

# GXG

KEEP GAP \ GRANT DIFFERENCE

# ENVIRONMENTAL SOCIAL AND GOVERNANCE REPORT 2023



**上班穿GXG刚刚好**

GXG | 更适合通勤的青年休闲男装

Mulsanne Group Holding Limited  
慕尚集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 1817

2	<b>1 OVERVIEW OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT</b>
2	1.1 ABOUT THE ESG REPORT
2	1.2 REPORTING SCOPE
2	<b>2 MAIN BUSINESSES AND MISSION OF THE GROUP</b>
2	2.1 MAIN BUSINESSES
3	2.2 ESG MISSION
3	2.3 STAKEHOLDER PARTICIPATION
4	<b>3 QUALITY CONTROL AND RIGHTS AND INTERESTS OF CLIENTS</b>
4	3.1 CORPORATE SOCIAL RESPONSIBILITY
4	3.2 QUALITY ASSURANCE
5	3.3 SUPPLY CHAIN MANAGEMENT
7	3.4 HANDLING COMPLAINTS FROM CLIENTS AND SOLUTIONS TO COMPLAINTS
7	3.4.1 Complaints from Clients
7	3.4.2 Solutions to Complaints
7	3.5 INTELLECTUAL PROPERTY SECURITY
9	3.6 INFORMATION SECURITY
9	<b>4 PROTECTION OF EMPLOYEE RIGHTS</b>
9	4.1 EQUAL EMPLOYMENT AND EMPLOYMENT STATUS
9	4.1.1 Principles of Equal Employment
10	4.1.2 Employment Status
11	4.1.3 Employee Turnover
11	4.1.4 Employee Promotion
12	4.1.5 Working Hours and Rest Periods
13	4.2 EMPLOYEE COMPENSATION AND WELFARE
14	4.3 EMPLOYEE HEALTH AND SAFETY
14	4.4 EMPLOYEE DEVELOPMENT AND TRAINING
16	4.5 GUIDELINES AND MEASURES TO PREVENT CHILD LABOUR OR FORCED LABOUR
16	4.6 MEASURES ON ANTI-BRIBERY AND ANTI-FRAUD
17	4.7 MEASURES ON ANTI-EXTORTION AND ANTI-MONEY LAUNDERING
18	<b>5 ENVIRONMENTAL PERFORMANCE ANALYSIS</b>
18	5.1 CORPORATE WASTE ANALYSIS
18	5.1.1 Overview of Relevant Environmental Protection Policies
18	5.1.2 Analysis of Corporate Emissions
20	5.1.3 Emission Targets and Steps Taken to Achieve Them
21	5.1.4 Waste Targets and Steps Taken to Achieve Them
23	5.2 USE OF RESOURCES
23	5.2.1 Major Energy Consumption Structure
23	5.2.2 Energy Use Efficiency Targets and Steps Taken to Achieve Them
24	5.2.3 Water Efficiency Targets and Steps Taken to Achieve Them
25	5.2.4 Use of Packaging Materials
26	5.3 ENVIRONMENT AND NATURAL RESOURCES ANALYSIS
26	5.3.1 Analysis of the Significant Impacts on the Environment and Natural Resources and Related Measures
26	5.4 CLIMATE CHANGE
26	5.4.1 Analysis of Measures to Deal with the Significant Climate-related Issues
27	<b>6 GIVING BACK TO THE SOCIETY</b>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

## 1 OVERVIEW OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 1.1 About the ESG Report

This ESG Report describes the environmental, social, and governance (“ESG”) performance of Mulsanne Group Holding Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”). This ESG Report illustrates the principal requirements of the Group in fulfilling its corporate social responsibility (“CSR”) and its CSR vision and commitments.

This report is prepared in accordance with the ESG Reporting Guide (the “ESG Guide”) set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. This ESG Report complies with the “Comply or Explain” requirements and follows Materiality, Quantitative, Balance, and Consistency reporting principles during the preparation of the ESG Report.

It is recommended that this ESG Report be read in conjunction with the Company’s Annual Report 2023. The calculation methods implemented in this ESG Report are consistent with last year’s report. Any choice, omission, or presentation format that may influence readers’ decision-making or judgement has been avoided.

This ESG Report covers the period between 1 January 2023, and 31 December 2023 (hereinafter referred to as “FY 2023” or the “Reporting Period”). Unless specified, the monetary amounts shown in this report are all presented in RMB. Through this report, the Group hopes to improve communication and build consensus with its stakeholders on the strategies and performance of the Group’s social responsibility and sustainability.

### 1.2 Reporting Scope

This ESG Report covers the entire group, including the general disclosure of the policies, measures, and compliance with environmental and social issues. The disclosure scope of the environmental key performance indicators (“KPIs”) in this ESG Report covers the Group’s operations and production bases in the People’s Republic of China (“China”). As the manufacturing process of the Group’s products is conducted by Original Equipment Manufacturers (“OEMs”) and the transportation process is completed by third-party logistics service providers, this ESG Report covers the main business scope of the warehouses, retail stores, headquarters, and branch offices of the Group.

## 2 MAIN BUSINESSES AND MISSION OF THE GROUP

### 2.1 Main Businesses

The Group is a leading fashion menswear company based in China while also covering unisex apparel segments. The wealthy accumulation of experiences, exclusive insights, and execution capabilities enables the Group to capture future market opportunities. In 2007, the Group first launched its flagship brand, GXG, aiming to offer the new generation of young male a distinctive, chic, and premium dressing choice. The Group introduced gxg jeans in 2010 to empower younger people to express their fashion ideas through different wearing styles. In 2020, the Group launched its high-quality commuting apparel brand, MODE COMMUTER, and further strengthened the brand portfolio of the Group. Each of the Group’s brands has a uniquely defined design identity and encompasses a range of products offered in a variety of fits, fabrics, finishes, styles, and price points intended to appeal to a broad spectrum of customers.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

The Group is one of the industry pioneers in establishing an omni-channel that capitalises on both online and offline market opportunities in China. The Group has adopted a customer-centred model to offer customers seamless and consistent experiences in both online and offline channels by adopting a similar product range, unified pricing, shared inventories, and efficient logistics support. In addition, the Group is deepening its digital construction by leveraging Big Data analytics to enhance the customer experience and optimise operational efficiency across inventory management, supply chain operations, product assortment, and logistics systems. By utilising both online and offline customer data, the Group would engage in collaborative marketing initiatives and expand its retail footprint to drive sustained growth.

The Group has been dedicated to innovating its products to meet the demands of the younger generations. By leveraging its deep insight into the market and close connection with consumers, the Group has introduced a range of pioneering products to consistently exceeding consumer expectations. In 2023, GXG launched its innovative Stress-Free Series of Fall/Winter collection, setting a new standard for commuter menswear by applying a variety of easy-care, lightweight, stain-resistant, and wrinkle-resistant fabrics into categories such as down jackets, overcoats, and sweaters, allowing consumers to stay fashionable while experiencing comfort. The Group will persist in integrating innovation into the product strategy and enhancing engagement with our consumers.

## 2.2 ESG Mission

The Group advocates sustainable development and places significant emphasis on the impact of its activities on ESG issues. ESG considerations are fundamental components in assessing a firm's long-term viability and non-financial performance. In daily operation, the Group operates ethically and with environmental stewardship, supporting and enhancing green initiatives. By actively fulfilling its environmental obligations and integrating environmental protection criteria throughout the product life cycle, the Group ensures the implementation of a green development strategy. Furthermore, the Group allocates substantial resources to address social and governance concerns, prioritising employee growth, supporting vulnerable groups, and actively engaging in social responsibility initiatives.

The board of directors of the Company (the "Board") has well recognised the critical importance of ESG measures at the operational level. In pursuit of business objectives, the Board prioritises and oversees the Group's efforts to balance business growth requirements with ESG responsibilities. The Board supervises the Group's ESG performance management through the establishment of an ESG management and oversight framework, which includes regular assessment of ESG risks, ensuring prompt and effective actions across all departments to significantly enhance the Group's ESG performance.

The Board is responsible for formulating the Group's ESG development strategy, setting the strategic direction for sustainable development, and supervising the implementation of ESG measures by various departments in accordance with the strategic direction set by the Board. The Board identifies ESG-related issues through procedures such as analysing the impact of business activities on the environment and society, evaluating stakeholder concerns, identifying important issues from the industry, developing reporting policies that adhere to the ESG Guide, and formulating corresponding plans. The Group conducts ESG risk assessment and performance analysis on an annual basis and proposes more effective measures based on the results to promote the sustainable development of the Group.

## 2.3 Stakeholder Participation

The Group is committed to sustainable business development and maintains ongoing communication with stakeholders, including employees, customers, suppliers, business partners, investors, governmental bodies, and community organizations. By engaging in constructive dialogues and promoting interactions, the Group endeavours to harmonise diverse viewpoints and interests, protecting the long-term interests of and maintaining a sustainable relationship with all stakeholders.

## 3 QUALITY CONTROL AND RIGHTS AND INTERESTS OF CLIENTS

### 3.1 Corporate Social Responsibility

As a leading enterprise in the menswear industry, the Group regards corporate social responsibility as a fundamental value and integrates sustainable development practices into its daily operations. The Group has established clear and comprehensive guidelines to mitigate the adverse impact of its activities on society, covering aspects such as quality assurance, supply chain management, customer complaint resolution, intellectual property protection, and information security. Furthermore, the Group places significant emphasis on protecting the rights and interests of consumers, investors, and employees, striving to establish an efficient operational framework that enhances employee benefits and development, optimises resource utilisation, and minimises waste generation. Committed to fulfilling its social responsibility, the Group actively works towards promoting the welfare of society.

### 3.2 Quality Assurance

In strict compliance with the relevant industry standards, such as the national mandatory standard GB 18401-2010 *National General Safety Code for Textile Products* 《國家紡織產品基本安全技術規範》, GB/T5296.4-2012 *Instructions for the use of products of consumer interest – Part 4: Textiles and apparel* 《消費者使用說明—第4部分: 紡織品和服裝使用說明》, apparel industry standard GB/T2660-2017 *Shirts and blouses* 《襯衫》, FZ/T81007-2012 *Casual wear* 《單、夾服裝》, the Group arranges for training focusing on promoting knowledge of the standards to ensure that the quality control staff understand their responsibilities and execute them in practice. The Group enhanced its rigorous standard system by updating its corporate quality standard in 2017, strengthening internal protocols to ensure superior product quality. Implementing a quality control system overseen by product managers in collaboration with the quality control department, the Group aims to boost market satisfaction, enhance the user experience, and safeguard the reputation of both the Group and its brands.

From raw material procurement and OEM production to packaging and inventory storage, the Group puts stringent quality control standards in place during business operations. The relevant measures and policies to ensure product quality are as follows:

- Before the formal production process, a risk assessment meeting on product quality is held to minimize quality and safety issues.
- In the early stages of production, the management team is dedicated to preventing and early modification of any defects.
- Before the products are delivered to the warehouse, the quality check process and random inspections must be conducted, strictly following the AQL1.5 standard. Furthermore, the physical and chemical testing of goods should also be conducted under the national standard.
- After the goods are delivered to the warehouse, the final appearance and functional inspections of the goods are conducted.
- Lastly, the Group continuously optimises the after-sales service.

If the product is found to have quality issues, the same batch of products will be recalled and removed from the shelves by the relevant departments of the Group. In FY 2023, the Group has no product that required recall due to safety and health concerns.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

The Group oversees every stage of clothing production to ensure optimal comfort and practice the concept of environmental protection. In terms of jeans production, our fade-resistant jeans are crafted using viability staining techniques, making the dye adhere tightly to the fabric, giving jeans fade-resistant quality to preserve their appearance for an extended period. To enhance customer comfort, we utilise 10.5-ounce weight jeans fabric that is moderate in hardness and wear-resistant. The environmentally friendly washing process also reduces consumption of water and chemical additives, compared to the traditional washing process. Additionally, our fade-resistant jeans have no floating color to cause water pollution, and the water can be directly recycled after treatment. The Group is committed to perfecting every process and detail to upgrade the quality of clothes.

### 3.3 Supply Chain Management

The Group has developed supply chain management policies to establish an effective oversight mechanism that encourages socially responsible practices among our suppliers. These policies consist of “Suppliers Management Regulations”, “Supply Chain Efficiency Improvement Plan”, “Suppliers Quality Control Risk Assessment Guide”, and the “Supplier Management System Process”, encompassing areas such as supplier selection, performance appraisal, rectification of improper behaviour, and environmental protection measures, thereby ensuring qualified raw materials and final goods are used in our production process. The Group also works closely with various transportation service providers.

The Group implements relevant regulations on all suppliers, introducing 26 new suppliers in 2023 and terminating cooperation with 2 unqualified suppliers. The Group engaged a total of 274 suppliers as of 31 December 2023, all of whom are well-equipped to ensure the on-time and high-quality delivery of raw materials and final goods. The Group has established a collaborative working relationship with its suppliers that is widely distributed. The majority of suppliers are located in East China, accounting for 77.0% of the total number of suppliers engaged by the Group as of 31 December 2023. There are 48 suppliers located in South China, accounting for 17.5% of the total number of suppliers. Perceived by function, the Group cooperated with 192 OEM suppliers, accounting for 70.1% of the total number of suppliers, 68 raw material suppliers, 10 logistic suppliers, and 4 other types of suppliers.

As of 31 December 2023, the percentage of suppliers is shown as follows:

Percentage of suppliers	%
<strong>By region</strong>	
East China	77.0%
South China	17.5%
Northeast China	2.9%
North China	1.1%
Central China	1.5%
<strong>By function</strong>	
OEM suppliers	70.1%
Raw material suppliers	24.8%
Logistic suppliers	3.6%
Other	1.5%
<strong>Total</strong>	<strong>100%</strong>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

To ensure timely and high-quality delivery of goods by suppliers, the Group has implemented an online Supply Chain Management (“SCM”) system for supplier performance evaluation. The evaluation is conducted quarterly and is primarily based on operational data from various departments, including supplier design, delivery timeliness, product quality, service, production safety, and environmental compliance. Key factors such as design, delivery timeliness, and product quality contribute to 90% of the assessment, while aspects like cooperation and communication make up the remaining 10%. Based on these assessments, suppliers are categorised as primary or backup suppliers. Primary suppliers receive priority in payment, while backup suppliers are monitored for necessary improvements within a specified timeframe. Additionally, the Group organises an annual supplier conference and invites top suppliers to participate. To enhance supplier capabilities, the Group has established the “Mulsanne Supply Chain Academy” programme, which provides training for suppliers conducted by industry professionals and senior experts in the garment industry.

The Group implements a rigorous supplier selection process, where potential suppliers undergo a series of steps such as information gathering, qualification document review, price negotiation, sample submission, on-site inspection, on-site qualification assessment, low-rate initial production, and final approval to be onboarded as a supplier. A “Supplier Site Evaluation Report” is prepared for every potential supplier by the Group. Upon successful completion of the evaluation, the Group’s management team collaborates to make a collective decision and communicates the outcome of approval or exclusion to the evaluated supplier. When selecting new suppliers, the Group prioritises partnerships with manufacturing facilities and suppliers that exhibit high-quality supply chains, providing an additional layer of assurance for product quality and consistent delivery schedules.

To encourage the adoption of environmentally friendly products and services by our suppliers, the Group integrates environmental criteria into the supplier selection process. Suppliers are required to possess relevant environmental certifications and permits, including those for wastewater discharge from dyeing and fabric washing processes, as well as certifications for utilising recycled materials. Specialised personnel are assigned to conduct thorough on-site evaluations to ensure compliance with environmental standards. Throughout the garment manufacturing process, the Group deploys professional staff to inspect suppliers’ raw material usage and manufacturing processes to promote sustainable development. The Group also emphasises environmental protection by discontinuing partnerships with suppliers that have a significant negative impact on the environment and society, thereby raising environmental awareness among suppliers.

The Group also sets detailed selection criteria for downstream distributors and new offline store openings. The criteria for distributors are as follows: (1) have strong economic strength; (2) have clothing operation experiences, including mainstream brands in the market covering fashion men’s clothing, business men’s clothing, and fashion women’s clothing; (3) are young people with entrepreneurial enthusiasm, who are interested in the clothing industry and have insights into the clothing industry; and (4) agree with the company’s brand positioning, product style, support policies, post-company connection, and maintenance.

The requirements for opening a new offline store include but are not limited to: (1) developing new markets in county-level cities (grant authorization); (2) store locations need to be located in major local business districts, such as street shops, shopping malls, and shopping centres; (3) the usable area of the store is more than 120 square metres, and the door head should be no less than 8 metres wide; (4) the annual sales performance of the store should be more than RMB1.8 million; (5) the deposit is approximately RMB150,000; and (6) the purchase price is 45% off the tag price and the return rate should not be higher than 20%.

In FY 2023, the Group cooperated with a total of 171 downstream companies, including 26 partners and 145 distributors, respectively.

## 3.4 Handling Complaints from Clients and Solutions to Complaints

### 3.4.1 Complaints from Clients

The Group places a strong emphasis on customer rights. To facilitate feedback, complaints, and other inquiries from customers, the Group has established multiple transparent channels for communication, including customer service on Tmall and JD e-commerce platforms, hotlines, and email contacts. With a commitment to providing exceptional service, the Group actively listens to customer suggestions, promptly addresses complaints and disputes, and maintains a high standard of service. In FY 2023, the Group received a total of 168 after-sales service or product-related complaints, with none attributed to safety or health issues.

### 3.4.2 Solutions to Complaints

The Group always attaches great importance to product quality and safety. To reduce the risk of harming consumers or damaging the brand image, the Group has established several policies to reduce the possibility of defective products being marketed. The Group requires that all goods meet the requirements of GB 18401-2010 and GB 31701-2015 national physical and chemical standards before entering the warehouse.

In response to after-sales service complaints, the Group has established standardised procedures for addressing such issues and promptly delegated the After-Sales Department to manage customer complaints. The Group conducts a thorough self-assessment based on the reported content. For verified quality or performance concerns, the Group takes immediate action, including processing returns, issuing refunds, or negotiating compensation with customers. In cases of complaints related to incomplete product webpages, resolutions involve processing returns, refunds, negotiating compensations, or refunding price differences. Additionally, the Group promptly rectifies webpage deficiencies and conducts internal investigations to prevent the issue from reoccurring. When complaints stem from logistics errors like incorrect deliveries or lost items during transit, the Group arranges subsequent deliveries, replacements, or refunds to ensure each complaint is effectively addressed.

## 3.5 Intellectual Property Security

The Group formulates the "Specifications Regarding Intellectual Property Registration Application" to protect the Group's intangible assets, such as trademarks, patents, and copyrights, while also ensuring the Group's proper use of design copyrights and trademarks to avoid any damage to rights and interests or infringement risk.

The Group has implemented clear operational policies for managing intellectual property affairs. During the registration process, the head of the Group's Procurement Department reviews and validates the relevant materials before forwarding them to the Legal Department. The Legal Department conducts initial assessments on the logos and graphics, evaluates the likelihood of successful intellectual property rights registration, provides pertinent feedback, and then submits the registration application to the Administration Department for final approval. Furthermore, intellectual property clauses have been integrated into all contract versions to safeguard intellectual property security. The Group also conducts annual training sessions on intellectual property-related topics and engages in centralised procurement of copyright products, such as fonts, music, and IT copyrights, to enhance their utilisation frequency and effectiveness.



制度编号: ZZMS-2-FW-003-A

## 知识产权注册申请规范

**目的:** 为规范我司设计版权及商标的正确使用, 避免因未及时申报知识产权保护而导致权益受损或出现侵权等事件, 降低此类经济风险及损失。特制定本规范, 以兹共同遵守。

### 一、可申请注册的类别

- 1、著作权/版权: 指由公司发起的具有独创性的设计图案、文字、标识、照片等。
- 2、商标: 指需统一使用在服饰、鞋类、饰品等产品的主标、吊牌上的文字或文字与图形的结合体。
- 3、外观专利: 指对产品的形状、图案或者其结合以及色彩与形状、图案的结合所作出的富有美感并适于工业应用的新设计。是对服饰或鞋类、饰品产品的整体性保护。

### 二、申请注册的流程

- 1、实际设计者经研发后设计的可申请注册的标识、图形, 在实际投产或使用前, 应上报对应部门部长审批确认是否有知识产权注册申请的必要。
- 2、经申请部门负责人审核确认后, 提交至采购部负责人处进行使用审批。
- 3、采购部负责人对相关材料进行审核确认后, 提交至法务部。由法务部对于申请的标识、图形进行初步检测, 分析知识产权注册成功的大致概率, 并给出注册意见, 上报至行部。
- 4、确定可注册的标识或图案, 由行政部统一登记后上报至总经理处, 经总裁确认予以注册登记。

### 三、注意事项

- 1、注册申请时, 设计师应提供 PDF 图及 AI 图, 以便审批检索。
  - 2、进行版权注册审批时应使用统一的《注册申请表》(详见附件)。
  - 3、注册受理通知书未正式下达前, 各部门均不得对新设计标识、图案进行批量生产, 但经总经理审核确认后, 可进行前期打样工作。
  - 4、实际设计者应对注册申请事宜进行协助配合。
- 四、以上内容, 自发布之日起执行, 特此通告。

### Policy for managing intellectual property affairs

The Group consistently monitors its domain names, ensuring timely renewal before expiration. It strategically utilises its registered domain names and diverse trademarks over an extended period to effectively protect its intellectual property interests. Moreover, the Group employs an independent legal service agency to assist the Group in addressing and resolving intellectual property-related issues and conflicts, thereby protecting the Group's legal rights.

## 3.6 Information Security

The Group places significant emphasis on both internal and customer information security, adhering strictly to relevant laws and regulations. Two key corporate governance codes have been developed: the “Information Security Management Policy” and the “Customer Data Security Policy.” The “Information Security Management Policy” serves as a framework for ensuring information security, enhancing user value, implementing security protocols, proactively mitigating risks, and enhancing control measures. It covers aspects such as computer equipment security, operational authority security for various application systems, password management security, personal computer file security, and server data security. On the other hand, the “Customer Data Security Policy” aims to enhance the Company’s information security management by outlining responsibilities for customer information security management, effectively preventing and addressing potential risks to customer information security, and tailoring the policy to the Company’s specific circumstances. These governance codes and policies outline guidelines for information security management, encompassing hardware, software, data storage, and administration, to improve the protection of customer privacy data.

The Group enforces stringent security measures for the collection, processing, storage, utilisation, and retention of customer data, encompassing details like names, phone numbers, addresses, and etc. All sensitive customer data is treated with the utmost confidentiality by assigned personnel. Adhering to governance protocols, the Group conducts comprehensive training for staff involved in safeguarding customer data to heighten awareness and shield personal information from loss, unauthorised access, misuse, alteration, or unauthorised disclosure. Access to customer data is restricted based on departmental divisions and job roles to prevent illicit activities, such as the unauthorised disclosure of customer information to third parties.

Furthermore, the Group ensures prompt backup and secure storage of customer data in a designated location. The Information Technology Department conducts routine checks and assessments of customer information, and any data transfers require joint authorization from the relevant departments and the head of the Information Technology Department to enhance the security management of customer data.

## 4 PROTECTION OF EMPLOYEE RIGHTS

### 4.1 Equal Employment and Employment Status

#### 4.1.1 Principles of Equal Employment

The Group strictly abides by the “*Labour Law of the People’s Republic of China*”, the “*Labour Contract Law of the People’s Republic of China*”, and other labour laws and regulations and has established comprehensive employment rules and regulations that clearly define the rights and obligations of employees.

During the recruitment process, the Group adheres to the principles of fairness and impartiality by selecting qualified candidates and refraining from discriminatory practices. Committed to fostering a diverse and inclusive workplace, the Group ensures equal opportunities for all employees. Upholding fair competition, employment decisions are based solely on work-related factors such as skills, achievements, qualifications, and experience, in accordance with applicable laws, without consideration of any other characteristics.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

## 4.1.2 Employment Status

As of 31 December 2023, the employment status of the Group is shown as follows:

<b>By gender</b>	<b>%</b>
Male	40.2%
Female	59.8%

<b>By education background</b>	<b>%</b>
Bachelor's degree and above	40.0%
College degree	39.6%
Vocational school and high school degrees	16.3%
Junior high school degree and below	4.1%

<b>By age</b>	<b>%</b>
30 and below	48.8%
31-50	50.6%
51 and above	0.6%

<b>By region</b>	<b>%</b>
Ningbo	99.0%
Shanghai	0.2%
Guangzhou	0.2%
Beijing	0.2%
Hong Kong	0.4%

As of 31 December 2023, the Group employed a total of 508 employees, all of whom were full-time employees. The Group has a diverse workforce in terms of gender and age, providing various ideas and levels of competencies that contribute to the Group's success.

Perceived by gender, the number of male employees is 204 and that of females is 304, accounting for 40.2% and 59.8%, respectively.

Perceived by education background, 203 employees of the Group obtained bachelor's degrees and above, and 201 employees received college degrees, accounting for 40.0% and 39.6%, respectively, demonstrating the high-quality academic and professional backgrounds of the Group's employees. The number of employees with vocational school and high school degrees is 83, accounting for 16.3%, while others obtained junior high school degrees and below.

Perceived by age group, 248 employees are at the age of 30 and below, accounting for 48.8% of the workforce. The number of employees between 31 and 50 years old is 257, and only 3 employees are at the age of 51 and above, reflecting that the Group comprises a blend of young employees who bring fresh insights and perspectives, and seasoned professionals with expert knowledge to lead a new fashion trend. The Group attaches great importance to the training of young employees and provides various opportunities for them to ensure the development of the Group and its employees.

Perceived by region, most employees are in Ningbo, accounting for 99.0%, and there are 2 employees in Hong Kong, 1 in Shanghai, 1 in Beijing, and 1 in Guangzhou.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

## 4.1.3 Employee Turnover

In FY 2023, the total employee turnover of the Group was 247, which is significantly lower than last year and was mainly caused by normal business activities. The Group attaches considerable importance to the overall employee turnover rate as it affects the Group's overall human resource allocation, operational efficiency, and employee morale.

The Group attaches great importance to the development and nurturing of its employees and remains committed to attracting and retaining talent with diverse backgrounds to achieve sustainable growth and maintain a stable turnover rate. The employee turnover rate among managerial positions is relatively low, reflecting a high level of employee satisfaction within the Group.

Perceived by gender, 80 male employees and 167 female employees left, accounting for 32.4% and 67.6% of all resigned employees, respectively.

Perceived by age group, the number of employees turnover at the age of 30 and below is 142, accounting for 57.5% of resigned employees. Among all resigned employees, 41.7% are aged between 31 and 50, and 0.8% of them are at the age of 51 and above.

Perceived by region, there are 241 employees in Ningbo left, accounting for 97.6% of all separations. Among all resigned employees, 2.4% of them worked in Shanghai, due to changes in job requirements, which are normal business activities.

As of 31 December 2023, the detailed breakdown of employee turnover is presented in the table below:

<b>By gender</b>	<b>%</b>
Male	32.4%
Female	67.6%
<b>By age</b>	<b>%</b>
30 and below	57.5%
31-50	41.7%
51 and above	0.8%
<b>By region</b>	<b>%</b>
Ningbo	97.6%
Shanghai	2.4%

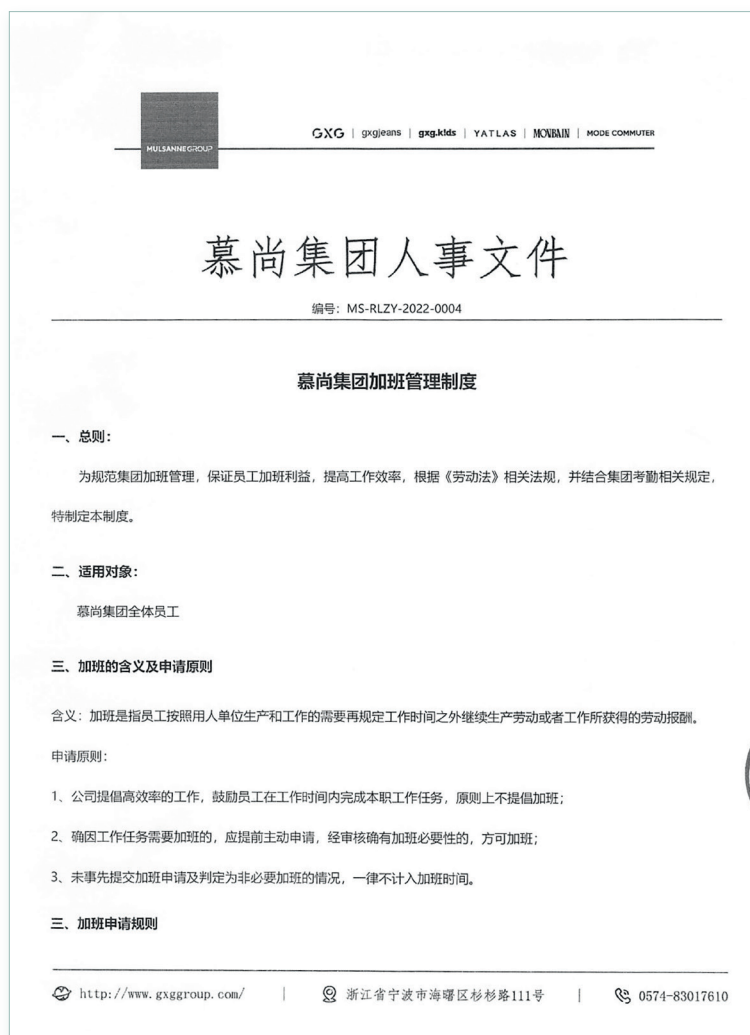
## 4.1.4 Employee Promotion

The workforce plays a pivotal role in the Group's success and expansion. The Group maintains diverse and transparent promotion avenues for employees, fostering mutual growth for both the Group and its employees. To unlock each employee's potential, the Group has established a career path for them. Employees are incentivized with appealing remuneration packages, including opportunities for promotion, salary increments, training, overseas assignments, and recognition of exceptional performance, experience, and qualifications, all aimed at appreciating their contributions.

## 4.1.5 Working Hours and Rest Periods

The Group aims to provide a balance between working hours and rest periods as an important part of employee management. The Group has established the “Employee Regulatory Management Handbook” (the “Employee Handbook”) and specified working hours, labour protections, and labour conditions in the Employee Handbook. The Group implements the standard work system in general positions, which contains the official working time of eight hours per day from Monday to Friday. In addition, for special positions such as warehousing, guard, cleaner, driver, and so forth, the Group will apply to the Ministry of Human Resources and Social Security for processing according to the relevant legal system if comprehensive timing or irregular work timing is required. Furthermore, the Group also adopts a flexible working hour system for the management team.

The Group has formulated employee overtime management regulations to serve as a framework for addressing overtime issues, aiming to standardise overtime management and safeguard employee benefits. The Group encourages employees to work efficiently and finish their tasks during regular business hours. If an employee must work longer hours than expected, the Group will either provide incentive allowances or lieu days in exchange for their extra effort.



Employee management regulations

## 4.2 Employee Compensation and Welfare

The Group has established employee compensation and welfare systems in accordance with the relevant laws and regulations, such as the “*Labour Law of the People’s Republic of China*” and the “*Labour Contract Law of the People’s Republic of China*.”

In compliance with relevant laws and regulations, the Group promptly pays social insurance and housing provident funds to employees as part of the employee compensation and benefits plan. Endowment insurance, health insurance, unemployment insurance, workplace injury insurance, and maternity insurance are all considered forms of social insurance. In addition, workers have legal rights to compensation, benefits, and vacation time as defined by relevant laws and regulations.

Employee welfare provided by the Group includes, but is not limited to year-end bonuses, transportation subsidies, annual leave, sick leave, and other leave.

### – Bonus

The Group offers year-end bonuses to employees who meet annual appraisals and project bonuses to employees who bring economic benefits to the Group or reduce production and operating costs.

### – Transportation subsidy

The Group provides shuttle bus services to employees, and the employees could also choose to enjoy transportation subsidies instead of shuttle bus services. The subsidy is RMB100 per month.

### – Annual leave

The Group provides employees with annual leave. Employees with less than 10 working years are granted 5 days of annual leave; employees with 10 or more working years but less than 20 working years are granted 10 days of annual leave.

### – Sick leave

According to the cumulative working years, the Group offers sick leave periods to employees that range from 3 months to 24 months. During their sick leaves, employees are eligible to receive salaries from the Group following applicable laws and regulations.

### – Other leave

Employees of the Group are also entitled to other kinds of leave benefits. For example, the Group provides entitled employees with personal leave, marriage leave, bereavement leave, antenatal check leave, planned parenthood leave, working injury leave, maternity leave, and paternity leave. These and other entitlements are specified in the Employee Handbook.

To ensure that employees are clear about their rights and obligations, the Group has established an Employee Handbook and other relevant regulations covering topics such as recruitment, remuneration structure, information security, administration, and fringe benefits. The Group updates its policies from time to time to ensure strict compliance with the latest laws and regulations. In addition, to provide employees with a channel to confidentially express their complaints and concerns to the Human Resources Department or the Group, employees can directly scan the complaint QR code in the Employee Handbook to make suggestions or complaints.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

## 4.3 Employee Health and Safety

The Group pays great attention to the health and safety of its employees and strictly complies with relevant laws and regulations, such as the "Prevention and Control of Occupational Diseases Law of the People's Republic of China", the "Supervision and Administration Regulations on Occupational Health in the Workplace" and "Regulations on Industrial and Commercial Insurance."

The Group strives to create a safe working environment for employees. No work-related death has occurred in the past three years, and the number of lost working days due to work-related injuries was 17 in FY 2023, which decreased significantly by 73.4% compared to FY 2022.

Information related to work-related injuries from FY 2021 to FY 2023 is shown as follows:

	2021	2022	2023
Deaths due to work-related injuries	0	0	0
Number of working days lost due to work-related injuries	73	64	17
Total number of employees at the end of the year	832	603	508

The Group has implemented a range of measures to ensure the health and safety of its employees. Employees with over one year of service are entitled to an annual health check. To enhance office safety, the Group conducts inspections on the proper use of electrical appliances, performs comprehensive checks and maintenance on elevators, and requires elevator operators to possess relevant certification. Specific safety guidelines have been established for warehouse employees, including notifications regarding electric forklifts under the Logistics Department and elevator operations. Electric forklifts must not exceed 5 km/h in speed, and carrying passengers or overloading is strictly prohibited.

In order to enhance employees' awareness of fire safety and their self-rescue skills, the Group shares fire safety tips on internal platforms and conducts regular fire drills. Additionally, to guarantee the safety of plant workers, the Group has developed a comprehensive emergency plan.

## 4.4 Employee Development and Training

The development of employees is a crucial component of the business progression for the Group, and the Group views employee development and training as the cornerstones of its talent management strategy. To help each employee realise their full potential in their career path, the Group regularly offers a variety of training opportunities.

The Group offers induction training for each employee, consisting of orientation meetings, mentorship programmes, expert lectures, and outdoor team-building activities. To improve employees' professional skills, the Group conducts specialised training using internal resources or external experts. In 2023, the Group delivered diverse training sessions covering company rules and regulations, software proficiency, and leadership skills to boost employee development.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

In 2023, the Group held its third microlecture competition to cultivate internal mentors, enrich internal course offerings, and consolidate internal knowledge. Employees participating in the competition acquired the skills to create microlectures, and they successfully produced 15 courses. The topics of the courses cover private domain repeat purchases, spreadsheet automation, and artificial intelligence tools, which will provide ongoing benefits to other employees.



Microlecture competition for employees

In FY 2023, a total of 560 employees\* from various levels and functions participated in various training programmes that totaled 4,475.5 hours, including 222 males and 338 females, accounting for 39.6% and 60.4%, with an average training time of about 7.5 hours and 8.3 hours. Perceived by employee type, 76 senior managers, 73 middle-level managers, and 411 general employees participated in relevant training with an average training time of approximately 11.8 hours, 10.2 hours, and 6.9 hours, respectively.

As of 31 December 2023, the training data of the employees by gender and employee type are shown as follows:

	Percentage of trained employees	Average training hours
<b>By gender</b>	<b>%</b>	<b>Hours</b>
Male	39.6%	7.5
Female	60.4%	8.3
<b>By employee type</b>	<b>%</b>	<b>Hours</b>
Senior management	13.6%	11.8
Middle-level management	13.0%	10.2
General employees	73.4%	6.9

**\*Note:**

560 trained employees contain current staff and some former employees.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

### 4.5 Guidelines and Measures to Prevent Child Labour or Forced Labour

The Group strictly complies with relevant laws and regulations, including the “*National Law on the Protection of Minors*” and the “*Prohibition of the Use of Child Labour*”, and maintains a stringent stance on prohibiting all forms of child labour and forced labour, enforcing a set of policies and processes in compliance with its Labour Policy to actively prevent such practices.

Firstly, the Group collects and verifies the personal information of candidates during the recruitment process to ensure that the information is valid to select suitable candidates.

All employees must be of legal working age and in possession of identification documents upon joining the Group.

The Human Resources Department will strictly and carefully collect and check the above documents.

The Group also encourages reporting to the Group’s management if any suspected irregularities are found.

### 4.6 Measures on Anti-Bribery and Anti-Fraud

The Group consistently upholds the principles of integrity and fairness to foster a conducive business environment. The emphasis is placed on preventing corruption, with stringent measures in place to monitor employee conduct. The Group strictly abides by all laws and regulations related to business ethics, such as preventing bribery, extortion, fraud, and money laundering, including but not limited to the “*Regulations on the Implementation of the Oversight Law of the People’s Republic of China*”, the “*Anti-Unfair Competition Law of the People’s Republic of China*”, and the “*Interim Provisions on Banning Commercial Bribery*”. The Group has implemented the Integrity Agreements to ensure that our employees and management uphold the highest ethical standards across all business activities.

#### – Anti-Fraud and Anti-Corruption Management Rules

The Group has implemented the “*Anti-Fraud and Anti-Corruption Management Rule*” to establish a robust framework for managing and overseeing business ethics. This rule explicitly defines fraudulent activities, outlines verification procedures, specifies follow-up remedial actions, and prescribes punitive measures, all aimed at significantly reducing instances of corruption and fraud within the Group.

#### – Procedures for Whistle-blowing

The Group has regularly updated the Integrity and Self-discipline Agreement and all of our employees have signed the agreement to refrain from corrupt or dishonest behaviour that could harm the interests of the Group and its shareholders. Furthermore, the Group has established a whistle-blowing mechanism by incorporating a QR code within the Integrity and Self-discipline Agreement. Employees can scan the code to report incidents of bribery and fraud, either with their verified identity or anonymously. Subsequently, the concerned departments will investigate the reports and apply appropriate penalties to the individuals involved.

## Anti-Corruption Training

In November and December 2023, the Group cooperated with the People’s Procuratorate of Jiangbei District in Ningbo city to conduct two anti-corruption training sessions for both employees and suppliers, each session lasted 1.5 hours. These training sessions primarily focused on the prevention and consequences of occupational crimes, as well as other significant legal risks within enterprises. Attendance was mandatory for all employees, and over 120 supplier representatives present at the training signed the “Mulsanne Group Commitment to Integrity and Honesty Pledge” on-site to confirm their thorough understanding of the code and policy.



Anti-corruption training session

In FY 2023, the Group was involved in five legal cases against former employees of the Group for corrupt conduct, which have all been closed.

## 4.7 Measures on Anti-extortion and Anti-Money Laundering

The Group is dedicated to establishing a comprehensive and effective anti-extortion and anti-money laundering framework across the organisation, with a zero-tolerance stance for all employees and affiliates to follow in their business practices and daily activities. Proactive measures have been implemented within the Group to prevent extortion and money laundering. To mitigate extortion risks, all departments are mandated to maintain customer identity information and transaction records, while continuously monitoring and analysing transaction data to safeguard against unauthorised data usage. In terms of anti-money laundering, each department is required to define clear job responsibilities and operational boundaries, refraining from engaging in activities beyond their authorised scope. Stringent oversight is consistently applied by the Group to fight against illicit financial transactions.

## 5 ENVIRONMENTAL PERFORMANCE ANALYSIS

### 5.1 Corporate Waste Analysis

#### 5.1.1 Overview of Relevant Environmental Protection Policies

The Group recognises its pivotal role in promoting the long-term sustainability of the environment as a leading menswear brand. The Group has prioritised efforts to manage emissions, enhance resource efficiency, and maintain strict compliance with pertinent environmental laws and regulations, including but not limited to the “*Environmental Protection Law of the People’s Republic of China*” and the “*Atmospheric Pollution Prevention and Control Law of the People’s Republic of China (2018 Amendment)*”. The Group is devoted to incorporating environmental consciousness into its internal management processes, inspiring employees to take green initiatives, and delivering sustainable fashion options to our customers.

#### 5.1.2 Analysis of Corporate Emissions

##### – Air Emissions

The waste gas generated by the Group is mainly caused by fossil fuel combustion of the vehicles, and the primary pollutants include nitrogen oxides (NOx), suspended particulate matter (PM), and sulfur oxides (SOx). Due to the reduction in total traffic mileage, the total amount of waste gas generated by the Group decreased by approximately 48.4% year-on-year, successfully achieving the 5.0% reduction target.

As of 31 December 2023, the total emissions and emission density of waste gas generated by the Group are shown as follows:

Waste Gas Type	Total Emissions (kg)	Emission Density (kg/RMB100 million)
Nitrogen Oxides (NOx)	14.603	0.627
Sulfur Oxides (SOx)	0.038	0.002
Suspended Particulate Matter (PM)	1.399	0.060
<b>Total</b>	<b>16.040</b>	<b>0.689</b>

##### – Greenhouse Gas (GHG) Emissions

In its operations, the Group’s greenhouse gas emissions primarily stem from direct GHG emissions related to fossil fuel consumption by vehicles (Scope 1) and indirect GHG emissions associated with electricity, water, and paper usage in daily operations (Scope 2 and Scope 3). In FY 2023, the greenhouse gases emitted by the Group reached a total of 1,495.9 tonnes of carbon dioxide (“CO<sub>2</sub>”) equivalent, and the emission intensity was 64.2 tonnes of CO<sub>2</sub> equivalent/RMB100 million. Among them, direct emissions of greenhouse gases caused by fossil fuel combustion totaled approximately 7.8 tonnes of CO<sub>2</sub> equivalent, and indirect emissions of greenhouse gases caused by electricity use totaled approximately 1,488.1 tonnes of CO<sub>2</sub> equivalent. As a result of the increase in electricity usage, total GHG emissions rose by approximately 1.3% in FY 2023, compared with FY2022.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

As of 31 December 2023, the total amount and density of the Group's GHG emissions are shown as follows:

### Greenhouse gas direct emission:

Greenhouses Gases Type	Direct Emission (tonnes of CO <sub>2</sub> e)	Direct Emission Density (tonnes of CO <sub>2</sub> e/ RMB100 million)
Carbon Dioxide (CO <sub>2</sub> )	6.920	0.297
Methane (CH <sub>4</sub> )	0.011	0.001
Nitrous Oxide (N <sub>2</sub> O)	0.891	0.038
<b>Total</b>	<b>7.822</b>	<b>0.336</b>

### Greenhouse gas indirect emission:

Greenhouses Gases Type	Indirect Emission (tonnes of CO <sub>2</sub> e)	Indirect Emission Density (tonnes of CO <sub>2</sub> e/ RMB100 million)
Electricity consumption	1,462.229	62.782
Other indirect emissions	25.873	1.112
<b>Total</b>	<b>1,488.102</b>	<b>63.894</b>

#### Note:

The direct emissions of greenhouse gases mainly include the greenhouse gases generated by the Group's vehicles. Indirect emissions include indirect greenhouse gas emissions from electricity, water, and paper consumption.

#### – Hazardous and Non-hazardous Waste Emissions

In FY 2023, the Group generated 3,111.1 tonnes of hazardous and non-hazardous solid waste, including 3,108.3 tonnes of non-hazardous waste and 2.8 tonnes of hazardous waste. All solid wastes have been properly disposed of in accordance with relevant environmental protection legislation and regulations. Compared to the 3,113.7 tonnes of total waste released in FY 2022, the Group's waste emissions decreased in FY 2023, mainly due to the reduction of electronic waste.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

As of 31 December 2023, the total amount and density of the Group’s hazardous and non-hazardous waste emissions are shown in the following table:

Waste type	Emission (tonnes)	Emission density (tonnes/RMB100 million)
<b>Non-Hazardous Waste</b>	<b>3,108.3</b>	<b>133.5</b>
Office paper consumption	3.3	
Retail refurbishing waste	3,105.0	
<b>Hazardous Waste</b>	<b>2.8</b>	<b>0.1</b>
Waste batteries	0.1	
Electronic waste	2.7	
<b>Total</b>	<b>3,111.1</b>	<b>133.6</b>

### 5.1.3 Emission Targets and Steps Taken to Achieve Them

The Group is committed to innovating new methods in product delivery or other business areas in daily operations to advocate energy conservation and emission reduction, such as using the “supplier to boutique (S2B)” business model and low-carbon travel methods. The Group aims to reduce waste gas emissions and greenhouse gas emissions by 5% respectively in 2024, compared to the emissions in 2023.

– *Supplier to Boutique (S2B) business model*

The Group has effectively implemented the S2B business model in Fujian, Liaoning, Jiangxi, Anhui, and Guangdong Provinces. Under this model, suppliers could directly organise and pack products with radio-frequency Identification (“RFID”) technology based on specifications from boutique stores. System data is then transmitted to the ordering boutique store. Logistics service providers verify product details at the supplier’s facility against the distribution list and ensure precise delivery to the store. The successful adoption of the S2B model is expected to reduce emissions through optimized transportation practices.

– *Green mobility*

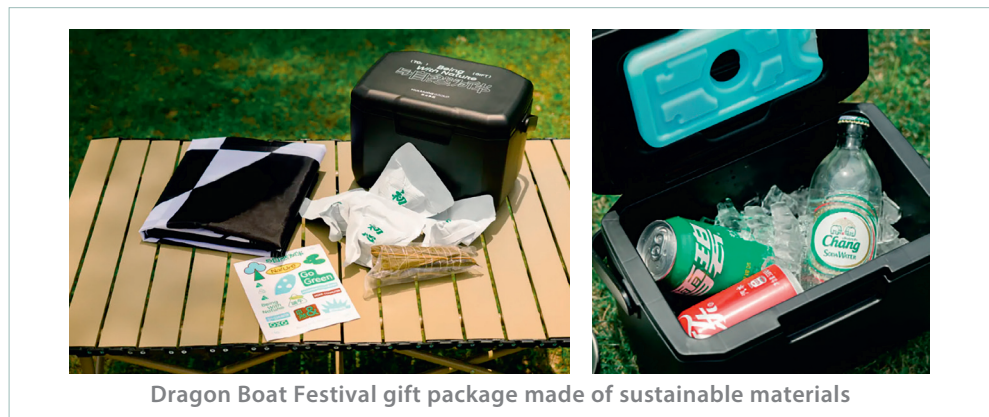
The Group consistently promotes a sustainable lifestyle and encourages low-carbon travel practices within the organisation, advocating for walking to destinations within 1 km, cycling within 3 km, and using public transportation within 5 km. The Group believes that green and low-carbon travel can conserve energy and reduce emissions, which play a vital role in fostering a sustainable society.

## 5.1.4 Waste Targets and Steps Taken to Achieve Them

In 2023, the Group used 3.25 tonnes of office paper, successfully achieving its goal of reducing its paper consumption to 7 tonnes. For 2024, the Group's solid waste-related goals include reducing paper consumption to 3 tonnes and packaging material during logistics to 5 tonnes. In order to achieve this, the Group provides employees with gifts made from sustainable materials, advocates for the recycling of diverse materials, and motivates employees to maximise paper usage efficiency in order to decrease paper consumption, enhance production efficiency, and lower emissions.

– *Dragon Boat Festival gift packages made of sustainable materials*

The Group incorporates environmental protection and sustainable development into various aspects of its business operation. During the Dragon Boat Festival, the Group prepared gift packages that highlighted recyclability and sustainability for its employees. The gift package includes an insulated cooler box made of recyclable materials, a waterproof picnic mat that is ultra-thin and light-weight, and vegetarian rice dumplings. Additionally, the gifts are presented without any external cardboard packaging, further contributing to waste reduction and environmental preservation.



– *Provide reusable shopping bags*

Shopping bags play a crucial role in environmental protection, and discarded shopping bags can contribute to increased waste emissions for the Group. In 2023, GXG launched a new version of the shopping bag that is more durable than the old ones. These bags not only have aesthetic appeal but also offer improved strength for carrying heavier items, potentially boosting customers' reuse rates, and fostering greater environmental awareness.

– *Encourage employees to make full use of paper*

The Group promotes paper conservation among employees by maximising paper usage efficiency in their daily work and personal lives. Digital communication and operations over traditional paper-based processes are encouraged, such as implementing digital approval workflows internally and promoting a paperless office environment. Additionally, the Group advocates for double-sided printing and utilising wastepaper effectively during document printing. To minimise waste, employees are advised to use only one sheet of paper towel at a time when handwashing. Instructions and reminders are displayed in print rooms and washrooms to guide employees on paper-saving practices.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

## – Carton recycling

The Group proactively promotes recycling among its employees by encouraging the reuse of waste cartons and strategically placing recycling instruction in designated areas. At the X-Man Post Office, employees have a designated drop-off point for used boxes after unpacking, facilitating their reuse by colleagues who require packaging for mailing purposes.



Collection bins for recycle box

## – Waste sorting

In order to boost employees' environmental consciousness, disseminate environmental knowledge, and enhance waste utilisation to minimise waste emissions, the Group has implemented waste sorting guidelines. Each employee is required to correctly categorise their waste items during disposal, aiming to improve waste recycling efforts and decrease the Group's waste emissions.



Trash & recycling containers

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

## – *Employ recycled zippers and buttons*

The Group uses recycled zippers and buttons in the manufacturing of shirts, jackets, pants, and other clothing items to practice environmental protection principles. The recycled buttons are made from bio-resin derived from plant sources and fermentation, ensuring they degrade into water and carbon dioxide without environmental pollution. Recycled zippers are produced from purified and crushed PET plastic bottles, with approximately 30% of the raw materials sourced from recycled materials.

## 5.2 Use of Resources

### 5.2.1 Major Energy Consumption Structure

The Group is committed to become a resource-saving and environmentally friendly corporation to promote environmental protection. Resource consumption for the Group mainly includes gasoline, diesel oil, water, and electricity in FY 2023. The overall energy consumption of the Group was 1,386.7 tonnes of standard coal equivalent in total, of which approximately 26.7% came from direct energy in the form of gasoline and diesel oil, the remaining 73.3% came from electricity, which is indirect energy.

As of 31 December 2023, the Group's resource consumption performance is shown in the following table:

Resource	Resource type	Unit	Consumption Volume
<b>Gasoline</b>	Direct energy	L	2,600.0
<b>Diesel oil</b>	Direct energy	L	300.0
<b>Electricity</b>	Indirect energy	kWh	2,516,745.0
<b>Natural water</b>	Water resource	tonnes	28,891.0

As of 31 December 2023, the consumption density of various resources by the Group is shown as follows:

Resource	Resource type	Unit	Consumption Density
<b>Gasoline</b>	Direct energy	L/RMB1 million	1.1
<b>Diesel oil</b>	Direct energy	L/RMB1 million	0.1
<b>Electricity</b>	Indirect energy	kWh/RMB1 million	1,080.6
<b>Natural water</b>	Water resource	tonnes/RMB1 million	12.4

### 5.2.2 Energy Use Efficiency Targets and Steps Taken to Achieve Them

In FY2023, the Group sold a commercial vehicle, and the remaining vehicles were used less frequently, helping the Group reduce its consumption of gasoline by 48.0% compared to last year, successfully achieving the goal of lowering gasoline consumption by 10% in FY2023. The Group also strived to improve energy consumption efficiency through measures including controlling electricity consumption from the air conditioning system and office area. The Group's total electricity consumption increased slightly by 3.3% compared to FY2022. The Group plans to reduce gasoline and electricity usage by 5% and 8% in 2024, respectively.

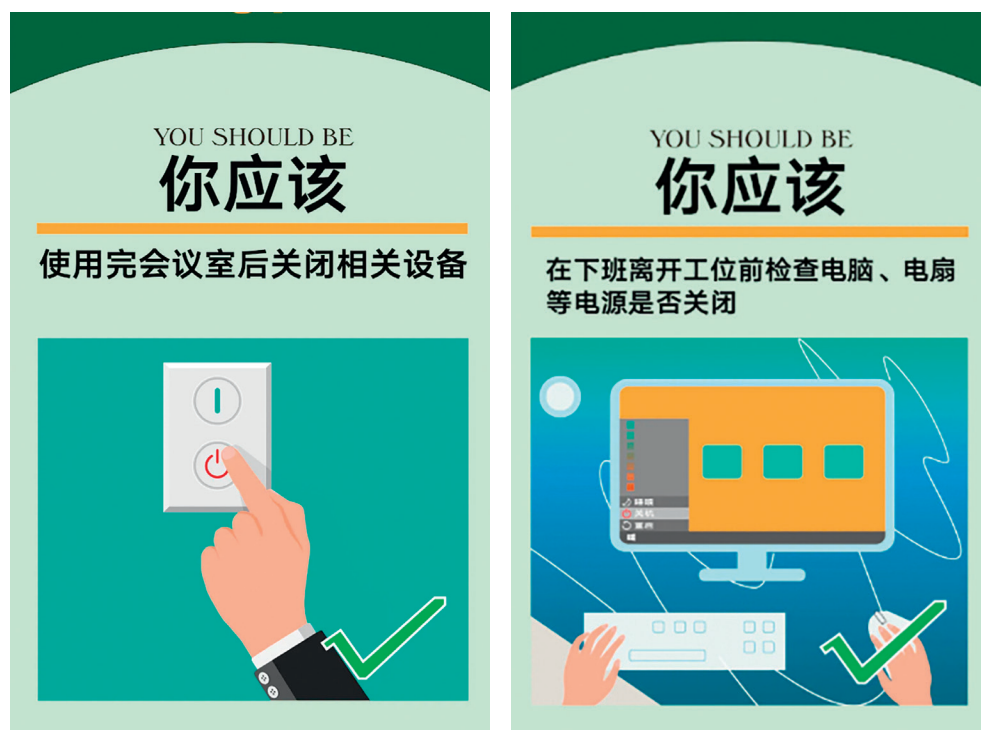
## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

### – *Air conditioner control*

To minimise electricity wastage from excessive air conditioner usage in office spaces, the Group has implemented air conditioning usage guidelines. The guidelines outline specific operating hours for the summer and winter seasons, which dictates that air conditioning units should not be activated unless outdoor temperatures exceed 30 degrees Celsius or fall below 6 degrees Celsius. Additionally, the recommended indoor temperature settings are no lower than 26 degrees Celsius in summer and no higher than 24 degrees Celsius in winter. Furthermore, the Group arranges daily inspections for the implementation of the guidelines and requires that no pre-approved high-power electrical appliances be used in winter.

### – *Electricity saving in the office area*

The Group actively follows energy conservation and emission reduction regulations by implementing strategic electricity management in office corridors, such as installing voice-activated lighting in corridors. Reminders are prominently displayed for employees to turn off electrical equipment upon leaving, with penalties for non-compliance. Emphasising a green office environment, the Group actively promotes energy-saving practices among employees in both professional and personal settings.



Reminders for electricity saving

### 5.2.3 Water Efficiency Targets and Steps Taken to Achieve Them

The Group obtained a suitable water source in accordance with the relevant national environmental protection policies and regulations and did not encounter any significant issues in sourcing water. In FY 2023, the Group consumed a total of 28,891.0 tonnes of water primarily for daily operations, with a consumption density of 12.4 tonnes/RMB1 million. Compared with FY 2022, the water consumption of the Group decreased by approximately 4.0%. Key measures implemented by the Group to enhance water usage efficiency included upgrading water booster pumps and promoting water conservation within office premises. The Group strives to reduce water consumption by 5% by 2024.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

– *Maintenance and upgrade of the booster water pump*

In 2023, the Group undertook maintenance and upgrades on the office area's booster water pump, resolving issues such as low water pressure on upper floors and extended flushing times caused by inadequate toilet water flow pressure. With these improvements in place, the Group anticipates enhanced water efficiency moving forward.

– *Encourage water conservation in office*

The Group remains committed to enhancing water efficiency and encourages water-saving behaviours in the office. For example, water-saving reminders are displayed throughout office areas, and sensor faucets are extensively installed to enhance water conservation. Effective water resource management is integral to our environmental stewardship. Regular monitoring of water consumption, departmental self-assessments, and ongoing enhancements underscore our dedication to optimising water performance.

### 5.2.4 Use of Packaging Materials

The Group use packing materials to protect products from damage during shipping. The Group's packaging material consumption was mainly attributable to product sales, thus the packaging materials used by the Group include plastic bags, paper boxes, and paper bags. The Group consumed a total of 1,182.0 tonnes of packaging materials in FY 2023, approximately 41.3% less than in FY 2022.

As of 31 December 2023, the Group's performance in packaging materials is summarised below:

Packaging Materials	Unit	Consumption Volume	Unit	Consumption Density
<b>Packaging materials used for products</b>				
Plastic bags	tonnes	321.00	tonnes/RMB1 million	0.14
<b>Packaging materials used in the offline retail process</b>				
Paper bags	tonnes	220.10	tonnes/RMB1 million	0.09
Paper boxes	tonnes	245.52	tonnes/RMB1 million	0.11
<b>Packaging materials used in the online retail process</b>				
Paper bags	tonnes	172.14	tonnes/RMB1 million	0.07
Paper boxes	tonnes	223.25	tonnes/RMB1 million	0.10
<b>Total</b>	<b>tonnes</b>	<b>1,182.01</b>	<b>tonnes/RMB1 million</b>	<b>0.51</b>



## 5.3 Environment and Natural Resources Analysis

### 5.3.1 Analysis of the Significant Impacts on the Environment and Natural Resources and Related Measures

The Group strictly follows pertinent environmental and emission laws and regulations during its business practices. With a strong commitment to environmental conservation and the sustainable use of natural resources, the Group actively works to reduce its environmental footprint. This is achieved through transitioning towards sustainable energy sources, the implementation of green dyeing processes, and the development of eco-friendly production processes. As a result, the Group's activities have not shown a significant impact on the environment or natural resources in FY2023.

– *Photovoltaic power generation*

The Group uses photovoltaic power as a source of clean energy to meet the electricity demand for garment factories during the off-peak season, and the number of garment factories in the Group utilising photovoltaic power generators has been increasing since 2021. Compared with traditional thermal power generation systems, photovoltaic power generation shows superior performance in production safety, reliability, noise level, pollution emissions, and fuel consumption, which helps the Group reduce the usage of fossil energy.

– *Dyeing technologies with less emissions*

The Group strives to promote the use of eco-friendly production technology among its partners during business cooperation. Some suppliers of the Group applied zero-emission dyeing technology to most steps of fabric production, which could significantly reduce carbon emissions and water consumption. Other suppliers use low liquor ratio dye vats for dyeing and finishing operations to reduce water consumption and recycle treated water.

– *Environmentally-friendly washing process for jeans*

The Group continues to perfect its production process to reduce its impact on the environment and natural resources. In 2023, the Group employed an environmentally friendly washing process for our fade-resistant jeans. Compared to the traditional washing process, it could save the consumption of water resources and chemical additives by approximately 70% and 50%, respectively, and reduce steam thermal energy emissions by approximately 50%.

## 5.4 Climate Change

### 5.4.1 Analysis of Measures to Deal with the Significant Climate-related Issues

As a leading menswear fashion brand in China, the Group proactively confronts risks and opportunities from climate change and is committed to promoting climate change response and transforming into a low-carbon economy. To achieve a green transition, the Group actively adapts to climate change and manages the risks it poses to our business operations.

The Group integrates climate change management into its daily operations, and the majority of severe weather events affecting the business occur during the summer rainy season. The Administrative Department monitors climate change daily and establishes a dedicated Severe Weather Defence Team to develop emergency plans and enhance routine inspections. Prior to the appearance of snakes and insects,

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

the team assigns specific personnel to regularly apply repellent powder or conduct other treatments. Additionally, ahead of summer’s high temperatures, the team ensures employees are informed of the early warnings from the meteorological station and have precautionary plans for thunderstorms.

抗台分工明细					
阶段	板块	具体事项	责任人	完成时间	
前期准备	园区	闲散物品收纳、易碎物收效的物品加固	吕绍辉	7月31日	
		顶楼垃圾清扫、防止堵塞	刘旭研/金绍辉	上周已完成	
		防汛设备准备	吕绍辉	上周已完成	
	办公区域	易涝区域提前排查疏通	施工	7月31日	
		易涝区域防水物资准备，例如防水布、水桶	刘旭研/金绍辉	7月31日	
		门禁关锁检查	二楼：蔡思琪 三楼：余伊娜、胡文静 四楼：刘旭研、程梦宇	台风期间每天下班前	
		部分危险区域断电	施工	根据台风情况而定	
		通知内容撰写（告知台风现状、提醒每天下班及时关闭门窗、车辆开回家、关闭电源、注意安全等）	蔡思琪	7月31日下午16:00	
台风来临		关注台风动向	路径、可能产生的影响等	刘梦莹	实时监测
		通知	是否正常工作/放假等	刘梦莹	
		园区	关注园区动向，特别是水位线等	吕绍辉	
		办公区域	看正常上班：按照门禁检查分地按照楼层检查 看休息：保安巡检，汇报易涝严重点位	二楼：蔡思琪 三楼：余伊娜、胡文静 四楼：刘旭研、程梦宇 吕绍辉	视实际情况
		设备、电梯等	及时关注	施工	
		园区打扫	如产生较多的污渍等，需及时清理	吕绍辉	
收尾工作	办公区域打扫	如有污渍等，需清扫	刘旭研/金绍辉		
	通知	正常开工、注意事项等内容	蔡思琪		



Treatment to repel insects

Precautionary plan for thunderstorms

Treatment to repel insects

## 6 GIVING BACK TO THE SOCIETY

As a corporation with a strong sense of social responsibility, the Group is committed to helping people in need and enhancing social welfare. The Group actively engages in organising and participating in diverse volunteer activities to foster mutual growth for the Group and society. In FY2023, the Group established charity fund and donated winter clothes to individuals affected by an earthquake in Gansu Province.

### Establishing a charity fund to assist more vulnerable groups

The Group attaches great importance to continuous contribution to society and improving social welfare. In April 2023, the Group signed an agreement with the Ningbo Jiangbei Charity Federation to establish a GXG-sponsored charity fund and received a certificate of recognition in July 2023. The charity fund would be fully devoted to three major areas, including poverty alleviation, medical assistance, and educational support, aiming to better address societal needs and assist more vulnerable groups.



Certificate of recognition for establishing the charity fund

## Donating winter clothes to help disaster victims

After an earthquake struck Jishishan County in Gansu Province in December 2023, the Group took immediate action to develop a plan of assistance for the affected area. In response to the low temperatures in Jishishan County and the urgent need for warm clothing from the residents and rescue teams in the area, the Group donated winter clothes such as down jackets and cotton padded coats to help the people stay warm. The Group puts in full effort to support the frontline rescue teams and ensure the basic needs of the disaster victims are met, and the Group received a letter of appreciation from local authorities in the affected area for our initiative to provide necessary resources.



Donating winter clothes to disaster victims

### 中国共产党海东市委员会

#### 感谢信

宁波慕尚集团：

12月18日，甘肃省临夏州积石山县发生6.2级地震，我市民和基、循化县、化隆县的人民群众生命安全遭受巨大损失。

面对突如其来的地震灾害，全国各地都把目光投向海东、把关心送到海东、把温暖汇入海东。特别是宁波慕尚集团，与海东所有干部群众紧紧站在一起，心连心、同担当，用同舟共济、守望相助的家国情怀和“一方有难、八方支援”的团结精神，第一时间给予海东关心支持，为海东各族人民送来了巨大的精神和物质力量，用实际行动践行铸牢中华民族共同体意识，充分体现出海东慕尚集团的政治担当，充分体现了宁波慕尚集团职工的大爱仁心。在此，海东市委市政府和全市173万各族人民群众，向您们表示最衷心的感谢，致以最高的敬意。

我们坚信，有党中央国务院和省委省政府的坚强领导，

Letter of appreciation

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

Subjects Areas, Aspects, General Disclosures, and KPIs		Index
<b>A: Environment</b>		
<b>Aspect A1: Emissions</b>		
	General disclosure	P.18
A1.1	The types of emissions and respective emissions data.	P.18
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P.18
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P.19
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P.19
A1.5	Description of emissions target(s) set and steps taken to achieve them.	P.20
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	P.21
<b>Aspect A2: Use of resources</b>		
	General disclosure	P.23
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).	P.23
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P.23
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	P.23
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	P.24
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	P.25
<b>Aspect A3: Environment and natural resources</b>		
	General disclosure	P.26
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P.26
<b>Aspect A4: Climate Change</b>		
	General disclosure	P.26
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	P.26

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

Subjects Areas, Aspects, General Disclosures, and KPIs		Index
<b>B. Society</b>		
<b>Employment and Labor Standards</b>		
<b>Aspect B1: Employment</b>		
	General disclosure	P.9
B1.1	Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.	P.10
B1.2	Employee turnover rate by gender, age group and geographical region.	P.11
<b>Aspect B2: Health and safety</b>		
	General disclosure	P.14
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	P.14
B2.2	Lost days due to work injury.	P.14
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P.14
<b>Aspect B3: Development and training</b>		
	General disclosure	P.14
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P.15
B3.2	The average training hours completed per employee by gender and employee category.	P.15
<b>Aspect B4: Labor guidelines</b>		
	General disclosure	P.16
B4.1	Description of measures to review employment practices to avoid child and forced labour.	P.16
B4.2	Description of steps taken to eliminate such practices when discovered.	P.16
<b>Operational practices</b>		
<b>Aspect B5: Supply chain management</b>		
	General disclosure	P.5
B5.1	Number of suppliers by geographical region.	P.5
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	P.6
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P.6
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P.6

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

Subjects Areas, Aspects, General Disclosures, and KPIs		Index
<b>Aspect B6: Product responsibility</b>		
	General disclosure	P.4
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	P.4
B6.2	Number of products and service-related complaints received and how they are dealt with.	P.7
B6.3	Description of practices relating to observing and protecting intellectual property rights.	P.7
B6.4	Description of quality assurance process and recall procedures.	P.4
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	P.9
<b>Aspect B7: Anti-corruption</b>		
	General disclosure	P.16
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	P.17
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	P.16
B7.3	Description of anti-corruption training provided to directors and staff.	P.17
<b>Community</b>		
<b>Aspect B8: Community investment</b>		
	General disclosure	P.27
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	P.27
B8.2	Resources contributed (e.g. money or time) to the focus area.	P.27