

CHINA TING GROUP
華鼎集團

Stock Code : 3398

Environmental, Social and Governance Report 2021



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ABOUT THE GROUP AND THIS REPORT

China Ting Group Holdings Limited and its subsidiaries (hereinafter collectively referred to as “China Ting Group” or the “Group”) is a vertically integrated garment manufacturer, exporter and retailer principally engaged in garment OEM and ODM, fashion retailing and property investment in Mainland China. We are pleased to publish the 2021 Environmental, Social and Governance (“ESG”) Report (the “Report”), which aims to illustrate the Group’s policies, measures, performance in sustainable development and its management approach to climate change risks.



REPORTING SCOPE

This Report covers the operation of China Ting Group's core garment OEM business in Mainland China, which mainly includes textile, dyeing and garment manufacturing, etc., during the period from 1 January 2021 to 31 December 2021 (the "Reporting Period" or "2021"), accounting for 69.7% of the total annual revenue. This Report covers a total of 11 factories of the Group in Mainland China (collectively, "each Subsidiary" or "operating sites"), as detailed in the table below. As some subsidiaries did not operate or integrate with other subsidiaries during the Reporting Period due to business adjustment of some subsidiaries during the year, some data cannot be disclosed in the Report. Therefore, the data coverage of some environmental key performance indicators may not be consistent with the overall disclosure scope of the Report. For details, please refer to the notes of the corresponding sections.

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	China Ting Woollen Textile Co., Ltd
	Zhongshan Sanxing Printing & Dyeing Technology 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
	Shenzhen Fuhowe Fashion Co., Ltd
	Finity International Fashion Co., Ltd



ABOUT THE GROUP AND THIS REPORT

REPORTING STANDARDS

This Report is prepared in accordance with the content of the Environmental, Social and Governance Reporting Guide (2020 Revision) (the "Guide") as set out in Appendix 27 of the Listing Rules issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and has applied the four reporting principles in the Guide, namely materiality, quantitative, balance and consistency, with detailed as follows:

	Definition	Application
Materiality	The Report should reflect the Group's significant impacts on the environment and society, or the ESG issues that substantially influence stakeholders.	We understood the importance and opinions of the Group and its stakeholders on various ESG issues through the questionnaire surveys, and formulated the reporting disclosure framework based on the results, so as to arrange the key disclosures according to the importance of the issues.
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.	Guide all departments of the Group to record, collect and disclose relevant environmental and social key performance indicators, and engage independent professional consultants to calculate carbon emissions and other environmental key performance indicators in accordance with national guidelines and international standards.
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.	Based on the principles of professionalism, objectivity and fairness, we truthfully explain and disclose the Group's performance in all aspects of ESG.
Consistency	The Report should adopt consistent disclosure and statistical methodologies to allow stakeholders to make a meaningful comparison of ESG-related data.	The statistical methods used are consistent with those of previous years. Any changes affecting the comparison with previous disclosures will be explained in this Report.

CONFIRMATION AND APPROVAL

The Group has established an internal control and review system, which is responsible for collecting, managing and operating relevant information and data to ensure that the information presented in the Report is accurate and reliable. Meanwhile, the disclosure in this Report has fully complied with the “Mandatory Disclosure Requirements” and “Comply or Explain” provisions set out in the Guide, and was confirmed and approved for issue by the Board.

This Report is prepared in both Chinese and English and has been uploaded to the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.chinating.com.hk>).

FEEDBACK

The Group welcomes comments from the public and stakeholders on the Group’s sustainability performance or the content of this Report, so as to promote the Group’s continuous improvement of relevant sustainability governance and strategies. If you have any questions or suggestions on the Group’s sustainable development work, please contact the Group by email to esg@chinatingholdings.com.



BOARD STATEMENT



At the twenty-sixth United Nations Climate Change Conference (COP26), around 200 countries reached the Glasgow Climate Pact, which clearly stated the plan to reduce the use of coal, aiming to control global warming to 1.5 degrees Celsius above the pre-industrial revolution. Under this international trend, China has also responded positively, indicating that it will gradually reduce coal consumption in “15th Five-Year Plan” and strive to achieve the goal of carbon neutrality by 2060. In order to contribute to the country’s carbon reduction process and demonstrate its commitment as a corporate citizen, the Group has formulated corresponding policies and measures in terms of environment, employee management and community construction, etc., hoping to reduce the impact of business operations on the environment and community in a changing operating environment, while maintaining good quality of sustainable development risk management and achieving efficient and clean operation results.

According to a study in 2021 by McKinsey and Global Fashion Agenda, a non-profit organisation in Copenhagen, Denmark, greenhouse gas emissions from the apparel industry reached 10% of the world’s total emissions in 2020. As a member of the upstream suppliers in the industry, the Group attaches great importance to the burden and impact of its operations on the environment, and is committed to continuously improving the quality of environmental management of itself and the supply chain through environmental risk identification and response, and establishing a clean operation model to achieve the effect of reducing pollution and emissions. At the same time, the Group understands the importance of clear goals for performance improvement and emission reduction progress. Therefore, it has been actively preparing for the preliminary preparation work to lay a good foundation for the establishment of goals.

In addition, the COVID-19 pandemic has been volatile in the past year. In order to protect the health of the people and eliminate the potential transmission chain, various anti-pandemic measures have changed the operation mode of different industries. Due to the labor-intensive nature of the industry and the nature of the supply chain, the garment industry has also been impacted. How to maintain efficient and safe operations while fully complying with COVID-19 pandemic prevention requirements has become the most important issue in the industry. In response to the development of the COVID-19 pandemic, the Group has formulated policies and measures at different levels based on the actual operating conditions of the Group on the premise of complying with the pandemic prevention measures arrangement of the local government, so as to protect the health and safety of employees and maintain the orderly operation of business. In terms of supply chain management, the Group has been maintaining close contact with suppliers and adjusting the procurement, transportation and coordination in accordance with the actual situation to ensure the overall operation being effective and stable.

At the same time, the Group always holds the safety and rights of employees in high regard. Therefore, during the period of the COVID-19 pandemic, the Group maintained close communication with employees to ensure that they understand the purposes and requirements of various anti-pandemic measures, and understand their opinions and feelings, so as to adjust the implementation of various measures. By striving to maintain a stable business operation, the Group assures that its employees are reasonably remunerated so that they can live a dignified life at work. In order to further reduce the living burden of employees, the Group has been providing them with adequate and appropriate pandemic prevention supplies and equipment to reduce their risk of infection.

Under the influence of climate change and the COVID-19 pandemic, different industries are facing the new operating normal, and the overall sustainability risks are more complicated than before. Looking forward, in order to maintain a stable business operation and respond to the national development strategy of low-carbon transformation, the Group will strive to explore different possibilities of energy conservation and emission reduction, and continue to review the risk management and internal control systems, in order to reduce the risk of sustainable development and maintain the stable development of the business.

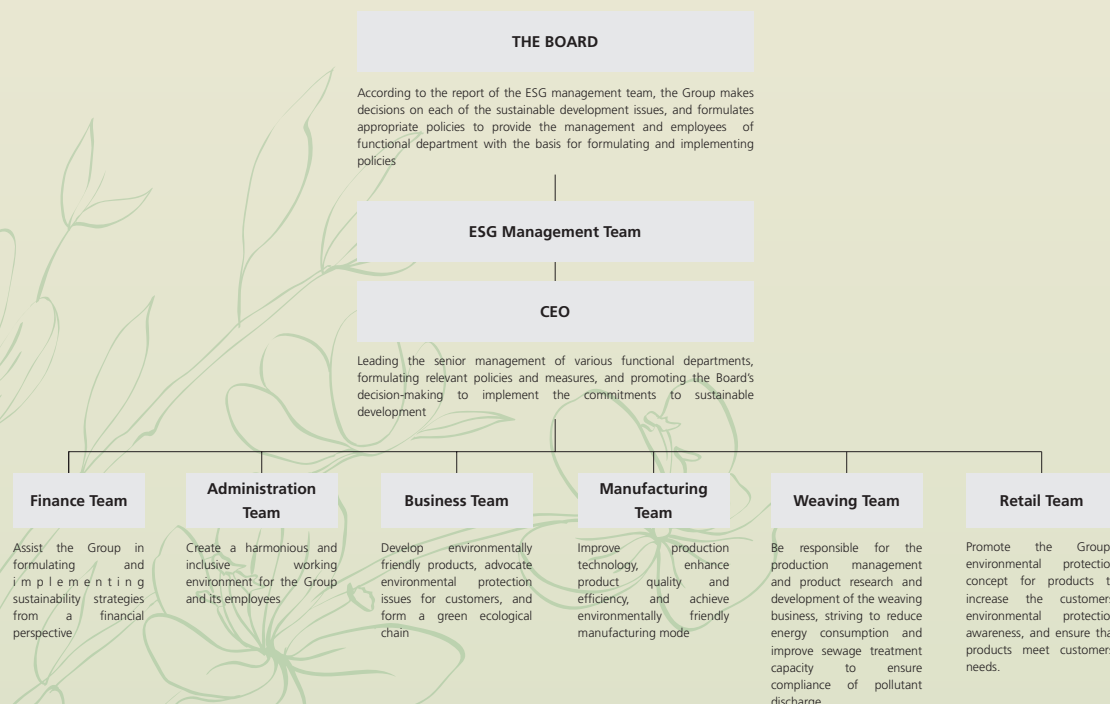
ABOUT THE GROUP'S SUSTAINABILITY STRATEGIES

As a responsible enterprise, the Group attaches great importance to the impact of business operations on the environment, employees and the community, and is committed to gradually improving the existing sustainable development performance through policy formulation, implementation of measures and target setting, and establishing a more stable operation model in the long run. At the same time, through communication with different stakeholders, the Group collects their opinions and ideas on environmental, social and governance aspects, which has become the basis for the formulation of various sustainable development policies of the Group.

In particular, effective sustainability strategies need to be established on an efficient governance structure, which is an significant foundation for the Group's long-term development. In view of this, under the supervision, decision-making and leadership of the Board, the Group has established a basic sustainability governance framework to provide the basis for the review, monitoring and implementation of the management and the staff of other executive departments.

GOVERNANCE STRUCTURE

China Ting Group believes that a good corporate governance structure can lead the Group to achieve long-term success. In order to effectively monitor the risks and opportunities related to sustainable development, the Board actively assumes the overall environmental, social and governance responsibilities of the Group, leads and supervises the units and departments of the Group to maintain a high standard of corporate governance and ensure the effective operation of the business. The Group has established an ESG management team, as led by the Chief Executive Officer (CEO), to lead the senior management of each unit and department to incorporate sustainability management into the Group's governance structure. The ESG management team shall promote, formulate and implement relevant sustainable development work plans, strategies and performance targets, and hold regular meetings to report the Group's sustainable development progress to the Board, as well as consider and review the performance of relevant policies and measures, with details as follows:



ENVIRONMENT, SOCIAL AND GOVERNANCE RISK MANAGEMENT

In response to risks arising from climate change, COVID-19 pandemic and other aspects, the Group has incorporated environment, social and governance principles into the business operations and risk management, and has designed and formulated an appropriate internal risk management system for the Group with reference to the corporate internal control regulated system, including the "Corporate Risk Management and Internal Control Regulation Rules", as well as other internal control regulatory requirements. With the assistance of the audit committee, the Group has established a comprehensive and effective risk management mechanism, and is responsible for identifying, analyzing, evaluating and managing significant risks that affect the Group, its businesses and various functions, so as to assist the Group in formulating relevant goals and planning the direction of future development.

During the Reporting Period, the Group has identified risks that are material to the Group and the corresponding measures to reduce the impact of risks on the Group. Please refer to the following specific information:

Risk Item	Details of Risks	Control Measures
Resurgence of COVID-19 Pandemic	<ul style="list-style-type: none"> The resurgence of the global pandemic has brought development pressure and international trade risks to various industries, and also affected the stability of the supply chain, which has imposed restrictions on the Group's business development The original business structure of the Group was affected, and the proportion of foreign trade market business decreased significantly 	<ul style="list-style-type: none"> Operating prudently, reducing inventory and increasing cash to fight against the possibility of sustaining sluggish market performance resulting from pandemic Expand more multi-dimensional inventory digestion channels, increase the sell-through rate of goods in stock, and maintain good cash flow Proper management of goods in stock to avoid physical injury to goods and damage to value Balanced international trade risks by increasing the proportion of domestic retail business Construction and management of overseas production bases to ensure stable and sufficient production capacity of the Group

ABOUT THE GROUP'S SUSTAINABILITY STRATEGIES

Risk Item	Details of Risks	Control Measures
Labor Relations	<ul style="list-style-type: none"> Some of the Group's projects are involved in the demolition process, which increases the possibility and frequency of labor disputes The uneven level of labor relations management among companies and the rising awareness of employee rights protection have increased the possibility of labor disputes 	<ul style="list-style-type: none"> Comprehensively improve the management and control of the Group's internal labor relations, and regularly conduct internal labor relations compliance audits Improve the working level of the mass organizations of the Group and the happiness of employees, so as to improve labor relations Establish an internal mediation agency to resolve labor conflicts in advance
Distance Management Risk	<ul style="list-style-type: none"> The Group's production bases located in remote areas of China have different levels of development, with lower overall management level, lack of systematic employee development and talent training management 	<ul style="list-style-type: none"> Establish an internal review team to conduct regular internal reviews on external institutions and companies Use network and system tools to keep track of the operation of non-local institutions and companies in real time Establish a mechanism for regular reporting and training of non-local institutions and companies to the headquarters with staff rotation



STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

China Ting Group actively communicates with stakeholders through different communication channels on a regular basis to understand their views and expectations on the Group's sustainable development. The valuable opinions of stakeholders can help us to establish the direction and goal of future business development. Therefore, during the Reporting Period, we commissioned an independent sustainability consultant to conduct a questionnaire survey for the Group's internal and external stakeholders to identify and analyze material environment, social and governance issues.

During the year, the key stakeholders identified by the Group included employees, customers, business partners, investors, non-governmental organizations, etc. By inviting them to participate in the questionnaire, the Group collected their scores on the materiality of 26 sustainability-related issues, and established a reporting framework based on the results of the materiality analysis to ensure that material issues are fully disclosed in response to the concerns of stakeholders. These 26 issues can be classified into four categories, namely "Employment and Labor Practices", "Operating Practices", "Environmental Protection" and "Others".

MATERIALITY ASSESSMENT PROCESS:

1. Identify Key Issues

Based on the results of previous stakeholder communication, national policies, industry trends and the requirements of the HKEX Guide, 26 ESG issues relating to the Group's business were identified.

2. Stakeholder Rating

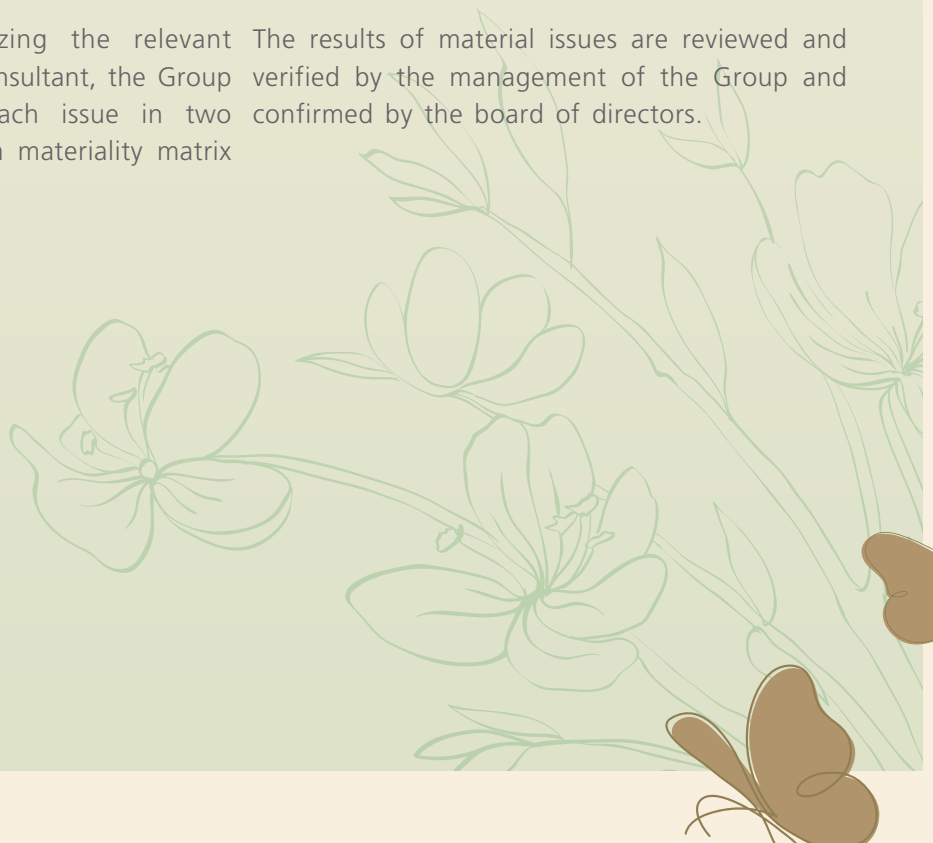
An online questionnaire was established for 26 identified issues, and internal and external stakeholders were asked to rate the materiality of the relevant issues to their personal and the Group's development for collecting the relevant scores of each key issue.

3. Prioritize Material Issues

After collecting and analyzing the relevant scores by the independent consultant, the Group prioritized the scores of each issue in two dimensions and established a materiality matrix to show their materiality.

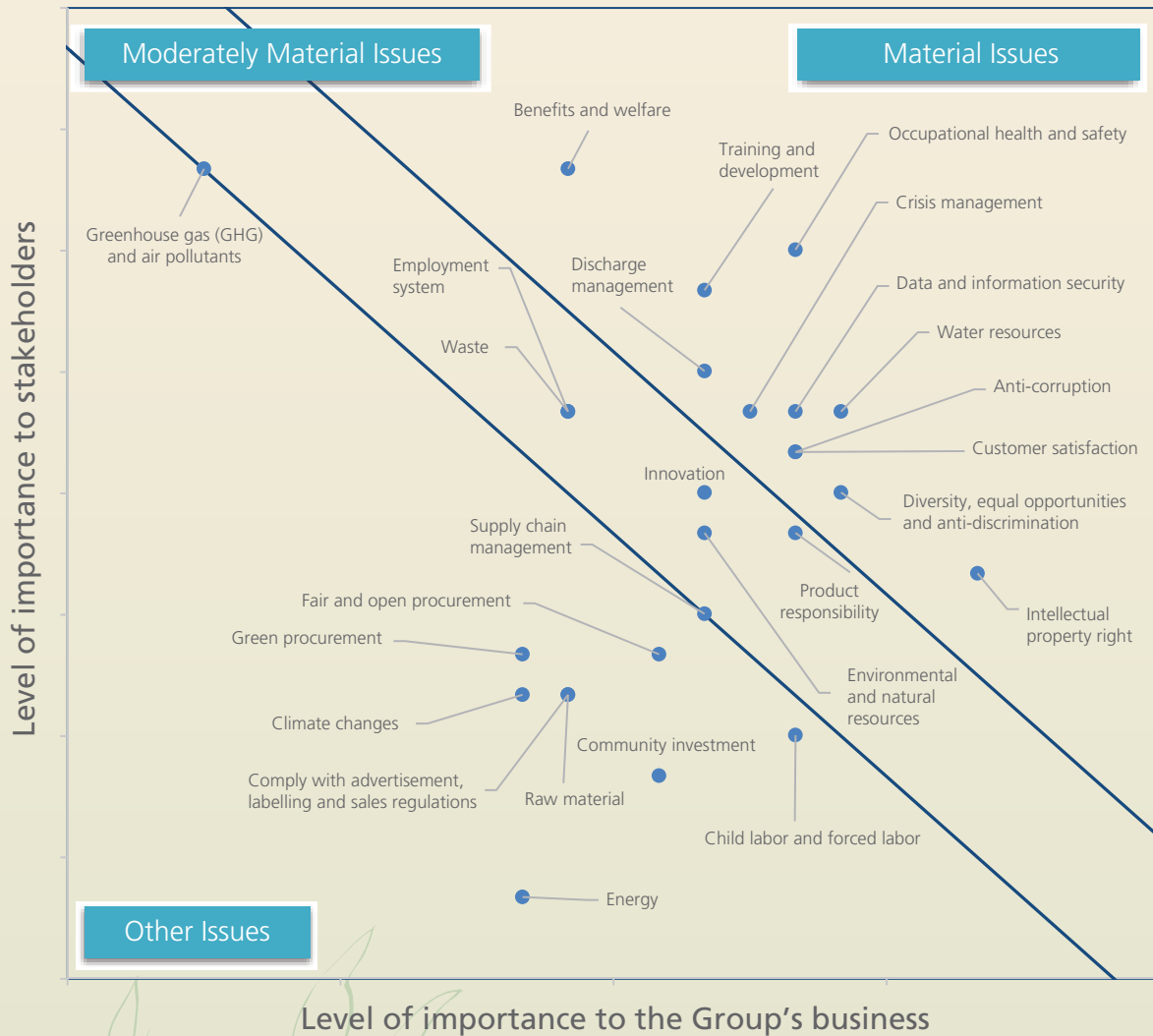
4. Confirm Results

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



STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

The results of the materiality assessment for the year are presented in the following materiality matrix:



Overall, "Operating Practices" related issues, "Employment and Labor Practices" related issues and crisis management are the most material issues. Compared with the results of previous years, intellectual property rights, customer satisfaction and anti-corruption in the "Operating Practices" continue to be the issues of concern to stakeholders, while data and information security are newly added material issues. In terms of "Employment and Labor Practices", occupational health and safety, training and development and diversity, equal opportunities and anti-discrimination continue to be the issues of concern to all stakeholders, while benefits and welfare are newly added material issues. In addition, water resources and crisis management are newly added material issues in "Environmental Protection" and "Others".

In order to respond to the concerns of stakeholders and apply the principle of materiality, the reporting framework of this Report is based on the results of the above materiality analysis, and the relevant performance and initiatives of the Group during the year will be disclosed in the following sections.

EFFICIENT AND FRIENDLY EMPLOYEE MANAGEMENT

We believe that employees are one of the indispensable elements in maintaining business development, and their contributions are the key to lead the business to success. As a garment manufacturer, the Group relies on a large number of manpower to maintain a stable and quality garment production, maintaining a safe and respectful working environment is thereby our top priority for protecting the health and rights of our employees. Therefore, we actively improve the Group's employment system, strive to provide a healthy, safe and compliant working environment, and promote the common development of employees and the Group.

SAFEGUARDING EMPLOYEES' HEALTH

Policies and Measures

Purpose

Rules and Regulations on Employees' Safety and Health
Management Systems for Equipment and Facilities Safety

Strengthen the prevention of all risks related to occupational health and safety, and protect the safety and health of all employees and related persons

Management Regulations on the Storage and Use of Chemicals (Hazardous Articles)
Management System for the Use of Chemicals and Labor Protection Gears

Ensure that hazardous substances such as chemicals are properly handled to protect employees, while limiting the handling, usage, storage and disposal of relevant chemicals to maintain a safe working environment

Management System for Equipment Safety

Responsible for managing the daily inspection and maintenance of the production equipment of each subsidiary to ensure that the equipment is functioning properly and the personal safety of employees is protected

Emergency Medical Management System
Fire Emergency Plan

In case of any employee injury or fire and other related safety accidents, we will provide employees with reference to the treatment methods to ensure that we will take corresponding emergency measures according to the severity of the situation and the injury in a safe environment, and notify the fire or rescue organizations as soon as possible to escort the injured person to the nearby hospital for treatment

The Group believes that protecting the safety of employees is the basic responsibility of an employer. Therefore, we have established a leading group for environmental hygiene and healthy and safe production, which is composed of safety officers of each subsidiary led by the Group's vice CEO, and is responsible for implementing health and safety-related policies and measures. Meanwhile, we regularly review, supervise and manage the Group's health and safety performance to prevent and rectify related hidden safety hazards.

EFFICIENT AND FRIENDLY EMPLOYEE MANAGEMENT

Due to the nature of the business, the Group has to use a certain amount of chemicals in the production and operation processes. Therefore, reducing work-related injuries due to improper handling and leakage of chemicals has become one of the Group's key concerns. To this end, the Group's subsidiaries have formulated relevant policies and measures to provide employees with a clear understanding of the areas to be aware of when handling relevant chemicals, so as to avoid endangering employees' health. We also require employees to conduct relevant chemical leakage drills and safety training every year in accordance with the "Chemical Leakage Emergency Plan", aiming to improve employees' basic knowledge and ability in responding to chemical leakage accidents and reduce potential safety risks.

In order to prevent the occurrence of relevant accidents and strengthen the employees' resilience, the Group has provided "Three-level Safety Education" for employees, requiring department heads and full-time safety personnel, team leaders and team safety personnel, new employees and migrant workers to receive special health and safety training, such as regular fire drills and fire evacuation drills that all employees are required to participate twice a year, so as to reduce the frequency and loss of health and safety-related accidents of employees.

Number of work-related fatalities occurred in the past three years (including the Reporting Period): 1
Lost days due to work injury: 0

MAINTAINING A FAIR CULTURE

Policies and Measures

Employee's Code of Conduct
Recruitment and Dismissal System
Salary Payment Management System
Leave System

Purpose

Policies on recruitment and dismissal, remuneration, working hours, termination, equal opportunities, holidays and other welfare are formulated to ensure that employees understand the rules and procedures of the Group's employee system

Grievances and Complaints Management Measures
Employee Complaints Handling Procedures

In order to ensure that employees' opinions and feelings are appealed, the Group has established corresponding complaints management policies and procedures to maintain a good two-way communication with employees

The Group is devoted to creating a workplace with good career development opportunities, and is committed to recruiting talents by offering competitive remuneration and benefits, so as to enable employees to realize their potential in a fair, equitable, diverse and inclusive working environment. In order to achieve this goal, we continue to improve and update the relevant employment management and personnel system to ensure that the Group's human resources management approach keeps pace with the times. At the same time, after collecting employees' feedback, we can make adjustment according to their opinions in order to meet the actual operation needs.

- **Recruitment and Remuneration**

The Group strictly follows the instructions of the “Recruitment and Dismissal System” to recruit employees to ensure that the relevant department personnels only recruit and select candidates based on objective criterion such as the educational background, work experience, interview performance and job requirements, etc. We will also regularly evaluate the personal and business performance of employees in accordance with the “Salary Payment Management System”, and provide competitive remuneration packages based on the evaluation results, the prevailing market employment and economic conditions, so that employees can receive corresponding returns, such as monthly comprehensive bonuses, rank allowances, annual security awards, triple vacation pay, etc., with a view to motivating employees to make continuous progress and grow together with the Group.

- **Holidays and Other Welfares**

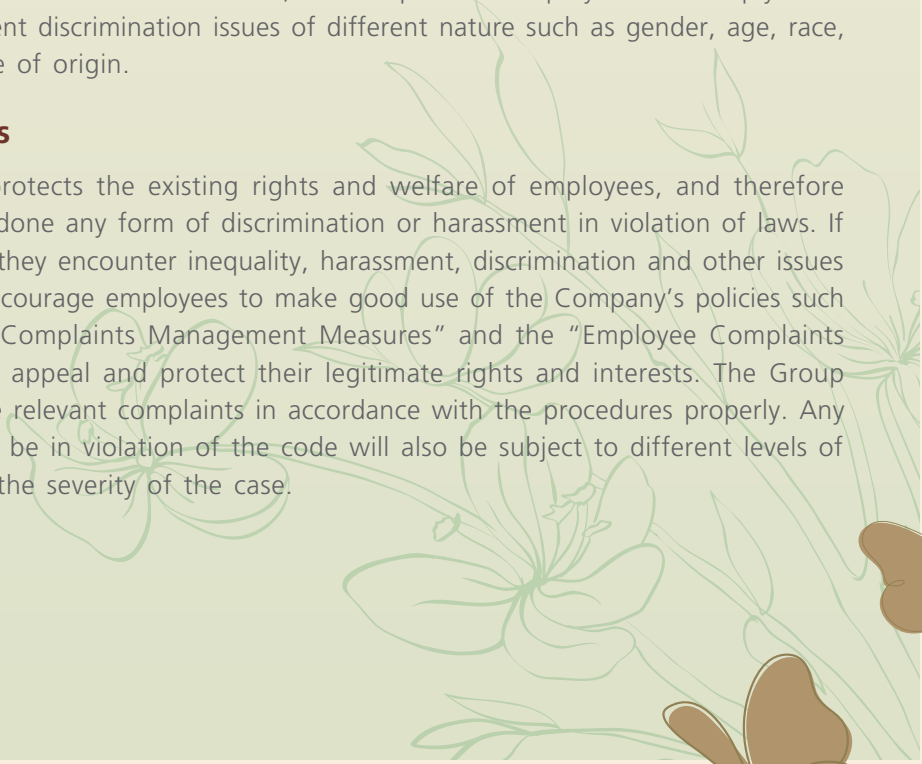
The Group attaches great importance to the labor rights of employees, and has therefore formulated the “Leave System” for arranging holidays for employees in different positions. In addition to general national statutory holidays, the Group also provides employees with different holidays according to their needs, including annual leave, sick leave, marriage and bereavement leave, maternity leave, etc. The Group also provides meals, apartment dormitories and travel subsidies for employees, and supports and promotes “work-life balance” for employees to enhance their sense of belonging and cohesion to the Company.

- **Equal Opportunities and Anti-discrimination**

The Group respects and welcomes people of different cultural backgrounds and genders to be part of the Group. In order to practice equal opportunities and eliminate discrimination, harassment or differentiated treatment of employees or applicants in the working environment, we have formulated the “Recruitment and Dismissal System” specifying relevant equal opportunities and anti-discrimination measures, and require all employees to comply with relevant systems to prevent discrimination issues of different nature such as gender, age, race, religious belief and place of origin.

- **Grievance Channels**

The Group values and protects the existing rights and welfare of employees, and therefore does not tolerate or condone any form of discrimination or harassment in violation of laws. If employees discover that they encounter inequality, harassment, discrimination and other issues during their work, we encourage employees to make good use of the Company’s policies such as the “Grievances and Complaints Management Measures” and the “Employee Complaints Handling Procedures” to appeal and protect their legitimate rights and interests. The Group undertakes to handle the relevant complaints in accordance with the procedures properly. Any person who is proven to be in violation of the code will also be subject to different levels of penalties depending on the severity of the case.



ENCOURAGE SELF-IMPROVEMENT

Policies and Measures

Employee Training System

Purpose

Provide different types of training for personnel of different ranks and departments to meet the needs of employees in their positions, including induction training, on-the-job training, management training, etc.

In order to strengthen the Group’s management and cultivate the corporate culture, the Group actively invests in the development of employees, so as to promote employees’ continuous learning and enhance relevant skills and knowledge, so that they can fully develop their capabilities and potential in the workplace. In accordance with the established procedures of the “Employee Training System”, we will not only formulate an annual training plan for employees, but also continue to optimize the relevant training content based on market and industry trends and with reference to factors such as training effectiveness in the past, feedback and management opinions, so as to help employees master more professional job knowledge and skills, thereby strengthening and promoting the Group’s sustainable development. In addition to providing internal training, the Group also encourages employees to continue learning and supports them to participate in external training courses. Interested and qualified employees can apply for education subsidies to contribute their professional skills to the Group’s projects more effectively.

During the Reporting Period, 1,537 employees of the Group were trained with an average training hours of 49.26 hours.

EMPHASIS ON LABOR STANDARDS

Policies and Measures

Social Responsibilities Management System
Child Labor Remediation Management Rules

Purpose

Strictly prohibit the use of child labor or forced labor in business operations, and at the same time, establish response procedures to deal with the misemployment of child labor to protect the affected minors

China Ting Group is committed to strictly prohibiting the use of child labor or forced labor in business operations and has zero tolerance towards such misconduct. In order to prevent related conducts, all candidates must submit documents such as identity cards during the recruitment process for inspection and verification by the human resources department to ensure that their age meets the legal age. In the event that the Group discovers the employment of child labor by mistake, we will immediately stop the work of such employee and arrange medical examination for him/her in the

EFFICIENT AND FRIENDLY EMPLOYEE MANAGEMENT

nearby hospital in accordance with relevant policies and procedures to ensure that his/her health is not affected by the work. Meanwhile, we will inform his/her families and report relevant matters to the local labor department, and undertake to thoroughly investigate the causes of misuse of child labor in accordance with relevant regulations and internal regulations, so as to review and improve relevant policies and measures for preventing recurrence of similar incidents.

In order to prevent any form of forced labor, the Group requires all employees to sign labor contracts to ensure that they are employed voluntarily under legal circumstances. We also require new employees to read the "Staff Handbook" in detail to understand their working hours, overtime and overtime payment arrangements, so as to prevent forced labor. In addition, employees may legally and reasonably terminate the contract with the Group in accordance with the provisions of the contract and their resignation and dismissal procedures.

During the Reporting Period, the Group did not identify any cases of non-compliance with laws and regulations in relation to child labor or forced labor.



QUALITY OPERATION MANAGEMENT

Policies and Measures

Purpose

Production Standard Operating Procedures
Quality Manual

Maintain high-quality production by setting up policies for standardized production procedures and clarifying the operation quality and level for employees

Customer Complaints Handling Procedures
Product Early Warning, Claims, Returns and
Complaints Information Procedures
Recall Procedures for Non-Conforming Products

Clear guidelines on the procedures for handling complaints and recall of non-conforming products to reduce the health and safety risks of customers and the public

Customer Privacy and Data Protection Systems
Customer Property and Privacy Protection
Procedures
Clients' Brands Protection and Control
Management System
Client-Related Process Control Procedures

Restrict employees' access to confidential information and customers' information through various formats and procedures, and specify relevant responsibilities to comprehensively reduce the risk of information leakage or infringement

In order to protect the Group's good reputation and maintain long-term relationship with customers, China Ting Group attaches great importance to the improvement of product and service quality. Therefore, the Group has formulated a number of operational management measures to continuously review and optimize relevant product quality and supplier management to ensure that the Group can provide high-quality products and services to our customers in a fair and honest environment.

STRICT QUALITY CONTROL

The Group understands that customers' requirements for product quality have become more diversified with the improvement of quality of life. Therefore, we are committed to providing comprehensive and high-quality products and services, and insist on continuously improving the quality of its products and services to meet internal quality standards and meet customers' needs.

• Quality Management

The Group has set up the production department and the quality inspection department to manage and control the quality of relevant production processes and finished products, and has implemented various quality control measures in accordance with the quality management system and relevant policies, including various inspections and tests in the manufacturing process, so as to improve the efficiency of each production step such as cutting, workshop, needle work, washing and packaging, and ensure that the products meet internal quality standards and customer requirements. Some subsidiaries are required to set up the "Quality Manual". The relevant quality control personnel shall conduct random inspection and measurement analysis on raw materials and finished products in accordance with the quality and resource management guidelines in the Manual, and propose improvement methods based on the results to ensure that the quality of products meets the specific indicators specified in the standards.

- **Customer Services**

In order to provide professional and high-level after-sales services for the products to the customers meeting their needs, the Group welcomes opinions or complaints from the customers and the public on the performance of our product. Once the customer complaint about a product or service is found, we will set up an investigation team to deal with the issue, and the general manager will lead the relevant department managers to comprehensively analyze the cause and responsibility of the complaint. We are committed to responding to customers' opinions as soon as possible and taking actions to implement relevant rectification policies and measures to avoid similar issues in the future.

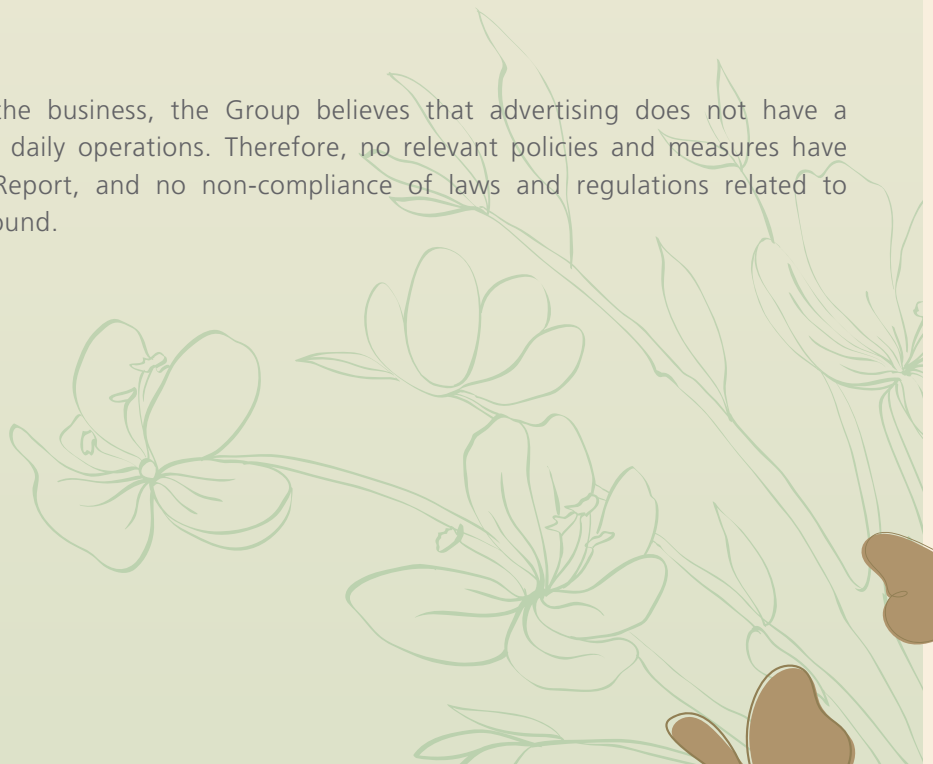
During the Reporting Period, the Group did not receive any material customer complaints, nor was there any product recall due to product health and safety issues.

- **Protecting Customers**

The Group attaches great significance to protecting the personal privacy and intellectual property rights of its customers. Therefore, through the implementation of various policies, employees are strictly prohibited from divulging the confidential content or information of the Group and its customers, including proprietary production technology, product design and content of customer contracts, and only designated departments or personnel are authorized to access relevant content and information. At the same time, in order to protect customer information or design from infringement, some subsidiaries have also established the "Clients' Brands Protection and Control Management System", which prohibits visitors from taking photos in production areas or sample exhibition halls, and strictly manages and protects the rights and interests of relevant customers' brands, product accessories and trademarks from infringement. We have also formulated the "Client-Related Process Control Procedures" specifying relevant responsibilities to ensure that the product design and services meet the requirements stipulated in the contracts with customers.

- **Advertising**

Due to the nature of the business, the Group believes that advertising does not have a significant impact on its daily operations. Therefore, no relevant policies and measures have been disclosed in this Report, and no non-compliance of laws and regulations related to advertising have been found.



WORKING WITH SUPPLIERS

Policies and Measures

Supplier Selection and Review Criteria
Procurement Control Procedures

Procedures for Controlling Suppliers' and Subcontractors' Social Responsibility
Social Responsibility Agreement

Purpose

Standardised source management system and procedures to regulate, assess and approve suppliers' product quality, handling and remedial measures for non-conforming products, after-sales services, etc.

Provide suppliers with clear social responsibility requirements to ensure that the suppliers which the Group cooperates with understand our emphasis on social responsibility and improve the social responsibility performance of the supply chain

The Group believes that the performance and reliability of our products and services are crucial to the customers as well as the Group's reputation. Therefore, we focus on selecting high-level and suitable suppliers and business partners to control the product quality so as to prevent our services from being affected by their performance. In order to guarantee a stable supply of raw materials and ensure that the quality of procured products meets the requirements of the Company and its customers, we have formulated and implemented relevant standardized source management systems and procedures, and unqualified suppliers will be disqualified and replaced by other qualified suppliers.

In addition, in order to reduce the existing or potential risks in supplier management that may affect the achievement of business objectives, the Group undertakes to formulate corresponding policies and measures according to the risk management system, and regularly review and evaluate the effectiveness and adequacy of relevant policies and measures. We regularly conduct on-site assessment of relevant environmental and social performance of suppliers, select suppliers with environmental friendly products and services as much as possible, and require suppliers and subcontractors to follow the Group's "Procedures for Controlling Suppliers' and Subcontractors' Social Responsibility" and sign the "Social Responsibility Agreement", so as to promote them in improving their environmental and social performance continuously and reducing the possibility and impact of relevant risks.

During the Reporting Period, the Group had a total of 217 suppliers with most of them located in Mainland China which accounted for approximately 99%, and they mainly supply various raw materials necessary for the production while other suppliers are from Hong Kong and Korea.

HONEST BUSINESS OPERATION

Policies and Measures

Code of Work for Managers
Anti-Corruption and Anti-Bribery Control Program

Purpose

Standardize the code of business ethics for employees and completely eliminate improper trading activities including bribery, fraud, extortion and money laundering

The Group has always adhered to the principles of “integrity” and “fairness” in its business operation. Therefore, the Group does not accept any form of corruption, including improper trading activities such as bribery, fraud, extortion and money laundering. To uphold a high standard of business ethics, the Group strictly complies with laws and regulations relating to anti-corruption, and has formulated and implemented various internal policies. We also require all employees and business partners in key positions to sign the “Anti-Bribery/Anti-Corruption Commitment” and the “Supplier’s Anti-Bribery/Anti-Corruption Commitment” to prevent related parties from violating the principle of fairness in business activities such as material procurement, engineering, sales and equipment purchase.

In addition, if employees and business partners discover and suspect relevant suspected corruption or other criminal offences, the Group encourages them to report relevant suspected acts or persons as soon as possible. The Group has established a clear whistle-blowing handling procedure, under which whistle-blowers can choose to report the relevant events by calling the Group’s whistle-blowing hotline anonymously. The Group undertakes that all whistle-blowing procedures will be handled confidentially to prevent any unfair treatment and retaliation against whistle-blowers. Depending on the severity of the case, we may choose to refer the case to relevant law enforcement authorities for criminal liability. During the Reporting Period, there was no litigation case on corruption initiated and concluded against the issuer or employees of the Group.

In order to enhance the anti-corruption awareness of the Group’s employees, the Group organised and provided around 385 hours of anti-corruption trainings for directors and employees during the Reporting Period.

ADHERING TO COMPLIANCE OPERATIONS

Compliance with all applicable laws and regulations is fundamental to the Group’s operations. The Group understands that violation of laws and regulations will bring different aspects of impact to the Group, such as business operations, reputation, penalties and litigation. With the continuous refinement and implementation of various national laws and regulations as well as policies in the garment industry, the Group will continue to regard ensuring operational compliance as an important goal, and has formulated and implemented a series of internal policies and systems to strengthen compliance management. The audit committee is responsible for overseeing the Group’s policies and practices on compliance with legal and regulatory requirements, while the Board reviews the Group’s compliance on an annual basis.

During the year, there were no cases of non-compliance in relation to environmental, social and governance aspects of the Group. For details of the Group’s environmental, social and governance policies and compliance, please refer to Appendix III.



CLEAN OPERATION STRATEGIES

In order to lead China Ting Group towards sustainable development, the Group has actively achieved a balance between environmental protection and economic development. We have required our subsidiaries to establish an environmental management system based on the Group's business characteristics and environmental approaches, and to formulate and implement challenging and achievable environmental goals and strategies, which will encourage the Group to continuously improve and manage relevant environmental performance, so as to reduce the impact on the surrounding environment and mitigate climate change. The Group is also committed to making good use of resources and providing more trainings on environmental management to employees to promote environmental awareness of employees, low-carbon transformation, and clean operation.

EMISSIONS

Policies and Measures

Purpose

Energy Management System

Set up guidelines for electricity consumption in operating sites and offices for guiding employees to reduce energy consumption in daily operations

Chemical Leakage Emergency Plan
Chemical Safety Management Program

Clarify relevant procedures and handling methods for collection of hazardous waste, as well as basic knowledge on handling leakage incidents to reduce potential safety risks

China Ting Group is principally engaged in textile, printing and dyeing as well as garment manufacturing and other production businesses. Therefore, the emission of greenhouse gases and other emissions from the production process of China Ting Group is more than that of other ordinary industries. Therefore, the Group is committed to pursuing the sustainable development goals of environmental protection and energy conservation, and actively develops and uses energy-saving products to strengthen the coordination and promotion of the Group's deep carbon reduction in power generation, transportation and waste.

• Greenhouse Gases Air Pollutant Emissions

In order to demonstrate China Ting Group's determination to decarbonise and reduce its environmental risks, the Group has engaged an independent professional consultant to conduct a carbon assessment for its business operations and quantify the greenhouse gas emissions and air pollutants generated during its operations in accordance with the "China's Guidelines for Accounting and Reporting Greenhouse Gas Emissions — Other Industrial Enterprises", "ISO14064-1", "GHG Protocol" and other national and international standards.

During the Reporting Period, the total carbon emissions generated by the Group were approximately 54,967 tonnes of carbon dioxide equivalent ("tCO₂-e"), which were mainly from the purchased electricity and heat used in the production process, of which the use of electricity and heat accounted for 19% and 78% of the total carbon emissions respectively. The increase of approximately 62% in carbon emissions for the year as compared with the previous year was mainly due to the increase in production volume of certain subsidiaries.

CLEAN OPERATION STRATEGIES

GHG Emissions	2021	2020	Changes
Scope 1 — Direct GHG emissions (tCO ₂ -e)	583	535	+9%
Scope 2 — Energy indirect GHG emissions (tCO ₂ -e)	54,382	33,371	+63%
Scope 3 — Other indirect GHG emissions (tCO ₂ -e)	2	8	-75%
Total emissions (tCO ₂ -e)	54,967	33,914	+62%
GHG emissions intensity (by turnover) (tCO ₂ -e/turnover in HK\$'000)	0.076	0.030	+153%

The main sources of air pollutants of the Group are the consumption of fossil fuels by printing and dyeing factories, heating equipment used in textile factories, kitchen equipment and vehicles. Therefore, we will strive to implement different emission reduction measures and strictly control the Group's relevant air pollutants emissions in three aspects, including nitrogen oxides, sulfur oxides and respirable suspended particles. During the Reporting Period, due to the reduction of relevant business, personnel and the shutdown of certain production facilities, the emission of nitrogen oxides (air pollutant) increased by approximately 30% as compared with last year; whereas the emissions of sulfur oxides and respirable suspended particles reduced by 13% and 23% respectively.

Air Pollutants	2021	2020	Changes
Nitrogen oxides (kg)	1,039	798	+30%
Sulfur oxides (kg)	26	30	-13%
Respirable suspended particles (kg)	24	31	-23%

In order to reduce the emission of relevant GHG and air pollutants, the Group has formulated the "Energy Management System" to set up guidelines for the use of electricity in operating sites and offices, and guide employees to reduce energy consumption in daily operations. Under the impact of COVID-19 pandemic, the Group has accelerated the pace of digital transformation and increased the use of online communication and remote working, which not only effectively reduced unnecessary business trips, but also reduced relevant carbon dioxide emissions at the same time. If employees need to use vehicles, the Group will require them to register with the relevant departments by filling up a car-out order, and will recommend them to choose the car-sharing as much as possible, so as to reduce the cost while reducing the emission of GHG and air pollutants.

In the future, China Ting Group undertakes to vigorously promote and implement energy conservation and emission reduction strategies and measures with its operating sites, regularly monitor, evaluate and analyze the effectiveness of relevant initiatives, and at the same time, make reference to and compare the Group's overall performance and relevant historical data in order to help formulate a more ambitious and suitable long-term vision and carbon reduction target of the Group.

- **Waste**

Due to the increasing amount of waste, the Group understands that the implementation of an efficient and sustainable waste management system is an indispensable part of the Group. Therefore, the Group is committed to reducing the waste generated in the production process, and requires all employees to carefully divide the waste into hazardous waste and non-hazardous waste before disposing of any items in order to carry out the next classification treatment.

The Group will hand over the non-hazardous wastes generated during the operation process, including waste cartons, waste packaging bags and rags, to the relevant municipal departments or qualified recyclers for collection and treatment. In addition, the Group strictly controls the collection procedures of hazardous waste. Employees must strictly follow the “Chemical Leakage Emergency Plan” and the “Chemical Safety Management Program” to handle hazardous waste such as waste engine oil, wastewater, sludge and waste coatings. Relevant hazardous waste must be recorded, classified and stored in detail before being handed over to a qualified hazardous waste collector for disposal.

During the Reporting Period, the Group generated 1,512 tonnes of hazardous waste, mainly from the sludge generated after sewage treatment by the sewage treatment system of Huabeina which included the sewage treatment of other units in the park. However, the data of hazardous waste increased by approximately 6.8 times as compared with the previous year due to the inability to separate the relevant data. Nevertheless, the Group generated approximately 315 tonnes of non-hazardous waste, representing a decrease of approximately 34% from the previous year. In the future, the Group will undertake to encourage employees to further reduce waste generation from various aspects, formulate and implement more waste reduction policies and measures, and set long-term waste reduction goals and approaches, such as promoting the recycling and reuse of complete packaging boxes and bags, and enhancing relevant sustainable waste management training, so as to continuously promote the change of behavior of the Group and its employees, educate employees to reduce waste at source and contribute to environmental protection.

- **Wastewater**

Due to the characteristics of the industry, the amount of wastewater generated by China Ting Group is more than that of other ordinary industries. Therefore, in order to effectively control the production wastewater and domestic sewage discharged by the Group in each plant and office, the Group has implemented wastewater and sewage treatment facilities and measures to properly handle the relevant wastewater issues. In addition, the Group’s construction of sewage treatment system of Huabeina was officially put into operation in April 2021 after several adjustments. The system can recycle and reuse sewage in some operating sites through sewage treatment procedures, and the reuse rate is no less than 70%. However, the wastewater and sewage treated by such equipment meet the corresponding standards of the “Technical Specifications for Dyeing and Finishing Wastewater Treatment of Textile Industry” and meet the production needs of the enterprise, and can be reused for production workshops, printing and dyeing workshops or for greening and irrigation.

USE OF RESOURCES

China Ting Group is committed to integrating different types of environmental protection actions into its daily operations, with an aim to cultivate employees' habit of making good use of resources and effectively practice energy conservation, water conservation and waste reduction. To this end, the Group has formulated and implemented a series of relevant resource management measures to guide employees to reduce resource consumption in daily operations.

In daily production and operation, the Group's energy consumption mainly comes from the production and manufacturing facilities and machinery equipment in the production plants, as well as the energy consumption in the office. During the Reporting Period, the total energy consumption of the Group's operating sites was 132,997 MWh, representing an increase of approximately 61% from the previous year which was primarily due to the increase in production volume caused by the easing of the pandemic. As a result, the total energy consumption of the Group increased significantly as compared with the previous year. Among which, the Group's main energy sources are mainly purchased heat and electricity, amounting to 110,933 MWh and 17,962 MWh and accounting for 83% and 14% of the total energy consumption respectively. The Group's purchase of heat and electricity increased significantly by 73% and 36%, which was mainly due to the increase in steam usage as a result of the increase in production volume.

Energy Type		2021	2020	Changes
Direct Energy	Gasoline (MWh)	745	718	+4%
	Diesel (MWh)	332	366	-9%
	Liquefied petroleum gas (MWh)	121	104	+16%
	Liquefied natural gas (MWh)	—	74	N/A
	Natural gas (MWh)	22	—	N/A
	Biomass fuel (MWh)	204	—	N/A
Indirect Energy	Purchased electricity (MWh)	17,962	13,165	+36%
	Purchased heat (MWh)	110,933	63,987	+73%
Renewable Energy	Solar power generation (MWh)	2,678	4,081	-34%
Total energy consumption (MWh)		132,997	82,495	+61%
Energy intensity (by turnover) (MWh/HK\$'000 turnover)		0.18	0.072	+156%

CLEAN OPERATION STRATEGIES

In order to encourage employees to develop the habit of energy conservation, the Group has established energy management teams in certain subsidiaries, which are responsible for formulating and implementing relevant energy management measures and annual energy conservation tasks, and required them to regularly review the performance of relevant policies and measures, so as to achieve the highest energy efficiency and return. Details are as follows:

- Management measures include regular inspection and maintenance of electrical equipment to ensure electricity efficiency;
- Require the equipment load rate to be maintained at above 40% to ensure efficient operation;
- Employees are required to receive relevant environmental management training when they join the Company to enhance their awareness of environmental protection;
- Regularly cleaning and repairing the air-conditioning system to ensure efficient operation and longer service life;
- The air-conditioning temperature is recommended to be set at 24 to 26 degrees Celsius.

The Group also continued to use renewable energy to promote sustainable development, mainly solar and photovoltaic power generation. During the Reporting Period, the Group generated a total of approximately 114 MWh and 2,895 MWh of electricity from solar and photovoltaic power generation respectively. As for the photovoltaic power generation, the Group sold approximately 331 MWh of electricity to power supply enterprises.

In addition, China Ting Group believes that good enterprises should bear their responsibility for environmental protection. Therefore, the Group actively seeks different methods to enhance employees' awareness of water conservation, and requires all employees to check and confirm that water, electricity, steam, etc. have been turned off after work to prevent waste of water resources. The Group also regularly inspects tap water pipes, water cage heads and other facilities to avoid water dripping and leakage. The Group also monitors its water consumption on a regular basis to identify leakage problems in a timely manner and repair them as soon as possible. During the Reporting Period, the Group's total water consumption and water consumption intensity were 727,307 cubic meters and 1.01 cubic meters/turnover in HK\$'000, representing increases of 6% and 65% respectively over the previous year.

Water Consumption	2021	2020	Changes
Total water consumption (cubic meters)	727,307	688,521	+6%
Water consumption density (cubic meters/turnover in HK\$'000)	1.01	0.61	+65%

To reduce the usage of packaging materials and avoid wastage, the Group also improves its packaging methods by changing the number of batches in a package from 1 pack per batch to 5, 10, 30 or 50 packs per batch. During the Reporting Period, the Group's total packaging materials have reduced from 1,112 tonnes to 221 tonnes, representing a significant drop of approximately 80%.

In the coming year, the Group is devoted to gradually implementing the transformation of carbon reduction, adjusting the Group's energy use ratio, and strengthening the development of the Group's renewable energy as its goal. Meanwhile, the Group is also committed to promoting green and environmentally friendly work and life. For example, the Group will implement more effective water demand management measures with reference to the current total water consumption, formulate long-term water conservation goals, and achieve paperless office, and encourage employees to make full use of electronic files and communication equipment, so as to continuously reduce the demand for and dependence on paper files.

THE ENVIRONMENT AND NATURAL RESOURCES

China Ting Group understands that the nature of the industry requires the use of a large amount of precious natural resources. However, resources are not infinite, and there are opportunities in the production process to bring many potential impacts on the surrounding environment and natural resources. Therefore, the Group undertakes to gradually improve its environmental pollution prevention and control technologies for raw materials, water, energy, chemicals and other resources from various aspects to prevent them from being polluted by hazardous substances, and to minimize the negative impact of its operations and products on the environment.

In order to effectively identify the potential environmental impacts and risks associated with the environment and natural resources, the Group promises to conduct targeted resource management for the use of various resources in the future to enhance its resource usage efficiency. In addition, the Group will continue to use different innovative technologies to conduct environmental assessments and analyse the relevant risks in its business operations, so as to help design and formulate various environmental protection measures, and strive to reduce pollution caused by product development and manufacturing. The Group has also formulated the "Chemical Leakage Emergency Plan", the "Chemical Safety Management Procedures" and other measures to clarify all emergency plans, procedures and treatment methods for chemical leakage accidents. Employees are also required to participate in relevant drills regularly in accordance with the Group's requirements to improve the level of leakage treatment and avoid the impact of leakage disasters on the surrounding environment, including air, land, water and related personnel, or casualties. Therefore, the Group will strive to control the emission of pollutants in the operation process, strive for breakthroughs in environmental protection and natural resources, and lead the Group towards the long-term goal of sustainable development while improving product quality.

CLIMATE CHANGE

China Ting Group notes that climate change is now one of the most challenging threats in the society. Therefore, in order to effectively cope with the challenges of climate change, we must grasp and understand the risks or opportunities related to climate change in the Group's business, strive to meet the national environmental protection requirements for enterprises, actively promote energy conservation and carbon reduction, and explore the opportunities brought by the sustainable development.

The Group insists on two-way communication with stakeholders, hoping to promote the significance and long-term goals of the Group's sustainable development in the future while understanding their requirements and expectations on the Group. The Group will strengthen the development of renewable energy such as solar power generation in each operating site and commit to invest more resources in the Group's strategic planning and business operations to reduce carbon emissions. The Group will also enhance the environmental protection technology in the production process of the industry with the application of technology, so as to design and manufacture more low-carbon products.

Looking forward, China Ting Group will make reference to "White Paper on Responding to Climate Change: China's Policies and Actions" to plan and formulate the Group's long-term carbon reduction targets and continue to expand the coverage, in order to ensure that relevant carbon reduction strategies and climate change measures can be clearly communicated to every aspect of business operations, and continue to contribute to the response to climate change and related environmental issues.

SHOULDERING RESPONSIBILITY FOR COMMUNITY CONSTRUCTION

China Ting Group is committed to promoting the spirit of kindness and being charitable, and continues to promote the fulfillment of corporate social responsibility throughout the Group. Besides, it has taken action and spared no effort to contribute to the community in various ways. The Group has actively participated in various community activities, such as participating in the first "110 Police" warm-hearted action during the first Chinese People's Police Festival in support and commend police officers at all levels in Mainland China for their selfless dedication in maintaining social security. The Group has therefore received a letter of appreciation from Hangzhou Shujia Police Camp Cultural and Creative Co., Ltd.. In addition, the Group also participated in the charity project of "Celebrating Chinese New Year Together" held by Hangzhou Yuhang District Charity Federation during the Chinese New Year of the year, and donated RMB20,000 to support the pandemic prevention and control deployment of provinces and cities, and sent materials to migrant workers who stayed in Yuhang during the Chinese New Year. The Group has thereby won the title of "Charity Donation Enterprise".

As one of the responsible fashion industry, China Ting Group understands the significance of promoting the sustainable development of the community. Therefore, the Group is committed to conducting its business by taking into account and taking care of the interests of the community where it operates and focusing on the long-term development of the community. To achieve this goal, the Group has voluntarily donated RMB10,000 to the Linping District Fashion Industry Charity Fund for charitable assistance projects in Linping District and other public welfare charity projects to actively improve the quality of the community and build a healthy and harmonious community.

APPENDIX I: OVERVIEW OF KEY PERFORMANCE INDICATORS ENVIRONMENTAL PERFORMANCE

	Unit	2021	2020	2019
Greenhouse gas emissions				
Scope 1	tCO ₂ -e	583	535	831
Scope 2	tCO ₂ -e	54,382	33,371	23,999
Scope 3	tCO ₂ -e	2	8	43
Total greenhouse gas emissions	tCO ₂ -e	54,967	33,914	24,873
Intensity	tCO ₂ -e/turnover in HK\$'000	0.076	0.030	0.017
Waste type				
Total hazardous waste generated	tonnes	1,512	193	188
Hazardous waste intensity ¹	tonnes/turnover in HK\$'000	0.011	0.0002	0.0001
Total non-hazardous waste generated	tonnes	315	487	877
Non-hazardous waste intensity	tonnes/turnover in HK\$'000	0.0004	0.0004	0.0006
Total exhaust gas emissions				
Nitrogen oxides	kg	1,039	798	1,424
Sulfur oxides	kg	26	30	72
Particles	kg	24	31	52

¹ Only China Ting Woollen Textile Co., Ltd generated hazardous wastes in 2021, which were mainly sludge and waste activated carbon, so the relevant intensity is only calculated based on the turnover of China Ting Woollen Textile Co., Ltd.

APPENDIX

	Unit	2021	2020	2019
Energy consumption				
Gasoline	MWh equivalent	745	718	993
Diesel	MWh equivalent	332	366	578
Liquefied petroleum gas	MWh equivalent	121	104	106
Natural gas	MWh equivalent	22	—	—
Liquefied natural gas	MWh equivalent	—	74	126
Biomass fuel	MWh equivalent	204	—	128
Electricity purchased	MWh	17,962	13,165	12,871
Heat purchased	MWh equivalent	110,933	63,987	40,776
Solar power generation	MWh	2,678	4,081	6,011
Total energy consumption	MWh equivalent	132,997	82,495	61,589
Energy intensity	MWh equivalent/ turnover in HK\$'000	0.18	0.072	0.042
Water consumption				
Total water consumption	cubic meters	727,307	688,521	467,430
Water consumption intensity	cubic meters/ turnover in HK\$'000	1.01	0.61	0.32
Packaging materials				
Waste cartons	tonnes	186	—	—
Waste packaging bags	tonnes	26	—	—
Scrap iron	tonnes	9	—	—
Total packaging materials	tonnes	221	1,112	1,825
Intensity of packaging materials	tonnes/ turnover in HK\$'000	0.0003	0.001	0.001

SOCIAL PERFORMANCE

Number of employees		2021
Gender	Male	894
	Female	1,604
Age group	Aged below 30	319
	Aged between 31–50	1,722
	Aged above 51	457
Rank	Senior management	42
	Medium management	95
	General employees	2,361
Employment type	Full-time ²	100%
Total number of employees		2,498

Turnover rate of employees		2021
Gender	Male	159
	Female	298
Age group	Aged below 30	97
	Aged between 31–50	260
	Aged above 51	100
Total turnover rate of employees		18.29%

² All full-time employees within the Group's reporting scope are located in Mainland China.

APPENDIX

Number of workers died or injured in course of duty 2021

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

Percentage of employees trained 2021

Gender	Male	539
	Female	998
Rank	Senior management	18
	Medium management	54
	General employees	1,465
Total percentage of employees trained		61.53%

Average training hours of employees 2021

Gender	Male	41.50
	Female	53.59
Rank	Senior management	6.24
	Medium management	12.78
	General employees	51.50
Total average training hours of employees		49.26

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

Number of suppliers by geographical region**2021**

Supplier location	Number of suppliers
Mainland China	214
Hong Kong	2
Other regions in Asia	1

Anti-corruption training**2021**

Rank	Senior management	Medium management	General employees	Total
Proportion of employees trained for anti-corruption	5%	15%	12%	12%
Average anti-corruption training hours	10%	23%	15%	15%



APPENDIX II: REPORT CONTENT INDEX

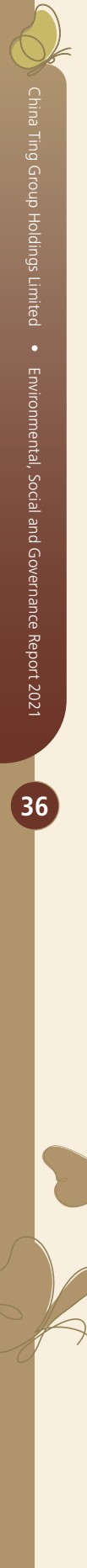
Key Aspects	Content	Page Index
A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	22-24, 40
A1.1	The types of emissions and respective emissions data	23, 29
A1.2	Direct and energy indirect greenhouse gas emissions in total and intensity	22-23,29
A1.3	Total hazardous waste produced and intensity	24, 29
A1.4	Total non-hazardous waste produced and intensity	24, 29
A1.5	Description of measures to mitigate emissions and results achieved	23
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	24
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	25-27, 40
A2.1	Direct and/or indirect energy consumption by type in total and intensity	25-26, 30
A2.2	Water consumption in total and intensity	26, 30
A2.3	Description of energy use efficiency initiatives and results achieved	25
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	25-26
A2.5	Total packaging material used for finished products	27
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources	27, 40
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	27

Key Aspects	Content	Page Index
A4 Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	28, 40
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	28
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	14-15, 38
B1.1	Total workforce by gender, employment type (full-time or part time), age group and geographical region	31
B1.2	Employee turnover rate by gender, age group and geographical region	31
B2 Health and Safety		
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 providing a safe working environment and protecting employees from occupational hazards	13, 38
B2.1	Number and rate of work-related fatalities	14, 32
B2.2	Lost days due to work injury	14, 32
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	13-14



APPENDIX

Key Aspects	Content	Page Index
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	16, 38
B3.1	The percentage of employees trained by gender and employee category	32-33
B3.2	The average training hours completed per employee by gender and employee category	16, 32
B4 Labor Standards		
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 preventing child and forced labor.	16-17, 38
B4.1	Description of measures to review employment practices to avoid child and forced labor	16-17
B4.2	Description of steps taken to eliminate such practices when discovered	16-17
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	20, 38
B5.1	Number of suppliers by geographical region	20, 33
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	20
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	20
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	20



Key Aspects	Content	Page Index
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, 39
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	18
B6.2	Number of products and services related complaints received and how they are dealt with	18
B6.3	Description of practices relating to observing and protecting intellectual property rights	19
B6.4	Description of quality assurance process and recall procedures	18
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	19
B7 Anti-corruption		
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 bribery, extortion, fraud and money laundering	21, 39
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	21
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	21
B7.3	Description of anti-corruption training provided to directors and employees	21
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	28
B8.1	Focus areas of contribution	28
B8.2	Resources contributed to the focus area	28



APPENDIX III: LAWS AND REGULATIONS COMPLIANCE BY THE GROUP

Scope	Issues	The Group's policies	Laws and regulations (including but not limited to)
Employees	Employment	Employee's Code of Conduct Recruitment and Dismissal System Salary Payment Management System Grievances and Complaints Management Measures Employee Complaints Handling Procedures	Labor Law of the People's Republic of China Labor Contract Law of the People's Republic of China Social Insurance Law of the People's Republic of China
	Health and Safety	Rules and Regulations on Employees' Safety and Health Management Systems for Equipment and Facilities Safety Management Regulations on the Storage and Use of Chemicals (Hazardous Articles) Chemical Leakage Emergency Plan Emergency Rescue System on Production Safety Incidents Emergency Medical Procedures for Work-related Injuries/Accidents	Production Safety Law of the People's Republic of China Occupational Disease Prevention and Control Law of the People's Republic of China Work Injury Insurance Regulations Social Insurance Law of the People's Republic of China
	Development and Training	Employee Training System	N/A
Operation	Labor Standards	Social Responsibilities Management System Child Labor Remediation Management Rules Staff Handbook	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
	Supply Chain Management	Supplier Selection and Review Criteria Procurement Control Procedures Procedures for Controlling Suppliers' and Subcontractors' Social Responsibility	N/A

Scope	Issues	The Group's policies	Laws and regulations (including but not limited to)
	Product Responsibility	Production Standard Operating Procedures Quality Manual Recall Procedures for Non-Conforming Products Product Early Warning, Claims, Returns and Complaints Information Procedures Customer Complaints Handling Procedures Customer Privacy and Data Protection Systems Customer Property and Privacy Protection Procedures Clients' Brands Protection and Control Management System Client-Related Process Control Procedures	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
Business ethics	Anti-corruption	Code of Work for Managers Anti-Corruption and Anti-Bribery Program Anti-Bribery/Anti-Corruption Commitment Supplier's Anti-Bribery/Anti-Corruption Commitment	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



APPENDIX

Scope	Issues	The Group's policies	Laws and regulations (including but not limited to)
Environment	Emissions	Energy Management System Chemical Leakage Emergency Plan Chemical Safety Management Program	Environmental Protection Law of the People's Republic of China Water Pollution Prevention and Control Law of the People's Republic of China Environmental Noise Pollution Prevention and Control Law of the People's Republic of China Solid Waste Pollution Prevention and Control Law of the People's Republic of China
	Use of Resources	Energy Management System	N/A
	The Environment and Natural Resources	Chemical Leakage Emergency Plan Chemical Safety Management Procedures	N/A
	Climate Change	N/A	White Paper on Responding to Climate Change: China's Policies and Actions



The background is a solid dark red color. It features several decorative elements: three small, stylized butterfly outlines in a light red color, one in the top left, one in the top right, and one in the middle left. In the bottom half, there are larger, detailed line-art illustrations of flowers and leaves in a light red color, including a large five-petaled flower on the left and several buds and leaves on the right.

CHINA TING GROUP HOLDINGS LIMITED
華鼎集團控股有限公司

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