



PACIFIC TEXTILES HOLDINGS LIMITED  
互太紡織控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock code 股份代號 : 01382



# Environmental, Social and Governance Report

環境、社會及管治報告 **2021/22**

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## MESSAGE FROM SENIOR MANAGEMENT

In 2021, economic activities have been invigorated due to gradually global recovery from COVID-19 pandemic and loosened lockdown measures. Under such context, there is an increasing demand of our products from customers. To be well prepared for future, improve production capability as well as economic and environmental efficiency of plants operation, Pacific Textiles will replace its plant equipment in stages as planned, and establish new plants in Vietnam to seek sustainable development of its business.

In recent years, sustainable development has become an increasingly emphasised social issue, which is ascribable to growing regards on corporate social responsibility extended by customers, investors, business partners and all sectors of society. As a leader in the textile industry, Pacific Textiles is endeavouring to contribute to the sustainable communities while pursuing quality and innovation, such as reducing emissions, improving the efficiency in use of resources, protecting rights and interests of employees, optimising internal governance and enhancing community investment, in order to gain recognition from all walks of life on our consistent service to communities. Last year, the Sino-Japanese research project on energy conservation ("NEDO Project") of National Development and Reform Commission ("NDRC"), through which the latest energy management system was introduced to the Group, was completed by Pacific Textiles. The NEDO Project is expected to save 9,000 metric tonnes of raw coals for Panyu Plant annually. Benefiting from such Project, raw coal consumption of finished products per metric tonne of Panyu Plant decreased by 8% as compared to FY2020/21. In addition, Panyu Plant has become a respected presence for its other achievements concerning environmental protection. For example, Pacific Textiles was accredited as "National Green Factory" by the Ministry of Industry and Information Technology of the PRC in 2018, gained the title of "Demonstrative Enterprise for Green Industrial Products Design" (工業產品綠色設計示範企業) by the Ministry of Industry and Information Technology of the PRC in 2019 and was awarded the "2020 Outstanding Demonstrative Project regarding Environmental Protection of Guangdong Province" by Guangdong Association of Environmental Protection Industry in 2020. As one of the major drafters, Panyu Plant participated in the preparation of the national standard "Implementation Guidance for Energy Management System in Textile Industry", which was published and implemented in 2021, providing specific programs for energy management system in textile industry and contributing to the sustainable development of the industry.

Pacific Textiles attaches importance to social performance. In 2021, Pacific Textiles upgraded the equipment and facilities for both Panyu Plant and the staff quarter, aiming to improve the working and living environment of its employees. In 2021/22, we continued to subsidise children from poor families in Yunnan to receive education in Guangzhou and recruited employees from poor households, thus alleviating the difficulties of poor households in education and employment. In addition, the Group continued to support the local fight against the pandemic in Vietnam. Being informed of the urgency for COVID-19 vaccines of Vietnam, we have donated funds, jointly with Senior Union of Hai Duong Province, Vietnam, to assist local communities in purchasing vaccines, and worked with Lai Vu Commune to fight against the pandemic while supporting its anti-COVID-19 fund.

To further improve the overall environmental, social, and governance ("ESG") performance, Pacific Textiles has formulated policies and guidelines in respect of corporate social responsibility (CSR) last year, established a corporate social responsibility (CSR) governance structure led by the board of directors, and set environmental goals first for Panyu Plant. This year, Pacific Textiles extends the application of such goals to Vietnam Plant, details of which will be provided in the Report. Meanwhile, to enable stakeholders to understand our performance on climate change-related issues in a more comprehensive and accurate manner, Pacific Textiles has enhanced disclosure practices, especially of climate-related risks, in this ESG report with reference to the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). To determine the materiality of ESG issues to Pacific Textiles, the Group conducted an online questionnaire survey and invited stakeholders to rate the 28 issues identified by the Group this year. With persistent efforts been made, Pacific Textiles received responses from 100 internal and external stakeholders, which provided valuable opinions to the analysis of the importance of ESG issues. So far, Pacific Textiles has secured about HK\$400 million in green financing for sustainable infrastructure projects.

Pacific Textiles always considers green manufacturing and environmental protection not only as the responsibility of a responsible corporate citizen, but also as the basis of long-term sustainability for any company. Looking into the future, Pacific Textiles will continue to improve its operating performance, in the hope that we could lead the industry to progress and benefit the society, as well as uphold our vision "to make the world a more comfortable and better place through our products".

## BRIEF INTRODUCTION OF PACIFIC TEXTILES

### Corporate Profile

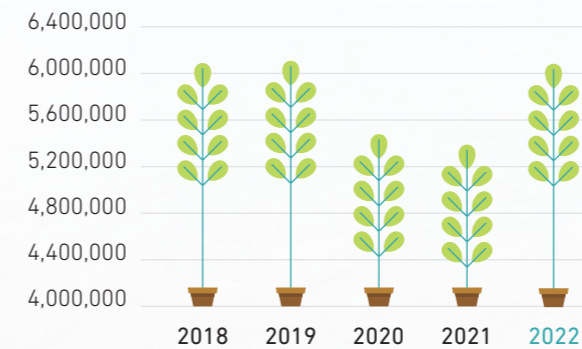
Founded in 1997, Pacific Textiles Holdings Limited ("Pacific Textiles" or "we") is principally engaged in manufacturing and trading of textiles products, including high quality cotton and synthetic knitted fabrics. Our headquarter is located in Hong Kong, the international business centre in the Asia-Pacific region. We have two major production facilities in Panyu, China and Vietnam, with a total of approximately 4,700 employees, many of whom are experienced professionals in the textile industry. Pacific Textiles has established close partnership with a number of world-renowned apparel brand owners and manufacturers, with an annual production capacity of approximately 90 million kg. Our finished products include over 5,000 designs and specifications, which are sold worldwide.



Pacific Textiles has been growing steadily over the years since it was listed on the Main Board of The Stock Exchange of Hong Kong Limited in May 2007 (stock code: 1382), creating sustainable values for shareholders. The following are the key financial indicators of Pacific Textiles for the past 5 years:

### Corporate Performance

#### Turnover (HK\$'000)



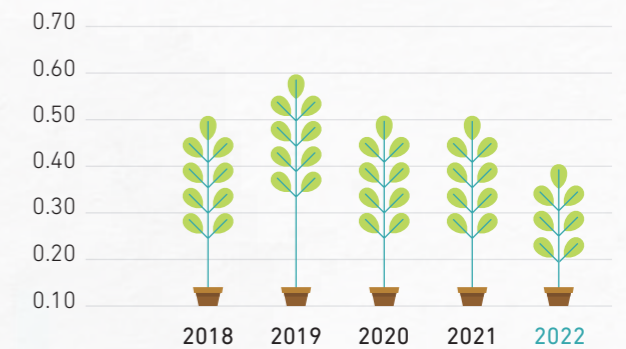
#### Gross profit margin



#### Net profit margin



#### Earnings per share (HK\$)



### Corporate Culture

Pacific Textiles is committed to being the market leader in the textile industry and upholds the principle of exceeding customers' expectations. We strive to improve our production, technology and business processes, and work with customers and suppliers to launch new products and first-class services.

At the same time, Pacific Textiles insists on fulfilling its corporate citizenship responsibilities and strives to create values for local communities during its operations. Taking green production and environmental protection as the basis for our long-term sustainable development, Pacific Textiles has taken proactive measures to ensure that the by-products generated in the production process are properly dealt with, and has been committed to minimising the impact on the environment in order to achieve harmonious development among the Company, the natural environment and each stakeholder.

### Corporate Milestones

It has been more than 20 years since the establishment of Pacific Textiles. We innovate continuously in response to market demands as our business grows.



1997      2007      2010      2011      2013      2014      2015      2017      2018      2019      2021      2022

1997 Pacific Textiles was established and engaged principally in sales and marketing activities. In the same year, Pacific Textiles established its main production facility in Panyu, China.

2007 In May, Pacific Textiles was listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 1382).

2010 An agreement was entered into to set up joint-ventured textile mills in Vietnam.

2011 In August, Teejay Lanka Plc. (an associate of the Group, formerly known as Textured Jersey Lanka PLC and Textured Jersey Lanka (Private) Limited) was listed on the Colombo Stock Exchange in Sri Lanka.

2013 In September, Pacific Textiles was accredited as "National Demonstrative Enterprises for Clean Production" (國家級清潔生產示範企業) by the Ministry of Industry and Information Technology of the PRC.

2014 In November, the National Low carbon (Knitting) Engineering Technology Centre was established. Panyu Plant was accredited as New & Hi-Tech Enterprise.

2015 In June, Pacific Textiles was selected as the "Pilot Enterprise for Ecological Design of Industrial Products (First Batch)" (工業產品生態設計試點企業) by the Ministry of Industry and Information Technology of the PRC. Pacific Textiles's joint ventured factory in Vietnam commenced operation in September. In October, the Group became the first enterprise in the textile industry which has successfully implemented the end-to-end deployment of SAP Business Suite on HANA.

2017 Toray Industries Inc. has become a substantial shareholder of Pacific Textiles, which is expected to promote closer business relationship between Pacific Textiles and the Japanese clients and develop more new products. Pacific Textiles was selected by NDRC to be a pilot enterprise for the Sino-Japanese research project on energy conservation ("NEDO Project"). In December, Pacific Textiles was accredited as the "Leader in Water Use Efficiency among Major Water Consumption Enterprises" (重點用水企業水效領跑者) by the Ministry of Industry and Information Technology of the PRC.

2018 Pacific Textiles was awarded the honorary title of "National Green Factory" by the Ministry of Industry and Information Technology of PRC. The international honour of "2018 Energy Management Insight Award" was received from Clean Energy Ministerial ("CEM").

2019 Pacific Textiles was listed as one of the "Demonstrative Enterprises for Green Industrial Products Design" (工業產品綠色設計示範企業) by the Ministry of Industry and Information Technology of the PRC.

2021 The CSR committee was established to monitor Pacific Textiles's CSR performance and make suggestions for improvement.

2022 New plant in Vietnam commenced construction.

## Business Management/Quality Certification



**Certified by ISO9001 Quality Management System**

**Issued by**  
Intertek Certification Limited  
**Accredited entity**  
Pacific (Panyu) Textiles Limited



**Certified by ISO14001 Environmental Management System**

**Issued by**  
National Quality Assurance  
**Accredited entity**  
Pacific Crystal Textiles Limited



**Global Organic Textile Standard, GOTS**

**Issued by**  
Ecocert Greenlife SAS  
**Accredited entity**  
Pacific Textiles Limited



**Certified by ISO5001 Energy Management System**

**Issued by**  
British Standard Institution  
**Accredited entity**  
Pacific (Panyu) Textiles Limited



**Oeko-Tex® Standard 100**

**Issued by**  
TESTEX AG  
**Accredited entity**  
Pacific Crystal Textiles Limited



**Certified by ISO45001 Occupational Health and Safety Management Systems**

**Issued by**  
Intertek Certification Limited  
**Accredited entity**  
Pacific (Panyu) Textiles Limited



**Certified by ISO14001 Environmental Management System**

**Issued by**  
Intertek Certification Limited  
**Accredited entity**  
Pacific (Panyu) Textiles Limited



**Global Recycled Standard, GRS**

**Issued by**  
Control Union Certification  
**Accredited entity**  
Pacific Textiles Limited



**Oeko-Tex® Standard 100**

**Issued by**  
TESTEX AG  
**Accredited entity**  
Pacific Textiles Limited



2020 Environmental and social related awards/honours



**Second Class Award of Guangdong Provincial Prize for Progress in Science and Technology**

**Issued by**  
People's Government of Guangdong Province

**Award-winning entity/project**  
Pacific (Panyu) Textiles Limited/Smart Management Key Technology and Application for Dyeing and Printing Wastewater Treatment

**Excellent Clean Production Enterprise in Guangzhou 2019**

**Issued by**  
Guangzhou Industry & Information Development Joint Conference Office

**Award-winning entity/project**  
Pacific (Panyu) Textiles Limited



**Third Class Award of Measurement Control and Instrumentation Science and Technology Award of Guangdong Province**

**Issued by**  
Guangdong Society for Measurement and The Measurement Control Technology and Equipment Application Promotion Association of Guangdong Province

**Award-winning entity/project**  
Pacific (Panyu) Textiles Limited/Study on Carbon Emissions and Emission Reduction Pathways of Typical Textiles



**14th Batch Advanced Technologies in Energy Saving and Emission Reduction in China's Dyeing and Printing Industry**

**Issued by**  
China Dyeing and Printing Association

**Award-winning entity/project**  
Pacific (Panyu) Textiles Limited/The technology of "Heather Effect Dyeing Process on Polyester/Modified Polyester by One Bath Method"

**Second Class Award of Scientific and Technological Progress**

**Issued by**  
China National Textile and Apparel Council

**Award-winning entity/project**  
Pacific (Panyu) Textiles Limited/Key Technologies and Application of Optimal Operation of Printing and Dyeing Wastewater Treatment and Cloud Management



**Innovation Contribution Award of Knitted Underwear**

**Issued by**  
China National Textile and Apparel Council

**Award-winning entity/project**  
Pacific (Panyu) Textiles Limited/R&D and Industrialisation on ECO-peach Skin Velvet Fabric with Anti-microbial Function

**Product Development Contribution Award**

**Issued by**  
China National Textile and Apparel Council

**Award-winning entity/project**  
Pacific (Panyu) Textiles Limited



**2021 Environmental and social related awards/honours**



**Environmental Integrity Enterprise (Green Card Enterprise)**

**Issued by**  
Guangzhou Municipal Ecological Environment Bureau  
**Award-winning entity/project**  
Pacific (Panyu) Textiles Limited

**2020 Outstanding Demonstrative Project regarding Environmental Protection of Guangdong Province**

**Issued by**  
Guangdong Association of Environmental Protection Industry  
**Award-winning entity/project**  
Pacific (Panyu) Textiles Limited/20000t/d Phase 5 Wastewater Treatment Project



**Guangzhou Demonstrative Employment Poverty Alleviation Base**

**Issued by**  
Guangzhou Municipal Human Resources and Social Security Bureau  
**Award-winning entity/project**  
Pacific (Panyu) Textiles Limited

**2020 CKIA Advanced Unit in Group Standardisation Work**

**Issued by**  
China Knitting Industrial Association  
**Award-winning entity/project**  
Pacific (Panyu) Textiles Limited



**2019-2020 Advanced Enterprise in Energy Efficiency (Water Efficiency) Benchmarking in the Textile Industry of Guangdong Province**

**Issued by**  
Guangdong Textile Association  
**Award-winning entity/project**  
Pacific (Panyu) Textiles Limited



**2020 Clean Production Enterprise of Guangdong Province**

**Issued by**  
Department of Industry and Information Technology of Guangdong Province and Department of Ecology and Environment of Guangdong Province  
**Award-winning entity/project**  
Pacific (Panyu) Textiles Limited



**Second Class Award of Key Technology Research on Carbon Emission Evaluation and Control of Major Enterprises in Textile Printing and Dyeing Industry**

**Issued by**  
China National Textile and Apparel Council  
**Award-winning entity/project**  
Pacific (Panyu) Textiles Limited



**Participated in the formulation of the National Standards of the PRC "Implementation guidance for energy management systems in textile industry"**

**Issued by**  
State Administration for Market Regulation and Standardisation Administration of PRC  
**Award-winning entity/project**  
Pacific (Panyu) Textiles Limited





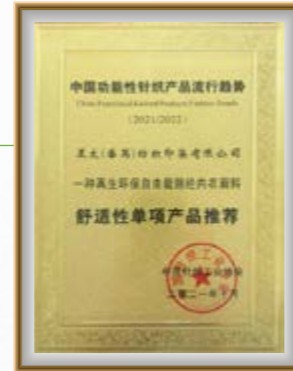


**China Functional Knitted Products Fashion Trends 2021/2022 – Recommendation on Comfortable Product Unit**

**Issued by**  
China Knitting Industrial Association  
**Award-winning entity/project**  
Pacific (Panyu) Textiles Limited  
**A superfine lightweight thermal fabric for underwear**

**China Functional Knitted Products Fashion Trends 2021/2022 – Recommendation on Comfortable Product Unit**

**Issued by**  
China Knitting Industrial Association  
**Award-winning entity/project**  
Pacific (Panyu) Textiles Limited  
**An eco-friendly recycled free-cut nylon fabric for underwear**



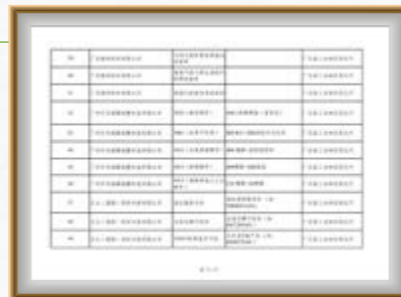
**China Functional Knitted Products Fashion Trends 2021/2022 – Recommendation on Market Applicable Product**

**Issued by**  
China Knitting Industrial Association  
**Award-winning entity/project**  
Pacific (Panyu) Textiles Limited  
**A leisure shirt fabric**

**Included in the “Public List of Green Design Products”**

**Issued by**  
Ministry of Industry and Information Technology of the PRC  
**Award-winning entity/project**  
Pacific (Panyu) Textiles Limited

Seven products (polyester spandex polar fleece, polyester cotton-like single jersey, TENCEL plaited jersey, CVC elastic sandwich-like Interlock, cotton Sorona® single jersey (Sorona® icy fabric with anti-microbial function), cotton Sorona® single jersey (Sorona® Plus), polyester cotton-like plated jersey)



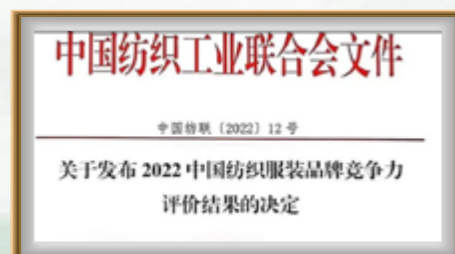
**Contribution to Textile Industry**

In addition, after gaining certain experience and achievements, Pacific (Panyu) Textiles Limited, a member of the Group, also actively participated in and presided over the formulation of some PRC national standards and industry standards to contribute to the development of the industry, including “Calculation Method for Water Intake of Knitted Printing and Dyeing Products and Basic Rate of Unit Consumption”, “Standards on Air Pollutants Discharge for Textile Printing and Dyeing Industry”, “Safety Production Regulations for Printing and Dyeing Enterprises”, “Unit Consumption Standard for Processing Trade of Non-Fleece Knitted Dyeing and Finishing Fabrics Made of Cotton and Chemical Fibres”, “Accounting Method and Reporting Requirements for Greenhouse Gas Emissions of Textile Enterprise”, “Water Footprint Principles, Requirements and Guidelines for Environmental Management”, “Water Footprint Evaluation and Reporting Guidelines for Organisations”, “Green Design Product Evaluation Technical Specifications -Knitted Printing and Dyeing Fabrics”, “Implementation Guidelines for Energy Management System in Textile Industry”, “Evaluation Guidelines for Green Factory in Textile Industry” and “Evaluation Index System for Enterprises with Green Supply Chain Management in Textile Industry”.

Save for above-mentioned, Pacific (Panyu) Textiles Limited makes contributions to the industry development by playing crucial roles in various professional associations of textile industry. Its associate memberships are as follows:

Associate Memberships	Professional Associations
Vice Council Member of Technological Alliance of Energy Conservation and Air Emission of National Textile Industry	Technological Alliance of Energy Conservation and Air Emission of National Textile Industry
Member of China Industry Energy Conservation and Clean Production Association	China Industry Energy Conservation and Clean Production Association
Vice chairman of Guangdong Cleaner Production Association	Guangdong Cleaner Production Association
Member of Innovation Alliance of Green Industry in Southern China	Innovation Alliance of Green Industry in Southern China
Member of China Dyeing and Printing Association	China Dyeing and Printing Association
Vice chairman of China Knitting Industrial Association	China Knitting Industrial Association
Vice chairman of Guangdong Textile Association	Guangdong Textile Association
Member of Guangdong Energy Conservation Association	Guangdong Energy Conservation Association

**2022 Environmental and social related awards/honours**



**Textile and Apparel Brand Competitiveness Enterprises of China in 2022**

**Issued by**  
China Knitting Industrial Association  
**Award-winning entity/project**  
Pacific (Panyu) Textiles Limited



# Stakeholder Engagement and Key ESG Issues

持份者參與及ESG重要議題



STAKEHOLDER ENGAGEMENT AND KEY ESG ISSUES

# Stakeholders and Communication Channels

## 持分者與參與渠道

Pacific Textiles understands that the Group's ESG issues not only affect the Company internally, but are closely related to all stakeholders. Therefore, the management of the Group has identified the major stakeholder groups that affect or are affected by the operations of the Group to understand their opinions through different channels and release important information to them on a regular basis. The Group will strive to meet the needs of stakeholders and improve performance in sustainable development.



Stakeholder Groups	Engagement Channels	Concerns
<b>Employee</b> 	<ul style="list-style-type: none"> <li>• Meetings and briefings</li> <li>• Training courses</li> <li>• Internal emails and publications</li> <li>• Staff activities</li> <li>• Survey and interview</li> </ul>	<ul style="list-style-type: none"> <li>• Remuneration, training and development</li> <li>• Promotion opportunities</li> <li>• Occupational health and safety</li> </ul>
<b>Customer</b> 	<ul style="list-style-type: none"> <li>• Survey</li> <li>• Business meeting</li> <li>• CSR Audit</li> </ul>	<ul style="list-style-type: none"> <li>• Product quality</li> <li>• Product innovation and development</li> <li>• Sustainable development strategy</li> <li>• Customer relationship management</li> </ul>
<b>Supplier and business partner</b> 	<ul style="list-style-type: none"> <li>• Screening and evaluation</li> <li>• Business meeting</li> <li>• Survey</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous cooperation</li> <li>• Financial and business performance</li> <li>• Corporate governance</li> </ul>
<b>Investor and shareholder</b> 	<ul style="list-style-type: none"> <li>• Shareholders' annual general meeting</li> <li>• Analysis briefings and announcements</li> </ul>	<ul style="list-style-type: none"> <li>• Financial and business performance</li> <li>• Corporate governance</li> <li>• Legal and regulatory compliance</li> <li>• Sustainable development strategy</li> </ul>
<b>Government and regulatory body</b> 	<ul style="list-style-type: none"> <li>• Consultation</li> </ul>	<ul style="list-style-type: none"> <li>• Occupational safety</li> <li>• Environmental impact</li> <li>• Product compliance</li> </ul>
<b>Community</b> 	<ul style="list-style-type: none"> <li>• Community events</li> </ul>	<ul style="list-style-type: none"> <li>• Community charity</li> <li>• Sustainable development strategy</li> </ul>
<b>Media</b> 	<ul style="list-style-type: none"> <li>• Company website</li> <li>• Press release</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Sustainable development strategy</li> </ul>




STAKEHOLDER ENGAGEMENT AND KEY ESG ISSUES

# Identification Process and Results of Key ESG Issues

## ESG重要議題的識別過程與結果

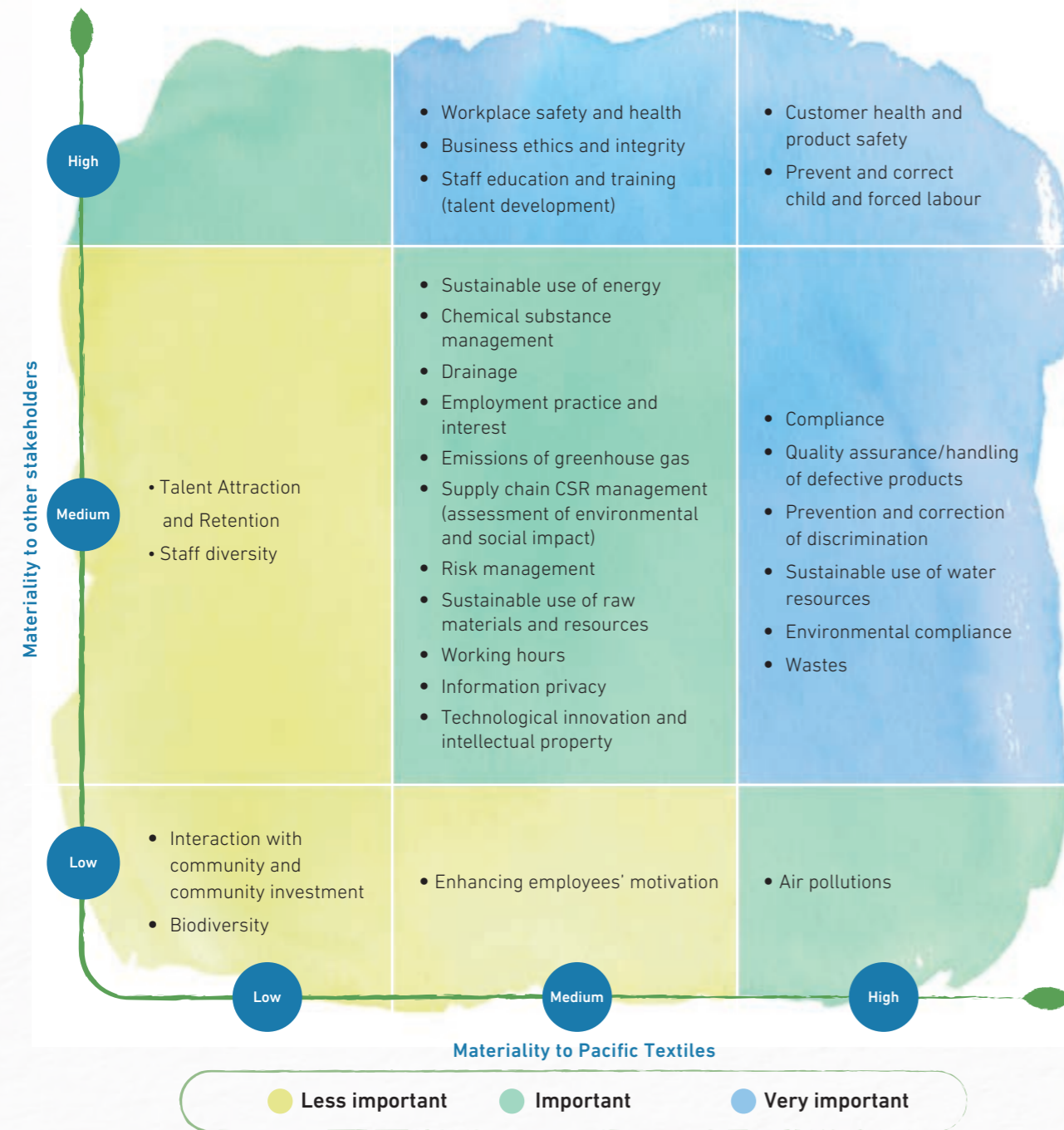
In order to more effectively manage ESG performance and facilitate the ESG reporting process, Pacific Textiles conducted a materiality evaluation for ESG issues this year. The process involved the following three steps:



Work	Progress	Significant results
<p><b>Identification of issues</b></p> 	<p>Pacific Textiles identified the ESG issues relevant to the Group's operations with reference to various ESG reporting standards such as the Task Force on Climate-related Financial Disclosures ("TCFD"), Global Reporting Initiative ("GRI") and the ESG Reporting Guide of The Stock Exchange of Hong Kong Limited ("Stock Exchange"), United Nations' Sustainable Development Goals ("SDGs"), disclosures of peer companies and expectations of other external stakeholders. In identification of key ESG issues, we additionally turned to third-party consultants for advice.</p>	<ul style="list-style-type: none"> <li>• 28 issues identified as material to Pacific Textiles</li> <li>• 3 new issues increased as compared to last year</li> <li>• Modifications to the description of 3 original issues</li> </ul>
<p><b>Materiality analysis</b></p> 	<p>To identify the materiality of each ESG issue to Pacific Textiles itself and related stakeholders, Pacific Textiles analysed the dependence and influence of the stakeholders on the Group together with the operation and management department, and identified our employees, investors and shareholders, customers and consumers, suppliers and business partners, government and regulatory authorities, as well as media and the public, as our major internal and external stakeholders.</p> <p>This year, we made an online questionnaire survey accessible to nearly a hundred of our internal and external stakeholders whereby we could understand the materiality of all ESG issues for their sake, as well as Pacific Textiles's function in relevant issues. Material issues were finally determined based on the outcomes of stakeholder engagement while considering the advice of consultants.</p>	<ul style="list-style-type: none"> <li>• We obtained feedbacks from 95 stakeholders during the year</li> <li>• The satisfaction with the method and degree of communication between Pacific Textiles and stakeholders was 7.94/10</li> </ul>
<p><b>Confirmation of results</b></p> 	<p>The management of the Group reviewed the scoring of each ESG issue to ensure its accuracy and confirm the final results.</p>	<ul style="list-style-type: none"> <li>• 11 issues evaluated as "Very important"</li> <li>• 12 issues evaluated as "Important"</li> <li>• 5 issues evaluated as "Less important"</li> </ul>

STAKEHOLDER ENGAGEMENT AND KEY ESG ISSUES

The results of materiality evaluation for ESG issues this year are as follows:



The length of discussion in the Report on each of the above ESG issues will be adjusted according to their respective level of importance, so to place central focus on the ESG issues that are important to both the Group and other stakeholders.

After collecting opinions from different stakeholders, Pacific Textiles finds that the aspects where stakeholders value and desire the Group to make improvements include talent education and training, environmental control responsibilities, etc.

Opinions from Stakeholders

Pacific Textiles performs well on product, environmental, social and control responsibilities. There are many things that our suppliers can learn from Pacific Textiles in business contacts, for example, quality control and pre-judgment can reduce or avoid suppliers' claims for quality problems, so that suppliers can improve quickly and have a very high reputation.

We suggest Pacific Textiles providing quality accommodation, so that employees have a good sense of belonging, and make more available and ease the restrictions of couples' rooms. If the needs of employees are met, the satisfaction with the company will increase, and they will go all out to work, which is win-win for the company.

I pay attention to CSR construction. Working hours, canteen construction, and other welfare measures are being gradually improved.

Gender diversity on labour force and management team. Senior management remuneration packages are linked with sustainability performance.

Pacific Textiles should improve employees' activeness. Only when employees "take the factory as their home" and "be proud of factory" from their hearts, can their subjective initiative be brought into full play.

Pacific Textiles should strengthen corporate governance, attach importance to and enhance strategic management, grasp opportunities, make the company bigger and stronger and achieve sustainable development targets.

I mainly engage in zero discharge of hazardous chemicals and some work on product and social responsibilities. The Company was awarded the title of "2017 Leading Enterprise in the CNTAC-ZDHC Chemicals Stewardship 2020 initiative".

Sustainable utilisation of energy as global warming worsen, it is vital to find ways to use green energy.

I pay attention to employee training and education. The development of a enterprise must depend on employees' hard work. Only by training employees to continuously sum up experience and improve their professional skills at work can the company continue to develop.

In terms of social responsibility, Pacific Textiles should explicitly link performance indicator with employees' income, set specific institutional measures, that offset inflation and cash rewards.



# ESG Governance Structure and Mechanism

ESG管治架構及機制

ESG Governance Structure and Mechanism

# Company Vision, 公司願景、使命、價值觀 *Mission and Values*

Always cherishing the vision “to make the world a more comfortable and better place through our products”, Pacific Textiles has been developing the Group into a sizeable knitted fabric manufacturer and distributor whose business scope covers integrated services of knitting, dyeing, printing and finishing.

In global textile community, the Group “strives for: products and services of higher quality; equitable work opportunities and mutual respect; high returns to the investors; and excellent environmental protection through the faith of social responsibility and innovation.”

Pacific Textiles considers green manufacturing and environmental protection not only as the responsibility of a responsible corporate citizen, but also as the basis of long-term sustainability for any company. Pacific Textiles has been actively taking steps to ensure that

by-products generated in the manufacturing process are disposed of properly with minimal effects on the environment and trying its best to achieve harmonious development of the company, natural environment and all stakeholders.

To arrive at the vision and mission of the Group, members of Pacific Textiles uphold the value of tireless truth-seeking, humility and integrity, enterprising and innovation, responsibility and accountability, teamwork and people-orientation, making unremitting efforts in contributing to the growth of the Group.

In order to further improve the overall performance in environmental, social and governance (“ESG”), Pacific Textiles has also newly formulated a Corporate Social Responsibility (“CSR”) Policy Guide (“CSR Policy Guide”), covering each important area.

## Vision 願景



*To make the world a more comfortable and better place through our products*

## Mission 使命



Products and services of higher quality

Equitable work opportunities and mutual respect

High returns to the investors

Excellent environmental protection

ESG Governance Structure and Mechanism

# Work Responsibilities and Management Measures of the CSR Committee

## CSR 委員會工作職責及管理辦法

Pacific Textiles attaches great importance to its ESG performance. To ensure effective governance, the Group has established a comprehensive governance structure. Under the direct supervision of the board of directors, the CSR committee implements relevant policies and measures, and addresses, through the CSR task forces under the committee, day-to-day issues in various areas. Meanwhile, the risk management group and the IT security group assist the CSR committee in managing issues in respect of risks and data security. CSR committee is chaired by a director of the Group, and its members include the Company's senior management. The detailed work responsibilities are described as below:



Each CSR task force consists of representatives from various departments and takes charge of CSR issues and other related matters falling within the scope of its business, details of which are set out as below:

Scope of the CSR Policy Guide	Responsible scope/ Key ESG issues	CSR task force/ Other teams
<ol style="list-style-type: none"> <li>1. Governance</li> <li>2. Environment</li> <li>3. Employee</li> <li>4. Human rights</li> <li>5. Consumer issues</li> <li>6. Supply chain</li> <li>7. Technological innovation</li> <li>8. Local community</li> </ol>	Compliance	<b>Risk Management Group</b> <b>IT Security Group</b>
	Sustainable use of raw materials and resources	<b>Environmental Protection Group</b> (Engineering Department)
	Emissions of greenhouse gas	
	Sustainable use of energy	
	Sustainable use of water resources	
	Drainage	
	Air pollutions	
	Wastes	<b>Labour and Social Welfare Group</b> (HR/Administrative Department/ Safety Management office)
	Enhancing employees' motivation	
	Working hours	
	Workplace safety and health	
	Staff education and training (talent development)	
	Prevent and correct child labour and forced labour	
	Interaction with the community	<b>Production and Building Safety Group</b> (Production Department)
	Customer health and product safety	
	<b>Customer Service/Administrative Group</b> (Sales Department)	
Supply chain CSR management (assessment of environmental and social impact)	<b>Production and Raw Material Safety Group</b> (Raw Material Department, Innovative Merchandise Development Department, Dyeing Factory)	
Technological innovation		
Coordinate ESG reporting and related matters	<b>Public Relations Group</b> (Public Relations Team)	



ESG Governance Structure and Mechanism







# ESG Strategy

## ESG 策略

Pacific Textiles considers sustainable development as the core principle and makes every operation decision with caution. We promise that we'll achieve premium products and services, equal work opportunities and mutual respect. We will follow the faith of social responsibility and innovative thinking to achieve excellent environmental protection while pursuing abundant investment returns. We attach importance to fulfilling our corporate social responsibility, make contributions to stakeholders from all walks of life with a caring, prudent and positive attitude, and try our best to realise harmonious development among the enterprise, natural environment and stakeholders.

Our sustainable development strategies are reflected in four scopes, including product responsibility, environmental responsibility, social responsibility and governance responsibility. The following strategies are also formulated with reference to the United Nations' Sustainable Development Goals to help improve people's lives and achieve a better future.

ESG scope	Development strategies	Relevant sustainable development goals of the United Nations
<b>Product responsibility</b> 	We insist on quality and strictly monitor the product quality, with an aim to provide premium, safe and innovative products and services and satisfy client's needs. We will make sure that we: <ul style="list-style-type: none"> <li>actively improve technologies and skills and promote product and service innovation</li> <li>adopt the strictest quality management standards, to ensure quality and safety of products delivered to clients</li> <li>pay attention to customer satisfaction and continuously optimise operation process, to provide more premium products and services</li> </ul>	<div style="display: flex; flex-direction: column; gap: 10px;"> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>9. Build infrastructure that can prevent disaster, promote sustainable and inclusive industrialisation and foster innovation.</p> </div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>12. Ensure sustainable consumption and production patterns.</p> </div> </div> </div>

ESG scope	Development strategies	Relevant sustainable development goals of the United Nations
<b>Environmental responsibility</b> 	We empower green and environmental lives, and integrate environmental elements in daily operation and project planning to pursue harmonious co-existence with nature. We will make sure that we: <ul style="list-style-type: none"> <li>adopt latest green measures and technologies in terms of operation, resource management, energy usage and emission management, and continuously evaluate and promote environmental performance</li> <li>actively deal with and adapt to climate change</li> <li>promote the environmental awareness among the public, community and business partners</li> </ul>	<div style="display: flex; flex-direction: column; gap: 10px;"> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>6. Ensure equal access to water and sanitation and conduct sustainable management.</p> </div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>7. Ensure equal access to affordable, reliable, sustainable and modern energy.</p> </div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>11. Make cities inclusive, safe, resilient and sustainable.</p> </div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>12. Ensure sustainable consumption and production patterns.</p> </div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>13. Take emergency measures to combat climate change and its impacts.</p> </div> </div> </div>

ESG Governance Structure and Mechanism

ESG scope	Development strategies	Relevant sustainable development goals of the United Nations
<p><b>Social responsibility</b></p> 	<p>We make commitments to communities, actively use our advantages to contribute to society, and make stakeholders including employees, community and other weak communities together enjoy economic development outcomes. We will make sure that we:</p> <ul style="list-style-type: none"> <li>• provide competitive remuneration treatment</li> <li>• propagate diversification, provide equitable opportunities for employees and build a harmonious and cohesive working environment</li> <li>• build a management system with safety production standardised, and take employees' health and safety as priority</li> <li>• formulate effective community investment strategies, and use resources properly</li> <li>• participate in community businesses from various aspects, and expand community investment scope</li> </ul>	<p><b>1 NO POVERTY</b> </p> <p><b>4 QUALITY EDUCATION</b> </p> <p><b>5 GENDER EQUALITY</b> </p> <p><b>8 DECENT WORK AND ECONOMIC GROWTH</b> </p> <p><b>10 REDUCED INEQUALITIES</b> </p> <p>1. Eliminate poverty in all its forms everywhere.</p> <p>4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.</p> <p>5. Achieve gender equality and empower all women and girls.</p> <p>8. Promote lasting, inclusive and sustainable economic growth, employment and decent work for all.</p> <p>10. Reduce inequality within and among countries.</p>

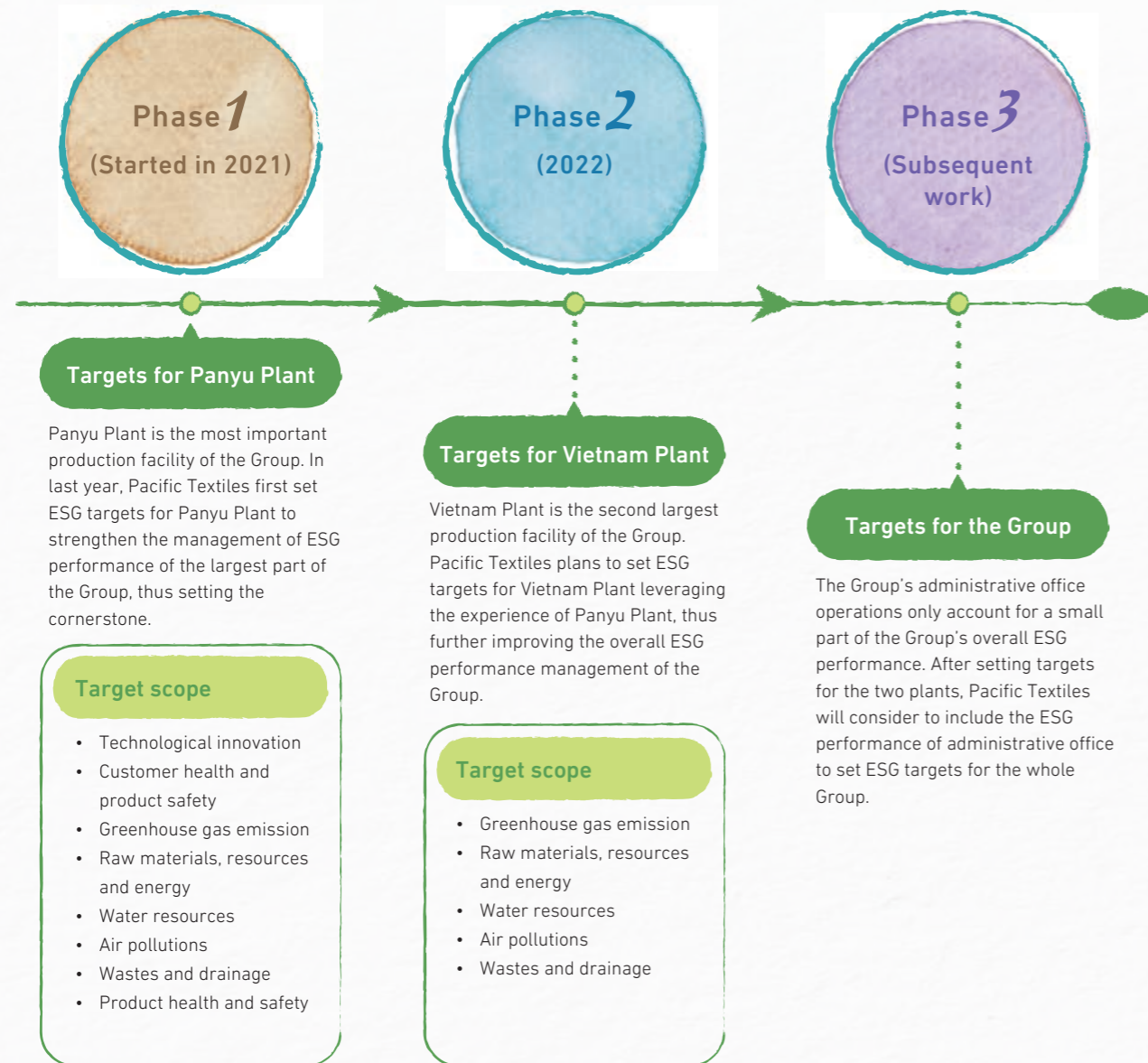
ESG scope	Development strategies	Relevant sustainable development goals of the United Nations
<p><b>Governance responsibility</b></p> 	<p>We are determined to establish quality and highly-efficient corporate governance practice, adhere to principles of integrity, openness and transparency, and accountability, to achieve long-term and valuable growth, we will make sure that we:</p> <ul style="list-style-type: none"> <li>• set a steady corporate governance structure, including high-level of management team and monitoring system</li> <li>• strictly abide by all applicable laws and regulations</li> <li>• pursue high standard of commercial ethics, and maintain professional code</li> </ul>	<p><b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b> </p> <p><b>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</b> </p> <p>12. Ensure sustainable consumption and production patterns.</p> <p>16. Create a peaceful and inclusive society to promote sustainable development, provide access to fairness and justice, and build effective, responsible and inclusive institutions at all levels.</p>

ESG Governance Structure and Mechanism

# ESG Targets Setting

ESG 目標制定

In order to promote the continuous improvement of the Group's ESG performance and to facilitate the measurement of the effectiveness of ESG policies and measures, Pacific Textiles has begun to formulate ESG goals in 2021, and set targets for Panyu Plant in phase 1. This year, as in phase 2, Pacific Textiles further expands the target formulating scope to Vietnam Plant.

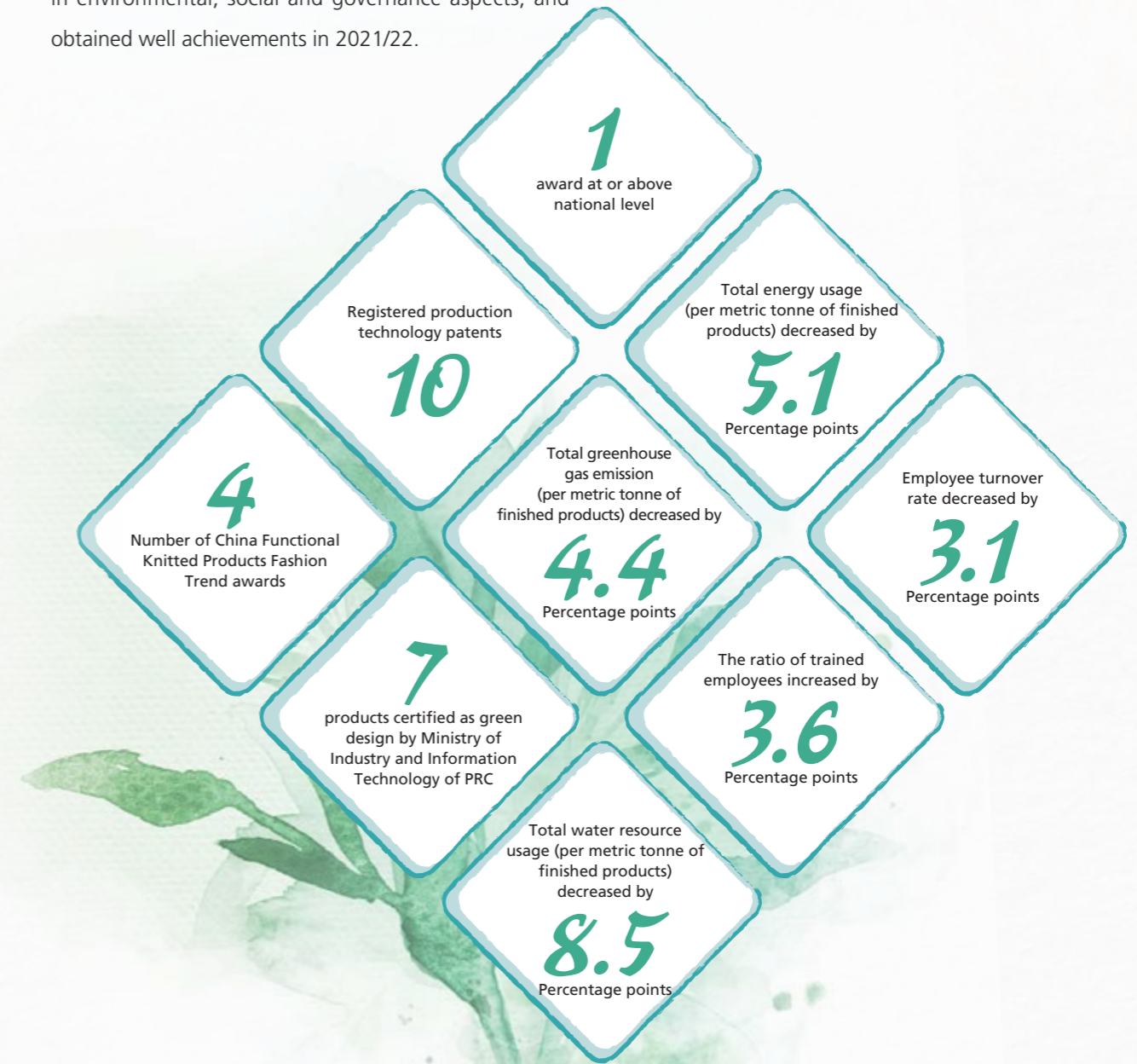


The Group will maintain close communication with stakeholders and publish the latest ESG information in due course.

# 2021/22 ESG 2021/22 ESG 表現速覽

## Performance Overview

Pacific Textiles continued to strive to improve performance in environmental, social and governance aspects, and obtained well achievements in 2021/22.



# Product Responsibility

產品責任



With the vision of “to make the world a more comfortable and better place through our products”, Pacific Textiles has always insisted on providing high-quality, safe and innovative products and services to meet customer needs. In order to continuously improve the quality of products and services, the Group actively listens to and properly adopts customer feedback and makes improvements.

ESG issues	Stakeholders' concern	Actions taken by Pacific Textiles
Product and Service Innovation	What is Pacific Textiles's view to meet the higher requirement of customer for products?	The Group keeps improving technical skills to promote product and service innovation. We have applied for patents on key technologies and designs to prevent unauthorised use. A total of 10 patents for production skills and other inventions were registered during the Reporting Period. In addition, the Group stepped up its efforts to promote green design and production, and recorded an increase of environmentally friendly products by 25% as compared to the same period last year.
Quality Management	As customers place more and more emphasis on the social and environmental performance of plant operation, what is Pacific Textiles's view to maintain products quality and develop in compliance with ESG principle?	Quality inspection is conducted in compliance with the most stringent quality control standards to ensure that the raw materials provided by suppliers meet international quality standards before being put into production. During production process, the Group strictly abides by the international standards and regulations in relation to textile as well as control and management measures which are detailed in product safety specification. We will further improve social and environmental related performance of plant operation to comply with product quality requirement and develop in compliance with ESG principle.
Customer Service	What is Pacific Textiles's view to the complains against material quality problem of products, safety and health?	For the determination of establishing long-term partnership with our clients, the Group pays special attention to customer complaint handling, customer property management and customer satisfaction management. We have formulated corresponding procedures, and designated specified staff to follow and conduct relevant investigation upon receiving customer complain and returns. After that, we will improve our service to meet customers' requirement.

## ● The Stock Exchange ESG KPIs involved

B6.1 B6.2 B6.3 B6.4 B6.5

## ● SDGs topics involved



To the best knowledge of the management, during the Reporting Period, Pacific Textiles has complied with applicable local laws and regulations in terms of safety and health of product, intellectual property management and customer data protection and privacy management, and there have been no violations.

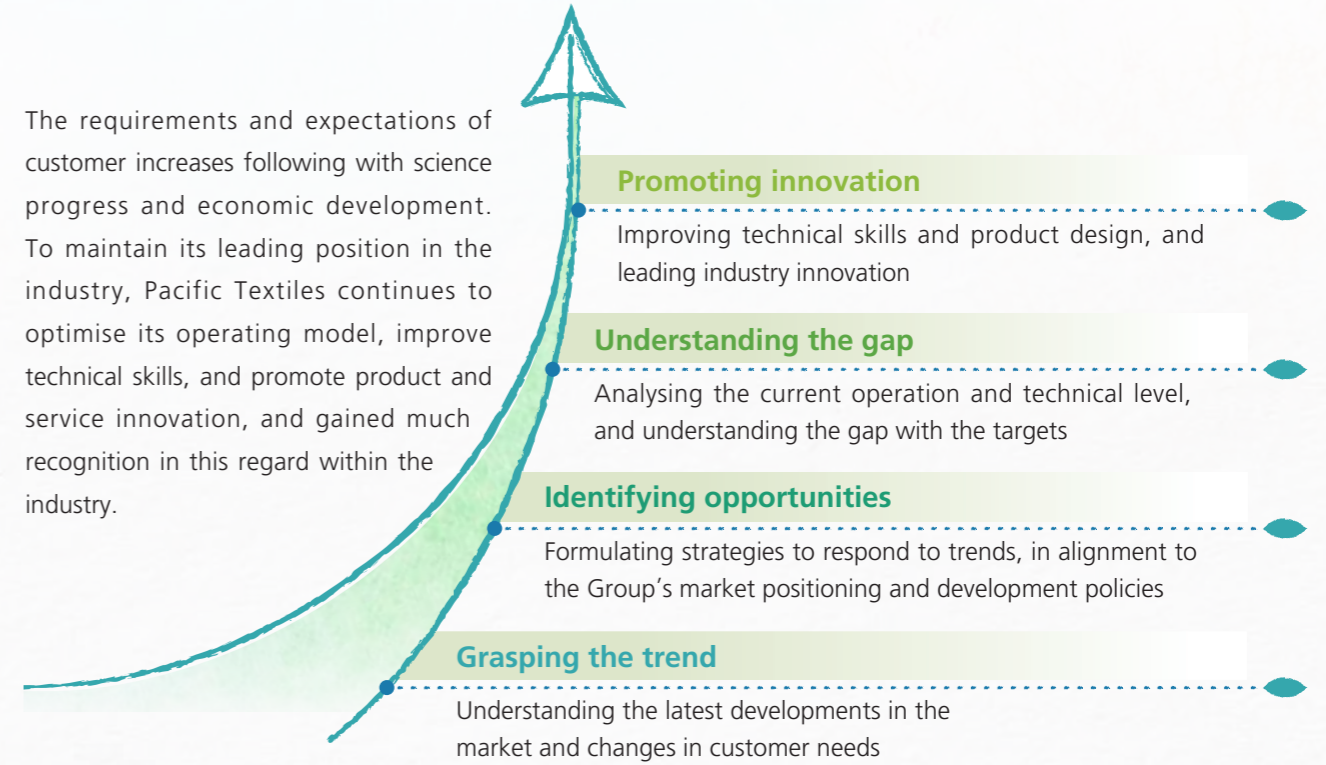
Product Responsibility

# Targets of Panyu Plant 番禺廠目標

Scope	FY2023/24	FY2030/31	Measures
<b>Technological Innovation</b> 	Ensure that certain products will be awarded "Excellent and Innovative Products in the Industry"		Increase R&D investment, actively carry out industry and academic research cooperation, encourage and motivate R&D personnel to conduct technological innovation and invention
<b>Customer Health and Product Safety</b> 	<ol style="list-style-type: none"> <li>100% of export products meet the requirements of OEKO-TEX® Standard 100</li> <li>100% of domestic products meet the requirements of GB18401 standard</li> </ol>		Strictly control the production process to ensure that the requirements are satisfied



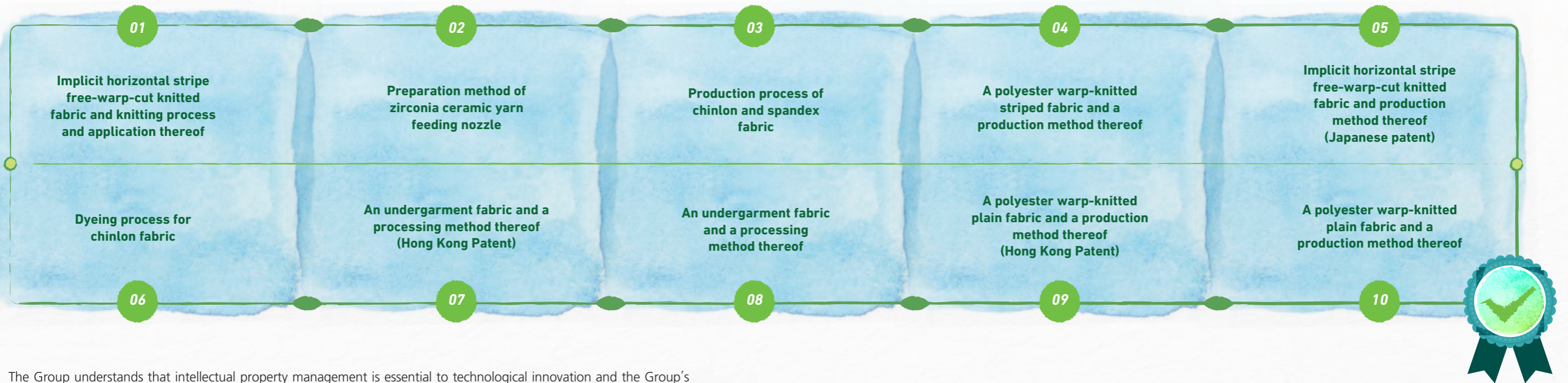
# Product and Service Innovation 產品及服務創新



During the Reporting Period, an eco-friendly recycled free-cut nylon fabric and a superfine lightweight thermal fabric for underwear was both awarded "China Functional Knitted Products Fashion Trends – Recommendation on Comfortable Product Unit"; a leisure shirt fabric was awarded "China Functional Knitted Products Fashion Trends – Recommendation on Market Applicable Product"; a tight-fitting yoga fabric was awarded "China Functional Knitted Products Fashion Trends –Recommendation on Comfortable Development Product", all of which were produced by Panyu Plant. During the Reporting Period, we have registered a total of 10 patents for production process technology, including implicit horizontal stripe free-warp-cut knitted fabric and knitting process and application thereof. Furthermore, in response to the increasing requirement of market and customer for environmentally friendly products, the Group stepped up its efforts to promote green design and production, achieving an outstanding performance. Environmental product has recorded an increase of 25% as compared to the same period last year.

Product Responsibility

Patents for production process technology newly registered in 2021/22



The Group understands that intellectual property management is essential to technological innovation and the Group's operation, so it has applied for patents on key technologies and designs to prevent unauthorised use. The Group has also formulated the "Intellectual Property Rights Management Policy" (《知識產權管理制度》), which stipulates the management responsibilities for intellectual property (including scientific research achievement, patent rights, trademark rights, copyrights and business secrets, etc.), such as patent application, data storage, access rights and rewards. Relevant systems can help promote the Company's printing and dyeing technology management, improve the management of intellectual property rights, encourage R&D personnel to carry out technological innovation and invention, protect the legitimate rights and interests of enterprises and each related parties, and promote scientific research, technological development and the commercialisation and industrialisation of scientific and technological achievements.



## Product Responsibility

# Quality Management

Pacific Textiles's reputation and customer trust are based on a long history of good and stable product quality. Therefore, the Group adopts the most stringent quality management standards to ensure that the products delivered to customers are of high quality and safe. This includes quality inspection by quality assurance specialists after receiving samples of raw materials provided by suppliers to ensure that these products meet international quality standards before being put into production. In addition to ensuring the quality of the raw material of suppliers, the management of the production process is also the focus of Pacific Textiles. Pacific Textiles has established a set of rigorous standardised production control system, introduced the concepts of standardisation, digitisation, automation and sustainability into each production procedure/process (including knitting, dyeing, printing and finishing). Taking the dyeing process as an example, Pacific Textiles has developed a new model of standardized operation based on the accumulated knowledge and data, that is, by formulating standard procedures for the work flow of on-site operations, combined with computerized color matching and systematic quality management. In this way, errors caused by relying on human judgment can be avoided, and the production process can be made more efficient, so as to maintain the stability of quality and achieve the purpose of continuous improvement of quality. After each process is completed, an overall inspection will be conducted to ensure quality and safety.

To ensure measures on product quality in line with safety management, Pacific Textiles (Panyu) has established Risk Assessment and Preventive Measures During Production Process, Potential Failure Mode and Effect Analysis - Adult Clothing Fabrics and Infant Clothing Fabrics as well as GOTS, OCS, GRS Production Management Manual, setting out the details of the management and control standards for implementing corresponding product safety specifications. In addition, the Company annually conducts regular self-evaluation and third-party impartial evaluation to ensure that all products of Pacific Textiles can meet the corresponding safety standards.

During the production process, the Group strictly abides by the international standards and regulations in relation to textile. These include China's GB18401-2010, "the National general safety technical code for textile products" (《國家紡織產品基本安全技術規範》) and Oeko-Tex® Standard 100. In addition, there are specific requirements for certain products. The Group will also follow relevant standards, mainly including Global Organic Textile Standard, Organic Content Standard and Global Recycle Standard, when applicable.

In addition to the quality of products, customers are attaching more importance to the social and environmental performance of plant operations. The Group's plants strictly abide by the manufacturer's code of conduct signed with customers, and have good track record in compliance reviews conducted by customers.

During the Reporting Period, there was no case of product recalls for safety and health reasons, compared with nil in the same period last year, and no violations of laws and regulations in the past.



Product Responsibility

# Customer Service

客戶服務



Building a close, trusting and long-term relationships with customers is the foundation of corporate sustainable development. Accordingly, Pacific Textiles takes the interests of customers as the primary consideration, and pays special attention to customer complaint handling, customer property management and customer satisfaction management. The Group has formulated corresponding “customer complaint and return handling procedures”, “customer property management procedures” and “customer satisfaction analysis management procedures”, to specify the responsibilities of each department and related work procedures.

Customer complaints are classified to general complaints and special complaints, and the corresponding handling procedures are as follows:

General complaints handling procedures	Special complaints handling procedures
<ul style="list-style-type: none"> <li>• For customers complains and returns against products</li> <li>• Pacific Textiles reviews the related reasons, and then launches an investigation after confirming the complaint</li> <li>• If the complaint case is related to the use of raw materials, Pacific Textiles shall refer the relevant information to the supplier</li> <li>• If the complaint case is related to errors in the production process, Pacific Textiles will carry out a review with the person-in-charge of the plant and improvements will be made</li> <li>• Products will be delivered back to customers only after the correction and necessary quality check</li> </ul>	<ul style="list-style-type: none"> <li>• For complaints with significant problems that may substantially impact production in the future</li> <li>• Content of the complaint and related product conditions to be recorded in the “Report on Corrective and Preventive Action”(糾正預防措施報告)</li> <li>• Original or copy of the customer complaint sample which attached to the Report shall be submitted to the manager of the responsible unit or the plant director</li> <li>• Quality management department and the production department jointly hold a coordination meeting to timely prevent the aggravation of the problem</li> <li>• After the procedure is completed, relevant documents will be filed for future analysis and review</li> </ul>

In terms of customer property management, the Group respects customers’ intellectual property rights, privacy and other trade secrets, and strives to protect them. After receiving the commercial information from the customers, Pacific Textiles will adopt measures to ensure the security of their intellectual property rights, privacy and other trade secrets, and prevent the leakage of confidential information without prior approval. With respect to certain products which involve intellectual property rights, the Group will enter into confidentiality agreements in relation to the intellectual property rights and trade secrets with the relevant suppliers and customers.

In order to continuously improve customer satisfaction, each team of the Group’s production control department will issue the “Evaluation of Products and Services for Customers” (為客戶提供產品和服務的評價) form to the corresponding groups of sales department every year to inquire about customers’ evaluation of products and services provided by the Group. The Group will take improvement measures with reference to the evaluation results, striving to meet customer needs.

During the Reporting Period, the Group did not receive major complaints related to product quality, safety and health, compared with nil in the same period last year.



# Environmental Responsibility

環境責任

Pacific Textiles is committed to protecting the environment and supporting the regional sustainable development. The Group improves operation efficiency and adopts various measures to effectively use resources, reduce emissions and wastes, alleviate environmental impact and mitigate climate change, so that other stakeholders in the community can enjoy an undamaged natural environment.

## ● Topics of this section

- Energy Management
- Water Resources Management
- Emissions Management
- Packaging Materials
- Other Environmental Impact Management
- Responding to Climate Change

## ● The Stock Exchange ESG KPIs involved

- A1.1 A1.2 A1.3 A1.4 A1.5 A1.6
- A2.1 A2.2 A2.3 A2.4 A2.5
- A3.1
- A4.1

## ● SDGs topics involve



**Environmental Responsibility**

ESG Issues	Stakeholders' concern	Actions taken by Pacific Textiles
Energy Management	Consumers, customers, investors and the public are placing more and more emphasis on the performance of environmental protection in plant operation. However, due to the nature of the industry, how does Pacific Textiles reduce energy consumption?	The Group adopts energy-saving technologies and low-consumption techniques to maximise the efficiency of energy utilisation and promote energy consumption to international standards. Meanwhile, we reduce energy consumption by using new dyeing and finishing equipment, further improving real-time energy monitoring system, performing regular maintenance for machinery and equipment and turning off vacant equipment to avoid unnecessary energy consumption.
Water Resources Management	Consumers, customers, investors and the public are placing more and more emphasis on the performance of environmental protection in plant operation. However, due to the nature of the business, the Group will inevitably use a considerable amount of water resources and discharge a certain amount of sewage in the production process. How does Pacific Textiles reduce water consumption?	The Group uses more advanced low-liquor ratio waterflow dyeing machine to save water and regularly checks water supply systems and other water-using equipment to prevent leakage. We also make good use of recycled water to reduce water consumption.
Emissions Management	Consumers, customers, investors and the public are placing more and more emphasis on the performance of environmental protection in plant operation. How does Pacific Textiles reduce waste gas, wastewater and waste?	The Group improves the technology of emissions management to reduce the generation of waste gas, wastewater and waste from the source. The Group monitors the emission process and data online, regularly hires a third-party testing organisation to conduct comprehensive testing and strictly manages the emission of waste gas, sewage and other solid wastes.

ESG Issues	Stakeholders' concern	Actions taken by Pacific Textiles
Packaging Materials	Consumers, customers, investors and the public are placing more and more emphasis on reducing the consumption of packaging materials. How does Pacific Textiles reduce the use of packaging materials?	The Group reduces the use of packaging materials by optimising packaging design, implementing guidance to avoid waste of packaging materials due to human error and using recyclable materials as packaging materials.
Other Environmental Impact Management	Consumers, customers, investors and the public place more and more emphasis on the potential impacts on the surrounding environment in the operational process, in order to protect ecology and biodiversity. How does Pacific Textiles reduce noise emission and odour emission?	Various measures have been taken to reduce noise emission and control odour emission of aeration tanks of sewage treatment plants to alleviate other environmental impacts. The Group prepares emergency procedures for unexpected safety, environmental and energy incidents, and continues monitoring the impacts of production and operations on the environmental and natural resources.
Responding to Climate Change	Local governments, regulators and individuals are increasingly concerned about the issue of climate change. How does Pacific Textiles tackle climate change?	With reference to the proposed framework of the Task Force on Climate-related Financial Disclosures (TCFD), the Group explains climate-related financial impacts to stakeholders in four dimensions, including "Governance", "Strategy", "Risk Management" and "Targets and Objectives" to help them make decisions.

Environmental Responsibility

# Targets of Panyu Plant 番禺廠目標

Scope	FY2023/24	FY2030/31	Measures
Sustainable use of raw materials and resources	<ol style="list-style-type: none"> <li>Increase the ratio of GRS regenerative fibre products</li> <li>The utilisation rate of dye packing cartons reaches 80%</li> <li>The recovery rate of auxiliary packaging barrels of suppliers reaches 60%</li> </ol>	<ol style="list-style-type: none"> <li>Increase the ratio of GRS regenerative fibre products</li> <li>The utilisation rate of dye packing cartons reaches 100%</li> <li>The recovery rate of auxiliary packaging barrels of suppliers reaches 80%</li> </ol>	<ol style="list-style-type: none"> <li>Increase the production ratio of GRS products</li> <li>Prevent dye cartons from pollution from the root to reduce the amount of hazardous waste of dye cartons</li> <li>Encourage suppliers to recycle cleaned auxiliary packaging barrels</li> </ol>
Greenhouse gas emissions	Greenhouse gas emissions per metric tonne of finished products decreases by 15% compared to FY2019/20	Greenhouse gas emissions per metric tonne of finished products decreases by 30% compared to FY2019/20	Upgrade production machinery and equipment, develop clean energy from solar and wind energy for use, source environmentally friendly raw materials for production, strive to improve product technique, reduce resources and energy consumption and prevent pollution
Sustainable use of energy <sup>1</sup>	<ol style="list-style-type: none"> <li>Coal consumption per metric tonne of finished products decreases by 7% as compared to FY2019/20</li> <li>Renewable electricity representing 2% of total electricity consumption</li> </ol>	<ol style="list-style-type: none"> <li>Coal consumption per metric tonne of finished products decreases by 15% as compared to FY2019/20</li> <li>Renewable electricity representing 20% of total electricity consumption</li> </ol>	<ol style="list-style-type: none"> <li>Develop solar power projects and wind power projects</li> <li>Source environmentally friendly raw materials for production, strive to improve product technique, reduce resources and energy consumption and prevent pollution</li> </ol>

<sup>1</sup> In order to better drive the emission reduction from energy use, a target of coal consumption intensity was added; compared to last year while target of renewable energy was revised from an absolute value to a percentage to reflect actual improvement regardless of production volume.

Scope	FY2023/24	FY2030/31	Measures
Sustainable use of water resources	Water recycling ratio <sup>2</sup> reaches 40%	Water recycling ratio <sup>2</sup> reaches 48.8%	Increase the utilisation rate of the reverse osmosis system as planned and increase the water production of reverse osmosis
Air pollutions <sup>3</sup>	<ol style="list-style-type: none"> <li>Density of nitrogen oxide emissions remains below 24.22mg/m<sup>3</sup></li> <li>Density of sulphur dioxide emissions remains below 8.75mg/m<sup>3</sup></li> <li>Density of particulate matter emissions remains below 10mg/m<sup>3</sup> (equivalent to local standards)</li> <li>Density of flue gas emissions remains below 5.38mg/m<sup>3</sup></li> </ol>	<ol style="list-style-type: none"> <li>Density of nitrogen oxide emissions remains below 22.46mg/m<sup>3</sup></li> <li>Density of sulphur dioxide emissions remains below 8.11mg/m<sup>3</sup></li> <li>Density of particulate matter emissions remains below 10mg/m<sup>3</sup> (equivalent to local standard)</li> <li>Density of flue gas emissions remains below 4.99mg/m<sup>3</sup></li> </ol>	Strengthen operation management and equipment maintenance
Hazardous wastes <sup>4</sup>	<ol style="list-style-type: none"> <li>The waste rate of dye packaging cartons remains below 5%</li> <li>The waste rate of auxiliary packaging barrels remains below 3%</li> </ol>	<ol style="list-style-type: none"> <li>The waste rate of dye packaging cartons decreases to 0%</li> <li>The waste rate of auxiliary packaging barrels remains below 2%</li> </ol>	<ol style="list-style-type: none"> <li>Prevent dye cartons from pollution from the root to reduce the amount of hazardous waste of dye cartons</li> <li>Make full use of the processing capacity of the dye and auxiliary packaging waste treatment workshop to reduce the waste rate of auxiliary barrels</li> </ol>
Drainage	Annual average COD (chemical oxygen demand) concentration remains below 40mg/L	Annual average COD (chemical oxygen demand) concentration remains below 35mg/L	Construct a 20,000 metric tonne/day advanced treatment project to improve efficiency of wastewater treatment and reduce waste discharge

<sup>2</sup> Water recycling refers to wastewater from production being further treatment after standard treatment to meet the quality requirements of production water and for reuse in production. Water recycling ratio is the ratio of water recycling volume to production wastewater treatment volume.

<sup>3</sup> The targets on density of nitrogen oxide emissions and density of sulphur dioxide emissions are much stricter than the local emission standards (i.e. nitrogen oxide: 50mg/m<sup>3</sup>; Sulphur dioxide: 35mg/m<sup>3</sup>).

<sup>4</sup> In light of the satisfactory performance in waste reduction during the Reporting Period, we revised the waste targets that have been published last year to be more aggressive, demonstrating our commitment to continuous excellence.

Environmental Responsibility

# Targets of Vietnam Plant 越南廠目標

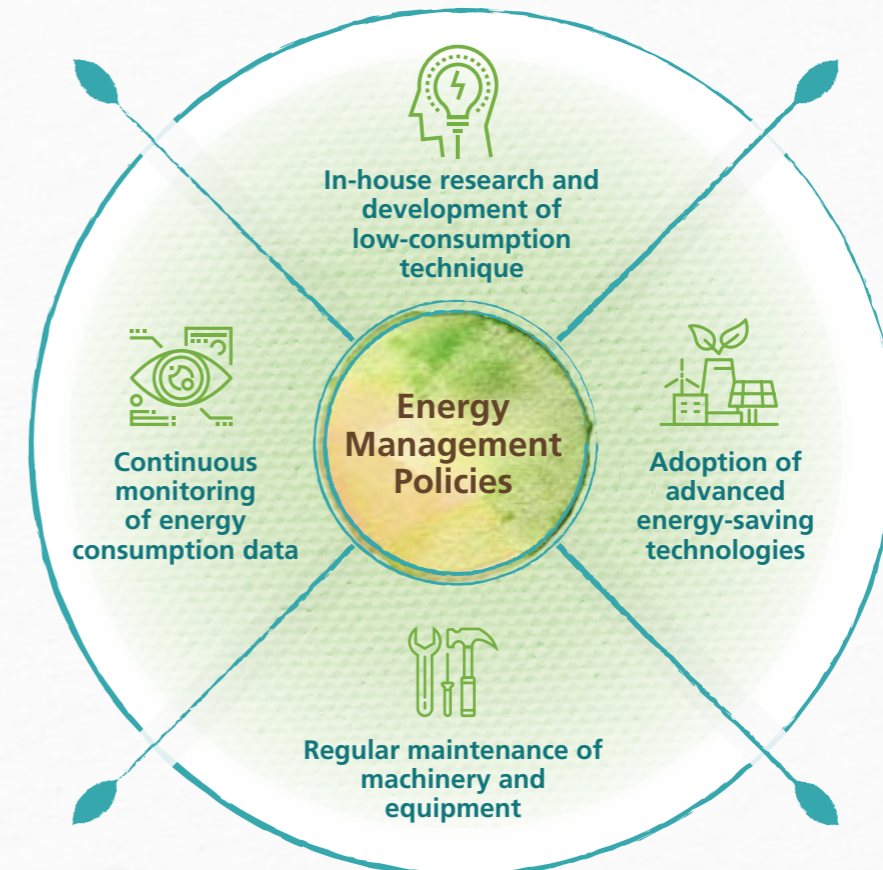
Scope	FY2023/24	FY2030/31	Measures
Greenhouse gas emissions	Greenhouse gas emissions per metric tonne of finished products decreases by 30% compared to FY2021/22	Greenhouse gas emissions per metric tonne of finished products decreases by 70% compared to FY2021/22	Replace coal by biofuel
Sustainable use of energy	<ol style="list-style-type: none"> <li>Coal consumption per metric tonne of finished products decreases by 30% as compared to average usage of 4 years</li> <li>Purchased electricity consumption per metric tonne of finished products remains below 2,620 kWh</li> </ol>	<ol style="list-style-type: none"> <li>Cease using coal</li> <li>Purchased electricity consumption per metric tonne of finished products remains below 2,575 kWh</li> </ol>	<ol style="list-style-type: none"> <li>Replace coal by biofuel</li> <li>Use energy-saving equipment during non-production time</li> <li>Use energy efficient equipment</li> </ol>
Sustainable use of water resources	Water consumption per metric tonne of finished products remains below 100 m <sup>3</sup>	Water consumption per metric tonne of finished products remains below 95 m <sup>3</sup>	Recycle the treated wastewater instead of fresh water to some part of the dyeing process
Air pollutions	<ol style="list-style-type: none"> <li>Density of nitrogen oxide emissions remains below 100mg/m<sup>3</sup> (local standard is 1,000 mg/m<sup>3</sup>);</li> <li>Density of sulphur dioxide emissions remains below 200mg/m<sup>3</sup> (local standard is 500 mg/m<sup>3</sup>)</li> <li>Density of particulate matter emissions remains below 50mg/m<sup>3</sup> (local standard is 200 mg/m<sup>3</sup>)</li> </ol>	<ol style="list-style-type: none"> <li>Density of nitrogen oxide emissions remains below 100mg/m<sup>3</sup> (local standard is 1,000 mg/m<sup>3</sup>);</li> <li>Density of sulphur dioxide emissions remains below 200mg/m<sup>3</sup> (local standard is 500 mg/m<sup>3</sup>)</li> <li>Density of particulate matter emissions remains below 50mg/m<sup>3</sup> (local standard is 200 mg/m<sup>3</sup>)</li> </ol>	<ol style="list-style-type: none"> <li>Ensure effective operation of discharge treatment system</li> <li>Purchase qualified coal</li> </ol>
Hazardous wastes	Wastes per metric tonne of finished products remains below 0.31 tonne	Wastes per metric tonne of finished products remains below 0.3 tonne	<ol style="list-style-type: none"> <li>Separate treatment of sludge from water supply plant to reduce hazardous sludge</li> <li>Upgrade machinery/strengthen the operation of sludge treatment equipment to reduce weight of sludge</li> </ol>
Drainage	Annual average COD (chemical oxygen demand) concentration of sludge remains below 55mg/L	Annual average COD (chemical oxygen demand) concentration of sludge remains below 55mg/L	Ensure effective operation of sewage treatment system

To the best knowledge of the management, during the Reporting Period, Pacific Textiles has complied with applicable local laws and regulations in terms of resources, emissions, packaging materials and environmental impact management, and there have been no violations.

# Energy Management 能源管理

Textile industry will use a large amount of energy including coal, electricity and diesel in the production process. As a leader in the textile industry, Pacific Textiles is committed to actively improving energy efficiency. It will actively adopt advanced energy-saving technologies based on energy management policy, strive to develop low-consumption technique and advance energy consumption reaching the internationally advanced level. In order to better conserve resources, the Group strives to develop low-consumption technique, actively adopts advanced energy-saving technologies, optimises management to continuously improve the efficiency of energy use, and advances energy consumption reaching the internationally advanced level. Specifically, the Group develops new dyeing and finishing equipment, using new generation of over-flow dyeing cylinder with low energy consumption ratio to replace airflow cylinder, in order to reduce energy consumption. Meanwhile, the Group further improves real-time energy monitoring and control system to minimize energy consumption, for example, taking actions timely while discovering the abnormal energy consumption. Panyu Plant has been responsible for various industry and China demonstrative projects, including the Sino-Japanese cooperative research project (the "NEDO Project"), and has also been awarded industry-recognised emission reduction and energy saving related awards. It has achieved remarkable results in energy-saving technology research and development. Vietnam Plant also adopts the same resource use policy and continues to improve energy management. In terms of daily operation, Panyu Plant and Vietnam Plant carry out regular maintenance for machinery and equipment to maintain their performance and energy efficiency. These plants also regularly inspect equipment usage, turning off vacant equipment to avoid unnecessary energy consumption. Meanwhile, the Group and plants also continually monitor related energy usage to identify opportunities for further optimisation of energy management. Vietnam Plant has adopted energy-saving measures based on the local plant conditions, such as 100% condensing steam recovery technology, LED lighting, cooling water recycling, etc.

In addition, Pacific Textiles is exploring the potential use of solar and biofuel to further decrease the requirements for electricity and fossil fuels, further making progress with respect to decreasing greenhouse gas emission.



## Environmental Responsibility

During the Reporting Period, the total energy consumption<sup>5</sup> of Panyu Plant and Vietnam Plant were 1,488,242,930 kWh and 169,251,611 kWh, respectively. In which, over 85% of the total energy consumption was attributed to raw coal consumption, which was mainly used for power generation for plant operations; purchased electricity was also used for plant operations; and other energy sources including diesel and petroleum gas were mainly used for transportation and plants' catering. The detailed consumption of Panyu Plant based on different types of energy is as follows:

Energy consumption of Panyu Plant (kWh)	2021/22	2020/21
Raw coal consumption	1,372,609,155	1,466,321,308
Consumption per metric tonne of finished products	20,754	22,588
Purchased electricity consumption	111,451,505	92,116,217
Consumption per metric tonne of finished products	1,685	1,419
Other energy sources consumption	4,182,271	2,247,524
Consumption per metric tonne of finished products	63	35
<b>Total energy consumption</b>	<b>1,488,242,930</b>	<b>1,560,685,049</b>
<b>Consumption per metric tonne of finished products</b>	<b>22,503</b>	<b>24,042</b>

On the whole, the total energy consumption of Panyu Plant during the Reporting Period decreased by approximately 4.6% compared with the same period last year. The actual energy use efficiency has been improved, which was reflected in the decrease in total energy consumption per metric tonne of finished products.

<sup>5</sup> The calculation of energy consumption in the Report refers to "Chinese Energy Statistical Yearbook 2018" by National Bureau of Statistics of the People's Republic of China, "Energy Statistics Yearbook 2018" by United Nation Statistics Division and "GB Standards on diesel, gasoline and liquefied petroleum gases" by Standardisation Administration of the People's Republic of China.

The detailed consumption of Vietnam Plant based on different types of energy is as follows:

Energy consumption of Vitenam Plant (kWh)	2021/22	2020/21
Raw coal consumption	145,015,000	113,699,378
Consumption per metric tonne of finished products	17,434	15,486
Purchased electricity consumption	23,770,821	19,880,259
Consumption per metric tonne of finished products	2,858	2,708
Other energy sources consumption	465,790	403,718
Consumption per metric tonne of finished products	56	55
<b>Total energy consumption</b>	<b>169,251,611</b>	<b>133,983,355</b>
<b>Consumption per metric tonne of finished products</b>	<b>20,348</b>	<b>18,249</b>

Compared with the same period last year, energy consumption by energy type of Vietnam Plant during the Reporting Period has increased, ranging from 15% to 28%, which was mainly due to the increase in production. The actual average energy use efficiency in per metric tonne of finished products increased by 11.5% compared with the same period last year. It was mainly because of alternation of fabric product with more sophisticated production process during the Reporting Period.

Environmental Responsibility

**NEDO Project of Panyu Plant**

Panyu Plant was selected by the National Development and Reform Commission and the New Energy and Industrial Technology Development Organisation to commence a Sino-Japanese research project (the "NEDO Project"), a collaboration among the China Southern Power Grid Synthesis Energy Co., Ltd. and three power technology companies in Japan, which introduced the latest energy management system ("EMS"), a factory energy management platform ("FEMP"), generating electricity and steam with higher efficiency and reducing energy consumption. It is expected to save 9,000 metric tonnes of coal each year. The NEDO Project including three optimisation projects is as follows:

The project is expected to save about 9,000 metric tonnes of coal in Panyu Plant every year

**9,000** metric tonnes

**Project 1: Energy Supply Improvement Project**

The energy supply of Panyu Plant mainly includes self-generated electricity and steam from the coal-fired cogeneration power plant, and some purchased electricity. There is still great potential for energy conservation and improvement in energy supply. The project mainly improves the performance of energy supply by improving the operation of power plant (including improving the efficiency of boiler, steam turbine and boiler feedwater heater, improving the avoidance of energy loss of temperature and pressure reducer and improving the efficiency of deaerator) and optimising the balance of energy supply.

**Project 2: Heat Exchange and Recovery of High-Temperature Emission from Dyeing Factory Project**

The original wastewater and waste heat recovery system of Panyu Plant becomes gradually obsolete due to its long service life, resulting in low heat energy recovery efficiency and thus failing to maximise the use of heat energy. Therefore, Panyu Plant has introduced Japanese CT+ spiral heat exchangers through the project to strengthen the recovery of wastewater and waste heat for production, indirectly reducing the consumption of other energy sources.



**Project 3: Project of Variable Frequency Turbo on Vapour Absorption Refrigerators**

The central air conditioners originally used in Panyu Plant are steam absorption chillers, which use steam as a heat source for cooling, and there is room for improvement in efficiency. Therefore, Panyu Plant has introduced two electric-driven variable frequency turbines through the project, which have higher energy efficiency than existing steam absorption chillers, thereby reducing the overall energy consumption of central air conditioners.



During the project period, under the coordination of People's Government of Guangdong Province, China, Pacific Textiles conducted a number of technical exchange meetings to jointly research and share energy technologies with experts. Pacific Textiles focused on joint research with Japanese experts. Under the technical guidance of Japanese experts, planned projects have been successfully completed and energy management performance has been improved.



In addition to the NEDO Project, Panyu Plant and Vietnam Plant have also adopted other measures to reduce energy consumption and improve energy efficiency.

Use new water dyeing machines with higher energy efficiency and low liquor ratio to replace old dyeing machines (Panyu Plant)

It has lower electricity consumption by 60% compared with the airflow cylinder with low liquor ratio

**60%**

Refurbish the outer layer of the air compressor to reduce the temperature of the compressed gas and lubricating oil (Vietnam Plant)

It is expected to save 200 kWh of electricity per day

**200** kWh

Environmental Responsibility

# Water Resources Management

水資源管理

Pacific Textiles is deeply aware of the preciousness of water resources and the importance thereof to the ecosystem. Due to the nature of the business, the Group will inevitably use a considerable amount of water resources and discharge a certain amount of sewage in the production process (especially in the dyeing process). In order to ensure the sustainable development of the region and the environment, the Group has formulated water resources management policies to reduce the consumption of and improve the efficiency of water resources through research and development of low-consumption technologies and the adoption of advanced technologies. Specific measures include using more advanced low-liquor ratio waterflow dyeing machine to save water, regularly checking water supply systems and other water-using equipment to prevent leakage, and utilising recycled water.



### New low-liquor waterflow dyeing machine

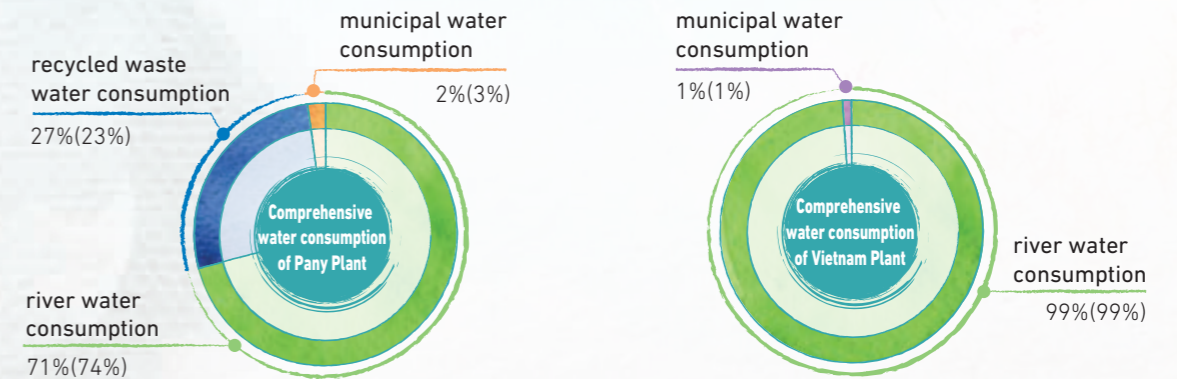
Dyeing is one of the processes that consumes the most water resources in the process of producing knitted fabrics. In view of this, the Panyu Plant has been trying to reduce the water consumption for dyeing through different channels, such as optimising the process and improving the technology. In recent years, the Panyu Plant has purchased advanced new type of low-liquor ratio waterflow dyeing machine to replace the old one. The liquor ratio of low-liquor ratio waterflow dyeing machine is about 40% to 50% lower than the traditional one, which effectively reduces water consumption by about 40% to 50%.



Reducing water consumption in the dyeing process by about **40-50%**

During the Reporting Period, the Panyu Plant and Vietnam Plant did not encounter any problem in finding suitable water resources. The water consumption of two factories mainly comes from the water used in the production process (taken from river water or recycled wastewater used in the production process after treatment), while cooking and domestic water only accounts for a small part (taken from municipal water). In addition, there is internally recycled water used for air compressors and electrostatic precipitators in the Panyu Plant, but it will not cause additional water consumption.

### Comprehensive water consumption of Panyu Plant Comprehensive water consumption of Vietnam Plant



\* The data in parenthesis ( ) represents the data of 2020/21.

It can be seen from the above figures that more than 20% of the water consumption of the Panyu Plant is recycled wastewater, which greatly reduces the requirement for external water resources. The Vietnam Plant will also place its path to such direction in the future, hoping to increase the recycling rate of water resources. The comprehensive water consumption data of the Panyu Plant and Vietnam Plant during the Reporting Period are as follows:

Comprehensive water consumption of the Panyu Plant (m <sup>3</sup> )	2021/22	2020/21
River water consumption	11,837,484	12,718,074
Water consumption per metric tonne of finished products	178.99	195.92
Municipal water consumption	304,983	497,675
Water consumption per metric tonne of finished products	4.61	7.67
<b>Freshwater consumption</b>	<b>12,142,467</b>	<b>13,215,749</b>
<b>Freshwater consumption per metric tonne of finished products</b>	<b>183.60</b>	<b>203.59</b>
Recycled wastewater <sup>6</sup> consumption	4,592,953	4,022,522
Water consumption per metric tonne of finished products	69.45	61.97

Comprehensive water consumption of the Vietnam Plant (m <sup>3</sup> )	2021/22	2020/21
River water consumption	1,001,840	732,010
Water consumption per metric tonne of finished products	120.44	99.70
Municipal water consumption	9,480	9,055
Water consumption per metric tonne of finished products	1.14	1.23
<b>Total water consumption</b>	<b>1,011,320</b>	<b>741,065</b>
<b>Water consumption per metric tonne of finished products</b>	<b>121.58</b>	<b>100.94</b>

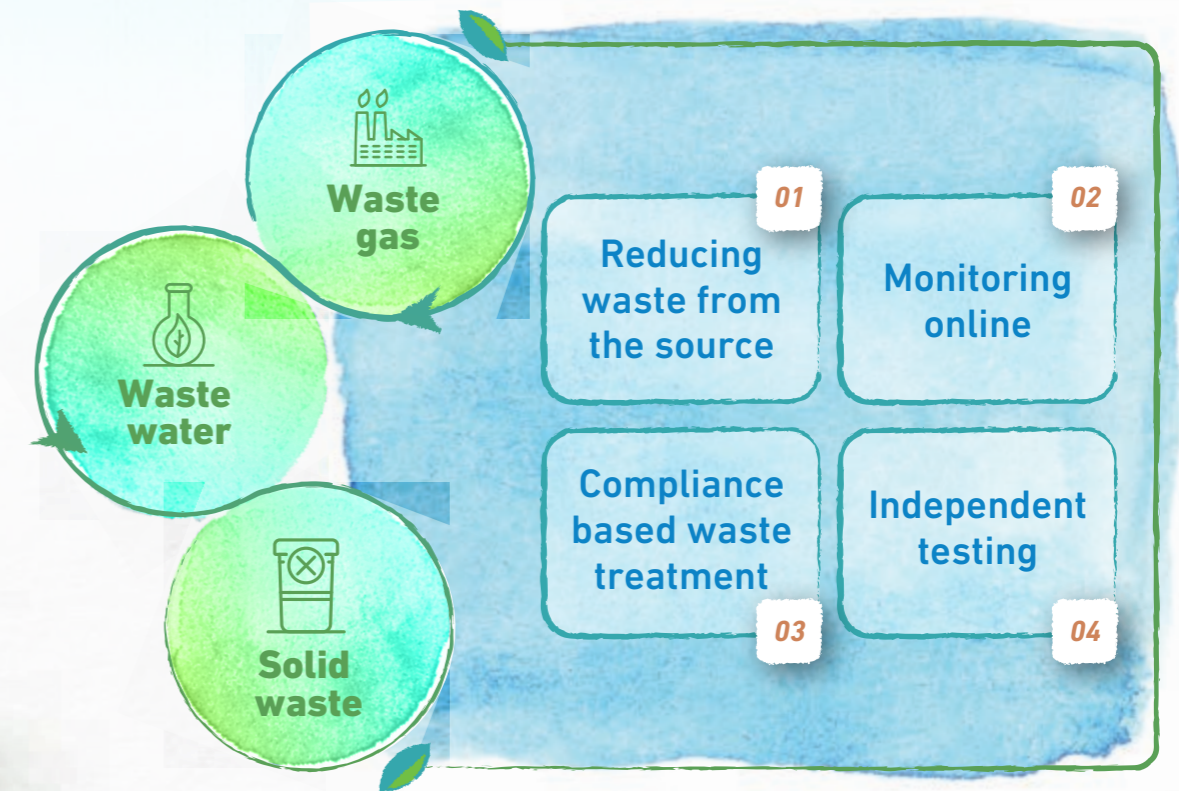
During the Reporting Period, the total water consumption of the Panyu Plant slightly decreased while the total water consumption of the Vietnam Plant increased by 36.5%, which was mainly due to the increase in output. Overall, the increase of water use efficiency of the Panyu Plant and the decrease of water use efficiency of the Vietnam Plant compared with that in the past are reflected in the water consumption per metric tonne of finished products. The increase part of approximately 20.4% in the water consumption per metric tonne of finished products of Vietnam Plant was due to the increase in the proportion of finished products produced during the Reporting Period that required more water resources in production. The Group will continue to closely monitor the water use data of two plants to identify opportunities to improve water use efficiency.

<sup>6</sup> The wastewater is reclaimed from the water used by various production facilities and becomes recyclable after treatment.

Environmental Responsibility

# Emissions 排放物管理 Management

The environmental management policy of Pacific Textiles aims to save energy, reduce consumption and pollution and increase efficiency, start from the source through strict control process, in order to become the pioneer of cleaner production in the industry. Pacific Textiles strictly manages the discharge of air, sewage and other solid waste to reduce the impact on the environment and ecosystem. The Group's policy in respect of emissions management is to actively improve technologies to reduce the generation of waste gas, wastewater and waste from the source; monitor the emission process and data online; and dispose the emissions in accordance with local regulations. To ensure full compliance with regulatory requirements, the Group regularly hires a third-party testing organisation to conduct comprehensive testing, strengthen the safety management of chemicals, in order to ensure safe production and product safety and prevent the pollution and harm caused by hazardous chemicals to the environment and products. The chemicals used by the Group strictly follow the Guideline for ZDHC (Zero Discharge of Hazardous Chemicals) so that regular ZDHC tests are carried out by the laboratory designated by the customer to confirm the results. Relevant applicable laws and regulations include: "the Law of the People's Republic of China on the Prevention and Control of Water Pollution" (《中華人民共和國水污染防治法》), "the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution" (《中華人民共和國大氣污染防治法》), "the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Waste" (《中華人民共和國固體廢物污染環境防治法》) and Vietnam's key national technical regulations on industrial inorganic substances, dust and wastewater (such as the "National Technical Regulation on Industrial Emission of Inorganic Substances and Dusts", "National Technical Regulation on Industrial Wastewater" and "National Technical Regulation on the Effluent of Textile Industry", etc.). The Company conducts compliance assessment of applicable laws and regulations every year, and reports at the annual management committee meeting, and formulates corresponding improvement measures for those that have not been fully implemented. So far, no violations have occurred.



For the textile industry, major air emissions are produced during the operation of boilers and setting machines of the power plant, including nitrogen oxides, sulphur oxides and particulate matters. The amount of air emissions produced is mainly affected by the quality of raw materials/fuels (mainly coal) and production technology. As the former is largely an external uncontrollable factor, the Group pays more attention to the investment to improve technology level. In this regard, Panyu Plant has made remarkable achievements. It adopts a comprehensive treatment project for ultralow emission of flue gas pollutants from circulating vulcanised bed coal-fired boilers, to desulfurise, denitrate and remove dust from the flue gas emitted from coal-fired boilers in power plants. The flue gas emission reaches the ultralow emission standard of Guangdong Province. The project was awarded the "Outstanding Demonstrative Project regarding Environmental Protection of Guangdong Province" in 2018. In addition, Panyu Plant also achieved good results by using advanced oil fume treatment equipment to treat the oil fume generated during the processing of fabrics. With advanced technologies and outstanding performance, Pacific Textiles was invited to participate in the formulation of the national standard "Standards on Air Pollutants Discharge for Textile Printing and Dyeing Industry" (《紡織印染工業大氣污染物排放標準》). The air emission level of Vietnam Plant is also in full compliance with local regulations and standards. It will learn from the successful experience of Panyu Plant to actively improve the technology level and reduce emissions in the future.



## Environmental Responsibility

The data of air emissions of two plants during the Reporting Period is as follows<sup>7</sup>:

Air emission of Panyu Plant (kg)	2021/22	2020/21
Nitrogen oxides emissions	61,280	45,352
Emissions per metric tonne of finished products	0.93	0.70
Sulphur oxides emissions	11,234	9,308
Emissions per metric tonne of finished products	0.17	0.14
Particulate matter emissions	5,921	8,653
Emissions per metric tonne of finished products	0.09	0.13

Air emission of Vietnam Plant (kg)	2021/22	2020/21
Nitrogen oxides emissions	48,672	38,231
Emissions per metric tonne of finished products	5.85	5.21
Sulphur oxides emissions	115,950	90,900
Emissions per metric tonne of finished products	13.94	12.38
Particulate matter emissions	26,511	20,780
Emissions per metric tonne of finished products	3.19	2.83

As shown above, air emissions per metric tonne of finished products of Vietnam Plant are significantly higher than that of Panyu Plant, which is mainly due to differences in statutory emission standards of the two plants. As mentioned above, Vietnam Plant will leverage the experience of the Panyu Plant in the future to continuously improve its technology level and reduce air emissions.

In addition to the most common air pollutants, namely nitrogen oxides, sulphur oxides and particulate matter, considering carbon monoxide as a material emission, Panyu Plant has developed a mechanism to collect carbon monoxide emission data during the Reporting Period. The carbon monoxide emission during the Reporting Period was 63,292kg (with an intensity of 0.96kg per metric tonne of finished products).

<sup>7</sup> The report refers to "Appendix II: Reporting Guidance on Environmental KPIs" of the Stock Exchange when calculating air emissions.

In addition to the above-mentioned waste gas, air emissions of the Group's plants also include Greenhouse gas. The relevant data is as follows<sup>8</sup>:

Greenhouse gas emissions of Panyu Plant (metric tonnes of CO <sub>2</sub> e)	2021/22	2020/21
Direct (Scope 1) emissions	471,784	503,543
Emissions per metric tonne of finished products	7.13	7.76
Energy indirect (Scope 2) emissions	56,712	46,873
Emissions per metric tonne of finished products	0.86	0.72
Other indirect (Scope 3) emissions	4,096	4,404
Emissions per metric tonne of finished products	0.06	0.07

Greenhouse gas emissions of Vietnam Plant (metric tonnes of CO <sub>2</sub> e)	2021/22	2020/21
Direct (Scope 1) emissions	49,862	39,105
Emissions per metric tonne of finished products	5.99	5.33
Energy indirect (Scope 2) emissions	14,301	11,906
Emissions per metric tonne of finished products	1.72	1.62
Other indirect (Scope 3) emissions	352	284
Emissions per metric tonne of finished products	0.04	0.04

Direct (Scope 1) greenhouse gas emissions mainly come from the consumption of raw coal. Energy indirect (Scope 2) greenhouse gas emissions mainly come from the consumption of purchased electricity. Other indirect (Scope 3) greenhouse gas emissions are mainly related to sewage discharge and the use of municipal water. The Group actively saves energy consumption to reduce greenhouse gas emissions. For details of energy management policies and measures and energy consumption data, please refer to the section headed "Energy Management" in the Report.

<sup>8</sup> When calculating greenhouse gas emissions, this report refers to the "2006 Guidelines for National Greenhouse Gas Inventories Volume 2" by the Intergovernmental Panel on Climate Change (IPCC); the "2019 Baseline Emission Factors for Regional Power Grids in China" by the Ministry of Ecology and Environment of the People's Republic of China; the "List of Grid Emission Factors version 10.10" by Institute for Global Environmental Strategies; the "Greenhouse gas reporting: conversion factors 2021" issued by the Department for Business, Energy & Industrial Strategy of the UK Government and the "Appendix 2: Reporting Guidance on Environmental KPIs" by the Stock Exchange;

**Environmental Responsibility**

In view of the nature of the textile industry, Pacific Textiles may inevitably cause a certain amount of sewage discharge in production. Therefore, the Group attaches great importance to the sewage treatment process to reduce pollution as much as possible in order to ensure that the types and concentrations of pollutants discharged comply with local regulations and standards, further achieving the sustainable development. The plant of Pacific Textiles takes samples daily to test the quantitative of chemicals in treated sewage to evaluate the performance of sewage treatment. We also have a real-time monitoring system to monitor the quality of the treated sewage and ensure that it is be discharged only when it is qualified. We cooperate with third-party testing organisations to conduct regular sample tests on sewage in order to ensure compliance with legal requirements. In addition, Pacific Textiles also actively develop different sewage treatment technologies. For example, Panyu Plant, South China University of Technology and Guangzhou Branch of Shenyang Institute of Automation of Chinese Academy of Sciences(中科院瀋陽自動化研究院廣州分院) jointly conducted research on advanced treatment of printing and dyeing wastewater and intelligent online monitoring last year, and the treatment result is far better than the emission limit of standards on water pollutants discharge for textile printing and finishing industry (GB4287-2012). This technology was awarded several honours, including the Guangdong Science and Technology Improvement Award (Second Class)(廣東省科學技術進步二等獎), the Second Class Award of Scientific and Technological Progress of China National Textile and Apparel Council (中國紡織工業聯合會科技進步二等獎), and was included in the recommended catalogues of the 12th batch advanced technologies in energy saving and emission reduction in China’s dyeing and printing industry.

During the Reporting Period, the total sewage discharge of Panyu Plant was 8,547,744 cubic meters (during the same period last year: 9,205,501 cubic meters), and the sewage discharge per metric tonne of finished products was 129 cubic meters (during the same period last year: 141.81 cubic meters). The total sewage discharge of Vietnam Plant was 744,176 cubic meters (during the same period last year: 638,537 cubic meters), and the sewage discharge per metric tonne of finished products was 89.5 cubic meters (during the same period last year: 86.97 cubic meters). Panyu Plant has witnessed a decrease in sewage discharge per metric tonne of finished products, as compared to the slight increase of Vietnam Plant that was mainly due to the increase in the proportion of finished products produced during the Reporting Period that required more water resources in production.

**Fishpond with treated wastewater**

After advanced treatment of the printing and dyeing wastewater of the Panyu Plant, the discharge index is far lower than the Class I standard in the second time period of in the “Discharge Limits of Water Pollutants” (DB44/26-2001) and the direct discharge standard in “Discharge Standards of Water Pollutants for Dyeing and Finishing of Textile Industry” (GB4287-2012 Table 2)) in Guangdong Province. The treated wastewater can be used to raise fish, proving the water quality. The picture shows the ornamental fishpond built by the Company that uses treated printing and dyeing wastewater.



In terms of waste treatment, Panyu Plant and Vietnam Plant refer to the relevant policies and requirements of the local government for hazardous waste treatment to dispose hazardous wastes generated during the production process, and entrust professional contractors with local government-accredited qualifications for central treatment. Disposal of hazardous waste was 100% compliant with local standards. In December 2020, the dye and auxiliary packaging waste treatment workshop established by Panyu Plant passed the environmental impact assessment and was officially approved to start operation to process some waste chemical packaging and containers. Since then, dye packaging cartons produced can be used as biomass fuel to be incinerated in power plants after damage, and auxiliary packaging barrels can be recycled after cleaning, which reduce the Company’s waste disposal costs and the impact to the environment. For non-hazardous wastes, Panyu Plant and Vietnam Plant sell recyclable waste to recyclers for recycling, and the remaining non-recyclable waste will be comprehensively disposed of by relevant units recognised by local government departments. The wastes generated by two plants during the Reporting Period are as follows:

Amount of wastes generated by Panyu Plant (kg)	2021/22	2020/21
Amount of hazardous wastes generated	264,951	566,785
Amount generated per metric tonne of finished products	4.01	8.73
Amount of non-hazardous wastes generated	64,374,259	64,312,895
Amount generated per metric tonne of finished products	973	991

Amount of wastes generated by Vietnam Plant (kg)	2021/22	2020/21
Amount of hazardous wastes generated	2,916,470	2,741,260
Amount generated per metric tonne of finished products	351	373
Amount of non-hazardous wastes generated	11,035,349	7,884,618
Amount generated per metric tonne of finished products	1,327	1,074

The amount of non-hazardous wastes generated by Panyu Plant was roughly the same as that of the same period last year, while the amount of hazardous wastes generated decreased mainly due to the completion and operation of the auxiliary barrel cleaning line with the approval of environmental impact assessment, which would turn auxiliary barrels into the general solid waste after cleaning. The increase in the amount of hazardous wastes generated by Vietnam Plant was mainly due to an increase in production, while the amount of hazardous wastes generated per metric tonne of finished products decreased. The increase in non-hazardous wastes was mainly due to the replacement and removal of the original plastic frame in Vietnam Plant.

Environmental Responsibility

# Packaging Materials 包裝物料

Pacific Textiles understands that many customers will not keep the packaging materials since they receive the products, wastes thereby created. The Group actively takes different measures to reduce unnecessary packaging wastes. For example, the Group adopts more suitable packing material specifications according to the packing needs of products, uses environmentally friendly or recyclable materials as packaging materials as far as possible, provides work guideline to avoid waste of packaging materials due to human error, recycles packing plastic bags and adhesive papers or reuses them as covering materials for product protection. For the supply chain of packaging items, the Group has strict requirements and control to ensure that the packaging materials meet the standards and prevent serious environmental pollution.

The packaging materials used by the Group are mainly paper materials and plastic materials. The consumption of Panyu Plant and Vietnam Plant during the Reporting Period is as follows:

Consumption of packaging materials of Panyu Plant (kg)	2021/22	2020/21
Consumption of paper packaging materials	677,175	711,175
Consumption per metric tonne of finished products	10.24	10.96
Consumption of plastic packaging materials	309,896	317,849
Consumption per metric tonne of finished products	4.69	4.90

Consumption of packaging materials of Vietnam Plant (kg)	2021/22	2020/21
Consumption of paper packaging materials	79,982	60,642
Consumption per metric tonne of finished products	9.62	8.26
Consumption of plastic packaging materials	48,037	39,485
Consumption per metric tonne of finished products	5.77	5.38

Paper packaging materials and plastic packaging materials per metric tonne of finished products used in Panyu Plant saw their slight decrease, partly due to less waste of packaging materials occurred, while the increase in the consumption of packaging materials in Vietnam Plant was mainly due to the delayed delivery of finished goods caused by distorted supply chain because of COVID-19. It resulted in secondary packaging for delivery of finished goods that had been piled up at warehouse, thereby increasing the packaging material consumption intensities.

# Other Environmental Impact Management 其他環境影響管理

Apart from water pollution, air pollution and emission pollution mentioned above, the Group may also bring other environmental impacts during its operation, mainly including noise emission of the production equipment and odour emission of aeration tanks of sewage treatment plants. In order to protect the ecosystem and biodiversity, the Panyu Plant and Vietnam Plant have established special working groups to monitor data on emissions and natural resources consumption, and have taken measures to reduce related noise and odour to minimize other potential environmental impacts.

Besides, considering sudden incidents related to safety, environment and energy, including leakage of chemicals or fuel, explosions or fires at the production facilities, the Group has compiled the "Emergency Readiness and Response Management Procedures" (《應急準備與響應管理程序》), stipulating that the handling procedures of major environmental pollution incidents are clearly defined with response plans, procedures, control guidelines, measures and responsible departments, in order to deal with emergencies quickly and effectively and to minimise related impact on the surrounding environment. In addition, the Group also conducts emergency drills on an annual basis where the occurrence and handling of emergencies are simulated, in order to improve the ability of employees in addressing emergencies. The Panyu Plant tailors its drill plan for each emergency drill and reports it to the safety management office for record. Each department will conduct a drill based on the plan, during which monitoring workers will make corresponding records. An appraisal will be conducted upon the completion of drill and any deficiencies during the drill will be analysed in order to make improvements for next drill, further ensuring our staff can properly respond to various emergencies.

Environmental impact is also an important consideration for the Group when upgrading existing plants and designing new plants. Therefore, Pacific Textiles actively introduces new elements to create green and smart plants. For example, as part of Panyu Plant's upgrade plan by 2023, the Group is building a 6 megawatt-hour solar power generation system, and will also use liquefied natural gas instead of liquefied petroleum gas as fuel in some production processes. The Group is also evaluating the feasibility of using wind power generation in the Panyu Plant and researching methods to further reduce sludge. The Vietnam Plant also performed excellently in environmental aspect, and has been selected to be a demonstrative successful textiles factory in Vietnam for 3 consecutive years by the National Environmental Magazine affiliated to the Vietnam Environment Administration. In May 2019, the Vietnam Plant also commenced the energy audit plan to monitor the use of energy on an ongoing basis for improvement in efficiency. In addition, the Group plans to add a series of effective green designs to new plants to be built in Vietnam, including advanced sewage treatment technology, production discharge treatment system, ultra-clean coal boiler discharge treatment system (in accordance with China's most stringent domestic standards for boilers that use natural gas) and on-site production line heat recovery and cooling water, condensing steam recovery technology, etc., making plant operation more in line with environmental benefits.

## Noise management

- Design the plant for indoor operations and install sound insulation boards on the fence of the plant boundary
- Use low-noise air compressors and air discharge ports to implement noise control in operation
- Continuously monitor noise data, and the Panyu Plant is monitored by a third-party environmental monitoring agency every year at the boundary

## Odour management

- Cause odour mainly when treating sewage
- Install cover plates on sewage treatment aeration tanks to seal aeration tanks to prevent the spread of odour



Vietnam Plant



The design of new plant in Vietnam



Panyu Plant


Environmental Responsibility

# Responding to Climate Change

應對氣候變化

Pacific Textiles considers climate change as an important operation risk, which will affect creatures and ecosystem in various regions throughout the world. As local governments, regulators and individuals attach more importance on climate change issue, the Group, a responsible corporate, has also formulated strategies to mitigate business' impact on regional environment and deal with potential threat generated from climate change, and has formulated emissions reduction targets and corresponding measures to gradually reduce greenhouse gas emissions. In addition, we are also actively working with major partners to map out supply chain greenhouse gas reduction plans in advance, with a view to addressing climate risks and jointly making contributions to mitigating climate change .


To help stakeholders better understand the impact of climate change on Pacific Textiles, we refer to the proposed framework of the Task Force on Climate-related Financial Disclosures (TCFD) and make climate-related disclosures from angles of "Governance", "Strategy", "Risk Management" and "Metrics and Targets".



**Governance**  
Oversight of climate-related risks and opportunities

The board of directors directly supervises the relevant policies and measures implemented by the CSR Committee, and handles various daily matters through the CSR working group under the Committee. The CSR Committee will regularly review the information regarding the environmental, social and governance report as well as the Group's sustainable development issues and strategies to formulate medium and long-term development policies. It also supervises the CSR working group and business departments.

The CSR working group, staffed by dedicated personnel, is accountable for reports to the Committee with the assistance of external professional consultants engaged from time to time. The working group will coordinate business departments to implement sustainable development strategies and policies.




**Strategy**  
Responding to climate-related risks and opportunities

The Group will also consider climate-related risks when implementing its operational strategies, and actively seek relevant opportunities to formulate sustainable development strategies.

In view of the nature of the industry, the Group inevitably uses a large amount of energy including coal, electricity and diesel, as well as a considerable amount of water resources during its production process, and discharges a certain amount of sewage. In order to better conserve resources, we actively adopt advanced energy-saving technologies, use renewable energy, improve energy efficiency, and strive to develop low-consumption processes to reduce energy and water consumption, as well as environmental pollution.

In addition, we have formulated policies related to sustainable development, actively improved technology to reduce the generation of waste gas, wastewater and waste from the source, and more emission data were disclosed to ensure safe production and product safety, and prevent the pollution and harm caused by hazardous chemicals to the environment and products.



**Risk Management**  
Management of Climate-related Risks

Physical Risks		
Category	Description	Risk Events and Financial Impact
Acute Risk	The occurrence of a single extreme weather event may have an impact on the Company's operations.	<b>Extreme climate scenarios</b> Extreme weather conditions (such as typhoons, rainstorms and floods) can damage operational facilities, factory assets, as well as life and property. Employees in affected areas may not be able to go to work as usual, and transportation and supply chains may be disrupted, resulting in an increase in maintenance costs, procurement costs, and legal liabilities. Business suspension may reduce potential revenue.

Transition Risks		
Category	Description	Risk Events and Financial Impact
Policy and Legal Risk	As the newly issued climate change-related policies may regulate those projects with heavy pollution in the industry, as well as energy use and emissions, the Company's operating policies and decisions will be affected, and non-compliance will be subject to litigation.	<b>Carbon pricing</b> Carbon pricing may be affected by the policies of the markets in which the business operates. An increase in carbon pricing will increase overall operating costs.  <b>Energy codes and emission guidelines</b> The government may tighten energy codes and emission guidelines to regulate those projects with heavy pollution in the industry, while the business is still highly dependent on coal as the main energy supply source with high carbon emissions, thus such measure will increase the overall operating cost to comply with regulations.  <b>Raw material supply</b> The price of raw materials in the market in which our business operates may increase affected by policies, thus increasing the overall operating costs.

**Environmental Responsibility**

Category	Description	Risk Events and Financial Impact
Market and Reputational Risk	If the Company's climate-related policies are poorly managed and the principles are different from market expectations, the Company's goodwill may be affected in the market and society, which will hinder the Company's development in the long run.	<p><b>Investors</b> More green bonds and environmental investment products are available for us as the market demand for sustainable investment increases, which may make it easier for the Group to acquire green funds.</p> <p><b>Customers</b> As the market demand for green industries increases, customers are inclined to invest greener companies to achieve their sustainable development goals, thus increasing their revenues.</p>
Technical Risk	Although the Company' own green technologies can bring technological improvements and benefits, its uncertainties also bring risks.	<p><b>Environmentally friendly production technology</b> Research on energy-saving, consumption-reducing, pollution-reducing and efficiency-enhancing production technologies increases investment costs and overall operating costs.</p> <p><b>Environmentally friendly materials</b> The overall procurement cost may increase due to the use of environmentally friendly materials.</p> <p><b>Energy</b> Business transformation will consume more renewable energy, which may put pressure on existing systems. Research on renewable energy also leads to higher investment costs.</p>



**Metrics and Targets**

Risks Assessment and Progress Monitoring

Pacific Textiles has set some environmental targets for Panyu Plant and Vietnam Plant. In the future, we will set appropriate indicators to monitor climate-related risks based on business conditions.

The Group has set up emergency measures to respond to extreme weather conditions (such as typhoon, storm and flood), guiding employees' work arrangement and management methods under extreme weather conditions. As the most pivotal operation facility of the Group, Panyu Plant has established an emergency group to direct emergency work and conduct specialised rehearsals each year, and has purchased insurance to protect personal and corporate assets.

The Group will constantly monitor weather condition of regions where it operates to make preparations on a timely basis. Meanwhile, the Group will also pay close attention to guidelines issued by local governments, regulators and industrial associations and update internal policies and measures when appropriate.

**Higg Facility Environmental Module Rating**

Higg Index is a standardised self-assessment tool developed by Sustainable Apparel Coalition ("SAC") (SAC consists of some well-known apparel brand companies and the United States Environmental Protection Agency as well as other NGOs). It includes a facility environment module, namely Higg Facility Environmental Module ("Higg FEM"), allowing brands, retailers and facilities (at each stage of sustainable development tour) of various scale to precisely measure and grade the sustainable development performance of companies or products. The Company is required to undergo a self-assessment each year and engage a certified third-party recognised by SAC to complete the verification to arrive at the final score. The Company can continuously improve its performance with reference to the current assessment results.

The Higg FEM testing covers 1) environmental management system; 2) energy usage and greenhouse gas emissions; 3) water use; 4) wastewater; 5) emissions to air; 6) waste management; and 7) chemical use and management



# Social Responsibility

社會責任

Pacific Textiles attaches great importance to the common growth with the regions where it operates, formulates health and safety policies based on observance of law, caring, safety and health to ensure employee safety and control work risks, establishes standardized systems to ensure diversity and fair employment, and actively assists the community to promote harmonious development. The Group understands that our business development depends on the support of our employees and the local community. As a responsible corporate, the Group cares about the well-being of employees and invests enthusiastically in the community, with the hope to bring long-term value to the society.

## Topics of this section

ESG topics	Stakeholders' concern	Actions taken by Pacific Textiles
Caring for Employees	What is Pacific Textiles's view to protect the interests of employees?	The Group has formulated specific systems in terms of human resources system, compensation and benefits and employee interchange to improve the human resources management system. We regularly discuss issues related to the vital interests of employees with the labour union and regularly review relevant internal regulations, in order to protect the interests of employees and motivate them to pursue better performance.
Diversity and Fair Employment	What is Pacific Textiles's view to comply with the principle of diversity and fair employment of clients' concern?	The Group has standardized selection criteria and management processes in terms of recruitment, promotion and staff compensation and welfare, and implements the principle of equality in all aspects of human resources management. The Group prohibits any kind of discrimination and strictly prohibits the use of any form of forced labour, as well as the employment of any child labour younger than the age required by local labour laws.
Employee Training	What is Pacific Textiles's view to train employees to lay a foundation for its business development?	The Group has formulated a comprehensive training policy based on its business requirements, and has also provided subsidies on external training courses for specific employees (such as security guards, forklift workers, safety officers, etc.) as needed to help them develop their work-related knowledge and skills.
Workplace Safety and Health	What is Pacific Textiles's view to workplace safety and health?	The Group has formulated safety rules and regulations and an internal evaluation mechanism for safety indicators. It also annually conducts comprehensive identification of source of hazardous and risk assessment, and entrusts professional testing agencies to conduct evaluation on the status of occupational hazards, test and maintain the plant equipment. We also arrange occupational health examination for all employees to protect them from occupational hazards.
Community Investment	What is Pacific Textiles's view to participate in civic affairs to promote the common development of the community?	The Group assists the common development of the community through different channels including donating funds and materials, coordinating various activities. We focus on subsidized education, promoting employment and improving living conditions.

## The Stock Exchange ESG KPIs involved

- B1.1 B1.2
- B2.1 B2.2 B2.3
- B3.1 B3.2
- B4.1 B4.2
- B8.1 B8.2

## SDGs topics involved



Social Responsibility

As far as the management is aware of, Pacific Textiles was in compliance with applicable local laws and regulations in respect of employment, employee health and safety and labour standards and there were no non-compliance cases noted during the Reporting Period.

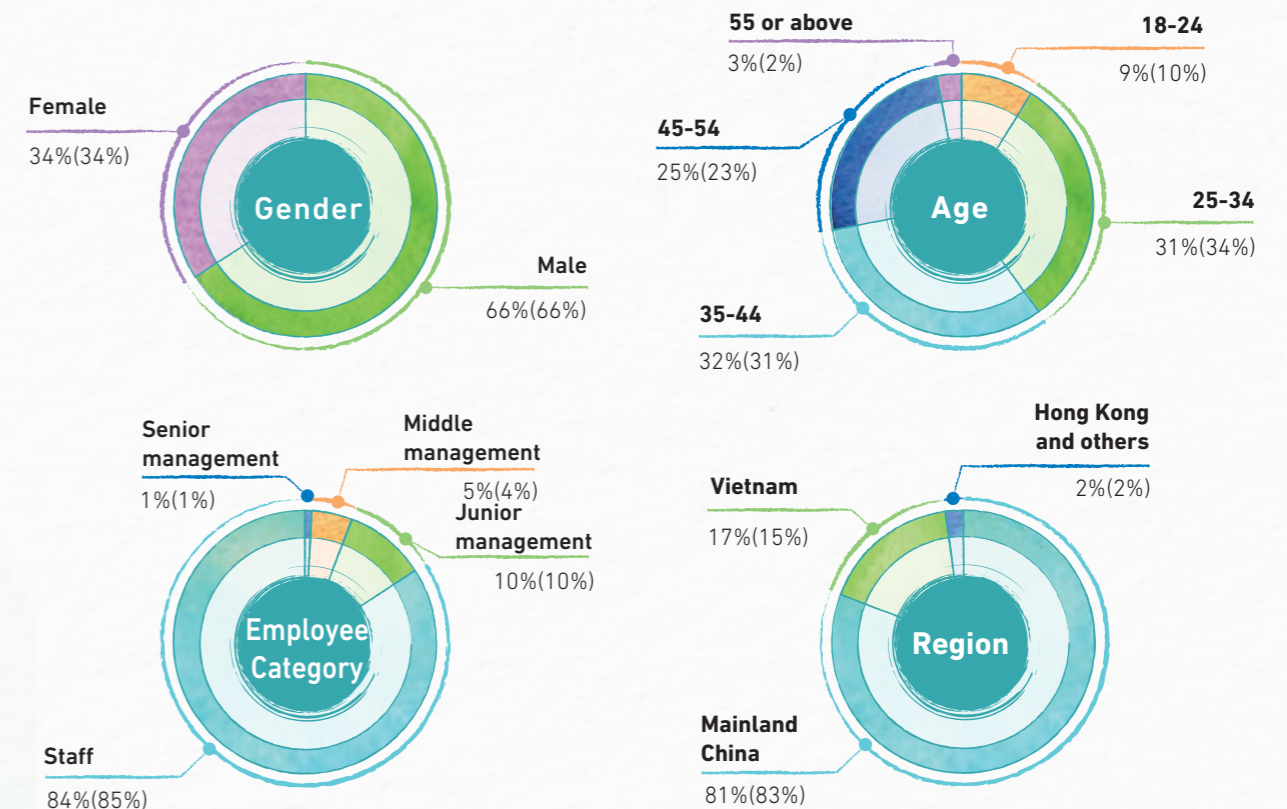
# Caring for 關愛員工 Employees

Pacific Textiles's success depends on the efforts of our employees. Whether it is management, sales personnels, factory managers or frontline staff, their contributions are equally important. To reward our staff, the Group is committed to providing competitive remuneration package to ensure the staff can have salary and welfare, including various insurance, subsidy and vocation, that correspond with his or her work performance, contribution and market level. To safeguard interests of the staff, we have formulated a series of internal policies to improve human resources management system, including "Employee Handbook", "Recruitment Policy", "Working Hours and Leave Management Regulations" and "Employee Resignation Management Regulations" to improve the human resources management system. The Group regularly reviews relevant internal regulations to ensure that its practices in respect of recruitment, promotion, resignation, working hours, salary and benefit comply with relevant laws and regulations, including the Labour Law of the People's Republic of China, the Labour Code of Vietnam ("Labour Code") and Employment Ordinance (Chapter 57) in Hong Kong, etc.

### "Wage Collective Negotiation Agreement"

The Group has signed the "Wage Collective Negotiation Agreement" with the trade union representatives of Panyu Plant and Vietnam Plant, and convened trade union committee meetings as needed to discuss issues related to the vital interests of employees, such as annual salary increases, reimbursements for trade union expenditures, and employee travel expenses and group ticket booking during the Spring Festival.

As of 31 March 2022, the Group had a total of 4,697 employees (during the same period last year: 4,933 employees), all of them are full-time employees, a breakdown of which is as follows:



\* The data in parenthesis ( ) represents the data of 2020/21

Social Responsibility

During the Reporting Period, a total of 1,330 employees of the Group resigned (during the same period last year: 1,552). The detailed data on the turnover rate of each category of employee is as follows<sup>9</sup>:



\* The data in parenthesis ( ) represents the data of 2020/21

<sup>9</sup> The calculation of turnover rate was in accordance with Appendix 3: Reporting Guidance on Social KPIs by the Stock Exchange (employees in the specified category leaving employment divided by number of employees in the specified category).

Pacific Textiles understands the importance of maintaining the stability of work team, therefore the Group regards the employee turnover rate as one of the important indicators in human resources management and strives to maintain it at a reasonable level. During the Reporting Period, Pacific Textiles's overall employee turnover rate was 28.3%, which indicated a positive sign of 3.1% lower than that of the same period last year.

In addition to the legal interests of employees such as insurances, holidays and overtime allowances, Pacific Textiles has been striving to improve the working environment in various aspects, organise various staff activities and offer additional allowances for meals and transportation, so as to further attract and retain talents and enhance the sense of belonging of employees. For example, in 2021, the Group added automation equipment to improve the ventilation environment, regularly installed the new dye tank to reduce noise for Panyu Plant workshop, and continuously improved the accommodation conditions of employees, renovated certain dormitories; increased sports and fitness equipment for employees use. In addition, the Group also organises recreational and sports activities such as basketball games, table tennis games, badminton games and football games, tug-of-war games, Tai Chi classes, yoga classes and employee outings to relieve the work pressure of employees, cultivate team spirit and increase team cohesion.





Social Responsibility

Employee Activities



Sending gifts to employees during the Mid-Autumn Festival – Vietnam Plant

We received gifts from the Company during the Mid- Autumn Festival, and had a very warm holiday!



Lucky draw – Vietnam Plant

Unexpectedly, I was lucky to get a refrigerator in the lottery and my colleagues were very envious!



Tug of War – Panyu Plant

Friends, do your best, let the other side see our strength!



Basketball game – Panyu Plant

Don't underestimate us. Outside of work, we are athletes!

We get along well with you at work, but will not show mercy on the court!



Football game – Panyu Plant



Yoga activities – Panyu Plant

Doing yoga with the sisters is very meaningful!

## Social Responsibility

# Diversity 多元化及公平就業 and Fair Employment

A diverse and equal working environment helps employees to work together in harmony, stimulates creativity and improves work efficiency. Pacific Textiles is committed to providing employees with equal opportunities, adopts objective criteria to evaluate employees in the recruitment, promotion, training and other processes, and prohibits any kind of discrimination based on gender, race, ethnic origin, religion, marital status or disability. In addition, as a pioneer in the textile manufacturing industry, Pacific Textiles also attaches great importance to the principle of fair employment. The Group strictly prohibits the use of any form of forced labour in its operations (including labours forced to work through corporal punishment, abuse, labour repayment or trafficking), and strictly prohibits the employment of any child labour younger than the age required by local labour laws. In order to prevent the occurrence of related situations, the Group's factory strictly checks information of the ID card, birth certificate and address proof when recruiting and inducting employees. The Panyu Plant also applies for salary cards, and the bank checks whether the ID card information and police information are consistent to ensure the validity and accuracy of identification.



Social Responsibility

# Employee Training 員工培訓

Pacific Textiles understands that the knowledge and skills of employees are the cornerstone of the Group's business development. Therefore, it attaches great importance to employee trainings and has formulated comprehensive training policies in accordance with business needs. The Group's internal training is mainly divided into 4 categories:

- 1 Pre-job training:**  
The HR Department interprets corporate information, factory regulations, basic safety requirements, employee attendance, salary, labour union of the Company, etc. to employees who are on-boarding; each department introduces ISO45001, ISO9001, ISO14001, ISO50001 basic knowledge, crisis management, operating procedures, procedure documents, work instructions, etc. to teach basic operating skills
- 2 Basic skills training:**  
Take the mode of apprenticeship, and teach relevant knowledge including operation skills, safe operation, quality awareness, environmental protection and occupational health on-the-job
- 3 Advanced skills training:**  
Each plant department will carry out the training according to the annual training plan, focusing on improving the knowledge and skills of employees in individual projects
- 4 Management training:**  
To provide training for management to improve their knowledge and skills of enterprise management, so as to lead the Group to continuously develop its business

In addition, Guangdong Vocational Skills Appraisal Center for the textile industry was jointly established by the Group and Guangzhou Textile Industry Association, which can provide vocational skills training for all employees of the textile industry in Guangdong Province, including the employees of the Group, to improve the level of vocational skills. At present, more than 1,100 employees of the Group have been rendered such professional trainings in respect of warping, weaving, printing, textile dyeing, and finished treatment. Moreover, the Company routinely provides subsidies on external training courses for specific employees (such as security guards, forklift workers, safety officers, first responders, etc.) as needed to help them develop their work-related knowledge and skills. During the Reporting Period, the skills trainings carried out by the Group included Safety and Basic Skills of Welders and Electricians, Skills Improvement of Spinners, Safety Management Skills Improvement, Vocational Skills Improvement of Printing Workers, Vocational Skills Improvement of Quality Inspectors, Skills Improvement of Finishing Plant Operators and Skills Training of Dyeing Workers, etc; the trainings on improving the quality of life included Anti-fraud Knowledge Lecture and Foreign Language Training Class, etc.



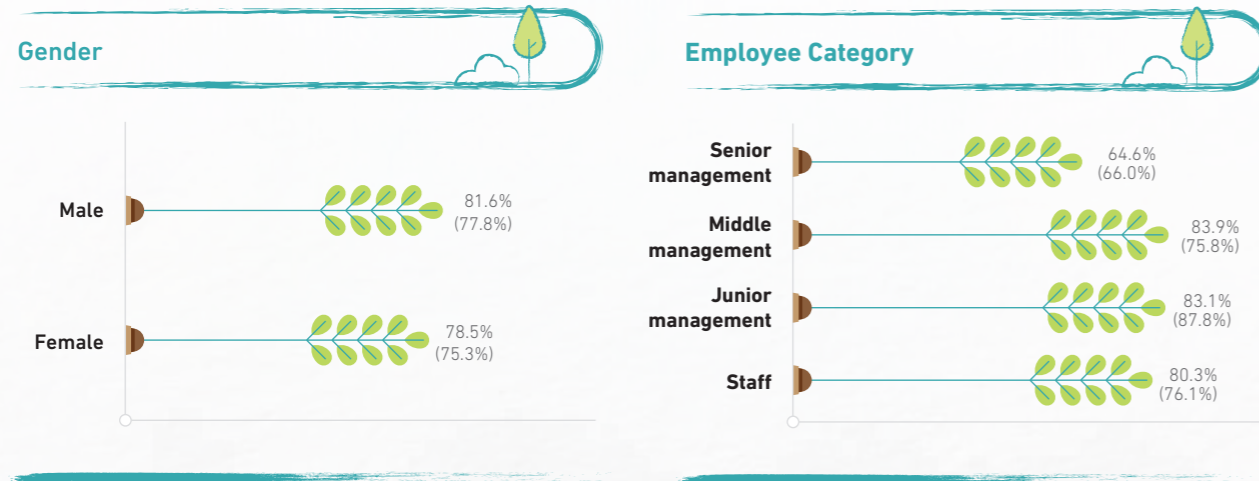
Skills training for textile plant – Panyu Plant



Japanese speaking training class – Panyu Plant

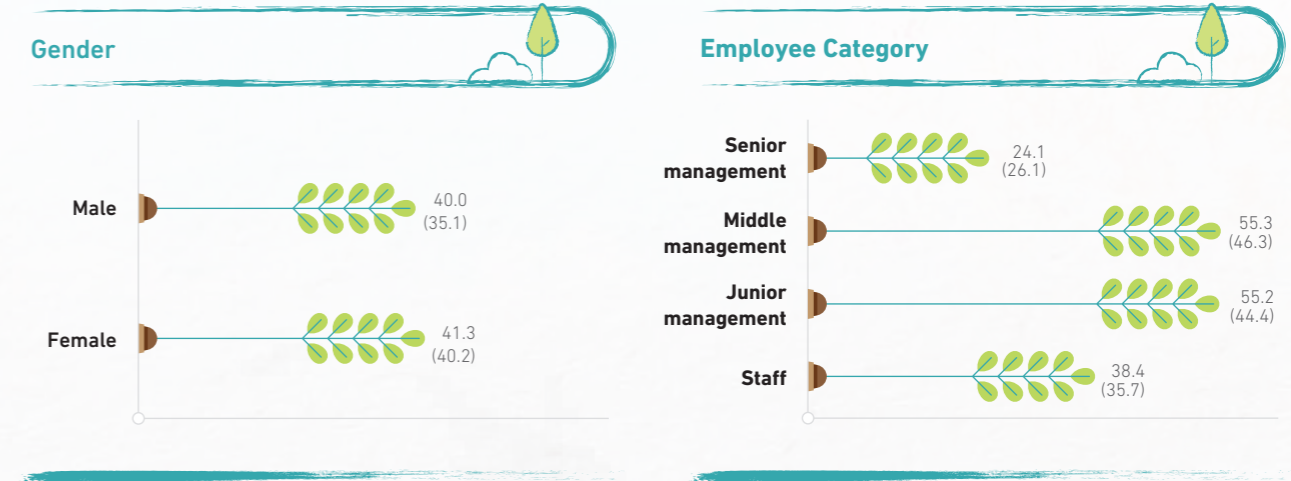
Social Responsibility

During the Reporting Period, the overall percentage of trained employees increased, and the percentage of trained employees by different categories is as follows:



\* The data in parenthesis ( ) represents the data of 2020/21

The average training hours completed by each trained employee by categories are as follows:



\* The data in parenthesis ( ) represents the data of 2020/21

As shown, the Group's average training hours for most categories in this year increased slightly as compared with the same period last year, which reflected the Group's investments in employee training. In the future, the Group will continue to invest more resources in employee training, optimise the design of training courses, and improve employee's work knowledge and skills.

Social Responsibility

# Workplace 工作安全衛生 Safety and Health

The health and safety of employees has always been the primary consideration in the business operation of Pacific Textiles. Pacific Textiles undertakes to implement all necessary measures to protect its employees from occupational hazards. The Group's health and safety policy is based on the principles of law-abiding, caring, safety, health, identifying hidden dangers, controlling risks, and ensuring safety, aiming to promote harmonious development with the active participation of all staff. The Group has proactively carried out standard procedures for production safety, and established a management system of standard procedures for production safety. Panyu Plant has passed the ISO 45001 Occupational Health and Safety Management System certification, while Vietnam Plant has managed its operations with reference to the safety measures adopted by Panyu Plant. On this basis, the Group annually conducts comprehensive identification of source of hazardous and risk assessment, formulates risk control measures and Standard Process for Safety Operation (安全操作標準) to address major source of hazards, and annually conducts various emergency drills (such as fire escape, restricted space, chemical spillage, explode of pressure vessels, leakage of sewage, etc.). At the same time, the Group regularly tests and maintains plant equipment to ensure that it can operate safely and efficiently.



## Emergency Drills for hydrogen peroxide leakage and fire fighting training

The production process of Pacific Textiles engages a variety of chemicals, including some hazardous chemicals. To ensure the safe use of such chemicals and prevent accidents, the Company regularly holds emergency drills for hazardous chemical accidents every year. On 29 December 2021, an emergency drill for hydrogen peroxide leakage accident was held to improve employees' stress response ability when such accidents occur:



1. The emergency drill for hydrogen peroxide leakage

2. The emergency drill for hydrogen peroxide leakage

On 24 August 2021, a confined space operation demonstration and the relevant emergency drill in Wanqingsha Town were held jointly with the Wanqingsha Town Security Office to demonstrate to the industrial enterprises in Wanqingsha Town the standardised operation of Pacific Textiles in the confined space operation and our emergency response capability in the event of a confined space accident:



3. Confined space operation demonstration

4. Confined space operation demonstration



The emergency drill for leakage of sodium hydrosulfite conducted on 23 May 2021

The emergency drill for heatstroke conducted on 29 September 2021

Social Responsibility

To maintain the safety of working environment, Pacific Textiles annually engages professional testing organisations to conduct assessments of occupational hazards in respect of temperature, noise, air, dust, wind and gas at various job positions in Panyu Plant and Vietnam Plant and make announcement on the testing results, so as to enable employees to understand the occupational hazards at each job position. With reference to the results of the assessment report, the Group will implement relevant preventive measures, and conduct relevant trainings for workers to understand the requirements and acquire the skills for preventing and controlling the occupational hazards.

The notice of occupational hazards

According to the local government requirements of Guangzhou, employees of Panyu Plant are required to sign the notice of occupational hazards issued by the Group, to understand job title and duties, working hours, rest period, statutory benefits and preventive measures for post-specific occupational hazards etc.

Pacific Textiles ensures that employees are provided with proper personal protective equipment to prevent potential work-related accidents throughout the working day, aiming to minimise the impact of occupational hazards on the health of the employees at relevant post. The equipment includes ear plugs, goggles, dust respirators, masks, rubber gloves, boots, insulated shoes, aprons, hair nets, safety belts, etc.

Certainly, health and safety risks cannot be completely eliminated, even if preventive measures are in full operation. Therefore, to help the employees keep abreast of their health status, Pacific Textiles arranges annual occupational health checks for all employees in Panyu Plant and Vietnam Plant. If necessary, the employees can report health issues to the Group for appropriate arrangement of work and assistance in carrying out treatments, which ensures that the employees' physical health is safeguarded.

During the Reporting Period, the number of working days lost due to work-related injuries was 2,693 man-days (the same period last year: 2,628 man-days), which was comparable to that of the same period last year. The Group will continue to strengthen the safety management in the workplace, provide personal protective equipment, conduct safety training, and seek to minimise work-related injuries. In the past three years, the Group did not record work-related fatality or serious work injury case involving any employee. In the past year, there has been no violation of laws and regulations.

Fire-fighting training has been ongoing in 2021:



Fire-fighting Training - Panyu Plant



Conducting Safety Test - Vietnam Plant



Chemical Leakage Emergency Drills - Panyu Plant



Safety Training Course - Vietnam Plant



Safety Quizzes Activities - Panyu Plant



Fire Emergency Drills - Panyu Plant

Preventing and Controlling the Pandemic

The continuous outbreak of 2019 novel coronavirus disease (COVID-19) led to a global public health crisis, which threatened the health and safety of people all over the world. To effectively cope with the pandemic, the Group formulated Preventive Guidelines for Responding to Covid-19 Pandemic (《應對新型冠狀病毒肺炎防控指引》) and set up the Leading Group on Preventing and Controlling the Pandemic (疫情防控領導小組). The preventive measures include provision of masks, sterilisation products, healthy catering and updated information on disease prevention; modification of staff canteen to comply with the social distance standards recommended by local government; arrangement of testing and regular temperature checks to identify staff with fever symptoms; setting aside a spare dormitory to hold staff with fever symptoms in isolation and for separate monitoring; and regular disinfection of workplaces.



Disinfection Work for the Plant - Vietnam Plant



Conducting COVID-19 Testing for the Employees - Vietnam Plant



Conducting Nucleic Acid Testing for the Employees - Panyu Plant



Vaccinating the Employees - Panyu Plant

Social Responsibility

# Community Investment

社區投資

Pacific Textiles attaches great importance to the well-being of different stakeholders in the operating regions, and hopes to share the economic achievements with them. The Group has been assisting the inclusive development of the community through various means (such as donation both in cash and in kind, coordinating various cultural recreation, sport, employment and charity activities, etc.), and notable results were achieved in this regard. Pacific Textiles focuses on education assistance, employment promotion and improvement of living environment in respect of its community investment in order to make the community more harmonious and inclusive. During the Reporting Period, the Group continued to fund regional construction projects, implemented scholarships for outstanding students of Tongxing Village in China, and subsidized the cost of student bus to reduce the burden on their parents; Pacific Textiles also donated money and materials to the Lai Vu Commune (麗武公社), a local commune in Vietnam, to help poor families, and to support the Women's Congress and Youth League of the Lai Vu Commune.



## Education Assistance

The Group believes that education is a major approach to enhance human resource. People can acquire knowledge and skills and broaden their horizons through education, and hence improve the standard of living in the future. Therefore, the Group strives to improve the learning environment for those children and students who are from a family with financial difficulty and living in an underdeveloped region, enabling them to enjoy equal learning opportunity. The Group continues to provide financial support for building schools, improving the teaching and learning environment, and offering scholarships to students, so as to make contributions to the community by cultivating talents for the future.

### Providing financial support for school uniforms



In 2021, the Group donated school uniforms to Nansha Qihui School (廣州市南沙區啟慧學校)

### Awards for the outstanding students of Tongxing Village



In August 2021, the Group will implement scholarships for outstanding students in Tongxing Village, pick up students of New Tongfeng Primary School (新同豐小學) and award children in Tongxing Village on Children's Day, subsidize school bus costs in New Tongfeng Primary School and offer condolences on Children's Day in Tongxing Village;

## Nurturing Talents • Promoting Employment

The Group understands that the significance of work to people is not only about bringing earning and improving life, but also in generating satisfaction and sense of achievement. For the society, work is indispensable for economic development. Therefore, the Group is delighted to create job opportunities for communities and help students develop their career. Pacific Textiles and Guangzhou Vocational School of Textile and Garment have been implementing the "National Dewdrop Project" (《國家雨露計劃》) since 2018, placing orders to nurture cooperation relationship and provide economic assistance to students. We provide living expenses of RMB10,000 for each student per year, up to two years. Students from order form class will work as an intern and be employed by the Company. There were 80 persons being benefitted from the Project from 2018 to 2021.

### Providing internship opportunities to poverty-stricken students



Social Responsibility

Improving Living Conditions

In addition to offering education assistance and promoting employment, the Group also helps create better living conditions for local residents in other aspects, including funding for community building, donating money and materials to impoverished residents and supporting cultural, recreational and sports activities.

Funding for community building



During the Lunar New Year period in January 2022, the Group donated money and materials to the Lai Vu Commune in Vietnam to help poor families. At the same time, we support the Women's Congress and Youth League of the Lai Vu Commune (麗武公社).

Providing financial support for regional environmental protection



During March 2022, the Group assisted in environmental protection related actions in Kim Thanh District.



Supporting for holding cultural, recreational and sports activities

In 2021, the Group participated in the poverty alleviation plan in Wanqingsha Town, Guangzhou, and won the Silver Charity Award (愛心慈善銀質單位獎) from the People's Government of Wanqingsha Town.



During the Spring Festival in 2022, the Group condoled with poor villagers in Tongxing Village and the elderly in Tongxing Village.



In May 2021, the Group provided funding to a football match held by Senior Union of Hai Duong Province, Vietnam for local industrial parks.

Fighting against novel coronavirus

During 2022, the Group will actively assist in the fight against the epidemic and protect the health of the society.

Sponsoring the labour union in Vietnam to buy vaccines



In June 2021, the Group donated US\$10,000 to support a senior union in Hai Duong Province, Vietnam to purchase vaccines for the local community.

Sponsoring the Anti-Coronavirus Fund

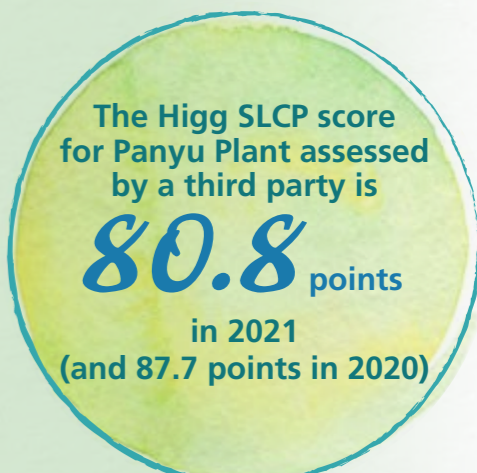


In January 2021 and January 2022, the Group sponsored the Anti-Coronavirus Fund in Lai Vu Commune, Viteman.

Scoring of Higg Facility Social & Labour Module

Social & Labour Convergence Project (SLCP), procured by Sustainable Apparel Coalition ("SAC"), is a project strongly supported by major organisations and companies in sporting goods industry. SLCP is committed to establishing and implementing a simple, united and effective Converged Assessment Framework (CAF) for social & labour data collection within industry scope, and providing support for improvement of working conditions of global supply chain by stakeholders.

Through the SLCP, nine core topics regarding society and labour, namely "recruitment and hiring", "working hours", "wages and benefits", "employee treatment", "employee involvement", "health and safety", "employment termination", "management systems" and "labour well-beings and social impacts" are assessed by adopting the Higg Facility Social & Labour Module (Higg FSLM) under the Higg Factory Assessment Module of Higg Index.





# Governance Responsibility

管治責任

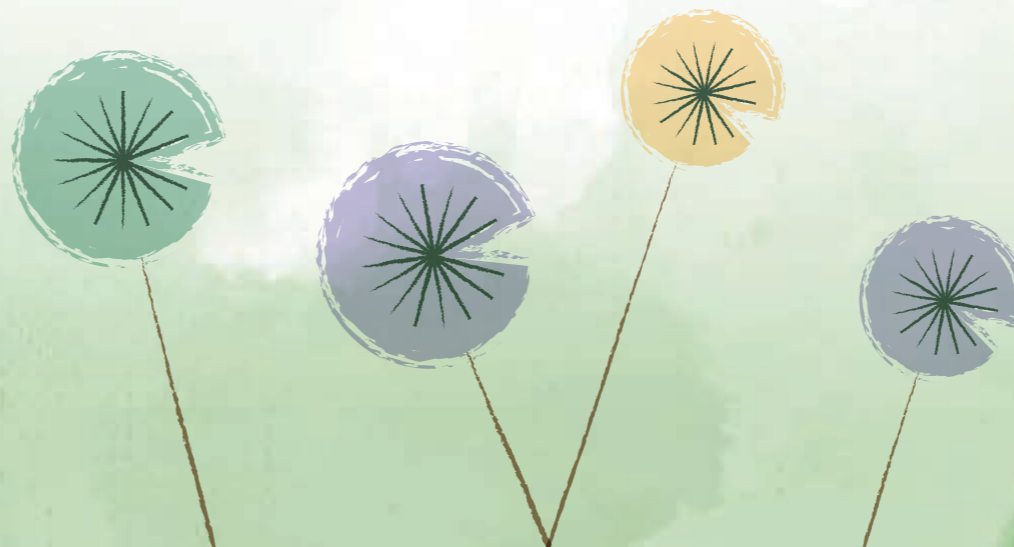
Pacific Textiles understands that good corporate governance is essential for business sustainability. The Group has established a sound corporate governance structure and strictly adhered to the applicable laws and regulations during the course of operation. The Group also operates its business free from all unethical and corrupt behaviours, including in business dealings with suppliers and other partners.

ESG issues	Stakeholders' concerns	Actions taken by Pacific Textiles
Compliance and Anti-Corruption	Customers are attaching more importance to the compliance and anti-corruption regulations of plant operations. How does Pacific Textiles maintain a corruption-free environment?	The Group has formulated internal rules and regulations such as the "Code of Conduct" to specify the disciplinary standards that the staff must strictly abide by. We have also formulated anti-corruption policies, rules and regulations to continuously monitor our operations, and staff can report corrupt practices through our whistle-blowing mechanism. In addition, the Group provides staff with anti-corruption trainings on a regular basis,
Supplier Management	How does Pacific Textiles manage its supply chain and ensure quality standards?	The Group implements strict supply chain management policies, and all new suppliers are required to provide samples for quality testing to ensure that the raw materials satisfy our strict quality standards.

## The Stock Exchange ESG KPIs involved

B5.1 B5.2 B5.3 B5.4  
B7.1 B7.2 B7.3

## SDGs topics involved



Governance Responsibility

# Targets of Panyu Plant 番禺廠目標

Scopes	FY 2023/2024	FY 2030/2031	Measures
Product health and safety	Ratio of suppliers to satisfy ZDHC first-class chemicals (一級化學品) reaches 100%.	The ratio remains at 100%	For unsatisfied ZDHC first-class chemicals, searching for substitutes and continuously increasing the ratio of first-class chemicals

To the best knowledge of the management, Pacific Textiles has complied with the local applicable laws and regulations in respect of supply chain management and anti-corruption and there was no non-compliance during the Reporting Period.



# Compliance 合規經營與反腐敗 and Anti-Corruption

Pacific Textiles always adheres to the strictest business ethics standard, abides by the principles of compliant operation, and completely eradicates all corrupt practices. At the corporate level, the Group has established a complete corporate governance structure, through which the Board monitors the overall operational risks and the management confirms the effectiveness of the internal control system of the Company. In terms of operations, the Group has formulated "Code of Conduct", providing employees with behavioural guidance on different situations that they may face with when performing their duties and advocating business conduct of honesty, incorruptibility and fairness. This code specifies disciplinary standards that the staff must strictly abide by, covering dealing with the conflict of interest, confidential information of the Company and relationships between suppliers and the contractors and others. The code explicitly inhibits the directors and staff of the Company from soliciting or accepting any interest from any parties who have business transactions with the Company (such as customers, suppliers and contractors); they are also not allowed to provide commercial interests to others without the approval from the Company. The labour contract of an employee who seriously violates the Company's rules and regulations

or labour discipline, such as unauthorized interception of business or discounts, divulging the Company's trade secrets, stealing the Company's property, or cheating and bluffing by using the Company's name, may be terminated without any economic compensation.

In order to help employees better understand the anti-corruption requirements and expectations of Pacific Textiles, the Group provides staff with trainings on a regular basis, and imparts relevant legal knowledge and advocates a spirit of integrity. To deal with the higher risk of corruption in the procurement process, the procurement department of Panyu Plant is required to participate in the integrity and honesty management training to ensure that relevant staff understand the standards and requirements of the Group clearly. Pacific Textiles has also established a whistle-blowing mechanism for reporting corruptions. The Group has set up the General Manager mailbox, suggestion box, internal complaint hotline, customer complaint hotline, and has a trade union committee and its complaint channels. Staff can report to the management by hotline or mailbox if they discover any corrupt practices. Corruption cases will be followed up by the internal audit department or human resources department and the reporting process will also remain confidential.

Governance Responsibility

# Supplier 供應商管理 management



In addition to being affected by production techniques, product quality is largely determined by the quality of raw materials, so Pacific Textiles has improved the supplier management procedures and implemented strict supplier management policies to make sure that the raw materials satisfy our strict quality standards. As to yarn suppliers, Pacific Textiles selects suppliers in accordance with the requirements in the “Rules for Suppliers Assessment” and the “Quality Management and Procedures of Procurement Control of Raw Yarn Suppliers”; as for suppliers of dyes and auxiliaries, we give preference to suppliers who satisfy the qualifications of Zero Discharge of Hazardous Chemicals Roadmap (“ZDHC”); and as for other material suppliers, we have established “Assessment and Appraisal Measures on Suppliers”. According to relevant laws and regulations and the requirements of related parties, Pacific Textiles requires suppliers to promise to meet the requirements and control from the source to ensure the raw materials used by Pacific Textiles meet the requirements of relevant laws and regulations and related parties.

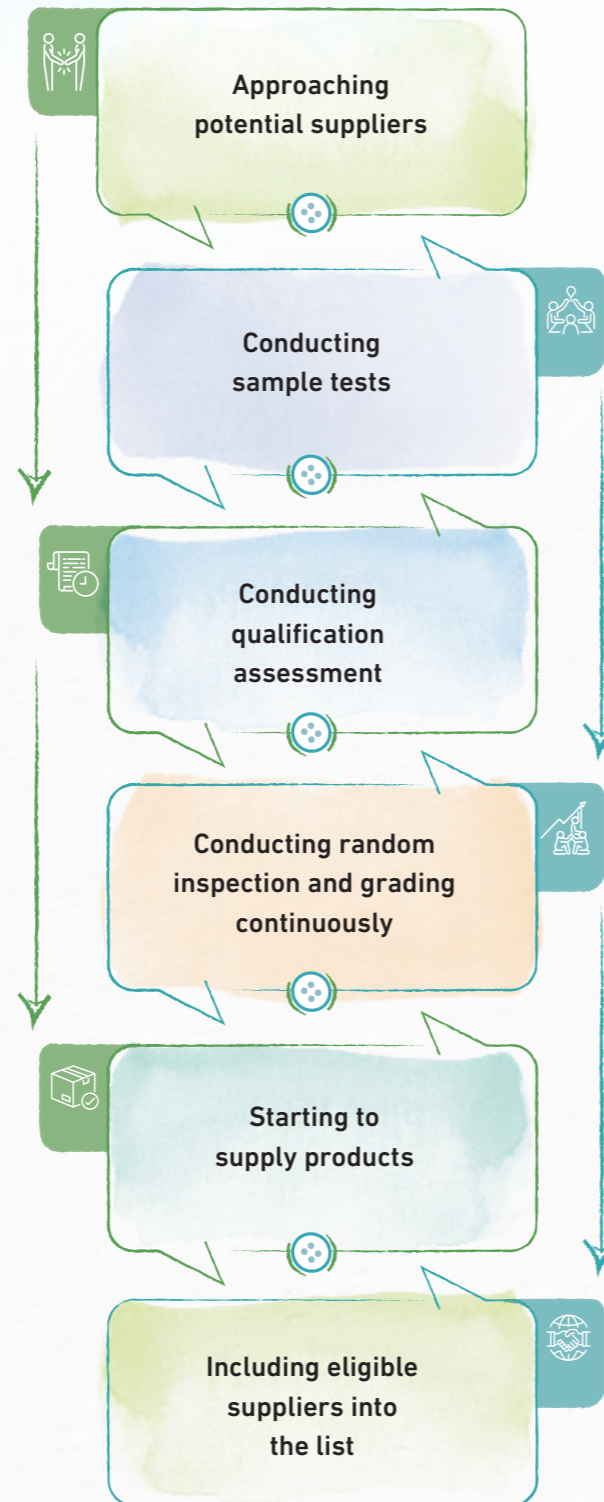
Moreover, the Group has formulated relevant anti-corruption policies, regulations and stipulations related to the employees, contractors and suppliers of Panyu Plant and Vietnam Plant. According to the Employee Handbook, all employees should abide by the Company’s basic rules, maintain social morality, observe professional ethics, and resolutely oppose illegal acts such as malpractice and embezzlement of the Company’s property. If we discover any violations of these policies, regulations and stipulations, we may consider to terminate the employment or cooperation relationship with the offenders upon verification. During the Reporting Period, there was no concluded legal case regarding corruption brought against the Group or its employees. The Group will continue to supervise the operation and make sure that it complies with relevant laws and regulations, including, among others, “Law of the People’s Republic of China Against Unfair Competition”, “Prevention of Bribery Ordinance” (Cap. 201) in Hong Kong and anti-corruption laws in Vietnam.



**Governance Responsibility**

Supplier management process starts from quality test during which all new suppliers are required to provide samples. We will then assess relevant qualifications if their products meet our quality standards. At the stage of assessment of the qualification, the Group will review a series of documents, including business licenses, Authorized Economic Operator Certificate issued by the members of the World Customs Organisation or Customs Trade Partnership Against Terrorism Certificate to make sure that suppliers are the suitable corporations to deal with; and certificates such as OEKO-TEX®, REACH, bluesign®, relevant ISO certificates and American Supima Association issued by international certification authorities to vindicate that products provided by them satisfy relevant security and quality standards. New suppliers will be included in the list of suppliers only after passing the assessment abovementioned.

As to the suppliers who are in our supplier list, the Group will conduct random inspection and grading towards the bulk goods in accordance with the Code of Yarn Testing. Each batch of bulk goods has its corresponding rating record, based on which the Group conducts comprehensive assessment, comparison and review for the quality of all yarn products by types on a regular basis. The Group will arrange professional testing institutions to conduct quality tests when necessary. If the yarns, dyes, chemical products and ancillary materials provided by suppliers no longer satisfy the Group's standards, the Group will stop using the raw materials provided by them until the quality and safety problems are solved.



The following list is the raw material certificates that the Pacific Textiles has obtained

Raw material certificate
AEO Advanced Certified Enterprise granted by the Customs
OEKO-TEX® certificate
Better Cotton Initiative (BCI) Member
Global Recycled Standard (GRS) for recycled yarn
Global Organic Textile Standard
SUPIMA Member
US Cotton Trust Protocol

On the basis of ensuring the quality of our suppliers' products, we are committed to reducing their environmental impact in the process of producing and supplying raw materials. To encourage suppliers to adopt more environmentally friendly products and enhance their performance in respect of the environment, the Group has also included relevant assessment items (such as energy consumption, waste generation and air emissions, etc) into the assessment questionnaires for new suppliers and given priority to the suppliers with better performances in this aspect. In the meantime, the Group has formulated its own restricted substance list in accordance with the "Manufacturing Restricted Substance List" of ZDHC, and requires all the relevant suppliers to agree to abide by the rules of the Group, so as to minimise the use of hazardous chemical products that are harmful to the environment and guarantee product safety. In addition, Pacific Textiles keeps its eyes on suppliers' social performances, and requires them to strictly comply with local labour laws and prohibit hiring child labour and forced labour. Pacific Textiles is a member of BCI ("Better Cotton Initiative"). We pay close attention to the suppliers' performance in social responsibility and only purchase raw materials from those who have good performance in this regard.

## Governance Responsibility

During the Reporting Period, the purchase amount of certified cotton are as follows:

Sustainable Cotton Yarn	Quantity (kg)	Percentage among total cotton yarn purchase (%)
BCI Cotton Yarn <sup>^</sup>	21,744,560	51.0%
Organic Cotton Yarn <sup>#</sup>	1,498,107	3.5%
Total	23,242,667	54.5%

<sup>^</sup> Certified by the Better Cotton Initiative

<sup>#</sup> Certified by third party professional firms such as the Control Union, EcoCert, etc.

In particular, regarding the suppliers of sustainable cotton yarn, the Group obtains relevant certificates from the suppliers for background check on their qualification to provide BCI or Organic cotton yarn. The Group also maintains prudent records of the above purchases, such as relevant BCI credits and Organic Transaction Certificates, in order to ensure traceability of the origin of cotton.

Apart from the above-mentioned factors of product quality and environmental and social performance of the suppliers, the Group will also consider the production capacity, price and punctuality of goods delivery in selection of suppliers to ensure cost effectiveness. During the normal course of operation, the Group and its suppliers maintain close communication and jointly build a stable supply chain to satisfy business needs.

As of 31 March 2022, the Group had a total of 193 production-related suppliers (such as the provision of yarns, dyestuffs and chemicals, and packaging materials), among which 155 are from Mainland China, 6 from Hong Kong, 10 from Vietnam, and the other 22 are from other regions.

As of 31 March 2022, the Group engaged 290 suppliers for procurement of items other than production-related, of which 264 are from China and 26 are from Vietnam.

## ABOUT THE REPORT

Pacific Textiles Holdings Limited and its subsidiaries (collectively, the “Group” or “Pacific Textiles”) is pleased to present this Environmental, Social and Governance (“ESG”) report (the “Report”) to provide an overview of the ESG principles, policies and achievements of the Group.

### Reporting Scope

The reporting period of the Report is from 1 April 2021 to 31 March 2022 (the “Reporting Period”). Unless otherwise specified, the Report covers the Group’s business of knitted fabrics production and marketing and discloses the issues with key environmental, social and governance impacts of the Group’s two factories, a factory under Pacific (Panyu) Textiles Limited located in Nansha District of Guangzhou City, the PRC (“Panyu Plant”) and a factory located in Hai Duong Province, Vietnam (“Vietnam Plant”), respectively. The two plants are responsible for the majority of production activities of the Group, so the reporting scope can adequately reflect the overall ESG performance of the Group.

### Reporting Standards

The Report is compiled in accordance with the provisions set out in Appendix 27 Environmental, Social and Governance Reporting Guide (the “Guide”) to the Listing Rules on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

### Reporting Principles

In order to reflect the Group’s ESG performance accurately to stakeholders, the Group adhered to the following principles in preparation of the Report.

- **Materiality:** determining the relative significance of each issue through materiality assessment and disclosing information that is important and relevant to the stakeholders in the Report
- **Quantitative:** providing interpretation and comparative data for quantitative information to help readers understand the data and assess the Group’s ESG performance
- **Consistency:** adopting a method that is consistent with the previous reports for the preparation and presentation of the ESG data, unless otherwise specified
- **Balance:** avoiding misleading readers by inappropriate selection, omission and presentation formats

## ESG INDICATOR INDEX

"Environmental, Social and Governance Reporting Guide" of the Stock Exchange		ESG Report of Pacific Textiles
Aspect	General Disclosure and Key Performance Indicators	Chapter/Explanation
<b>A.Environment</b>		
<b>A1: Emissions</b>	<ul style="list-style-type: none"> <li>General disclosure</li> <li>KPI A1.1 The types of emissions and respective emissions data</li> <li>KPI A1.2 Direct (scope 1) and energy indirect (scope 2) greenhouse gas emissions in total and intensity</li> <li>KPI A1.3 Total hazardous waste produced and intensity</li> <li>KPI A1.4 Total non-hazardous waste produced and intensity</li> <li>KPI A1.5 Emissions targets set and steps taken to achieve them</li> <li>KPI A1.6 How hazardous and non-hazardous wastes are handled, and reduction targets set and steps taken to achieve them</li> </ul>	<ul style="list-style-type: none"> <li>Environmental Responsibility–Emissions Management</li> <li>Environmental Responsibility–Emissions Management</li> <li>Environmental Responsibility–Emissions Management</li> <li>Environmental Responsibility–Emissions Management</li> <li>Environmental Responsibility–Emissions Management</li> <li>Environmental Responsibility–Emissions Management</li> <li>Environmental Responsibility–Emissions Management</li> <li>Environmental Responsibility–Emissions Management</li> <li>Environmental Responsibility–Emissions Management</li> <li>The amount of non-hazardous waste generated depends to a large extent on the type of product, and the type of products produced varies every year according to customer requirements. Therefore, Pacific Textiles believes that it is not suitable to make a reasonable commitment to reduce non-hazardous waste at this stage</li> </ul>

"Environmental, Social and Governance Reporting Guide" of the Stock Exchange		ESG Report of Pacific Textiles
Aspect	General Disclosure and Key Performance Indicators	Chapter/Explanation
<b>A2: Use of Resources</b>	<ul style="list-style-type: none"> <li>General disclosure</li> <li>KPI A2.1 Energy consumption in total and intensity</li> <li>KPI A2.2 Water consumption in total and intensity</li> <li>KPI A2.3 Description of energy use efficiency targets and steps taken to achieve them</li> <li>KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency targets and steps taken to achieve them</li> <li>KPI A2.5 Total packaging material used for finished products and with reference to per unit produced</li> </ul>	<ul style="list-style-type: none"> <li>Environmental Responsibility–Energy Management/Water Resources Management/Packaging Materials</li> <li>Environmental Responsibility–Energy Management</li> <li>Environmental Responsibility–Water Resources Management</li> <li>Environmental Responsibility–Energy Management</li> <li>Environmental Responsibility–Water Resources Management</li> <li>Environmental Responsibility–Packaging Materials</li> </ul>
<b>A3: The Environment and Natural Resources</b>	<ul style="list-style-type: none"> <li>General disclosure</li> <li>KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them</li> </ul>	<ul style="list-style-type: none"> <li>Environmental Responsibility–Other Environmental Impact Management</li> <li>Environmental Responsibility–Other Environmental Impact Management</li> </ul>
<b>A4: Climate Change</b>	<ul style="list-style-type: none"> <li>General disclosure</li> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Environmental Responsibility–Responding to Climate Change</li> <li>Environmental Responsibility–Responding to Climate Change</li> </ul>
<b>B.Society</b>		
<b>B1: Employment</b>	<ul style="list-style-type: none"> <li>General disclosure</li> <li>KPI B1.1 Total workforce by gender, employment type, age group and geographical region</li> <li>KPI B1.2 Employee turnover rate by gender, age group and geographical region</li> </ul>	<ul style="list-style-type: none"> <li>Social Responsibility–Caring for Employees/Diversity and Fair Employment</li> <li>Social Responsibility–Caring for Employees</li> <li>Social Responsibility–Caring for Employees</li> </ul>

"Environmental, Social and Governance Reporting Guide" of the Stock Exchange		ESG Report of Pacific Textiles
Aspect	General Disclosure and Key Performance Indicators	Chapter/Explanation
<b>B2: Health and Safety</b>	<ul style="list-style-type: none"> <li>General disclosure</li> <li>KPI B2.1 Number and rate of work-related fatalities occurred in the past three years</li> <li>KPI B2.2 Lost days due to work injury</li> <li>KPI B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored</li> </ul>	<ul style="list-style-type: none"> <li>Social Responsibility–Workplace Safety and Health</li> <li>Social Responsibility–Workplace Safety and Health</li> <li>Social Responsibility–Workplace Safety and Health</li> <li>Social Responsibility–Workplace Safety and Health</li> </ul>
<b>B3: Development and Training</b>	<ul style="list-style-type: none"> <li>General disclosure</li> <li>KPI B3.1 The percentage of employees trained by gender and employee category</li> <li>KPI B3.2 The average training hours completed per employee by gender and employee category</li> </ul>	<ul style="list-style-type: none"> <li>Social Responsibility–Employee Training</li> <li>Social Responsibility–Employee Training</li> <li>Social Responsibility–Employee Training</li> </ul>
<b>B4: Labour Standards</b>	<ul style="list-style-type: none"> <li>General disclosure</li> <li>KPI B4.1 Description of measures to review employment practices to avoid child and forced labour</li> <li>KPI B4.2 Description of steps taken to eliminate such practices when discovered</li> </ul>	<ul style="list-style-type: none"> <li>Social Responsibility–Diversity and Fair Employment</li> <li>Social Responsibility–Diversity and Fair Employment</li> <li>Social Responsibility–Diversity and Fair Employment</li> </ul>
<b>B5: Supply Chain Management</b>	<ul style="list-style-type: none"> <li>General disclosure</li> <li>KPI B5.1 Number of suppliers by geographical region</li> <li>KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how such practices are implemented and monitored</li> <li>KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored</li> <li>KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored</li> </ul>	<ul style="list-style-type: none"> <li>Governance Responsibility – Supplier Management</li> <li>Governance Responsibility – Supplier Management</li> <li>Governance Responsibility – Supplier Management</li> <li>Governance Responsibility – Supplier Management</li> <li>Governance Responsibility – Supplier Management</li> </ul>

"Environmental, Social and Governance Reporting Guide" of the Stock Exchange		ESG Report of Pacific Textiles
Aspect	General Disclosure and Key Performance Indicators	Chapter/Explanation
<b>B6: Product Responsibility</b>	<ul style="list-style-type: none"> <li>General disclosure</li> <li>KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons</li> <li>KPI B6.2 Number of products and service related complaints received and how they are dealt with</li> <li>KPI B6.3 Description of practices relating to observing and protecting intellectual property rights</li> <li>KPI B6.4 Description of quality assurance process and recall procedures</li> <li>KPI B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored</li> </ul>	<ul style="list-style-type: none"> <li>Product Responsibility – Product and Service Innovation/Quality Management/Customer Service</li> <li>Product Responsibility – Quality Management</li> <li>Product Responsibility – Customer Service</li> <li>Product Responsibility – Product and Service Innovation/Customer Service</li> <li>Product Responsibility – Quality Management/Customer Service</li> <li>Product Responsibility – Customer Service</li> </ul>
<b>B7: Anti-corruption</b>	<ul style="list-style-type: none"> <li>General disclosure</li> <li>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</li> <li>KPI B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored</li> <li>KPI B7.3 Description of anti-corruption training provided to directors and staff</li> </ul>	<ul style="list-style-type: none"> <li>Governance Responsibility – Compliance and Anti-corruption</li> <li>Governance Responsibility – Compliance and Anti-corruption</li> <li>Governance Responsibility – Compliance and Anti-corruption</li> <li>Governance Responsibility – Compliance and Anti-corruption</li> </ul>
<b>B8: Community Investment</b>	<ul style="list-style-type: none"> <li>General disclosure</li> <li>KPI B8.1 Focus areas of contribution</li> <li>KPI B8.2 Resources contributed to the focus area</li> </ul>	<ul style="list-style-type: none"> <li>Social Responsibility–Community Investment</li> <li>Social Responsibility–Community Investment</li> <li>Social Responsibility–Community Investment</li> </ul>



PACIFIC TEXTILES HOLDINGS LIMITED  
互太紡織控股有限公司