

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

# 環境、社會及管治報告 2021

# Contents

1.	About this Report	2
2.	The Board's Responsibility and Governance Structure	4
3.	Environmental Protection	5
4.	Employment and Labour Practices	9
5.	Supply Chain Management	17
6.	Product Responsibility	21
7.	Anti-corruption	24
8.	Community Investment	25
9.	Recognitions and Professional Certifications	28
10	. ESG Content Index	31

1

### 1. About this Report

Glorious Sun Enterprises Limited was listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in September 1996 (stock code: 393). Our major lines of business are financial investments, interior decoration and renovation, and export and retail of casual wear. Glorious Sun Enterprises Limited and its subsidiaries (the "Group") are guided by a mission in providing quality products and services with added value, as well as investing in high quality financial products to secure stable profits. We strive to satisfy the needs of customers, to provide opportunities for our staff to excel, to deliver reasonable and profitable returns to shareholders, and to grow and succeed with our partners. The Group's ultimate goal is to repay society and create maximum value for the community.

The Group's interior decoration and renovation business is operated by Shijiazhuang Changhong Building Decoration Engineering Company Limited ("Changhong"), while the export business is operated by Pacific Potential Trading Company Limited and Rand Design Limited. Jeanswest, the Group's fashion brand, has retail outlets in Hong Kong, and operates overseas franchising businesses in South East Asia and the Middle East.



• Mainland China's first Zeekr Experience Center in West Lake, Hangzhou was constructed by Changhong

### **Key Disclosure Aspects**

To ensure a concise, equitable and clear view of the Group's ESG performance, this Report only focuses on sustainability matters which are material to the Group and stresses the challenges and achievements during the reporting period.

Such material matters and scope of the Report were determined based on the following considerations:

- Disclosure frequency of industry peers;
- Stakeholders' choice and feedback; and
- Potential impact of the matter on business.

### **Contact Information**

If you have any comments or suggestions on this Report, please send them to the address below:

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### 2. The Board's Responsibility and Governance Structure

The Board of Directors of the Company (the "Board") takes full responsibility for the sustainable development strategies, and reporting, evaluating and determining the risk of environmental, social and governance ("ESG") matters of the Group, and also ensures that there is an appropriate and effective risk management and internal control system of ESG matters. The Group has set up an ESG Team (the "ESG Team"), which comprises directors, senior management and employee's representatives. The ESG Team is to assess, prioritise, provide suggestions on the effectiveness of the sustainable development strategies and policies of the Group, and to report to the Board regularly for reviewing on its operation and the progress of the relevant goals and targets of ESG matters.

### **Reporting Standards and Scope**

This Environmental, Social and Governance Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange. This Report outlines our ESG initiatives during the period from 1 January 2021 to 31 December 2021 and their progress. For the sake of brevity, "2020" and "2021" in this Report stand for the year ended 31 December 2020 and the year ended 31 December 2021 respectively. The data of "2020" are presented for comparison and reference.

This Report covers the Group's core business activities in Hong Kong and Mainland China, including financial investments, interior decoration and renovation, export and retail of casual wear. This Report highlights the Group's sustainability efforts in the following areas:

- Environmental aspect (emissions, use of resources, environmental and natural resources, climate change); and
- Social aspect (employment, health and safety, development and training, labour standards, supply chain management, product responsibility, anti-corruption and community investment).

The Group's financial investment business does not involve any industrial operations and is carried out in the Hong Kong office and online. Since the number of staff involved is insignificant when compared with the total number of staff in the Group with their business travels kept to a minimum, the emissions and office resource usage of the business is therefore immaterial.

A detailed ESG content index is provided at the end of this Report for easy reference.

This ESG Report has been reviewed and approved by the Board.

### 3. Environmental Protection

Delivering on a mission of sustainable development, the Group adheres to all applicable laws and regulations on environmental protection. Internal guidelines are also in place to foster interest in environmental issues among our staff. By promoting green awareness and responsibility, we have created a positive milieu for the entire workforce to care about the environment and engage in green initiatives.

### EMISSION

#### Emission Targets and Steps Taken by Interior Decoration and Renovation Business

Changhong has set a target of reduction of greenhouse gas emission and waste in 2021: To control carbon emission at 30KG per RMB10,000 revenue, and to improve target attainment rate of waste recycling, waste reduction and waste management. To meet these targets, Changhong has taken the following steps:

- Provide training and promotion among staff to raise staff awareness of energy saving and waste reduction.
- Promote the use of green and recyclable materials.
- Arrange production in an efficient manner, optimise construction process to increase production efficiency.
- Promote green travel by reducing the use of sedans and motorcycles.

#### Using High Technology to Foster Conservation in Interior Decoration and Renovation Business

Changhong employs advanced, cost effective and environmental friendly technologies that comply with the industrial policies in Mainland China. Renovation and packaging require various materials including composite boards, carton boxes, timbers, plastics and metals. In 2021, Changhong used 820 paper carton boxes (2020: 1,931 paper carton boxes), 19,247 rolls of plastic tape (2020: 13,550 rolls) and 1 tonne of paint buckets (2020: 0.4 tonne). The increased use of plastic tape and paint buckets in 2021 owed to the fact that various renovation projects were slowed down in 2020 due to the COVID-19 pandemic, and such projects resumed normal progress in 2021. Changhong puts a priority in using green materials, techniques and facilities such as environmental materials, power saving lights and water saving equipments, etc in order to reduce the emission of hazardous gas.

#### Emission Targets and Steps Taken by Offices, Retail Stores and Staff Quarters

The Group's apparel retail business and financial investment business do not generate any significant hazardous waste. The Group has set a target of reducing greenhouse gas emission and waste for the offices and staff quarters in 2021: To maintain carbon emission at a level no higher than the previous year. The Group has taken the following steps to meet the target:

#### • Promoting Vegetarian Diet to Reduce Polluting Emissions

A low-meat or vegetarian diet, given its contribution to saving earth resources for animal husbandry, is a practical step for low carbon living. The Group has made keen efforts to promote a healthy vegetarian diet. To encourage staff to eat less meat, the staff canteen in Huizhou is serving only vegetarian meals every Wednesday. Not only does this initiative raise awareness for healthy eating, it also plays a part in global carbon reduction.

#### Managing Carbon Emission

To manage energy saving and emission reduction efforts systematically, carbon emissions of the Group's corporate activities are calculated with Activity-based Carbon Footprint Modelling (ACFM), a licensed system jointly developed by the Hong Kong Research Institute of Textiles and Apparel (HKRITA) and the Clothing Industry Training Authority (CITA) with funding from the Innovation and Technology Commission. We also encourage our suppliers in Mainland China to use this management system.

#### Scope of carbon emission statistics:

	Region / Business	Definition	Statistics
1	Hong Kong	Offices, retail stores	Consumption data of natural gas, Liquefied Petroleum
2	China Headquarters	Offices, staff quarters	Gas (LPG), petrol, diesel, water and electricity are recorded and calculated with the Activity-based
3	Changhong	Offices, factories	Carbon Footprint Modelling (ACFM) system

## Total Carbon Dioxide Equivalent (CO<sub>2</sub>e) arising from Natural Gas, LPG, Petrol, Diesel, Water and Electricity Consumption

Greenhouse gas emissions calculated with the ACFM system are expressed in carbon dioxide equivalent (CO<sub>2</sub>e). CO<sub>2</sub>e refers to the amount of CO<sub>2</sub> by weight, emitted into the atmosphere that would produce the same global warming potential as that of a given weight of other greenhouse gases being emitted. CO<sub>2</sub>e converts each greenhouse gas emitted to a common source in terms of carbon dioxide for comparison.

Scope 1: Direct Emissions from Business (Tonne CO <sub>2</sub> e)								
Year Business	2020	2021						
Hong Kong retail stores	39	24						
Changhong	1,153	1,180						
Total	1,192	1,204						

Scope 2: Indirect Emission within the Group (Tonne CO <sub>2</sub> e)								
Year Region / Business	2020	2021						
Hong Kong offices	23	13						
China Headquarters	63	65						
Changhong	378	390						
Total	464	468						

For the interior decoration and renovation business, the exhaust fumes resulted from spray paint and paint drying in the industrial park are collected and treated with pulse filter cartridge dust collector, two-tier filtering, an activated charcoal absorber (concentrated) and desorption-catalytic combustion equipment system. The fumes, after processing, will meet the emission safety standard and keep the impact of volatile organic compounds (VOCs) to the surroundings to the minimum.

Furthermore, paint residues left by the spray paint process will be collected by waste management plant which is qualified by the Chinese government for treating hazardous waste. In 2021, 1 tonne of paint residues (2020: 1.4 tonnes) were collected.

### **USE OF RESOURCES**

### Electricity Consumption Targets and Steps Taken by Offices, Retail Stores, Staff Quarters and Interior Design and Renovation Business

The Group has set a target of reducing electricity consumption for the offices, retail stores, staff quarters and interior design and renovation business in 2021: To maintain electricity consumption at a level no higher than the previous year. The Group has taken the following steps to achieve the target:

- Energy saving LED tubes were installed in our offices, retail stores and staff quarters. LED lighting has many advantages, such as operating on low-voltage power, low energy consumption, high adaptability and stability, quick response time, non-polluting and with a range of coloured lights.
- The central air-conditioning system of the China Headquarters was upgraded to save energy.
  Smart environment control system has been implemented in Changhong Demo Centre and Changhong Startup Space to monitor and remotely control the lighting system and energy usage. The luminance of the lighting system can be adjusted according to the environment to prevent energy wastage.

Electricity Consumption (kWh)								
Year Region / Business	2020	2021						
Hong Kong	121,606	100,679						
China Headquarters	78,028	81,994						
Changhong	1,277,585	1,304,496						
Total	1,477,219	1,487,169						

The Group's China Headquarters has hired more staff in 2021 and therefore the electricity consumption in the China Headquarters has increased when compared to 2020. For Changhong's interior design and renovation business, various renovation projects were slowed down in 2020 due to the COVID-19 pandemic, and such projects resumed normal progress in 2021, resulting in increased electricity consumption in 2021.

### Water Consumption Targets and Steps Taken by Offices, Staff Quarters and Interior Design and Renovation Business (Mainland China only)

In 2021, the Group did not face any issues in sourcing water fit for its purpose.

The Group has set a target of water consumption for the offices, staff quarters and interior design and renovation business in 2021: To maintain water consumption at a level no higher than the previous year. The Group has implemented the following measures/policies to conserve water:

- Adopt water-saving production methods and machinery.
- Inspect concealed water pipes regularly for preventing leakage or damage. Inspect internal water supply systems and promptly repair any malfunctioning water tanks, faucets and other water supply facilities.
- Set flushing and washing devices to the lowest water level to avoid fresh water overflow during operation.
- Shut off water supply systems during the night and on holidays.
- Put up posters to remind employees to conserve water.

Water Consumption (Tonne)								
Year Region / Business	2020	2021						
China Headquarters	2,976	2,121						
Changhong	8,989	13,516						
Total	11,965	15,637						

\* Some retail stores in Hong Kong operate in department stores or shopping malls where water supply and discharge are controlled by the building management, so the retrieval of the relevant data is not feasible.

For the interior design and renovation business, various renovation projects were slowed down in 2020 due to the COVID-19 pandemic, and such projects resumed normal progress in 2021, resulting in Changhong's increased water consumption.

### WASTE MANAGEMENT AND RESOURCE RECYCLING

#### Paperless Office and Reducing Rubbish Bag Consumption at Offices

The Group has set forth a paperless office policy. Staff are requested to minimise paper reports, communicate by email, sign out documents with e-signatures and use recycled paper. We have also introduced guidelines on reducing paper consumption to help our staff use less paper. Meanwhile, only deskside rubbish bins are allocated and rubbish bags are recycled and reused.

#### Sorting Waste to Reduce Pollution

The Group has implemented waste sorting in the China headquarters. Four types of recycle bins for "food waste", "recyclables", "other garbage" and "hazardous waste" are set up in the site to promote resource recycling and to reduce environmental pollution.

#### Using High Technology to foster Conservation in Interior Decoration and Renovation Business

Changhong integrates Building Information Modelling, cloud computing for commercial shops and "big data" to achieve informatization and intelligence of commercial shop construction management. With such advanced construction technology, efficiency is enhanced, cost and project duration are compressed, thus achieving environmental benefits.

#### **Reducing Plastic Bags Use in Retail and Export Businesses**

As an apparel retailer, the use of plastic bags as shopping bags or packaging materials is inevitable. Since the launch of Environmental Levy Scheme on Plastic Shopping Bags by the Hong Kong Government, the Group has reduced using plastic bags. The environmental awareness of local consumers has also increased. They bring their own shopping bags and therefore the Group's Jeanswest business has used fewer plastic bags. In 2021, Jeanswest used 14,993 plastic bags (2020: 16,600 plastic bags). On the other hand, since the Hong Kong retail market improved in 2021 when compared to 2020, Jeanswest purchased more apparel products to meet the local consumer needs. Jeanswest used 3,456 carton boxes (2020: 2,918 carton boxes) in 2021. For the export business, as the COVID-19 situation was less severe in the middle of 2021 and led to a recovery of global trade, the Group used 12,800 carton boxes (2020: 7,850 carton boxes) and 1,997 paper pallets (2020: 1,250 paper pallets) in 2021.

#### **Climate Change**

The Group acknowledges that climate change impacts humanity and firmly believes that it is the responsibility of every corporation to contribute fighting against climate change. Climate change could induce extreme weather conditions like typhoons, rainstorms and flooding which would affect business of the Group. Governments around the world are reacting towards climate change, and would lead to more laws and regulations on environmental protection and emissions control, and such laws and regulations might affect the business of the Group.

The Group constantly identifies and analyses the risks and opportunities associated with climate change and takes such factors into consideration in the formulation of business strategies. It is the policy of the Group to adopt energy-efficient and environmental-friendly means of production whenever possible.

### 4. Employment and Labour Practices

Staff are a cornerstone for the Group's business development and growth. Treasuring this most valuable asset, we attach the greatest importance to provide a fair, safe, healthy and happy working environment for our staff to support their personal and career advancement.

Since the Hong Kong retail market was under the adverse impact of the COVID-19 pandemic in 2021, the Group had to downsize its retail network in Hong Kong, leading to a decrease of Hong Kong staff in 2021. As at 31 December 2021, the Group employed a total of 489 people in Mainland China and Hong Kong. The group-wide personnel distribution was as follows:

Headcount								
Year Region	2020 (December)	2021 (December)						
Hong Kong	80	55						
Mainland China	401	434						
Total	481	489						

Headcount by Gender									
Year	2021 (De	ecember)							
Gender	Male	Female	Male	Female					
Hong Kong	24	56	19	36					
Mainland China	211	190	227	207					
Total	235	246	246	243					

Headcount by Age Group														
Year 2020 (December)					2021 (December)									
Age Group Region	16-20	21-30	31-40	41-50	51-60	61-65	66 or above	16-20	21-30	31-40	41-50	51-60	61-65	66 or above
Hong Kong	2	16	12	28	10	4	8	0	7	5	21	12	4	6
Mainland China	0	88	214	72	23	4	0	0	106	220	75	30	3	0
Total	2	104	226	100	33	8	8	0	113	225	96	42	7	6

Headcount by Employment Type									
Year 2020 (December) 2021 (December)									
Employment Type									
Region	Part-time*	Monthly-paid	Part-time*	Monthly-paid					
Hong Kong	8	72	3	52					
Mainland China	0	401	0	434					
Total	8	473	3	486					

\* Part-time employees include temporary workers/hourly-rate workers/daily-rate workers

Employee Turnover Rate by Gender								
Year 2021								
Gender								
Region	Male	Female						
Hong Kong	23.26%	45.65%						
Mainland China	6.39%	10.58%						
Overall	7.9%	17.18%						

Since the Group has not calculated or classified the employee turnover rate by age group, no related information can be provided.

### Working Environment and Labour Standards

The Group, as a responsible employer, has laid down clearly-defined employment policies and guidelines in compliance with relevant state and regional labour laws to ensure a fair and highly transparent working environment.

The Group offers competitive remuneration to attract and retain talent. We provide comprehensive staff benefits to all monthly-paid employees, including labour insurance/social insurance, housing provident fund (Mainland China only), staff shopping benefits, continuing education fund, medical benefits, life insurance and provident fund scheme (Hong Kong only). Employees also enjoy annual leave, sick leave, marriage leave, maternity leave, paternity leave (applicable to Hong Kong), caregiver leave (applicable to Mainland China), bereavement leave and injury leave.

All staff members are treated on equal terms and rewarded according to performance. There is an appraisal system under which work performance is assessed against the Group's goals and expectations to recognise every employee's efforts and contributions, and to work together for future improvement.

The Group strictly abides by our code of employment to prevent child labour and forced labour. In the reporting period, no business unit was involved in any risks associated with child labour and forced labour, and no related case has been reported. Therefore no action was taken due to violations of any labour rules and regulations by the Group.

### Staff Health and Safety

The Group always puts staff occupational safety first. Committed to strict compliance of all occupational health and safety laws and regulations, we strive to create a safe and sound working environment for our workforce. We have set up an Office Environment Improvement and Occupational Safety Group in Hong Kong, which is well represented by various business units. The group is responsible for reviewing and promoting office environment improvement measures, work safety and health policies and procedures, to ensure compliance with relevant laws. The Group also puts in place precautionary and remedial measures, if necessary, to minimise potential hazards and accidents.

In 2021, in order to restore economic activities after the adverse impact of COVID-19 pandemic, governments around the world urge their citizens to receive COVID vaccination. In response to the governments' appeals, the Group strongly encouraged staff in Hong Kong and China Headquarters to get vaccination. In the China Headquarters, the Group promoted the benefits of vaccination and organised the staff in groups to get vaccinated at hospital. In Hong Kong, the Group invited doctors to provide a "fasting blood glucose test" for staff, health consultation regarding vaccination according to the blood glucose test report and a medical talk about COVID-19 vaccines. The Group also cares about the health of Changhong staff in Hebei by providing medical supplies. The staff also conducted daily health checks to fight against COVID-19 pandemic.



 "Medical Talk on COVID-19 Vaccines" held at the Hong Kong Headquarters



 The China Headquarters organised staff to get COVID-19 vaccines at hospital

Fire drills and briefing sessions are organised annually to familiarise staff with fire escape routes and the latest information. In 2021, the Group organised a series of promotional activities on various health topics. At the China Headquarters, an annual health checkup, a breast checkup for female staff, and a seminar about depression were organised to help the staff know more about their physical and mental health. At the Hong Kong Headquarters, a "Workshop on First Aid for Hiking" was held to enhance staff's first aid knowledge and skill which would be useful in providing support in emergency.

During the reporting period, a total of 5 staff members were reported to have work injuries and a total of 24 working days were lost. 1 among these 5 cases, 19 working days were lost. There was no work-related fatal injury.

Number and Percentage of Work-related Fatalities									
Year	20	19	20	020	2021				
Number and Percentage of Death Region / Business	Percentage of Death Death		Number of Death	Percentage	Number of Death	Percentage			
Hong Kong	0	0%	0	0%	0	0%			
Mainland China	0	0%	0	0%	0	0%			
Changhong	0	0%	0	0%	0	0%			



• An annual health checkup at the China Headquarters



 A "Workshop on First Aid for Hiking" held at the Hong Kong Headquarters to enhance staff's first aid knowledge and skill

### **Staff Development and Training**

To drive business growth and cultivate talent, the Group runs a full range of training activities with specific targets and plans. These programmes enable our staff to upgrade knowledge and build capacity, so as to provide crucial support for enhancing corporate efficiency and realising our corporate goals.

### Group-wide Training Programme (Comprising Training Courses for Various Grades)

The Group invests significantly in staff training, providing an extensive range of courses for colleagues in different posts to support our business growth. These include professional training, leadership training and customised training.

Employees are required to complete a specified number of training hours each year. To ensure the right training is provided, employees' training needs will be reviewed by department heads during the annual performance appraisal.

The Group has also set up an education fund to encourage staff to take training courses relevant to their duties in their leisure. This kind of learning is instrumental in improving work efficiency and effectiveness.

In 2021, other than core training programmes held for various grades of staff and new staff induction course, the Group organised "The Spirit of the Two Sessions" seminar (the National People's Congress (NPC) and the Chinese People's Political Consultative Conference (CPPCC)) and "The 100th Anniversary of the Founding of The Communist Party of China" seminars to share knowledge of our Country's latest development. At the China Headquarters, a solicitor was invited to provide knowledge in "Civil Code of the People's Republic of China – Contract" after the first "Civil Code" training course held in 2020. A training course about the ISO9001 Quality Management System was held to help staff for promoting good products and service of the Group. Moreover, a culture course "Cultural Heritage – To Learn, To Discover and to Tell the Glorious Sun Story" was introduced at the China Headquarters. Through learning the Group's history, past experience of long-serving staff who contributed to the Group's success, a sense of belonging was cultivated among staff members. The China Headquarters also organised a visit to "The 130th China Import and Export Fair" in Guangzhou so that staff can witness the latest products and trends in the market.



 Staff visited "The 130th China Import and Export Fair" in Guangzhou to witness the latest products in the market



 A solicitor shared knowledge in "Civil Code of the People's Republic of China – Contract" to the staff

Staff Training				
Year 2020			20	21
Training data Region	lotal number of	Training hours completed	Total number of employees trained	Training hours completed
Hong Kong	80	606.5	48	354
Mainland China	401	703	434	588.5

Since the Group downsized its retail operation under the impact of the COVID-19 pandemic, the number of retail staff and their corresponding training hours in 2021 decreased when compared to 2020.

The following tables show the percentage of staff completed training and the average training hours completed per staff by gender, position and employment type in 2021.

Percentage of Staff Completed Training	Unit	2021	
Percentage of Staff in Training (By Gender)			
Region		Hong Kong	Mainland China
Female staff	%	56.5%	47.5%
Male staff	%	30.9%	52.3%
Percentage of Staff in Training (By Position)	· ·		
Region		Hong Kong	Mainland China
Senior Management	%	25.5%	4.4%
Middle Management	%	18.2%	22.8%
Front-line Sales Staff	%	25.5%	Not applicable
Others	%	18.2%	72.6%
Percentage of Staff in Training (By Employment Type)	· · ·		
Region		Hong Kong	Mainland China
Full time staff	%	87.4%	99.8%
Part time staff	%	Not applicable	Not applicable

The Group aims to provide training to all staff. However, some training courses in Hong Kong were cancelled or could not be held on schedule due to the COVID-19 pandemic. Therefore, the percentage of staff in training could not meet the 100% target.

Average Training Hours Completed (Per Staff)	Unit	2021	
Average Training Hours Completed (By Gender)			
Region		Hong Kong	Mainland China
Female staff	Hour	7.9	1.5
Male staff	Hour	6.4	1.2
Average Training Hours Completed (By Position)			
Region		Hong Kong	Mainland China
Senior Management	Hour	6.5	1.1
Middle Management	Hour	11.5	1.7
Front-line Sales Staff	Hour	2.9	Not applicable
Others	Hour	10.9	1.3
Average Training Hours Completed (By Employment type)			
Region		Hong Kong	Mainland China
Full time staff	Hour	7.4	1.3
Part time staff	Hour	Not applicable	Not applicable

### **Management Culture and Communication**

The Group has several communication channels to facilitate exchange.

**Management Review Meeting:** Every three months, the Group holds a management review meeting under which focus groups are set up for all member companies. Staff can participate in discussions and voice their views, share management insights and better understand the Group's corporate culture and management approach. This provides a framework for two-way communication from the junior level all the way to top management.

**Managers' Committee in China Headquarters:** The "managers' committee" aims to nurture future management personnel for the Group. The committee comprises several functional sub-units for event organisation, research and exchange, public relations and secretarial and financial services. Regular activities including outreach programmes, seminars and talks are held to strengthen the cohesion of committee members and to broaden their horizon.

**Newsletter:** A monthly corporate newsletter is published and circulated to all staff and affiliated parties. Employees can get a full picture of the Group's development roadmap and work goals. This newsletter is an effective tool for communicating our corporate culture and building solidarity.

**WeChat Social Media and Facebook Fan Page:** Since WeChat and Facebook become popular social network channels, the Group has created the WeChat Official Account and Jeanswest Facebook fan page. Internal personnel and customers can get the updated information of the Group, Jeanswest promotions, corporate culture and charitable events of the Group.

### Work and Life Balance

The management is pleased to lead and take part in all staff activities organised by the Group. Due to the impact of COVID-19 pandemic, staff birthday celebrations, annual year-end dinner gala, Lunar New Year banquet and green living barter parties were cancelled to lower the risk of infection. In Mainland China, an Online Lunar New Year Party was held by Changhong. Changhong staff at different locations could meet on "Cloud". In Hong Kong, the executive officers of the Group held an annual gathering by joining a "Live action role-playing game". The game helped the executive officers learn various social and working skills through role-playing.

**Staff benefits:** The Group has joined labour insurance, social insurance and housing provident schemes (applicable to Mainland China) pursuant to the law. In addition to social insurance, we have also provided personal accident insurance for employees to afford adequate cover for personal safety. All our regional offices adhere to relevant labour laws of Hong Kong and Mainland China. Employees enjoy paid leave benefits that include statutory festive holidays, annual leave, sick leave, marriage leave, maternity leave, paternity leave (applicable to Hong Kong), caregiver leave (applicable to Mainland China), bereavement leave and injury leave.



An Online Lunar New Year Party held by Changhong



 "Cleaning Glorious Sun Home" activity held to promote a sense of belongings among staff



• The executive officers learned new skills at the "Live action role-playing game"



 An outreach activity held by the Managers' committee to learn traditional tea culture

### 5. Supply Chain Management

Suppliers play an important role in an enterprise's business. The Group looks upon suppliers as business partners and strive to grow with them. Selecting and retaining good suppliers can assure quality and operating effectiveness. It also furthers the cause of sustainable development by sharing business and social risks.

# Supplier Selection Practices and Procedures for Interior Decoration and Renovation Business

Changhong selects and appraises the suppliers based on the "Quality Management Systems - Requirements GB/T19001-2016", the "Environmental Management Systems - Requirements with Guidance for Use GB/ T24001-2016", the "Occupational Health and Safety Management System - Requirements with guidance for use ISO45001:2018" and the "Code for Quality Management of Engineering Construction Enterprises - GB/T50430-2017" published by the Standardization Administration of the People's Republic of China. Before confirmation of new suppliers, Changhong's purchasing department, engineering management department, quality assurance department and regional/business department will visit the supplier to have on-site research and verify the robustness of the supplier. Moreover, Changhong will appraise the product quality, pricing, service, reputation, enterprise management, equipment and facilities, quality assurance, products' environment protection level and risk assessment of the supplier, to ensure that the supplier can fulfill the design and construction requirements of the clients in aspects including guality, delivery rate, cost, environment protection, risk management and processing ability. Upon the approval of the qualification, the supplier has to provide the business licence, tax registration certification, certifications on standardisation management system, authorisation on product agency, etc. For the electrical appliance and chemical products, the supplier has to submit the certifications on 3C and environmental protection. Changhong will annually appraise the suppliers according to their cooperation status and daily operations. Qualified suppliers will remain on Changhong's authorised supplier list.

Number of Authorised Suppliers Involved in Interior Design and Renovation			
Year 2020 2021			
Mainland China	376	376	

# Practices Used to Promote Environmentally Preferable Products when Selecting Suppliers and how they are Monitored for Interior Decoration and Renovation Business

When selecting suppliers, Changhong will research into, verify and record the relevant information at the supplier management system to complete the approval process. The procurement officers will appraise the information provided by the suppliers as well as the product quality and its environmental performance. Upon the confirmation with the suppliers and conclude the agreement, Changhong will inspect the environmental status of the materials. Besides requesting for testing report from the suppliers, Changhong will perform random checking and impose a penalty to suppliers who do not meet the requirement of environmental protection. Changhong's procurement officers and the project department will inspect the products and will apply the "Defective Products Procedures" when defective products are found.



Changhong provided furniture and renovation services to Xiaomi's 10,001st store

# Practices Used to Identify Environmental and Social Risk along the Supply Chain and how they are Implemented and Monitored for Interior Decoration and Renovation Business

Changhong adheres to the Social Accountability System SA8000 to manage their major suppliers. Besides formulating contract terms to guard against environmental and social risks, Changhong uses a "Supplier Inspection Form" and a "Supplier Commitment Agreement" to hold suppliers accountable for environment protection, occupational health and social responsibility. Changhong also monitors and urges the suppliers to rectify hidden dangers. Second-tier suppliers are also held accountable for environmental protection and social responsibility. Suppliers who fail in the above monitoring measures would be disqualified.

### Supplier Selection Practices and Procedures for Apparel Export Business

To ensure that procured merchandise is delivered on time and meets quality requirements, apparel export companies of the Group, Pacific Potential Trading Company Limited ("Pacific Potential") have laid down supplier assessment procedures and qualifying criteria. Goods and services are procured only from authorised suppliers with verified qualification. The assessment covers five aspects, namely, environmental hygiene, quality control, technical control, health and safety, and cooperativeness. Even if they have passed the selection assessment, they are required to take remedial and precautionary measures recommended in the written assessment report within the specified period, otherwise the Group reserves the right to exclude them from the list of authorised suppliers. Regular re-assessment is required for all authorised suppliers.

Number of Authorised Suppliers Involved in Apparel Export		
Year	2020	2021
Mainland China	145	169
Other Regions	2	2
Total	147	171

In order to further enhance our product range, the Group engaged with more suppliers in Mainland China in 2021.

# Practices Used to Promote Environmentally Preferable Products when Selecting Suppliers and how they are Monitored for Apparel Export Business

Pacific Potential uses environmental friendly products as much as possible and requests suppliers to provide relevant certificates, test reports or tracing of origin for the environmental friendly products. Pacific Potential also requests suppliers to display an environmental friendly label on the apparel products if necessary.

# Practices Used to Identify Environmental and Social Risk along the Supply Chain and how they are Implemented and Monitored for Apparel Export Business

Pacific Potential chooses its suppliers according to the requirements of the customers, such as the customers' requirement of Social Accountability certification or third-party certification. In general, Pacific Potential adheres to Social Accountability System SA8000, commonly adopted by the apparel industry, to appraise suppliers, and also takes into account the regulations from the local governments.

Appreciating that social responsibility and sustainability go hand in hand, the Group carries out social responsibility assessment on its suppliers. Our goal is to communicate with the supplier the importance of corporate social responsibility and promote a responsible culture.

Assessment Areas include:

- Management system
- Employment contract
- Child labour and minor workers
- Forced or mandatory labour
- Working hours
- Wages and benefits

- Trade unions and collective bargaining rights
- Discrimination
- Harassment and abuse
- Occupational health and safety
- Environmental protection
- Fair competition (including corruption, bribery and other dishonesty activities)

Number of Factories Having Completed Social Responsibility Assessment		
Year	2020	2021
Mainland China	36	31
Other Regions	1	1
Percentage of total suppliers	25.2%	18.7%

Due to the COVID-19 pandemic, the business and operation of the factories have been affected, thus resulted in a drop in the number of factories having completed social responsibility assessment in 2021. The Group has at least two meetings with suppliers every year to review operation and discuss the business development outlook. Exchange with each individual suppliers will take place during the factory assessment process.



 The Group carries out social responsibility assessment on suppliers

### Factory Inspection Exemption System

With a view to motivate and facilitate factories in their endeavours to enhance quality and internal control, the Group has been implementing a factory inspection exemption system since 2009. To be eligible for exemption, suppliers must meet the following requirements:

- The first production order of the factory must go through procedures of our Tier-2 quality control goods inspection system\*;
- Valid ISO9001 Quality Management System certification;
- Passing our one-off goods inspection 100% by meeting all requirements; and
- 100% order delivery punctuality is required.
- \* Tier-2 quality control goods inspection system is a standard higher than the market norm.

Since this system has been in place, both the goods quality and quality assurance awareness of exempt factories have improved.

Number of Exempt Factories			
Year	2020	2021	
Mainland China	47	54	
Other Regions	0	1	
Percentage of total suppliers	32.0%	32.2%	

### Supplier Selection Practices and Procedures for Retail Business in Hong Kong (Jeanswest)

To guarantee the brand image and product quality, Jeanswest will appraise the suppliers according to different parameters, such as pricing, product quality, etc. before procurement. Jeanswest will also inspect suppliers' equipment and environment, relevant licences and business registration, to obtain more information about the suppliers.

In the initial stage, Jeanswest will appraise the on-time delivery rate, quality control, attitude of the suppliers before entering into long-term cooperation with them. In each incident of cooperation, Jeanswest and the supplier will conclude a purchase agreement with the agreed quotation and design to protect the interest of both parties. After order confirmation, Jeanswest will follow up on the production progress, including requesting for pre-production samples and shipment samples from the supplier, conducting inspection of design, size, workmanship, fabric and packaging.

Other than self-inspection of the quality by the suppliers, Jeanswest will also carry out sampling inspections during visits of the production lines of the suppliers if necessary. Jeanswest also ensures their procured products did not involve unlawful or excessive pollution in the production process.

### 6. Product Responsibility

All our products conform to statutory standards and requirements as well as other applicable industry benchmarks. The Group has internal quality accreditation procedures to safeguard health and safety for product use. Complementing this, we exercise due care in processing information on all products, including promotion and publicity materials, specifications and use instructions, so that consumers are guided by correct product information. We also have necessary measures in place to ensure that intellectual property is protected and personal data are kept confidential pursuant to local government regulations.

# Quality Verification Process of Interior Decoration and Renovation Business Implemented by Changhong

- 1. The positioning of the project will be self-verified according to the design documents and positioning checklist.
- 2. The materials of the project will be verified according to the design documents and material checklist.
- 3. The concealed works of the project will be self-verified according to the design documents and concealed works checklist.
- 4. The project will be broken down into different units which to be verified by the project department.
- 5. The project will have an overall self-verification before completion.
- 6. Upon passing the self-verification, the project will be submitted to the project management centre of the headquarters for verification. The quality inspectors will base on the "Internal Verification Management System" to have on-site verification. The project details, materials, quality will be verified according to the national standard and the company's checklist. Problems found will be listed in a report. The problems must be fixed and the project will be re-verified and approved with an internal written report.



 Changhong provided construction service to the new energy vehicle manufacturer, Li Auto

# Recall Procedure of Interior Design and Renovation Business and Percentage of Recall Due to Safety and Health Reasons

Since recall procedure is not applicable to the interior design and renovation business, no recall percentage was recorded.

# Procedures for Handling Service-related Complaints for Interior Design and Renovation Business

Upon receiving complaints from the customers, Changhong will review the problems and devise solutions according to different aspects of the complaints to meet the requirements of the customers. Furthermore, an annual management review meeting is held by Changhong to review the projects in the past year and to formulate the company plan for the coming year.

In 2021, Changhong received 2 cases of complaint from customers, pertaining to project progress and discrepancy between the design document and actual construction. No safety problems were involved. Changhong has made timely response to both cases of complaint.

### **Quality Accreditation Process of Apparel Export Business**

Pursuant to contract provisions, on-site interim production inspections and finished goods inspections are carried out by inspectors from the procurement agency at the supplier's premises. If any defect is found during the interim production inspections, the supplier needs to follow up and improve the products. When 80% of products have been packed, the finished goods inspections will be carried out by the procurement agency. Before shipping the finished goods to delivery points, the supplier must pass the finished goods inspections and produce a compliance test report issued by a state-authorised test and certification body. If necessary, the procurement agency will take samples for inspection by a state-authorised test and certification body to ensure that all goods conform with standards and requirements for domestic sales stipulated in relevant laws and regulations, as well as quality standards of the Group.

Upon arrival at the warehouses in different sales regions, goods are randomly checked by our warehouse staff. Full conformity is required for goods to be released for retail.

# Recall Procedure of Apparel Export Business and Percentage of Recall Due to Safety and Health Reasons

For export business, returned products accounted for 0.09% of procurement total in 2021 (2020: 0.12%).

### Procedures for Handling Service-related Complaints for Apparel Export Business

Upon receiving complaints from customers, Pacific Potential will review the problems and devise solutions according to different customers. Pacific Potential will discuss with customers and negotiate with the factories based on the problem. The recall procedure will be executed upon the approval from all three parties.

### **Intellectual Property Protection**

All suppliers of the Group must undertake to protect clients' intellectual property and strictly observe the following conditions:

- No trademarks identical or similar to clients' registered trademarks may be used on any other products;
- Forging, altering or producing clients' trademarks without authorisation is strictly prohibited;
- No trademarks identical or similar to clients' registered trademarks may be used as names or decoration, patterns and other design features for products manufactured without our authorisation;
- No clients' products manufactured with our authorisation (including surplus products, defective products and returned products) may be sold to other parties; unless authorised by the Group, no clients' products may be marketed in China (including Hong Kong, Macao and Taiwan) and overseas;
- No patterns and designs related with clients' products may be used for designing and manufacturing other products; and
- All other activities that infringe the intellectual property and associated property rights of the clients are prohibited.

### **Quality Assurance of Jeanswest**

Apparel products from Jeanswest are provided by Pacific Potential, who is also responsible for the product quality assurance.

### **Recall Procedure and Procedures of Handling Complaints of Jeanswest**

Customers may return any Jeanswest product bought at regular price at any Jeanswest store within 14 days (the product should be unused, with price tag and original invoice intact) and change for other style or size. If customers request to re-fund or change of the product due to defective quality, the shop staff will assess if the defect is caused by the customers. The shop staff will take photo of the product and submit the refund/ return request to the office. The shop will collect returned products quarterly and report to the factories for refund or exchange.

10 cases of customer complaint were received by Jeanswest in 2021. The complaint cases were related to the quality of the fabric and no products were recalled due to the safety and health reasons.



 Jeanswest aims to provide high quality apparel products at affordable prices

### **Consumer Data Protection**

Jeanswest only collects customers' name, title and phone number. The related personal information is used only for general transaction purpose and will be destroyed after the transaction. Jeanswest does not use customers' personal information for other purposes without customers' permission.

### 7. Anti-corruption

### **Corruption Prevention Measures**

The Group strictly forbids any acts of corruption and bribery. All new employees are issued with the staff handbook and enrolled in our induction course. The staff handbook contains a clear code of rules prohibiting the acceptance of benefits, while the induction course stresses strict compliance of the Group's corruption prevention policy.

Our corruption prevention policy stipulates that staff members may not solicit or accept personal benefits from any parties involved in business transactions with the Group. To avoid any material or potential conflicts of interest, employees are required to report to chief executive officers of their branches/direct divisions when business relationships arise between business transaction parties and themselves. Such relationships will be put on record. To ensure that employees can conduct business professionally in a law-abiding manner, the Group also issues guidelines in the run-up to major festivals to remind employees that under no circumstances should they accept gifts.

The reporting system is reviewed every two years and amended when necessary to ensure adequacy and timeliness of the system. The Group will stipulate the whistle-blowing procedures in 2022.

In 2021, "ICAC-Corruption Prevention Seminar" and "ICAC-Integrity Management of Retail Business Selflearning Online Course" were held by the Group. The Board members, senior management, different grades of staff and front-end sales staff were invited to join the courses. The courses outlined the Prevention of Bribery Ordinance, common corruption risks and fraud practices in business corporations. ICAC officers were also invited to share their advice to the China Headquarters staff through an online seminar.

During the reporting period, there was no litigation against the Group or its staff for corruptive activities.



 "ICAC-Corruption Prevention Seminar" held at the Hong Kong Headquarters

### 8. Community Investment

The Group has always placed high value on corporate social responsibility. Guided by philosopher Mencius' famous saying, "In adversity persist with strength; in times of fortune prosper with generosity", we are committed to repaying the society.

When contributing to the wellbeing of our community, the Group employs the same vision and innovative spirit that steer its business. Besides lending a hand to those troubled by pressing needs, we have a more far-reaching goal of pursuing long-term social effectiveness. Over the years, the Group has been making contributions to society through active engagement in social welfare undertakings, such as disaster relief, impoverished region assistance, funding new schools and promoting Chinese culture. Key members of our management hold multiple public offices to serve the community. Meanwhile, our management members visited the high schools in Mainland China and Hong Kong, sharing their management experiences to the youth.



 Dr. Charles Yeung, Chairman of the Group, visited Buddhist Wong Wan Tin College and shared his education philosophy with the school principal and teachers



Mr. Yeung Chun Fan, Vice Chairman and General Manager of the Group, was invited to share "Traditional Chinese Culture and Modern Business Management" at the China Graduate Fashion Week

Be it funding new schools in impoverished regions, providing financial aid to university students or training new talents for the apparel industry, the Group stays focused on long-term benefits for the community at large. By helping the beneficiaries help themselves, we empower them with better learning and development opportunities so they can contribute to society in the future.

The following is an overview of the Group's contributions towards community welfare in recent years.

### Fighting against COVID-19 Pandemic

In 2021, the Group continued to support the anti-epidemic efforts in Mainland China and Hong Kong to fight COVID-19. In January 2021, Changhong donated food and supplies to The Traffic Police Brigade and frontline healthcare workers in Shijiazhuang, Mainland China. In Hong Kong, the Chairman of the Group supported a subsidy scheme for needy citizens launched by The Chinese General Chamber of Commerce. The Group sponsored a vegetarian restaurant to hand out free lunchboxes for the elderly and needy. The Hong Kong volunteering team also collaborated with Eternity Love Foundation to distribute lunchboxes for the needy, especially the elderly living alone in Kowloon district. To encourage the Hong Kong citizens to get vaccination, the Group supported The Hong Kong Coalition's "Da Da Da" vaccine promotion campaign, as well as "Blessings for Vaccination" campaign organised by Hong Kong Community Anti-Coronavirus Link.



• Changhong donated supplies for the frontline healthcare workers



 The volunteering team of the Group delivered lunchboxes to the elderly and needy

### **Funding New School Projects to Further Education**

The Group was the first garment enterprise to set up educational institute in China. Partnering with Northwest Institute of Textile Technology, in 1985, the Group founded the Xifang Guangdong Institute of Fashion and Clothing (later renamed "Glorious Sun Guangdong School of Fashion") to train apparel professionals.

In 1997, the Group founded Glorious Sun School of Business and Management, China Textile University (now Donghua University) in Shanghai, which experiments with an integrated teaching approach that combines production, learning and research. The Group also funded the establishment of Glorious Sun Research Institute at Nanjing University where a computer information management system is being developed.

### **College-Industry Collaboration with Huizhou University**

Always exploring new possibilities for college-industry collaboration, the Group works extensively with related faculties and departments of many tertiary institutions in many different areas, such as advanced business management courses, bases for creative practices, fashion creativity R&D, apparel retail, e-commerce, information management system and international fashion academy. We have made remarkable progress on many fronts over the years and enjoyed growth alongside our academic partners in reciprocity.

- 1. Founding Huizhou Glorious Sun Vocational School of Apparel to help Huizhou University to promote "Integrated Learning and Practice", while adopting an operation-based and innovative teaching approach. After years of hard work, the school is now an industry benchmark.
- 2. Founding Glorious Sun (Guangdong) Enterprise Research Institute which has trained over 240 management trainees.
- 3. Introducing an on-the-job training programme for tertiary teaching staff to take up temporary posts in business organisations.
- 4. Introducing an apparel retail course at Huizhou University. Fourteen courses have been organised from 2008 to 2021, benefiting 573 trained and on-campus students. Students who have completed the course are popular with businesses and enjoy good employment prospects.
- 5. Assisting Huizhou University to set up Glorious Sun Creative Development Centre.
- 6. Setting up a Directors' Board for Glorious Sun Guangdong School of Fashion (a faculty of Huizhou University), where entrepreneurs can gather for sharing their successful experience.
- 7. Set up "Huizhou University Scholarship" and "Glorious Sun Guangdong School of Fashion Scholarship and Teaching Fund".
- 8. The Group and Huizhou University jointly introduced The Clothing Industry Training Authority to help the Glorious Sun Guangdong School of Fashion enhancing their effectiveness.

### Local Community Involvement by GSE Volunteers

The Group has set up volunteering teams in Hong Kong and Mainland China respectively. Employees are encouraged to join these teams to play an active part in local community activities and to help the needy and underprivileged.

The volunteering team collaborated with welfare organisations to strengthen support for disadvantaged groups in Hong Kong. The team provided necessities to the homeless or people living in undesirable premises. Such necessities included food coupons, mobile phones, backpacks, umbrella canes, hiking sticks, clothing, blankets and bed sheets.

In Hong Kong, the volunteering team has been awarded the Certificate by the Steering Committee on Promotion of Volunteer Service of the Social Welfare Department. Moreover, the Group has been commended by the Hong Kong Council of Social Service (HKCSS) with the Caring Company logo for eleven consecutive years.



• The volunteering team organised the winter relief event at Garze in Sichuan





• The volunteering team delivered down jackets and cotton jackets to the elderly

The volunteering team collaborated with YMCA and provided free haircut service to the elderly



 The volunteering team supported children with autism spectrum disorder and their families in Mainland China

### 9. Recognitions and Professional Certifications

Led by our management, the Group embraces a bold spirit of innovation to drive business growth and fulfill corporate social responsibility. Our dedicated efforts have earned wide recognition from the market and the public.

Major awards during the past 10 years are as follows:

- 2016, 2018 and 2019: GSE was awarded the Gold Certificate by the Steering Committee on Promotion of Volunteer Service of the Hong Kong Government Social Welfare Department.
- 2017: Changhong's design centre was certified as a "Provincial Industrial Design Centre" under the Hebei Province Design Centre and Innovation Park certification system.
- 2017: Changhong was accredited "AAA Grade Credit Rating in Decoration Business" by the China Construction and Decoration Credit Rating Office and Beijing Xingou Credit Management Co. Ltd.
- June 2017: Changhong was accredited as "Hebei Province Famous Brand" for 2016 by the Hebei Quality and Technology Supervision Bureau and Hebei Quality Assurance Committee.
- 2018: Changhong was named "Top 10 Enterprises of Construction Industry in Hebei in 2018" by the Hebei Construction Industry Association.
- 2018: Changhong was named "5A Grade Trusted Construction Enterprise in Hebei Province" by The Engineering Bidding Association of Hebei Province.
- 2019: Changhong was awarded "96315 A Grade Credit in 2019" by the Hebei 96315 Credit Management Center.
- 2019: Changhong was awarded "China Building Decoration Industry BIM Innovative Application Pioneer Enterprises" by the China Building Decoration Association.
- 2020 and 2021: GSE was awarded "MPF Support Award" by the Mandatory Provident Fund Schemes Authority.
- 2020: GSE was awarded the Silver Certificate by the Steering Committee on Promotion of Volunteer Service of the Hong Kong Government Social Welfare Department.
- 2020: GSE was awarded "Y-Care Scheme: Bronze Partner" by the Chinese YMCA of Hong Kong.
- June 2020: Dr. Charles Yeung, Chairman of GSE, was awarded "Outstanding Contribution Individual" (Only 10 awardees in Guangdong Province) at the 10th Anniversary of Guangdong Poverty Alleviation Campaign.
- June 2020: Mr. Yeung Chun Fan, Vice Chairman and General Manager of GSE, was awarded "Top 10 Individual Contribution" by Huizhou Municipality.

- 2020: Mr. Yeung Chun Fan, Vice Chairman and General Manager of GSE, was awarded "Outstanding Contribution" by the China Textile Engineering Society.
- 2020: Mr. Yeung Chun Fan, Vice Chairman and General Manager of GSE, was awarded the 11th "China Charity Award" by the Ministry of Civil Affairs of China.
- 2020: Ms. Yeung Yin Chi, Jennifer, Executive Director of GSE, was awarded "Outstanding Businesswomen Award" by Hong Kong Commercial Daily.
- 2020: Changhong's BIM+ (Building Information Modeling) project was awarded the First Prize Prefabrication at the China Building Decoration Association BIM Competition.
- 2020: Changhong was accredited "Grade A Industrial Enterprise in Hebei Province in 2020" by the Industry and Information Technology Department of Hebei Province.
- 2020: Changhong passed the "Integration of Informatization and Industrialization Management Systems Requirements" (GB/T 23001-2017) by the Ministry of Industry and Information Technology of the People's Republic of China and received the "Integration of Informatization and Industrialization Management Systems" certificate.
- 2020: Changhong was awarded "Outstanding Performance in Fighting Against COVID-19 in Building and Decoration Industry" by the China Building Decoration Association.
- 2020: Changhong was accredited as "Hebei Enterprise Technology Centre" by Hebei Development and Reform Commission, Hebei Provincial Department of Science and Technology, Hebei Provincial Tax Service of State Taxation Administration and Shijiazhuang Customs Administration.
- 2020: Changhong's project "Hebei New Retail Digitalization and Integration Innovation Centre" was accredited as "Provincial Technology and Innovation Centre" by Hebei Provincial Department of Science and Technology.
- 2020: Changhong was awarded "Top 100 Enterprises in Shijiazhuang" by Shijiazhuang Federation of Enterprises and Shijiazhuang Entrepreneurs Association.
- 2020: Changhong was awarded "Small and Medium Enterprises of Professional Information" by the Industry and Information Technology Department of Hebei Province.
- 2021: GSE was commended by the Hong Kong Council of Social Service (HKCSS) with the Caring Company logo for the eleventh year.
- 2021: GSE was awarded "Good MPF Employer 5 Years+" by the Mandatory Provident Fund Schemes Authority. This award endorses GSE as a "Good MPF Employer" for five consecutive years, since 2017.
- 2021: Changhong was named "Top 100 Enterprises in Shijiazhuang" in "2021 Shijiazhuang Enterprises Day" organised by Shijiazhuang Municipal People's Government, the Industry and Information Technology Department of Shijiazhuang Province, Shijiazhuang Federation of Enterprises and Shijiazhuang Entrepreneurs Association.
- 2021: Changhong was accredited "2019-2020 AAA Grade Credit Rating in Shijiazhuang Construction Industry" and "2020 Leading Enterprise in Shijiazhuang Construction Industry" by Shijiazhuang Construction Association.

### Professional Certifications of GSE and its Subsidiaries

Company	Certificate
Shijiazhuang Changhong Building Decoration Engineering Company Limited	Enterprise Intellectual Property Management (GB/T29490-2013)
Shijiazhuang Changhong Building Decoration Engineering Company Limited	Social Accountability System (SA8000:2014)
Shijiazhuang Changhong Building Decoration Engineering Company Limited	Environmental Management System (ISO14001:2015)
Shijiazhuang Changhong Building Decoration Engineering Company Limited	Quality Management System (ISO9001:2015) and Code for Quality Management of Engineering Construction Enterprise (GB/T50430-2017)
Shijiazhuang Changhong Building Decoration Engineering Company Limited	China Environmental Labelling (HJ 2547-2016)
Shijiazhuang Changhong Building Decoration Engineering Company Limited	Integration of Informatization and Industrialization Management Systems (GB/T23001-2017)
Shijiazhuang Changhong Building Decoration Engineering Company Limited	Occupational Health and Safety Management System – Requirements with guidance for use (ISO45001:2018)
Shijiazhuang Changhong Building Decoration Engineering Company Limited	China Ecolabelling (CQC5109-2018)
Pacific Potential Trading Company Limited	Quality Management System (ISO9001:2015)

### 10. ESG Content Index

Aspect	Key Performance Indicator (KPI)		Page	
A. Environmental				
A1 Emissions	A1	General Disclosure	P.5	
	A1.1	The types of emissions and respective emissions data	P.6	
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and, where appropriate, intensity	P.6	
	A1.3	Total hazardous waste produced and, where appropriate, intensity	P.6	
	A1.4	Total non-hazardous waste produced and, where appropriate, intensity	P.7	
	A1.5	Description of emissions target(s) set and steps taken to achieve them	P.5-6	
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	P.5-6	
A2 Use of Resources	A2	General Disclosure	P.7	
	A2.1	Direct and/or indirect energy consumption by type in total and intensity	P.7	
	A2.2	Water consumption in total and intensity	P.7	
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	P.7-8	
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	P.7	
	A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	P.8	
A3 Environment and Natural Resources	A3	General Disclosure	P.5-8	
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	P.5-8	
A4 Climate Change	A4	General Disclosure	P.8	
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	P.8	
B. Social				
Employment and Labo	our Practic	es		
B1 Employment	B1	General Disclosure	P.9-10	
	B1.1	Total workforce by gender, employment type, age group and geographical region	P.9	
	B1.2	Employee turnover rate by gender, age group and geographical region	P.10	
B2 Health and Safety	B2	General Disclosure	P.11	
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	P.11	
	B2.2	Lost days due to work injury	P.11	
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	P.11	
B3 Development and	B3	General Disclosure	P.12-14	
Training	B3.1	The percentage of employees trained by gender and employee category	P.14	
	B3.2	The average training hours completed per employee by gender and employee category	P.14	

Aspect		Key Performance Indicator (KPI)	Page
B. Social			
Employment and Lab	our Practic	Ses	
B4 Labour	B4	General Disclosure	P.10
Standards	B4.1	Description of measures to review employment practices to avoid child and forced labour	P.10
	B4.2	Description of steps taken to eliminate such practices when discovered	P.10
Operating Practices			
B5 Supply Chain	B5	General Disclosure	P.17-20
Management	B5.1	Number of suppliers by geographical region	P.17-18
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	P.17-20
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	P.18-20
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	P.17-20
B6 Product	B6	General Disclosure	P.21
Responsibility	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	P.21-23
	B6.2	Number of products and service related complaints received and how they are dealt with	P.21-23
	B6.3	Description of practices relating to observing and protecting intellectual property rights	P.22
	B6.4	Description of quality assurance process and recall procedures	P.21-23
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	P.23
B7 Anti-corruption	B7	General Disclosure	P.24
	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	P.24
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	P.24
	B7.3	Description of anti-corruption training provided to directors and staff	P.24
Community			
B8 Community	B8	General Disclosure	P.25-27
Investment	B8.1	Focus areas of contribution	P.25-27
	B8.2	Resources contributed to the focus area	P.25-27