

# La Chapelle

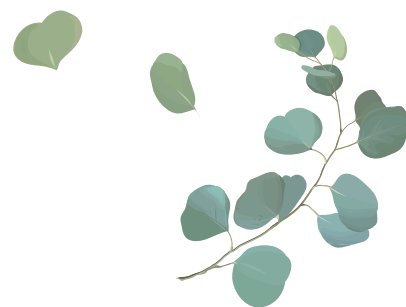
Xinjiang La Chapelle Fashion Co., Ltd.



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

## ESG REPORT 2020

(Stock Code: 06116)



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# I About This Report



## STATEMENT FROM THE BOARD

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

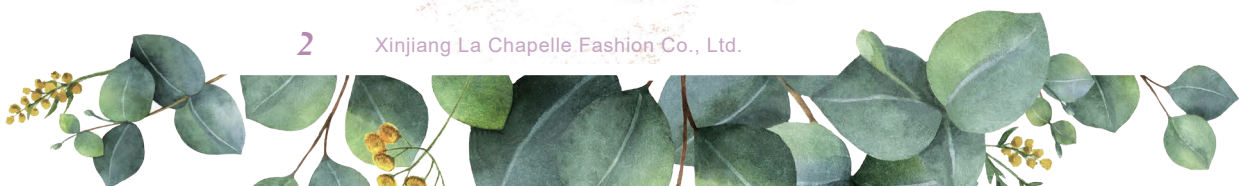
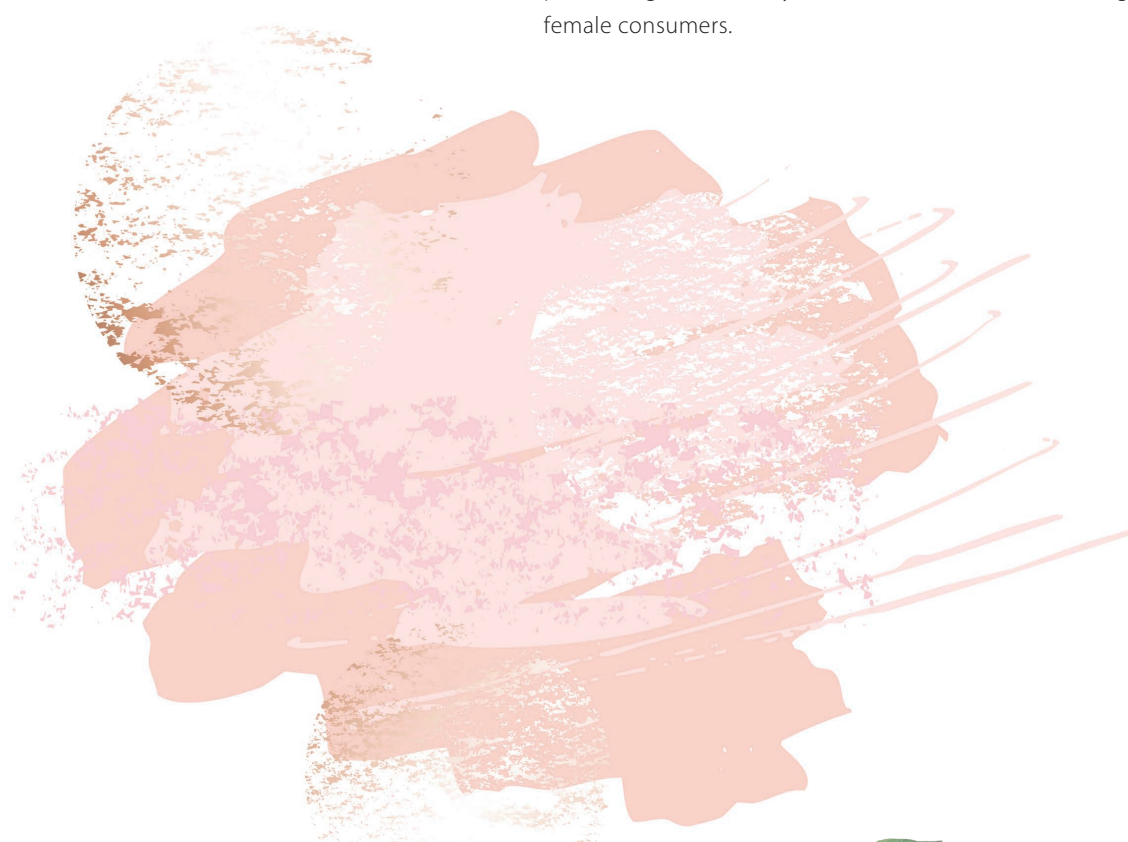
## BASIS OF PREPARATION

This report was prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Environmental, Social and Governance Reporting Guide on the Shanghai Stock Exchange. The reporting period is from 1 January 2020 to 31 December 2020. A portion of the content consists of a brief review of previous and recent related activities. This report will be published on the website of The Stock Exchange of Hong Kong Limited, the Shanghai Stock Exchange and the Group's official website.

## THE GROUP'S BUSINESSES

Xinjiang La Chapelle Fashion Co., Ltd. (the "**Company**") was incorporated in the People's Republic of China on 23 May 2011, converting from its predecessor, Shanghai Xuhui La Chapelle Fashion Limited, which was founded in 1998. Shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 9 October 2014, and on the Main Board of the Shanghai Stock Exchange since 25 September 2017. The Company and its subsidiaries (the "**Group**") are a multi-brand and omni-channel operated fashion group with a focus on the mass-market. Since our establishment, we have kept our focus on the apparel sector and adhered to the brand's initial resolution and development concept of "designing for a better life". We strive to offer consumers with stylish and high quality fashion products.

The Group now owns multiple brands such as La Chapelle, Puella, 7 Modifier and La Babité which have different but complementary styles. They are mass-market women fashion brands that have interwoven and extensive customer positioning which satisfy the diverse needs of a wide range of female consumers.





During the reporting period, the Company accelerated its business transformation, initiated a brand reform campaign, and made every effort in building a brand cluster with women's wear as its core and targeting at female consumers. Meanwhile, online business of the Company was adjusted from the traditional model of "planning and design-self procurement-platform operation-online sales" to a new model of "brand licensing + operation services", in order to facilitate asset-light, digital, and technological transformation of the Company.

During the reporting period, the Group's revenue was RMB1,819 million. Relying on the combination of offline retail network and the new model of "brand licensing + operation services", we have integrated offline retail outlets and online sales platform based on the new retail strategy to offer our consumers with a more convenient and comprehensive omni-channel shopping experience.

### REPORTING SCOPE

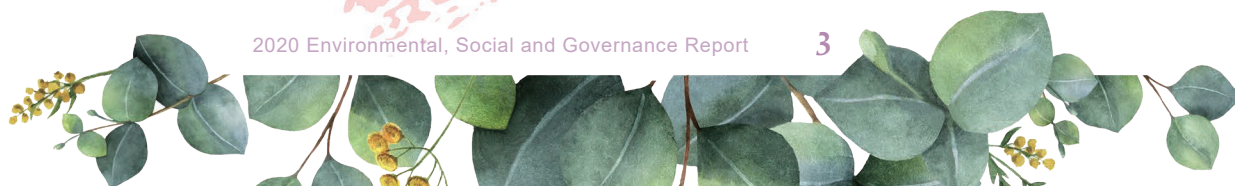
The scope of this report comprises Xinjiang La Chapelle Fashion Co., Ltd. and its subsidiaries in China. The information on policies and society herein covers all businesses, while information on the environment and use of electricity covers self-owned properties under the Group's control, including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

### SOURCES OF DATA

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

### REPRESENTATIONS

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





## 2 Statement on Responsibility



Dear friends of La Chapelle,

The outbreak of the COVID-19 pandemic in 2020 posted tremendous impacts on the global economy, especially the consumer industry. As a traditional consumer goods industry, the apparel industry also faced severe challenges. As such, La Chapelle expedited the adjustment of its transformation plan and proactively adapted to the new situation.

In the past year, due to the outbreak of the COVID-19 pandemic, we timely adjusted the business hours of our stores or temporarily closed some of our stores, and strategically closed some low-efficiency and loss-making stores. We also proactively down-scaled the business of non-core brands in order to prepare for acceleration in the transformation of the Group. Upholding our “down-scaling and keeping focused, reducing costs and increasing efficiency and innovative development” operational policy, we gradually shifted our business focus from offline to online, and through the launch of diversified sales models including spring discounts in online malls, online streaming, WeChat ordering, distribution through mini-applications, and repeated live streaming in different regions, in order to improve communication and interaction with consumers. During the reporting period, the Company also adjusted its online business with a new model of “brand licensing + operation services”, further accelerating the reform towards “digital economy” and the transformation based on the new retail model. In the beginning of 2020, after the outbreak of the COVID-19 pandemic, we have prioritized the safety and health of our consumers and employees. We took measures such as regular comprehensive disinfection of business premises and distribution of anti-pandemic supplies to all employees, in order to reduce the infection risks of consumers and employees. In an effort to contribute our strength to combat against the pandemic, we donated items such as down jackets and winter clothes to Jinyintan Hospital of Wuhan, Zhongnan Hospital of Wuhan University, and No. 5 People’s Hospital of Shanghai, Fudan University.

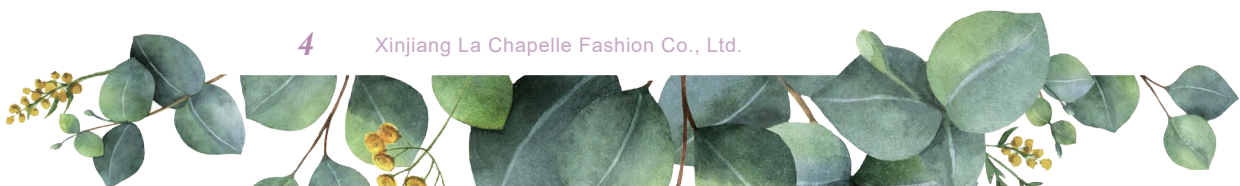
Environmental protection is one of the core values of La Chapelle. We have long been sticking to our spirit of “La Chapelle supports global environmental protection while pursuing a green earth”. The Group realizes green

development, low-carbon operation and follows the development cycle of its business activities through environmental management. With the use of packaging materials made of renewable materials, use of energy-saving equipment in its business and office premises, and integration of energy-saving concepts into site planning and construction, the Group can substantially reduce its resource consumption and carbon emissions, thus achieving the goal of energy conservation and emission reduction.

In the future, we will continue to uphold the spirit of craftsmanship and innovation, and strive to offer more stylish, high quality and cost-effective products, integrate more ESG elements into our product design and perform social responsibility in an innovative manner. In our future course of pursuing ESG, we also expect further understanding and help from the stakeholders of the Group.

**Mr. Wu Jinying**

29 April 2021



# 3 Summary of Environmental, Social and Governance Aspects

## 3.1 THE GROUP'S ESG STRATEGIES

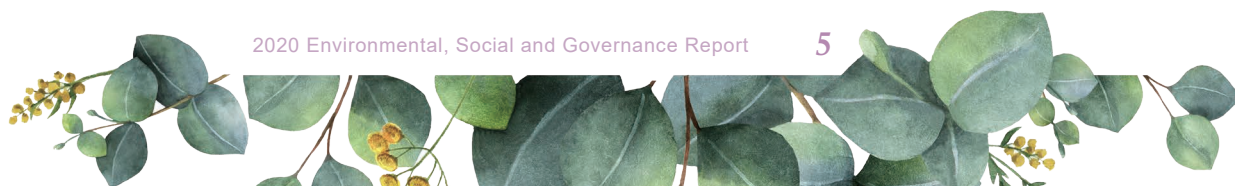
The Group has always regarded corporate social responsibility as its core obligation as well as a sublimation and extension of its corporate value. We put people first as our business spirit, maintain employment equality, care about growth and development of our employees, and attach importance to employee welfare. We also firmly oppose improper business conduct, and work with various stakeholders to maintain fair trade principles through making more continuous efforts in publicity and education for raising the legal awareness within the Group. At the same time, we also strengthen the punishment of non-compliance. These are among our most important contributions to the healthy and orderly development of a socialist market economy.

Ensuring the health and safety of customers and employees is the basic responsibility of a company and also one of the foundations of sustainable development. Our supply chain management system not only ensures that the Group's products comply with quality, environmental protection, fashion and other standards, but also focuses on communication with suppliers, continuous optimization of the supply chain management process, improvement in procurement efficiency, as well as promotion of transparent and green procurement, in order to strengthen sustainable development hand in hand and to foster healthy and rapid development of the industry.

Creating a harmonious and beautiful environment demonstrates the corporate social responsibility of a company. The Group has always been advocating the sustainable development concept of on-demand use of resources, such as water and electricity, to avoid excessive consumption. The Group also encourages reductions in the use of packaging, even though it is made of environmental-friendly materials, in order to ensure that effective environmental protection encompasses all aspects of architectural design, construction and daily operation.

Actively taking on social responsibilities and making contribution to society is an intrinsic obligation of a company in the course of its development. The Group has been actively participating in social welfare activities. For example, the Group provided large volume of medical supplies to major hospitals during the pandemic, to ensure the safety of front-line medical staff that fought against the pandemic. The Group also firmly implemented relevant poverty alleviation policies, and commenced poverty alleviation work in depth to ensure genuine poverty alleviation for the underprivileged. Volunteer activities in respect of garbage sorting were also organized to promote resources utilization.

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

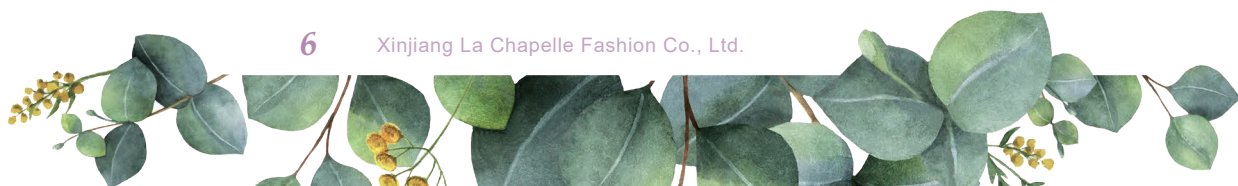


## 3 Summary of Environmental, Social and Governance Aspects

### 3.2 THE GROUP'S ESG STRUCTURE

The Group has established an ESG working committee led by senior management with the participation of middle management, which reports to the Board regularly to help it assess and review the risk management and internal control system for ESG of the Group. The ESG working committee, led by the office of the board of directors, is comprised of representatives from departments in relation

to the Group's daily administration, including the Human Resources Department, Administration Department, Supplier Management Department, Infrastructure Engineering Department, Audit Supervision Department, Logistics Department and Store Decoration Engineering Department. The ESG working committee is responsible for disseminating and communicating the Group's ESG strategies, specific initiatives and feedback. It is the key driving force of our sustainable development.





## 3 Summary of Environmental, Social and Governance Aspects

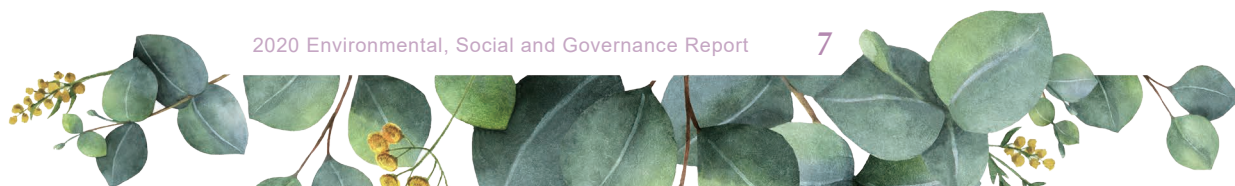
### 3.3 STAKEHOLDERS' PARTICIPATION AND MATERIORITY ASSESSMENT

We proactively establish communication channels with stakeholders, improve platforms for internal and external communication, take corporate social responsibility from a more diversified perspective, and plan for relevant performance. We will continue to focus on stakeholders, will review and update the assessment of materiality, and will introduce external stakeholders when conditions permit, in order to ensure that the report reflects the Group's latest progress in sustainable development.

### Stakeholder Communication

By continuously improving communication channels and actively engaging with stakeholders, we can better reflect the opinions and understand the issues of concern of our stakeholders. We will review the effectiveness of our actions based on such opinions and issues.

Category of stakeholders	Issues of concern	Way of communication	Frequency
Employees	Remuneration package	Employee interview Internal email	Non-recurring
Shareholders/investors	Training and development	WeChat Work	878 on-site trainings
	Business strategy	General meeting	Eight general meetings
	Corporate governance	Online briefing of annual results Investor hotline	Non-recurring Answered calls for enquiry positively
	Investment returns	The Shanghai Stock Exchange E-Interaction (上證e互動) platform	Replied 73 comments on the E-Interaction platform
Governments/regulators	Operational compliance	On-site investigation and interview	Non-recurring
	Paying taxes according to law	Paying taxes proactively	
Suppliers	Business development	On-site investigation	Non-recurring
	Transparency in procurement	Supplier conference	5 supplier conferences
Consumers	Quality of products and services	Official website/offline stores	Non-recurring
	Product innovation	Member Public Account/Mini Program	109 WeChat articles
Media/social organisations	Company operations	News interview	Replies to 31 interview letters
Community	Charity	Donation and sponsorship	Various donations



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

#### Materiality Assessment

The Group values the expectations and needs of stakeholders. In 2020, the Group distributed ESG questionnaires to stakeholders, collected and summarised issues of concern of internal and external stakeholders, in order to understand their key concerns and expectation on the ESG performance of the Group. According to the actual development of the Group and its ESG system, as well as the ESG substantive topic analysis model of the Company, substantive topics that post relatively great impacts on the Company and its stakeholders were identified from two dimensions, namely “Materiality to La Chapelle” and “Materiality to stakeholders”. With communication between the Group and various stakeholders in the past year, and summarising of the extent of the impact on the strategy and operation of the Group as well as their impact on the creditors, we arrived at the materiality matrix of the year.

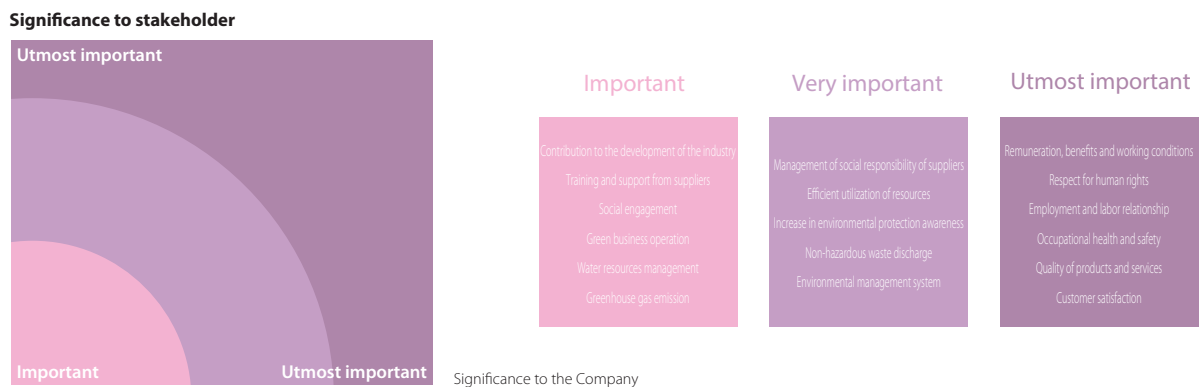
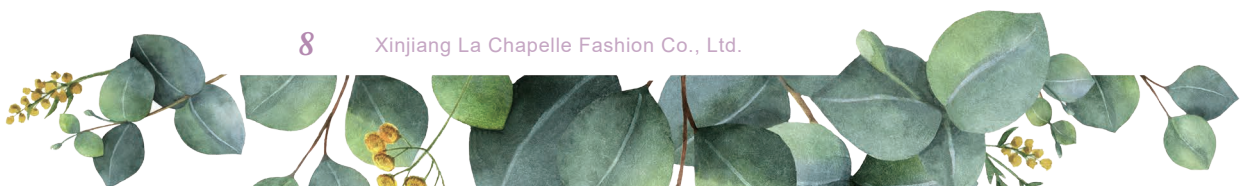


Fig. Analysis of the Group’s materiality matrix



# 4 Employment and Labor Standards

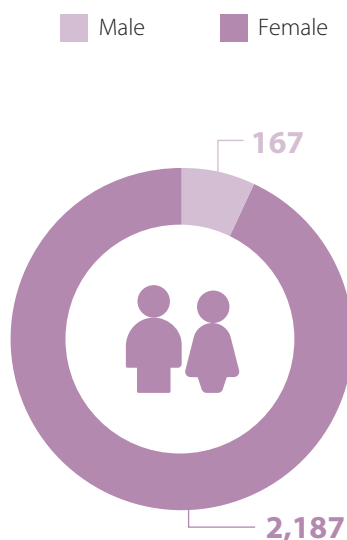
As employees are one of the greatest assets to the Group, we provide competitive remuneration package to our employees at different levels. We also value the physical and mental health of our employees, and care about with their growth and development. As such, we provide our employees with a healthy, safe and harmonious working environment and stable promotion channels to enable mutual improvement of employees and the Group.

## 4.1 EMPLOYMENT

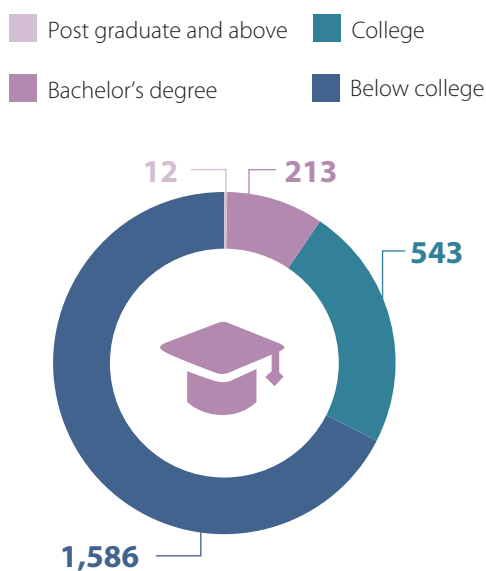
### Legal employment and protection of rights and interests

The Group strictly enforces the Labor Law of the People's Republic of China, Labor Contract Law of the People's Republic of China, Social Insurance Law of the People's Republic of China and other laws and regulations, formulates the Employee Handbook as well as other systems and measures to improve employee management and effectively protect the legitimate rights and interests of employees. In addition, the Group encourages equality between men and women and employment diversity, discourages all means of discrimination, and strives to create a fair, respectful and diverse working environment. We respect every employee, value ethnical unity, and will not discriminate against any employee by their gender, age, race, religion, disability, family, or pregnancy.

Gender of employees

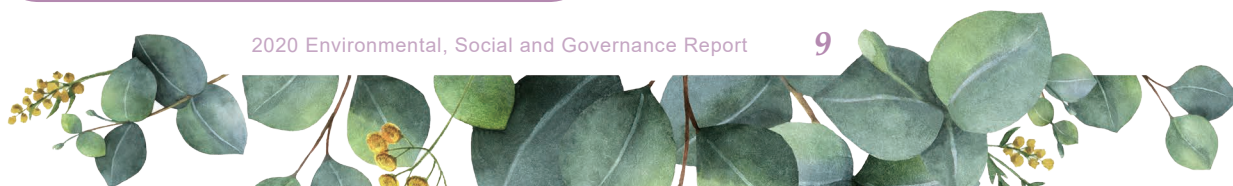
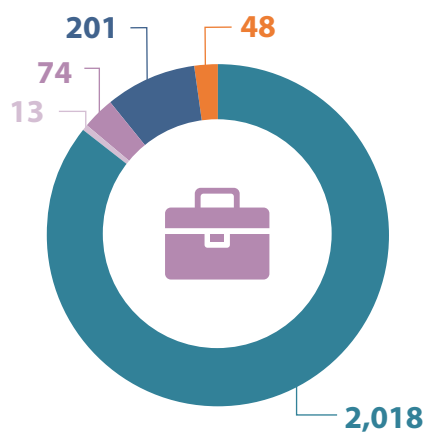


Education level of employees



Work duties of employees

- Salesperson
- Technician
- Financial staff
- Administration staff
- Product manager





## 4 Employment and Labor Standards

### Caring for employees and advocating team spirit

By organising diversified activities for employees, the Company makes progress in team spirit cultivation of employees. A good working environment for employees also lays the foundation for a positive and harmonious working atmosphere. To maintain the social security and well-being of its employees, the Company pays for Five Social Insurances and One Housing Fund in accordance with the law, offers residence registration opportunity for eligible employees, provides multiple shuttle lines to shorten the commuting time of employees, and grants food subsidies to them.

### Gym facilities

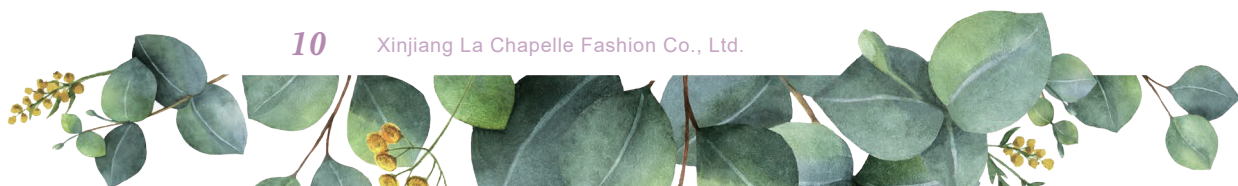
The Company cares about the work-life balance of employees. In order to enrich the leisure activities of employees and improve their physical fitness, the Company has set up a gym in the headquarters building. The gym not only features a variety of fitness equipment such as professional treadmills, elliptical machines, dumbbells, sit-up benches, and utility fitness equipment, but changing rooms and shower rooms are also installed to provide more fitness and relaxation options for employees. As such, employees may find their spare time more enjoyable, which in turn enhances their team spirit and sense of belonging. With a gym in the headquarters of the Company, employees can do exercises in their leisure time during working hours without going out-door to train their physique and release their stress. As a result, employees can keep a healthy body despite heavy workload.

### Lounge for female employees

Proactively cultivating a diverse and inclusive culture, the Group cares for female employees. We provide separate maternity rooms for breastfeeding female employees in our headquarters building, and implement various welfare policies for female employees such as showing concern, giving small gifts, and paid holidays to female employees on Mother's Day and Women's Day.

### Employee democracy

The Group maintains a democratic system for its employees. In 2020, the labor union of the Company organized two collective consultation meetings for employee representatives to inform employees of the Company's status, work plan during the pandemic, and to collect opinions from employees. Based on the actual situation of the Company, the attendance and wage distribution plan during the pandemic were formulated and modified, which were informed to all employees by means of email, the OA system of the Company, Chao Dao APP and other channels. In addition, the Group encourages and actively recruits employees of different ethnic groups, and provides corresponding welfare policies for ethnic minority employees. For example, the Group provides holiday to employees from Guangxi area on 3 March every year, to fully respect the living habits of ethnic minority areas and foster the sense of belonging of employees.



### Showcase of Team Spirit: 2020 New Year Employee Sports Games

In January 2020, in order to provide more group activities for employees and improve their physique, the Group organised

the New Year Employee Sports Games, which involved active participation of hundreds of employees. The extraordinary activities not only intrigued participants to the fun of sports, but also fostered the sense of belonging and team spirit of all employees of the Company.



## 4 Employment and Labor Standards

### Spread of Love at Festive Time: Employee Activities during the Mid-Autumn Festival

The Mid-Autumn Festival in 2020 was also the National Day of the year. At this festive time, the Group held an event theming Mid-Autumn Festival for all employees and

sent them exquisite festive souvenirs filled with love and blessings, in order to express gratitude for their hard work and dedication to the development of the Group, as well as their perseverance in performing their duties and overcoming difficulties together with the Group during the hard times.





## 4 Employment and Labor Standards

### 4.2 HEALTH AND SAFETY

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

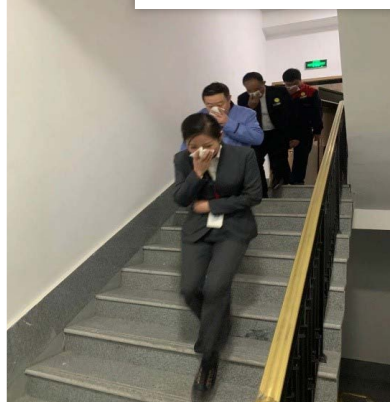
#### Workplace safety

The Group is committed to providing employees with a safe working environment and has implemented the following measures. During the reporting period, the offline retail outlets in the PRC were located at department stores or shopping malls built at different times. The Group has signed the “La Chapelle Fire Safety Responsibility Letter” with each property owner, and has equipped its office premises with a number of fire protection equipment, including fire extinguishers and hydrants. Regular inspections are performed to ensure that the fire protection equipment is

in good condition for use. The Group strictly complies with the Production Safety Law of the People’s Republic of China, the Construction Law of the People’s Republic of China and other relevant laws. There was no non-compliance incident concerning safety in 2020.

#### Physical health and safety

The Group cares about the health of its employees. The headquarters building of the Company has restaurants and gyms for an improvement in the physique of employees. Five independent buildings in the headquarters park with a total area reaching 160,000 m<sup>2</sup> are equipped with four catering areas in the basement. Furthermore, a domestic famous third-party catering brand is engaged as an operator to provide a cozy and comfortable dining environment as well as delicious



## 4 Employment and Labor Standards

meals for employees and guests in the park. Located on the first floor of the headquarters building, the gym covers an area 524 m<sup>2</sup> and is equipped with 30 kinds of fitness facilities and a training room available to employees.

In addition, the Group also provides employees with sufficient work safety training, including regular fire drills and safety training, in order to enhance the safety awareness of employees. All employees of the Company are covered by in social insurance plans related to work-related injuries. In 2020, the Group was not aware of any major non-compliance of occupational health and safety.

### Fire drills and safety training

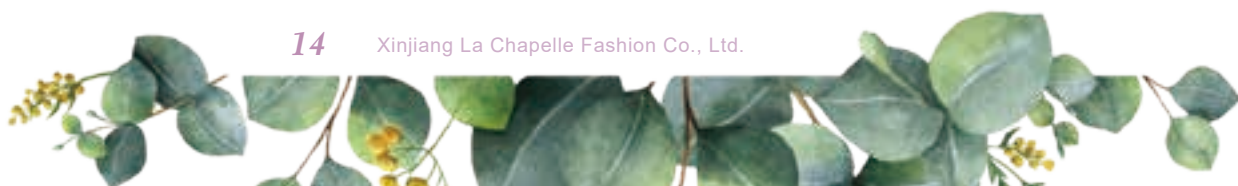
The Group holds regular fire drills, mainly to help employees master the way of using fire extinguishers and learn more about evacuation in the course of emergency. The photos of page 13 are on-site photos of the fire drill held by the Company in November 2020.

### Mental Health

Apart from safeguarding employees' physical health, the Group is also devoted to taking care of their mental health. The Group arranges regular health checks for its employees. At the same time, in order to relieve the work pressure of employees, the Group will organize theme activities during festive times such as Chinese Lunar New Year, Mid-Autumn Festival, and Christmas. Through work place decorations, surprise gifts for employees, and birthday parties, employees can enjoy the rich festive atmosphere, thus enriching their spiritual and cultural life. As result, employees can feel the care under "home culture".

## 4.3 DEVELOPMENT AND TRAINING

The Group attaches great importance to the improvement and development of employees, and always upholds the concept of mutual development with employees. The Group encourages employees to undertake challenges at work, and in turn provides feedback and training classes for them. The Group closely links trainees with its development strategy, and formulates training plans that can both satisfy the development needs of the Company and employees. With abundant learning opportunities, various growth mechanisms are also in place for employees to improve their knowledge, work capability and motivation on an on-going basis. Through professional training, leadership cultivation, and talent echelon building, the Group has established a learning organization to help employees quickly improve their capabilities, attain self-realization, and enhance the Company's core competitiveness. Through professional training, leadership cultivation, and talent echelon building, the Group has become a learning organization to help employees quickly improve their capabilities, achieve self-realization, and enhance the core competitiveness of the Company.

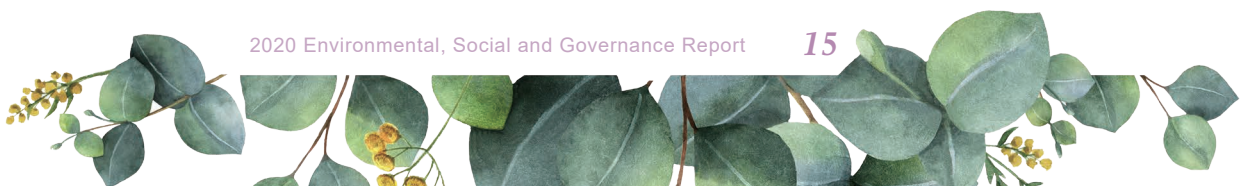


### Staff training

Upholding the concept of learning from work, the Group encourages employees to participate in offline training programs as well as online video course training. Multi-dimensional learning activities (including departmental mentorship, proactive learning, and project-based training programs) enable continuous work engagement of employees so that they can learn from work. At the same time, with the mission of maturing employee development, the Group provides a decent learning atmosphere and channels for talent development and training of its employees. Based on internal training and supplemented by external learning classes, learning activities are provided in multiple dimensions, including project-based system, tutorial system, and proactive learning, for talent reservation and cultivation of the Company.

In 2020, the Group commenced training programs at three levels: high-potential talent training, cadre reserve training, and middle-level manager enhancement and training. High-potential talent training is targeted at new management trainees. Training is conducted by means of in-store learning, intensive training, work mentorship and proactive learning. A mentor is assigned for each management trainee who will be available to provide counseling at work anytime and anywhere. As such, new employees can adapt to the fast-paced and intense work, thus realizing the desired role transformation.

The cadre reserve training program, which comprises centralized training and proactive learning, is designed for role transformation of entry level managers. In the program, trainees can acquire the necessary managerial skills as a manager from the theoretical level, and learn how to apply scientific methods to manage a team in practice. By undergoing different stages of management classes, manager candidates of different positions can quickly adapt to their specific roles as a qualified manager.





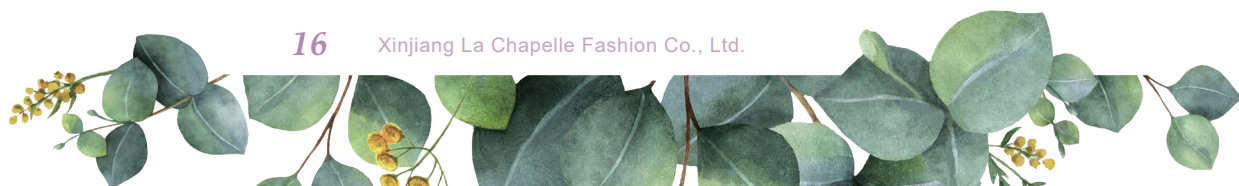
## 4 Employment and Labor Standards

### Training Data of La Chapelle in the PRC for 2020

No.	Trainee	Courses	No. of instore		Training hours	Number of participants
			No. of class sessions	training sessions		
1	New employees	Introduction of the Company and brands, corporate culture, basic techniques of service and sales, basic display knowledge and anti-corruption policy	58	102	684	1,670
2	Store assistants	Sales skills, clothing fabric knowledge, clothing match skills, and eight stages of services	240	568	5,264	7,654
3	Store heads and managers, sales officers, management team	Corporate organisational structure and corporate policies, the process of opening a new store, corporate core values and mentality, team building, data analysis, display skills, transfer and inventory specifications, team leadership, goal and plan management	432	346	3,026	9,938
4	Training helpers (Terminal sales coach)	Cloth matching aesthetics, the way to teach a new staff, the way to organise a training course, the professional skills of product teaching	34	40	592	410
5	La new stars	Corporate organisational structure and system, the process of opening a new store, corporate core values, mentality, team building, data analysis, display skills, transfer and inventory specifications	27	65	2,512	1,050
6	Special projects in areas managed by headquarters	National Double Eleven special projects, national anti-corruption training, RFID project, VIP super members' day, and LaCha Cloud training	87	-	1,392	5,220
<b>Total</b>	/	/	878	1,121	13,470	25,942

As the Group cares for all-round development of its employees, it arranges training for its employees on comprehensive quality and skill training launched by the government. The specific training classes are listed as follows:

Date of training	Name of program	Number of participants	Form of training
May 2020	Certified Store Manager Development Course	80	Commissioned training
May 2020	Salesperson Training	475	Commissioned training
June 2020	Data management Training	35	Commissioned training
June 2020	Merchandise Salesperson Training	483	Commissioned training
July 2020	Office Software Application Training	479	Commissioned training
August 2020	Excel Application Training	60	Commissioned training
September 2020	PPT Application Training	65	Commissioned training
September 2020	Salesperson Training	453	Commissioned training
October 2020	Merchandise Salesperson Training	454	Commissioned training
November 2020	Office Software Application Training	456	Commissioned training



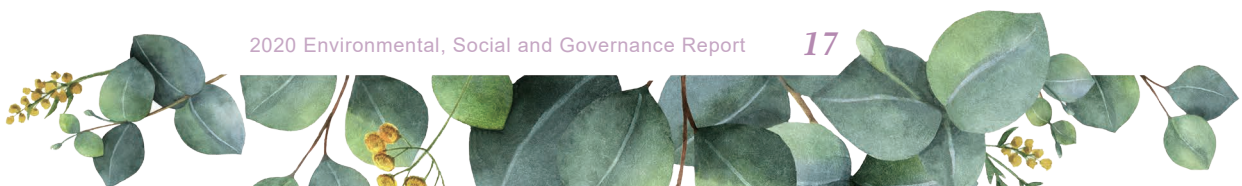
### Promotion path

The Group has a well-established promotion system for its employees, while transparent and diversified career development channels are also in place to encourage employees to learn and improve themselves, thereby enhancing their job competencies. As a result, mutual growth and accomplishment of the Company and employees can be realized.

### 4.4 LABOR STANDARDS

In compliance with national laws and regulations such as the Law on the Protection of Minors of the PRC and Provisions on the Prohibition of Using Child Labor of the PRC, the Group explicitly prohibits the employment of child labor. As the Company strictly prohibits the recruitment of employees aged below 18, the human resources department is responsible for reviewing the identification documents of applicants to ensure no employment of child labor.

Meanwhile, in accordance with laws and regulations such as the Labor Law of the PRC and the Provisions on Payment of Wages, the Group handles entry procedures, prepares labor contracts, and contributes to social security provident funds for all employees. The Group also provides its employees with shifting of leave or overtime pay for work on holidays and festivals in compliance with laws and regulations. During the reporting period, the Group has encountered no incidents of child labor and forced labor, nor any related incidents of discrimination or harassment.



## 5 Anti-corruption

The Group firmly opposes any act that damages the fair competition environment, and upholds the three basic principles of “honesty, integrity, and compliance” against corruption. Accordingly, in accordance with the state policy of the Anti-Unfair Competition Law, the Group has formulated written anti-corruption policies including the Anti-Corruption Regulations and a Gifts and Presenting Policy. Bribery, fraud or money laundering is strictly prohibited for the establishment of a good organizational structure for business operation.

The dishonest behaviors prohibited by the group primarily include but are not limited to:

- Bribe-giving and bribe-taking;
- Illegal political contributions;
- Other acts deemed improper.

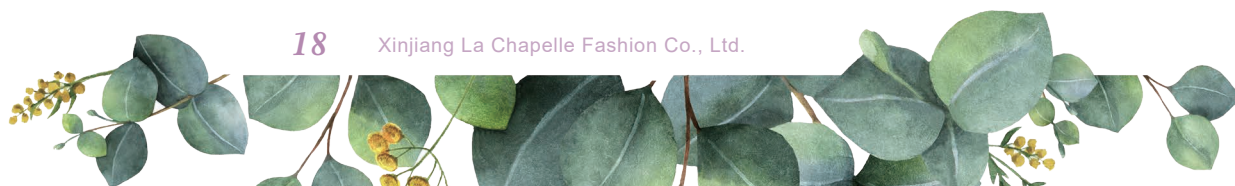
The Group has also formulated the Undertaking of Observing the Anti-Corruption Regulations, Supplier Anti-Commercial Bribery Agreement, and Anti-Commercial Bribery Agreement for the Development Department. Through the formulation of reasonable business workflow, we have continuously strengthened process control, capital control, investment control and corporate internal audit control, and are committed to preventing corrupt practices from the source.

### ANTI-CORRUPTION TRAINING

In order to create an uncorrupted work environment, we provide training on preventing bribery, extortion, fraud, and money laundering for our new employees. We also require our employees to sign the Undertaking of Observing the Anti-Corruption Regulations, which prohibits them from accepting any form of bribes due to their positions and exploiting resources of the Company for their personal interest. If employees are found not complying with relevant laws and regulations, they will be penalised severely. If they violate the law, they will be handed over to the judicial authorities for handling in accordance with the law. We have compiled the Collection of Cases for Anti-corruption Training, and regularly organize anti-corruption training and assessments, in order to raise the anti-corruption awareness of employees. As a result, employees can continuously improve themselves and standardize their behaviors, thereby raising their anti-corruption awareness.

### COMBATING CORRUPTION IN AN OPEN, TRANSPARENT AND ALL-ROUND MANNER

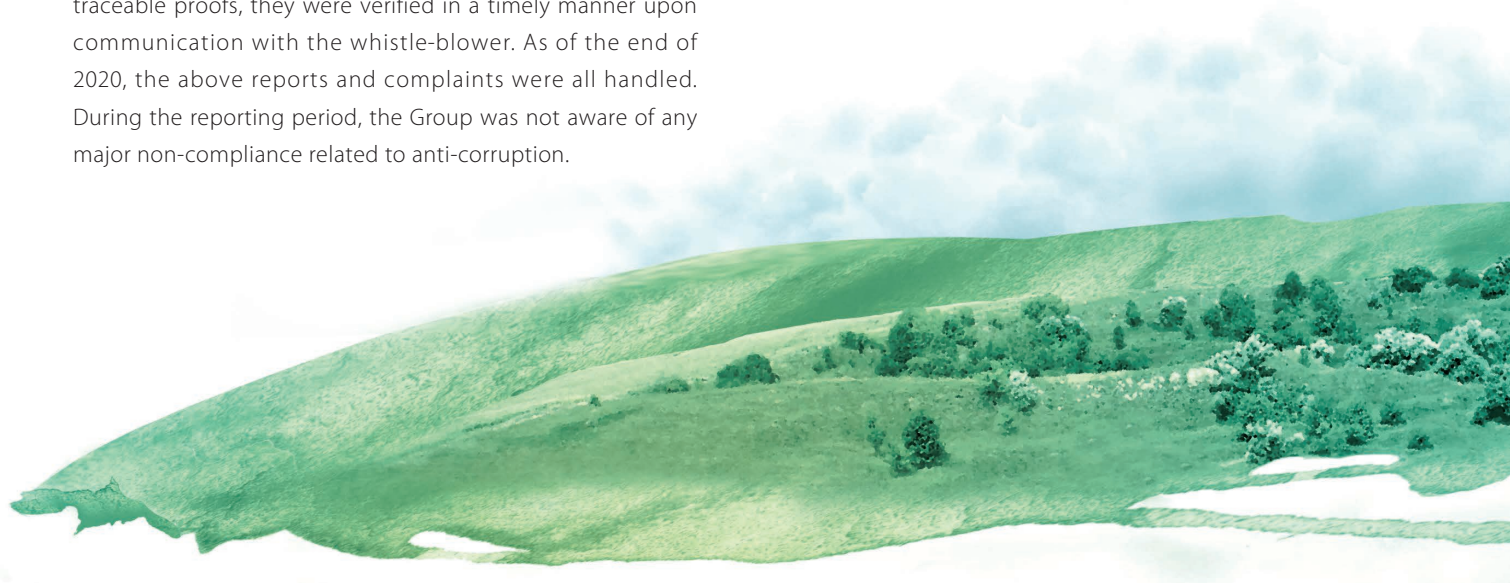
The Group insists on creating an uncorrupted business environment and has cooperated with various renowned domestic and foreign companies as well as the Criminal Law Science Research Center of Renmin University of China to establish a database on workplace dishonesty. The Group became a member of the Trust and Integrity Enterprise Alliance in September 2017, a member of the Enterprise Anti-Fraud Alliance in June 2018, and a council member of the Guangdong Enterprise Institute for Internal Controls in September 2018. In September 2019, the Group was awarded the honorary title of Advanced Unit for National Corporate Anti-fraud Work from 2015 to 2018.





The Group has adopted a full range of anti-corruption measures. In 2015, the Supervision Department was established to require employees, suppliers and business partners to sign relevant anti-corruption commitments or agreements with the Group. In addition, we launched the “Clean La Chapelle” whistle-blowing scheme via the channels of hotline, e-mail and post. We also set up the “Clean La Chapelle” WeChat account (which has gained more than 35,000 followers) for posting of articles related to anti-corruption on a regular basis. The Supervision Department of the Company has participated in and organized several anti-corruption training sessions, with the total number of participants reaching approximately 130,000.

The Group has set up a designated whistle-blowing channel, through which employees can report any suspected violations of laws and regulations, corruption and bribery to the Group via email and other means. At the same time, the Company ensures that the identity of the whistle-blower is strictly confidential to avoid the risks of retaliation and discrimination. As such, the Company can lead all employees to prevent and stop the occurrence of corruption with mutual efforts, thus facilitating the development of the Company’s business, as well as maintaining a healthy market environment. In 2020, the Group received more than 50 reports through emails and phone calls, and whistle-blowers were responded in a timely manner within 3 working days. For report contents without traceable proofs, they were verified in a timely manner upon communication with the whistle-blower. As of the end of 2020, the above reports and complaints were all handled. During the reporting period, the Group was not aware of any major non-compliance related to anti-corruption.





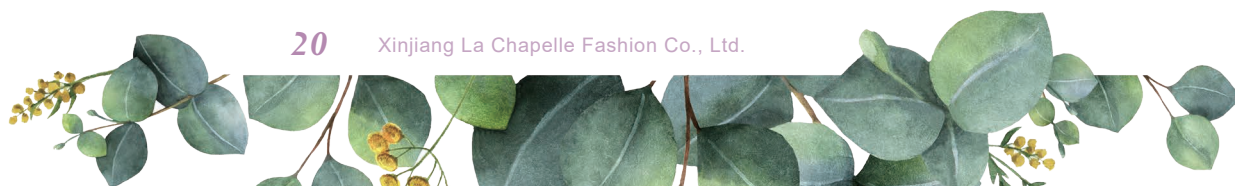
## 6 Supply Chain Management

The Group intends to achieve mutual growth with partners in the brand value chain with reference to international standards and best practices of the industry. In 2020, based on our work in the previous year, we updated the Social Responsibility Commitment Form and Assessment and Evaluation Standards/Access Criteria for Suppliers, which described in detail the work process, evaluation standards and target requirements of supply chain management. As a result, the goal of a responsible supply chain can be attained for driving its sustainable development.

### CENTRALISED PROCUREMENT TO REDUCE COSTS AND IMPROVE EFFICIENCY

In 2018, the Group launched the system for product life cycle project, which was firstly implemented in the 7 Modifier brand, so as to establish a main business platform underpinning the development status and future of the La Chapelle brand. In 2015, the Group set up a Centralised Purchase Centre (CPC). Initially its operation was focused in the area of fabric and accessories featuring huge demand, wide application and price competitiveness, and it gradually improved the Group's purchasing efficiency and helped to reduce commodity and management costs. As at the end of 2020, the CPC has cooperated with 76 domestic suppliers, 13 of these suppliers were in Anhui Province, 14 in Jiangsu Province, 11 in Guangzhou Province, 10 in Shanghai, 20 in Zhejiang, and 8 in Fujian.

In 2020, the Group has perfected the Assessment and Evaluation Standards/Access Criteria for Suppliers. In terms of the inspection of centralized procurement suppliers, the Group, together with the finance department, the business center under the brand department, the quality department and supplier management department, conducted multi-dimensional and all-round inspection to ensure the suppliers for centralized procurement and products purchased were both of high quality. During the reporting period, the Group streamlined the labels of various brands. According to its business strategy focusing on women's wear brands, the Company further optimized the number of labels from that in 2019 and improved label recognition of each brand. In November 2019, the Group established a supply chain management centre which continued to facilitate the establishment of a coordinated and rapid response mechanism involving planning, product and supply chain. In line with the changes in business scale of the Company and its strategy of core resources centralisation, the number of suppliers was reduced, the management of supply resources was further centralized, and the scope of management was narrowed, thus enabling improvement in the efficiency of supply chain management of the Company.



### GREEN ONLINE PURCHASING

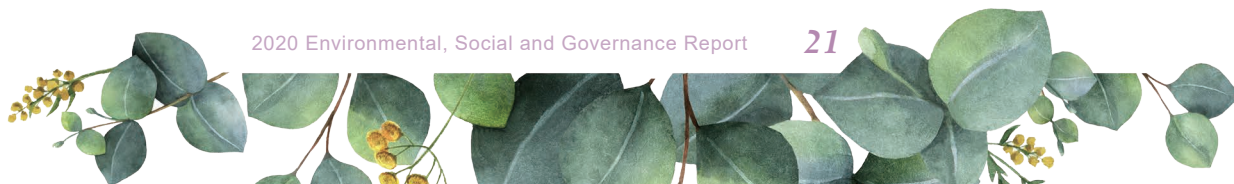
The Group has started to develop its BOM information system for application since 2016, in order to promote green online purchasing. The system enables the Group and its suppliers to place paperless orders online. The system also enables suppliers to grasp real-time demand at different points of time, which helps both parties to adjust their inventories on a timely basis. In 2020, the Group continued to implement online purchasing and digital signature based on the system in operation in the previous year, and reduced paper consumption by approximately 33,600 sheets during the reporting period.

Apart from online purchasing, the Group developed an information system for supplier settlement to realize automatic reconciliation and payment, and shorten the cycle of reconciliation and payment, thus further promoting environmental protection concept. Since then, offline paper reports were no longer in use and quality inspection reports were digitalized to save more paper. During the reporting period, 36,986 digital reports were generated which greatly promoted our digitalized operations and energy-saving work model.

### RESPONSIBLE PURCHASING WITH ON-SITE EXAMINATION

The Group is committed to conducting meticulous assessments on its suppliers to ensure product quality. All products provided to customers are from suppliers. In 2020, the Group continued the implementation of a new purchasing model based on its existing work. The Group guided its core suppliers to transform from OEM to ODM, and vigorously commenced cooperation with various IP corporations and independent studios, thus increasing the specifications and features of products through supply chain diversification.

To realize sustainable development of the supply chain, the Group assesses its apparel suppliers through policy management and entrusting international leading third-party institutions to perform inspection. By requiring all suppliers to sign the Social Responsibility Commitment Letter and Anti-Commercial Bribery Agreement, and entrusting



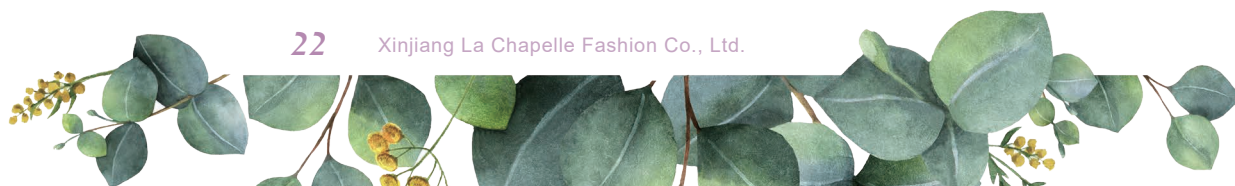
## 6 Supply Chain Management

international leading third-party institutions to conduct on-site inspection, the Group is now taking an active role in managing its supply chain. The third-party institutions that provide apparel quality inspection services to the Group include Shanghai Institute of Quality Inspection and Technical Research (SQI)(上海市質量監督檢驗技術研究院(上海市纖維檢驗所)), Shanghai Textile Group Testing & Standard Co., Ltd (National Quality Supervision and Inspection Center) (上海紡織集團檢測標準有限公司(國家質量監督檢測中心)), National Quality Supervision and Inspection Centre for Textile and Apparel Products (Guangzhou) (國家紡織品服裝服飾產品質量監督檢驗中心(廣州)), and Guangzhou Fiber Product Testing and Research Institute (廣州纖維產品檢測研究院). The aforementioned third-party institutions are internationally authoritative bodies which have obtained CMA-national metrology certification, accreditation certificate of CNAS-China National Accreditation Service for Conformity Assessment, CAL-national level accreditation, and ILAC MAR-world multinational committee accreditation.

For suppliers which no longer meet the business needs and standard requirements of the Group, or which are found having false records, commercial bribery, child labor employment, illegal discharge of sewage and hazardous waste as well as items that fall within the “zero tolerance” criteria during our examination, the Group has the right to terminate cooperation. Meanwhile, we will consider whether there will be a gap in the supply chain and other relevant risks arising from the exit of suppliers, and formulate exit solutions and risk prevention and control measures that do not affect the overall supply chain, so as to ensure healthy and sustainable development of the supply chain.

In 2020, the Group continued its cooperation with its aforementioned leading professional third-party institutions in the quality inspection industry, in order to handle physical and chemical testing with joint efforts. Precaution measures were also adopted for product quality control. Starting with raw materials, on the basis of entrusting internationally recognized third-party testing institutions to conduct supervision on appearance and quality of products, the

Group implemented internal supervision and counter-spot check mechanism, controlled product quality in various aspects including setting up quality acceptance level in warehouse, and carried out spot checks on the appearance and quality of products for delivery to ensure the quality of products available to consumers. Training on product quality was arranged for suppliers at least once every six months for enrolment of 100 participants. During the reporting period, the Company has conducted physical and chemical testing on all products to be released in accordance with the Specifications for Physical and Chemical Testing, to ensure that only qualified products are put on to the market. In the future, we will continue to provide training on product quality to our suppliers, assist them to improve their performance capabilities, and conduct strict assessments on them. As a result, product quality and a sustainable supply chain is ensured.







## 7 Product Responsibility

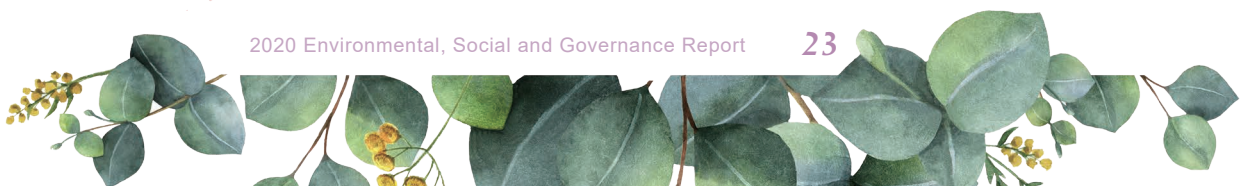
The Group upholds its initial aspiration and development concept of “designing for a better life”, bears in mind its corporate mission of “creating a better life”, persists in the pursuit of quality, and establishes the corporate image of La Chapelle through continuous innovation.

### 7.1 MASS BRAND WITH HIGH QUALITY

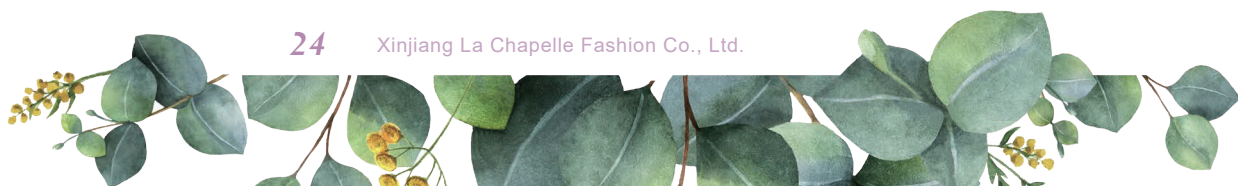
The Group is dedicated to providing customers with high-quality products. To ensure product quality, starting from procurement, we prohibit purchasing products that contain toxic and hazardous substances, and we ensure that all our products sold at retail points meet relevant national quality

standards such as the National General Safety Technical Code for Textile Products (GB18401-2010) and the Safety Technical Code for Infants and Children Textile Products (GB31701-2015).

Positioning itself in mass market fashion, La Chapelle features products meeting basic functional requirements as well as aesthetic needs. The professional design team of the Group tracks fashion trends and analyzes feedback from sales on a regular basis to design elegant apparels tailored for the target customers, thus satisfying the general demand of consumers.







### 7.2 ONLINE STREAMING FOR SALES BOOSTS

By the time of the 2020 Lunar New Year, as most people stayed at home, consumer demand has changed from “impulse buying” to “intended buying” due to the outbreak of the COVID-19 pandemic. To cope with the ailing market consumption pattern, the Company shifted its focus from “offline” to “online”. The Group adopted a variety of sales models such as offering spring discounts in online malls, and hosting online live broadcasts to strengthen communication and interaction with consumers. The Group not only reacted positively to the pandemic, but also actively explored new retail channels, built its own merchandise flow and membership pool through live streaming. With the aid of online streaming platforms, the Group has made seamless connections with its customers.



During the COVID-19 pandemic, the brands, headquarters and domestic branches of La Chapelle have successively launched WeChat member exclusive online stores, WeChat ordering, mini program distribution, and alternate live streaming in different regions. With online live streaming as its new retail channel, La Chapelle has created “cloud shopping” for consumers so that they can enjoy shopping without going out. The 6-hour live streaming on 25 February alone brought more than RMB40 million in retail sales to La Chapelle, implying that online activities has broken the “frozen state” of offline retail sales.

In the future, La Chapelle will continue to accelerate platform upgrades and make progress in its new retail business for realizing a more competitive business model, which facilitates the development of smart retail that combines physical stores and online sales.

### 7.3 REFORMS FOR ENHANCEMENT AND TRANSFORMATION

2020 is a critical year for the transformation of the Company. During the reporting period, the Company continued to explore new business models and adjust its online business from the traditional model of “planning and design-self procurement-platform operation-online sales” to a new model of “brand licensing + operation services”. As such, the Company further enhanced the brand effectiveness and laid a solid foundation for embracing the “digital economy” and transformation towards a new retail model. Under the online licensing business model, the Company and its franchisees attained mutual benefits. While improving the efficiency of the use of working capital, the Company also made progress in the expansion of its online business channels.

## 7 Product Responsibility



### 7.4 KEEP PACE WITH THE TIMES, SEEK FOR TECHNOLOGICAL INNOVATION

Innovation is an important driving force for the development of an enterprise. The Group attaches great importance to the development of scientific technology and actively applies it into practice. The introduction of electronic labels, corollary equipment and software based on the radio frequency identification technology ("RFID") since December 2017 has not only greatly improved the management efficiency of the Group, but also brought certain environmental and social benefits. From the perspective of environment, it speeds up the feedback from sales data to the supply side, enabling the Group to quickly respond to the market, avoiding excessive stock-up and reducing the waste of resources, and also benefits many suppliers in the industry chain. From the perspective of society, it makes the sales persons to change the original operation mode of closing business or working overtime due to stocktaking, and also greatly reduces the labor intensity of store and warehouse staff.

### 7.5 USE OF DATA TO MAKE EFFICIENT DECISIONS

Facing the challenge of prolonged cycle required for apparel product replenishment, the Group took some of its brands as the pilot, integrated the data of sales, inventory and other aspects and proposed a new smart forecast model. The model can quickly identify best-selling products and slow-moving products at the early stage of sales when the merchandise is put on-shelf, and precisely select those items that require replenishment. Compared with the existing forecast methods, the new method can shorten the reordering time by 1 to 2 weeks, which provide a data decision-making basis for rapid and accurate response to the market.

To solve the problem of matching products with stores, the Group established classification and categorization systems for its stores. A series of factors, including store sales, sales cycles and product supply in the classification system, should be considered to make the best matching of products and stores. As a result, the Group can provide the most suitable product choice for target customers, maximize the sales rate of stores and avoid overstock of slow-moving products in store warehouse.

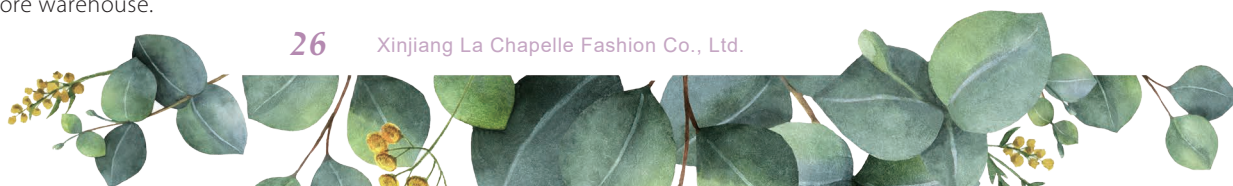
### 7.6 ENCOURAGING INNOVATION AND FIGHTING AGAINST FAKES

In strict compliance with the Intellectual Property Protection Law of the PRC, the Group is acutely aware of the importance of innovation in fashion. We therefore highly regard the protection of intellectual property, patents and other innovative achievements. We also respect innovations of other parties, and abide by industry standards and norms in this aspect. The Group encourages innovation and welcomes creative talents to join us. Every year, we make significant investments in design and textile innovation, and continuously enhance our capacity for independent design and development. At the end of 2020, the Group owned a total of 608 trademarks, licenses, copyrights and appearance designs.

The Group pays close attention to La Chapelle products' market performance, especially on the e-commerce platform, and regularly inspects its sales channels and investigates into abnormalities. The Group's online implementation of RFID has become a great technical support for us to identify and fight against fake products.

### 7.7 PROTECTING CUSTOMER PRIVACY

We are committed to protecting the privacy of our client. The transaction data of the Group is kept in our unique facilities room protected by network firewall and other relevant data security mechanisms. Given that access of data is based on duty and authorisation, we guarantee that unauthorized employees have no access to private data and that customers' data will not be provided to third parties without their consent. Meanwhile, we regularly educate and train our employees about customer privacy to help them understand the importance of privacy protection. We have also taken steps to strengthen cyber security for our TMALL, JD and other online stores to ensure customer data safety.







## 8 Community Investment

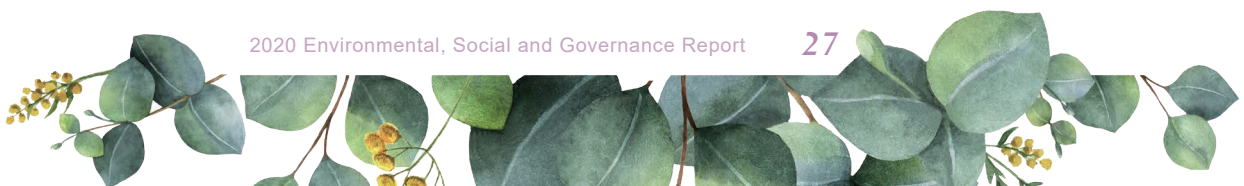
Actively taking up social responsibilities and making contribution to society is a core obligation of a company in the course of its development. In pursuit of business growth, the Group has also made efforts in building a beautiful and harmonious society through active participation in social welfares as a means to contribute to society.

### 8.1 SYSTEM PROTECTION, POVERTY ALLEVIATION

By actively responding to Targeted Poverty Alleviation policies proposed by the State, the Group cooperated with local governments to implement poverty alleviation measures such as cold-resistant clothing and cash donations, to ensure that it is making real efforts to achieve poverty alleviation. Meanwhile, the Group donated materials and offered cares to employees in need and vulnerable groups in areas which it has operation in order to improve their livelihood.

The Group is of the view that public welfare and charity is more than money donation, and should become part of its social responsibility under the corporate strategic planning. In 2020, the Group strengthened its management of external donations in accordance with the Laws and Regulations of the People's Republic of China on Donation of Public Welfare and the Company Law of the People's Republic of China, as well as its past community service practices and current actual conditions. This laid the foundation for the Group to better fulfill its corporate social responsibilities and enhance its social corporate image in an effective manner.

For more than a decade, the Group has made donation of clothing and all sorts of daily supplies to the Foundation for Disabled People's Welfare and local Red Cross societies. In 2020, the Company donated more than RMB1,480,000 in total to external parties and paid taxes of RMB58,373,000 for the year.





## 8 Community Investment



### Giving out clothing in winter to spread care and love

On 15 January 2020, La Chapelle and the Civil Affairs Bureau of Urumqi jointly launched the charity donation campaign “Giving out clothing in winter to spread care and love”. In pursuit of development, the Group has also actively participated in social welfares and made donations to help the poor in an effort to contribute to society. This time, the Group donated approximately 5,000 items of clothing to Urumqi, a blessing to the low-income households and orphans in the freezing winter.

### 8.2 PROACTIVE MEASURES AGAINST THE PANDEMIC

Since the outbreak of the COVID-19 pandemic, La Chapelle has paid close attention to the epidemic situation, and cared much about the health and safety of the medical workers who

were fighting on the frontline. Therefore, the headquarters and branches of the Group urgently sent supplies to support Wuhan in the first place.

Knowing that the frontline hospitals were in urgent need for down jackets, the Group gathered down jackets from its Yongwang store near Jinyintan Hospital of Wuhan and directly sent them to the hospital for support without hesitation. On 28 January, the first batch of donation in 20 boxes of down jackets worth RMB340,000 arrived Jinyintan Hospital of Wuhan.

In February when the temperature in Hubei dropped drastically, the Group donated 702 cold-resistant down jackets worth RMB620,000 in aggregate to Zhongnan Hospital of Wuhan in three batches as it was much concerned about the situation in the hospital.



Illustration: The third batch of supplies donated by the Company to Zhongnan Hospital of Wuhan

In addition to the major pandemic areas in Wuhan, the Group also donated clothing worth more than RMB100,000 to No.5 People's Hospital of Shanghai, Fudan University as a tribute to frontline medical staff.

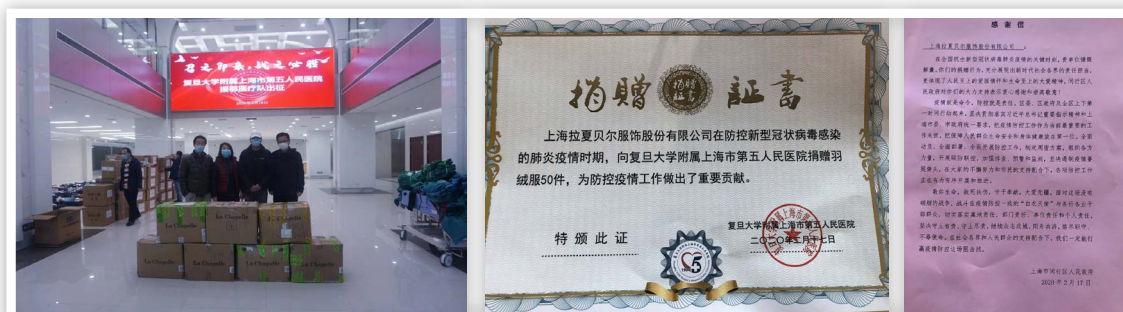
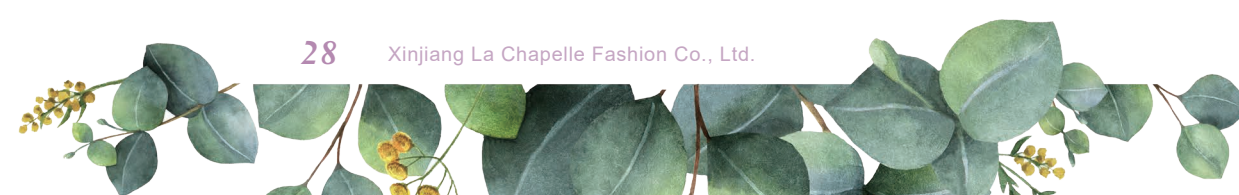


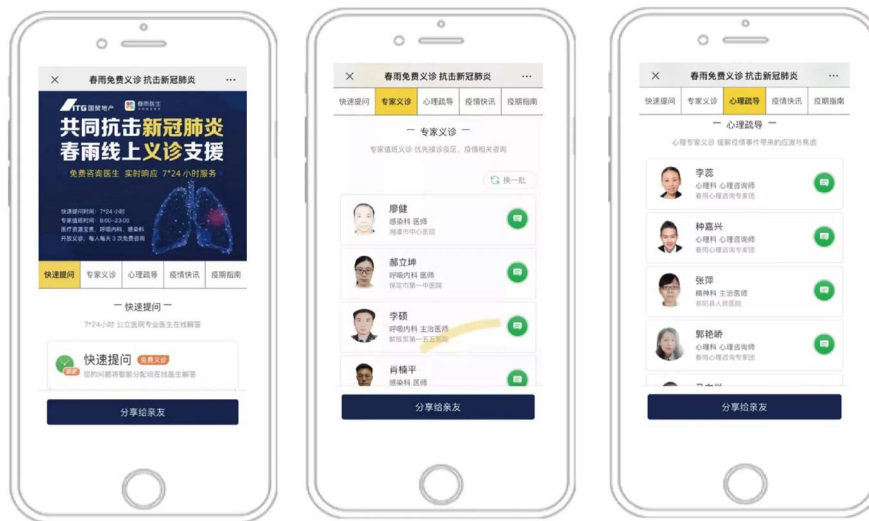
Illustration: Anti-pandemic supplies donated by the Company to No.5 People's Hospital of Shanghai, Fudan University



### La Chapelle × Chunyuyisheng Free Online Clinical Consultation Services

La Chapelle, together with Chunyuyisheng APP, launched a “Free Clinical Consultation” online activity on the COVID-19 pandemic. Questions on different specialties such as respiratory medicine, infectious diseases, otolaryngology and pediatrics were answered free of charge, and services such as free online clinical consultation and online psychological

consultation were also provided on a 7x24 basis. At the same time, through the online clinical consultation channels, users can also receive psychological counseling, check latest news on the pandemic, review consultation cases with doctors’ explanations, and learn more about the epidemic prevention guidelines. As a result, they can enrich their epidemic prevention knowledge to protect themselves and family members.



# 9 Environmental Protection

The Group have long been adhering to its core value of “La Chapelle supports global environmental protection while pursuing a green earth”, while fully complying with laws and regulations including the Environmental Protection Law of the PRC and Energy Conservation Law of the PRC. Through improvements in environmental management system, the Group has implemented green, low-carbon development and recycling in its business operations, in order to achieve the mission of “creating a better life”. In 2020, the Group did not violate any environmental laws and regulations.

Our major environmental protection concepts include:

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

- Encouraging employees to save resources in their daily work;
- Integrating environmental protection concepts into the design and production of clothing;
- Integrating the concept of energy conservation into site planning and construction.

## 9.1 EMISSIONS AND USE OF RESOURCES

The Group has 959 outlets and online sales channels including TMALL and JD stores, three logistics centers, and headquarters buildings in mainland China. As they all consume electricity continuously, energy is a major contributor to the Group’s use of resources, and also comprises its major source of greenhouse gas emissions.

### Electricity consumption

Category	Unit	2020
Electricity consumption	KWh	6,068,055.55

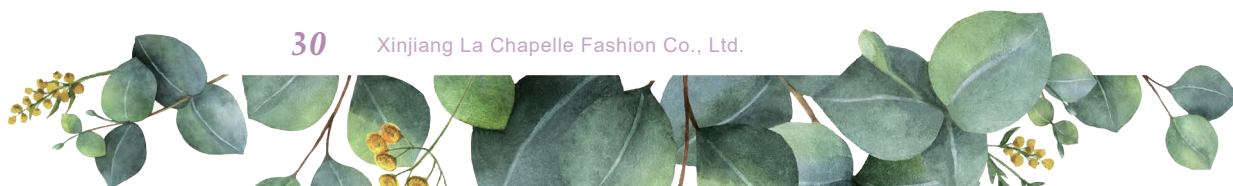
### Fuel energy consumption

Category	Unit	2020
Gas	m <sup>3</sup>	70,434.40
Gasoline	ton	8.94

### Greenhouse gas emission

Category	Unit	2020
Scope 1: direct emissions	tCO <sub>2</sub> e	32.80
Scope 2: indirect emissions		47167.27

Note: Assessment criteria of greenhouse gas emission are calculated based on the Hong Kong Stock Exchange ESG-Calculation Tool of Environmental Indicators.

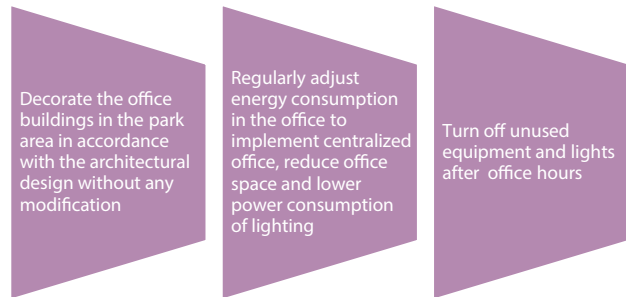




In 2020, the Group optimized its work of water and electricity saving in the office building to increase space utilization and reduce waste of resources.

Although we have limited influence on equipment used and electricity consumed by our business outlets in department stores, we still make our best efforts in saving energy. In 2020, the Group replaced its lightings with LED lamps in new store design and renovation of old stores, which save 30% to 40% of electricity per year and now all of our stores use LED lighting. At the same time, calcium silicate boards, featuring low formaldehyde content, fireproof, environmental friendliness and longer useful life, are used in the store decoration. As such, losses of resources can be significantly reduced.

In addition, the Group recycled certain demolished materials from closure of stores such as hanging Logo, LED lightings and crystal sound magnetic anti-theft door, which were protected during the demolition and sent to other new stores for reuse.



### PRESERVING WATER RESOURCES

Water is the source of life. As we are fully aware of the scarcity of freshwater resources, we post slogans next to the water facilities in our office buildings to enhance employees' awareness of water conservation. Faucet taps are used in construction projects and special personnel are assigned to be responsible for maintenance of water pipe network to prevent the phenomena of "spraying, dropping, dripping, and leaking". At the same time, the Group will exploit unconventional water sources such as rivers and rainwater to meet its needs subject to government approval.

#### Water consumption

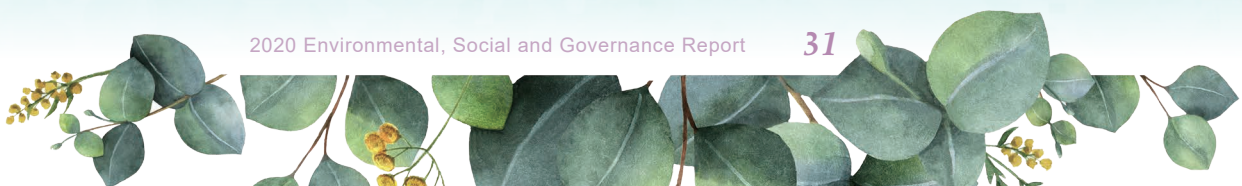
Category	Unit	2020
Water consumption	m <sup>3</sup>	53,208.00

### PACKAGING WITH LOW ENVIRONMENTAL IMPACT

Our products are all well-packed as we have to ensure that they, whether purchased online or from a retail outlet, are delivered to our customers in good condition. Therefore, the Group's consumption of packaging materials has kept pace with the increase in business scale, creating a key area of concern for our sustainable development.

The Group's packaging materials are mainly used in logistics and retail. Recycling functions are set up in each part of the supply chain flow to recycle and reuse packaging materials, in order to reduce wastage of resources.

In the logistics segment, the Group advocates saving packaging materials as much as possible and avoiding excessive packaging under the premise of effective protection of goods. At the current stage, the Group will focus more on the use of the packaging materials that can be effectively managed. For example, the Group will recycle certain carton boxes and transfer unrecyclable carton boxes to qualified waste recycling agencies.





## 9 Environmental Protection

In the retail segment (which is further divided into online sales and store sales), major packaging materials used for online sales are plastic bags. Since October 2015, the Group has used a more eco-friendly PE (polyethylene) material for the packaging of its new products. For store sales, the major packaging material is paper shopping bags. Paper bags

provided by the Group are made of eco-friendly recyclable raw materials (reusable paper), which can be reused or recycled after initial use. We purchase packaging bags in a centralised manner and distribute them to stores to ensure that we can control and trace each step of the process.

### Packaging material consumption

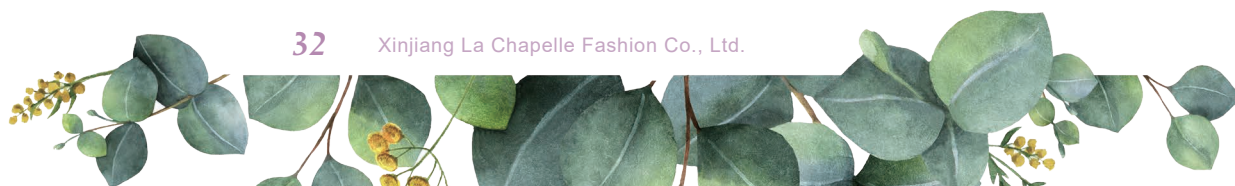
Category	Unit	2020
Paper bag	Piece	1,381,150
PP plastic bag	Piece	758,800
PE packaging bag	Piece	4,029,400
Plastic tape	Ton	40,150

The Group has tightened the management of paper bags in retail stores, and the number of paper bags to be used is based on the number of customers' purchase vouchers. In addition, the Group has also encouraged the reuse of PP plastic bags in retail stores. After removing packing materials of the products, all reusable PP plastic bags will be collated, classified and reused for packaging in case customers return their goods. When packing the merchandise, we make good use of the space inside the packaging and use only when necessary.

- New headquarters complex at Wujing Town: There are up to 94 cultivation species with 9,154 trees and plants in total in an area exceeding 40,000m<sup>2</sup> that has been completed in the new headquarters complex at Wujing Town, representing a green coverage of 20%.
- Taicang Logistics Park: There are 43 landscape tree species with 2,012 trees in total in the 139,600m<sup>2</sup> area that has been completed in Taicang Logistics Park, which has created a garden-style logistics center.
- Chengdu Logistics Park: There are 36 landscape tree species with 2,236 trees in total in the 40,000m<sup>2</sup> area that has been completed in Chengdu Logistics Park.
- Tianjin Logistics Park: There are 21 landscape tree species with 1,171 trees in total in the 45,000m<sup>2</sup> area that has been completed in Tianjin Logistics Park.

### 9.2 ENVIRONMENT AND NATURAL RESOURCES

To uphold environmental protection concepts (energy saving, aesthetics, environmental protection), the Group integrates those elements into its greening design with large areas of green plants and gardening, and fully utilise the space in the roof terrace to make it a roof garden. As a result, a comfortable work place is provided to employees.



## 9 Environmental Protection

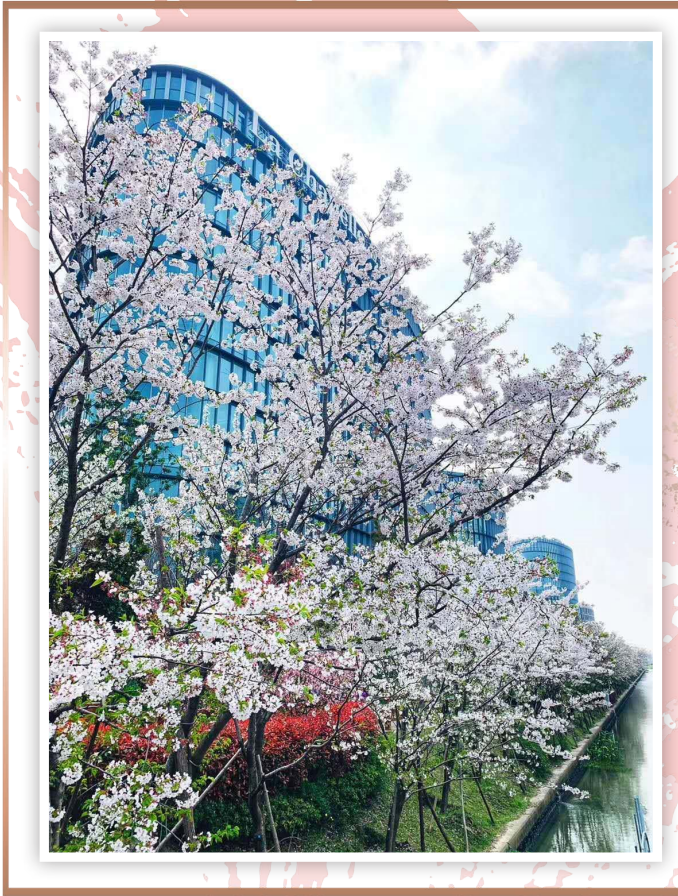
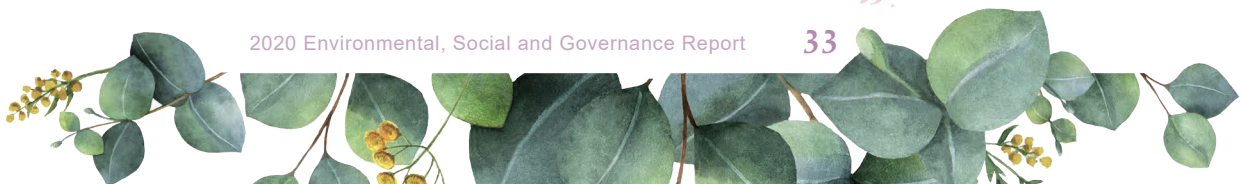
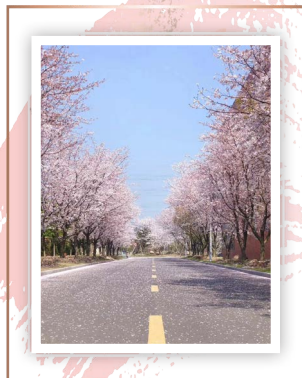


Photo of the park area of the Company





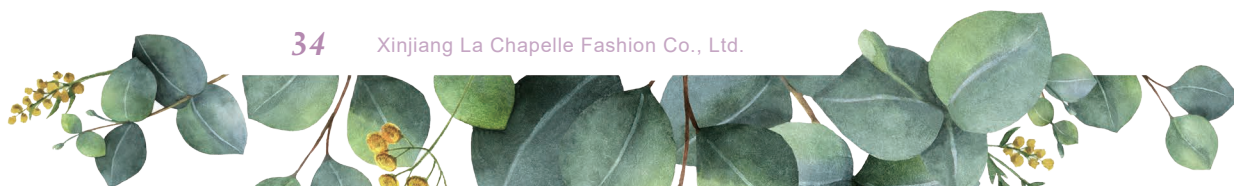
## 9 Environmental Protection



Photos of Taicang Logistics and Warehousing Zone



Photos of Tianjin Logistics and Warehousing Zone



### 9.3 GARBAGE SORTING AND UTILISATION OF RESOURCES

In accordance with the Regulations on Domestic Waste Management of Shanghai, and taking into account the actual garbage generation and disposal, the Company specifically formulated the Garbage Sorting Management System to ensure strict compliance of all departments with garbage sorting standards and raise the employees' awareness of garbage sorting. With joint efforts, standardized garbage sorting helps create a clean office environment and a beautiful living place.

On 26 November 2020, the Company commenced training on garbage sorting to help employees recognize the sorting

signs and raise their awareness of garbage sorting. Employees were assessed on their training results through on-site Q&A and operation demonstrations.

#### Key performance results

In 2020, the Group sorted a total of 1,837 barrels of garbage, with a total input amount of RMB64,295. Among them, 1,569 barrels of dry garbage were sorted, with an input amount of RMB54,915; 268 barrels of wet garbage were sorted, with an input amount of RMB9,380.

The Group establishes an internal garbage room, and inspects and supervises the practice of garbage sorting on a regular basis.



Photos of garbage sorting room



Photos showing garbage sorting of employees

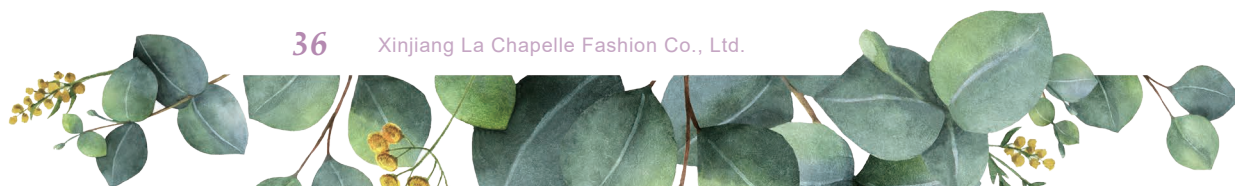


Photos of standardized garbage bins



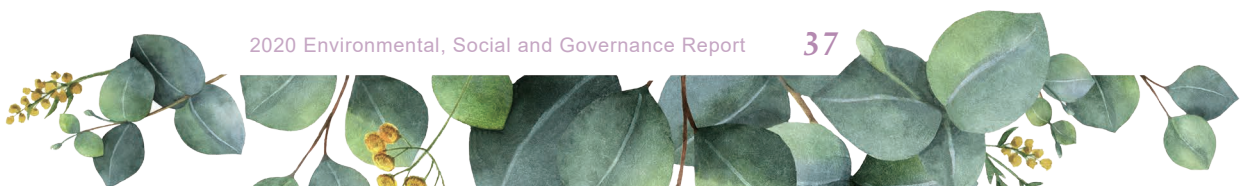
# Appendix: ESG Reporting Index

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Index		
Aspects	Content	Sections	Pages	
<b>A: Environmental</b>				
A1: Emissions	<p>General Disclosure: Information on air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and nonhazardous waste:</p> <p>(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.</p> <p>Note: Air emissions include NO<sub>x</sub>, SO<sub>x</sub>, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.</p>	9.1	30	
	KPI A1.1		Types of emissions and respective emissions data.	30
	KPI A1.2		Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	30
	KPI A1.3		Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e. g. per unit of production volume, per facility).	Note 1
	KPI A1.4		Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	30-32
	KPI A1.5		Description of measures to mitigate emissions and results achieved.	30-32
	KPI A1.6		Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	30-32



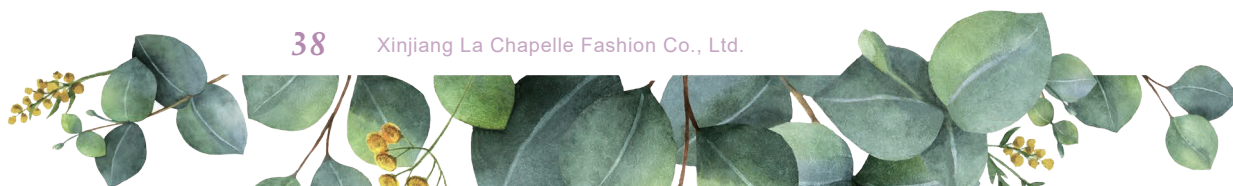
## Appendix: ESG Reporting Index

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)			Index		
Aspects	Content		Sections	Pages	
A2: Use of Resources	<p>General Disclosure</p> <p>Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</p>		9.1	30-32	
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).			30
	KPI A2.2	Types of emissions and related emission data.			30
	KPI A2.3	Greenhouse gas emission (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).			30
	KPI A2.4	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e. g. per unit of production volume, per facility).			30
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.			31-32
A3: Environment and Natural Resources	<p>General Disclosure</p> <p>Policies on minimising the issuer's significant impact on the environment and natural resources.</p>		9.2	32	
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them.			



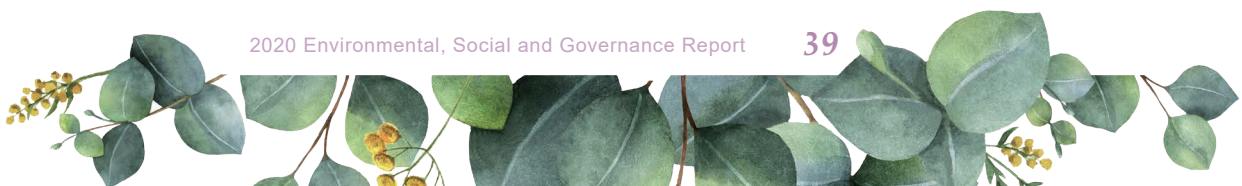
## Appendix: ESG Reporting Index

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Index		
Aspects	Content	Sections	Pages	
<b>B: Social</b>				
B1: Employment	General Disclosure Information below in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	4.1	9	
	KPI B1.1			Total workforce by gender, employment type (e.g. full time or part-time), age group and geographical region.
	KPI B1.2		Turnover rate by gender, employment type, age group and geographical region.	Note 2
B2: Health and Safety	General Disclosure Information below in relation to providing a safe working environment and protecting employees from occupational hazards: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	4.2	13-14	
	KPI B2.1		Number and rate of work-related fatalities.	Note 3
	KPI B2.2		Lost days due to work injury.	Note 3
	KPI B2.3		Description of occupational health and safety measures adopted, and how they are implemented and monitored.	13-14



## Appendix: ESG Reporting Index

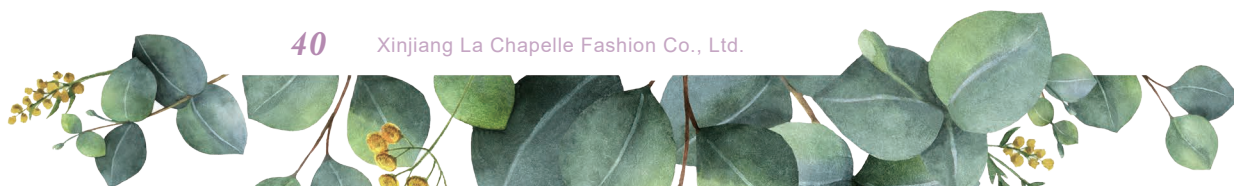
Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)			Index	
Aspects	Content		Sections	Pages
B3: Development and Training	<p>General Disclosure</p> <p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p> <p>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</p>		4.3	14-17
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).		
	KPI B3.2	The average training hours completed per employee by gender and employee category.		
B4: Labour Standards	<p>General Disclosure</p> <p>Information below in relation to preventing child and forced labour:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p>		4.4	17
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.		
	KPI B4.2	Description of steps taken to eliminate child and forced labour practices when discovered.		
B5: Supply Chain Management	<p>General Disclosure</p> <p>Policies on managing environmental and social risks of the supply chain.</p>		6	20-22
	KPI B5.1	Number of suppliers by geographical region.		
	KPI B5.2	Description of practices related to engaging suppliers, number of suppliers whom the practices are being implemented, as well as the way those practices are implemented and monitored.		





## Appendix: ESG Reporting Index

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Index		
Aspects	Content	Sections	Pages	
B6: Product Responsibility	<p>General Disclosure</p> <p>Information below in relation to health and safety, advertising, labelling and privacy matters of products and services provided and remedial measures:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer.</p>	7	23-26	
	KPI B6.1		Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Note 2
	KPI B6.2		Number of products and service related complaints received and how they are dealt with.	Note 2
	KPI B6.3		Description of practices related to observing and protecting intellectual property rights.	26
	KPI B6.4		Description of quality assurance process and recall procedures.	23
	KPI B6.5		Description of consumer data protection and privacy policies, and the way they are implemented and monitored.	26
B7: Anti-corruption	<p>General Disclosure</p> <p>Information below in relation to bribery, extortion, fraud and money laundering:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer.</p>	5	18-19	
	KPI B7.1			Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.
	KPI B7.2			Description of preventive measures and whistle-blowing procedures, and the way they are implemented and monitored



## Appendix: ESG Reporting Index

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)			Index	
Aspects	Content		Sections	Pages
B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		8	27-29
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sports).		27-29
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.		

Note 1: Operations of the Group do not involve hazardous production. Main non-hazardous waste is packaging materials.

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

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

