

361°

**361 DEGREES
INTERNATIONAL LIMITED**

STOCK CODE: 1361



2022

**ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT**

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

I. PREAMBLE

The year 2022 was exceptional in many ways. As the international environment became complex and volatile during the year, there continued to be uncertainties to the recovery of the global economy from the impacts of the COVID-19 pandemic (the “pandemic”). Despite the short-term disruption to the overall domestic consumption market, the strong support of the national policies together with the influence of the pandemic have boosted the sports industry and promoted exercise among the public. In face of the challenging circumstances, team spirit and strong financial performance are always considered to be the strong foundation to strengthen the focus on sustainability.

361 Degrees International Limited (hereinafter referred to as the “Company” or “361°”) and its subsidiaries (the “Group” or “We”) are a leading sportswear brand in China that has been engaging in brand management, research and development (R&D), design, manufacturing and distribution. The Group is a trailblazer contributing to the sportswear industry of China since its establishment in 2003. Adhering to the brand spirit of “One Degree Beyond” (“多一度熱愛”), the Group strives to be a global respectable brand which provides high-performance sports products for consumers while fulfilling its environmental responsibilities and contributing to social wellbeing. The Group will continue to incorporate Environmental, Social and Governance (“ESG”) elements into its long-term visions and business strategy development, so as to strengthen its positioning as a “professional, youthful and internationalised” brand positioning in a responsible manner.

II. ABOUT THE REPORT

In compliance with the requirements under Appendix 27 – ESG Reporting Guide (“ESG Guide”) of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) under the “Comply or Explain” provisions, the Group is pleased to present its ESG report for the year ended 31 December 2022 (“FY2022” or the “year under review”), which demonstrates the Group’s approaches and performance in terms of ESG management and corporate sustainable development for FY2022. For corporate governance report, please refer to the Group’s 2022 Annual Report.

Reporting Boundary

Consistently adopting the Operational Control Approach, the Group defines its reporting boundary based on the principle of Materiality. Given there was no significant change in the Group’s business operations, the scope of this ESG report remains consistent with the previous year, covering the performance and management policies of its major operating entities, including the Group’s office in Hong Kong Special Administrative Region (“Hong Kong”) and business operations in both offices and manufacturing factories in the United States, Europe (Netherlands) and the People’s Republic of China (“PRC”). The business in Brazil and Taiwan, China is not included in the ESG Report given that no operations were performed in FY2022.

Reporting Principles

The preparation of this ESG Report was underpinned by the Reporting Principles set out in the ESG Guide. The main content of this ESG Report was determined, organised and presented under the principles of Materiality, Quantitative, Balance and Consistency.

Materiality:

The application of the principle of Materiality was reflected in the process of reporting boundary setting as well as the identification of ESG issues that are of great significance to the Group’s operations. The Group undertook an annual materiality assessment with its outcome delivered to the Board of Directors of the Group (the “Board”) for review. For information, please refer to the section “Materiality Assessment”.

Quantitative:

The Group based its environmental and social information disclosure on the Key Performance Indicators (“KPIs”) set forth in the ESG Guide. In demonstration of the principle of Quantitative, KPIs were presented in the performance tables in corresponding report sections. Meanwhile, calculation assumptions and conversion factors used were also clearly stated at the footnote of the corresponding performance tables.

Balance:

To portray a fair and comprehensive picture of the Group’s sustainability performance to facilitate informed decisions of different stakeholders, the Group ensured that its disclosures were without cherry-picking, with both outstanding achievements and room for improvement disclosed in this ESG Report.

Consistency:

The Group adopted consistent calculation methodology and reporting frameworks throughout the years, thereby allowing peer and cross-year comparison. Clear explanation will be made in the corresponding sections should there be any significant changes.

III. SUSTAINABILITY MANAGEMENT

Reckoning that transparent and sound governance are instrumental in determining an enterprise’s sustainable growth, the Group is fully aware of the importance of a robust governance structure and strives to reinforce its sustainability management on this basis.

361°’s corporate governance reflects its commitment to monitoring the effectiveness of policies and decision making across the Board, the management and the business unit level. Since its establishment in 2003, the Group has been refining its sustainability management approach with a view to uphold its value of “One Degree Beyond” (多一度熱愛).

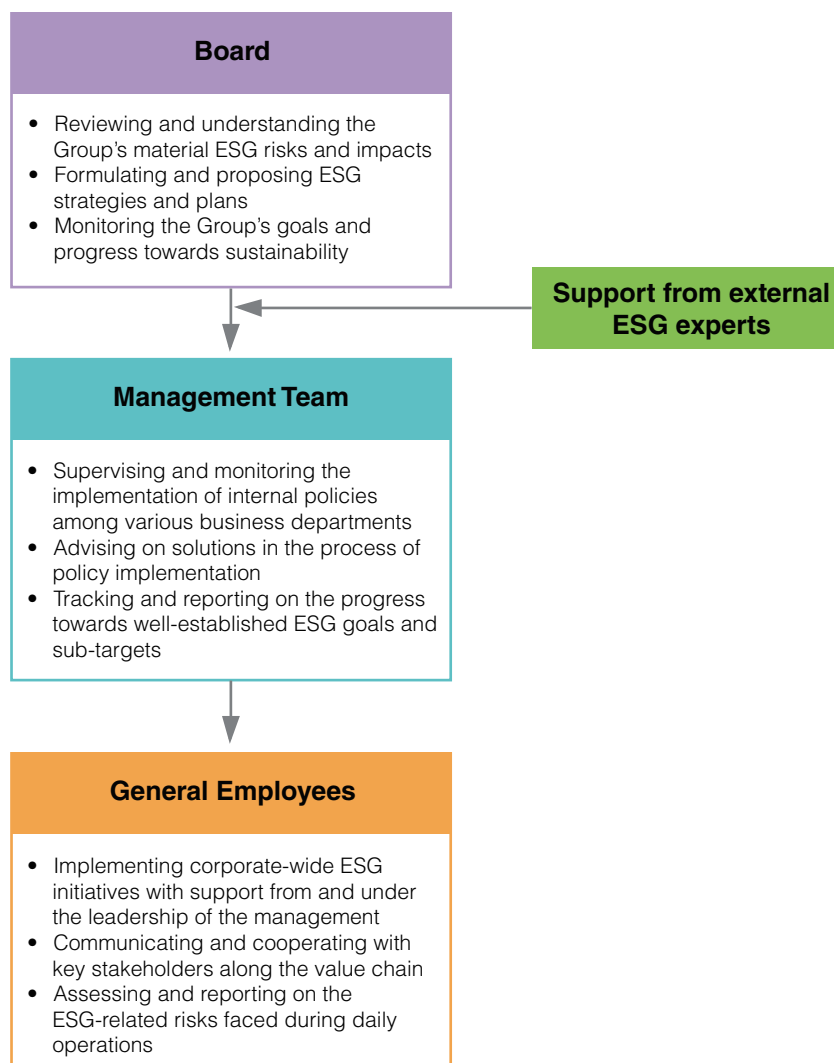
Adopting an integrated two-way “top-down” and “bottom-up” management approach, the Board oversees and bears ultimate responsibility for the ESG issues of the Group. Reckoning that balancing the interest and creating value for key stakeholders are essential for the long-term development of its business, the Group’s ESG principles cascade from the top management, supervised by the management team and executed by the frontline staff. All Board members are updated with the latest ESG regulatory requirements and leading industry practices so as to lead the Group for continuous improvement on sustainability performance.

ESG strategies are implemented at three levels in the Group:

- Top Level: The foundational governance structure ensures the unity and accountability system of the Group in law compliance and excelling in the industry.
- Second Level: The Group extends its responsibility to a broader value chain by integrating a multitude of ESG criteria into its supplier engagement and supply chain management.
- Third Level: Adopting customer-oriented approach, the Group strives for continuous enhancement in product quality and customer satisfaction. It also proactively fulfils its corporate social responsibilities in supporting various philanthropy initiatives during difficult times or crisis.

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To facilitate a smooth communication across the entire enterprise regarding its sustainability visions, strategies and commitments, the Group establishes an effective business management model in pursuit of ESG integration:



The Board orients the direction for development and assigns a task force to review corporate policies across the Group on sustainability, compliance, labour practices and community investment. ESG performance and associated risks are monitored by the Board constantly through various channels including receiving compliance updates from the company secretary, the Integrated Group Legal Centre (“綜合集團法律中心”) and the Audit Centre. The management is responsible for timely providing material information to the Group Audit Centre that is in charge of sorting, summarising and verifying the key findings, and reporting to the Board.

The Group keeps optimising its sustainability management systems by conforming to a series of internationally recognised standards and frameworks, such as ISO 5001:2018 Energy Management System, ISO 14001: 2015 Environmental Management System and ISO 45001:2018 Occupational Health and Safety, in order to operate its business while minimising the Group's burdens on the environment and natural resources as well as maximising its positive social impacts.

BOARD STATEMENT

Dear valued stakeholders,

On behalf of the Board, I am pleased to present the ESG Report of 361° for the financial year ended 31 December 2022 which demonstrates the sustainability management, commitment and performance of the Group.

Keeping up our efforts

As a famous national sports brand, we keep the wellbeing of people and the environment close to our hearts. Having been focusing on sustainability for years, we demonstrate our accountability and transparency along the value chain through our ESG ambitions and most importantly our robust ESG governance.

As the cornerstone of our ESG management strategies and approaches, our sound governance system guides us in integrating social and environmental responsibilities into daily operations. Upholding our commitment in the three main pillars of technological innovation, employee education and benchmarking industry best practices, we continue to pay great attention to the responsible business growth, which enhances financial performance while balancing the impacts on ESG.

To align our corporate development strategies and operational objectives with the concerns and expectations of our stakeholders, we perform annual materiality assessment to review the potential ESG risks and opportunities that are of high importance to our operations, thereby strengthening a more targeted management.

In view of our business characteristics and the concerns of our stakeholders, we have identified environmental considerations during our operations being the most important aspects that we have to pay attention to. In view of this, we reviewed and updated our near-term environmental targets, which will be monitored and reviewed annually by our Board members.

Leveraging innovation for enhancement

361° attaches great importance to the strong driving force of innovation. Through continuous investment in scientific R&D, we are constantly improving the sense of technology and trend of our products. With our self-developed new technology product mix growing richer, we have launched a number of new products with innovative technologies such as professional basketball shoes AG2X with new ENRG-X scientific material. In 2022, our international product line of running shoes, 361-STRATA 4, was also listed as one of the best running shoes for 2022 by Runner's World USA Magazine.

Meanwhile, it is worth mentioning that we also leverage our innovation efforts in improving our environmental impacts during operations. Realising that environmental footprints are considered as one of the most significant concerns of the stakeholders against our operations, 361° has been actively addressing this issue through its green innovation. For instance, the Group has been developing and readjusting the formula composition of the running shoes to increase the usage of recycled materials in production, thereby incorporating the concept of “circular economy” into its value chain. In recognition of our endeavours in incorporating green innovations and elements into our production, 361° was accredited and listed on the “List of Green Supply Chain Management Enterprises” announced by the General Office of the Ministry of Industry and Information Technology (“工信部”) during the year under review. In addition, last year we took the Group’s Brand Day as an opportunity to be the first in the industry, to introduce the concept of “Carbon Capture” and released “CQT Carbon Quiktical Technology”. This technology uses industrially recovered carbon dioxide instead of nitrogen for supercritical physical foaming to achieve the “captures and consumes” of carbon dioxide, and the material has the advantage of being more stable, uniform and durable. The shoe products applying the latest “CQT Carbon Quiktical Technology” show the brand’s technological strength and are widely appreciated by the industry and the market.

Helping out during the pandemic

Facing the recurrent outbreaks of the pandemic in various regions of the PRC, we are mindful of our social responsibility in safeguarding our people and the communities we serve. In addition to upholding the prevention and control measures as guided by the national policies, we have also supported the communities who were impacted during the pandemic. In 2022, we donated more than RMB14 million in cash and supplies to assist the battle against the virus. In the meantime, adhering to our value of spreading “One Extra Degree of Warmth” to the community, we have also participated in various community activities for supporting the local communities in return as our core missions.

Outlook

The year 2022 was exceptional in many ways for 361°. Despite the challenging circumstances, we delivered records sales with the support from the national government for the sports industry, alongside the boosting national fitness trend. As we are striving for the leading position in the domestic sports consumption market, we will also continue to strengthen our focus on sustainability through our concerted teamwork as well as our strong financial performance.

Last but not least, I would like to express our sincere appreciation to all our stakeholders for their continuous support for 361° on its sustainability journey. I would also like to thank all our dedicated staff members and supportive business partners. Looking into the future, 361° will continue to promote its brand spirit of “One Degree Beyond” (“多一度熱愛”), and be committed to undertaking its social responsibilities to create long-term shared value for all.

Ding Huihuang

Chairman

4 April 2023

IV. STAKEHOLDER ENGAGEMENT

The Group's key stakeholders include customers, employees, suppliers, shareholders and retailers, whom the Group proactively communicates with through various channels as summarised below. Aiming to pursue mutually beneficial partnerships with all key stakeholders and create positive environmental, social and economic impacts, the Group will continue to inch closer to diverse stakeholders in the years ahead.

Stakeholders	Expectations and Concerns	Communication Channels
Government and regulatory authorities	<ul style="list-style-type: none"> - Law compliance - Business ethics - Occupational health and safety 	<ul style="list-style-type: none"> - Supervision on compliance - Routine reports
Shareholders	<ul style="list-style-type: none"> - Return on investments - Corporate governance - Business compliance 	<ul style="list-style-type: none"> - Reports and announcements - General meetings and investor briefings - Corporate website
Employees	<ul style="list-style-type: none"> - Employees' compensation and benefits - Occupational health and safety - Training opportunities - Investment in innovations 	<ul style="list-style-type: none"> - Performance appraisals - Regular meetings and training - Emails, notices, circulars, hotline and team building activities
Customers	<ul style="list-style-type: none"> - Product quality assurance - Eco-friendly materials and circularity measures - Technological innovations 	<ul style="list-style-type: none"> - Customers' satisfaction surveys - Customer service hotline and email - Media conference - Corporate website
Suppliers	<ul style="list-style-type: none"> - Fair and open procurement - Win-win cooperation - Protection of intellectual property rights 	<ul style="list-style-type: none"> - Open tender - Contracts and agreements - Telephone discussions - Onsite visits
Distributors and authorised retailers	<ul style="list-style-type: none"> - Waste recycling enhancement in retail shops - Improvement in product quality and design - Strong marketing efforts - Business profitability 	<ul style="list-style-type: none"> - Trade fairs for 361° brand - Communication with retail channel management department - Regular conferences - Corporate training programmes

Aiming to stay align with international sustainability frameworks and raise the bar in sustainability management, the Group is committed to the United Nations Sustainable Development Goals ("SDGs"), while continuously consulting its stakeholders in terms of the direction to fulfil its social responsibility.

In consideration of the Group's business characteristics and the concerns of its stakeholders, the Group identified Goal 3 (Good Health and Well-Being), Goal 4 (Quality Education), Goal 5 (Gender Equality), Goal 7 (Affordable and Clean Energy), Goal 9 (Industry, Innovation and Infrastructure), Goal 10 (Reduced Inequalities), Goal 11 (Sustainable Cities and Communities), Goal 12 (Responsible Consumption and Production) and Goal 13 (Climate Action) as the prioritised directions for its ambition.

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SDGs



361° is dedicated to the health and equality in workplace, as well as the female empowerment in the society. As such, in combination with its commitment to providing safe working environment and quality education for all, the Group spares no effort in arranging training opportunities for all staff disregard of their gender or position level. The Group believes with the vocational and awareness enhancement training provided through various training programmes and platforms, inequality among different communities can be minimised and eventually eliminated.

Under the “Group Training Management System”, the Group’s training policies such as “New Employees Integration Management Measures” and “Group Annual Training Planning and Budget Management Measures” are constantly reviewed and optimised, aiming to regulate the training practices.



361° has always been investing and promoting initiatives on renewable energy. To demonstrate its dedication, the Group has installed solar panels and solar heating system on its plants’ rooftops. Meanwhile, the Group has also embedded environmental concepts into its product innovation. For instance, the Group has been developing a series of ecological and environmentally friendly textile materials, which not only lowers the environmental impacts during production but also takes into account the after-life of the products.



361° has long been committed to its business purposes through operating responsibly as one of the leading national brands. To support the global call of decarbonisation, on top of the environmental measures the Group has always implemented, the Group has also built a carbon reduction objective, which will be taken as a guide leading all staff in the organisation to make positive changes in mitigating climate change.

Materiality Assessment

In advancing sustainability management, the Group performed annual materiality assessment to identify material ESG issues that are of interest to its key stakeholders and require intensive management.

In FY2022, the Group entrusted a third-party consultant to conduct a materiality assessment survey through a step-wise approach to ensure its objectivity.

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Step 1: Identification

A group of key internal and external stakeholders were identified, prioritised and selected based on their influence and dependence on the Group. The Group selected its stakeholders against the criteria including legal obligations, power of influence, significance in the value chain and willingness for engagement. During the year under review, representatives of stakeholder groups including general staff, senior management, customers and suppliers were invited to partake in this materiality assessment.

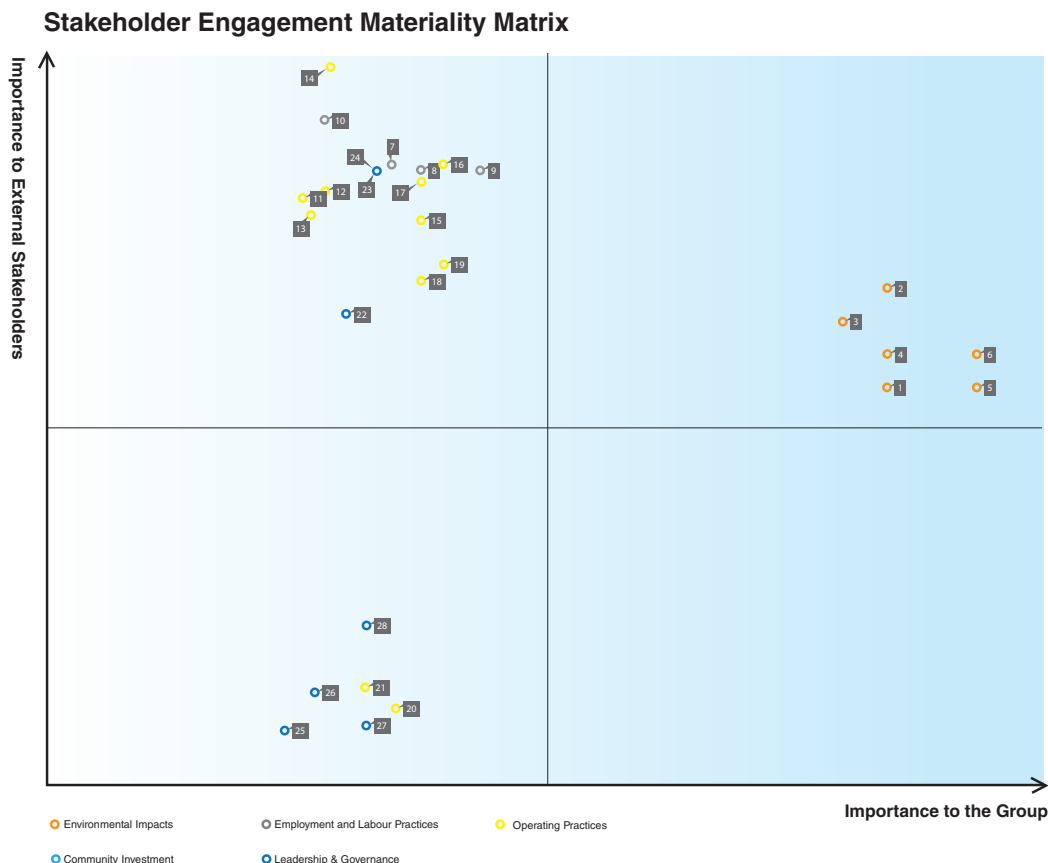
Step 2: Internal impact assessment

With reference to the ESG Guide and internationally recognised reporting frameworks, the Group analysed issues that would require its response or have higher possibility of occurring in its surroundings. A list of 28 ESG issues were identified under the latest sustainability landscape that were deemed to have potential environmental and social impacts on the Group's operations.

1	Greenhouse Gas ("GHG") Emissions	15	Product/Service Quality and Safety
2	Energy Management	16	Customer Privacy and Data Security
3	Water & Wastewater Management	17	Marketing and Promotion
4	Solid Waste Stewardship	18	Intellectual Property Rights
5	Climate Change Mitigation & Adaptation	19	Labelling Relating to Products/Services
6	Renewable and Clean Energy	20	Business Ethics & Anti-corruption
7	Labour Practices	21	Internal Grievance Mechanism
8	Employee Remuneration and Benefits	22	Participation in Philanthropy
9	Occupational Health and Safety	23	Cultivation of Local Employment
10	Employee Development and Training	24	Support of Local Economic Development
11	Green Procurement	25	Business Model Adaptation and Resilience to Environmental, Social, Political and Economic Risks and Opportunities
12	Engagement with Suppliers	26	Management of the Legal & Regulatory Environment (regulation-compliance management)
13	Environmental and Social Risk Management of Supply Chain	27	Critical Incident Risk Responsiveness
14	Supply Chain Resilience	28	Systemic Risk Management (e.g. Financial Crisis)

Step 3: Prioritisation

To determine the materiality of the selected ESG topics, selected stakeholder representatives were invited to take part in an online survey. The Group collected, analysed their feedback and mapped the outcomes based on weighted calculations in the materiality matrix below.



According to the materiality analysis, the Group identified “GHG Emissions”, “Energy Management”, “Water & Wastewater Management”, “Solid Waste Stewardship”, “Climate Change Mitigation and Adaptation” and “Renewable and Clean Energy” as issues of high importance to the Group in FY2022. Given the high degree of concerns on the aforementioned material issues, the Group has focused its efforts on the internal management under these areas.

Reckoning the increasing concerns about the environmental aspects of its operations, the Group spares no effort in its environmental stewardship through the effective implementation of internal control measures on energy efficiency and emissions reduction. Meanwhile, the Group has also been investing heavily in the R&D of green production materials and environmental friendly production lines. In addition, the Group has been actively exploring the capabilities of adopting more renewable energy during its operations to reduce its reliance on traditional energy sources and thus moving towards the decarbonisation of its production.

Stakeholders’ Feedback

Striving for excellence, the Group welcomes its stakeholders’ feedback and advice on the improvement of corporate ESG approach and performance, especially under the topics listed as the highest importance in the materiality assessment. Readers are also welcomed to share their views with the Group at <http://www.361sport.com/>.

V. ENVIRONMENTAL SUSTAINABILITY

In view of the paradigm shift towards an environmentally conscious low-carbon economy, and the national call for advancing the construction of the ecological civilisation system (“加快構建生態文明體系”), the Group has been committed to sourcing environmental friendly raw materials, mitigating carbon emissions along the production and value chain, and shifting to alternate new energy sources. As its fundamental commitment, the Group ensures that it stays compliant with the relevant environmental laws and regulations in its operating regions, including but not limited to:

- Environmental Protection Law of the People’s Republic of China 《中華人民共和國環境保護法》;
- 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》;
- Law of the People’s Republic of China on Prevention and Control of Water Pollution 《中華人民共和國水污染防治法》;
- Law of the People’s Republic of China on the Prevention and Control of Solid Waste Pollution 《中華人民共和國固體廢物污染環境防治法》; and
- Law of the People’s Republic of China on Prevention and Control of Environmental Noise Pollution 《中華人民共和國環境噪聲污染防治法》.

This section primarily discloses the policies and practices of the Group on emissions, the use of resources, the environment and natural resources, as well as climate change during the year under review.

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A.1 Emissions

In FY2022, the Group was in compliance with applicable laws and regulations concerning air and GHG emissions, discharges into water and land, generation of hazardous and non-hazardous wastes, and noise that have a significant impact on the Group.

During the year under review, the air pollutants emitted from the Group including sulphur oxides (“SO_x”), nitrogen oxides (“NO_x”) and particulate matter (“PM”) were mainly generated from the use of vehicles. Meanwhile, the GHG emitted by the Group mainly arose from the combustion of fossil fuels for transportation, electricity consumption for operations and business travelling. In terms of the non-hazardous waste disposed by the Group, they mainly consisted of domestic and commercial waste together with manufacturing wastes. In FY2022, the Group did not generate nor discharge any hazardous wastes (solid waste or sewage) during its operations. The Group’s total emissions in FY2022 are summarised in Table 1 below.

Table 1 The Group’s Total Emissions by Category in FY2022⁷

Emission Category	Key Performance Indicator (KPI)	Unit	Amount in FY2022	Intensity ¹	Amount in FY2021	Intensity
				(unit/employee) in FY2022		(unit/employee) In FY2021
Air Emissions ²	SO _x	Kg	3.91	-	4.87	-
	NO _x	Kg	294.35	-	213.21	-
	PM	Kg	21.67	-	15.70	-
GHG Emissions	Scope 1 ³ (Direct Emissions)	Tonnes of CO ₂ e	613.58	0.1	786.99	0.1
	Scope 2 ⁴ (Energy Indirect Emissions)	Tonnes of CO ₂ e	17,165.62	2.3	20,306.32	3.0
	Scope 3 ⁵ (Other Indirect Emissions)	Tonnes of CO ₂ e	1,036.10	0.1	1,287.35	0.2
	Total (Scope 1 & 2 & 3)	Tonnes of CO ₂ e	18,815.30	2.5	22,380.66	3.3
	Non-hazardous Waste	Domestic and commercial solid Wastes	Tonnes	1,841.00	0.2	1,938.20
	Manufacturing solid wastes	Tonnes	1,340.00	0.2	1,400.00	0.2
	Wastewater ⁶	m ³	333,970.00	44.9	521,530.20	77.4

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- ^{1.} *Intensity in FY2022 was calculated by dividing the amount of air emissions, GHG emissions and other emissions by the number of employees of the Group as of 31 December 2022, which was 7,441;*
- ^{2.} *Air emissions included only the air pollutants in the exhaust gas from vehicles for transportation;*
- ^{3.} *The Group's Scope 1 (Direct Emissions) included only the emissions arose from the consumption of gasoline and other fossil fuels for vehicles;*
- ^{4.} *The Group's Scope 2 (Energy Indirect Emissions) included only the emissions arose from the electricity consumption;*
- ^{5.} *The Group's Scope 3 (Other Indirect Emissions) included only the emissions arose from the paper waste disposed of at landfills, electricity used for processing fresh water and sewage by government departments and business air travel;*
- ^{6.} *The total amount of wastewater generated from the Group in FY2022 was based on the accurate recording of sewage from operations and the assumption that 100% of the freshwater consumed in the offices entered the building drainage system for which the amount of sewage during certain operations could not be estimated precisely; and*
- ^{7.} *The methodology adopted for reporting on GHG emissions set out above was based on "How to Prepare an ESG Report? – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange and the IPCC Emission Factor Database.*

Sportswear business

361° manufactures the majority of its sportswear products in the two factories located in Jiangtou and Wuli in Jinjiang, Fujian Province of the PRC. With great attention attached to the environmental impacts control, the Group strives to continuously improve its performance and assess the environmental effects of its business decisions. The Group is committed to designing and producing its sportswear products in a greener and more sustainable manner.

Air and GHG Emissions

In FY2022, the air and GHG emissions of the Group mainly came from the combustion of fossil fuels for production and travelling, as well as the electricity used for manufacturing and office operations.

During the year under review, the amount of air pollutants emitted dropped significantly due to the decrease in consumption of fossil fuels for transportation. Nevertheless, to minimise its impacts on the air quality and the public health, the manufacturing plants of the Group engaged qualified professional agencies to conduct emissions tests regularly. In the meantime, the Group also actively participated in and cooperated with the work of the Quanzhou Bureau of Ecology and Environment (“泉州市生態環境局”) on the improvement and management of volatile organic compounds emissions.

Meanwhile, the GHG emissions pattern of the Group remained similar with that of the previous year, with Scope 2 (Energy Indirect Emission) dominating the Group’s annual GHG emissions profile. In FY2022, all three scopes of GHG emissions recorded various degrees of decrease due to the temporary suspension of business operations in Mainland China. During the year under review, the Group’s total GHG emissions amounted to 18,815.30 tonnes of CO₂e, which was 16% less than the previous year.

In order to lay the groundwork to achieve decarbonisation in its operations, the Group continues to implement effective control on the use of corporate vehicles, install exhaust filters and equip its production lines with emission-reducing facilities. Furthermore, the Group pays attention to the greening of its working sites and strives to offset its emissions by providing biodiversity benefits to the surrounding areas.

For more information regarding the policies and actions taken by the Group to control its emissions, please refer to the subsections “Electricity” and “Other energy resources”.

Wastewater

Given that the biggest challenge with wastewater treatment in the textile industry is underpinned by the inadequate capability instead of weak awareness or commitment, the Group strives to uphold the “3R principle – Reduce, Reuse and Recycle” to reduce the consumption of freshwater and reuse effluents whenever possible. By installing water-efficient facilities such as advanced dyeing equipment, the Group champions water efficiency improvement and wastewater recycling. The Group will continue its focus on building fundamental capabilities in effluent treatment while driving efficiencies within its operations.

In FY2022, the Group generated a total of 333,970 m³ of wastewater, which lessened by 36% over the previous year. Since the amount of wastewater is largely proportional to that of water consumed, the Group adopts specific measures to proactively save water. For more information regarding the improvement of water use efficiency, please refer to the next subsection “Water”.

Solid Waste

In FY2022, the main solid wastes generated from the Group's manufacturing business were leftover materials and offcuts. With its "Circular Economy principles" defined, 361° has been closing the loop in business by using the resources in circulation. For instance, the Group has been adjusting the formula of the footwear products to allow the increase in the use of secondary materials. Leftover materials and offcuts are crushed by pulverisers, which are then sent to recycling stations for recycling efficiency enhancement. Unrecyclable materials such as glue and synthetic resin are collected and treated by qualified recycling centres to divert waste from landfill.

Adhering to its due diligence process, the Group conducts regular audits on its service providers with respect to their waste management qualification and capacity, so as to monitor the impacts of its waste generation from a lifecycle perspective.

In response to the national call for waste classification, the Group actively encourages its employees to sort their waste in everyday practices and to reduce waste at source by minimising the consumption of single-used products.

Given the effective implementation of policies and integration of Waste Hierarchy Management into operations, the amount of domestic and commercial solid waste, and manufacturing solid waste of the Group in FY2022 dropped slightly by 5% and 4% respectively.

Noise

Manufacturing facilities are prone to generate excessive noise levels. The Group operates its manufacturing sites in compliance with the Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution ("中華人民共和國環境噪聲污染防治法") and engages professional agencies to conduct tests against the Emission standards for industrial enterprises noise at boundary (GB12348-2008) ("工業企業廠界環境噪聲排放標準") regularly.

The Group effectively controls its noise emission by isolating its equipment with machine noise enclosures. In FY2022, the Group passed all relevant tests and did not receive any complaints regarding excessive noise from surrounding residents or regulators.

Overseas Business and Hong Kong Office

Given that the operations in Hong Kong, Taiwan, Mainland China, the United States, Brazil and Europe (the Netherlands) concern more about the trading of sporting goods than product manufacturing, the Group considers the environmental impacts of these businesses relatively insignificant. Nevertheless, the Group is committed to optimal management of its environmental impacts through solutions that are both environmentally responsible and economically sound. The Group highlights the importance of environmental protection in the workplace through strengthening the related publicity training and raising employees' awareness. Further, the Group is dedicated to eliminating the consumption of single-use plastic water bottles in most office spaces and promoting a paperless-office by the utilisation of digital technology and internet for communication.

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A.2 Use of Resources

The Group was in compliance with the relevant and applicable laws, regulations and standards, including the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》) and Provisions on the Management of Water Conservation in Cities (《城市節約用水管理規定》). In FY2022, the resources consumed by the Group were electricity, gasoline, diesel, water, paper and various forms of packaging materials. Table 2 illustrates the amount of different resources used by the Group during the year under review.

Table 2 Total Resource Consumption in FY2022

Use of Resources	Key Performance Indicator (KPI)	Unit	Amount in FY2022	Intensity ¹	Amount in FY2021	Intensity
				(unit/employee) in FY2022		(unit/employee) in FY2021
Energy	Electricity	kWh	29,633,509	3,982.5	33,393,059	4,954.4
	Gasoline	litre	264,849	35.6	331,095	49.1
	Diesel	litre	1,335	0.2	–	–
	Natural gas	m ³	–	–	2,100	0.3
	TOTAL ²	kWh'000	32,214.5	4.3	36,623.8	5.4
Water	Water	m ³	640,666	86.1	631,951	93.8
Paper ³	Paper	kg	13,480	1.8	6,585	1.0
Packaging material	Paper box	Tonnes	2,320	0.3	2,352	0.3
	Other paper-made products such as packaging paper	Tonnes	47	6.3 x 10 ⁻³	26.5	3.93 x 10 ⁻³

^{1.} Intensity for FY2022 was calculated by dividing the amount of resources the Group consumed in FY2022 by the number of employees of the Group as at 31 December 2022, which was 7,441;

^{2.} The energy conversion of resources consumed was based on the energy coefficient set out in "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange; and

^{3.} Paper consumption = paper inventory at the beginning of reporting period + paper added to inventory during reporting period – paper collected for recycling purposes – paper inventory at end of the reporting period. In FY2022, the total amount of paper recycled by the Group was 1,635 kg.

Electricity

In FY2022, the Group purchased electricity from local public utility companies and the total electricity usage dropped by 11% due to the temporary suspension of business caused by the pandemic outbreak in Mainland China. The use of purchased electricity dominated the total amount of energy use, accounting for around 92.0% of the total energy consumption in FY2022 (FY2021: 91.2%). Electricity consumption was also the major driver of GHG emissions and constituted almost 90.9% of total emissions.

In view of its performance, the Group is committed to integrating the principal of “Saving Electricity” into its business strategies and daily operations through energy saving campaigns and regular environmental training to raise employees’ awareness. Various efforts on energy saving include:

- Formulate “Electricity and Energy Use Manual” to guide staff in saving electricity;
- Install solar panels and solar water heating system to reduce reliance on traditional electricity source;
- Adopt advanced technologies to enhance production efficiency;
- Prioritise energy-efficient equipment in procurement and replace energy-intensive old equipment;
- Encourage employees to switch off idling lights, air-conditioners and other electrical appliances when leaving; and
- Perform maintenance regularly to optimise the performance and lifespan of electrical and mechanical equipment.

Water

In FY2022, the Group did not encounter any problem in sourcing water that was fit for its purposes. The water consumption of the Group in FY2022 maintained at similar level as that of the previous year, with intensity dropped slightly by 8%.

With water crisis listed among the top five global risks in the past decade, the Group is committed to better controlling its water consumption in production to prevent water issue rippling across the supply chain and thus affecting the consumers. Stepping up its effort in operational optimisation to reduce water footprint, the Group implements the following practices:

- Adopt advanced technologies to strengthen water recycling in the manufacturing process;
- Strengthen the inspection and maintenance on water taps, water pipelines and water storage tanks;
- Manage the water consumption rate by controlling the flow rate of faucets and install separate water metering devices;
- Set water consumption limitations for the canteen and charge extra cost for overconsumption; and
- Promote the importance of water conservation by placing posters and raising employees’ awareness during morning briefings.

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Other Energy Resources

The Group mainly consumed diesel and gasoline for transportation purposes during the year under review. To better manage the consumption of liquid fossil fuels and thus the consequential emissions, the Group standardises the use of fleets for business affairs and product transportation, while encouraging its employees to communicate through digital platforms to minimise unnecessary travelling. Meanwhile, the Group also commits to the use of new energy and promoting the use of electric vehicles in the industrial park to minimise the reliance on fossil fuels.

In FY2022, the amount of gasoline consumed by the Group dropped by 20% over that of the previous year, which was attributed to the unwavering efforts of the Group in managing its fleet usage.

Paper

The Group reckons the contribution of going paperless to the reduction of carbon emissions, as such it works hard to limit the use of paper during its operations. For instance, reminders such as “Save Paper, Conserve Resources” are placed next to printers to remind employees of printing when necessary. Meanwhile, to effectively monitor the implementation of its paper conservation measures, one or more individuals are designated in the office to act as paper conservation leaders to proactively reduce, reuse and recycle paper.

Packaging Materials

Realising that the packaging used to move products throughout the value chain, making one of the key areas for the Group’s endeavours to eliminate waste whenever possible, the Group has been committed to minimising packaging materials with improved design in the aspects such as durability, reusability and recyclability. The Group continues exploring and piloting alternative packaging solutions and prioritising more environmental friendly materials such as cartons, paper and woven bags. In FY2022, the amount of packaging materials consumed by the Group were 2,320 tonnes of paper boxes and 47 tonnes of packaging paper. Attributed to the overarching resource conservation policies of the Group, the amount of other paper-made packaging materials dropped by approximately 82% from that of FY2021.

Targets and Actions

In view of the unstable economic and market environment over the past few years caused by the unprecedented pandemic, the Group is cautious about preventing over forward-looking goals. As such, after carefully reviewing its current business operations, environmental performance over the years, the steps taken to achieve targets this year and the target achieve rate this year, the Group sets the following short-term environmental targets aiming to strike a balance between its economic development and environmental impacts.

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In FY2023, taking the intensities in FY2022 as the baseline, the Group hopes to:

	In FY2023, taking FY2022 as the baseline, the Group hopes to:	To achieve this target, the Group will:
Air emissions	Reduce its air emissions intensity by 5% in each air pollutant category	– Tap opportunities to upgrade its fleet with vehicles fuelled by clean or alternative energy source
GHG emissions	Reduce its total GHG emissions intensity by 5%	– Reduce carbon emissions at directly-operated worksites by improving energy efficiency and reducing the use of paper
Waste disposal	Maintain its total solid waste disposal intensity as the same	– Establish a product circularity system through the consideration of environmentally conscious materials
Wastewater discharge	Reduce its wastewater discharge intensity by 5%	– Explore possible ways in treating and reusing the wastewater discharged during its operations for other purposes
Electricity consumption	Maintain its electricity consumption intensity as the same	– Continue its commitment in saving electricity and urge its employees to work according to the environmental principles
Other fuel consumption	Maintain its other fuel consumption intensity as the same	– Optimise the transportation route of the company cars to reduce the fuel consumption
Water consumption	Maintain its wastewater discharge intensity as the same	– Continue to promote the concept of “water conservation” among staff by delivering of regular messages
Paper consumption	Reduce its absolute paper consumption by 20%	– Strive for a paperless working environment by assigning designated staff in controlling the use of paper in offices

A.3 The Environment and Natural Resources

As a leading national brand, the Group realises the various degrees of influences of its complex and extensive value chain at different stages. As such, the Group is committed to working across the industry and beyond to fulfil its responsibilities in environmental protection. In FY2022, the Group did not involve in violation of any applicable environmental laws and regulations, with the Administrative Centre closely monitoring the environmental performance of working sites against the regulatory requirements.

Green Operations

In FY2022, the major impacts of the Group's operations on the environment and natural resources were the consumption of fossils fuels for transportation and electricity usage for manufacturing operations in its factories.

To safeguard the environment and reduce its impacts in production, the Group established the Environmental Management System (EMS) in its manufacturing sites to better manage the environmental aspects such as efficient use of resources, proper waste management, and prevention of potential pollution issues of its production process. In view of its effective implementation of the EMS, the Group has been certified with the ISO 14001 since 2019.

In the meantime, given that the PRC is the largest shoe-making centre in the world and the Group is also majoring in sport shoes manufacturing, the Group strives to contribute to the minimisation of environmental impacts arose from shoe-making by better controlling the volatile organic compounds (VOCs) emissions from its production.



Joining hands with the Institute of Urban Environment, Chinese Academy of Sciences (“中国科学院城市环境研究合作所”), the Group piloted the research project of Magnetic Thermal Coupling Oxidation Technology by installing a set of exhaust gas purification equipment with UV photolysis as the core in its shoe-making factory. The new technology is mainly targeting at the VOCs molecules in the exhaust gas emitted by the workshop, which will be oxidised and decomposed by the O₃ molecules generated through UV light irradiation. Although the new technology was not at its optimum perfect in the actual operation process, the Group will continue to collaborate with the research team to strive for more optimal solutions.

In recognition of its endeavours and achievements in environmental protection and green operations, the Group was accredited and listed on the “List of Green Supply Chain Management Enterprises” announced by the General Office of the Ministry of Industry and Information Technology (“工业和信息化部办公厅”) during the year under review.

Green Innovations

The Group does not act passively for solutions but proactively creating them to protect the planet. For instance, it has always been focused on the R&D of environmental friendly raw materials.

- **Rubber sole from recycled waste:** When manufacturing rubber soles, approximately 10% of raw materials will be replaced by recycled waste to enhance the circularity rate of the used materials.
- **Crack resistant rubber sneakers:** Adjust the ratio of ingredients in the conventional production formula, so as to achieve the anti-ozone cracking performance of the rubber sneakers, while eliminating the environmental issues caused by particulates generating from soles roughing process.
- **Fully degradable super-elastic materials:** Collaborating with the environmental technology company in Shenzhen, the Group is developing a fully biodegradable super-elastic material to eliminate any footprints of its products after use. Upon successful research outcome, the new materials will be used in the 361° sports shoes.

The Group will continue to promote the digital transformation of its management; improve management efficiency; and reduce environmental impacts from various aspects including R&D, design, production, energy conservation and emission reduction, and logistics, thus promoting the sustainable and environment-friendly development of the Group.

A.4 Climate Change

As the international community has been shifting towards a low-carbon economy, the business world becomes more mindful of their responses to climate-related risks being absolutely critical in ensuring the long-term business growth. 361° is keenly aware of the importance of its climate change response, focusing on identifying the related risks and opportunities, and establishing more systemised climate change management system.

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As one of the leaders in the sportswear industry, the Group is fully aware of the increasing consumers' environmental awareness and how the growing interest in sustainability can affect its market edge. As such, to fulfil the responsibilities of a trust-worthy national brand in support of the Task Force on Climate-related Financial Disclosures ("TCFD"), the Group strives to disclose its climate-related information transparently with reference to the TCFD Recommendations.

Physical Risk

- Increase frequency of natural disaster caused by extreme weather conditions
- Prolonged environmental changes

Impacts

- Normal operations may be suspended and supply chain stability may be affected, which may impact the Group's products manufacturing and sales and thus its revenue
- Changes such as prolonged heat may affect the working conditions of the Group's plants, thereby costing the Group more resources in ensuring occupational health and safety
- Changes in weather pattern may impact the harvest and stable supply of raw materials, which may cause increased raw material costs

Transition Risk

- Increased pricing of GHG emissions
- Stricter regulations on existing products
- Shift in consumer preferences
- Structural technology innovation

Impacts

- More operating cost will be required for maintaining its current products and services
- More investment will be required on research and development to keep abreast of the latest market trend

Encountering and foreseeing the impacts induced by climate-related risks and opportunities on the financial performance of the Group, the Group will continue to uphold the spirit of responsibility and initiate practical actions, so as to promote the acceleration of emission reduction throughout the supply chain. In addition to supporting low-carbon technology solutions, the Group also vigorously advocates policy responses to promote global collective action against climate change.

The Group's strategic approach to addressing climate change focuses on multiple dimensions, including vigorously reducing its own operational GHG emissions, investing in the development of low-emission technologies, promoting emission reduction throughout the value chain, improving the environmental management of its products, better managing its climate risks and opportunities, and actively collaborating with its stakeholders to promote global climate policy formulation and market response.

Looking forward, in response to the national ambition of "30.60" Dual Carbon Target, the Group will continue to explore optimal solutions and closely cooperate with its stakeholders to strive for a carbon net zero future.

VI. SOCIAL SUSTAINABILITY

EMPLOYMENT AND LABOUR PRACTICES

B.1 Employment

At 361°, it is believed that people is one of the most meaningful value creators. As such, the Group has always stayed people-oriented and endeavoured to invest in the employees. The Group nurtures employees as its partners with fairness and transparency while respecting the diversity of each individual. Withholding its corporate culture of “One Degree Beyond” (“多一度熱愛”), the Group strives to cultivate a pool of talents who are passionate and aligned with the Group’s vision of manifesting its positioning as a national brand that proactively contributes to addressing social challenges.

As of 31 December 2022, the Group employed a total of 7,441 full-time employees, including management staff, technicians, salespersons and workers.

Table 3 Total Workforce of the Group by Gender, Position Level, Age and Geographical Location in FY2022¹

Unit: Number of employees					
Gender	Age group				Total
	Aged 30 or below	Aged between 31 and 40	Aged between 41 and 50	Aged 51 or above	
Male	1,378	1,200	765	530	3,873
Female	1,004	1,131	961	472	3,568
Total	2,382	2,331	1,726	1,002	7,441

Unit: Number of employees				
Gender	Position			Total
	General staff	Senior management	Director and management	
Male	3,174	613	86	3,873
Female	3,020	520	28	3,568
Total	6,194	1,133	114	7,441

Employment type		
Full time	Part time	Total
7,441	0	7,441

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Geographical location	
Locations	Number of employees
PRC	7,420
Hong Kong	10
US	3
Netherlands	8
Total:	7,441

^{1.} The employment data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. The data covered employees engaged in a direct employment relationship with the Group according to relevant local laws and workers whose work and/or workplace was controlled by the Group. The methodology adopted for reporting on employment data set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

Table 4 Employee Turnover by Gender, Age and Geographical Location in FY2022¹

Unit: Number of employees	Age group				Total
	Aged 30 or below	Aged between 31 to 40	Aged between 41 to 50	Aged 51 or above	
Gender					
Male	374	283	144	65	866
Employee turnover rate	27.1%	23.6%	18.8%	12.3%	22.4%
Female	285	236	122	55	698
Employee turnover rate	28.4%	20.9%	12.7%	11.7%	19.6%
Total	659	519	266	120	1,564
Total employee turnover rate	27.7%	22.3%	15.4%	12.0%	21.0%

Geographical locations		
Locations	Employee turnover	Employee turnover rate
PRC	1,563	21.1%
Hong Kong	0	0.0%
US	1	33.3%
Netherlands	0	0.0%

^{1.} The turnover data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. Turnover rate was calculated by dividing the number of employees who resigned in FY2022 by the number of employees in FY2022. The methodology adopted for reporting on turnover data set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

Law Compliance

The Group's employment policies are periodically reviewed and updated to cater for social changes since the inception of the Group, and more importantly, to comply with the relevant laws and regulations in Mainland China, Hong Kong and other operating regions. In FY2022, the Group complied with the relevant laws and regulations that have a significant impact on the Group, including:

- Employment Ordinance (Cap. 57 of the Laws of Hong Kong);
- Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong);
- Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong);
- Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong);
- Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong);
- Race Discrimination Ordinance (Cap. 602 of the Laws of Hong Kong);
- Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong);
- Minimum Wage Standards 《最低工資規定》;
- Company Law of the People's Republic of China 《中華人民共和國公司法》;
- Labour Law of the People's Republic of China 《中華人民共和國勞動法》;
- Law of the People's Republic of China on Promotion of Employment 《中華人民共和國就業促進法》;
- Social Insurance Law of the People's Republic of China 《中華人民共和國社會保險法》;
- Labour Contract Law of the People's Republic of China 《中華人民共和國勞動合同法》;
- Regulations on Management of Housing Provident Fund in Xiamen 《廈門市住房公積金管理規定》;
- Legal Protection of Rights and Benefits of the Peasant Workers 《勞動保障監察條例》;
- Rules of the State Council on Working Hours of Workers and Staff Members 《國務院關於職工工作時間規定》;
- Labour Standards Act (Taiwan);
- Consolidation of Labour Laws (Consolidação das Leis do Trabalho, CLT) (Brazil);
- Fair Labour Standards Act (FLSA) (United States);
- Work and Security Act (Netherlands); and
- Netherlands Working Conditions Act.

Recruitment and Promotion

As the driving force for its growth, the Group pays special attention to its recruitment process and strictly follows the “Yearly Recruitment Plan” to ensure fairness in the recruitment procedures. Candidates’ capability, level of performance, academic background and experience requirement as indicated in the job description will be reviewed to define the ideal employee who are in line with the Group’s core values. In FY2022, due the restrictions caused by the pandemic, most recruitment activities were conducted through online platforms.

To support employees who faithfully fulfil their roles and for creative engagement in their work, the Group strives to provide promotion opportunities to outstanding individuals who pursue collective development and mutual growth with the organisation. Guided by the principle of “comprehensive and talented, fair and equitable, progressive promotion, and strict control over promotion in job vacancies”, a clear promotion path and qualification for promotion have been set up. The Group follows the rules to ensure that suitable employees are matched to suitable positions where employees can fully exert their talent and fulfil their potential.

Compensation and Dismissal

In order to motivate and show recognition to the existing management and employees, the Group has formulated the compensation and benefits system, and conducted regular salary adjustment to ensure that all employees are rewarded by the Group appropriately in recognition of their efforts and contributions. As guided by the “Total Compensation Control” (薪酬總量控制), the Human Resource Department formulates the plan for adjusting the employees’ salary based on the Group’s business growth, together with other considerations including the Group’s development strategy, business objectives for the coming year and the average salary levels in the industry. In addition to the peculiarity of different job categories and business divisions within the organisation, the salary of employees is also linked to the KPIs set by the Group.

Meanwhile, any termination of the employment contracts should be based on reasonable and lawful grounds. The dismissal procedures are standardised and are in compliance with the applicable local labour laws and regulations. The Group strictly prohibits any kind of unfair or unreasonable dismissals.

Working Hours and Rest Periods

The Group has formulated internal policies in accordance with local employment laws including the “Provisions of the State Council on Employees’ Working Hours” (“國務院關於職工工作時間的規定”) in the PRC to determine appropriate working hours and proper rest periods for its employees. An attendance system has been implemented to strengthen the monitoring of the working hours of employees and compensate those who work overtime.

In addition to basic paid annual leave and statutory holidays as stipulated by the employment laws of the local governments, employees are also entitled to additional leave such as marriage leave, maternity leave, paternity leave, compassionate leave and sick leave subject to the regulations in the regions where they work.

Equal Opportunity, Diversity and Anti-discrimination

361° provides a secure workplace for all through promoting equal opportunities and diversity, and bearing zero tolerance for any form of discrimination. Across the organisation, training and promotion opportunities, dismissals and retirement policies are based on factors irrespective of the employees’ age, sex, marital status, pregnancy, family status, disability, race, colour, descent, national or ethnic origins, nationality, religion or any other non-job-related elements.

In compliance with the Special Rules on the Labour Protection of Female Employees (《女職工勞動保護特別規定》) in the PRC, Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong) and Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong) in Hong Kong, the Group follows the “Staff Manual” (“員工手冊”) and ensures that its workplace is free from discrimination, harassment or vilification. Employees are encouraged to report any incidents involving discrimination to the Human Resource Department of the Group, which will take the responsibility for assessing, dealing with, recording and taking any necessary disciplinary actions accordingly.

Benefits and Welfare

361° provides welfare and benefits to its employees in reflection of its brand identity to help its employees maintain both their physical and mental health. The Group arranges medical insurance and annual physical examinations to its employees. For factory staff, the Group also offers them with working meals allowance, well-equipped dormitories and free transportation between working sites and dormitories. To create both vertical and horizontal organisational understanding, various tools and channels such as emails, WeChat and other social media platforms are used to maintain barrier-free communication.

During the year under review, the Group organised a multitude of meaningful events and entertaining activities for its employees, including:

Festive Welfare Activities

To enhance the sense of belonging among its employees and to send warmth to them during festivals, during the year under review, the Group organised a series of festival celebration activities for its staff including the Chinese New Year Garden Party, Mid-Autumn Festival Cake Event, Listing Anniversary and Brand Day.

Meanwhile, the Group also pays special care to its female workers. During Women’s Day in 2022, the Group prepared a welfare pack from the perspective of caring for women’s health for all female staff. Through delivering the exclusive holiday care, the Group hopes to enhance the satisfactory level of female employees.



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Furthermore, in May 2022, the Group organised a Children's Family Day to build a bridge of communication between the company and the family members of the employees, thereby improving employees' recognition of the Group and promoting its brand building. Event activities including treasure hunt, lunch buffet, animation screening and nostalgic sports meeting were arranged to create quality parent-child time. This event has been fully registered for three consecutive years, and was believed to have effectively enhanced the cohesion of the Group.

Corporate Sports Events



While the pandemic eased gradually, the Group remained greatly concerned about the health of its staff by arranging a series of corporate sports events such as Mini Marathon, Tug-Of-War Competition, Badminton Games and Basketball Games to boost their physical strength as well as their team spirit.

In May 2022, the Tug-Of-War Competition was held in front of the company building, with 16 teams participating. All participants were passionate and enjoyed the fun of this sports though experiencing the power of "collaboration".

In November 2022, the "Passion Cup" Basketball Game was held with around 100 participants and more than 1,000 of cheer-leaders and spectators. This corporate representing event was organised according to the overall plan of the quarterly large-scale events with the compilation of the basketball league plan. Through this activity, the Group aims to enhance the organisational sports atmosphere and strengthen the promotion of brand spirit through activities.



Annual Rewards and Recognition

Aiming to cultivate the sense of mission and honour of all employees and to continuously enhance the cohesion of the company, the Annual Reward Ceremony was held in January 2022 to publicly praise and reward the outstanding teams and individuals. It is believed that this annual grand event will establish a clear value and cultural orientation, as well as creating an atmosphere of “competing for excellence” within the Group, thereby laying a strong foundation for the Group’s future operations.

In FY2022, the Group was in compliance with relevant laws and regulations with respect to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits that have a significant impact on the Group.



B.2 Health and Safety

To strengthen the health management for all staff and to create a safe, clean and secure working condition for all, the Group implements a series of occupational health and safety policies, and stays in stringent compliance with relevant laws and regulations in the PRC, Hong Kong and other operating regions, including but not limited to the:

- Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong);
- Production Safety Law of the People’s Republic of China 《中華人民共和國安全生產法》;
- Law of the People’s Republic of China on Prevention and Control of Occupational Diseases 《中華人民共和國職業病防治法》;
- Regulations on the Reporting, Investigation and Disposition of Work Safety Accidents 《生產安全事故報告和調查處理條例》;
- Special Rules on the Labour Protection of Female Employees 《女職工勞動保護特別規定》; and
- Regulation on Work-Related Injury Insurance 《工傷保險條例》.

In FY2022, the Group continued to be certified with the ISO 45001 (Occupational Health and Safety Management Systems). To ensure its productions and operations in continuous conformance with the standard requirements, the Administrative Department of the Group has formulated and monitored the implementation of the “Environmental and Occupational Health and Safety Operation Control Procedures”, which specifies the risks and hazards management, the rules for safe production management and the resources required for risk control. Each business division should set up their own occupational hazards control method for the outsourcing process.

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Employees are required to wear proper personal protection equipment such as helmet when entering the manufacturing areas. To prevent risks of accident, staff who work in special positions should obtain corresponding certificates or working permits before start. In addition to prohibiting smoking and drinking alcohol in working areas, the Group also monitors the exposure risks in the workplace of each plant on a regular basis and limits the exposure of employees to the risks by ensuring that the results satisfy the requirements of the national occupational health standards GBZ2.1 Occupational Exposure Limits for Hazardous Agents in the Workplace – chemical hazardous agents and GBZ2.2 Occupational Exposure Limits for Hazardous Agents in the Workplace – physical agents.

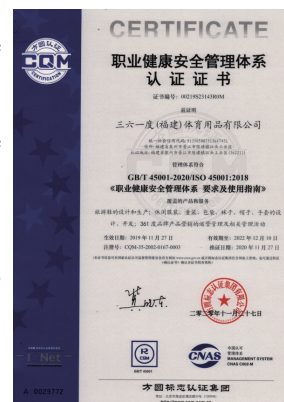
To strengthen the work safety, the Group establishes internal manuals, including onsite safety management standards, safety production accident investigation and management system, labour protection management system, safety production management system and other procedures documents as guidance document. Meanwhile, to raise safety awareness among its employees, regular training courses and fire drills are arranged to build preparedness in case of an emergency. The Administrative Department is responsible for the supervision and oversight of the implementation of health and safety policies in the Group.

Meanwhile, to promote the health and safety of its stakeholders, the Group's health management requirements are also applicable to its suppliers, where the suppliers are required to be certified with Environmental Management System and Occupational Health and Safety Management System, and provide their employees with healthy and safe workplaces.

Table 5 Number and Rate of Work-related Fatalities of the Group in the Past Three Years

Year	2020	2021	2022
Number of work-related fatalities	0	0	0
Rate of work-related fatalities	0%	0%	0%

In FY2022, the Group had no work-related fatality and work-related injury with zero lost days recorded. During the year under review, the Group was in compliance with the applicable laws and regulations in relation to providing a safe and secure working environment and protecting the employees from occupational hazards that have a significant impact on the Group.



B.3 Development and Training

361° uses training programmes to support the growth of its employees, in the belief that excellent work performance can only be achieved when its people are allowed to develop their individual careers and enrich their potentials.

In FY2022, the training and development work was carried out from five dimensions:

<p>Management of talent echelon</p>	<p>In order to effectively support the talent demand, the key talent echelon projects “Flying Eagle Plan” and “Eagle Plan” were implemented in the reporting year.</p> <p>The “Flying Eagle Plan” is a 6-month training programme for the management director successors, aiming to promote leadership through multiple ways of cultivation. The training topics are mainly related to corporate management, strategic analysis and effective decision making.</p> <p>The “Eagle Plan” was running smoothly from April to September in 2022, with four training sessions and nine courses successfully completed in a total of 149 days. To diversify the training method to enhance the training effectiveness, both online and offline training with internal and external trainers were arranged during the programme.</p>	
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<p>Integration of newcomers</p>	<p>In FY2022, in the special orientation training for the newly recruited “Excellent Graduates”, the Group arranged innovative and optimised training to better equip the newcomers and look for overall breakthroughs together.</p> <p>In July 2022, a 6-day training camp which consisted of 16 training classes and practical experience was arranged for the new recruits. The Group provided a well-organised induction training introducing the corporate culture, organisational structure, work safety requirements and management policies. Through ice-breaking activities, learning, living and dining together, the Group hoped to enhance the newcomers’ sense of belonging and promote mutual growth for all.</p>	  
<p>Construction of internal trainer team</p>	<p>To build a well-equipped internal trainer team, the Group realised the implementation of its effective overall management method in FY2022, thereby organising the empowerment and selection of the outstanding internal trainers.</p> <p>In April 2022, the Group initiated the internal trainer recruitment by adopting the “trainer + class” method to quickly screen and select available internal trainers, followed by the “Workplace Cube” to dismantle the elements of training and conduct trial lecture review. By separating the “teaching materials development ability” and “lecture teaching ability”, the Group was able to select internal trainers with strong potentials in different areas.</p>	 

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Learning enhancement of all employees	To promote and enhance the overall learning capabilities and the continuous learning atmosphere, the Group actively provided corresponding learning resources and collaborated with each business centre for making breakthroughs in internal training empowerment in FY2022.	
Promotion of internal training atmosphere	For instance, in June 2022, the Group collaborated with the Information Management Centre to organise a Data Security Training, so as to reinforce every single defence line of the data security in the organisation.	

Adhering to the training principle of “Through diverse training methods, advocate the unity of knowledge and action, and effectively create management talents”, the Group incorporates the latest technology in the development of training programmes, making full use of online platforms and digital training tools, including Qianliao and DingTalk.

In the meantime, distributors and authorised retailers of the Group are required to attend the training programmes organised by the Group annually so as to keep abreast of the Group’s latest technology and product-related knowledge, which facilitate them in assisting consumers in purchasing the most suitable products.

In FY2022, a wide variety of training courses were organised by the Group to 1,210 of its employees.

Table 6 Number and Percentage of Employees Trained in the Group by Gender and Position Type in FY2022¹

Total number of employees	7,441
Total number of employees trained	1,210
Total percentage of employees trained	16.3%

Unit: Number of employees

Gender	Position			Total
	General staff	Middle management	Director and Senior management	
Male	436	116	6	558
% of employees trained	36.0%	9.6%	0.5%	46.1%
Female	510	140	2	652
% of employees trained	42.1%	11.6%	0.2%	53.9%
Total	946	256	8	
% of employees trained	78.1%	21.2%	0.7%	

¹ The training information was obtained from the Group’s Human Resources Department. Training refers to the vocational training that the Group’s employees attended in FY2022. The methodology adopted for reporting on the number and percentage of employees trained set out above was based on “How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs” issued by the Stock Exchange.

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Table 7 Training Hours Received by the Employees of the Group by Gender and Position Type in FY2022¹

Unit: Training Hours	Position			Total
	General staff	Middle management	Director and Senior management	
Gender	General staff	Middle management	Director and Senior management	Total
Male	608	108	48	764
Average training hours	0.19	0.18	0.56	0.20
Female	600	100	16	716
Average training hours	0.20	0.19	0.57	0.20
Total	1,208	208	64	1,480
Average training hours	0.20	0.18	0.56	0.20

¹ The training information was obtained from the Group's Human Resources Department. The methodology adopted for reporting training hours set out above was based on "How to Prepare an ESG Report - Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

B.4 Labour Standards

The Group is in strict compliance with the local and national labour standards, including but not limited to the Employment Ordinance (Cap. 57 of the Laws of Hong Kong) and Labour Law of the People's Republic of China 《中華人民共和國勞動法》, Labour Standards Act (Taiwan), Consolidation of Labour Laws (Consolidação das Leis do Trabalho, CLT) (Brazil), Fair Labour Standards Act (FLSA) (the United States) and Work and Security Act (Netherlands), to prohibit any child or forced labour employment.

Respecting human rights in the spirit of internally recognised social and ethical standards, the Group's Human Resource Department requires all job applicants to provide valid identity documents prior to the confirmation of employment, ensuring that the applicants are lawfully employable. All employees are free to leave the job according to the internal policies.

Furthermore, the Human Resource Department of the Group is responsible for monitoring the compliance of the Group with the relevant laws and regulations that prohibit child and forced labour employment. Once any case that violates the relevant labour laws, regulations or standards is found, the relevant employment contract will be immediately terminated and the individuals responsible for the management of human resources will be disciplined accordingly.

In FY2022, the Group was in compliance with applicable laws and regulations in relation to the prevention of child and forced labour that have a significant impact on the Group.

OPERATING PRACTICES

B.5 Supply Chain Management

Reckoning that business partners are the Group’s key allies along the entire operation process, the Group believes it is vitally essential to improve its sustainability and manage the environmental or social risks along its supply chain, so as to become a sustainable global sportswear company. In commitment to building a sustainable supply chain in conjunction with its suppliers, the Group requires its suppliers to go beyond the compliance in the production and supply of materials to the Group.

Supplier Engagement

The Group mainly purchases its principal raw materials including textiles, leather, synthetic leather, polypropylene (PP) films, accessories, craftwork, mould, fabrics, rubber, soles and plastics for production and manufacturing factories from its qualified suppliers.

To better manage its supplier list, when selecting new suppliers, the Procurement Management Department of the Group conducts a thorough and well-rounded background research and on-site evaluation of potential suppliers against specified criteria. Suppliers are required to provide business licence, identity card of the legal representative, articles of association, organisational structure and photos in all workshops including packaging workshop, technical workshop and warehouse for verification. Following the regulatory review, technical audit and onsite visit, suppliers who have passed the evaluation are qualified for trial cooperation with the Group.

Fundamental Criteria for Supplier Selection

<p>1 INTEGRITY In compliance with national laws and regulations, conformance to the integrity commitments in business dealings with the Group, and no violations of contract or with records in the blacklist in business dealings with the Group or its customers in past.</p> 	<p>2 LEGALITY In line with the requirements on qualification and with the legal capacity to independently fulfil civil liability.</p> 	<p>3 QUALITY Quality production and business premises, facilities and management systems that meet the requirements of fulfilling the contract.</p> 
<p>4 FINANCE Standard financial accounting with good financial strength and financial status.</p> 	<p>5 CERTIFICATION Suppliers in certain industries and engaging in the supply of certain equipment should have qualification certificates issued by relevant function departments.</p> 	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Before becoming an approved supplier of the Group, the selected suppliers have to pass the assessment of the quarterly trial cooperation period, which is jointly conducted by the Regulatory Affairs Department, Supplier Management Department and Quality Control Department, focusing on whether:

- the supplier complies with local laws and regulations on business operations;
- the supplier's capacity is flexible to meet the Group's demand based on the investigation of the processing and distribution of the supplier for orders; and
- the qualifications of supplier such as International Organisation for Standardisation ("ISO") and China National Accreditation Service for Conformity Assessment ("CNAS") are valid and meet the requirements of the Group.

Enlisted qualified suppliers are under regular monitoring of the Group through annual inspections to ensure that they can continue to meet the Group's expectations with high-quality products and sustainability performance.

Risk Management

By establishing its internal Risk Management System implemented and monitored by the Supplier Coordination Management Department, the Group proactively manages the potential risks along the supply chain and advances its monitoring for social and environmental impacts throughout the value chain.

RISK MANAGEMENT
to create a stable and resilient supply chain

RISK IDENTIFICATION

The Group identifies the potential risks of suppliers from time to time through the following methods:

- Whether the supplier has a standardised management manual or process operation manual through analysis;
- Whether the financial statements and relevant information against financial indicators of suppliers are healthy;
- Background check through the Internet, magazines, newspapers and other media sources;
- Site visit to suppliers' factories and operating places, and regular communication with suppliers to assess their internal management risks;
- Conduct surveys with suppliers' partners and peers in the industry;
- Internal analysis of supplier performance data via the Group's supplier management system.

RISK EVALUATION

- **Probability**
The Supplier Coordination Management Department analyses the data based on the information collected from various channels, and forecasts the probability of risk occurrence and takes precautionary measures in advance
- **Severity**
The Supplier Coordination Management Department analyses the degree of supplier risk that may affect the business of the Group, and keeps effective monitoring

RISK MANAGEMENT

- Perform strict tracking procedures during the trial cooperation period of newly admitted suppliers to ensure they meet the requirements. The first order quantity shall not exceed 5% of the total order of a certain type of product
- During the production process of each production season, the Supplier Coordination Management Department occasionally organises the Production Planning Department and Quality Centre to make a risk prediction for the supplier
- Backup suppliers and alternative products should be in place
- Blacklist suppliers who are found to have the following problems that may bring greater procurement risks to the Group:
 1. Major deviation between the product quotation and average market level
 2. Seriously breaking the contract, including but not limited to delays in supply, provision of fake and shoddy products and slow responses of after-sales service
 3. Severe quality accident
 4. Commercial bribery
 5. Bad credit records

For the supply of textiles, adhesives, footwear materials and products, samples from the suppliers are required to be sent to the Group's laboratory that is accredited by CNAS for testing before delivery. Suppliers must provide the test reports issued by qualified third-party testing organisations. All the procedures implemented by the Group ensure that the raw materials meet the requirements of standards including GB18401 "National General Safety Technical Code for Textile Products", GB/T15107 "Athletic Shoes", and GB19340 "Adhesives for Footwear and Case and Bag".

Green Procurement

361° and its brand companies are actively searching for new and more sustainable solutions for materials and substances used in its products. Upholding its endeavours in "Green Procurement", the Group incorporates human health and environmental concerns into the search for high quality products and services that cause minimal adverse environmental impacts.

The Group has been sourcing green degradable materials and prioritising suppliers with sound environmental certifications and robust environmental management

system. In addition to the consideration on their environmental performance such as water efficiency and application of recyclable materials, the Group also gives priority to the collaboration with local business partners to further reduce the environmental impacts during the delivery of goods and raw materials.

The Group requires its suppliers to scientifically and effectively handle their sewage and emissions in accordance with the discharge requirements of the local authorities. On top of the basic requirement of possessing the relevant pollution permit, the Group also recommends its suppliers to be certified for the Environmental Management System and Occupational Health and Safety Management System.

Over the years, the Group has been focusing on advocating “green” concept as the guidance, featuring eco-elements and green sourcing practices in its production. With the effective supervision mechanism, the Group reinforces the control of potential environmental impacts from sourcing to approval and product acceptance.

In FY2022, the Group were in stable collaboration with 567 suppliers which are all located in Mainland China. In view of its effective supplier management system, the aforementioned supplier policies are applicable to over 80% of the Group’s suppliers.

B.6 Product Responsibility


Law Compliance

361° is fully committed to quality management in compliance with the laws and regulations in relation to product safety and quality. With respect to the Group’s health and safety, advertising, labelling and privacy matters of its products and services, the Group was in compliance with relevant rules, regulations and standards in the PRC, Hong Kong, Taiwan, China, the United States, Brazil, the Netherlands and other regions where the Group operated in FY2022, including:

- The Law of the People’s Republic of China on Product Quality 《中華人民共和國產品質量法》；
- The Fire Protection Law of the People’s Republic of China 《中華人民共和國消防法》；
- The Metrology Law of the People’s Republic of China 《中華人民共和國計量法》；
- Law of the People’s Republic of China on the Protection of Consumer Rights and Interests 《中華人民共和國消費者權益保護法》；
- The Patent Law of the People’s Republic of China 《中華人民共和國專利法》； and
- The Trademark Law of the People’s Republic of China 《中華人民共和國商標法》。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The material international, national and industry standards that the Group abided by in its production process and operations include but are not limited to:

International		national	
<ul style="list-style-type: none">• CA Prop 65• AATCC 81• AATCC 112• CONEG TPCH• ISO 3071• ISO 14184-1• ISO 17353• EN 14362-1• EN14362-3• EN 1122• EN 1811• EN 12472	<ul style="list-style-type: none">• POPs Regulations• LFGB § 64 BVL B82.02.8• ISO/TS 16186• CEN/TS 15968• DIN 54231• Directive 94/62/EC• 1907/2006/EC (REACH)• (EU) No. 528/2012• AFIRM Restricted Substances List	<ul style="list-style-type: none">• GB 18401-2010• GB 20400-2006• GB 31701-2015• GB/T 22583-2019• GB/T 22849-2014• GB/T 26385-2011• GB/T 2662-2017• GB 22700-2016• GB/T 21295-2014• GB 25038-2010• GB30585-2014	<ul style="list-style-type: none">• GB 19340• GB 20400• GB/T 15107-2013• GB/T 36975-2018• GB/T 24152-2018• QB/T 2955-2008• FZ/T 73020-2019• FZ/T 81007-2012• FZ/T 81008-2011• FZ/T 81019-2014

Product Quality Management

Quality Policy

Quality is the basis for gaining trust, pursues the most perfect products, never stops improving, and builds a century-old enterprise.

Adhering to its Quality Policy, 361° actively promotes the ISO 9001 Quality Management System and implements comprehensive quality management throughout the quality chain from product design and development to manufacturing process and until the market launch. The whole quality control process across the market, brand and suppliers involves making systematic consideration and planning from the aspects of quality system, quality control and quality assurance. To strive for product quality upgrades and enhancement, the Group compares and analyses the quality of competing products and benchmark products from seven aspects including materials, designs, function, try-on, appearance, physical and chemical properties, and management. In the meantime, the Group also builds its internal quality management collaborative support platform (“质量管理协同支撑平台”) for constructing a quality management prevention system. The smooth operation of the platform is well supported through online statistics, analysis, collaboration, monitoring, closed-loop management and decision-making.



The Group sets up a Quality Management Centre, which is operated by staff with a wealth of quality management experience in the sportswear industry, responsible for quality management related work. The Centre is in charged by a professional team composed of Quality Review Department, Standard Inspection Department, Quality Inspection Department, and Quality Assurance Department. Their main duty includes risk prevention in the entire production chain, process measurement and analysis, on-site guidance and supervision, and market tracking and improvement.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Health and Safety

The Standard Inspection Department of the Group obtained certifications such as GB/T 19001, GB/T 24001 and GB/T 28001-2018, and was accredited by the CNAS. In accordance with the requirements of ISO/IEC 17025:2017 and CNAS-CL01, the Group establishes a comprehensive six-level inspection control system to manage its product quality across all levels of production, thereby ensuring that all aspects of the manufacturing are under good control and every product entering into the market are 100% qualified.

If any defective product with health concerns or quality problems is found, the Group will take prompt actions by contacting the consumers, collecting the sample product for experiment and analysis, and requiring distributors to recall unqualified products according to the Group's recall procedures set out in the policy of "Product Return Management Regulations" if necessary. During the year under review, the Group did not have any product recall related to safety and health reasons.

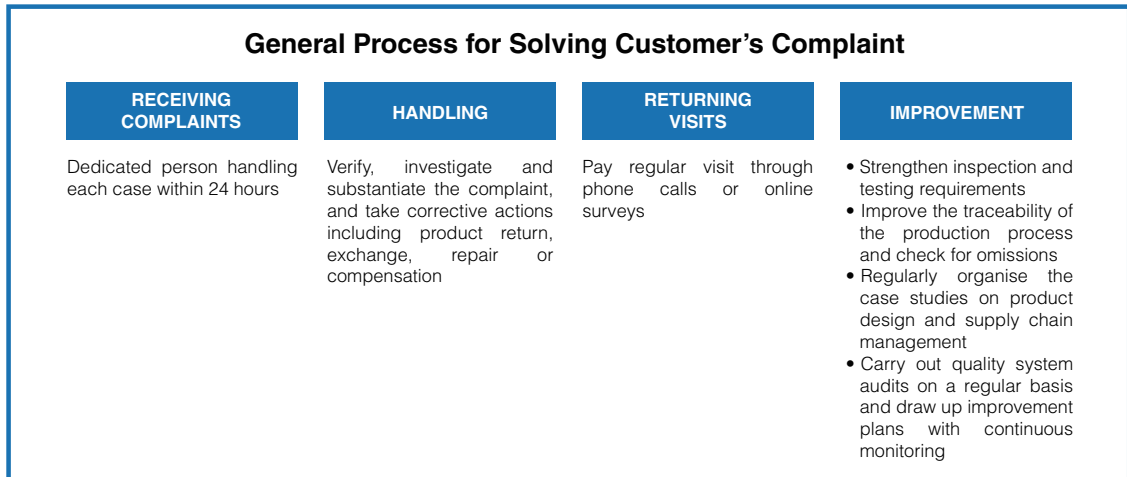
Advertising

361° has always been collaborating with renowned intellectual properties (IPs) and celebrities in product promotion. The Group implements internal guidelines to manage its advertising practices, so as to ensure that its sales and marketing materials provide accurate and precise descriptions and information to customers in compliance with relevant local laws and regulations. The Regulatory Affairs Department is responsible for censoring all the promotion and advertisement materials, while only the approved materials can be distributed to the market. Any misrepresentation or exaggeration advertisements is prohibited. In addition, the Group provides training programmes for distributors and authorised retailers, enabling them to accurately convey the Group's latest technology and product-related knowledge to consumers. The Group has launched its e-commerce business through renowned e-commerce platforms in China, with formulation and strict implementation of the effective policies to monitor and manage the online sales and marketing practices.

Consumer Complaints Handling

361° sincerely endeavours to deliver satisfaction and contentment to its customers. Through WeChat account, corporate website, Weibo and other channels, the Group carries out customer satisfaction surveys periodically and actively responds to the customers' concerns regarding the service attitude or product flaws. The Group operates a Customer Service Department where customers can lodge their complaints by making a call at any time. The substantiated complaints will be analysed and addressed within 24 hours. The Customer Service Department will then return the investigation results to the customers.

To heed the voice of its customers, the Group regularly reviews its complaint handling procedures and is ready for developing solutions for repeated inquiries. The Quality Control Department is responsible for review and rectification on any quality-related problems reported, such as optimising inspection process, strengthening process monitoring and reinforcing the frequency of quality management system audit. Complaints and their handling results will be announced within the Group to alert its employees in order to prevent similar cases from occurring in the future. During the year under review, the Group did not receive any substantial complaints regarding its product and service quality.



Consumer Privacy

The Group strictly protects the identifiable data and information of customers in compliance with the relevant and applicable laws or regulations with regard to the protection of customer's privacy, including the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong), Law of the People's Republic of China on the Protection of Consumer Rights and Interests, General Data Protection Regulation (EU) 2016/679 (GDPR) and Personal Data Protection Act (PDPA).

Striving to protect customers' data, the Group keeps a watchful eye on any abnormal activities through the encryption of personal data and installation of firewalls. The Group ensures that the information collected from customers will only be used for the purposes agreed mutually. All sensitive information is secured and reserved safely with limited access granted to authorised staff only. To minimise risk of information breaches and leakage, the Group provides employees who handle personal data with professional training customer data management concerning the information security. Employees are also required to sign the confidentiality agreement with the Group. The IT department has set up firewalls between office and commercial networks to prevent the abuse, exportation and copy of any unauthorised data. The Group will heavily penalise the staff who violate the policies and regulations in relation to consumer privacy. To date, the Group has not received any complaints regarding customer data privacy nor recording any information security incidents.

Labelling and Intellectual Property Rights

The Group is dedicated to protecting and enforcing its intellectual property rights by registering its trademarks and patents in Mainland China, Macau and hundreds of other jurisdictions to safeguard its highly recognisable brand in the markets. In order to further protect its intellectual property rights, 361 Europe B.V. hires legal advisors to provide legal advice.

The Group signs agreement with its distributors in which sets out the rules of the protection of the intellectual property rights. The distributors are only allowed to use the Group's intellectual properties in connection with the sales of its products, and the Group requires distributors not to get involved in any activities that may infringe upon Group's intellectual property rights. The employees also hold the responsibility for protecting the Group's confidential information and other proprietary intellectual properties.

Innovation



361° has always been pursuing innovation through sustained and focused R&D endeavours on its products. In order to meet the needs of the society and market development, the Group takes the “consumer-oriented” initiative and starts off its R&D from the consumers’ perspective.

The Group sets up a “361° R&D Centre” at the headquarters of Jinjiang Wuli Industrial Park, which is operated by a professional team consisted of more than 776 experienced researchers, designers and manufacturers. Located in the Centre, ergonomics research centre, functional sports equipment research centre, footwear technology centre, and physical and chemical testing centre are also well in place. To lay a solid foundation for the enhancement of the professional products performance, professional basketball courts, football pitch, rock climbing walls and various types of running tracks that meet international standards for competitions are built, with the installation of internationally advanced Vicon infrared high-speed camera system, Kistler 3D force measurement platform, Novel plantar pressure testing system and automatic treadmill testing machine.



With the seamless cooperation of the team, during the year under review, the Group has owned 295 authorised patents. Committed to scaling up its innovations, the Group is investing 3-4% of its annual revenue in R&D and innovation each year. The Group's product R&D mainly focuses on four areas, namely intelligent sports equipment, structural sports equipment; functional sports equipment and functional materials innovation.

Advantages of the Group's Innovation Management Approach



Plan and search for new innovations in advance and make full use of existing technologies to shorten product research and development cycles



Strengthen the verification of product's function in the research and development stage, discover and solve technical problems timely and improve the conversion rate of research and development results



Perform iterative planning for innovative products and formulate product rollout plans and marketing strategies in advance

Digitalisation

In recent years, in view of the digitalisation trend and evolvement of the market and society, the Group has accelerated its digital transformation of the enterprise by carrying out comprehensive informatisation platform that is ahead of the industry.

1. Establish a retail data collection system to promote the steady growth of members in numbers
2. Launch a commodity R&D management system to further shorten the product R&D cycle
3. Build a 5G+ supply chain collaboration system to reduce product defect rate and improve production efficiency
4. Put up big data analysis and decision-making capabilities to realise brand and operation monitoring, informed decision-making and support for the innovative business models

Over the years, the Group's endeavours in digitalisation has been recognised by the society and the authorities. The Group was awarded with the "National High-Tech Enterprise" and "2022 Quanzhou Top Ten Excellent Digital Transformation Enterprises".

In FY2022, the Group was in compliance with relevant laws and regulations regarding health and safety, advertising, labelling and privacy matters of its products and services that have a significant impact on the Group.

B.7 Anti-corruption

In FY2022, the Group was in compliance with relevant laws and regulations in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group, including but not limited to:

- Anti-Corruption Law of the People's Republic of China 《中華人民共和國反腐敗法》;
- Law of the People's Republic of China on Anti-money Laundering 《中華人民共和國反洗錢法》;
- Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong); and
- Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong).

All 361° employees, regardless of their location in the world, are expected to abide by the application laws and regulations, as well as the ethical principles of business conduct. With zero tolerance of all forms of bribery and corruption, the Group sets up various internal anti-corruption-related policies and guidelines for its staff to abstain from engaging in bribery activities or any situations that involve a conflict between the duty to the Group and personal interest.

To ensure employees' understanding on how to conduct business ethically and put the Group's values into everyday practices, the Group provides regular training to its staff, aiming to refresh their knowledge and awareness of the ethical business culture across the organisation. For instance, the Group organised three seminars in November 2022 on the topic of "Integrity • The First Lesson". A total of 100 minutes of training were provided to 120 general staff and 80 managerial staff. Meanwhile, additional six training sessions were also arranged for 500 general staff and 86 managerial staff in the PRC to raise their awareness of anti-corruption and internal audit practices.



361° is committed to maintaining a speak-up culture by promoting an open and trusting discussions with staff at all levels. With respect to relevant and applicable laws and regulations in the regions where the Group operates, such as the Whistle-blowers Authority Act (Netherlands), whistle-blowers can raise their concerns verbally or in writing to the Human Resource Department regarding any suspected misconduct with details and supporting evidence. Under the effective grievance mechanism, the Group will take appropriate actions to prevent adverse consequences such as retaliation or unfair dismissal for raising any concerns. The Human Resource Department of the Group will carry out investigations against any suspicious or illegal behaviours in confidentiality to protect the Group's interests. If any crime is substantiated by the Group, violators will be subjected to disciplinary actions, up to and including termination of contracts. A report will also be submitted promptly to relevant regulators or law enforcement authorities when the management of the Group considers it necessary.

In FY2022, there was zero concluded legal cases regarding corrupt practices brought against the Group or its employees.

COMMUNITY

B.8 Community Investment

As one of the leading sportswear manufacturers, the Group inherently carries a strong sense of responsibility to the community it depends on, it operates in and it serves. The Group strives to strengthen its community programmes in full support to the local communities including the young people and those socially underprivileged. Taking its corporate social responsibility earnestly, the Group vows to contribute to the betterment of the society.

2022 was another year full of challenges and uncertainties. Facing the recurrent outbreaks of the pandemic in China, the Group not only stayed alert to the pandemic prevention and control, but has also taken initiatives to undertake its social responsibility. Staying true to its value of sending "One Extra Degree of Warmth" to the community, the Group mainly invested in pandemic aid, youth support, community co-development and products with purpose during the year under review.

Pandemic Aid

In April 2022, in view of the pandemic outbreak in different parts of China, the Group spared no effort in supporting the fight against the pandemic. In the first half of FY2022, the Group donated more than RMB14 million in cash and supplies to assist in the battle against the virus in Quanzhou and Jilin.



Meanwhile, in rapid response to the emergent under the guidance of the Jinjiang Government, the Group arranged hundreds of staff to complete the design, production and delivery of the uniforms for the medical team supporting Shanghai within 30 hours.



Furthermore, in response to the national policy in fighting against the pandemic, the Group aided this smokeless battle with its best efforts. Staff members of the Group has been volunteering in the community Nucleic Acid Testing during year under review.



Youth Support

In May 2022, the Group donated 400 footballs which worth RMB27,600 to Zhongzhai Minzu Kindergarten (“鍾宅民族幼兒園”), so as to support the children in developing their sports career.



Community Co-development

In FY2022, the Group organised a series of activities to promote the harmony of communities. In particular, the Group partnered with the local police station, launching an “Anti-Fraud Safety Education” seminar on how to spot fraudulent practice in the community on 8 July 2022.



In late July 2022, the Group collaborated with the local police in promoting the civilisation of traffic practices. During the volunteering service, staff members of the Group assisted the police to maintain traffic order, guided vehicles to give way to pedestrians, taught pedestrians to cross the road in a proper manner, and advised electric vehicle riders to wear helmets.



Products with Purpose



The Group has always been committed to using innovations to enhance products performance while fulfilling its social responsibility with its products. For instance, in FY2022, the Group donated water-repellent running shoes to the Shanghai Blue Sky Rescue Team (上海機動藍天救援隊), a charity of emergency rescue. Realising the importance of water-proof equipment,

the Group donated its latest generation of water-repellent running shoes to them with the aim of supporting the team members in rescuing and public welfare undertaking. The anti-seepage, warmth and anti-skid performance of the shoes will continue to provide assistance to the members of the rescue team in the future training and rescue.

Extending its care to the other members of the community, the Group also pays attention to animal care. In FY2022, the Group joined hands with its global brand endorser to launch a campaign named “GoGo Rescue Plan” in parallel with the launch of “Track Series 3.0”. During the campaign period, for every piece of “Track Series 3.0” product sold, the Group would donate RMB3.61 to the China Small Animal Protection Association as the stray dog rescue fund. In addition, the Group also donated cold-proof equipment to the staff to support their stray dog rescue work.

GoGo 救助计划

361° 携手赛俊

与你一起 为狗狗加餐 给狗狗温暖!

“GoGo救助计划”是361°与赛俊一起，联合中国小动物保护协会共同发起的狗狗公益救助活动

活动期间，每售出1件 轨迹系列3.0产品，361°即向中国小动物保护协会捐赠(3.61)元作为流浪狗狗救助基金！

每位参与者，都将有机会获得一封来自GoGo的感谢信！

线下店铺内消费轨迹系列3.0产品「满2件」（不含配件）即可在GoGo感谢信上加贴「GoGo限定邮票」

同时还有机会获得「赛俊周边惊喜礼品」

具体购买规则以实际店铺为准

助力#GoGo救助计划 赢取赛俊亲签照

获得加贴「GoGo限定邮票」感谢信的小伙伴，上微博参与GoGo救助计划话题互动，晒照秀爱，晒感谢信，晒出感谢信

Using its products as a medium, the Group strives to call on people to show their attitude with actions, such that consumers can participate in public welfare activities together, thereby allowing a higher level of compatibility between products and public welfare. Being a national brand, the Group believes that in addition to conveying the social value of the brand, the fulfilment and demonstration of the social responsibility of a national enterprise is as important.

VII. REPORT DISCLOSURE INDEX

Stock Exchange ESG Guide content index

Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
A. Environmental				
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. <i>Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations</i>	GRI 2-27, GRI 3-3 (c), GRI 305, GRI 306	11
	KPI A1.1	The types of emissions and respective emissions data.	GRI 305-1, 305-2, 305-3, 305-6, 305-7	12
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 305-1, 305-2, 305-4	12
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 306-3 (a)	12
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 306-3 (a)	12
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	GRI 3-3 (c, d), GRI 305-5	14, 19
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	GRI 3-3 (c, d), GRI 306-4, 306-5	14-15, 19

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Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	GRI 3-3 (c)	17
		<i>Note: Resources may be used in production, storage, transportation, buildings and electronic equipment.</i>		
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	GRI 302-1, 302-3	16
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	GRI 303-5	16
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	GRI 3-3 (c, d), GRI 302-4, 302-5	17-19
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	GRI 3-3 (c, d), GRI 303-1	17, 19
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	GRI 301-1	16
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	GRI 3-3 (c)	20
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	GRI 3-3 (c, d), GRI 303-1, GRI 304-2, GRI 306-1, 306-2	20
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	GRI 2-12 (a, b-i), GRI 3-3 (c)	21
	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.	GRI 201-2	22

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
B. Social				
Employment and Labour Practices				
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	GRI 2-27, GRI 3-3 (c)	25
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	GRI 2-7 (a, c), GRI 405-1 (b)	23
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	GRI 401-1 (b)	24
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	GRI 2-27, GRI 3-3 (c), GRI 403-1	29
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	GRI 403-9, 403-10	30
	KPI B2.2	Lost days due to work injury.	N/A	30
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	GRI 3-3 (c, d), GRI 403-1, 403-3, 403-5, 403-7	29

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Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	GRI 3-3 (c), GRI 404-2 (a)	31
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	N/A	33
	KPI B3.2	The average training hours completed per employee by gender and employee category.	GRI 404-1	34
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	GRI 2-27, GRI 3-3 (c)	34
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	GRI 3-3 (c), GRI 408-1 (c), GRI 409-1 (b)	34
	KPI B4.2	Description of steps taken to eliminate such practices when discovered	GRI 3-3 (c, d), GRI 408-1 (c), GRI 409-1 (b)	34

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Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
Operating Practices				
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	GRI 3-3 (c)	35
	KPI B5.1	Number of suppliers by geographical region.	GRI 2-6 (b-ii)	37
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	GRI 2-6 (b-ii), GRI 3-3 (c, d), GRI 303-1 (c), GRI 308-1, 308-2, GRI 414-1, 414-2	35
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	GRI 2-6 (b-ii), GRI 3-3 (c, d), GRI 303-1 (c), GRI 308-1, 308-2, GRI 414-1, 414-2	36
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	GRI 3-3 (c, d)	36
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	GRI 2-27, GRI 3-3 (c), GRI 417-2, 417-3, GRI 418-1	37
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A	40
	KPI B6.2	Number of products and services related complaints received and how they are dealt with.	GRI 2-29, GRI 3-3 (c, d), GRI 418-1	40
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	N/A	41

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Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
	KPI B6.4	Description of quality assurance process and recall procedures.	N/A	39
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	GRI 3-3 (c)	41
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	GRI 2-27, GRI 3-3 (c), GRI 205-3	44
	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.	GRI 205-3	45
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	GRI 2-26, GRI 3-3 (c), GRI 205	45
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	GRI 205-2	45
Community				
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	GRI 3-3 (c)	45
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	GRI 203-1 (a)	45
	KPI B8.2	Resources contributed (e.g. money or time) to the focus areas.	GRI 201-1(a-ii)	46-48

* The linkage between the GRI standards and disclosures that relate to each aspect in HKEX ESG Reporting Guide refers to the summary table from the 'Linking the GRI Standards and HKEX ESG Reporting Guide' (updated July 2020), with amendments from the GRI Universal Standards 2021.