

# 2021/2022 Environmental, Social and Governance Report

DONGXIANG

China Dongxiang (Group) Co., Ltd. 中國動向(集團)有限公司

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*(Incorporated in the Cayman Islands with limited liability) Stock Code: 3818*

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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## ABOUT THIS REPORT

### REPORTING BOUNDARY

The purpose of this report is to disclose to stakeholders the work and achievements on environmental, social and governance (“ESG”) matters of China Dongxiang (Group) Co., Ltd. and its subsidiaries (together, “China Dongxiang” the “Group” or “we”). Unless otherwise stated, this report covers the period from 1 April 2021 to 31 March 2022.

### BASIS FOR PREPARATION

This report is prepared in accordance with Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) set out in Appendix 27 of the Main Board Listing Rules on The Stock Exchange of Hong Kong Limited. This report should be read in conjunction with the “Corporate Governance Report” set out in our annual report as well as “Social Responsibility” section on the official website of the Group.

### REPORTING PRINCIPLES

In the preparation of this report, the presentation of contents and information reported is defined according to the principles of “materiality”, “quantitative”, “balance” and “consistency”.

**Materiality:** In preparing this report, our principal stakeholders and their ESG concerns have been identified and specific disclosures have been made in the report according to the relative materiality of such concerns. For details of materiality assessment, please refer to the sub-sections headed “Engagement with Stakeholders” and “Materiality Analysis”.

**Quantitative:** This report has adopted a quantitative approach to present key performance indicators for the environmental and social aspects. The standards, methods, assumptions and/or computational tools for the measurement of key performance indicators in this report, as well as the source of conversion coefficient, have been stated where relevant.

**Balance:** This report aims to provide a balanced presentation of the Group’s ESG effort in various aspects, including environment, employees, product responsibility and community investment, among others, in order to avoid any possible influence on readers of this report that might lead to improper decisions or judgements.

**Consistency:** Data disclosed in this report are based on statistical methods consistent with those adopted for the previous year. Explanatory notes have been made where any changes have been made to ensure consistency.

### INFORMATION SOURCE OF THE REPORT

All information, data and cases cited in this report are sourced from official documents, statistical reports, financial reports or publicly available documents of the Group or ESG implementation information computed and compiled by the functional departments of the Group. The board of directors (the “Board”) owns responsibility for the truthfulness, accuracy and completeness of the contents of the report.

### OBTAINING AND COMMENTING ON THIS REPORT

The electronic version of this report may be viewed on the official website of the Group ([www.dxsport.com](http://www.dxsport.com)) and the official website of the Stock Exchange of Hong Kong Limited ([www.hkex.com.hk](http://www.hkex.com.hk)). You are welcome to furnish any comments or suggestions on the contents of this report by emailing to [ir@dxsport.com.cn](mailto:ir@dxsport.com.cn).

**ESG MANAGEMENT**

We are committed to establishing a high-standard ESG management system, continuously optimizing and improving ESG strategies and ESG governance structure, implementing ESG concepts into the development of the Group, and gradually improving the level of ESG management. At present, we have obtained BBB of MSCI ESG Rating<sup>1</sup> and BBB of HSI/HKQAA Ratings of Hang Seng Sustainability Rating in the international mainstream ESG ratings.

MSCI ESG Rating	HSI/HKQAA Ratings
BBB	BBB



**ESG STRATEGIES**

We endeavour to incorporate our ESG strategies into the Group’s daily operations and business development. Our efforts are focused on four aspects: “Supplying Quality Products Through Responsible Operations”; “A People-Oriented Approach to Staff Care with Dedication”, “Win-win Cooperation and Fulfilment of Social Responsibility” and “Protecting the Environment Through Green Operation”.

**Supplying Quality Products Through Responsible Operations**



In line with its mission of “to be the most pioneering and desired sport-life brands”, we are consistently committed to providing a variety of premium products to young consumers. We have exercised stringent control over product quality to afford genuine protection for consumer rights and enhanced regulation of product label information and advertising, while resolutely safeguarding our intellectual property rights. In the meantime, we seek to develop a culture of probity in the course of business development, in a bid to create sound conditions for the development of our Group.

**A People-Oriented Approach to Staff Care with Dedication**



We regard staff as the cornerstone of sustainable development for the enterprise and the protection of staff interests as a fundamental condition for its sound operation. We believe it is our responsibility and obligation to provide a safe and healthy workplace for them. Accordingly, we have formulated and implemented a range of human resources management systems and established a comprehensive staff remuneration and benefit regime as part of our effort to regulate and enhance human resources management, develop a sound regime for staff rights and protection, and care for the health, safety and comprehensive development of staff.

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**Win-win Cooperation and Fulfilment of Social Responsibility**



To develop win-win partnerships with our business partners, enhance our supplier management regime, empower suppliers so as to improve their environmental and social risk management standards and forge a sustainable supply chain is a matter of high priority for us. We also take proactive steps to care for community development and vigorously engage in community welfare initiatives.

**Protecting the Environment Through Green Operation**



We have actively undertaken the corporate responsibility in green operation by consistently making improvements to our environmental management policy and measures, effectively implementing energy-saving and emission reduction practices, reducing waste generated from operations and advocating eco-friendly concepts among employees.

**SUMMARY OF OUR SUSTAINABILITY ACTIONS**




The United Nations Sustainable Development Goals (“SDGs”) aim to provide guidance to the world for solving development issues in the social, economic and environmental dimension and redirecting to a path of sustainability, and to encourage all sectors in the society to actively contribute their efforts to this cause. We have identified our SDG priorities based on the Group’s business characteristics and integrated them with the Group’s ESG strategies to guide the Group’s ESG effort. In vigorous support of the SDGs and *China’s National Plan on Implementation of the 2030 Agenda for Sustainable Development*, we have taken the following actions in the key SDG areas identified:

SDGs	China’s National SDG Plan <sup>2</sup>	Our sustainability actions
	<ul style="list-style-type: none"> <li>To promote fair and accessible basic medical and health care.</li> </ul>	<ul style="list-style-type: none"> <li>Caring for staff health and safety by providing medical insurance and other assurances for staff health and safety.</li> <li>Enhancing management under normalised epidemic prevention measures to protect the psychological and physical health of staff.</li> </ul>
	<ul style="list-style-type: none"> <li>To enhance awareness of gender equality across all sectors in the community and to eliminate all forms of discrimination and prejudices against women and girls.</li> </ul>	<ul style="list-style-type: none"> <li>Fostering a fair and impartial workplace with resolute opposition against gender discrimination and providing equal opportunities for female employees.</li> </ul>

<sup>2</sup> Extracted from “China’s National Plan on Implementation of the 2030 Agenda for Sustainable Development”

SDGs	China's National SDG Plan <sup>2</sup>	Our sustainability actions
	<ul style="list-style-type: none"> <li>• To ensure economic growth at medium- to high-speed and to procure medium to high-end industrial development.</li> <li>• To curb illegal acts and crimes such as child labour and forced labour in accordance with the law and to afford special protection to minor workers aged between 16 and 18.</li> <li>• To safeguard the proper rights of workers, such as reward for labour, rest and leaves and social insurance.</li> <li>• To improve the employment and business venture service regime and implement the lifelong vocational skills training system.</li> </ul>	<ul style="list-style-type: none"> <li>• Active business expansion and development and co-growth with partners, contributing to economic growth and providing more quality jobs for the community.</li> <li>• Ongoing improvement of the employee candidate information identification system and stringent vetting of the age of employee candidates in resolute prohibition of the employment of child workers.</li> <li>• Protecting the lawful rights of staff by developing sound systems for recruitment, remuneration and holiday leaves and providing reasonable benefits.</li> <li>• Developing a staff training regime for the support of staff development and growth.</li> </ul>
	<ul style="list-style-type: none"> <li>• To establish a fairer and more sustainable social insurance system with ongoing improvements to strengthen protection of the rights of social groups such as women, minors and the disabled.</li> </ul>	<ul style="list-style-type: none"> <li>• Launching charity programmes with a special concern for art education and health of teenagers in ethnic minority regions.</li> </ul>
	<ul style="list-style-type: none"> <li>• To adjust the economic structure and transform the approach of development with a major effort to drive sustainable production.</li> <li>• To control the total volume of energy consumption and drive the optimisation of the mix of energy utilisation for a substantially higher level of reuse of energy resources.</li> </ul>	<ul style="list-style-type: none"> <li>• Taking into full consideration the utilization rate for raw materials in the course of product design, and maximising the use of raw materials and minimising the generation of fabric leftovers in the production process.</li> <li>• Prioritising the use of reusable packaging materials and avoiding the use of one-off packaging materials.</li> <li>• Establishing a supplier management regime to monitor ESG risks associated with supply chains.</li> <li>• Active use of eco-friendly green materials and non-polluting chemicals and control of raw material quality to ensure customer health at source.</li> </ul>

<sup>2</sup> Extracted from "China's National Plan on Implementation of the 2030 Agenda for Sustainable Development"

SDGs	China's National SDG Plan <sup>2</sup>	Our sustainability actions
	<ul style="list-style-type: none"> <li>To procure promotion and education relating to climate change and environmental protection, disseminate knowledge in climate change and the concept of low carbon development, and guide active participation by the public in actions addressing climate change.</li> </ul>	<ul style="list-style-type: none"> <li>Encouraging green office and actively promoting the conservation of resources and environmental protection to enhance staff awareness of environmental protection.</li> <li>Enhancing management of environmental risks in the supply chain and empowering suppliers to adopt eco-friendly practices.</li> <li>Active response to climate change and promotion of carbon reduction among peers.</li> </ul>
	<ul style="list-style-type: none"> <li>To rectify and investigate in a resolute manner misconduct and corruption practices that infringe upon public interests, ensuring stringent execution at each level of management to enhance accountability.</li> </ul>	<ul style="list-style-type: none"> <li>Formulating systems for the management of anti-corruption measures, such as the "System for the Countering of Improper Competition and Business Bribery" and fostering a corporate culture characterised by probity, integrity and impartiality to procure compliance and integrity in management and operations.</li> <li>Persisting in lawful employment and prohibiting forced labour to protect the legal interests of employees.</li> </ul>
	<ul style="list-style-type: none"> <li>Drawing on experiences and financing strategies available from partnerships to encourage and promote effective partnerships with the public sector, public/private sector and civic community.</li> </ul>	<ul style="list-style-type: none"> <li>Participation in the "30 • 60 Chinese Textile and Apparel Industry for Expediting Carbon Neutrality Campaign" to enhance research on low-carbon green production technologies and sustainable procurement and to drive innovation in the industry.</li> </ul>

**OUR ESG GOVERNANCE STRUCTURE**

**Board Statement**

The Board of China Dongxiang is responsible for ESG strategy and reporting and for supervising the Group's ESG matters. Assisted by ESG Committee, the Board carries out supervisory duties in respect of the Group's ESG policies and practices and reviews the ESG management principles and work progress and furnish recommendations to the Board. It also examines and make decisions on working goals, disclosure of reports and related material ESG matters on a regular basis. The Group, its subsidiaries and ESG-related departments are responsible for the launch of specific ESG initiatives, including the implementation of ESG-related action plans and efficient and orderly conduct of ESG initiatives in a concerted manner and promoting implementation of ESG practices.

<sup>2</sup> Extracted from "China's National Plan on Implementation of the 2030 Agenda for Sustainable Development"

We assess the materiality of ESG issues on a regular basis. The process and outcomes of assessment are described in the sub-section headed “Engagement with Stakeholders” and “Materiality Analysis” in the Group’s annual ESG report and are reviewed by the Board. The ESG Committee under the Board of the Group assists the Board to comprehensively identify material ESG risks related to the Group, including raw material procurement, labour standards of supply chain, anti-corruption and climate change, among others, and formulates response measures. We also require the relevant departments to implement specific actions in their operation and management.

During the reporting year, the Group has established environmental targets in carbon emission, energy consumption, water consumption efficiency and waste reduction for its business operation. The establishment of such targets has been reviewed and discussed by the Board.

This report has also disclosed the aforesaid ESG-related matters in detail, and has been reviewed and approved by the Board on 22 June 2022.

**ENGAGEMENT WITH STAKEHOLDERS**

We attach great importance to communication with stakeholders and always see the views and demands of stakeholders as an important factor for consideration in the Group’s strategic planning and business management and driving force for our ongoing improvements in ESG management. We actively engage with stakeholders through multiple channels to understand and respond to their needs in a timely manner.

Based on the characteristics of its business, the Group has identified the government and regulatory authorities, shareholders and other investors, employees, suppliers, consumers and the community as its major stakeholders. The ESG concerns of our major stakeholders and our channels for communication with and response to them are set out as follows:

Major stakeholders	Primary expectations and concerns	Major means of communication	Our response
Government and regulatory authorities	Compliance with laws and regulations Operational Compliance Energy conservation and emission reduction Addressing climate change Anti-corruption	Execution of policies and laws and regulations Correspondence with government authorities Information disclosure On-site inspection	Compliance with laws and regulations Placing ourselves under supervision and management Tax payment in accordance with the law Green operation Establishing a sound corporate governance regime
Shareholders and other Investors	Corporate governance Return on investment Operational compliance Green operation	General meetings Regular reports Official website Results announcement	Establishing a sound corporate governance regime Enhancing risk management standards on an ongoing basis Regular information disclosure Improving operating results



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Major stakeholders	Primary expectations and concerns	Major means of communication	Our response
Employees	Remuneration and benefits Career development Health and safety Work-life balance	Corporate events Staff opinion poll Internal staff meetings Internal corporate announcements Mechanism and channel for staff feedback Trade union	Establishing a comprehensive staff management system Bringing into play the role of the trade union Ensuring a smooth channel for communication Safeguarding staff rights Organising staff activities
Suppliers	Management of suppliers Sunshine procurement Mutual benefit Addressing climate change	Interviews Evaluation of suppliers Relevant meetings Negotiations for strategic cooperation	Concern for suppliers' environmental and social risks Establishing a sound supplier management mechanism Fostering long-term win-win partnerships Fairness and impartiality in procurement
Consumers	Product responsibility Addressing climate change Protection of customer privacy Diversified demand Change in consumer preference	Customer service hotlines Interviews Consumer satisfaction poll Reward for consumers Daily operation/engagement Mechanism and channel for complaints and response	Enhancing product quality management Enhancing service quality Protecting consumer rights Establishing mechanisms for customers' complaints and response
Community	Operational compliance Community welfare Environmental protection	Community activities Support for community projects Daily operation Questionnaire	Conducting volunteer programmes Launching products with community welfare features

## MATERIALITY ANALYSIS

We have comprehensively identified ESG issues related to the Group through ongoing effective engagement with major stakeholders and adoption of recommendations of the management and external experts, taking into consideration the business characteristics of the Group. The outcomes are adopted as references to provide a guide for the direction of subsequent actions and efforts, in order to ensure that the expectations of stakeholders are accurately reflected in our actions and reports. The steps and details of our major efforts are set out as follows:



### 1. Identifying relevant ESG issues

The Group identifies major, relevant ESG issues based on its current business characteristics and future direction of business development.



### 2. Evaluating material issues for major stakeholders

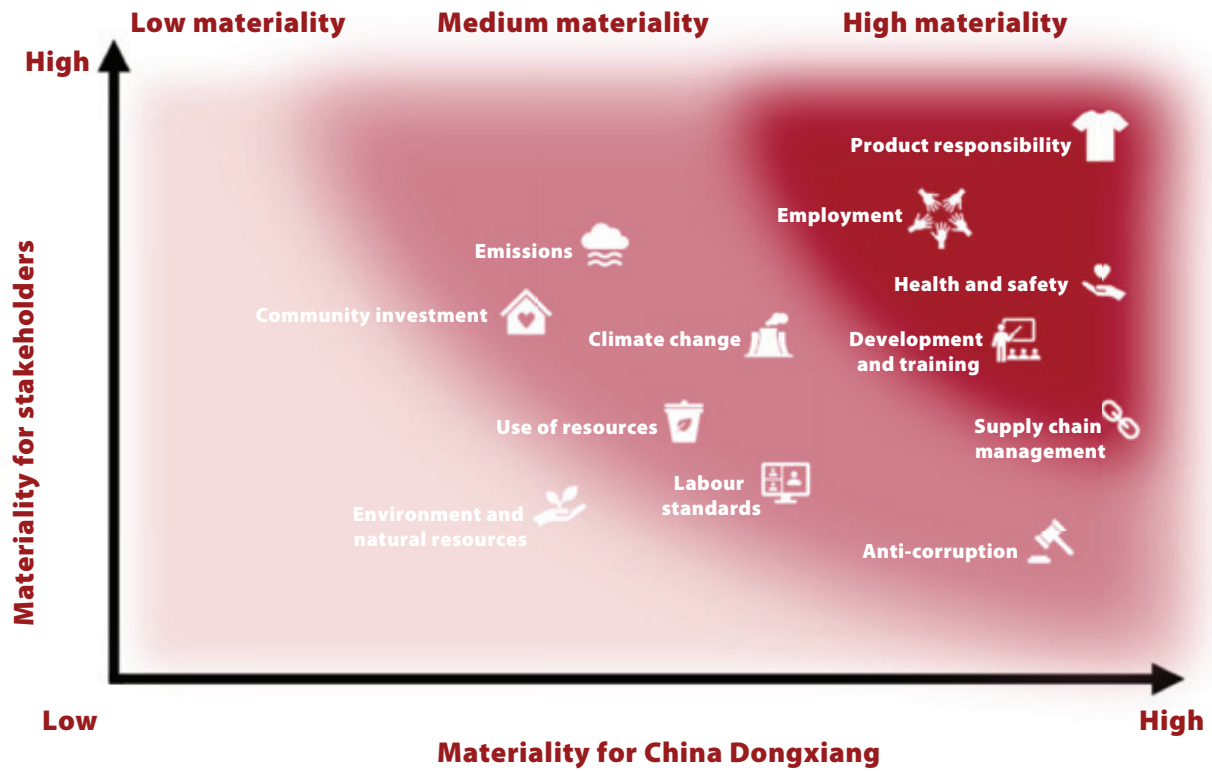
Based on day-to-day business operation, the Group's business characteristics and communication with stakeholders during the course of business and with reference to material issues identified by peers, relevant ESG issues are analysed with respect to their materiality and ranked accordingly.



### 3. Confirming material ESG issues

Based on the outcomes of the materiality analysis for relevant ESG issues, material ESG issues are identified and adopted as the reference for the preparation of this report and the direction of the Group's next moves.

Based on the analysis of material ESG issues, we have identified key issues with varying degrees of materiality for the Group.



### FY2021 China Dongxiang ESG Materiality Matrix

Ranking	ESG agenda	Ranking	ESG agenda
1	Product responsibility	7	Climate change
2	Employment	8	Emissions
3	Health and safety	9	Use of resources
4	Development and training	10	Labour standards
5	Supply chain management	11	Community investment
6	Anti-corruption	12	Environment and natural resources

Materiality ranking of China Dongxiang (Group) Co., Ltd. ESG agenda for FY2021

## SUPPLYING QUALITY PRODUCTS THROUGH RESPONSIBLE OPERATIONS

In line with its mission of “to be the most pioneering and desired sport-life brands”, we are consistently committed to providing a variety of premium products to young consumers. We have exercised stringent control over product quality to afford genuine protection for consumer rights and enhanced regulation of product label information and advertising, while resolutely safeguarding our intellectual property rights. In the meantime, we seek to develop a culture of probity in the course of business development, in a bid to create sound conditions for the development of the Group.

## OPTIMISING OUR PRODUCT QUALITY

The Group firmly believes that sound product quality holds the key to a successful brand, and the provision of quality products is the cornerstone of brand development. Throughout the process of product development sampling, production and sales, the Group conducts itself in stringent compliance the *Product Quality Law of the People’s Republic of China* and in accordance with national and industry standards including *GB 18401–2010 National Basic Safety Technical Specifications for Textiles*, *GB/T 15107–2013 Standards for Traveling Shoes*, *QB/T 2673–2013 Footwear Product Labeling*, *GB 20400–2006 National Standard for Limits of Harmful Substances in Leather and Fur*, *GB 30585–2014 Children’s Shoes Safety Technical Specification*, *GB-T 22853–2009 Knitted Sportswear-National Standard*, *FZ/T 81007–2012 Single and Chip Garment Industry Standard*, *GB/T 2662–2017 Cotton Garment Standard*, *GB/T 14272–2021 National Standards for Down Clothing*, etc. We have also formulated a range of standards relating to product quality, such as the *Kappa Materials Internal Control Standards*, *KAPPA Apparel Quality Standards*, *Apparel Template Sewing Process Manual*, *Dongxiang Group Operational Manual for (Footwear) Sample Development*, *Dongxiang Group Operational Manual for (Footwear) Technology and Production*, *Standards for Properties of Raw Materials for Footwear and Footwear Property Testing Methods*, to regulate the process standards for all sections from product development to commercial production.

We exercise stringent control over product quality at all stages:



### Stage of Product Development

- Upon the receipt of raw materials at the plant, the Group conducts inspection of the physical properties of such materials and evaluation of the safety performance of products to be developed to prevent the occurrence of safety issues in the products during use. The plants conduct secondary random tests based on the testing report on the incoming materials. Sub-standard materials will be returned directly in order to control product quality at source.



### Stage of Sampling Test

- Evaluation of potential safety risks associated with products in use is conducted jointly by the Group’s product development department, production department and sales department;
- Trial use of sample products by internal staff members is arranged to identify and solve any issues at an early stage and prevent the supply of defective products to the market.



### Stage of Manufacturing

- Sample products manufactured by the plants are confirmed by the Group and production is arranged by the plants after such samples have passed the product property test;
- Quality inspection staff of the Group exercise strict supervision over the manufacturing process to ensure stringent compliance with production safety standards;
- The Group’s designated development and product officers inspects the quality of the products at the plants upon the completion of production;
- The Group’s warehouse quality assurance staff conduct random tests in accordance with relevant standards after the products reach the logistics department to ensure compliance of product quality with stipulated requirements.



### Stage of Sales

- The Group has formulated rigorous procedures for the recall and handling of defective/substandard products;
- The Group arranges quality inspection and testing of ordered products by third parties to prevent the marketing of any products that are subject to quality issues.

## **SAFEGUARDING CONSUMER INTERESTS**

In strict accordance with the *E-commerce Law of the People's Republic of China*, *Cyber Security Law of the People's Republic of China*, *Product Quality Law of the People's Republic of China* and *Law of the People's Republic of China on Protection of Consumer Rights and Interests* and other pertinent laws and regulations, the Group has formulated the *Customer Service Operation Process* and *Customer Complaint Handling Process* and has regulated the procedures for handling customer complaints and formulated stringent procedures for the recall and handling of defective and substandard products in consistent enhancement of the quality and standards of its customer service, while making improvements to the protection and management consumer information and privacy in genuine protection of consumer interests. For the reporting period, the Group achieved a 94.9% customer satisfaction rate<sup>3</sup>.

- We have established a dedicated complaint management team to enhance and regulate customer complaint management. Prior to the occurrence of any complaint, the complaint management team would proactively track risks in the course of sales and logistics that could give rise to complaint, striving to solve any issues before consumers file complaints to diminish customers' tendency to complain; after the occurrence of complaints, the complaint management team would inform the store supervisor for prompt communication and handling, as customer complaints are settled by way of monetary compensation or free replacement of the goods concerned; after the settlement of a complaint, our customer service quality assurance team would inspect and rate the customer service record and exercise supervision over how the complaint is handled and the quality after-sales service in a timely manner. During the year, the Group received 29 cases of consumer complaints at the headquarters, 23 cases through the industrial and commercial market supervision department and 489 cases via the e-commerce platform. We have achieved 100% settlement of all complaints.
- We have formulated a stringent process for the recall and handling of defective or substandard products. Our Group offers to consumers services such as after-sales consultation, determination of defective or substandard products and product replacement in accordance with national laws and regulations and pertinent provisions. The local sales channels would recall defective or substandard products and return them to the warehouse on a regular basis for the ascertaining of defective or substandard products and analysis and inspection of defective or substandard issues. The quality assurance department would confirm whether these products should be sent back to the factory for processing or scrapped, depending on the defective or substandard conditions. Meanwhile, the Group would send feedback to the supplier containing a consolidated account of the defective or substandard issues in design, manufacturing and quality of materials, requesting the supplier to rectify in light of the issues, so as to assure the steady improvement in product quality. During the reporting period, the Group did not recall any products because of health and safety reasons.
- With a strong emphasis on the training of customer service teams, we require our customer service personnel to receive training and pass appraisal prior to taking up the position, while organising training in a variety of forms such as weekly customer service chat record case sharing, monthly service review meeting and quarterly learning of product knowledge on a regular basis, in order to consistently improve the service standard of our customer service teams.

<sup>3</sup> The measurement of "customer satisfaction" covers customer satisfaction for "servicing items" relating to customer service and "non-servicing items" relating to product quality.

Moreover, we also place a strong emphasis on the security of consumer information and privacy, as we continuously upgrade our online order processing system with encrypted control over the personal information of consumers and strict management over authorisation of access to and operation on sensitive consumer information to enhance security of consumers' accounts, so as to minimise the risk of leaking personal information of consumers. During the year, we facilitated the upgrade of the ERP system and WMS system to further enhance the encrypted protection of consumer order information, so as to offer comprehensive protection of the security of personal information and privacy of consumers.

### **REGULATING MANAGEMENT OF INTELLECTUAL RIGHTS**

In persistent strict compliance with the *Trademark Law of the People's Republic of China*, *Patent Law of the People's Republic of China*, *Civil Code of the People's Republic of China*, *Regulations for Product Logo and Marks* and other pertinent laws and regulations, the Group has formulated regulations including the *Measures for the Management of Trademark Registration*, *Measures for the Management of Design Vetting* and has established a complete file for its trademarks to exercise stringent control over the use of trademarks, printing of logos and production of anti-counterfeit codes.

To protect the trademark rights of the Group, we have actively conducted the registration and renewal of our trademarks and patents. To avoid infringement of third-party intellectual property rights, trademark design requirements submitted by various departments are subject to vetting by the Group's legal department in accordance with pertinent laws and regulations as to the source and creative originality of the designs. In FY2021, we successfully completed 47 trademark registrations and 5 patent renewals.

In addition, we have also been actively engaged in the protection of our own trademark rights to safeguard our Group's interests. We encourage our staff members or agents to report and furnish evidence of any counterfeit of our Group's trademarks to our legal officer. Upon receipt of such information, our legal officer will contact the production department or sales department in a timely manner for verification and confirmation. Once it is confirmed that such trademarks have not been duly authorised by the Group, the legal officer will request the production department to verify the authenticity of the products. If such products are proved to be counterfeit after verification, we will appoint the lawyer team to file a complaint with the authorities for industrial and commercial administration and other relevant platforms. In FY2021, we assisted the industrial and commercial administration authorities and public security authorities to take action in 6 counterfeit cases and forfeit closely to 2,000 counterfeit products.

### **REGULATING LABELLING INFORMATION**

To enable consumers to clearly identify and access product information, we comply strictly with the *GB/T 8685-2008 Textiles Care Labelling Code Symbols*, *GB 5296.4-2012 Instructions for Use of Consumer Goods Part 4: Textiles and Apparel* and other pertinent national and industry standards, placing a strong emphasis on the transparency and level of regulation of labelling information as we guide consumers towards reasonable spending and enhance their confidence in our brand through simple and easily comprehensible product labels.

### ENHANCING COMPLIANCE IN ADVERTISING

The Group exercises stringent management over its advertising practices in strict accordance with the *Advertising Law of the People's Republic of China* and other pertinent laws and regulations. We have formulated systems and processes for the vetting of the contents of our product advertising and promotion, requiring all information and contents to be vetted by the Group prior to dissemination and strictly prohibiting untruthful statements or exaggerated advertising. Actions will be taken in a timely manner to rectify any violations reported. Meanwhile, any individual or enterprise that publishes advertisements or other promotional materials in the name of the Group without approval or authorisation will instantly be held legally liable. In connection with advertising and promotion, we have consistently adopted an approach of decentralised management under a centralised leadership based on the principles of truthfulness and compliance. For the respect of third-party intellectual property rights, the use of any typefaces or graphic materials prior to the purchase of their copyrights is strictly prohibited. In connection with the placement of commercials, we have adopted a project accountability system, under which designated personnel are appointed to manage the placement of commercials and ensure the truthfulness and lawfulness of the advertising contents, so as to prevent any illegal and false commercials that would mislead consumers.

### FOSTERING THE CULTURE OF PROBITY

We have formulated the *China Dongxiang (Group) Co., Ltd. System for the Management of Non-productive Procurement* and *China Dongxiang (Group) Co., Ltd. Anti-corruption and Anti-bribery Reporting and Reward System* and updated *China Dongxiang (Group) Co., Ltd. System Against Improper Competition and Business Bribery* in strict accordance with pertinent laws and regulations such as the *Company Law of the People's Republic of China*, *Anti-Unfair Competition Law of the People's Republic of China* and *Anti-Money Laundering Law of the People's Republic of China* to safeguard the systematic development of our Group's business and establish a business image of integrity and probity.

All employees are required to follow the principles of probity and integrity and act in line with business ethics in our daily operations. We encourage and support all employees to report any incidents of improper competition or business bribery. An employee may choose to report such incident to his/her immediate supervisor in the unit where he/she works, or directly to the Group's internal audit department. The interests of any employee who voluntarily exposes and reports any improper conduct will be rigorously protected by the Group. The Group's internal audit department will carry out rigorous screening of the reported incidents. The Group reserves the right to press for criminal or civil liabilities in accordance with the law against any acts in violation of national laws and regulations. During the reporting period, there was no litigation cases on corruption against the Group or its employees for which trial had been concluded.

During the year, the Group required all staff at the managerial grade or above to sign a confirmation to ensure that members of the Group management have sufficient knowledge of and comply with the *System Against Improper Competition and Business Bribery*, *Reward and Penalty System*, *Employee Turnover Management System*, *Measures for the Administration and Use of Seals*, *Cash Expenditure Regulation*, *Confidentiality Agreement*, *Undertaking of Confidentiality of Salary* and other internal management system of the Group. Through training and propagation in this manner, the probity awareness of Group Directors and management members has been enhanced and the Group's management system for integrity and probity has been further implemented.

Audits on subsidiaries and departments are conducted on a regular basis. During the audit period, training and promotion on anti-corruption, antibribery and anti-money laundering are held for principals and staffers of the audited departments to enhance staff knowledge of the Group's internal culture of probity. During the reporting period, the Group conducted 3 hours of anti-corruption training for all Directors and the principals and staff of subsidiaries and departments, fostering a sound corporate culture of probity.

Equally concerned with probity in procurement, we have established an open, fair and impartial procurement procedures, standards and regulations for the admission of suppliers, and relevant assessment procedures and supervisory mechanism. We have formulated the *Cash Expenditure Regulation* and the *Gift Management Regulation* which sets out our Group's standards and approval process for gifts. Employees are required to avoid the development of any relationships involving personal interests with third parties which are engaged in business with the Group. In the event that such relationships are formed, the employee concerned is required to inform his/her immediate supervisor and avoid any direct or indirect involvement in any business activities with the said entities. During the year, we collected personal information from the middle and senior management members of the Group to examine whether they were involved in related transactions with suppliers, so as to avoid abuse of office for personal gains.

### **A PEOPLE-ORIENTED APPROACH TO STAFF CARE WITH DEDICATION**

We regard staff as the cornerstone of sustainable development for the enterprise and the protection of staff interests as a fundamental condition for its sound operation. Hence we believe it is our responsibility and obligation to provide a safe and healthy workplace for them. Accordingly, we have formulated and implemented a range of human resources management systems and established a comprehensive staff remuneration regime as part of its effort to regulate and enhance human resources management, develop a sound regime for staff rights and protection, and care for the health, safety and comprehensive development of staff.

### **EMPLOYMENT STANDARDS**

We protect the legal rights of staff in strict compliance with the *Labour Law of the People's Republic of China*, *Labour Contract Law of the People's Republic of China*, *Social Insurance Law of the People's Republic of China*, *Law of the People's Republic of China on the Protection of Minors*, *Law of the People's Republic of China on the Protection of Women's Rights and Interests*, *Regulation on Work-Related Injury Insurances*, *Regulations on Paid Annual Leaves for Employees*, *Special Rules on the Labor Protection of Female Staff*, *Provisions on Minimum Wages* of various local regions and other pertinent laws and regulations.

To facilitate regulated management of staff recruitment, remuneration and work hours, we have formulated internal rules and regulations such as the *Recruitment Management System*, *Remuneration Management Regulation*, *Attendance Management Regulation*.

We have made improvements to our staff employment and labour rights protection system to prevent child labour and forced labour in a resolute manner. Improvements have also been made to our new staff information identification system to facilitate stringent vetting of the age information of appointed staff to ensure they have reached the legal age for employment. We stand against any form of discrimination as we endeavour to foster diversity and resolutely oppose any acts of discrimination based on race, nationality, religion, gender, age, marital status or disability.



**Employment indicators for FY2021**

Employment indicator		FY2021
Number of staff by gender	Male staff (person)	140
	Female staff (person)	236
Number of staff by age group	Total number of staff aged 30 or below (person)	59
	Total number of staff aged 31 to 50 (person)	306
	Total number of staff aged 51 or above (person)	11
Number of staff by grade	Total number of management staff (person)	101
	Total number of non-management staff (person)	275
Number of staff by geographical region	Total number of staff in Mainland China (person)	374
	Total number of staff in Hong Kong, Macau and Taiwan (person)	2
	Total number of staff in other overseas region (person)	0

**Staff turnover in FY2021**

Staff type	Staff turnover rate <sup>4</sup>	
Group staff turnover rate	28.92%	
Staff turnover rate by gender	Male staff	27.84%
	Female staff	29.55%
Staff turnover rate by age group	Staff aged 30 or below	27.16%
	Staff aged 31 to 50	29.49%
	Staff aged 51 or above	21.43%
Staff turnover rate by staff grade	Management staff	21.70%
	Non-management staff	31.25%
Staff turnover rate by geographical region	Staff in Mainland China	28.92%
	Staff in overseas region, Hong Kong, Macau and Taiwan	0.00%

<sup>4</sup> The computation of staff turnover rate is as follows: staff turnover rate = number of staff turnover for the year/(number of staff turnover for the year + number of staff at the end of the period)\*100%

## CAREER DEVELOPMENT

We have continued to develop and improve our staff promotion mechanism. With the formulation of the *Promotion Management System* and *Group Staff Career Development System*, we have established a dual ranking regime comprising the professional route and the management route. For different positional routes, we have formulated a promotion pathway for professional staff to broaden the scope of their career development. Moreover, we have established a systematic mechanism for staff promotion covering the application for promotion, qualification vetting for promotion, work report for promotion and assessment of promotion. Through periodic performance reviews, we conduct staff performance appraisals on a regular basis and inform staff of the results of their performance appraisals, helping them to formulate performance improvement plans and enhancing their understanding of their duties to motivate ongoing upgrades.



## HEALTH AND SAFETY

In strict accordance with pertinent laws and regulations, such as the *Labour Law of the People's Republic of China*, *Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases*, *Regulation on Work-Related Injury Insurances* and *Fire Control Law of the People's Republic of China*, we prioritise staff health and safety and are committed to providing a healthy and safe workplace for staff. During the Reporting Period, there was no material breach of laws and regulations pertaining to staff health and safety by the Group.

In connection with occupational health and safety, we have established a comprehensive occupational health and safety management system in firm adherence to the principle of "life above everything else", requiring all workshop production personnel to be uniformly equipped with protective gear. Production safety supervisors are appointed to conduct periodic inspection and rectify in a timely manner any irregularities in safe production operation and incorrect use of labour safety gear. All plants are subject to fire safety inspection and organise fire drills in accordance with regulations to enhance staff awareness in safety and protection as well as their ability in self-rescue, with a view to fortifying the bottomline for safety protection. Moreover, the footwear factories of the Group are uniformly engaged in the use of non-toxic soluble adhesives which are safer in use to reduce the emission of toxic substances such as benzenes and aromatic amine in genuine protection of the occupational health and safety of employees.

In connection with the physical and psychological health of staff, we provide heartwarming health benefits. We have purchased supplementary medical insurance and life insurance for staff, as well as employer's liability insurance for retail store staffers. Based on the gender and age of our staff, different categories of health check insurance are purchased to meet the needs of staff at different stages. The Group has also set up a fitness centre, an aerobics club and a fight club for staff to encourage fitness exercises during off hours, so that staff could attain balance in work and leisure.

In connection with protection against the COVID-19 pandemic, we have actively supported national and local government initiatives in the combat against the pandemic. The Group has organised propagation of anti-epidemic knowledge while providing sufficient supplies of protective tools such as face masks, hand-rub sanitisers, thermometers, disinfectants and disposable gloves. We carry out disinfection of office and public areas at an interval of 2 hours, while tweeting tips on psychological well-being to staff via online platforms to protect their health and safety.

Lost days due to work-related injuries in FY2021 (day)	Number of fatality caused by work-related injuries in the past three years (person)	Rate of fatality caused by work-related injuries in the past three years (%)
60.5	0	0

## EMPOWERING OUR PEOPLE

We firmly believe that the improvement of personal competence of staff is essential to the long-term development of the enterprise. We persist in a “staff-centric” approach as we consistently strengthen our team building and are committed to achieving both staff growth and corporate development in a win-win scenario. We have formulated a range of training systems, including the *Training Management System*, *System for the Management of Training of New Employees* and *System for the Management of External Training*, among others, and launched a variety of specialised training programmes.

We provide a diverse range of training courses tailored to the requirements for development of staff at different job positions, grades and business segments, such as senior management training, product training, retail store manager training and rudimentary vocational skills training, in order to enhance the general competitiveness of staff.

Moreover, our Group attaches great importance to training in quality management, as we organize internal quality management literacy and skills improvement sessions for process quality management personnel each year on a regular basis. Moreover, we have also developed external channels for growth with active participation in quality-related seminars and training sessions hosted by national authorities quality supervision authorities to enhance the professional competence of our business staff.

### Staff Training in FY2021

Classification	FY2021
<b>Percentage of employees receiving training by gender</b>	
Percentage of male staff receiving training (%)	60.71%
Percentage of female staff receiving training (%)	69.07%
<b>Percentage of employees receiving training by staff category</b>	
Percentage of management staff receiving training (%)	55.45%
Percentage of non-management staff receiving training (%)	69.82%
<b>Average training hour per employee by gender</b>	
Average length of training per person for male staff (hour)	3.27
Average length of training per person for female staff (hour)	4.12
<b>Average training hour per employee by staff category</b>	
Average length of training per person for management staff (hour)	4.85
Average length of training per person for non-management staff (hour)	3.47



“Star Academy” training by the Harbin subsidiary



“Skilled and Lively as Tiger” — Staff Training Camp of the Shenzhen subsidiary

### CARING FOR STAFF

In line with a “people-centric” philosophy that emphasises personal care, we have organised a rich variety of staff events and encouraged active staff participation, in order to alleviate their pressure from work, and to strengthen team identity, unity and solidarity.

### **Corporate culture**

We emphasise the fostering of a corporate culture underpinned by equality and inclusivity and encourage engagement with staff. The Group has unequivocally established a “direct, candid, open and sharing” corporate culture. Members of the management have made promotional videos to foster an ambience for equal and smooth communication. We have also organised the “Dongxiang Operation  $\pi$ ” initiative which encourages staff to set a mini-target in work or life and rewards those who complete a 100-day check-in campaign, thereby further deepening the corporate culture of candid communication and active sharing among staff.



“Dongxiang Operation  $\pi$ ”

### **Festive greetings**

We show thoughtful care for our staff. During traditional festivals such as Chinese New Year, Mid-Autumn Festival and Dragon Boat Festival, the Group would offer heartwarming benefits such as the Chinese New Year gift pack, visits to staff families and provision of daily necessity goods. On occasions such as the Children’s Day, Women’s Day, Christmas and staff birthdays, we would also prepare special privileges for staff such as Christmas gifts, delicatessen gala and birthday parties, such that employees and their families would genuinely feel the warmth of being part of the Group as a big family.



"Family Day" outing for staff organised by the Group



Christmas celebrations for staff at the Tianjin subsidiary



The Group presents Chinese New Year gift packs to staff

### ***Happy team building***

We advocate work-life balance and regularly organise different types of outward bound activities, such as the “True Colours Annual Assembly”, “Dongxiang — On the Move to the Top” sports day, ball games, aptitude development activities and others. These activities have enhanced team coordination and interaction while enriching the leisure life of staff.



Group Sports Day in April 2021: “Dongxiang — On the Move to the Top”



Outward bound activities during the “True Colours Annual Assembly” in April 2021

## WIN-WIN COOPERATION AND FULFILMENT OF SOCIAL RESPONSIBILITY

To develop win-win partnerships with our business partners, enhance our supplier management regime, empower suppliers so as to improve their environmental and social risk management standards and forge a sustainable supply chain is a matter of high priority for us. We also take proactive steps to care for community development and vigorously engage in community welfare initiatives.

## ENHANCING SUPPLY-CHAIN MANAGEMENT

We have continued to improve our supplier management regime and formulated a supplier management system to facilitate consistent supply of premium products to consumers. In addition to developing long-term, stable partnerships with suppliers, we are also enhancing our management of the environmental and social risks associated with suppliers. The Group's supplier management covers all of the 71 suppliers on list, which have passed the environmental and social risk management assessment conducted by the Group.

Our management of environmental and social risks associated with suppliers includes mainly the following:



### Environmental risk management

To exercise control over the eco-friendliness of our materials, we examine and select suppliers who are in compliance with the requirements of pertinent environmental laws, regulations and standards. For example, we conduct investigations to see whether processes generating heavy pollution, such as printing, dyeing and spraying, are carried out at the suppliers' factories in a manner compliant with national and local environmental standards and whether they have undermined the environment. If there are any violations on the part of the supplier, we will demand rectification within a designated timeframe, failing which we will terminate cooperation with such supplier;

In addition, we have continued to increase the use of eco-friendly materials and reduce the use of hazardous chemicals. During the financial year, we promoted the use of non-toxic and non-pollutant soluble adhesives with a higher safety level and recycled eco-friendly composite leather materials, as well as the increased use of recyclable TPU (thermoplastic polyurethanes), among footwear product suppliers.



### Social risk management

We attach great importance to compliance and occupational health and safety management relating to labour along the supply chain. We are concerned with the legal compliance of labour employment as well as the skill level and operational proficiency of workers. We determine the existing workforce, production lines and equipment of a supplier and assess whether he can assure stable supply of products. We also make estimations on its actual production capacity to facilitate reasonable order arrangements. Suppliers' performances in workhour management, remuneration and benefits and staff training are also included in our assessment. In the meantime, we assess the ability and standard of a supplier in health and safety management through on-site inspection at its factories in respect of production safety.

### Number of Suppliers by Geographical Region in FY2021

Indicator	FY2021
Number of suppliers in Eastern China	32
Number of suppliers in Central China	8
Number of suppliers in Northern China	16
Number of suppliers in Southern China	15
<b>Total number of suppliers</b>	<b>71</b>



### **CRITERIA FOR THE ADMISSION OF SUPPLIERS**

We require suppliers to have experience in manufacturing for first-tier domestic and international brands and all suppliers are subject to on-site visit and general assessment by the Group before they are admitted to the Group's suppliers' list. We have formulated stringent evaluation standards to assess suppliers in a comprehensive manner in relation to their corporate background, operational credentials, business philosophy, social responsibility, environment and safety, financial conditions, development capabilities, technological strength, production regime and quality standards. Supplier assessment for admission covers all procurement items and suppliers of the Group.

We conduct assessment for suppliers' admission primarily in three aspects as follows:



In connection with the assessment of production operations, we conduct supplier audit on a number of areas, including infrastructure and hardware facilities, development and production capabilities, production process management, operational capabilities, on-site management capabilities and implementation of relevant standards. Priority is given to suppliers who are in compliance with ISO9001 Quality Management Systems accreditation and OEKO-TEX series accreditation to ensure that the product manufacturing process and quality management are standardised, reasonable and institutionalised. The audit results are shared on the supply chain platform within the regime.



In connection with environmental assessment, we conduct on-site audit and assessment of the environmental facilities and raw materials of suppliers, who are required to meet national standardisation requirements such as ISO14001 Environmental Management Systems accreditations. We supervise their implementation of environmental measures, so as to fulfil the local environmental standards of our export destinations.



In connection with social responsibility assessment, priority is given to suppliers in compliance with domestic and international industry standards, such as ISO45001 Occupational Health and Safety Management Systems accreditation and Business Social Compliance Initiative (BSCI). We conduct stringent assessment of raw materials used by suppliers and the safety level of their production and processing procedures to safeguard the health and safety of the staff of suppliers.

**100%** In 2021, 100% of the Group's raw materials suppliers had passed the ISO14001 Environmental Management Systems and ISO9001 Quality Management Systems accreditations

**80%** In 2021, 80% of the Group's fabric suppliers had passed relevant environmental accreditations including the Blue Sign accreditation of Switzerland, OEKO-TEX accreditation and GRS (Global Recycling Standards) accreditation



Factory audit

To forge a sustainable supply chain, the Group encourages suppliers to incorporate environmental principles into their own management regimes. We require supplier to provide certification and test reports under standardisation regimes, such as CTI (Centre Testing International), ITS (Intertek Testing Services), SGS (Societe Generale de Surveillance S.A.), ZDHC (Zero Discharge of Hazardous Chemicals) or FSC (Forest Stewardship Council), and require suppliers to provide sustainable raw materials and reduce the use of hazardous chemicals. While protecting the occupational health and safety of staff and the environment, this has also facilitated the supply of safer, healthier and more eco-friendly products to consumers.

**100%**

**100% of our existing cotton procurement are fully traceable to source of origin**

**220,945 pieces**  
**12%**

**Approximately 220,945 pieces of eco-friendly yarn products have been manufactured under purchase orders, accounting for 12% of our total apparel orders**

**EMPOWERING OUR SUPPLIERS**

We emphasise communications with suppliers to procure win-win cooperation in the supply chain. We have organised training for suppliers covering various aspects, such as production management, quality standards, consumer demands and industry developments, to encourage product technology innovation on the part of suppliers. The Group's process technique quality management personnel conduct quality management training at suppliers' factories on a regular basis according to the latest quality and process technique standards to enhance suppliers' understanding of the Group's requirements in product quality and facilitate co-growth with suppliers.



Quality management training for suppliers



Training and propagation for suppliers

## ENHANCING COMMUNITY CARE

We emphasise the development of a stable and effective mechanism for community engagement and insist on rewarding the community with our achievements in corporate development, as we embark on vigorous implementation of our social responsibility in an effort to improve our community in general. We believe that organising and participating in community investment activities will enable us to understand and identify community needs in a more profound manner and maintain engagement and interaction with the community, while taking into consideration the impact of our business activity on the community, with a view to making contributions to the fostering of social harmony.

### DELIVERING COMMUNITY WELFARE PRODUCTS

Out of our concern for teenage growth, we have made an effort to help children from ethnic minority district to fulfil their dreams in drawing and painting. In May 2022, we teamed up with the I Do Charity Foundation (“I Do Foundation”) of Beijing to launch the “Kappa Player • I Do” Tibetan Community Welfare Co-branded Series. We have incorporated the paintings of Tibetan kids into our products and called for stronger community awareness for the growth of children from the Lhasa Special Education School. Proceeds from the sales of these products are donated to the I Do Foundation in support of art education for Tibetan children.



#### The Auspicious Rainbow

- The rainbow is an auspicious sign that always relates to happiness. Three kids with hearing impairment worked together to create this artwork with a spectacular play on connectedness in an expression of good wishes and anticipation for the blissful new life in the motherland, underpinned by subtle emotions expressed through unpretentious graphics.

Products under the “Kappa Player • I Do” Tibetan Community Welfare Co-branded Series

### LIGHTING DREAMS IN COMMUNITY WELFARE

In active involvement in community welfare, we have shown our care for children with special needs in Tibet through solid actions. On 19 October 2021, the Group’s “Charity Tibet” team joined I Do Foundation in a visit to Lhasa Special Education School to officially commence the “Art Education for Children with Special Education Needs” project, a national-level research launched jointly with the Art Management and Education School of the Central Academy of Fine Arts and unveil the “Art Dream Classroom”. We have invited a star ambassador to act as an ad-hoc teacher at the “Art Dream Classroom”, who gave a spectacular dance lesson to present the kids with a unique artistic experience. On 20 October 2021, our team visited Qushui Caina Primary School and brought with them books and other charitable donations. At the donation ceremony, we shared some moments of reading with the kids. Through activities such as “Charity Tibet”, we continued to embark on a diverse range of community welfare projects in vigorous undertaking of our corporate social responsibility to show our genuine concern for the healthy growth of youngsters and teenagers.



“Charity Tibet” celebrity ambassador, Wu Jinyan, in intimate interaction with the kids



Opening ceremony for “Art Dream Classroom”

**PROTECTING THE ENVIRONMENT THROUGH GREEN OPERATION**

We have actively undertaken the corporate responsibility in green operation by consistently making improvements to our environmental management policy and measures, effectively implementing energy-saving and emission reduction practices, reducing waste generated from operations and advocating eco-friendly concepts among employees.

In rigorous compliance with the *Environmental Protection Law of the People’s Republic of China*, *Energy Conservation Law of the People’s Republic of China*, *Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, *Water Pollution Prevention and Control Law of the People’s Republic of China*, *Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution* and other pertinent laws and regulations, we have set environmental goals and vigorously advanced and implemented measures for environmental protection, taking into account our inherent business characteristics.

Goals	
Energy conservation and emission reduction targets	<ul style="list-style-type: none"> <li>Starting from FY2021, LED lights installation rate in Beijing offices reached 100%</li> <li>Starting from FY2021, Taicang Factory has been using variable-frequency-based sewing machines at all sections, enabling the reduction of electricity consumption by approximately 135 MWh and carbon dioxide emission by approximately 33% each year, compared to non-variable-frequency-based sewing machines</li> <li>By FY2022, LED lights installation rate in Taicang factory will reach 100%, and the daily water heating equipment for Taicang Factory staff will be powered by solar energy</li> </ul>
Water conservation target	<ul style="list-style-type: none"> <li>From the benchmark year of FY2019, water consumption at Taicang Factory will be reduced by 10% by FY2025</li> </ul>

Goals	
Waste reduction target	<ul style="list-style-type: none"> <li>Starting from FY2021, the Group has achieved 100% garbage sorting</li> <li>Sewage and exhaust gas discharge at Taicang Factory has been 100% compliant with required standard with zero case of environmental pollution</li> <li>Starting from FY2021, the Group has been purchasing FSC-certified eco-friendly paper for office use</li> <li>By FY2022, waste raw materials generated from production processes at Taicang Factory have been 100% recycled</li> </ul>

**CLIMATE CHANGE**

We are highly concerned with climate change in active response to the national goals of “carbon peak and carbon neutrality” and the focus on climate issues in continuously evolving environmental laws and regulations. Following communication and research with various functional departments and stakeholders, we have identified the Group’s principal risks and opportunities relating to climate change. Climate-related risks include mainly increased operating cost in tandem with additional policy, legal and regulatory requirements, uncertainty and consumer and market signals, the potential adverse impact of extreme weather or natural disasters on store operation and logistics and storage for the raw materials supply chain, among others. Meanwhile, we have adopted proactive response strategies based on the impact of these risks and opportunities.

We implement low-carbon green philosophy and closely monitor industry developments, while actively participating in the construction of sustainable supply chains and studying sustainable and innovative measures to promote green development of the apparel and textile industry.

On October 2021, the Group participated in the launch ceremony of “China Fashion Brands for Chinese Textile and Apparel Enterprises for Swift Actions in Climate-related Innovation and Carbon Neutrality Campaign” initiated by China National Textile & Apparel Council and officially became one of the first key enterprises joining “30 · 60 Chinese Textile and Apparel Industry for Expediting Carbon Neutrality Campaign”. We have taken this opportunity to further engage in climate change governance and low-carbon transformation, and plan to carry out the full life-cycle assessment of textile, active planning for the development and application of low-carbon products, and the construction of a green low-carbon production and operation model. Currently, the Group is planning to procure partners along the industry chain to commit themselves to the manufacturing of low-carbon products, in an effort to build a carbon-neutral ecosphere and contribute to the sustainability of the apparel and textile industry.



China Dongxiang attended the plaque presentation ceremony for the “30 · 60 Chinese Textile and Apparel Industry for Expediting Carbon Neutrality Campaign” as one of the first key participating enterprises.

## CONSERVATION OF RESOURCES

In connection with energy conservation, we have reduced energy consumption and promoted the green office and low-carbon operation in a multi-pronged approach to environmental protection in persistent adherence to the “low-carbon” environmental principle. The impact of the Group’s operations on the environment and natural resources mainly comes through emissions and consumption of resources at the office buildings and Taicang Factory.

**Management of lightings:** We encourage “turning off lights when not in use” to reduce unnecessary consumption of electricity; facilities and equipment requiring a high level of energy consumption with low energy efficiency are gradually phased out, whereby LED lights with low energy consumption are used for replacements of lights in the office areas; at premises where the lighting requirement is lower, such as stairwells, corridors and washrooms in the office areas, sound-activated automatic switches are installed to prevent lights from being turned on for a prolonged period.

**Energy-saving equipment management:** We have formulated management measures for energy conservation and consumption reduction to optimise the operating hours and parameters of energy-consuming equipment, such as requiring the switching off of computers and copiers promptly after office hours and air-conditioners half a hour before office hours end. Air-conditioning is set at a temperature of not lower than 26°C in summer and not higher than 20°C in winter. We encourage subsidiaries to conduct appraisals on staff performance in energy conservation and reducing consumption and give out titles such as “top department in energy conservation” and “outstanding employee in energy conservation”.

**Management of daily water consumption:** We encourage staff to follow the guidance of “turning off water supply when not in use” and “recycled use of water”. Water-conserving faucets are installed at all relevant facilities and water conservation marks are being posted in washrooms. Daily maintenance and management of water-consuming equipment in office areas is enhanced and inspection and replacement of aged water pipes is conducted on a regular basis. In connection with drinking water, we limit the quantity of bottled water per order to avoid the waste of unconsumed drinking water upon expiry. Our water supply is provided by the municipal fresh water pipe network, and our Group has not encountered any problem in obtaining suitable water sources.

**Low-carbon eco-friendly travel:** We exercise stringent management over the use of corporate vehicles and promote shared use of such vehicles. We encourage our staff to travel by public transportation to reduce consumption of transport resources and carbon emissions generated by business traveling.

## WASTE REDUCTION INITIATIVE

In connection with waste reduction, we emphasise the management and regulated use of waste materials, with a view to enhancing the utilisation rate of waste and used materials and reducing waste and refuse generated from production and office activities.

**Waste reduction at production:** Taking into full consideration of the use and utilisation rate of raw materials, during the stage of product design and production, we maximise the use of raw materials to minimise the generation of waste fabric leftovers by making precise layout according to parameters provided by the fabric warehouse, such as tested width and shrink rate. During the stage of product distribution and transportation, we prioritise the use of reusable paper boxes to reduce wastage of wood products.

**Waste reduction at office:** We have set up a used paper recycling area beside the printers for recycled use by staff who need it. We have abolished the use of disposable paper cups and chopsticks, while purchasing bottled drinking water on a centralised basis to minimise the number of waste bottles generated. We also encourage our staff to learn the *Beijing Household Waste Management Regulations* and have commenced waste management by way of garbage sorting. Moreover, electronic product components that are usable are reused to the extent practicable, while qualified third parties are engaged for the collection and disposal of electronic waste. Hazardous wastes generated by the production operation of the Group include mainly ink boxes and toner cartridges, which are centrally handled by qualified third parties for disposal in compliance with relevant regulations.

**Paperless office:** We promote the use of online office software in daily work and the use of electronic documents in lieu of paper-based documents wherever practicable to encourage the implementation of paperless office. Through measures such as setting printers to double-sided printing by default, using smaller fonts in documents and printing invoices on a half-size paper, the use of printing consumables is reduced.

**GREEN PRODUCTS**

With a strong emphasis on green innovation for products, we have actively adopted frontier eco-friendly materials to send a message to consumers advocating the building of a Green Earth, as part of our effort to fulfil our corporate responsibility for environmental protection.

During the reporting period, we promoted to the factories the use of non-toxic, pollution-free and non-combustible soluble adhesives which were safer in use and significantly reducing the emission of hazardous and polluting substances such as benzenes and aromatic amine. Moreover, we increased the use of TPU (thermoplastic polyurethanes) in our footwear products. TPU does not produce waste such as escaped burrs and extruded waste glue and can be directly reused. The use of TPU materials has maximized the efficiency of the consumption of materials in factory production and reduced environmental pollution. Since August 2021, Kappa brand, which is owned by the Group, has produced more than 100,000 pairs of footwear containing TPU, accounting for approximately 21% of the total quantity of its footwear commercial production orders.



Products using safe and non-polluting soluble adhesive



Products using TPU materials

During the reporting period, we added “bio-based fiber — SORONA” fabric in our cotton tee products. This fabric contains 37% plant-based renewable raw materials (plant-based starch sugar). Compared to traditional nylon fabric, the product manufacturing process of SORONA could reduce consumption of petroleum resources by approximately 37%, reducing resource consumption by 30% and greenhouse gas emission by 63%. Moreover, SORONA not only complies with the green development trend of international industry, but also offers green organic features. It has passed the four major international certification for green products, including biomass materials certification of the United States Department of Agriculture (USDA)<sup>5</sup>, Japan BioPlastics Association<sup>6</sup>, OEKO-TEX 100<sup>7</sup> and Blue Sign<sup>8</sup> safety and environmental certification of Switzerland.



<sup>5</sup> United States Department of Agriculture Biomass Materials Certification (USDA) is awarded by one of the world’s authoritative institutions for organic accreditation, United States Department of Agriculture (USDA). The raw materials of products receiving accreditation are mainly derived from plants, the marine environment, forestry materials and other renewable resources, which are conducive to the use of bio-renewable materials in place of non-renewable materials and increased utilisation of renewable agricultural resources, thereby reducing the adverse impact on the environment and health.

<sup>6</sup> Japan BioPlastics Association (JBPA) works in collaboration with testing agencies of the United States, European Union and China to promote the practice of standard evaluation, product specification, accreditation and labeling system in relation to bio-degradability. It has more than 200 corporate members.

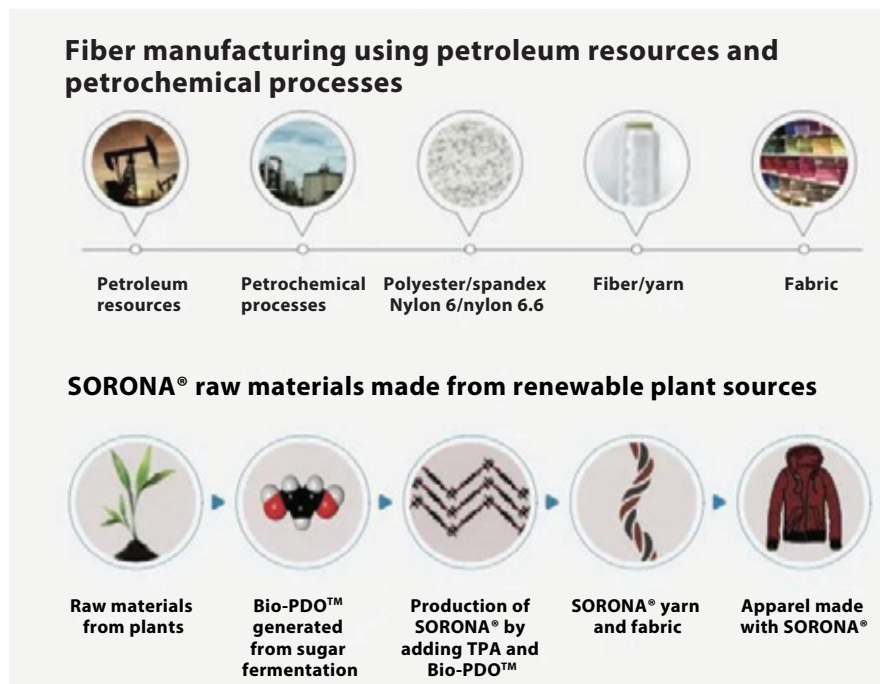
<sup>7</sup> Oeko-Tex Standard 100 is one of the world’s most authoritative and most influential ecological labels for textiles. Products displaying the Oeko-Tex Standard 100 label have been tested and certified by renowned textile authentication agencies (all being members of International OEKO-TEX Association) located in 17 countries. The Oeko-Tex Standard 100 label represents assurance for the ecological safety of products so labeled to address consumers’ demand for healthy life.

<sup>8</sup> The Blue Sign of Switzerland is a highly rigorous environmental accreditation for textile-related industries promoted by Bluesign Technologies AG of Switzerland. Textile products manufactured by accredited enterprises are totally free from hazardous or toxic substance and heavy metal elements, hence offering assurance for environmental safety throughout the production chain.



	SORONA®	Nylon
Volume of recyclable materials in same unit weight	37% Recyclable materials based on weight	0% Recyclable materials based on weight
Compared to Nylon 6, production of the same amount of SORONA® reduces energy consumption by 30%	83.8 MJ/kg Non-renewable energy consumption	120.5 MJ/kg Non-renewable energy consumption
Carbon dioxide equivalent in same unit weight	3.38 CO <sub>2</sub> equivalent/kg	9.1 CO <sub>2</sub> equivalent/kg

SORONA fabric offers stronger sustainability features compared to traditional nylon fabric



Comparison between the manufacturing processes for SORONA fabric and traditional fabric

**Brand new label for the SORONA series**

Moreover, we have designed an exclusive badge label for products using SORONA materials to provide consumers with clear information on green materials used for our products in a closed-loop promotion of the green product philosophy.



**TABLE OF KEY ENVIRONMENTAL PERFORMANCE INDICATORS**

Unless otherwise stated, scope of environmental statistics includes the data of the Group and its subsidiaries in China (excluding outlets).

**Emissions**

Indicator	FY2021	FY2020	FY2019
Total greenhouse gas emissions <sup>9</sup> (scopes 1 and 2) <sup>10</sup> (in tonnes)	1,308.64	1,317.54	1,445.99
Direct emissions (scope 1) (in tonnes)	26.12	31.09	31.07
Petrol	20.04	23.00	22.82
Diesel	6.08	8.09	8.25
Indirect emissions (scope 2) (in tonnes)	1,282.51	1,286.45	1,414.92
Purchased electricity	1,282.51	1,286.45	1,414.92
Greenhouse gas emission intensity (in tonnes/person)	1.56	1.47	1.52
Greenhouse gas emission intensity (in tonnes/m <sup>2</sup> )	0.06	0.06	0.06
Total hazardous wastes <sup>11</sup> (in tonnes)	0.13	0.23	0.10
Hazardous wastes per capita (in tonnes/person)	0.0002	0.0003	0.0001
Total non-hazardous wastes <sup>12</sup> (in tonnes)	28.56	55.93	26.98
Non-hazardous wastes per capita (in tonnes/person)	0.03	0.06	0.03

<sup>9</sup> Due to its business nature, the significant air emissions of the Group are greenhouse gas emissions, arising mainly from the use of fuels and electricity generated from fossil fuels;

<sup>10</sup> The Group's greenhouse gas inventories encompass carbon dioxide, methane and nitrous oxide. Greenhouse gas accounting is presented in carbon dioxide equivalent in accordance with 2019 Baseline Emission Factors for Regional Power Grids in China issued by the Ministry of Ecology and Environment of the People's Republic of China and the 2006 Intergovernmental Panel on Climate Change (IPCC) Guidelines for National Greenhouse Gas Inventories issued by IPCC;

<sup>11</sup> Hazardous wastes involved in the Group operations primarily include waste toner cartridges and ink boxes;

<sup>12</sup> Non-hazardous wastes involved in the operations of the Group primarily include office waste, leftover materials and waste electronic equipment. Office waste is disposed of collectively by property management companies, while leftover materials and waste electronic equipment approved for retirement are recycled and disposed of by recycling operators.

**Consumption of resources**

Indicator	FY2021	FY2020	FY2019
Total energy consumption <sup>13</sup> (in MWh)	2,129.86	2,167.43	2,243.35
Direct energy (in MWh)	105.00	124.75	124.58
Petrol	81.87	93.97	93.20
Diesel	23.13	30.78	31.38
Indirect energy (in MWh)	2,024.86	2,042.68	2,118.77
Purchased electricity	2,024.86	2,042.68	2,118.77
Energy consumption per person in offices <sup>14</sup> (in MWh/person)	1.44	1.35	1.28
Energy consumption per unit of area in office buildings <sup>15</sup> (in MWh/m <sup>2</sup> )	0.073	0.072	0.069
Energy consumption per unit of area in warehouses <sup>16</sup> (in MWh/m <sup>2</sup> )	0.0133	0.0075	0.0086
Energy consumption per RMB million of revenue of Taicang Factory (in MWh/RMB million)	11.73	9.09	10.4
Water consumption <sup>17</sup> (in tonnes)	30,649.76	21,880.80	31,707.13
Water consumption per capita in offices (in tonnes/person)	16.11	7.86	8.52
Water consumption per RMB million of revenue of Taicang Factory (in tonnes/RMB million)	192.79	121.45	207.24
Total volume of packaging materials for finished goods <sup>18</sup> (in tonnes)	1,357.10	1,210.38	1,160.80
Consumption of packaging materials per RMB million of revenue <sup>19</sup> (in tonnes/RMB million)	0.91	0.61	0.75

<sup>13</sup> Energy consumption data is calculated based on the consumption of electricity and fuel as well as the conversion factors provided by the *General Principles for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2020)*, the national standards of the People's Republic of China. The electricity purchased externally excludes the data of the offices set up in Harbin, as the electricity fees of Harbin offices is included in the property management fees, hence electricity consumption cannot be calculated separately;

<sup>14</sup> Energy consumption per person in offices represents energy consumption per person in the offices of headquarters and subsidiaries;

<sup>15</sup> Energy consumption per unit of area in office buildings represents electricity consumption per square metre in the office buildings of headquarters and subsidiaries;

<sup>16</sup> Energy consumption per unit of area in warehouses represents electricity consumption per square metre of the logistics department and in the warehouses of subsidiaries;

<sup>17</sup> Water consumption includes tap water consumption of district officers in Beijing, Nanjing, Dalian, Wuhan and Kunming and Taicang Factory. Water tariffs of district officers in Shanghai, Harbin, Hangzhou, Tianjin, Shenzhen, Zhengzhou, Changsha, Sichuan, Lanzhou are included in property management fees, hence the water consumption cannot be calculated separately. We conducted estimates according to the *2020 China Water Resources Bulletin* published by the Ministry of Water Resources of the People's Republic of China;

<sup>18</sup> Packaging materials for finished goods comprise mainly cartons and plastic bags purchased in the reporting period for the footwear supply chain, apparel supply chain, equipment supply chain and logistics distribution;

<sup>19</sup> Packaging materials consumed per RMB million of revenue refer to the weight of finished packaging materials consumed by the Group's revenue of RMB one million in China.

**APPENDIX: HKEx ESG GUIDANCE**

<b>Provisions, Major Subject Areas, Aspects, General Disclosures and KPIs</b>		<b>Section of disclosure or remarks</b>
<b>Mandatory Disclosure Requirement</b>		
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses	ESG MANAGEMENT — OUR ESG GOVERNANCE STRUCTURE
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles (materiality, quantitative, consistency) in the preparation of the ESG report:	ABOUT THIS REPORT — REPORTING PRINCIPLES
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change	ABOUT THIS REPORT — REPORTING BOUNDARY
<b>"Comply or Explain" Provisions</b>		
<b>A. Environmental</b>		
<b>Aspect A1: Emissions</b>		
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	PROTECTING THE ENVIRONMENT THROUGH GREEN OPERATION
KPI A1.1	The types of emissions and respective emissions data	PROTECTING THE ENVIRONMENT
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and, where appropriate, intensity	THROUGH GREEN OPERATION — KEY
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity	ENVIRONMENTAL
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity	PERFORMANCE INDICATORS
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them	PROTECTING THE ENVIRONMENT THROUGH GREEN OPERATION
KPI 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	PROTECTING THE ENVIRONMENT THROUGH GREEN OPERATION — WASTE REDUCTION INITIATIVE

Provisions, Major Subject Areas, Aspects, General Disclosures and KPIs		Section of disclosure or remarks
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	PROTECTING THE ENVIRONMENT THROUGH GREEN OPERATION
KPI A2.1	Direct and/or indirect energy consumption by type	PROTECTING THE ENVIRONMENT THROUGH GREEN OPERATION — KEY ENVIRONMENTAL PERFORMANCE INDICATORS
KPI A2.2	Water consumption in total and intensity	PROTECTING THE ENVIRONMENT THROUGH GREEN OPERATION — KEY ENVIRONMENTAL PERFORMANCE INDICATORS
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	PROTECTING THE ENVIRONMENT THROUGH GREEN OPERATION
KPI 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	PROTECTING THE ENVIRONMENT THROUGH GREEN OPERATION
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	PROTECTING THE ENVIRONMENT THROUGH GREEN OPERATION — KEY ENVIRONMENTAL PERFORMANCE INDICATORS

Provisions, Major Subject Areas, Aspects, General Disclosures and KPIs		Section of disclosure or remarks
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources	PROTECTING THE ENVIRONMENT THROUGH GREEN OPERATION
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	PROTECTING THE ENVIRONMENT THROUGH GREEN OPERATION
<b>Aspect A4: Climate Change</b>		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	PROTECTING THE ENVIRONMENT THROUGH GREEN OPERATION — CLIMATE CHANGE
KPI 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	PROTECTING THE ENVIRONMENT THROUGH GREEN OPERATION — CLIMATE CHANGE
<b>B. Social</b>		
<b>Employment and Labour Practices</b>		
<b>Aspect B1: Employment</b>		
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	A PEOPLE-ORIENTED APPROACH TO STAFF CARE WITH DEDICATION — EMPLOYMENT STANDARDS
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	A PEOPLE-ORIENTED APPROACH TO STAFF CARE WITH DEDICATION — EMPLOYMENT STANDARDS
KPI B1.2	Employee turnover rate by gender, age group and geographical region	A PEOPLE-ORIENTED APPROACH TO STAFF CARE WITH DEDICATION — EMPLOYMENT STANDARDS

Provisions, Major Subject Areas, Aspects, General Disclosures and KPIs		Section of disclosure or remarks
<b>Aspect B2: Health and Safety</b>		
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.	A PEOPLE-ORIENTED APPROACH TO STAFF CARE WITH DEDICATION — HEALTH AND SAFETY
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	A PEOPLE-ORIENTED APPROACH TO STAFF CARE WITH DEDICATION — HEALTH AND SAFETY
KPI B2.2	Lost days due to work injury	A PEOPLE-ORIENTED APPROACH TO STAFF CARE WITH DEDICATION — HEALTH AND SAFETY
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	A PEOPLE-ORIENTED APPROACH TO STAFF CARE WITH DEDICATION — HEALTH AND SAFETY
<b>Aspect B3: Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	A PEOPLE-ORIENTED APPROACH TO STAFF CARE WITH DEDICATION — EMPOWERING OUR PEOPLE
KPI B3.1	The percentage of employees trained by gender and employee category	A PEOPLE-ORIENTED APPROACH TO STAFF CARE WITH DEDICATION — EMPOWERING OUR PEOPLE
KPI B3.2	The average training hours completed per employee by gender and employee category	A PEOPLE-ORIENTED APPROACH TO STAFF CARE WITH DEDICATION — EMPOWERING OUR PEOPLE



Provisions, Major Subject Areas, Aspects, General Disclosures and KPIs		Section of disclosure or remarks
<b>Aspect B4: Labour Standards</b>		
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 or forced labour	A PEOPLE-ORIENTED APPROACH TO STAFF CARE WITH DEDICATION — EMPLOYMENT STANDARDS
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	A PEOPLE-ORIENTED APPROACH TO STAFF CARE WITH DEDICATION — EMPLOYMENT STANDARDS
KPI B4.2	Description of steps taken to eliminate such practices when discovered	A PEOPLE-ORIENTED APPROACH TO STAFF CARE WITH DEDICATION — EMPLOYMENT STANDARDS
<b>Operating Practices</b>		
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain	WIN-WIN COOPERATION AND FULFILMENT OF SOCIAL RESPONSIBILITY
KPI B5.1	Number of suppliers by geographical region	WIN-WIN COOPERATION AND FULFILMENT OF SOCIAL RESPONSIBILITY — ENHANCING SUPPLY-CHAIN MANAGEMENT
KPI 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	WIN-WIN COOPERATION AND FULFILMENT OF SOCIAL RESPONSIBILITY — ENHANCING SUPPLY-CHAIN MANAGEMENT — CRITERIA FOR THE ADMISSION OF SUPPLIERS

Provisions, Major Subject Areas, Aspects, General Disclosures and KPIs		Section of disclosure or remarks
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	WIN-WIN COOPERATION AND FULFILMENT OF SOCIAL RESPONSIBILITY — ENHANCING SUPPLY-CHAIN MANAGEMENT — CRITERIA FOR THE ADMISSION OF SUPPLIERS
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	WIN-WIN COOPERATION AND FULFILMENT OF SOCIAL RESPONSIBILITY — ENHANCING SUPPLY-CHAIN MANAGEMENT — CRITERIA FOR THE ADMISSION OF SUPPLIERS
<b>Aspect B6: Product Responsibility</b>		
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	SUPPLYING QUALITY PRODUCTS THROUGH RESPONSIBLE OPERATIONS
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	SUPPLYING QUALITY PRODUCTS THROUGH RESPONSIBLE OPERATIONS — SAFEGUARDING CONSUMER INTERESTS
KPI B6.2	Number of products and service related complaints received and how they are dealt with	SUPPLYING QUALITY PRODUCTS THROUGH RESPONSIBLE OPERATIONS — SAFEGUARDING CONSUMER INTERESTS

Provisions, Major Subject Areas, Aspects, General Disclosures and KPIs		Section of disclosure or remarks
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	SUPPLYING QUALITY PRODUCTS THROUGH RESPONSIBLE OPERATIONS — REGULATING MANAGEMENT OF INTELLECTUAL RIGHTS
KPI B6.4	Description of quality assurance process and recall procedures	SUPPLYING QUALITY PRODUCTS THROUGH RESPONSIBLE OPERATIONS — SAFEGUARDING CONSUMER INTERESTS
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	SUPPLYING QUALITY PRODUCTS THROUGH RESPONSIBLE OPERATIONS — SAFEGUARDING CONSUMER INTERESTS
<b>Aspect B7: Anti-corruption</b>		
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	SUPPLYING QUALITY PRODUCTS THROUGH RESPONSIBLE OPERATIONS — FOSTERING THE CULTURE OF PROBITY
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	SUPPLYING QUALITY PRODUCTS THROUGH RESPONSIBLE OPERATIONS — FOSTERING THE CULTURE OF PROBITY
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	SUPPLYING QUALITY PRODUCTS THROUGH RESPONSIBLE OPERATIONS — FOSTERING THE CULTURE OF PROBITY

Provisions, Major Subject Areas, Aspects, General Disclosures and KPIs		Section of disclosure or remarks
KPI B7.3	Description of anti-corruption training provided to directors and staff	SUPPLYING QUALITY PRODUCTS THROUGH RESPONSIBLE OPERATIONS — FOSTERING THE CULTURE OF PROBITY
<b>Community</b>		
<b>Aspect B8: Community Investment</b>		
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	WIN-WIN COOPERATION AND FULFILMENT OF SOCIAL RESPONSIBILITY — ENHANCING COMMUNITY CARE
KPI B8.1	Focus areas of contribution	WIN-WIN COOPERATION AND FULFILMENT OF SOCIAL RESPONSIBILITY — ENHANCING COMMUNITY CARE
KPI B8.2	Resources contributed to the focus area	WIN-WIN COOPERATION AND FULFILMENT OF SOCIAL RESPONSIBILITY — ENHANCING COMMUNITY CARE

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