



CHINA TING GROUP
華鼎集團

Stock Code : 3398

Environmental, Social and Governance Report 2020



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ABOUT THIS REPORT

China Ting Group Holdings Limited (“China Ting Group” or the “Company”) and its subsidiaries (collectively the “Group”) are pleased to publish the 2020 Environmental, Social and Governance (“ESG”) Report (the “Report”), which illustrates various policies and measures implemented by the Group based on the sustainability concept, and reports the relevant progress and performance to all stakeholders.



REPORTING CRITERIA

The Group has prepared the Report in accordance with the requirements of the Environmental, Social and Governance Reporting Guide (the “Guide”) under Appendix 27 to the Rules Governing the Listing of Securities on the Main Board of the Hong Kong Stock Exchange, and by applying the four reporting principles therein, i.e. Materiality, Quantitative, Balance and Consistency. The table below summarizes how the Group applies such four reporting principles. A content index of the Guide is annexed to the end of the Report, for stakeholders’ reference.

	Definition	How the Group applies it
Materiality	The Report should reflect the Group’s significant impacts on the environment and society, or the ESG issues that substantially influence stakeholders.	The Group assesses, through questionnaire surveys, the ESG issues which are material to the Group and its stakeholders, and prioritizes such issues based on the results thereof to serve as key contents of the Report.
Quantitative	The key performance indicators shall be measurable. The Group shall state the measurement criteria and methods for quantitative data, and provide historical data, as appropriate, for comparison.	The Group guides each unit to record, collect and disclose quantitative data as much as possible, and compares the same with the historical data as appropriate. The Group engages professional external consultants to assess its greenhouse gas emissions based on domestic guidelines and international standards to ensure that environmental key performance indicators are accurate.
Balance	The ESG Report shall present the Group’s positive and negative impacts in an unbiased manner to allow stakeholders to make a comprehensive evaluation of the overall performance of the Group.	The Report shall be prepared in an objective and impartial manner to ensure that the information disclosure can give a true view of the Group’s achievements and challenges regarding each ESG aspect.
Consistency	The Report should adopt consistent disclosure and statistical methodologies to allow stakeholders to make a meaningful comparison of ESG-related data.	The Group shall adopt statistical methodologies which are consistent with those of the previous year as much as possible, and will provide explanations herein if there is any change affecting the comparison with the previous disclosures.

PERIOD COVERED BY AND SCOPE OF THE REPORT

Unless otherwise stated, the Report covers the Group’s core businesses in the PRC, namely the operations with respect to garment OEM businesses, including textile, printing and dyeing as well as clothing businesses, which account for 74% of its annual total revenue. The Report discloses its ESG issues for the financial year from 1 January 2020 to 31 December 2020 (the “Reporting Period”). The Report covers a total of 14 factories of the Group in Mainland China (collectively, “each Subsidiary” or “each Factory”), as detailed in the table below. Compared with last year, certain subsidiaries did not operate during the Reporting Period due to business adjustments, or had been merged with other subsidiaries. As such, the environmental and social performance of such subsidiaries has not been included in the Report.

Business Type	Name of Subsidiary
Textile factories	Zhejiang China Ting Jincheng Silk Co., Ltd
	Zhejiang China Ting Textile Technology Co., Ltd
	Zhejiang Huayue Silk Products Co., Ltd
Printing and dyeing factories	Hangzhou Huaxing Silk Printing Co., Ltd
	China Ting Woollen Textile Co., Ltd
Garment factories	Zhejiang Fuhowe Fashion Co., Ltd
	Zhejiang Fucheng Fashion Co., Ltd
	Zhejiang Huali Fashion Co., Ltd
	Zhejiang Concept Creator Fashion Co., Ltd
	Zhejiang China Ting Knitwear Co., Ltd
	Shenzhen Fuhowe Fashion Co., Ltd
	Finity International Fashion Co., Ltd
	China Ting (Hangzhou) Textile Technology Co., Ltd
	Bolinding (Hangzhou) Textile Technology Co., Ltd

The newly-constructed production bases of the Group in Guizhou and Jiangxi have not been included in the Report currently. The Group will continuously improve its internal data collection systems and consider including the operations in the scope of disclosure.

CONFIRMATION & APPROVAL

The Group has established internal controls and formal review procedures, and collected management and operation-related information to ensure the accuracy and reliability of the information presented in the Report. The Report has been confirmed and approved for issue by the board of directors.

The Report is prepared in both Chinese and English, and is available on the “HKEXnews” website of the Hong Kong Stock Exchange and the Company’s website at www.chinating.com.hk.

COMMENTS & FEEDBACKS

Through the Report, the Group expects to allow stakeholders to gain a better understanding of the Group’s management and development approaches on ESG issues, and strengthen the communications with them. The Group values responses from stakeholders as it believes soliciting opinions extensively can help improve the Group’s ESG-related performance. If you have any enquiries about the Report, or any suggestions regarding the Group’s sustainability work, please advise by emailing to esg@chinatingholdings.com.



ABOUT THE GROUP

China Ting Group is a vertically integrated garment manufacturer, exporter and retailer. The principal businesses of the Group include garment OEM/ODM, manufacturing and retailing of branded fashion apparel, and property development and property investment in Mainland China.





STATEMENT OF THE BOARD



2020 is a year full of challenges and changes. The COVID-19 spread across the globe, endangering peoples' life and health; quarantine, lockdown and other prevention and control measures restricted daily life, affected manufacturing and trade, hit consumption needs and dislocated global supply chains, resulting in a delay or even a halt in various economic activities. The ever-evolving epidemic is subject to uncertainties, which causes far-reaching and lasting impacts to the future of the world. In light of this, the sustainability of an enterprise is drawing more and more attention, and enhancement of its abilities in risk management and crisis response has been a key topic in all sectors.

China Ting Group recognizes that various ESG issues must be incorporated into its operations, in order to create long-term value to all stakeholders. The Group has been reviewing and reflecting on the ways to promote the sustainability of its own businesses, thereby contributing to the well-being of the environment and society. As customers and consumers are increasingly concerned about sustainability, the ESG management team of the Group monitors material environmental and social factors, and keeps abreast of the development trends, with an aim to distinguish the Group from its peers.

Opinions of stakeholders may drive the gradual improvement of an enterprise. The management team and each business unit maintain close communications with all stakeholders, including employees, customers, business partners, community residents, etc., through a variety of communication channels, to understand their needs. As shown in the results of the survey on stakeholders conducted this year, the issues relating to employment and labor practices and operating practices remain the focus concerned by stakeholders. Based on the needs of stakeholders, the Group regularly reviews relevant policies and measures to make adjustments as appropriate. During the Reporting Period, the Group continued to review its risk management and internal control system, identified risks including those relating to the epidemic and emergency response, and formulated corresponding indicators and control measures to reduce the probability of risks or mitigate the hazards thereof.

The Group is committed to undertaking corporate responsibilities. It has developed a series of policies and measures to improve social and environmental benefits, adapt to the development trends, and move towards a high-quality development. The Group strives to provide its employees with a sound, harmonious and inclusive working environment, deliver its customers superior products and services, and cooperate with supply chain business partners to promote the sustainability of the industry. The Group will also consider social needs and benefits to meet the expectations of stakeholders. In response to the COVID-19 epidemic, the Group donated monies and materials to assist in the anti-epidemic work, and continued to participate in poverty-alleviation projects, and incorporated itself into the community to respond to social needs.

The Group is fully aware that its garment business will cause a certain negative impact on the environment. As such, the Group attaches great importance to the environmental friendliness of its own operating process and each link of supply chain as well as the potential environmental risks, continues to improve its environmental management system, and manages the discharge of pollutants generated from its businesses. In response to the ambitious goal of carbon neutrality to be achieved by the state by 2060, the Group will continue to strengthen pollution-control measures, and consider to upgrade hardware to assist in energy conservation and emission reduction, and will set more specific environmental targets to meet the expectations of the stakeholders and the society.

Looking ahead, the Group will continue to uphold the sustainability concept and incorporate the same into its daily operations, and prepare itself for various risks and opportunities in the future. The Group will work together with stakeholders, hand in hand, to guide the industry and society to move towards a green economy and implement the sustainability.

GOVERNANCE STRUCTURE AND RISK MANAGEMENT

China Ting Group believes that sound corporate governance is fundamental to the long-term development of its business in the future, and maintaining high-level corporate governance is an important operating philosophy of the Group. Corporate governance practices can effectively guide the Group to establish long-term strategies and realize long-term objectives. The board of directors, as a leader of the Group, is responsible for leading and supervising the Group to ensure effective operation of its business and compliance with all applicable laws and regulations. The board of directors is also responsible for practicing the sustainability of the Group by formulating sustainability approach for the Group, and monitoring and reviewing the implementation of sustainability measures through the regular reporting by the management.

The Group has established an ESG management team, as led by the CEO, to lead the senior management from each department to formulate relevant policies and measures, and facilitate implementing the commitments to sustainability. The ESG management team holds meetings regularly to, in accordance with the Group's sustainability approach, consider and review relevant policies and measures, and reports the results thereof to the board of directors at least once a year.



Effective risk management is an integral part of sound corporate governance. The Group has formulated its internal control systems and evaluation measures with reference to enterprise internal control regulated systems, including the Corporate Risk Management and Internal Control Regulation Rules and its supporting guidelines, as well as other internal control regulatory requirements. The board of directors is responsible for the Group's risk management and internal control as assisted by the audit committee to ensure that such systems are sound and functioning effectively. The Group has established a set of comprehensive and effective risk management mechanism, and adopted appropriate control measures to promote the long-term growth of its business. The Group identifies, analyzes, assesses and manages the major risks which have an impact on the Group, its businesses and various functions to implement the Group's strategies and business targets.

GOVERNANCE STRUCTURE AND RISK MANAGEMENT

During the Reporting Period, the Group continued to review its risk management and internal control systems to ensure that the Group was aware of its risk status. The scope of review included financial management, environmental factors, emergency management, etc. The Group also identified its particularly material and material risks, with ESG risks listed in the table below. The Group formulated corresponding measures for the risks so identified to mitigate the impacts of such risks on the Group.

Risk Item	Description of Risk	Control Measures
Global epidemic outbreak	The COVID-19 epidemic affected most of the major economies in the world, and consumption behaviors and a slump in needs affected results.	Monitor the global epidemic situation and its impacts on the economy, resume business in the PRC and capture opportunities in the post-epidemic period, and strengthen the flexibility of operations.
Emergency response	The sudden outbreak of the epidemic revealed that the Group was underprepared in coping with sudden disasters, and was lack of response proposals.	Perfect emergency plan and regular drills, formulate structure and post, and organize daily training for relevant personnel.

For more details of corporate governance and risk management, please refer to the Corporate Governance Report in the 2020 Annual Report of the Group.

COMMUNICATION WITH STAKEHOLDERS

China Ting Group believes that opinions of stakeholders are critical to its corporate development. During its daily operations, the Group actively communicated with stakeholders through various means and channels, including meetings, emails, social media, etc., to listen to their appeals, and reviewed the Group's performance and identified potential risks to serve as important reference for the Group to improve its business operations and formulate sustainability strategies. The major stakeholders identified by the Group include employees, customers, shareholders and investors, suppliers, community, etc., which exert significant influence on the Group's strategies and management, or are significantly influenced by the Group's business operations. The Group shares both sustainability responsibilities and achievements with such stakeholders.

MATERIALITY ASSESSMENT

The Group has engaged an independent consultant to conduct a questionnaire survey on stakeholders to collect and summarize their opinions and identify the ESG issues which are most material to the Group. Stakeholders participating in the questionnaire survey include employees, customers, business partners, investors, non-governmental organizations, etc. Specific steps are as follows:

1 Identify relevant issues

Based on the general trends of sustainability and the standards such as the Guide, and in combination with the results of daily and historical communications with stakeholders, a list of 24 ESG issues related to the Group is identified.

2 Collect stakeholders' feedback

Through the questionnaire survey, internal and external stakeholders are invited to assess the materiality of each issue and the ESG issues to which the Group may make significant contributions.

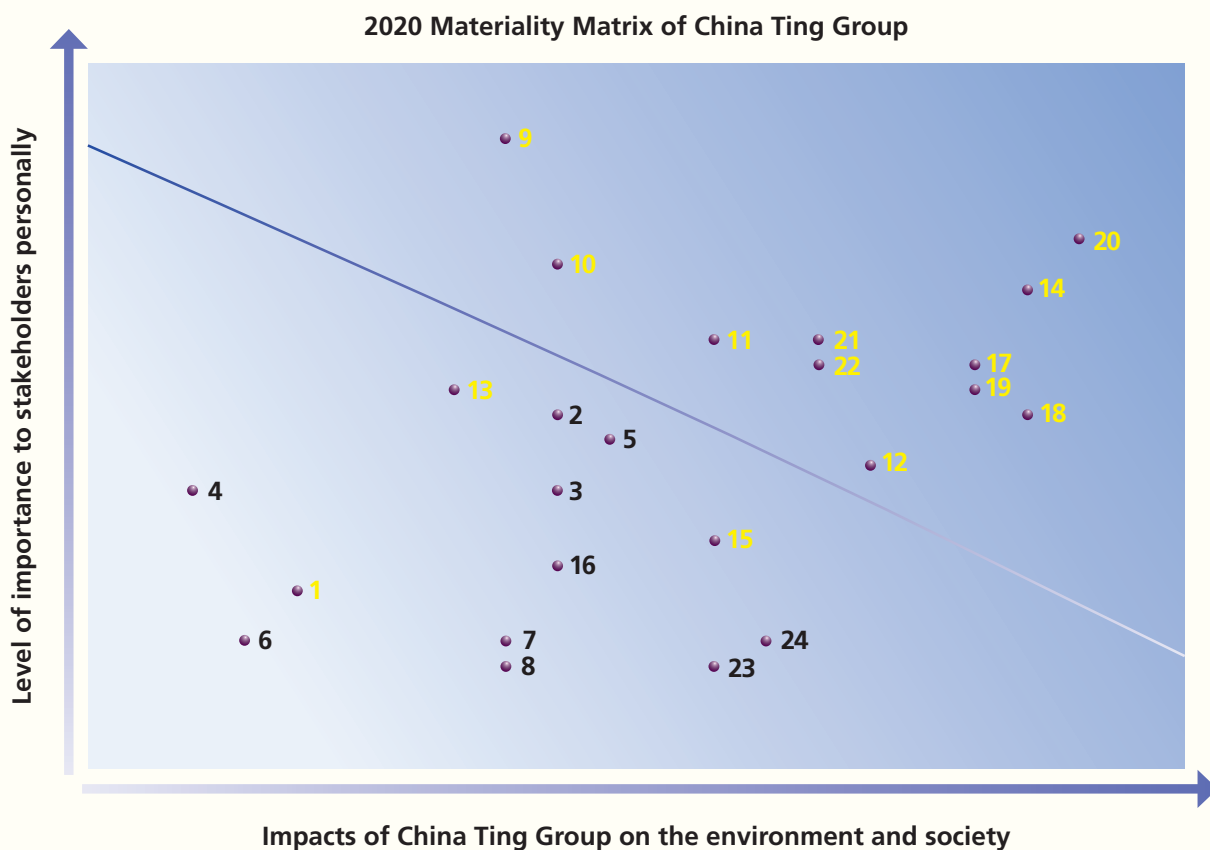
3 Prioritize material issues

Based on the results of the questionnaire survey, the independent consultant analyzes the ranking of the stakeholders on each issue to show the materiality of each issue in two dimensions.

4 Confirm results

The results of material issues are reviewed and verified by the management of the Group and confirmed by the board of directors.

Based on the results of the survey conducted this year, and by consolidating the opinions of all stakeholders, the consultant prioritizes the material issues in two dimensions, namely the level of importance to stakeholders personally and the impacts of the Group on the environment and society, and presents the following materiality matrix.



The issues in the upper right of the matrix are the issues which are material to all stakeholders in both two dimensions. In addition, the Group also considered the different opinions of internal and external stakeholders, respectively, as well as the issues to which they believe the Group can contribute, and therefore identified the following three additional issues:

- GHG and air pollutant emissions management (Issue 1);
- Employee training and development (Issue 13);
- Environmental and social risks of the supply chain (Issue 15)

COMMUNICATION WITH STAKEHOLDERS

The following table shows the 24 material issues identified by the Group during the Reporting Period with the 15 material issues highlighted.

Scope		Issues in 2020 (by scope)
Environment	1	GHG and air pollutants
	2	Effluent discharge
	3	Waste management
	4	Save energy
	5	Save water
	6	Utilization efficiency of other resources
	7	Impacts on the environment and natural resources
	8	Cope with climate change
Employment and labor practices	9	Employment management system
	10	Labor relationships
	11	Diversity, anti-discrimination and equal opportunities
	12	Occupational health and safety
	13	Employee training and development
	14	Prevent the employment of child labor and forced labor
	15	Environmental and social risks of the supply chain
Operating practices	16	Promote environmental protection of suppliers
	17	Customers' and products' health and safety
	18	Quality control and after-sale services
	19	Comply with advertisement, labelling and sales regulations
	20	Protect privacy
	21	Respect intellectual property rights
	22	Anti-corruption
Community investments	23	Understand community needs
	24	Promote community development

The results of the materiality assessment conducted this year are similar to those of last year, showing that stakeholders are relatively concerned about the issues relating to the two scopes, namely, employment and labor practices and operating practices; and the concern of external stakeholders on "GHG and air pollutant emissions management" is obviously higher than the average, therefore such issue is particularly included herein as a material issue. The Group considers to continuously strengthen communications with its stakeholders, and collect more in-depth opinions to assist the Group in reviewing and adjusting its future sustainability measures.

A HEALTHY AND INCLUSIVE WORKING ENVIRONMENT

China Ting Group understands sound working conditions and atmosphere are conducive to employees' and enterprise's long-term development. As such, we actively communicate with our employees, collect their opinions, and continuously improve our employment system, striving to provide a fair, just, healthy and compliant environment.

SAFETY AND HEALTH

China Ting Group highly values the occupational health and safety of its employees. Each Subsidiary has formulated management policies and systems, and regulated safety and health measures, such as the Rules and Regulations on Employees' Safety and Health, the Management Systems for Equipment and Facilities Safety, etc. The environmental hygiene and health and safe production leading group, as led by the Group's Vice CEO, leads the safety personnel of each Subsidiary to review the health and safety policies from time to time; each Subsidiary has set up a safety and health working team, which is responsible for daily inspections, prevention and rectification of hidden safety hazards, as well as quarterly inspections, semi-annual safety and health ranking assessments.

The production and operation process of the Group involves the use of chemicals. To ensure safety, each Subsidiary has formulated the Management Regulations on the Storage and Use of Chemicals (Hazardous Articles) and other policies to specify the transportation, use, storage and disposal measures. According to the Chemical Leakage Emergency Plan, each Subsidiary conducts drills and safety trainings on chemical leakage annually to improve employees' abilities to cope with accidents relating to chemical leakage, and raise their safety awareness.

To provide guidelines for employees on coping with emergencies, each Subsidiary of the Group has developed the Emergency Rescue System on Production Safety Incidents, the Emergency Medical Procedures for Work-related Injuries/Accidents and other systems, to specify employees' roles and emergency plans upon occurrence of natural disasters and man-made disasters; and according to the Fire Safety Management System, purchased and managed fire equipment, conducted regular inspections on fire risks, provided trainings for employees, and regularly organized fire extinguishing and evacuation drills to improve employees' fire safety awareness and emergency response abilities. Each Subsidiary also provided "Three-level Safety Education" for employees, and provided safety trainings for department and team officers as well as new employees, in order to ensure that they understand the Company's safety management regulations and working process.

During the Reporting Period, there was no work-related fatality within the Group, but a total of 3 employees had work-related injuries. The Group has adopted measures to enhance employees' safety awareness while ensuring adequate labor protective supplies for employees' use, and maintaining the tidiness and cleanness of working environment. In response to the COVID-19 epidemic, the Group provided its employees with protective measures, including provision of facial masks, measurement of body temperature, disinfection in office areas, to ensure the health and safety of employees.

EMPLOYMENT SYSTEM

China Ting Group recognizes that a sound employment system and a good employment relationship can attract and retain talents, which are important factors for the success of an enterprise. The Group attaches importance to the protection of the legitimate rights and interests of all employees in accordance with the law. It has formulated the Employee's Code of Conduct, the Recruitment and Dismissal System and the Salary Payment Management System, which specify basic management and personnel systems, and stipulate policies on recruitment and resignation, compensation, working hours, dismissal, equal opportunities, holidays and other welfare, so that employees are aware of the Group's employment regulations and arrangements.

Recruitment and compensation

The Group is committed to maintaining a fair and impartial recruitment procedure, taking into account the applicants' educational background, work experience, interview performance and job requirements to recruit suitable employees. The Group offers employees with market-competitive compensation packages to attract and retain talents, and provides monthly comprehensive bonuses, rank allowances, annual security awards and triple vacation pay based on employees' positions and performance, so as to encourage employees to make positive contributions and expects to grow together with employees.

Holidays and other welfare

The Group provides employees with various types of holidays, including annual leave, sick leave, marriage and bereavement leave, maternity leave and national statutory holidays. The Group also provides employees with food subsidies, dormitories and free travel, so that they can live and work in peace and happiness with the Group as their home.

Equal opportunities and anti-discrimination

The Group is committed to providing equal opportunities to employees and applicants and preventing discrimination to protect their rights and interests. The Group specifies that no discrimination against employees or applicants is allowed due to their gender, age, race, religion, place of origin and other reasons in the Recruitment and Dismissal System, so as to ensure that they enjoy equal salaries and welfare and consistent promotion opportunities.

Grievance channel

The Group has formulated the Grievances and Complaints Management Measures and the Employee Complaints Handling Procedures. Employees can follow relevant policies and procedures for making complaints on matters such as employment, working environment, discrimination and sexual harassment, in order to protect the legitimate and lawful interests of employees and prevent them from unfair treatment. The Group will handle such complaints in accordance with procedures and within the established time.

During the Reporting Period, the Group also organized a series of employee activities, including “Essays Competition on Story of ‘COVID-19’ and Me”, viewing of Yue Opera and visiting of G20 summit venue, to promote communications among employees and enhance the cohesion of the Group.

TRAINING AND DEVELOPMENT

China Ting Group supports the long-term personal development of employees and is committed to providing them with a variety of trainings and development opportunities. It has formulated the Employee Training System to arrange corresponding training for employees according to training needs. The Group has established procedures on how to develop training plans, the implementation of training and activity records. When formulating the annual training plan, the Group will consider factors such as the training needs of employees, past training effectiveness and feedback, opinions of department heads and the management. In addition to internal training, the Group also provides employees with educational subsidies to encourage them to pursue self-education.

The Group provides appropriate training for personnel at different level and from different departments, including management training for personnel at the middle-level or above, on-the-job training for regular employees and induction training for new employees. During the Reporting Period, more than 70% of the employees of the Group received training, with an average training hour of more than 3 hours.

LABOR STANDARDS

China Ting Group strictly prohibits the employment of child and forced labor in its operations. The Group’s commitment is clearly stated in the Social Responsibilities Management System. Each Subsidiary has formulated the Child Labor Remediation Management Rules and other procedures, which stipulate that no minors under the age of 16 shall be employed. During the recruitment process, applicants are required to submit their ID cards and other documents for verification by the human resources department, and ensure that they are of legal age before being employed.

If a person under the age of 16 is found to be hired by mistake, the Group will immediately stop him/her from working and send him/her to a hospital for physical examination to ensure that his/her health is not affected by his/her work and escort him/her back to his/her guardian or notify him/her family members to pick him/her up, and the necessary examination and other expenses shall be borne by the Group. At the same time, the Group will also report to the local labor department and investigate the causes of misuse of child labor, and handle the cases according to relevant regulations and internal rules. The Group will subsidize the education of the child laborer until he/she reaches the legal age for employment based on his/her family situation, and welcome him/her back to the Group for work.

The Group prohibits forced labor and ensures that all employees are working on a voluntary basis. Employees may terminate their labor contracts with the Group according to the negotiation and resignation process. The Group specifies the working hours, overtime work, overtime pay and other arrangements in the Staff Handbook, and provides compensation for voluntary overtime work.

OPERATION MANAGEMENT

China Ting Group believes that excellent product quality is the basis for establishing long-term relationships with customers, and has formulated a number of quality control measures and is committed to improving the supply chain and quality management to protect the rights and interests of customers. The Group has always adhered to corporate integrity and business ethics to prevent corruption and bribery, in order to assist in building a fair and honest industry ecology.

PRODUCT QUALITY

The Group has been upholding high-quality products and services to maintain good relationships with customers. The Group has established quality control measures covering many aspects of the production process, including manufacturing, inspection and testing in accordance with the quality management system to ensure that products comply with the internal quality standards and customers' requirements.

To ensure the quality of products, the production department and the quality inspection department of the Group are responsible for the production process and finished product quality, respectively, and the Production Standard Operating Procedures have been established to regulate processes including fabric and accessory inspection, cutting, workshop, needlework, washing and packaging. Each Subsidiary has also established the Quality Manual and prepared guidelines for quality management responsibilities and resource management, including measurement analysis and improvement methods. Quality control personnel is required to conduct random inspections on raw materials and finished products to ensure that products meet the standards.

The Group will recall the non-conforming products in accordance with the Recall Procedures for Non-Conforming Products and Product Early Warning, Claims, Returns and Complaints Information Procedures to minimize the health and safety risks of any customers and the public. Each Subsidiary has established a team led by the general manager for the overall product recall, investigation and handling, and the launch of the recall procedures is subject to the authorization of the general manager of the Company. Before the recall, it is necessary to record the details of the relevant complaint, obtain photos or physicals from the customer as the case may be, to verify the relevant information about the product and further understand the complaint. After confirming that the product is non-conforming, the team notifies the customer immediately and recalls the product, conducts a detailed inspection of it to identify the cause of the quality problem, proposes to control the corrective process and implements corrective measures to avoid similar problems in the future.

The Group has established the Customer Complaint Handling Procedures, which specify respective responsibilities and working process. If a customer complains about a product or service, a team will be set up to handle the problems. Managers of respective departments shall analyze the causes and responsibilities of complaints, agree on mitigation measures and plans, explain the causes and the Group's corrective measures to customers, and record the investigation process. During the Reporting Period, the Group had not received any material customer complaints or recalled any products due to health and safety issues of products.

PROTECTING CUSTOMERS

The Group values customers' interests and protects customer privacy and intellectual property rights with policies such as Customer Privacy and Data Protection Systems and Customer Property and Privacy Protection Procedures. These systems regulate that the employees of the Group shall not disclose the trade secrets of the Group and customers, including proprietary production technology, product design and substance of customer contracts. The Group's procedural documents have also formulated information and technology security related contents, regulated the management of business and customer information, and established standards for information protection and the authority of employees to access information.

Some subsidiaries have established a Clients' Brands Protection and Control Management System to ensure that the clients' brands will not be infringed. To prevent leak of clients' brands and products, the Group strictly manages the accessories and trademarks of products provided by clients and prohibits visitors from taking photos in the production areas or the sample exhibition halls. The Client-Related Process Control Procedures have also been formulated, which stipulate that products must comply with the requirements stated in the contracts with clients.

SUPPLIER MANAGEMENT

The Group has formulated the Supplier Selection and Review Criteria and the Procurement Control Procedures to regulate the evaluation and review of suppliers, including product quality, treatment and remedies for non-conforming products and after-sale services. Non-conforming suppliers will be disqualified, and another suitable supplier will be selected to ensure the stable supply of raw materials and high-quality of production.

China Ting Group understands that its operational compliance and brand reputation are directly affected by the performance of suppliers and business partners. Therefore, the Group has identified the risks relating to supplier management in the risk management system and has formulated corresponding measures to reduce the risks. The Procedures for Controlling Suppliers and Subcontractors' Social Responsibility of the Group aims to promote its suppliers to continuously improve their environmental and social performance. The Group conducts site assessment on suppliers and requires suppliers and subcontractors to sign the social responsibility agreement commitments. In case that any supplier intentionally employs child and forced labor or violates other labor regulations, the Group will immediately terminate the corporation with a zero-tolerance attitude.

During the Reporting Period, the Group had a total of 156 suppliers and implemented the supplier engagement practices for 62% of the suppliers. Most of these suppliers are located in Mainland China and mainly supply various raw materials necessary for our production. In the future, the Group will plan to review the existing supplier management system and further improve related policies to identify and manage potential environmental and social impacts in the supply chain.

ANTI-CORRUPTION

The Group strictly prohibits any form of corruption in its daily operations, including bribery, fraud, blackmail and money laundering. The Group has formulated the Code of Work for Managers, which explicitly requires the managers not to accept any form of bribery or engage in improper trading activities. The Anti-Corruption and Anti-Bribery Control Program provides employees with guidance on maintaining integrity and performing their duties, regulates the material procurement, construction, sales, equipment procurement and maintenance and other business activities of the Group, and provides anti-corruption policies for the Group, including establishing a leading anti-corruption organization, establishing a whistle-blowing channel for the prevention of commercial bribery, and researching and improving the existing anti-corruption policies and measures.

The Group requires all personnel in key positions to sign the Anti-Bribery/Anti-Corruption Commitment and all business partners to sign the Supplier's Anti-Bribery/Anti-Corruption Commitment to strengthen prevention and control of corruption at source, and continue to hold anti-corruption training during the Reporting Period.

The Group has established report handling procedures to implement policies and measures related to anti-corruption. The Group has set up a whistle-blowing hotline to encourage employees and business partners to report suspected corruption cases, detect violations as early as possible, and handle them in a confidential manner. If the Group confirms that someone is suspected of a commercial crime, it will be subject to criminal liabilities as the Group hands over the case to relevant enforcement authorities in accordance with the law.

ENVIRONMENTAL FRIENDLINESS

While pursuing economic benefits, China Ting Group also attaches importance to environmental protection and resource conservation. It has established an environmental management system for its subsidiaries in line with its business characteristics, formulated and implemented various measures to reduce emissions of pollutants in the course of operations, and make good use of various resources to actively develop and use energy-saving products, develop a circular economy, so as to reduce the negative impact on the surrounding ecology and environment. The Group educates employees through promotion, and some subsidiaries have even included environmental management in their training programs, so that employees will receive relevant training upon joining the Group, raise their environmental awareness and understand relevant environmental laws and regulations.

EMISSIONS

China Ting Group is concerned about its greenhouse gas emissions and continues to engage professional consultancy to conduct carbon assessment, and quantifies the greenhouse gas emissions generated during its operation in accordance with China's Guidelines for Accounting and Reporting Greenhouse Gas Emissions — Other Industrial Enterprises, ISO14064-1, GHG Protocol and other national and international standards. The total carbon emissions generated by the Group during the Reporting Period were approximately 33,914 tonnes of CO₂ equivalent, of which the use of thermal power and electricity amounted to 75% and 24% respectively. During the Year, carbon emissions increased by approximately 36% as compared with the previous year.

In the future, the Group will continue to apply quantitative and consistent reporting principles to quantitatively evaluate and disclose its greenhouse gas emissions, where feasible, and refer to and compare with the historical data to review the effectiveness of existing measures and formulate future emission reduction targets and measures. In response to the COVID-19 epidemic, the Group has increased online communication to minimize unnecessary business trips and simultaneously reduce related carbon emissions.

The Group's air pollutant emissions mainly come from the consumption of fossil fuels in the use of heating equipment such as boilers during the production process of printing and dyeing and textile factories, kitchen equipment and vehicles. Among them, air pollutants are mainly nitrogen oxides, sulfur oxides and respirable suspended particles. Exhaust gas from consumption of diesel and gasoline of vehicles is the major source of emission, which contributed to 95%, 91% and 95% of the total emissions of nitrogen oxides, sulfur oxides and respirable suspended particles, respectively. In 2020, due to the shrinkage of business and headcount and discontinuation of certain production facilities, air pollutant emissions decreased compared with the previous year. Emissions of nitrogen oxides, sulfur oxides and respirable suspended particles reduced by 44%, 59% and 40%, respectively.

The Group is committed to reducing waste generated during the operation and its possible pollution to the environment. The Group hands over the non-hazardous waste generated to the relevant municipal departments for collection and treatment. During the Reporting Period, the Group sorted and collected a total of 148 tonnes of recyclable waste, such as discarded cartons, waste packaging bags and shredded fabrics, and handed over to qualified recyclers. In addition, the Group produced a total of 193 tonnes of hazardous waste during the Reporting Period, such as waste oil, sludge from wastewater treatment and waste coatings, which were recorded, sorted and stored, and treated by qualified hazardous waste collectors. In order to reduce the waste generated, the Group encourages employees to recycle intact packaging boxes and bags, bring their own tableware, and reduce the use of disposable tableware.

The Group's wastewater mainly come from production wastewater from various production workshops and domestic sewage from offices. The Group collects part of the wastewater and reuses it for the production workshop, printing and dyeing workshop and greening and irrigation. A total of 219,315 tonnes of wastewater was reused during the Reporting Period. The Group will continue to promote the construction of sewage treatment system of Huabeina. Affected by factors such as the epidemic, the project will be postponed to be completed in 2021. The system reuses part of the sewage from factories, reducing wastewater discharge and water consumption.

USE OF RESOURCES

The resources used by the Group are mainly energy use in the production process. During the Reporting Period, it consumed a total of 13,165 MWh of electricity, 63,987 MWh equivalent of thermal power and 4,081 MWh equivalent of renewable energy. The Group has formulated the Energy Management System to provide guidelines for electricity use in factories and offices to guide employees to reduce energy consumption in their daily operations. Management measures include inspecting and maintaining electrical equipment regularly to ensure electricity efficiency; requiring the equipment load rate to be maintained above 40% to ensure efficient operation; and encouraging employees to develop energy-saving habits. Some subsidiaries have set up energy management teams to manage the energy use, set and review annual energy saving targets and formulate relevant measures to reduce energy use.

During the Reporting Period, the Group continued to take measures to save energy and resources, including the use of water, electricity and steam, to eliminate waste, and promote a green and environmentally friendly work and life. Some of the measures are listed as follows:

- employees are required to confirm that the use of water, electricity and steam have been shut down when getting off work;
- regularly cleaning and repairing the air-conditioning system to ensure efficient operation and long service life;
- the air-conditioning temperature is recommended to be set at 24 to 26 degrees Celsius;
- promoting water conservation activities to enhance employees' awareness of water conservation;

- regularly inspecting tap water pipes, faucets and other equipment to prevent water dripping and leakage;
- regularly monitoring water consumption, detecting leakage problems in a timely manner, and repairing them as soon as possible;
- advocating a paperless office and making full use of electronic communication equipment.

ENVIRONMENTAL AND NATURAL RESOURCES

China Ting Group understands the importance of protecting the surrounding environment and natural resources, and strives to reduce the negative impact of its operations on the environment. For the construction of factory projects, the Group will identify and evaluate the negative environmental impacts caused thereby, and take responsible mitigation measures. The Group has also formulated measures such as the Chemical Leakage Emergency Plan and the Chemical Safety Management Procedures to guide emergency handling in the event of a leakage accident, and regularly trained employees to practice response procedures for chemical leakage, so as to reduce or even avoid the impact of accidents on the surrounding environment, including land and water bodies.

With emphasis on fulfilling the Group's commitment to environmental protection, the ESG management team promotes environmental awareness among employees, customers and business partners to jointly reduce the carbon footprint in the product life cycle and ensure that production is environmentally friendly.

COMMUNITY CONTRIBUTIONS

China Ting Group recognizes that it shall fulfill its corporate social responsibilities and practice to deliver care for the community as a model enterprise. The Group believes that business operations need to take into account the development of the community, and is committed to considering and caring for the interests of the communities in which it operates while carrying out business. The Group has formulated relevant environmental and social policies to reduce the negative impact on the community. China Ting Group has a stringent environmental management system, especially managing the discharge of pollutants in the factory area, so as not to affect the daily life of nearby residents.

The Group contributes to the community in various ways, including establishing teaching scholarship, participating in poverty alleviation projects and supporting employees to participate in volunteer activities to give back to the society. During the Reporting Period, the continuous donation to education and poverty alleviation of the Group were as follows.

ZHEJIANG SCI-TECH UNIVERSITY CHINA TING TEACHING SCHOLARSHIP

- In order to support the development of higher education, the Group has established Zhejiang Sci-Tech University China Ting Teaching Scholarship, which consists of “China Ting Education Contribution Award” and “China Ting Teacher Moral Award”. The total annual bonus is RMB150,000, which is used to reward higher education workers and thank them for their contributions.

GUIZHOU TIANZHU ETHNIC SCHOOL SCHOLARSHIP

- This scholarship program is a 10-year program. The Group provides a total annual amount of RMB60,000 to 30 outstanding students as scholarship to promote the overall development of such students in terms of ethics, intellect and physique.

GUIZHOU TIANZHU TARGETED POVERTY ALLEVIATION PROJECT

- In line with the national strategic goals, the Group has launched a factory for poverty alleviation and creating employment in Tianzhu County, Guizhou in 2018, bringing more than a thousand jobs to the area. The Group recruited the local residents and provided them with training for production. The project has been commended by the Guizhou Poverty Alleviation and Development Leading Group and included in the list of advanced groups for poverty alleviation in Guizhou Province.

In response to the COVID-19, the Group also donated RMB200,000 and down jackets during the Reporting Period to support the fight against the epidemic. Moreover, it also donated clothing during the Police Day to deliver warmth. In the future, the Group will have a further understanding of the needs of the communities where it operates and formulate policies related to community investments and donations to provide more specific guidelines for employees, regulate related work, and make greater contributions to the building of a healthy and harmonious community.

COMPLIANCE PERFORMANCE

The compliance team of the Group regularly reviews the update and compliance situation of laws and regulations that have a significant impact on the operation and its operation and management system to ensure that its daily operations are in compliance with the latest regulatory requirements. The following table sets out the laws and regulations that have a significant impact on the Group and the compliance therewith during the Year:

Aspect	The laws that have a significant impact on the Group	Related impact and compliance disclosure
EMISSIONS	<p>Environmental Protection Law of the People's Republic of China</p> <p>Water Pollution Prevention and Control Law of the People's Republic of China</p> <p>Environmental Noise Pollution Prevention and Control Law of the People's Republic of China</p> <p>Solid Waste Pollution Prevention and Control Law of the People's Republic of China</p>	<p>As the requirements of the environmental regulations are getting tightened, the Group simultaneously mitigates the impact of its production on the environment, but this action increases operational environmental costs that affect the Group's industrial structure.</p> <p>During the Reporting Period, the Group was not in violation of any of the relevant laws and regulations that have a significant impact on it.</p>
EMPLOYMENT	<p>Labor Law of the People's Republic of China</p> <p>Labor Contract Law of the People's Republic of China</p> <p>Social Insurance Law of the People's Republic of China</p>	<p>As the society's understanding and requirement on labor regulations and labor security are increasing day by day, the improvement of employment relations and conditions requires the Group to allocate more resources.</p> <p>During the Reporting Period, the Group was not in violation of any of the relevant laws and regulations that have a significant impact on it.</p>
HEALTH AND SAFETY	<p>Production Safety Law of the People's Republic of China</p> <p>Occupational Disease Prevention and Control Law of the People's Republic of China</p> <p>Work Injury Insurance Regulations</p> <p>Social Insurance Law of the People's Republic of China</p>	<p>Occupational safety and health of employees are safeguarded to avoid accident or litigation and claims.</p> <p>During the Reporting Period, the Group was not in violation of any of the relevant laws and regulations that have a significant impact on it.</p>

COMPLIANCE PERFORMANCE

Aspect	The laws that have a significant impact on the Group	Related impact and compliance disclosure
LABOR STANDARDS	Labor Contract Law of the People’s Republic of China Law of the People’s Republic of China on the Protection of Minors Provisions on Prohibition of Child Labor	The Group objects to the use of child and forced labor, observes the relevant international covenants and protects human rights and the reputation of the Group. During the Reporting Period, the Group was not in violation of any of the relevant laws and regulations that have a significant impact on it.
PRODUCT RESPONSIBILITY	Contract Law of the People’s Republic of China Advertising Law of the People’s Republic of China Tort Liability Law of the People’s Republic of China Trademark Law of the People’s Republic of China	The Group’s operations shall respect intellectual property rights such as trademarks, copyrights and patents, while protecting its own rights and interests. During the Reporting Period, the Group was not in violation of any of the relevant laws and regulations that have a significant impact on it.
ANTI-CORRUPTION	Criminal Law of the People’s Republic of China Anti-money Laundering Law of the People’s Republic of China Anti-unfair Competition Law of the People’s Republic of China Tendering and Bidding Law of the People’s Republic of China	Events like corruption and bribery can directly undermine the Group’s interests and affect the Group’s operational integrity and reputation. During the Reporting Period, no corruption-related lawsuits were brought against the Group or its employees, and there was no violation of relevant laws and regulations that have a significant impact on the Group.

OVERVIEW OF KEY PERFORMANCE INDICATORS

ENVIRONMENTAL PERFORMANCE

	Emission type	2020	2019
Exhaust gas and greenhouse gas emissions	Nitrogen oxides (kg)	798	1,424
	Sulfur oxides (kg)	30	72
	Respirable suspended particles (kg)	31	52
	Scope 1: Direct greenhouse gas emissions (tonnes of CO ₂ equivalent)	535	831
	Scope 2: Indirect greenhouse gas emissions (tonnes of CO ₂ equivalent)	33,371	23,999
	Scope 3: Other indirect greenhouse gas emissions (tonnes of CO ₂ equivalent)	8	43
	Total greenhouse gas emissions (tonnes of CO ₂ equivalent)	33,914	24,873
	GHG intensity (tonnes of CO ₂ equivalent/turnover in HK\$'000)	0.030	0.017
	Waste type	2020	2019
Waste	Total hazardous waste generated (tonnes)	193	188
	Hazardous waste intensity (tonnes/turnover in HK\$'000)	0.0002	0.0001
	Total non-hazardous waste generated (tonnes)	478	877
	Non-hazardous waste intensity (tonnes/turnover in HK\$'000)	0.0004	0.0006

¹ Greenhouse gas emissions from purchased electricity are calculated based on the average national factor of greenhouse gas emissions of grid power in the PRC, which is derived from the "Notice Regarding 2019 Carbon Emission Reporting and Verification and Submission of the List of Key Emission Units in the Power Generation Industry".

Scope 1: Including the emissions generated from fossil fuel and biomass fuel consumption at the stationary and mobile sources of the Group and refrigerant consumption;

Scope 2: Including the emissions from electricity and thermal power consumption of the Group;

Scope 3: Including the emissions due to the business travel of the Group's employees by air.

OVERVIEW OF KEY PERFORMANCE INDICATORS

Use type		2020	2019
Energy used	Direct energy		
	Gasoline (MWh equivalent)	718	993
	Diesel (MWh equivalent)	366	578
	Liquefied petroleum gas (MWh equivalent)	104	106
	Liquefied natural gas (MWh equivalent)	74	126
	Biomass fuel (MWh equivalent)	—	128
	Indirect energy		
	Electricity (MWh)	13,165	12,871
	Heat (MWh equivalent)	63,987	40,776
	Renewable energy	Solar power generation (MWh)	4,081
Total energy consumption (MWh equivalent)		82,495	61,589
Energy intensity (MWh equivalent/turnover in HK\$'000)		0.072	0.042
Use type		2020	2019
Water used	Total water consumption (cubic meters)	688,521	467,430
	Water consumption intensity (cubic meters/turnover in HK\$'000)	0.61	0.32
Use type		2020	2019
Packaging materials	Total packaging materials (tonnes)	1,112	1,825
	Intensity of packaging materials (tonnes/turnover in HK\$'000)	0.001	0.001

SOCIAL PERFORMANCE

Number of employees²

Gender	Male	976
	Female	1,826
Age group	Aged below 30	569
	Aged between 30–50	1,786
	Aged above 50	447
Rank	Senior management	34
	Medium management	106
	General employees	2,662
Employment type	Full-time	100%
Total number of employees		2,802

Turnover rate of employees

Gender	Male	23%
	Female	27%
Age Group	Aged below 30	25%
	Aged between 30–50	24%
	Aged above 50	33%
Total turnover rate of employees		26%

Number of workers died or injured in course of duty

Number of work-related fatality ³	0
Number of employees injured at work	3
Injury rate (per thousand employees)	1.07
Lost days due to work injury	129

² The Group also has 119 non-employee laborers.

³ In the past three years, only one employee of the Group died due to work in 2019.

OVERVIEW OF KEY PERFORMANCE INDICATORS

Proportion of employees trained⁴

Gender	Male	69%
	Female	73%
Rank	Senior management	68%
	Medium management	58%
	General employees	72%
Total proportion of employees trained		71%

Average training hours of employees⁵

Gender	Male	3.1
	Female	3.1
Rank	Senior management	4.6
	Medium management	3.2
	General employees	3.1
Total average training hours of employees		3.1

Number of suppliers by geographical region

Supplier location	Number of suppliers	Proportion of relating practices implemented
Hong Kong	9	67%
Mainland China	139	65%
Other regions in Asia	8	13%

Anti-corruption training

Rank	Senior management	Medium management	Frontline employees	Total
Proportion of employees trained for anti-corruption	26%	8%	3%	4%
Average anti-corruption training hours ⁶	1.8	1.0	0.5	0.6

⁴ The proportion of employees trained is calculated by dividing the number of employees trained in such category by the total number of employees in such category.

⁵ The average training hours of employees are calculated by dividing the training hours of employees in such category by the total number of employees in such category.

⁶ Average number of training hours of personnel participating in anti-corruption training.

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A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency enhancement initiatives and results achieved.	The Group has no issue in sourcing water that is fit for purpose
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B1 Employment		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	16, 25
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Main categories	Content	Page index
B4 Labor Standards		
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B5 Supply Chain Management		
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B6 Product Responsibility		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	18–19, 26
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REPORT CONTENT INDEX

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B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	20
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CHINA TING GROUP HOLDINGS LIMITED
華鼎集團控股有限公司

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