly developed by the Garment Production Department and Human Resources and Finance Department. It provided trainings on the "Cost control in Factories and Value Analysis". The management team and the potential management talents had the opportunity to learn about the use of different tools and methods for controlling cost at the factories. Based on the actual production process, the management can establish a systematic cost management model. After the training, all departments involved had to submit an improvement plan, suggesting possible changes to improve and promote better management methods.

- Performance management training platform

As the first project of the empowerment program from

the Group's Brand Management Department, the Human Resources Department explains the performance management policies and requirements to the management staff through this "Performance Management" training platform. At the same time, we invited external experts to teach our management staff and provide practical tools to help them improve performance management capabilities. The course used actual situations happening in the Group for case analysis and discussion. From performance target setting, performance process management, performance appraisal to the application of performance results, each stage of the performance management cycle is discussed in details, aiming to strike for a balance between both theory and application.

After the training, each student had to combine what they learned with their daily performance management work, in order to improve the actual operational performance and bring greater benefits to the Group.

OVERALL PERFORMANCE IN 2018

Relevant policies and measures for staff management GRI: 102-8



Talent acquisition and management are issues that companies face every day. In order to build an excellent team of talents, we believe it is not only important to provide better salary and benefits in the industry, but also provide a joyful corporate culture, a safe working environment, a transparent career path for promotion and clear goals at work. As a company that involves labor-intensive work, we need a large number of people to maintain the stable operation of our production lines. Hence, we value our employees' sense of belonging to the Group and their job satisfaction.

As a responsible employer, we do not want our staff to sacrifice themselves for the Group's revenue, and we will never exchange the health and safety of our employees for immediate benefits. We believe that only if staff feel the caring and respect from us, they would enjoy devoting into their work and develop their career.

In order to make our staff feel at ease in the positions, we provide appropriate equipment to protect them from harm based on their work intensity, type of work, machinery for operation and materials to be treated. For example, we have strengthened the ventilation system on the production line of the adhesive process since it involves the use of volatile materials. There is a ventilation point at each station where

Health and safety

	2018	2017
Number of work-related injuries	58	39

the employee works in order to provide a quality working environment with good indoor air quality for the staff. In addition, we will provide suitable training to our staff to ensure that they understand the risks involved and to properly operate the machinery and handle the materials to avoid injury due to improper operation. In order to ensure that all policies are implemented, we will arrange for the supervisors to inspect the workshop regularly, and carefully check that the staff's equipment and tools are in good conditions to reduce operational risks.

Regarding medical insurance, we set up a "Worry-Free Medical Program" to purchase supplementary medical insurance for all staff and their family members. In addition to the state-required medical insurance, we provide supplementary medical insurance for our staff, so that they are insured for outpatient, emergency, hospital, serious illness, accidents or death.

As for operation management, we do not encourage working overtime and we do not want our employees to be in an anxious state at work for a long time, so that they can stay physically and mentally healthy. Therefore, during the peak production seasons, we will hire short-term employees to supplement the tight manpower situation. At the same time, we are now increasing the automation ratio of the overall production process. We hope that using advanced technology can help reduce the dependence on labor, lower the requirement for processing and

lessen the work intensity of the staff. By automating the production line, the production volume can be increased even if we maintain the same manpower, which helps to meet the growing demand for orders.

Rights and benefits

In order to manage efficiency, we may overlook the needs and opinions of our staff for the sake of convenience. Therefore, we are responsible for providing effective communication channels for them, so that their feedback can be accurately passed on to the management. It maintains a two-way management structure and protects the rights of the employees.

- Reduce the life burden on staff

Apart from the communication channels, we also hope to increase the staff's sense of belonging and promote stronger involvement at work by offering generous benefits. For basic benefits, we ensure our staff to obtain their full remuneration and we also purchased the five social insurance and a housing fund for them based on the legal requirement. We also make sure that our staff can enjoy statutory holidays, sick leave, maternity leave and paternity leave that protects their basic rights. With regard to basic benefits, we took an extra step by providing a wide range of insurance, trying our best to provide a worry-free living environment for the staff.

We understand that a reasonable salary support staff to live a reasonable and decent life. Although no formal study or discussion on living wages has been carried out within the Group, we have been working hard to reduce the pressure on our employees and enhance their quality of life through various means.

Therefore, we provide family rooms for married staff in the dormitory to meet their daily needs and alleviate their burden of living in the local area. If staff needs to buy a house in Xiamen and Quanzhou, China, we can provide housing loans based on their job level and year of employment through the “Sweet Home Plan”. This scheme aims to provide better quality of life and more stability for the staff.

In some of our factory areas, we set up a child care center that provides childcare services during work hours for couples who live in the dormitory, so that our staff can work with a peace of mind. If the children of our staff are attending a kindergarten in a specific range, some factory



areas will provide school bus service to protect the children’s safety. Besides, we will also hold annual visits for the staff. For those who have parents who live far away at home, they will receive sponsorship to arrange a visit, so that the relatives can meet the staff in the factory area.

Apart from housing expenses, we believe that the daily food expenditure should occupy a large part of the staff’s living expenses.

Hence, we are committed to providing nutritionally balanced and high-quality meals, hoping that our staff will enjoy their meals in the factory cafeteria. It can also reduce the cost of living for our staff. Since a large number of people are using the cafeteria, food hygiene and safety are especially important. Therefore, when we receive food products, we have different food inspection standards based on the types of food ingredients. Also, the cafeteria staff must also ensure the freshness and safety of the food based on these standards.



It has always been a topic for us to explore and improvise when it comes to giving our staff a better quality of life – eating well, dressing well, living well and working comfortably. As the company continues to grow rapidly, we hope to continue to provide more comprehensive and valuable benefits for the staff.

Training and education

As the size and product categories of the Group continue to advance, the skills and knowledge that the

OVERALL PERFORMANCE IN 2018



Harmonious corporate culture

The improvement of hardware will inevitably help our staff to work more efficiently. However, the overall corporate culture is the key to getting employees to devote to their work environment. We are committed to building an inclusive, respectful and enjoyable corporate culture. Through diversified activities, we encourage employees to stay motivated at work, while taking care of their physical and mental well-being. We hope to increase our staff's sense of belonging to the company, and thus reduce the turnover rate.

staff is constantly increasing, which helps meeting the speed and needs of development. Meanwhile, in order to enable employees to improve their personal strengths and skill sets in the process of the Group's development, we offer a variety of training with an aim to provide more satisfaction for the employees in their spare time.

- ANTA Mobile Learning Platform

At the beginning of the Innovation Decade, we have added creative elements to our training initiative and established the ANTA Mobile Learning Platform. With this platform, our staff can obtain the latest training content related to retail at any time and any place.

Through the ANTA Mobile Learning Platform, the product explanation course, which was originally arranged in the leisure time, is put onto the platform 20 days before the

product launch. It satisfies the needs of the frontline staff in learning new product sales in advance. Regarding online training, the content is more focused on training thinking ability and actual operation, such as holiday sales operation planning, new store operation procedures, and member activity operation.

- Harvard training tour for senior management

During the year, we arranged 70 senior executives to study at Harvard Business School for enhancing their management capabilities in order to broaden their horizons and receiving more advanced management techniques and methods. The senior executives also conduct field trips to leading global companies in their respective fields to benchmark their learning and re-examined the company's future development direction and goals.

- Listed as Forbes' World Best Employers 2018

According to the recently released Forbes' World Best Employers 2018, ANTA Sports is ranked 366th with a total of 2,000 companies on the list. We are also the only Chinese sports products company on the list, showing that our persistence and commitment have obtained our staff's affirmation.

In the selection process, employees are asked to score their employers. The scoring criteria include the benefits offered by the company, the possibility of recommending the company to relatives and friends, the quality of food provided, and the paid holiday policy etc.. Being listed as one of the World Best Employers indicates that our corporate image, working conditions and diversification are recognized by the community and highly approved by the staff.

To successfully create a work environment that satisfies our employees, we believe that organizing diversified staff activities is an important factor. Last year, we organized a range of activities that allowed employees to find joy outside of work and to stay invested in the corporate culture.

- “United for the New Innovative Decade” Gobi Desert Trip

During the year, we organized the first “United for the New Innovative Decade” Gobi Desert trip. We invited over 70 senior management to complete the 112-kilometer trek on foot. Through this extreme challenge, we hope to drive thinking and be prepared for the future challenges that we might face. Also, we would like the Group’s management team to be more united after this long adventure. They demonstrate team work and cooperation, which serve as the role model to other staff members.

- Footwear Procurement Center of the Group joins Survival Training Camp in an island

The Footwear Procurement Center of the Group gathered 50 management team members and potential talents to join a three-day and two-night survival training camp on an island to strengthen the cooperation among the staff. Through various outdoor activities and simulation scenarios, the participating challenged their limits, improved morale, increased communication, and cultivated a better team spirit.



- City Hunt Challenge held by the Group’s e-commerce team

During the year, the management trainee of the Group’s e-commerce team started an 18-kilometer trek, in which they did challenging activities together. The purpose of this event is to cultivate young staff members’ endurance and team spirit, as well as immersing in our corporate culture, allowing them to be a part of our work environment.

- Happy Children’s Day (June 1)

With an aim of letting everyone relax after working in a competitive environment, ANTA KIDS held a happy party on Children’s Day (June 1). In addition to distributing interesting stacks such as candies and personalizing Coca-cola bottles, the usual check-in point for work transformed into a sports track. Further, the lift was fully decorated

with cartoons. These actions helped our employees to regain the joy of being a child, stay relax and enjoy life apart from work.

We strongly believe that the comprehensive strength of a corporation attracts talents. Recently, our continuous promotion of innovation has achieved initial success. Through successful innovation and research, retail transformation, and multi-brand strategies, we have become China’s largest sports goods group at both brand and business level.

As we continue to deepen our internationalization strategy, more outstanding international talents will be attracted and join us as a team. People from different cultural backgrounds would have deep communication and integration that may spark a lot of innovative ideas. Based on the goal of “becoming a global sporting goods company”, we will continue to pursue and keep moving.

OVERALL PERFORMANCE IN 2018

Downstream – Sales and customer relationship management

Our stance: GRI: 102-16

- We have a responsibility to ensure that the production process is of full compliance with the requirements of the law and regulations in China
- As a responsible company, we need to ensure that the quality of governance of the Group is in compliance with the requirements of the law, and must be fit into social norms.

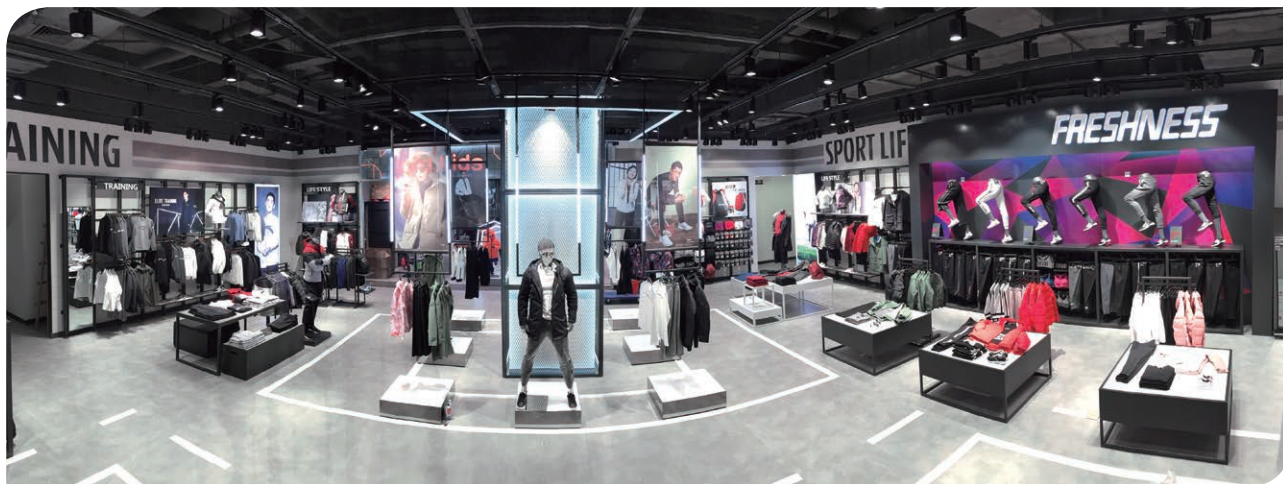


Risk and Response GRI: 102-11

Risk	Impact	Response
Risk of brand counterfeiting	<ul style="list-style-type: none">● If our products are largely counterfeited, it will adversely affect our brand image and profitability.	<ul style="list-style-type: none">● Encourage consumers to report counterfeit goods● Cooperate with suppliers and law enforcement agencies to take action against relevant factories and protect the brand's position in the market.
Risk of product transportation management	<ul style="list-style-type: none">● The transportation of our products relies mainly on third-party logistics companies. Due to the large number of logistics companies, it is challenging for us to manage them. If any logistics company is negligent or if they made a mistake, it may cause delay or error for the supply of some products. It may even cause damage to the products and has a negative impact to our operation	<ul style="list-style-type: none">● Establish a self-operated logistics center, and streamline logistics procedures and routes to reduce risk in the process● Carefully select logistics contractors to ensure delivery quality
Safety and stability of online sales	<ul style="list-style-type: none">● As the proportion of online sales and e-commerce increases, any loophole in the network security system could bring a great impact and loss to the group. It could even cause large-scale leakage of consumer data and create crisis for us	<ul style="list-style-type: none">● Increase investment in server systems and network security, and improve the capabilities of the back-end systems

Sales management policies and measures

As we enter the Innovation Decade, we try to improve the existing operational practices through new methods and new technologies from multiple angles. We hope to enhance efficiency and improve current performance. Therefore, during the year we tried different ways, from getting technological assistance to simplifying or changing the procedures, we look forward to identifying more future possibilities for the Group.



– Deploy new retail SAP S/4 System

By conducting a thorough analysis of the current situation and needs of us, we worked with technology companies to design a new set of upgraded retail platform. This program does not only meet our needs in improving the efficiency of commodity operations and integrating inventory resources, but also focus on our future business development. It provides comprehensive support for our future development.

We successfully completed the switch between the old and new systems within half a year. Currently, SAP S/4 new retail system platform has been successfully launched in more than ten thousand stores and easily passed the challenges brought by the orders of “Double Eleven” orders. In the feedback survey from our distributors, the new system achieved a satisfaction ratio of up to 97%.

– A new generation of smart retail stores

In this era of overflowing amount of brands and rapid changes in consumer tastes, we need more tools to help us obtain more data. The data help us to have a better understanding of consumer needs and preferences and be more adaptable to the market change. Therefore, based on the eighth-generation image store, we have included a variety of new technologies. The three smart functions are the “cloud shelf”, “ANTA You Mall” and “Tool for shoes”.

1. Cloud shelf

“ANTA Cloud Shelf” is an online shopping system that we independently develop and operate. Consumers can select items that are not available in the store on the “Cloud Shelf” and arrange delivery directly to their home. In addition to purchasing

physical goods in the offline stores, consumers can also use the QR code on the “Cloud shelf” to access the WeChat Mini Program stores to make a purchase.

2. ANTA You Mall

“ANTA You Mall” is a system of multiple HD cameras set up in the store, which are used to record and understand each consumer’s shopping route. Based on these routes, we can adjust the product display.

3. Tool for shoes

Tool for shoes is an instrument that can pair with the pressure bar interactive screen. It is mainly used to obtain the try-on rate of a certain product in a designated area of the store. The relevant data will be analyzed by our development team to support improved product design.

OVERALL PERFORMANCE IN 2018

Smart stores allow us to successfully improve the customer's actual retail experience; while it also provides an opportunity for us to improve consumers' offline experience and improve management efficiency with reference to big data. By analyzing various data, we can specify a more precise marketing strategy to increase our traffic and sales.

– Distributor management

The Group currently sells ANTA and ANTA KIDS products in a wholesale manner, where the distributors purchase and sell both ANTA and ANTA KIDS products. The key considerations for a distributor include:

1. Retail experience in sportswear;
2. Ability to reach sales target;
3. Sufficient capital to operate the authorized ANTA and ANTA KIDS stores;
4. Ability to find suitable store locations and areas; and
5. Payment and credit period.

Once a distributor has initially met the above conditions, we will conduct a detailed assessment to ensure that their declarations are in line with the practical situation, and whether it is possible to have a long-term relationship. After the establishment of a partnership, we have the responsibility to ensure that the distributors understand our requirements in operations, social responsibility, employee relations and so on. While we would like to maintain the brand image, we also want to protect the working conditions of the staff.

In order to make sure that all distributors understand our requirements while maintaining the uniformity of overall performance, we developed the “Standard Operating Procedures”, “Terminal Operations Management Measures” and other operating terms. It requires the distributors to keep in line with the company's expectation on retail policy, product pricing, inventory management, store set up, promotion, customer service and after-sales service. If any distributor does not meet the standards, they will be asked to make changes and participate in assessment until they meet the standards. If a distributor fails for multiple times, we will stop working with them. We will also conduct quarterly sampling inspections, conduct spot checks in retail stores through notification or anonymous means, and complete reports for the management as references.

Additionally, we will provide sufficient resources based on their needs,

so that they can keep up with our company's development. For example, we will provide training and operational guidance for staff in different positions and ranks. We will also give assessments and performance reports based on their actual performance. For communication channels, we continued to organize an annual conference for distributors this year, getting all of them together and enhanced mutual communication.

During the year, ANTA has approximately 46 distributors.

Customer relationship management related policies and measures

Building trust and long-lasting relationships with consumers has always been our goal. We hope that through responsible after-sales service, friendly customer service experience, and excellent product quality, our consumers will be willing to continuously purchase our products and build brand loyalty.



- Establish membership systems

Establishing membership systems has always been the easiest way to build customer loyalty. By providing members with the latest product news, shopping incentives and membership activities, we believe that we can increase consumer loyalty and build long-term relationships.

- Sponsor and organize all kinds of sports events

We always want to provide other experiences to the consumers apart from the shopping experience and make our brand a part of consumers' lives. We have been organizing a range of activities and experiences for our customers, so that they can better understand the brand culture, and thus further recognize our philosophy. Besides, we will share the latest news of our brands to the consumers through different platforms, such as WeChat public account, e-commerce platform, email and brand websites, in order to maintain the relationship between our members and the brands.

- Regulate brand advertising content and publicity means

Our advertising and spokesperson policies are in full compliance with the Advertising Law of the People's Republic of China. No administrative punishment were found due to illegal advertisement cases during the year. We will state material composition of the product and how it should be handled on the product label, so as to ensure that the customers understand the characteristics of the product and avoid causing damage by improper handling. If the customer



needs any further clarification about the product label, they can contact our customer service staff for inquiries.

If consumers have any doubt or dissatisfaction, they can share their feedback with us via multiple channels, including our "400 Customer Service Hotline" that is open all year, allowing consumers to share their views with a customer service representative. Customers can also write an email to our customer service department, use the WeChat platform, or directly

communicate with retail staff. Customer service staff will file and sort the customer complaints and feedback according to the "Customer Services Department Article". The complaints and feedback would then be forwarded to the related self-operated stores or distributors for investigation and verification. In order to ensure that the distributors handle the relevant complaints truthfully, staff from the customer service department would contact customer again to confirm if the handling process is recognized by the consumers.

OVERALL PERFORMANCE IN 2018

During the year, the amount of consumer complaints received are listed below:

	2018	2017
Total number of complaints	4,479	5,299
Footwear	56.1%	53.9%
Clothing	43.2%	45.4%
Accessories	0.7%	0.7%

If there are a large number of identical complaints, it may imply that there is a problem with the overall production of the product. We would conduct a comprehensive investigation and improvement. When necessary, we would also carry out a full product recall. During the year, we have not received any customer complaints caused by quality issues appeared in a large number of products.

Customer privacy protection



Apart from complying with the requirements of Chinese laws and regulations, most of the Group’s non-production systems have obtained ISO27001 Information Security International Certification and we have developed a comprehensive corporate information security management system. Among all, we regulate safety management of making environment regulations, legal compliance management regulations and network access regulations based on the “28 Information Security Systems”. Additionally, we also limit employees’ access to data and reduce the risk of data leakage.

In terms of system security management, the supervisor of the customer service department will also conduct long-term monitoring and management to ensure smooth daily operations. In the “Application System Development and Maintenance Safety Management Regulations” and “System Access Management Regulations” formulated by the Information Security Management System, we have established clear security assurance requirements. We also invited external consulting agencies to inspect the system, making sure that it operates smoothly and securely.



A-FLASHFOAM闪能科技

能量循环

从虫洞的正能量和负能量的转化中汲取灵感
以能量的转移
实现瞬间爆发
强大冲击力让你无惧时间和耐力挑战



Society



Since we have the ability to promote social progress, we should bear the responsibility to promote social development while building a sustainable operational ecosystem for our business. Therefore, we have been actively promoting different community projects, such as industry reform proposal submission, resource donation, athlete sponsorship and youth education, to alleviate current problems and situations.

In order to effectively distribute the resources, we provide assistance based on operational status and social roles. We focus on supporting the sporting goods industry, national poverty alleviation policy, athlete development and physical education, hoping to bring more positive impacts to the society.




Our position:

- Support national policy and promote industry development, taking a spot in the international arena as a Chinese sportswear brand;
- Enhance the society's attention and understanding through our brand

influence, lower the threshold of doing all kinds of sports and promote healthy living;

- Allow youth from underdeveloped areas to wear professional sportswear equipment, and allow more youth to participate in sports and enjoy the joy of sports;
- Popularize quality physical education in China and equip youth with proper sports science knowledge; and
- Integrate resources to support Chinese athletes.

OVERALL PERFORMANCE IN 2018

1. Relevant data in 2018	2. Policies and measures
<div><p>Donated 25 “ANTA Adream Centers” in nine different districts in China</p></div> <div><p>Donated sportswear products valued over RMB38 millions of retail price to Chinese youth</p></div> <div><p>Donated over RMB4 million to the special projects of “Sturdy Growth Charity Project”</p></div>	<p>During the year, we implemented different projects and policies that focus on four areas, namely government and industry, children and young people, athletes, and local communities. We hope to bring positive changes to the society through the influence and resources of the brand.</p>



Government and industry

Suggestions on promoting industry and education to the government:

“ I presented two proposals to the National People’s Congress during the year, which included “Proposal on Implementing Innovation-Driven Strategy to Promote the Transformation and Upgrade of the Sporting Goods Industry” and “Proposal on Deepening the Education for Young People in Precision Poverty Alleviation through Supporting both their Bodies and Minds”. It is hoped that these proposals help promote the development of the industry and youth education ”

The Chairman and CEO, Ding Shizhong



“Proposal on Implementing Innovation-Driven Strategy to Promote the Transformation and Upgrade of the Sporting Goods Industry”:

- Speed up the establishment of a technological innovation system for the sporting goods industry;
- Lower the cost of protecting intellectual property rights;
- Promote the establishment of a sporting goods industry innovative platform on a national level to achieve resource sharing; and
- Promote cultivation of footwear design talent and nurture independent innovative talents.

“Proposal on Deepening the Education for Young People in Precision Poverty Alleviation through Supporting both their Bodies and Minds”:

- Formulate specific policies and measures for the poverty area that creates a participation platform;
- The “Sports Poverty Alleviation” special fund will be set up to integrate the school’s physical education curriculum and sports programs into the school assessment and education systems in the poverty areas. It can encourage young people from the poverty area to join “one hour of exercise daily” activity;
- Use a two-pronged approach for both “Hardware and Software” to increase the investment in physical education of young people in poverty areas;
- Introduce professional sports teachers and strengthen software infrastructure;
- Promote the development of young people in physical fitness and promote a balance in literacy education; and
- Promote the literacy education, including interest in sports, intellectual development and physical fitness to improve the psychological quality and physical health of young people.

OVERALL PERFORMANCE IN 2018



We believe that Chinese brands must go towards the international market. Instead of using low prices, we should achieve this by our quality, value and branding, changing from a competition of prices to a competition of value and innovation. Therefore, in order to make Chinese brands a truly “Great Brand”, it is necessary to have the innovation capability and product quality that are comparable to international standards. The Chinese brands should aim at becoming brands that are innovative and of high quality that provide professional and high-quality products for the consumers. We took the initiative to propose industry upgrade and reformation to the government, hoping that will help promote the progression of the industry. Among all, we especially hope to promote the talent training and add more vibes into the industry.

A partnership agreement with the Beijing Institute of Fashion:

We have always want to establish a more professional talent training system for the industry to further enhance the overall level and performance of the industry, so as to promote the pace of development. Therefore, we officially signed a partnership agreement with Beijing Institute of Fashion Technology during the year for in-depth cooperation, and support nurturing Chinese sportswear talents by establishing scholarships.

This partnership in production, learning and research aims to cultivate more outstanding design and technical talents for the industry. At the same time, it also identify new energy into our scientific research and innovation, hoping to achieve the ultimate goal of serving the local industry and promoting overall industrial development. The Beijing

Institute of Fashion will cooperate with us in professional curriculum design, joint work camp, internship, basic research, product design and the Olympics in the future.

Children and young people

“Sturdy Growth Charity Project”:

Since 2017, we have established a long-term cooperative relationship with the Adream Foundation. We jointly established the “Sturdy Growth Charity Project” and “Love Never Stops; Brighten the Future-70 Anniversary Tribute” is the 2018-2019 theme for long-term charitable work. We aim to provide a better education environment and hardware support for Chinese youth from the promotion of three main projects with sportswear products donation, literacy education and sports curriculum.



	2018	2017
“ANTA Adream Center”	Donated a total of 25 “ANTA Adream Center” in 9 provinces in China, which helps over 40,000 children cumulatively for quality literacy education	Donated 7 “ANTA Adream Center” in Fujian and Yunnan Provinces, China
“ANTA Dream Sports Course”	Completed the R&D of the “ANTA Dream Sports Course” 1.0 system, and trained 45 schools for a total of 89 sports dream teachers, benefiting a total of 15,000 students	Developed the “ANTA Dream Sports Course” 1.0 system
“Fun Carnival” event	2 times	1 time
Sportswear products donation	Reached over RMB38 millions of retail price	Reached over RMB16 millions of retail price

We hope that by donating professional sports products, building “ANTA Adream Centers” and creating “ANTA Dream Sports Course”, we are building a comprehensive education system for the less developed regions. We want to provide a better learning environment for

local youths, and create more equitable learning conditions. “ANTA Adream Center” is not just a standardized classroom with internet, multimedia and books, it also covers interdisciplinary curriculum, so that youth can get a more well-rounded education.

Initiate “Congenital Heart Love Relief Project”:

During the year, we launched the “Congenital Heart Love Relief Project” jointly with Bethune Charitable Foundation, Fujian Provincial Hospital and People’s Hospital of Ningxia Hui Autonomous Region. It aims to provide medical assistance for children with congenital heart disease in poor families in Ningxia. It prevents the poor to get poorer because of illnesses.

The beneficiary target of the project is mainly for people who live in the Ningxia Hui Autonomous Region. Those who have a congenital heart from 1 to 16 years old and the per capita income of their living households is lower than the per capita disposable income line of the local residents will be supported by the project to regain their health and live optimistically. The first batch of beneficiaries were 30 children from the Pengyang County. We arranged the best team of medical professionals to provide free surgical treatment to relieve the mental burden and financial pressure of the parents with sick children.



OVERALL PERFORMANCE IN 2018

Organize the 1st “ANTA Joyful Training Camp”:

In order to provide care and warmth to the youth with single-parent and orphans, we held the first ANTA Joyful Training Camp in 2018, in which children are offered experiential learning through field trips to gain confidence by getting in touch with the outside world. This training camp is mainly hosted by the ANTA ADream Camp Volunteer Association-Jinjiang Branch. They arranged different activities such as visiting the ANTA museum and running a story-telling session. Those who lack resources enjoyed a happy and fruitful day.

Athletes

Sponsor the Chinese team in the Olympics:

We have been the official partner of the Chinese Olympic Committee since 2009. Over the years, we have provided sportswear and apparels in the awards ceremony for the Chinese athletes at multiple international Olympics races. Going forward, we will work together with the Beijing Winter Olympic Committee and we will be the official sportswear sponsor for Beijing Winter Olympics 2022 Olympic Winter Games and Winter Paralympics.

Local community

Innovative steps donation platform:

We also launched an innovative steps donation platform with Sina.com and allow customers to participate in the “Donate Steps for Sports Gear” activities anytime and anywhere. The event attracted more than 190,000 netizens to participate. When 2,500 steps were



completed, we would donate a piece of sports gear to children. In the end, we donated 7,874 pieces of sports gear to fulfill corporate social responsibility.

“ANTA ADream Camp Volunteer Association”:

At the end of 2017, we established the “ANTA ADream Camp Volunteer Association”. Its purpose was to encourage employees to actively participate in charity events, so that they will be more involved in all kinds of social activities and make a contribution to social development. The association has a total of six branches in the country. Each year, the group allocates an independent charitable activity budget. At the same time, we also give each participating staff a five-hour charity holiday every year, increasing the employee’s motivation in supporting charity events.

During the year, the “ANTA ADream Camp Volunteer Association” organized and co-organized a variety of charity events. The overall atmosphere was good, and the Group’s internal recognition and public support were strengthened. For example, the Association during the year participated in the Dream Course of the “Sturdy Growth Charity Project”. The members became dream teachers and interact with children at the event. It was an opportunity for the members to experience the joy that the Dream Course brings to children. In addition, the Association organized various training camps, providing healthy activities for children in different districts to learn while having fun.




Prospects

The future is unpredictable. We believe that if we want to adapt to future situations, the best way to develop is to constantly innovate and reform. “Keep Moving” has always been our development philosophy. It demonstrates that the Group’s attitude towards change. We hope that we can continue to make progress and promote sustainable development in both the society and the industry.

According to the basic framework of sustainable development that we have established in the past, we are now in the intermediate stage. The basic operating system and group culture are formed and we are gradually increasing our participation in the infrastructure of the society. At the same time, we will strengthen the implementation and development of the system and gradually move towards the role of a leader. Based on this framework, we are making progress in various sustainable development goals, and we also hope to set achievable milestones based on the situation of the Group.

PROSPECTS



Sustainable development goal	Progress in 2018	Progressive objective
Data collection and hardware upgrade	<ul style="list-style-type: none"> Continued to hire external consultants to review and improve the accuracy of our data collection systems and records 	<ul style="list-style-type: none"> Further expand the scope of data collection and review to improve the scope of existing disclosures
Information management system	<ul style="list-style-type: none"> Some suppliers have been asked to implement ISO14001 Environmental Management System Cooperated with professional IT companies to improve the Group's computer and sales related systems for better efficiency 	<ul style="list-style-type: none"> Cooperating with professional IT companies to further enhance the existing systems and assist distributors to upgrade their systems
Increase the transparency and recognition of the guidelines	<ul style="list-style-type: none"> Published this report annually, and uploaded both Chinese and English versions of this report for public access This report was awarded CarbonCare® ESG Label by CarbonCare Asia for three consecutive years. It has also obtained the recognition as "The Best ESG Reporting Awards (Large Cap)" 	<ul style="list-style-type: none"> Comprehensively improve the disclosure criteria by following the international reporting disclosure guidelines
Product design	<ul style="list-style-type: none"> Incorporated "innovation" into one of the performance indicators of the product design team; and integrated green elements into product design 	<ul style="list-style-type: none"> Find ways to improve the sustainability of products Increase the proportion of products with environmentally-friendly characteristics
Carbon emission data management	<ul style="list-style-type: none"> Began to integrate and consolidate requirements and documentation methods from different departments, so as to improve data accuracy 	<ul style="list-style-type: none"> Institutionalize and standardize the way carbon emissions data is collected and organized to improve data accuracy
Data collection systematization and comprehensivity	<ul style="list-style-type: none"> Some suppliers were asked to obtain information system certification or related certification system. 	
Stakeholder engagement	<ul style="list-style-type: none"> Management continued to discuss and prepare for the independent sustainable development workforce 	<ul style="list-style-type: none"> Establish an independent sustainable development workforce
Employee rights	<ul style="list-style-type: none"> Hosted different employee events and built a more inclusive corporate culture 	<ul style="list-style-type: none"> Discuss and study the living wages
Supply chain management	<ul style="list-style-type: none"> We began to carry out in-depth supply chain management reform, and adjusted the assessment criteria Conducted an in-depth discussion with external organizations to conduct research on the possibility of implementing sustainable procurement 	<ul style="list-style-type: none"> Formally cooperate with external organizations to implement sustainable development procurement

In the upcoming future, we will continue to work with stakeholders from different sectors. Based on the topics that they are concerned, we will research and implement targeted and practical policies and measures, with an aim to create longer-term value for the Group.

OVERVIEW OF SUSTAINABLE DEVELOPMENT

A. Environmental

- Strictly abide by local environmental laws and regulations in where our business operates and try our best to avoid making irreversible damage to the environment.
- We have an indispensable responsibility to promote the importance of environmental protection in the industry and in society.
- Pay close attention to how environmental changes impact the Group and prepare accordingly.
- Regulate all types of suppliers through different administrative and operational means, trying to eliminate elements in the supply chain that have a negative environmental impact.

		HKEx KPI	GRI
Level A1: Emissions			
<p>The types of emissions and respective emissions data</p> <p>GHG emissions in total</p>	<p>Total GHG emissions: 84,302 tonnes CO₂e</p> <p>Scope 1 (Solid, liquid and gaseous fossil fuels): 7,019 tonnes CO₂e</p> <p>Scope 2 (Purchased electricity): 77,283 tonnes CO₂e</p> <p>Carbon intensity: 3.50 tonnes CO₂e per million RMB revenue</p>	<p>A1.1</p> <p>A1.2</p>	<p>GRI 305:</p> <p>305-1</p> <p>305-2</p> <p>305-3</p> <p>305-4</p>
<p>Total hazardous and non-hazardous waste produced</p>	<p>Non-hazardous solid waste: 2,313,314.3 kg</p> <p>hazardous waste: 458.5 kg</p> <p>In terms of the amount of waste generated, we disclosed hazardous waste for the first time during the year, hoping to further improve the existing environmental data disclosure performance. As the data collection of hazardous waste is relatively complicated, only the relevant data of the Group's Athletic (PRC) factory was covered. The disclosure scope will be further expanded when the data collection performance of other factories becomes more mature. Due to the improvement of production technology, the materials used and production process adapted are basically safe and non-hazardous. The amount of hazardous waste is not significant. During the year, our hazardous wastes were mainly paint slag, waste oil and sludge. They would be stored temporarily in the specific hazardous storage room and collected regularly by qualified recyclers.</p>	<p>A1.3</p> <p>A1.4</p>	<p>GRI 306:</p> <p>306-2</p> <p>306-4</p>
<p>Measures to mitigate emissions and results achieved</p>	<p>Although the total amount of GHG emissions has been increasing along with the Group's business development, the intensity is dropping year by year, with a cumulative decrease of 36.7%. These data clearly demonstrated that the Group did not relax on GHG emissions for the rapid business expansion. Instead, the Group has strengthened the overall approach and management to limit unnecessary GHG emissions. According to the breakdowns, the emissions in scope 1 show a declining trend, which during the year, emissions greatly decreased 51.8% when compared to last year's amount. These mainly due to the reducing use of fossil fuels.</p>	<p>A1.5</p>	<p>GRI 305:</p> <p>305-5</p>
<p>Measures to handle or reduce hazardous and non-hazardous wastes and results achieved</p>	<p>Regarding hazardous waste, we established a strict code for the treatment and use of chemicals. By estimating the use of chemical, we avoid preparing chemicals that are more than required and creating harmful waste. If too much chemical were prepared, the excess will be processed based on the Group's procedure. For non-hazardous waste, we encouraged our staff to reduce waste and follow the "4Rs" – Reduce, Reuse, Recycle and Recover, with the aim to produce less general waste. All general waste will be disposed in accordance with the internal treatment code. The waste will be recycled or disposed of based on actual condition.</p>	<p>A1.6</p>	<p>GRI 306:</p> <p>306-4</p>

OVERVIEW OF SUSTAINABLE DEVELOPMENT

		HKEx KPI	GRI
Level A2: Use of resources			
Direct and indirect energy consumption by type (e.g. electricity, gas or oil)	Total natural gas consumption: 3,222,975 m ³ Total diesel consumption: 0 tonnes Total coal consumption: 0 tonnes Total gasoline consumption: 16.8 tonnes Total electricity consumption: 89,817,199 kWh Total steam consumption: 130,767 GJ	A2.1	GRI 302: 302-1
Total water consumption (m ³)	Total water consumption: 1,677,971 m ³	A2.2	GRI 303: 303-1
Energy efficiency initiatives and results achieved	In terms of energy use performance, we completely eliminated the use of coal and diesel during the year, and reduced the consumption of petrol and natural gas, overall reducing the dependence on fossil fuels. And as a result, we have increased the use of electricity and replaced the coal-burning boilers by steam boilers to maintain the normal operation of the production line and businesses sectors.	A2.3	GRI 302: 302-4
Water efficiency initiatives and results achieved	We use the water supplied from the government, and do not consume any water directly from natural habitat. We have not yet established a mature water recycle and reuse scheme. Due to the overall expansion and development of our business, the water usage increased 7.0% compared to last year. However, by comparing with our revenue growth, the level of increase in water usage is still very reasonable. In the future, we will continue to monitor our water usage situation, and actively seek for improvements.	A2.4	GRI 303: 303-3
Total packaging material used for finished goods	Paper (including paper boxes, paper bags and wrapping paper etc.): 7,738.2 tonnes Our major packaging material used is paper. We did not use any renewable materials, and have yet to establish a mature packaging materials recycling schemes. We will continue to encourage our employees to reduce the distribution of paper bags, and strengthen customer education to further reduce the amount of paper packaging materials used.	A2.5	GRI 301: 301-1 301-3
Level A3: The environment and natural resources			
Significant impacts of corporate activities on the environment and natural resources and actions taken to manage them	Our major business focus on brand operation, product production and sales. Apart from GHG emissions and waste disposal, there is no significant impact on the environment and natural resources. We disclosed different ways and strategies above to reduce environmental burden brought by the business operation.	A3.1	GRI 307: 307-1

B. Social

Employment and labor practices

- We abide by the law and regulations, and we will try our best to eliminate any form of exploitation.
- As a company that values talent, we respect the personal choices of our staff, regardless of their gender, age, religion, ethnicity and other personal preferences.
- We are responsible for providing reasonable treatment and protection to our staff and ensure that they have a reasonable quality of life where they reside.
- We are responsible for a safe working environment for the staff.
- We have the responsibility to provide a comprehensive training mechanism, so that our staff will be able to demonstrate their strengths in a position that fits.
- We value the needs of our staff's family roles, and we will try our best to coordinate and make the appropriate arrangement.

		HKEx KPI	GRI
Level B1: Employment			
Total workforce by gender, employment type and age group	<p>Total number of employees = 25,000</p> <p>By employment type and gender: Office staff = Female 14.2%; Male 13.7% Retail staff = Female 5.1%; Male 30.5% Factory staff = Female 16.5%; Male 20.0%</p> <p>By age group: 16 years old or below = 0% 16-24 years old = 19.6% 25-40 years old = 64.9% 41-59 years old = 15.5% 60 years old or above = 0%</p>	B1.1	GRI 102: 102-7 102-8
Level B2: Health and safety			
Number and rate of work-related fatalities	<p>Number of work-related injuries: Office staff = 11 Retail staff = 23 Factory staff = 24</p> <p>Ratio of work-related injuries: Office staff = 0.2% Retail staff = 0.3% Factory staff = 0.3%</p> <p>Number of work-related death: 0 Rate of work-related death: 0%</p>	B2.1	GRI 403: 403-2
Lost days due to work injury	<p>Office staff = 319 days Retail staff = 1,068 days Factory staff = 1,104 days</p>	B2.2	GRI 403: 403-2


OVERVIEW OF SUSTAINABLE DEVELOPMENT

		HKEx KPI	GRI
Description of occupational health and safety measures adopted, how they are implemented and monitored	<p>Based on the work intensity, type of work, machinery for operation and materials to be handled, we provide suitable equipment for the staff. We also provide appropriate training to ensure our staff understands the risks involved in their work and learn how to properly operate machines and handle materials, avoid injuries caused by improper handling of work tasks. In order to make sure all policies are implemented, we will arrange supervisors to conduct inspection regularly and check the staff's equipment, to ensure that the tools are in good condition and reduce operational risks.</p> <p>Issues related to employees' safety are mainly handling by our Strategic Management Department. We have yet to establish a health and safety committee formed by both employee and management representatives. We do not have any staff with high incidence or high risk of diseases related to their working tasks.</p> <p>For medical insurance, we have set up a "Worry-free Medical Program" and purchase supplementary medical insurance for our staff. To enhance the governance and promote harmonious mutual development with employees, the Strategic Management Department conducted employee satisfaction survey during the year to the collect their opinions toward.</p>	B2.3	GRI 403: 403-1 403-2 403-3 403-4
Level B3: Development and training			
The average training hours completed per employee by gender and employee category	We will not disclose the information in the Report as we are optimizing the data collection system.	B3.2	GRI 404: 404-1
Level B4: Labor standards			
Employment practices	<p>We established a "Prohibition of Child Labor Recruitment and Remedial Procedures". All businesses will not recruit child labor or forced labor. The employment contracts that we signed with the employees clearly state the violation and liabilities.</p> <p>During the year, we did not hire staff who are 16 years old or below in any position.</p>	B4.1	GRI 408
Rectification measures to be taken in case of non-compliance	Once we found that child labor is recruited by mistake, we will immediately take the remedial solutions. First, a report will be sent to the labor department for review and verification. At the same time, the related staff will be asked to stop working immediately and they will be sent to the hospitals for a health check. If the staff is confirmed to be child labor, we will issue the full wages and notify the child's parents, so that the child will be passed to the hands of their guardians in a timely manner. Besides, we will retain the copy of the proof of age documents for record.	B4.2	GRI 408



		HKEx KPI	GRI
Level B5: Supply chain management			
Number of suppliers by geographical region	Raw material suppliers and OEM in China = Over 645 Raw material suppliers and OEM in overseas countries = Over 8	B5.1	GRI 102 102-9
Practices relating to engaging suppliers, number of suppliers where the practices are being implemented and the implementation and monitoring	<p>Basic supplier evaluation criteria:</p> <ul style="list-style-type: none"> – Performance and rating in three areas: credibility, contract spirit and financial stability – Based on the requirement of product type, price and company size, the suppliers have R&D capability, production management capability and quality control systems that are in line with the industry standards. – Hold Chinese certification related to production and quality control and obtain the ISO international standards, if possible; and – Meet the requirements listed in the background questionnaire. <p>We developed the “QC Standards Management Measures” to standardize the training content and operation standards for the suppliers. We will conduct quarterly, semi-annual or annual field audit and performance management based on the suppliers’ contract period and past performance. Performance statistics and summary will be shared in each quarter. If a supplier fails to meet our requirement during the regular inspection, they have to make improvement in a given time; otherwise, their contract will be terminated.</p>	B5.2	GRI 102: 102-9
Level B6: Product responsibility			
Percentage of total products sold or shipped subject to recalls for safety and health reasons	Recall rate of products of ANTA and ANTA KIDS: Less than 0.01%	B6.1	–
Number of products and service related complaints received and the handling methods	<p>During the year, we received 4,479 customer complaint, which related to footwear accounted for 56.1%, clothing for 43.2% and accessories for 0.7%.</p> <p>Customer service staff will file and sort the customer complaints and feedback according to the “Customer Services Department Article”. The complaints and feedback will then be forwarded to the related self-operated stores or distributors for investigation and verification. In order to ensure that the distributors handle the relevant complaints truthfully, staff from the customer service department will conduct customer return visits and confirm if the handling process is recognized by the consumers.</p>	B6.2	–
Practices relating to maintaining and protecting intellectual property rights	We value the intellectual property protection and respect the originality of the design. Therefore, we have a strict design internal process, and we encourage consumers to report counterfeit goods. At the same time, we will cooperate with suppliers and law enforcement agencies to take action against relevant factories in order to ensure the brand’s market position. During the year, there were 906 of the manufacturing counterfeit and all kinds of brand infringement activities.	B6.3	–

OVERVIEW OF SUSTAINABLE DEVELOPMENT



		HKEx KPI	GRI
Requirements for product and service information and labeling	<p>We have provided the materials' data of all products (including footwear, apparel and accessories) on their tags or packages according to the relevant national and domestic laws. A customer can easily judge if the product suits his needs with the information provided. During the year, we did not have any incidents of non-compliance concerning product information and labeling.</p> <p>Our advertising and spokesperson policies are in full compliance with the Advertising Law of the People's Republic of China. No administrative punishment were found due to illegal advertisement cases during the year.</p>	–	GRI 417: 417-1 417-2
Quality assurance process and recall procedures	<p>We strictly control the quality of all products. The Quality Control Department carries out a number of safety tests before sending the products to distributors. Based on the internal product quality standard, the products are tested on sharp tips in the product structure, residual broken needles and hazardous chemical content etc. Based on those evaluations, we develop and implement specific inspection plans, standards and implementation codes.</p> <p>If defective products with materials and sewing products are found after shipment, we will recall the product according to the "Product Recall Management System" to ensure that the defective products are properly handled. For products that are found to be inconsistent with any regulations, found to be defective in the self-inspection process, or the recalling rate of the same product is more than 5%, we will complete sending the notification of taking the products off the market after one working day of confirming the product recall. We will also notify the distributors to recall all the products.</p>	B6.4	–
Consumer data protection and privacy policies, the implementation and monitoring	<p>Most of the Group's non-production systems have obtained ISO27001 Information Security International Certification and we have developed a comprehensive corporate information security management system. Among all, we regulate safety management regulations, legal compliance management regulations and network access regulations etc., based on the "28 Information Security Systems". In terms of system security management, we have established clear security requirements in "Application System Development and Maintenance Safety Management Regulations" and "System Access Management Regulations". We also invited external consulting agencies to inspect the system.</p>	B6.5	GRI 418: 418-1



		HKEx KPI	GRI
Level B7: Anti-corruption			
Number of concluded legal cases regarding corrupted practices brought against the issuer or its employees during the year and the outcomes of the cases	We identified three corruption-related cases during the year. We have three employees violated the rules in the “ANTA Group Anti-corruption Rules”, we punished them by following the “Reward and Punishment Management System” as well as termination of the employment contract and handed them over to legislative authority.	B7.1	GRI-205: 205-1 205-3
Preventive measures and whistle-blowing procedures, the implementation and monitoring	<p>We established the Audit and Supervision Department, which audits for five different areas including factory, supply chain, brand, engineering and retail. This department covers the auditing for all areas of our business and equipped with dedicated investigators with specialized skills. It guarantees that the anti-corruption work is done in an independent, objective and fair manner.</p> <p>We have established multiple channels for communication as usual. Employees can make an anonymous report to the Audit and Supervision Department.</p>	B7.2	GRI-205: 205-2

OVERVIEW OF SUSTAINABLE DEVELOPMENT

		HKEx KPI	GRI
Level B8: Community investment			
Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sports)	<ul style="list-style-type: none"> Presented two proposals to the National People's Congress in 2018: one of them is the "Proposal on implementing innovation-driven strategy to promote the transformation and upgrade of the sporting goods industry"; and "Proposal on Deepening Education for Young People in Precision Poverty Alleviation through Supporting both their Bodies and Minds" Established a partnership agreement with Beijing Institute of Fashion Technology in 2018 for in-depth cooperation. By establishing scholarships, we would like to support Chinese sportswear talents to grow Established a long-term cooperative relationship with the Adream Foundation and jointly-established the "Sturdy Growth Charity Project". We aim to provide a better education environment and hardware support for Chinese youth Launched the "Congenital Heart Love Relief Project" jointly with Bethune Charity Foundation, Fujian Provincial Hospital and Ningxia Hui Autonomous Region People's Hospital. It aims to provide medical assistance for children with congenital heart disease in poor families in Ningxia, which alleviates the practical challenge of poor families Organized "Fun Carnival" event to offer experiential learning through field trips to gain confidence by getting in touch with the outside world for children Work together with the Beijing Winter Olympic Committee and become the official sportswear sponsor for Beijing Winter Olympics 2022 Olympic Winter Games and Winter Paralympics Launched an innovative steps donation platform with Sina.com and allow customers to participate in the "Donate Steps for Sports Gear" We established the "ANTA Adream Camp Volunteer Association" to give each participating staff a five-hour charity holiday every year that encourage employees to actively participate in charitable activities. 	B8.1	–
Resources contributed to the focus area	<ul style="list-style-type: none"> Donated 25 "ANTA Adream Centers" in 9 different districts in China Donated sportswear products over RMB38 millions of retail price to Chinese youth Donated over RMB4 millions to "Sturdy Growth Charity Project" 	B8.2	–

GLOSSARY

Amer Sports Corpoation

Amer Sports Oy, a sporting goods company incorporated in Finland

ANTA

ANTA brand

ANTA CHANGTING (PRC)

Changting ANTA Sports Products Co., Ltd.

ANTA CHINA (PRC)

ANTA (China) Co., Ltd.

ANTA KIDS

ANTA KIDS brand

ANTA SPORTS/COMPANY/GROUP/WE/OUR/US

ANTA Sports Products Limited

ANTA STORE(S)

ANTA authorized retail store(s)

ANTA XIAMEN (PRC)

Xiamen ANTA Sports Goods Co., Ltd

ATHLETIC (PRC)

Quanzhou Athletic Shoes & Garments Co., Limited

BOARD

Board of Directors

CCA

Carbon Care Asia Limited, a professional consultancy firm

CHINA/PRC

People's Republic of China

CO₂e

Carbon dioxide equivalent

CONSULTANCY FIRM

Independent, third-party, professional consultancy firm

DESCENTE

DESCENTE brand

FILA

FILA brand

FILA KIDS

FILA KIDS brand

FILA STORE(S)

FILA retail store(s)

GHG Emissions

Greenhouse gas emissions

GRI

Global Reporting Initiative

HENAN MATERIAL(PRC)

Henan ANTA Material Supply Limited

HKEx

The Stock Exchange of Hong Kong Limited

HONG KONG

The Hong Kong Special Administrative Region of the PRC

KINGKOW

KINGKOW brand

KOLON SPORT

KOLON SPORT brand

LISTING RULES

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

MACAO

The Macao Special Administrative Region of the PRC

MSCI

MSCI Standard Indexes

OEM

Original equipment manufacturer

QC

Quality control

QUANZHOU MATERIAL (PRC)

Quanzhou ANTA Material Supply Limited

R&D

Research and development

REPORT

Environmental, Social, Governance Report

RMB

Renminbi, the lawful currency of the PRC

SDGS

The United Nations's 17 Sustainable Development Goals

SHAREHOLDERS

Shareholders of the Company

SKU

Stock keep unit

SPRANDI

SPRANDI brand

XIAMEN ANTA INDUSTRIAL (PRC)

Xiamen ANTA Industrial Limited

YEAR

The year ended 31 December 2018



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