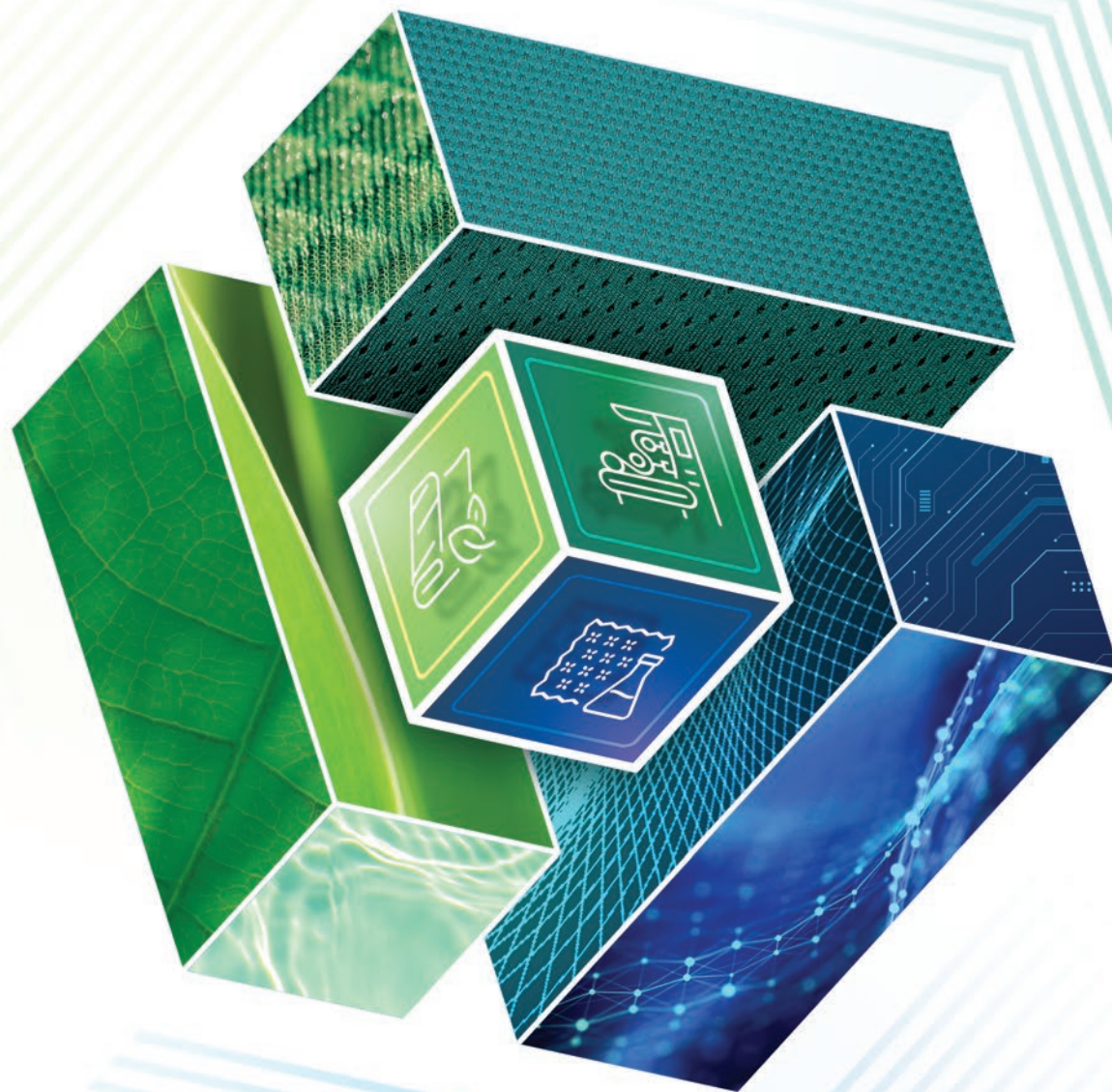




SHENZHOU INTERNATIONAL  
GROUP HOLDINGS LIMITED

Stock Code : 2313



2024

Environmental, Social and  
Governance Report

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# 1 ABOUT THIS REPORT

Shenzhou International Group Holdings Limited and its subsidiaries (collectively referred to as the “Shenzhou Group”, “the Group” or “we”) are pleased to present our 2024 Environmental, Social and Governance (ESG) Report. This report outlines the Group’s ESG performance and key initiatives during the period from 1 January 2024 to 31 December 2024 (the reporting period).

Rooted in its East Asian heritage, Shenzhou Group is a leading apparel manufacturer. Further information about the Group is available at <https://www.shenzhouintl.com>.

This ESG report covers the Group’s production bases in Cambodia, China, and Vietnam (listed in alphabetical order), and aims to provide a comprehensive overview of our strategies, priorities, targets, and performance in the areas of environmental stewardship, social responsibility, and corporate governance. The report addresses key topics relevant to our stakeholders, including but not limited to shareholders, employees, customers, suppliers, and communities.

This report has been prepared in accordance with Appendix C2: Environmental, Social and Governance Reporting Code issued by the Hong Kong Exchanges and Clearing Limited (HKEX).

In line with our commitment to sustainability and a paperless approach, this report is available for download on the official website <https://www.shenzhouintl.com>.



Figure 1. Factory at the Cambodia production base — a representative example of an environmentally friendly facility and a socially inclusive community. The rooftop solar system is optimized in accordance with local regulations. More than 10 hectares have been developed into modern dormitories with quality facilities to support local employees.

## 2 SUSTAINABILITY GOVERNANCE STRUCTURE

Sustainability is a core strategic priority for Shenzhou Group. We have established a Sustainable Development Council (SDC) to ensure that sustainability objectives are effectively integrated across all levels of the organization.

The SDC is led by chairman of the board ensuring that ESG risks, opportunities, and performance are reviewed and addressed at the highest level of corporate governance. It also comprises executive members from key functional departments including business, operation, finance, legal compliance, human resources, procurement, investor relations, and R&D. This cross-functional setup ensures that ESG considerations are embedded into the Group's core business operations and decision-making processes.

A dedicated ESG team acts as the secretariat to the Council, supporting day-to-day coordination, data management, ESG reporting, and stakeholder engagement. The ESG team also establishes specialized working groups or task forces, focusing on specific ESG topics such as climate change, supply chain management, or employee well-being.

The SDC is mainly responsible for the following matters:

- Supervise the Group's overall ESG performance;
- Formulate ESG-related strategic objectives and action plans;
- Approve major ESG-related investments and initiatives;
- Develop internal ESG policies and guidelines;
- Monitor emerging ESG risks, regulatory changes, and industry trends;
- Facilitate cross-departmental coordination on ESG;
- Oversee ESG disclosures and ensure compliance with reporting standards;
- Engage with key stakeholders and support materiality assessments;
- Promote ESG awareness and culture of sustainability within the organization;
- Track progress against ESG objectives and drive continuous improvement.

### 3 MATERIALITY ASSESSMENT

Conducting a materiality assessment is a critical step in identifying our sustainability priorities based on stakeholder expectations. With reference to the United Nations Sustainable Development Goals (UN SDGs), we identified 23 material topics for evaluation in the reporting period. These include 8 environmental topics, 8 social topics, and 7 topics related to governance and operations.



Figure 2. The 17 Sustainable Development Goals (SDGs) established by the United Nations provide a shared blueprint for peace and prosperity for people and the planet.

### 3 MATERIALITY ASSESSMENT

During the reporting period, the Group conducted an online questionnaire to collect direct feedback on ESG topics from stakeholders. We invited a diverse range of participants, including executive leadership, worker representatives, business divisions, the procurement team, major customers and suppliers.

By rating the importance of 23 material topics, we were able to identify the ESG issues that matter most to both our stakeholders and Shenzhou Group.

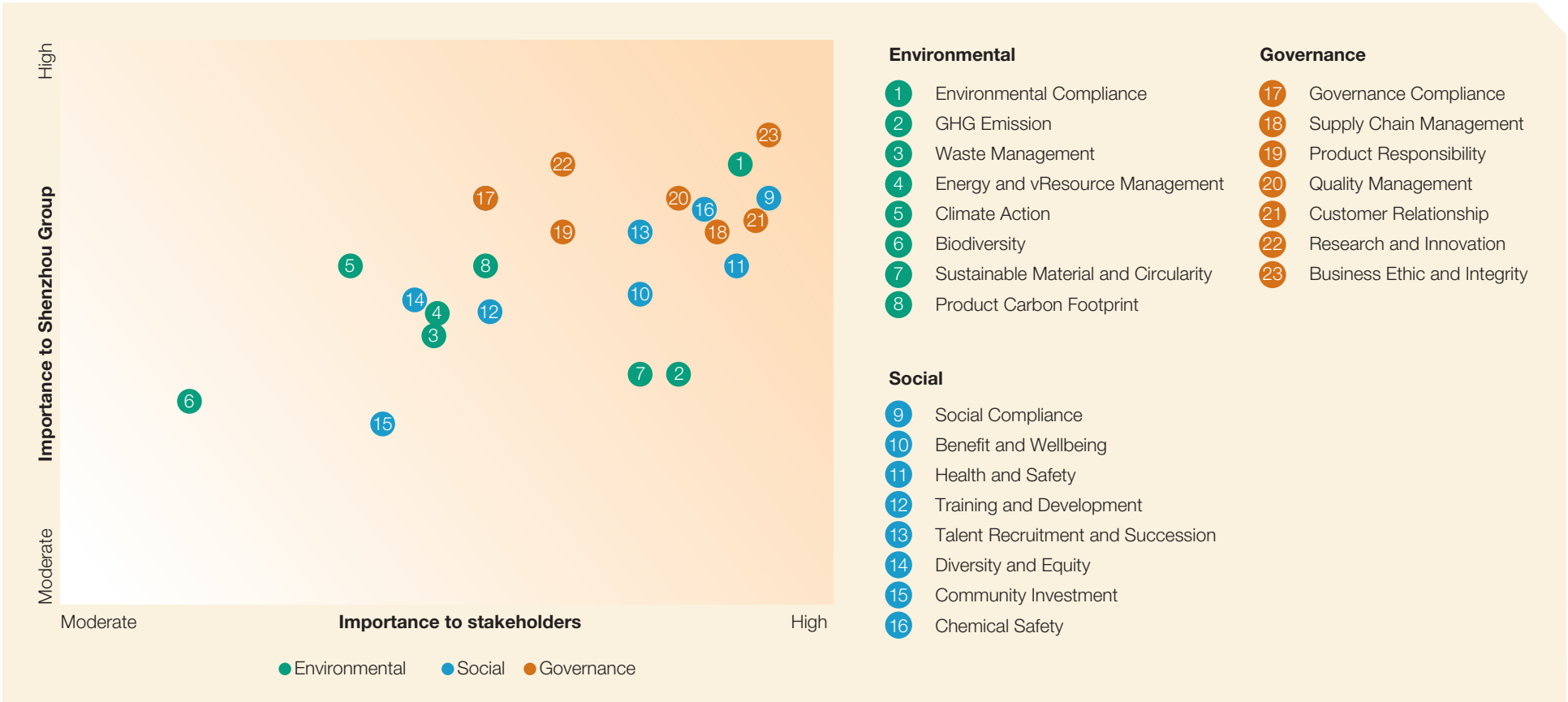


Figure 3. Materiality assessment results.



# ENVIRONMENTAL STEWARDSHIP

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## 4 ENVIRONMENTAL STEWARDSHIP

Climate change is profoundly impacting global ecosystems, societies, and economic development, presenting both challenges and opportunities for businesses. In response to this trend, Shenzhou Group strictly complies with applicable environmental laws and regulations, continuously optimizes its environmental management system, and enhances its environmental performance beyond compliance to achieve sustainable growth.

The Group actively promotes carbon reduction initiatives, improves resource efficiency, minimizes waste generation, and strengthens recycling efforts. At the same time, we are increasing investments in green technology innovation to mitigate the environmental impact of our operations. Furthermore, we require our supply chain partners to strictly adhere to environmental regulations and actively participate in climate action to collectively enhance the sustainability of the value chain.

Shenzhou Group regards environmental sustainability as a key pillar of its long-term corporate strategy. We remain steadfast in our commitment to balancing operational efficiency with environmental stewardship, driving progress toward a low-carbon future.



Figure 4. A wind farm invested by Shenzhou Group.



## 4 ENVIRONMENTAL STEWARDSHIP

**Table 1. Environmental targets and performance.**

Targets	Target Year	Status	2024 Performance
<b>Greenhouse Gas Emission Reduction</b>			
Reduce 42% of our Scope 1 and Scope 2 emissions compared with 2020 <sup>1</sup>	2030	○	Total Scope 1 and Scope 2 carbon emissions reduced by 16.8%
<b>Energy Revolution</b>			
Tier 1 (T1) factories <sup>2</sup> : 50% of renewable electricity	2025	○ ✓ ✓	<b>Cambodia:</b> 19.3% <b>China:</b> 70.2% <b>Vietnam:</b> 76.8%
Tier 2 (T2) factories <sup>3</sup> : 20% of renewable electricity	2025	✓ ✓	<b>China:</b> 98.5% <b>Vietnam:</b> 30.3%
Coal Phase-out in all production bases	2025-2030	✓ ○	<b>Cambodia &amp; China:</b> All production bases have fully achieved zero coal usage on-site <b>Vietnam:</b> T2 VN factory has yet to complete the coal phase-out. The factory is actively seeking clean energy supply, with biomass usage increasing by 334% compared to previous year
All production bases complete the Energy Minimum Program	2025	✓	All production bases have completed the Energy Minimum Program
<b>Water Efficiency</b>			
20% water efficiency improvement in T2 factories from 2020	2025	○	Water efficiency improved 17.6%
<b>Waste Circularity</b>			
All production bases complete the Waste Minimum Program	2025	✓	All production bases have completed the Waste Minimum Program
All production bases complete the Textile to Textile Program	2025	✓	All production bases have launched the Textile to Textile Program

Note: ✓ Achieved ○ On track × Lag behind

<sup>1</sup> The target setting methodology is referenced to Science Based Targets initiative (SBTi) Criteria 4.2 and Greenhouse Gas Protocol.

<sup>2</sup> Tier 1 factories include garment factories in Cambodia, China, and Vietnam.

<sup>3</sup> Tier 2 factories include fabric and Flyknit factories in China and Vietnam.

# 4.1

## ENVIRONMENTAL MANAGEMENT

### Environmental Management System (EMS)

Shenzhou Group has established a comprehensive environmental management system (EMS) based on the ISO 14001:2015 standard to systematically manage environmental impacts. The system has been implemented in the Group's factories in Cambodia, China, and Vietnam, covering environmental impact identification, monitoring, and improvement measures.

Through regular audits and continuous improvements, the Group enhances its environmental management capabilities, ensuring compliance, mitigating risks, and advancing sustainable development, while contributing to the industry's green transformation.

### Laws, Regulations, and Code of Conducts

We strictly comply with the environmental laws and regulations in all operation locations. The main applicable environmental regulations include, but are not limited to:

- The Environmental Protection Law of the People's Republic of China;
- Law No. 72/2020/QH14 on Environmental Protection, Vietnam;
- Law on Environment Protection and Natural Resource Management (LEPNRM), Cambodia.

During the reporting period, we did not experience any serious violations.

In addition to strictly adhering to the environmental regulations of the regions, the Group also fully implements its customers' codes of conduct to ensure that business operations align with sustainability objectives. Specifically, this includes, but is not limited to:

- Integrating sustainable principles into the business decision-making process;
- Developing and designing products, materials, and technologies based on sustainability principles;
- Responsibly utilizing natural resources with a focus on energy efficiency;
- Effectively managing chemicals and waste;
- Adopting clean production technologies;
- Reducing greenhouse gas emissions (GHG) and pollutants;
- Implementing pollution prevention measures to minimize the environmental impact.



## 4.1 ENVIRONMENTAL MANAGEMENT

### Industry Tools and Compliance

The Group actively utilizes the Higg Facility Environmental Module (Higg FEM) to comprehensively enhance environmental performance. This tool helps us conduct in-depth assessments and drive continuous improvement in the following key areas:

- Environmental Management Systems
- Energy & GHG
- Water & Wastewater
- Air Pollution
- Waste
- Chemical Management

In the reporting period, all factories have completed the Higg FEM self-assessment and calibrated by third-party organizations recognized by our customers.

In addition, the Group's factories within the scope of the Zero Discharge of Hazardous Chemicals (ZDHC) testing standards fully comply with the ZDHC Wastewater Guidelines and participate in ZDHC testing twice annually. During the reporting period, all factories successfully passed the audits, as detailed in the section 4.3.3.

### Information Disclosure

Shenzhou Group discloses environmental-related information through multiple platforms. In addition to relevant data platforms for customers and government, the Group also publicly shares environmental information through the following channels:

- Institute of Public & Environmental Affairs (IPE)
- CDP
- Cascale
- Corporate Sustainability Assessment (CSA) from S&P Global

## 4.2

### CLIMATE AND ENERGY

#### 4.2.1

#### Climate Action

##### Target

Shenzhou Group has set GHG reduction targets for Scope 1 and Scope 2 emissions based on the Science Based Targets initiative (SBTi) methodology. Taking 2020 as the baseline year, the Group aims to achieve a 42% reduction in GHG emissions by 2030.

##### Actions

The Group has developed a series of projects to approach climate target.

**Table 2. Key green initiatives in 2020-2024.**

Projects	Implementation Timeline					Results Achieved by the End of 2024
	2020	2021	2022	2023	2024	
Condensate/Cooling Water Recovery	●					Completed
Gradual Replacement of High-Efficiency Motors	●	●	●			Completed
Automatic Drain Valve Control	●					Completed
Wind Power Feasibility Analysis	●	●				Invested in a wind energy company in Ningbo.
Solar PV Installation	●	●	●	●	●	The solar PV capacity has reached 112.4 MW.
Integrated Post-Dyeing Washing & Drying		●				Completed
Renewable Electricity Trading		●	●	●	●	Renewable electricity accounts for over 60% of total consumption.
Replace Thermal Oil by Direct Combustion in the Finishing Process.			●	●	●	Completed
Green Factory Assessment					●	Completed

**Table 3. Key initiatives for 2025 and beyond.**

Project	T1 Factories	T2 Factories	Period
Process and Equipment Upgrades	●	●	2025-2030
Solar PV Installation	●	●	2025-2030
Renewable Electricity Trading	●	●	2025-2030
Coal Phase-out		●	2025-2030
Research on New Technologies	●	●	2025-2030



4.2 CLIMATE & ENERGY

4.2.1 Climate Action

Climate Action Performance in 2024

Scope 1 and Scope 2 Emissions

In 2024, through the implementation of the above projects, the Group achieved a significant GHG reduction of Scope 1 and Scope 2 to 965,694 tons of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e). This represents a 6% decrease compared to the previous year and a 16.8% reduction compared to the baseline year (2020), continuing to align with the Group’s SBT emission reduction pathway.

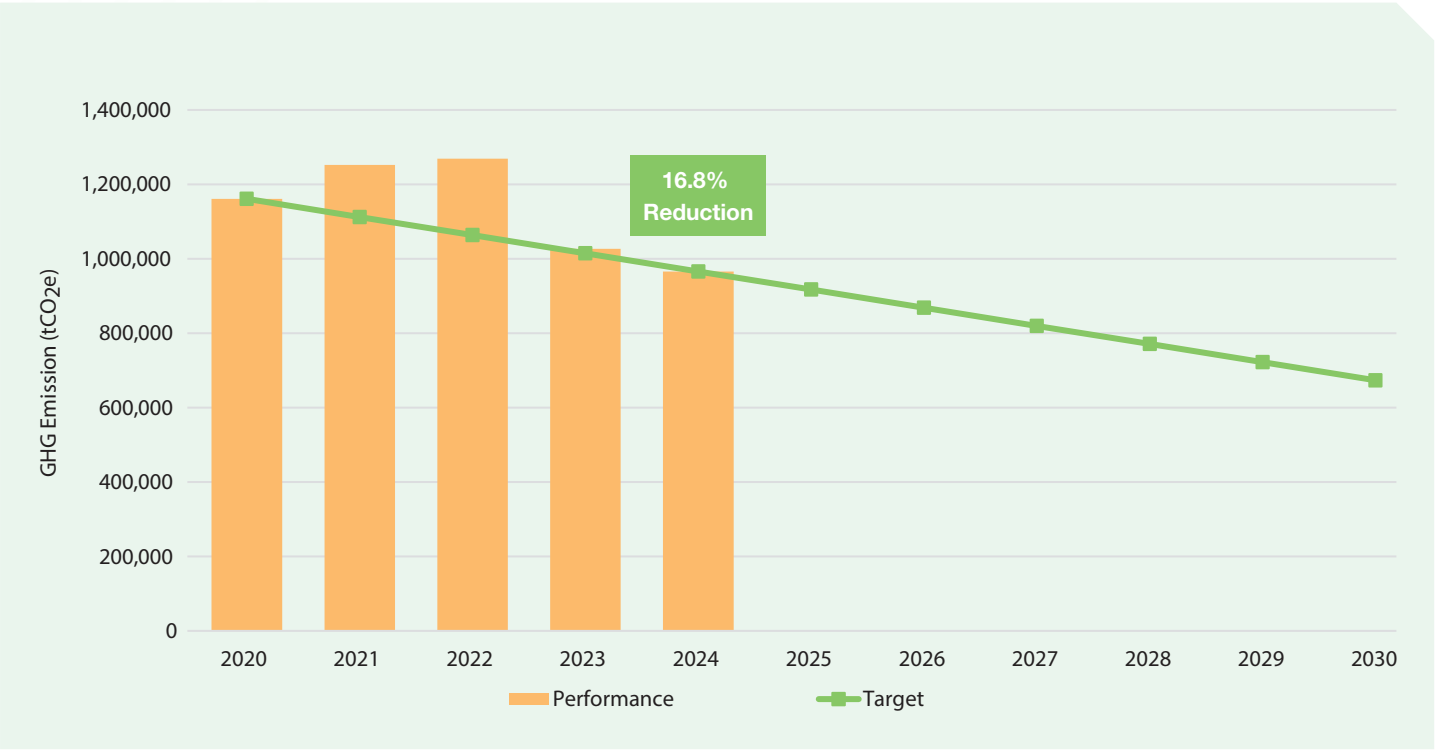


Figure 5. 2020-2030 GHG emission reduction pathway.

## 4.2 CLIMATE & ENERGY

### 4.2.1 Climate Action

Table 4. GHG emission of Scope 1 and Scope 2 in 2024.

Scope <sup>4</sup>	Metrics	Unit	2022 Emissions	2023 Emissions	2024 Emissions
Scope 1	Natural Gas	tCO <sub>2</sub> e	131,401	116,833	<b>119,876</b>
	Coal	tCO <sub>2</sub> e	418,458	418,070	<b>379,020</b>
	Biomass	tCO <sub>2</sub> e	0	695	<b>2,627</b>
	LPG	tCO <sub>2</sub> e	3,280	2,891	<b>3,533</b>
	Diesel	tCO <sub>2</sub> e	880	3,292	<b>3,293</b>
	Petrol	tCO <sub>2</sub> e	86	87	<b>134</b>
	Fugitive Emission	tCO <sub>2</sub> e	917	860	<b>*</b>
Scope 2	Purchased Electricity	tCO <sub>2</sub> e	452,872	226,960	<b>192,194</b>
	Purchased Steam	tCO <sub>2</sub> e	261,213	257,207	<b>265,017</b>
	Total	tCO <sub>2</sub> e	1,269,170	1,026,895	<b>965,694</b>
	Scope 1 and Scope 2 GHG emission Intensity	tCO <sub>2</sub> e/k pieces	2.57	2.52	<b>1.88</b>

\*Note: The estimated fugitive emission is less than 5% of the total Scope 1 and Scope 2 emission. According to SBTi Criteria and Recommendations – Version 4.0, companies may exclude up to 5 percent of scope 1 and scope 2 emissions combined in the boundary of the inventory and target.

During the reporting period, Shenzhou Group's total GHG emissions and GHG intensity decreased by 6% and 25%, respectively, compared to 2023. This was mainly attributed to the following factors:

- Implementation of energy-saving measures across production bases, including direct combustion for setting and drying machines, air-source heat pumps for hot water, green transportation, and daily leakage management;
- Continued increase in biomass to replace coal at the T2 Vietnam factory;
- Growth in the Group's solar PV capacity, leading to a rise in solar energy generation;
- Ongoing renewable power procurement, resulting in a reduction in carbon emissions from purchased electricity.

For detailed information on these projects, please refer to Chapter 4.2.2.

<sup>4</sup> The GHG emission factor is sourced from the latest guidelines from the International Energy Agency (IEA), while emission factors for other energy sources are referenced from the IPCC guidelines.



## 4.2 CLIMATE & ENERGY

### 4.2.1 Climate Action

#### Scope 3 – Value Chain Emissions

In addition to focusing on operational GHG emissions, the Group actively manages emissions across its value chain. Emissions across 15 categories under Scope 3 have been studied and analyzed, with applicability screening and simulation by averaging method. The preliminary distribution of Scope 3 emissions is as follows:

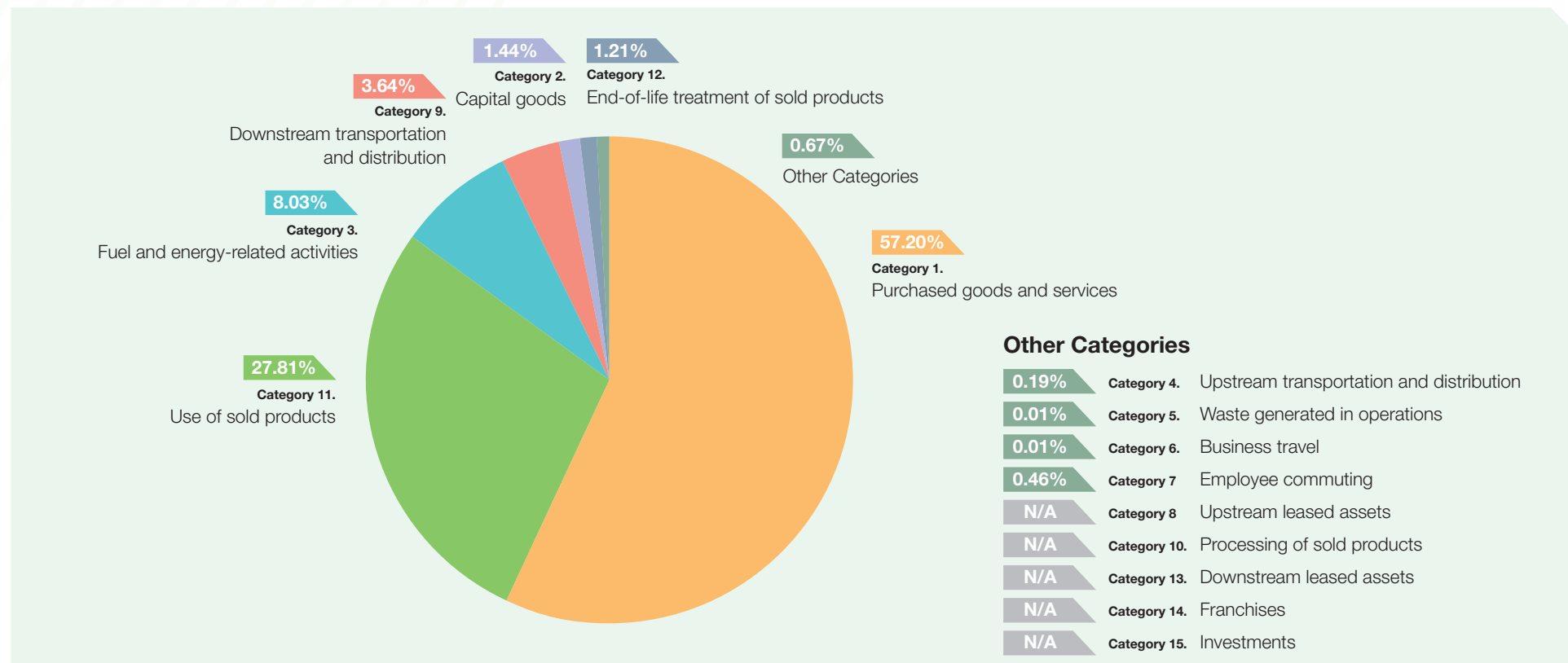


Figure 6. GHG emission of Scope 3.

The majority of Scope 3 emissions was contributed by the purchase goods and services. In 2024, the Group emphasized the importance and urgency of taking climate action to its suppliers. To enhance the data calibration and verification, the Group plans to conduct supply chain training in the next year to standardize the collection process and calculation of relevant data, providing more transparent and effective emission information across the supply chain.

## 4.2 CLIMATE & ENERGY

### 4.2.1 Climate Action

#### Life Cycle Assessment (LCA)

With the launch of the Digital Product Passport (DPP) regulations by the European Union, the apparel industry has placed significant emphasis on Life Cycle Assessment (LCA). Since 2023, the Group has collaborated with customers to conduct life cycle carbon footprint assessments for select products. These assessments adhere to the following standards:

- Environmental Management – Life Cycle Assessment – Principles and Framework (ISO 14040:2006)
- Environmental Management – Life Cycle Assessment – Requirements and Guidelines (ISO 14044:2006)
- Greenhouse Gases – Carbon Footprint of Products – Requirements and Guidelines for Quantification (ISO 14067:2018)

By the end of 2024, with the support from third-party and research teams, the Group has collaborated on three LCA projects with customers:

- Exploration and practice of carbon footprint assessment methodologies, covering resource consumption and waste generation during the manufacturing stage;
- Conducting a gate-to-gate assessment for a product in collaboration with a customer;
- Conducting a cradle-to-gate assessment for a product in collaboration with a customer, aimed at creating a zero-carbon sweatshirt.

Due to the involvement of customers and other partners, the specific names are not disclosed without their consent.

During the reporting period, the Group actively encouraged core suppliers<sup>5</sup> to reference the above ISO standards and systematically advanced product carbon footprint management. One of the yarn suppliers calculated the carbon emissions for original yarn, physically regenerated yarn, and chemically regenerated yarn. The results showed that the carbon footprint of chemically regenerated yarn was reduced by 71% compared to original yarn, while physically regenerated yarn reduced emissions by 83%.

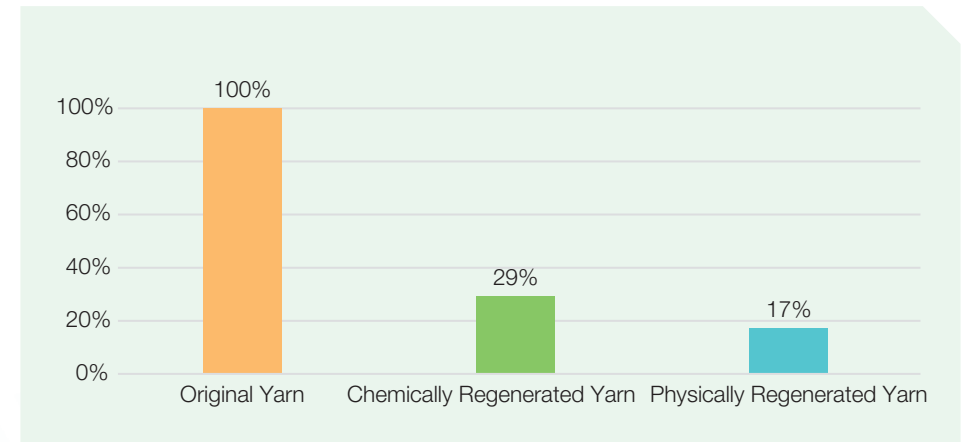


Figure 7. Comparison of life-cycle GHG emission of yarns.

<sup>5</sup> Core suppliers are distinguished vendors selected based on key factors including compliance, business capability, cost, delivery time, and quality.

## 4.2 CLIMATE & ENERGY

### 4.2.1 Climate Action

#### *Climate-related Risks and Opportunities*

In accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the Group comprehensively analyses and identifies climate-related issues that may pose challenges to our operations. At the same time, corresponding mitigation and adaptation measures have been implemented, which not only reduce risks and enhance business resilience but also create opportunities for development. The main climate-related risks and opportunities are as follows:

**Table 5. Climate-related risks.**

Risk Types	Risk(s)	Impact(s)	Measures from Shenzhou Group
<b>a. Transition Risks</b>			
Policy and Regulation Risk	Mandatory emissions disclosures and decarbonization targets	Authorities may require companies to provide more detailed GHG emissions data and climate action plans, increasing compliance costs.	Continual monitoring on relevant policy developments.
	Strengthened supply chain governance	International market regulations are more stringent, with growing attention to supply chains. The environmental impact may become a key factor in product market access.	Engage suppliers to disclose GHG emissions and prioritize sustainable materials.
Technology Risk	Green technology revolution	The adoption of low-carbon and energy-efficient technologies will significantly impact the industry, with companies excelling in energy efficiency and carbon performance gaining a competitive cost advantage.	Prioritize energy efficient and low-carbon technologies.
Market Risk	Changes in customer behavior	Climate risks and opportunities will manifest through changes in the supply and demand of products. Failure to adapt and provide the products and services customers require may impact our competitiveness.	Enhance product development capabilities.
Reputational Risk	Increased stakeholder concern or negative stakeholder feedback	Investors, customers, communities, and organizations are increasing their focus on our climate performance. If we experience an environmentally harmful incident, our reputation and market position will be affected.	Ensure environmental compliance and increase the transparency to the society.

Risk Types	Risk(s)	Impact(s)	Measures from Shenzhou Group
<b>b. Physical Risks</b>			
Acute Physical Risk	Increased frequency of extreme weathers	Frequent high temperatures and extreme weather events may lead to heatstroke and injuries among employees.	Strengthen heat protection measures in all production bases, including providing cooling facilities and enhancing trainings.
	Typhoon and floods	Factories in coastal areas are vulnerable to natural disasters such as typhoons and floods, which can affect employee attendance, facility operations, and logistics, resulting in reduced production or shutdowns. Additionally, fierce winds and floods may damage production and living facilities.	Conduct risk assessments in all production bases and develop emergency plans for natural disasters to improve disaster resilience.
Chronic Physical Risk	Long-term climate change	The global rise in average temperatures increases energy consumption in factories, while rising sea levels may make equipment more susceptible to flood damage.	The Group has committed to climate action with emission reduction targets and is taking actions to mitigate the climate change. Please refer to the next section for more details.

**Table 6. Climate-related opportunities.**

Opportunity Types	Opportunity	Impact(s)
Energy Resources	Transition to renewable energy	The Group encourages the use of renewable energy, such as solar and wind power. Renewable electricity now accounts for over 60% of our electricity consumption, helping reduce our carbon footprint and align with global climate change mitigation efforts.
Resource Efficiency	Use of high-efficiency equipment	Significant improvements in water and energy efficiency lower the operational cost.
Product Opportunities	Develop low-carbon and sustainable products	Developing new products and materials with lower environmental impact sets the Group apart from competitors and allows it to capture market share among environmentally conscious consumers.



## 4.2 CLIMATE & ENERGY

### 4.2.2

### Energy

By the end of 2024, all production bases have completed Energy Minimum Programs. Key measures include:

- Incorporate energy efficiency as a key consideration in the procurement of new equipment;
- Establish clear energy management structures and assigning responsibilities at all levels;
- Identify energy-consuming equipment for separate monitoring and targeted control;
- Strictly enforce daily management practices to prevent energy wastage;
- Actively research new technologies.

Each factory has a technical team to manage energy-related affairs, responsible for overseeing, driving, and implementing energy management projects.

Table 7. Energy consumption in 2024.

Metrics	Unit	2022	2023	2024
<b>Direct Energy Consumption</b>				
– Natural Gas	m <sup>3</sup>	62,328,319	55,334,300	<b>57,002,837</b>
– Biomass	ton	8,511	22,722	<b>85,829</b>
– Coal	ton	216,246	207,036	<b>187,698</b>
– LPG	ton	998	929	<b>1,135</b>
– Petrol	liter	138,242	140,513	<b>215,771</b>
– Diesel	liter	1,181,085	1,229,876	<b>1,230,359</b>
<b>Indirect Energy Consumption</b>				
– Purchased Electricity	kWh	735,120,983	391,907,262	<b>349,636,430</b>
– Solar Power Generation	kWh	19,818,923	52,528,059	<b>104,897,918</b>
– Purchased Green Electricity <sup>6</sup>	kWh	15,846,500	338,151,085	<b>441,286,000</b>
– Purchased Steam	ton	1,004,466	950,253	<b>1,058,844</b>
<b>Total Consumption Intensity</b>	<i>kWh/k pieces</i>	<i>7,777</i>	<i>8,430</i>	<b>7,412</b>

Energy consumption per unit of products improved to the optimal level of the past three years, contributed by the energy-saving initiatives and clean energy projects.

<sup>6</sup> The purchased green electricity includes offsite PPA (Power Purchase Agreement) trading and EACs (Energy Attribute Certificates)

4.2 CLIMATE & ENERGY

4.2.2 Energy

Case Studies in Green Initiatives

Case Study: Renewable Electricity

Through the application of solar PV generation, offsite PPA trading, and electricity attribute certificate trading, over 60% of the Group’s total electricity consumption in the reporting period was from renewable sources. Ten factories became 100% renewable electricity powered. This milestone highlighted the Group’s commitment to sustainability and GHG emission reduction goals.

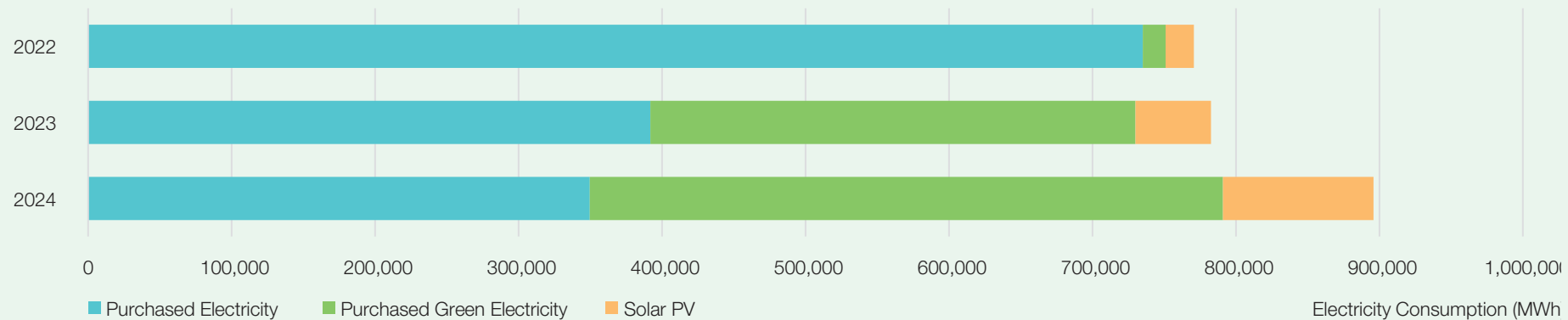


Figure 8. Electricity sources of Shenzhou Group.

Shenzhou Group has made continuous progress over the past five years in expanding its renewable energy capacity. By the end of 2024, the Group’s solar PV capacity reached 112.4 MW, with over 100,000 MWh of self-consumed solar energy, accounting for 12% of total annual electricity use. A factory now sources nearly 40% of its electricity from solar.

The Group also procured 32,580 MWh of green electricity via offsite PPA, a 17.7% increase from the previous year, and purchased 408,706 MWh of GEC (Green Electricity Certificate) and I-REC (International Renewable Energy Certificate).

Additionally, the Group invested in a wind farm in Ningbo in 2020 to secure priority access to green electricity trading.



Figure 9. Rooftop solar PV panels in Vietnam production base.

4.2 CLIMATE & ENERGY

4.2.2 Energy

Case Study: Coal Phase-out

As a key measure to achieve carbon reduction targets and optimize energy structure, the Group is committed to eliminating coal use within all production bases by 2030. T2 Vietnam factory is actively adjusting its energy structure to reduce reliance on coal. As shown in the following chart, during the reporting year, the factory significantly increased the use of biomass, with the coal replacement exceeding 30%, a remarkable improvement compared to the previous two years.

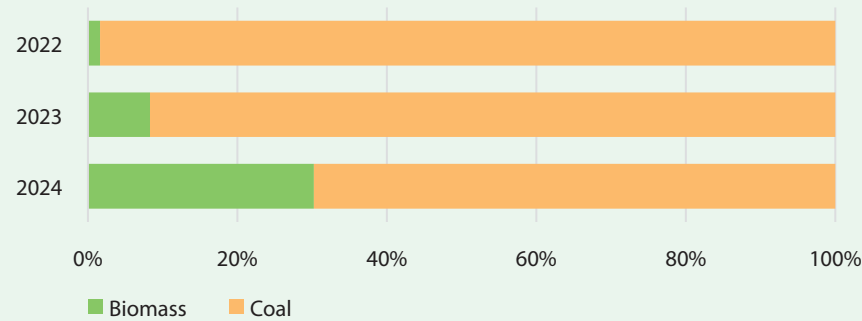


Figure 10. Energy structure changes at T2 Vietnam factory.

Case Study: Green Transportation

To further reduce carbon emissions from transportation, the Group continues to implement green transportation measures. The Group has electrified forklifts and AGVs in production bases, and encourages employees to switch to green commuting options, such as shuttle buses, metros, and carpooling.



Figure 11. AGVs in Ningbo production base.

## 4.3 NATURE

### 4.3.1

#### Plan

In compliance with laws and regulations concerning nature, Shenzhou Group has established a series of projects focused on water and air quality management.

*Table 8. Key initiatives for water, wastewater, and air in 2020-2024.*

Topics	Projects	Implementation Timeline					Results Achieved by the End of 2024
		2020	2021	2022	2023	2024	
Water	Condensed/Cooling Water Recycling	●					Completed
	Wastewater Pipelines Re-laying	●					Completed
	Cadira Dyestuff	●					Completed
	Continuous Wash-off Machine for Printing	●					Completed
	RO (Reverse Osmosis) Water Recycling System	●	●	●	●	●	Produced 4,305,211 tons of permeate water.
Wastewater	Wastewater Treatment Plant Upgrade	●	●				Completed
	FENTON Technology	●					Completed
Air	New Exhaust Gas Treatment Equipment	●	●				Completed
	Neutralization of NO <sub>x</sub>	●					Completed

In 2025, we will focus on the following areas:

- Advancement of the RO water recycling system;
- Ongoing attention to the water-efficient equipment;
- Adhere to compliance standards for wastewater and emission control.



## 4.3 NATURE

### 4.3.2

## Water Resource Management

### Water Efficiency Programs

Shenzhou Group continuously optimizes water efficiency through the following management measures:

- Implement water balancing assessments at production bases to monitor and analyze water usage accurately;
- Encourage production bases to pursue water-saving enterprise certification, enhancing water management practices through third-party standards.
- Promote technological upgrades to reduce freshwater consumption.

In addition, all production bases consistently execute the Leakage Management Program, incorporating self-inspection and routine monitoring systems to identify and address leaks promptly. The Group enhances employee awareness through targeted training programs, driving improved water efficiency and reducing resource waste across operations.

### Case Study: Resource Efficiency Assessment

During the reporting year, Vietnam base participated in a resource efficiency assessment organized by a customer and a third-party institution. Based on the results, we implemented improvements including tap upgrades, leak detection and repair, valve adjustments, and optimization of water usage in printing and washing processes.



Figure 12. A third-party staff conducting resource efficiency assessment.

### Water Risk Assessment

To comprehensively identify and address water risks, all production bases within the Group utilize the World Wildlife Fund (WWF) water risk assessment tool annually. This tool systematically evaluates physical, regulatory, and reputational risks associated with water resources.

The assessment results for the reporting period indicated that none of the locations are classified as high-risk areas (risk index  $\leq 3.4$ ). Over 70% of the production bases are categorized as either extremely low or low risk in terms of water availability (risk index  $\leq 2.6$ ), further demonstrating the Group's robust approach to water management.

### Recycling Water

The Group has installed RO water recycling system, with a daily capacity of 15,000 tons of permeate water. During the reporting period, the system produced 4,305,211 tons of permeate water, marking a 20.1% increase compared to the previous year. Furthermore, the Phase II of the RO project at T2 Vietnam factory was completed in 2024 and will be tested and commissioned in 2025.



Figure 13. RO water recycling system in Vietnam base.

## 4.3 NATURE

### 4.3.3

## Wastewater Management

Wastewater treatment facilities have been established across all production sites to ensure compliance with or exceedance of regulatory standards.

Chemical Oxygen Demand (COD) levels are maintained below 80 mg/L, with the internal control standard aiming to control it below 60 mg/L.

### ZDHC Testing

Every in-scope production bases undergo annual external wastewater assessments by ZDHC. In the reporting year, all of them maintained a 100% compliance rate with ZDHC standards.

Employees participated in multiple ZDHC training sessions held by third-party organizations, enhancing their expertise and ability of compliance in wastewater management.

### IPE Disclosure

The Group annually discloses environmental information through IPE, enhancing compliance and transparency in environmental management. As part of the Green Supply Chain (GSC) initiative, we implement the following measures via the IPE platform:

- Disclose Pollutant Release and Transfer Register (PRTR) data, Detox plans, and carbon management information, ensuring stakeholders have timely access to environmental data;
- Use the platform's environmental database to proactively identify and mitigate potential compliance risks;
- Facilitate environmental data monitoring and compliance verification from customers, meeting sustainability requirements across the supply chain.

### 4.3.4

## Air Emissions Management

The main air emissions, including sulfur dioxide (SO<sub>2</sub>), nitrogen oxides (NO<sub>x</sub>), and particulate matter (PM), are mainly emitted by boilers.

All boilers are equipped with real-time emission monitoring systems to ensure the exhaust gas meet legal requirements. In Vietnam base, the adoption of low-sulfur biomass has effectively reduced SO<sub>2</sub> emissions. Additionally, biomass boilers are now gradually being fitted with dust filtration systems.

## 4.3 NATURE

### 4.3.5

## Performance

Table 9. Water consumption, wastewater discharge, and air emission in 2024.

Category	Metrics	Unit	2022	2023	2024
<b>Water</b>	Total consumption	ton	30,627,512	32,517,559	<b>35,846,443</b>
	– Fresh water	ton	28,194,047	28,932,515	<b>31,541,232</b>
	– Recycled water	ton	2,433,465	3,585,044	<b>4,305,211</b>
	Consumption intensity	ton/k pieces	57.1	71.0	<b>61.4</b>
<b>Wastewater</b>	Total wastewater discharge	ton	20,163,460	23,146,012	<b>25,232,985</b>
	– Household wastewater	ton	/	2,756,180	<b>3,131,390</b>
	– Industrial wastewater	ton	20,163,460	20,389,832	<b>22,101,595</b>
	COD	ton	/	602.9	<b>773.6</b>
<b>Air Emission</b>	SO <sub>2</sub>	ton	231.88	138.5	<b>307.2</b>
	NO <sub>x</sub>	ton	90.89	115.8	<b>196.7</b>
	PM	ton	207.87	72.1	<b>236.8</b>

The total water consumption and wastewater discharge volume increased in the reporting period due to the increased production level. Meanwhile, the water consumption intensity in 2024 is 13.5% lower than that in 2023 due to the implementation of RO water recycling system.

The increased air emission level was driven by the rising consumption of biomass in Vietnam base.

# 4.4

## CIRCULARITY

### 4.4.1

#### Plan

The Group is dedicated to promoting a circular economy through innovative technologies, optimized resource management, and strengthened supply chain collaboration. Our plans are as follows:

Table 10. Circularity plans

Category	Plan(s)
Waste Management	<ul style="list-style-type: none"><li>Enhance the closed-loop recycling rate of textile waste</li><li>Achieve zero landfill in production processes</li></ul>
Packing Material Management	<ul style="list-style-type: none"><li>Promote recycling during production to reduce raw material consumption</li></ul>

Production bases have implemented the Waste Minimum Program and adopted a stringent management system for waste management:

- Precise classification:** Rigorous waste classification protocols are enforced to ensure efficient management and resource recycling.
- Safe storage:** Designated waste storage areas are established to ensure safe and compliant storage before disposal or recycling.
- Compliance oversight:** The Group conducts qualification audits of third-party waste disposal companies and verifies the waste treatment methods.

### 4.4.2

#### Waste Management and Treatment

##### Hazardous Waste

Hazardous waste includes used oil, waste light bulbs, and ink. In alignment with legal requirements and customer standards, there are designated areas for hazardous waste in all production bases. The transportation and disposal of hazardous waste are licensed and operated legally.

##### Non-Hazardous Waste

Non-hazardous waste includes fabrics, paper, plastic, domestic waste, food waste, and others. We prioritize accurate classification and efficient management to minimize waste and promote recycling.

Each factory has designated storage areas for non-hazardous waste, which is transported to specialized warehouses and then collected recycled by approved suppliers. Additionally, we actively promote internal waste recycling across the Group, reusing cartons, paper tubes, and threads bobbins, while waste plastics are recycled through our in-house plastic factory.



4.4 CIRCULARITY

4.4.2 Waste Management and Treatment

Waste Tiered Treatment

The Group promotes waste recycling, minimizes waste generation, and ensures proper disposal through a tiered waste management system as below:

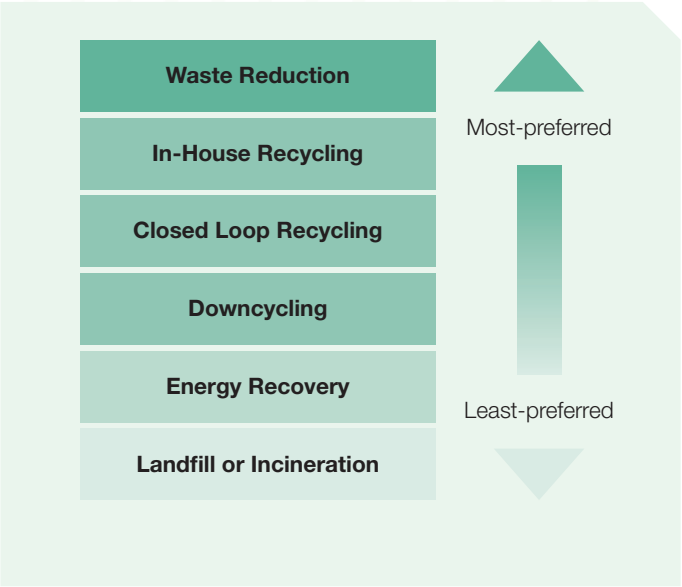


Figure 14. Hierarchy of waste treatment.

Case Study: Internal Recycling

The Group recycled four major waste categories within factories to optimize resource use and minimize waste. Cartons are reused for packaging and transportation, threads bobbins and paper tubes will be recycled between T1 and T2 production bases, while waste plastics are processed at owned plastic factory.





Category	From	To	Deliver to Use
 Cartons	Will be reuse within the factory's circulation		
 Thread Bobbins	Tier 1 Garment Factory	Tier 2 Fabric – Yarn Dyeing Workshop	Tier 1 Garment Factory
 Paper Tube	Tier 1 Garment Factory	Tier 2 Fabric (including knitting & finishing, and dyeing – both processes needed)	Tier 1 Garment Factory
 Plastic	All Factories	Owned Plastic Factory	Factory Production Lines for Packaging

Figure 15. Internal recycling process.

4.4.3 Packaging Materials

To fulfil sustainable packaging commitment, the Group actively explores eco-friendly or recycled materials to decrease reliance on plastic and traditional packaging.

We promote packaging reuse by optimizing design and enhancing material durability, extending packaging lifespan and further reducing resource consumption.

4.4 CIRCULARITY

4.4.4  
Circularity Scheme

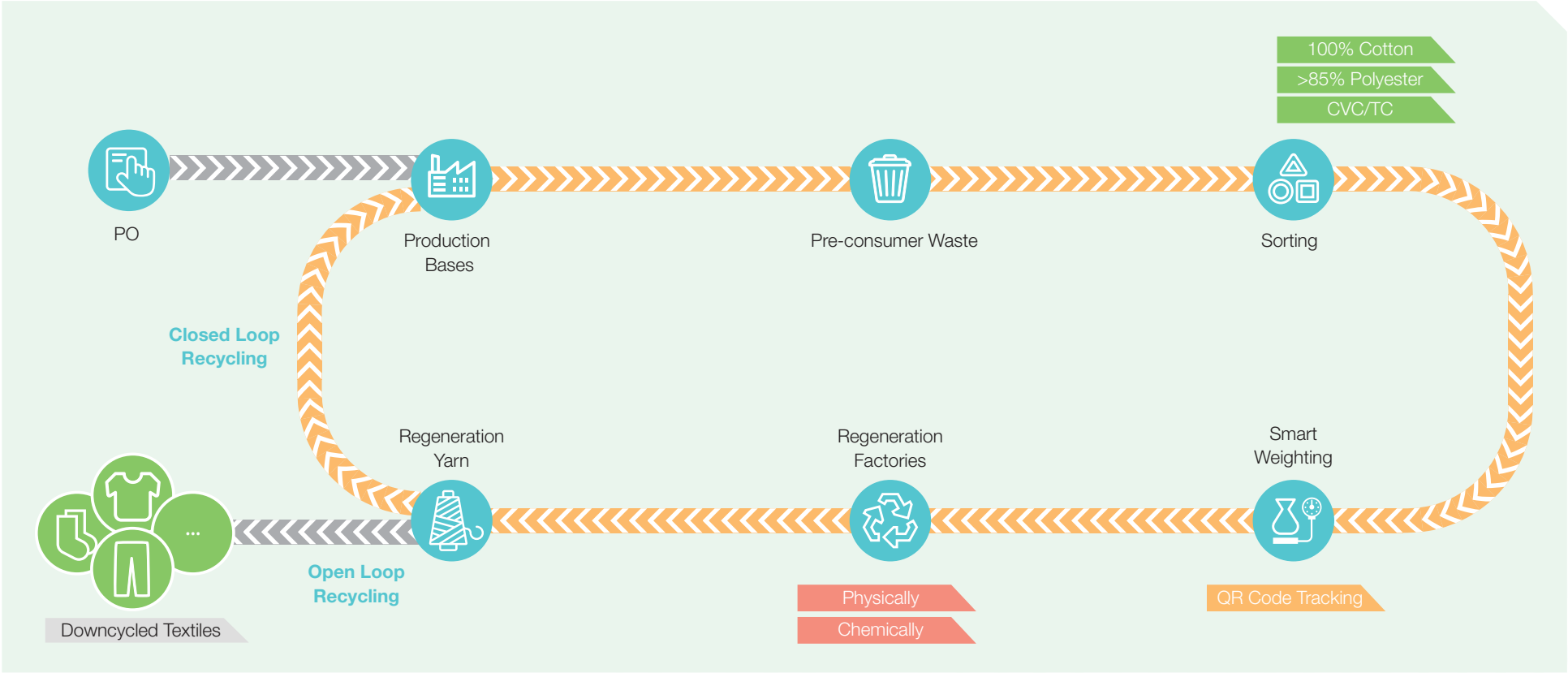


Figure 16. Open loop and closed loop recycling for textiles wastes.

## 4.4 CIRCULARITY

### 4.4.5

## Performance

Table 11. Waste generation and packaging material usage in 2024.

Category	Metric	Unit	2022	2023	2024
<b>Hazardous Waste</b>	Total hazardous waste	ton	1,698	1,643	<b>2,239</b>
	Hazardous waste intensity	kg/k pieces	3.44	4.03	<b>4.36</b>
<b>Non-Hazardous Waste</b>	Total non-hazardous waste	ton	162,885	155,058	<b>186,930</b>
	– Textiles waste	ton	61,149	60,110	<b>75,067</b>
	– Paper waste	ton	18,941	13,290	<b>18,278</b>
	– Plastic waste	ton	1,517	1,042	<b>1,284</b>
	– Domestic waste	ton	11,179	8,007	<b>8,402</b>
	– Food waste	ton		3,833	<b>4,329</b>
	– Others	ton	70,099	68,774	<b>79,570</b>
	Non-hazardous waste intensity	kg/k pieces	188.05	211.81	<b>363.63</b>
<b>Closed-Recycled Waste<sup>7</sup></b>	Total closed-recycled waste	ton	6,410	6,532	<b>5,605</b>
<b>Finished Products' Packaging Materials</b>	Total packaging materials	ton	34,010	29,986	<b>35,180</b>
	Packaging materials intensity	ton/k pieces	0.069	0.073	<b>0.068</b>

<sup>7</sup> Closed recycled waste includes cartons, threads bobbins, plastics and paper tubes.

# SOCIAL RESPONSIBILITY

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## 5 SOCIAL RESPONSIBILITY

Shenzhou Group upholds a “people-oriented” philosophy, recognizing employees as key stakeholders. This chapter highlights the Group’s efforts in talent management, gender equity, health and safety, chemical management, training, employee well-being, and community care. During the reporting period, all production bases passed third-party or customer social compliance audits. Key initiatives, including women empowerment, employee satisfaction surveys, and workplace facilitators, were successfully implemented, achieving 2025 targets ahead of schedule. Meanwhile, the Group continued to enhance health and safety management, improve working conditions, and strengthen community engagement.



Figure 17. A newly hired employee operates an embroidery machine after training.

## 5 SOCIAL RESPONSIBILITY

*Table 12. Social targets and performance.*

Targets	Target Year	Status	2024 Performance
<b>Women Leadership</b>			
All factories should roll out Women Leadership Program	2025	✓	100% factories implemented Women Leadership Program
<b>Employee Satisfaction</b>			
All factories should conduct Employee Satisfaction Survey	2025	✓	100% factories conducted Employee Satisfaction Survey
<b>Workplace Facilitator</b>			
All factories should have at least 1 % of their site workers nominated as the workplace facilitators	2025	✓	Over 1% of workers were nominated as the workplace facilitators
<b>Employee Health and Safety</b>			
Zero tolerance on major work-related injuries and deaths	Annually	✓	No major work-related injuries and deaths at all factories in the reporting period
All Tier1 factories should conduct Matured Safety Culture Program	2025	✓	100% factories conducted Matured Safety Culture Program
<b>Community Investment</b>			
All factories should roll out community care activities	Annually	✓	100% factories conducted community care activities in the reporting period

Note: ✓ Achieved ○ On track × Lag behind

## 5 SOCIAL RESPONSIBILITY

# 5.1

## SOCIAL MANAGEMENT

Shenzhou Group strictly complies with labor and human rights regulations, adhering to international guidelines, local laws, industry benchmarks, and customer's Codes of Conduct. Relevant legal frameworks and ethical guidelines include, but are not limited to, the Labor Law of the People's Republic of China, the Labor Code of the Socialist Republic of Viet Nam, the Labor Law of Cambodia, Laws on Prevention and Control of Occupational Diseases, Work Safety Laws, as well as ISO 45001:2018 Occupational Health and Safety Management System, customers' Codes of Conduct, and International Labor Organization (ILO) standards.

The Group also mandates strict compliance with the following policies for its production bases and suppliers, committing to eliminating any zero-tolerance violations:

- **Human Rights:** Uphold the rights of all employees, ensuring no discrimination, exploitation, forced labor, or child labor based on region, gender, ethnicity, age, sexual orientation, or other factors;
- **No Forced Labor:** Ensure all employment is voluntary, granting employees the right to resign freely, with zero tolerance for any form of forced labor;
- **Working Hours:** Comply with national labor laws, ensuring reasonable work schedules, proper overtime compensation, and a minimum of one rest day per week;
- **Legal Leave Entitlements:** Guarantee employees' rights to statutory holidays, annual leave, sick leave, and other special leave;
- **Fair Dismissal:** Implement lawful and just dismissal procedures to safeguard employee rights and grievance mechanisms;
- **No Child Labor:** Strictly prohibit the employment of individuals below the legal working age;

- **Freedom of Association:** Recognize employees' rights to join trade unions or other organizations and to engage in collective bargaining;
- **Fair Wage:** Ensure transparent, performance-based wage, preventing any form of wage discrimination;
- **Non-Discrimination:** Promote equal opportunities and an inclusive work environment, opposing all forms of discrimination;
- **Anti-Harassment:** Maintain a safe and respectful workplace, strictly prohibiting any form of harassment;
- **Health and Safety:** Ensure a work environment that meets occupational health and safety (HS) standards, minimizing hazards and promoting well-being.

The Group engages qualified third-party or second-party annually to conduct at least one labor and HS audit for all production bases, ensuring compliance with the latest standards. In 2024, 67 external social compliance audits<sup>9</sup> were conducted, with a first-time pass rate exceeding 98%. Factories have consistently maintained top-tier ratings in customer evaluation systems and actively implemented improvements based on audit recommendations.

As a strategic partner to customers, the Group focus on social compliance audits, employee engagement, women empowerment, workplace safety, and fair wage. The Group has consistently maintained high ratings in customer evaluations and held annual sustainability strategy discussions with customers.

<sup>9</sup> Social compliance audits include but are not limited to the SLCP (Social & Labor Convergence Program) tool, ILO's Better Work tool, ISO 45001:2018, code of conduct, and unannounced audits.

## 5.2 WORKFORCE

Shenzhou Group adheres to a management philosophy of comfort, efficiency, and de-skilling, striving to create a professional and diverse workplace. The Group fosters mutual growth between the company and its employees. Each production base tailors its approach to local cultures and market needs, implementing localization programs and providing employees with a stable, long-term development platform.

By the end of the reporting period, Shenzhou Group employed 102,690 people, with an average monthly turnover rate of 2.92%.

**Table 13. Workforce composition.**

Metrics		Unit	2022	2023	2024
<b>Total number of employees<sup>1</sup></b>		<b>Person</b>	<b>94,340</b>	<b>92,030</b>	<b>102,690</b>
By gender	Female	Person	68,198	66,575	<b>73,146</b>
	Male	Person	26,142	25,455	<b>29,544</b>
By age group	Below 20	Person	6,066	6,510	<b>7,989</b>
	21 to 30	Person	70,378	68,008	<b>75,004</b>
	31 to 40	Person	14,802	14,446	<b>16,164</b>
	41 to 50	Person	3,094	3,066	<b>3,533</b>
By contract type <sup>9</sup>	Short-term	Person	8,302	6,857	<b>8,535</b>
	Fixed-term	Person	70,264	66,886	<b>72,935</b>
	Permanent	Person	15,774	18,287	<b>21,220</b>
By education level	Junior high school and below	Person	69,406	65,855	<b>73,238</b>
	Senior high school and technical secondary school	Person	19,613	20,400	<b>26,885</b>
	Undergraduate and college	Person	5,283	5,725	<b>2,481</b>
	Postgraduate and above	Person	38	50	<b>86</b>
By region	Cambodia	Person	21,198	21,557	<b>24,961</b>
	China	Person	42,849	37,960	<b>41,319</b>
	Vietnam	Person	30,293	32,513	<b>36,410</b>

<sup>9</sup> 100% employees of the Group are full-time. Short-term refers to employees with formal contract less than one year, fixed-term refers to contracts more than one year and are subject to renewal according to the wish of the employers and employees, permanent refers contracts with no fixed term.

## 5.2 WORKFORCE

**Table 14. Employee turnover rate.**

Metrics		Unit	2022	2023	2024
<b>Overall turnover rate</b>		%	<b>3.44</b>	<b>2.87</b>	<b>2.92</b>
By gender	Female	%	2.41	2.13	<b>2.03</b>
	Male	%	1.05	0.83	<b>0.89</b>
By age group	Below 20	%	0.46	0.33	<b>0.45</b>
	21 to 30	%	1.72	1.39	<b>1.37</b>
	31 to 40	%	0.96	0.96	<b>0.87</b>
	41 to 50	%	0.25	0.22	<b>0.20</b>
	Above 51	%	0.06	0.07	<b>0.04</b>
By region	Cambodia	%	3.80	2.84	<b>3.30</b>
	China	%	3.35	2.79	<b>2.69</b>
	Vietnam	%	3.33	2.94	<b>2.91</b>

Through continuous improvements in the work environment and employee well-being, the Group has maintained an average monthly turnover rate below 3% over the past two years. For detailed well-being projects, please refer to the following sections.



## 5.3 EQUITY AND FAIRNESS

Shenzhou Group is committed to fostering a diversity, equity, and inclusion (DEI) work environment, ensuring employees reach their full potential in DEI environment. Key initiatives include:

- Actively promoting gender equity and women leadership empowerment, while providing equal career development opportunities for special groups;
- Establishing a fair and transparent wage system, ensuring employees are rewarded equitably based on their contributions and abilities;
- Actively supporting employee representative programs, respecting and empowering employees at all levels.

### 5.3.1

## Gender Equity (GE)

Shenzhou Group integrates gender equity perspectives into recruitment, wage, benefits, and career development, guided by the continually updated Gender Equity Playbook. The Group actively works to eliminate unconscious bias and gender discrimination, ensuring equal opportunities for all employees and encouraging diverse voices to be heard and respected.

To prevent gender discrimination and harassment, production bases have established comprehensive policies and grievance mechanisms to safeguard employees' rights.

With support from customers and third-party organizations, all production bases have launched GE programs, organizing regular training and evaluations. These efforts promote the implementation of GE policies, improve gender balance at all levels, and ensure equal employment opportunities for gender in specialized roles.

Referencing the CEDAW, SDGs, the UN Global Compact, ICRW, ILO, and law and regulations on women's rights protection.

### External Playbooks

Textile Industry - GE playbooks  
Customers - GE playbooks

### Internal Playbooks

Shenzhou - GE playbook

### Assessment Tools

- External: SDT, GPPM, GE, GBVH, Satisfaction Surveys
- Internal: GE Assessment Scorecard, Satisfaction Surveys

### Assessment Modules

GE commitment and policies, workplace respect, recruitment and employment career development and skills training, employee evaluation and promotion, fair wage, GBVH, dual-income family support, employee voice, HS, women's leadership and skills, key positions.

### 100% Coverage

All T1 factories participated in GE and completed the annual assessment.

### 100% Critical Enabler Completed

4% ↑ vs 2023: result calibrated by customers

### 5% ↑ vs 2023

Promotion and empowerment of women in key positions

### 4% ↑ vs 2023

Annual satisfaction survey

**CEDAW:** the Convention on the Elimination of All Forms of Discrimination Against Women

**ICRW:** the International Center for Research on Women

**SDT:** Self-Diagnosis Tool

**GPPM:** Gender Policy and Practice Maturity

**GBVH:** Gender-Based Violence and Harassment

Figure 18. Gender equity references and tools.

## 5.3 EQUITY AND FAIRNESS

### 5.3.2

### Women Leadership and Empowerment

Shenzhou Group fosters women leadership by integrating skills like collaboration, emotional intelligence, and crisis management into decision-making, enhancing market adaptability and competitiveness through a gender-diverse leadership team.

With guidance from customers and third-party tools, employees have enhanced their awareness of self-protection and rights through in-person and online training on sexual

harassment prevention. During the reporting period, no harassment cases were reported by employees.

Factories have implemented multi-level capacity-building programs for female leaderships, including the third phase of the Women Leadership Accelerator Program, in collaboration with customers and the International Finance Corporation (IFC), along with management skills development plans. Over 10 female leaderships participated in advanced training during the reporting period.

### 5.3.3

### Support for Special Groups

To foster a DEI culture, the Group have implemented various measures to support special groups, including but not limited to:

- **Older Employees:** Offering flexible work arrangements and adaptable positions;
- **Disabled Employees:** Providing diverse communication methods and professional training;
- **Pregnant and Nursing Employees:** Establishing dedicated maternity and nursing rooms, while safeguarding national entitlements;
- **New Employees:** Offering adaptation courses and living facilities;
- **Dual-Income Families:** Introducing family-friendly policies to support work-life balance.

During the reporting period, all production bases collaborated with local healthcare institutions to promote health check programs over 10 sessions covering screening and examinations of women health, chronic disease, and others.

#### Case Study: Women Empowerment Programs

In 2024, the Vietnam production base organized events such as Sing for Shine, Female Role Models, and Miss Ao Dai.



Figure 19. Miss Ao Dai, an event showcasing the local costume, inspired female employees. Vietnam production base organized “Miss Ao Dai” to promote the cultural significance of the traditional costume Ao Dai.

## 5.3 EQUITY AND FAIRNESS

### 5.3.4

### Fair Wage

Shenzhou Group is committed to maintaining a fair and transparent wage system, ensuring that employee income levels across regions meet or exceed local living standards.

- The Group's wage system is based on employees' responsibilities and performance, ensuring fairness, equity, and transparency. During the reporting period, there was no significant wage gap between male and female employees in the same roles.
- All production bases have fully implemented the Electronic Payroll System, ensuring accuracy and efficiency.
- Factories regularly conduct wage reviews based on local market research and third-party platform data. During the reporting period, wages were adjusted upwards by approximately 10%.

Referencing the Global Living Wage Coalition (GLWC), by the end of the reporting period, the wage levels in the factories located in Cambodia, China, and Vietnam were 5%-30% higher than the local average, demonstrating

strong market competitiveness. Employee satisfaction surveys revealed that over 90% of employees felt their current income met their family's financial needs.

### 5.3.5

### Employee Dialogue and Employee Representatives

Shenzhou Group encourages and requires all production bases to establish efficient and transparent communication platforms, implementing employee dialogue mechanisms. Each factory elects employee representatives and regularly organizes management dialogues, creating diverse communication channels to ensure every employee's voice is heard and all concerns are addressed promptly. Employee dialogue focuses on:

- Wage and benefits
- Career development
- Health and safety
- General enquiries

Production bases conduct satisfaction surveys annually to evaluate employee representatives, assessing quality, feedback, and effectiveness of solutions provided.

During the reporting period, over 3% of employees (as a proportion of the total workforce) served as employee representatives or on-site facilitators, actively assisting in driving various initiatives.

#### Case Study: Employee Representatives and Feedback

A factory in Ningbo, with a total workforce of approximately 4,000, there are 63 employee representatives, covering various gender, age, and tenure groups. Over the past five years, the factory has received an average of around 200 feedbacks from employee annually, with an effective resolution rate of over 90%. In 2024, employee feedback and communication methods were distributed as follows:

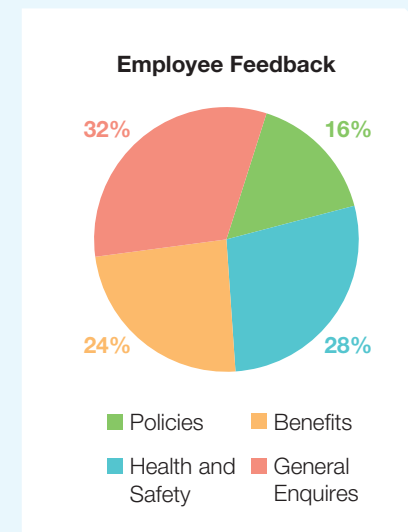


Figure 20. Employee feedback topics.

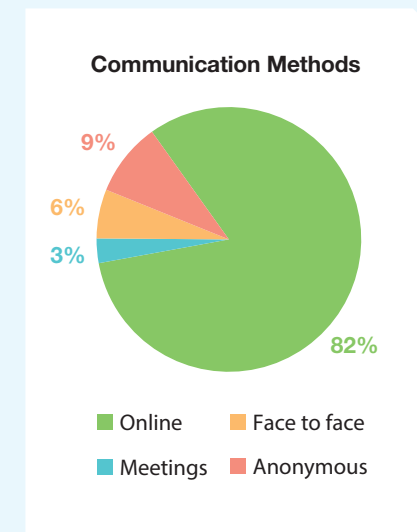


Figure 21. Feedback channels.

## 5.3 EQUITY AND FAIRNESS

### 5.3.5 Employee Dialogue & Employee Representatives

#### Case: Family-Friendly Factories (FFF)

In alignment with the International Labor Organization's Workers with Family Responsibilities Convention and the UNICEF Family-Friendly Policies, and recognizing that a majority of female employees are in the stages of marriage or childcare, family-friendly work environments is essential for manufacturing factories. These efforts safeguard the rights of female employees, enhance economic empowerment, and foster an inclusive and supportive workplace atmosphere.

During the reporting period, one of the Group's garment factories participated in the Family-Friendly Factory (FFF) program, advancing through four key steps:

- **Baseline Research:** Engaging a third-party evaluation to assess the current status and identify key areas for improvement;
- **Specialized Training:** Providing training at different employee levels to enhance awareness and practical abilities;
- **Improvement and Optimization:** Updating the work environment and management systems based on expert recommendations;
- **Ongoing Progress:** Conducting regular assessments to ensure the further implementation and enhancement.

As a result of the project, the factory achieved several outcomes:

- **Training Coverage:** Over 81% completion rate for the relevant online trainings;
- **System Optimization:** Updated the New Mothers and Pregnant Women Protection Program, further improving maternity leave, nursing leave, and childcare leave policies;
- **Labor-Management Dialogue and Reduced Turnover:** Expanded employee representative participation and strengthened communication mechanisms; employee turnover decreased by 29% compared to the pre-program level;
- **Employee Family Support:** Introduced holiday childcare services to support dual-income families; optimized policies for migrant workers' children to ensure educational access.

Additionally, the factory has shared its experiences with the industry, promoting the collective improvement of employee satisfaction.



Figure 22. A community summer school is open to our employees.

## 5.4 OCCUPATIONAL HEALTH AND SAFETY

Shenzhou Group is committed to creating a healthy and safe working environment. Each factory has established a dedicated Health and Safety Committee, managed by occupational health experts and specialized personnel. Safety is assured through rigorous risk assessments, safety inspections, and environmental monitoring, while equipment and operational processes are continuously optimized. Factories are equipped with advanced protective equipment and regularly conduct safety training and health screenings to enhance safety awareness and self-protection capabilities of employees.

### 5.4.1

#### Occupational Health and Safety (OHS) Management

OHS management is not only a regulatory requirement but also an integral part of daily operations, involving everyone from senior leadership to frontline employees. Through comprehensive management and professional development, the Group ensures that employees collaborate in creating a safe and healthy working environment. Key initiatives include:

- Senior Management:** In collaboration with the Institution of Occupational Safety and Health (IOSH), the Group has promoted a Transformational Leadership Program (TLP), involving senior management across various sectors such as business, manufacturing, finance, operations, and supply chain. Through systematic training and in-depth exchanges, the program aims to enhance the Group's strategic understanding of OHS.
- Production Bases:** The safety management systems of factories are reviewed and optimized in partnership with leading international organizations, third-party audits, and IOSH assessments. Advanced tools, such as the Royal Society for the Prevention of Accidents (RoSPA) evaluation and Culture of Safety Maturity Assessment (CoSMA), are employed to strengthen safety culture through management commitment, organizational structure, and system processes, while ensuring compliance with local regulations.
- Dedicated Health and Safety Personnel:** In cooperation with international organizations like IOSH and local bodies such as the Textile, Apparel, Footwear & Travel Goods Association in Cambodia (TAFTAC), the Group regularly conducts specialized training and drills on first aid, industrial hygiene, and occupational diseases. This training aims to ensure that health and safety personnel are well-equipped to address the various challenges in OHS.

In 2024, 4 garment factories within the Group passed the RoSPA assessment with silver award. Additionally, all factories successfully completed the CoSMA, as well as a comprehensive upgrade of their health and safety management systems.



## 5.4 OCCUPATIONAL HEALTH AND SAFETY

### 5.4.2

### Healthy and Safe Workplace

The Group is committed to protecting employee health and ensuring production stability. All factories promote a safety culture, maintain compliance, and conduct regular inspections. Ongoing risk assessments and safety training improve awareness, while digital technology enhances risk forecasting and management.

#### *Risk Management*

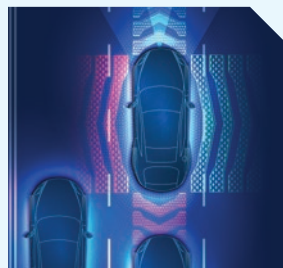
Each factory implements the LEC (Likelihood, Exposure, and Consequence) management tool to effectively assess and classify potential risk in the work environment, including machinery, chemicals, fire safety, commuting safety, and building safety. Immediate prevention is applied to low-risk hazards, while corrective measures are developed for medium to high-risk hazards, strengthening training and monitoring systems. This ensures stable production, reduces employee injury and occupational illness risks, and minimizes the losses caused by safety issues.

The security center has established multiple specialized teams, including an emergency command team, patrol teams, fire teams, and security teams. Through a tiered inspection management system involving the Group and factories, a Factory Safety Day event is held monthly, with factory management, and employee representatives participating. This event optimizes safety inspection processes, identifies and reduces onsite risks from diverse perspectives. Additionally, the Group has digitized security and fire safety management through IT teams, promoting the digitalization of inspections, corrective actions, Standard Operating Procedures (SOP), and employee training, while making safety information publicly available to employees to enhance transparency and participation.

During the reporting period, the intelligent management system has been implemented across production bases, with over a hundred SOPs updated to the platform. Employees have completed more than 30 training sessions, accumulating a total of 700,000 training hours.



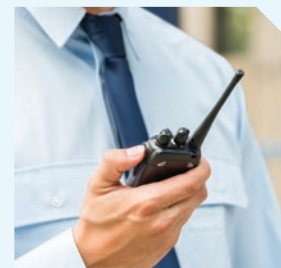
**Emergency  
Command Team**



**Patrol Team**



**Fire Team**



**Security Team**

Figure 23. Risk management teams.

## 5.4 OCCUPATIONAL HEALTH AND SAFETY

### 5.4.2 Healthy and Safe Workplace

#### Machine Safety

As automation advances, increasing machine complexity and operational challenges necessitate rigorous safety measures. To address these risks, all production bases implement comprehensive machine safety management, preventive maintenance, and specialized training programs.

**Certified Personnel:** Machine safety managers obtain CMSE (Certified Machinery Safety Expert) certification through collaboration with Pilz, ensuring compliance with regulatory standards and enhancing equipment reliability. Regular technical exchanges contribute to local capacity building and workforce development.

**Risk Assessment and Lifecycle Management:** The Machine Risk Assessment (MRA) framework is applied throughout the machine lifecycle, covering design, procurement, commissioning, operation, and decommissioning. Medium- and High-Risk Machines are identified and classified under the Critical Machine Management List, requiring certified personnel for operation.

- **New-introduced Machine:** Subject to preemptive risk control measures in collaboration with suppliers, ensuring compliance with internationally recognized safety standards such as CE report, ISO 12001, and ISO 60204;
- **Existing Machine:** Managed through a structured risk assessment process, integrating MRA findings with hazard identification protocols and SOPs to ensure safe working conditions.

During the reporting period, all new-introduced machines underwent stringent safety performance evaluations, while targeted risk mitigation strategies for medium- & high-risk machines further reinforced operational safety and stability, maintaining 100% compliance with machine safety standards.

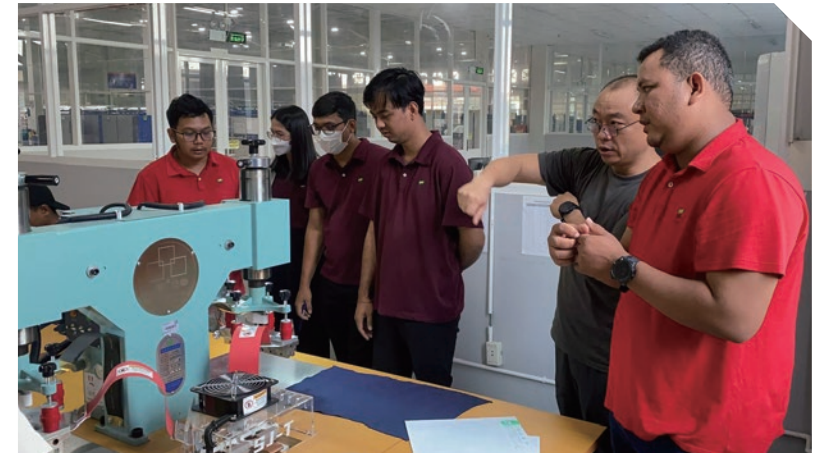


Figure 24. Machine safety training in Cambodia production base.

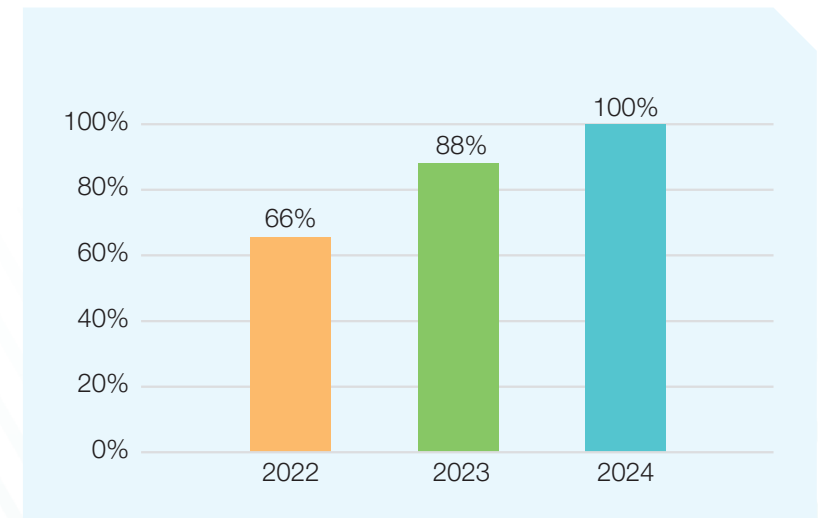


Figure 25. Machine safety management roadmap.

## 5.4 OCCUPATIONAL HEALTH AND SAFETY

### 5.4.2 Healthy and Safe Workplace

#### Fire Safety

The Group maintains a fire safety management system and enforces emergency response protocols, focusing on machine monitoring, chemical management, training, and drills.

To prevent fire risk and implement effective emergency response:

- A dedicated fire management system is in place, with trained fire personnel and designated fire safety officers at each factory.
- All functional teams and production bases strictly adhere to fire control, flammable and explosive materials management, Hot Work regulations, and mandatory fire safety training and drills;
- Recognizing the high proportion of female employees, the factories have established female fire teams, fostering engagement and leveraging their unique strengths in workplace safety initiatives.



Figure 26. Fire drill at Anhui production base.

In 2024, the Group conducted over 80 fire drills, with more than 300,000 participants across both production and residential areas.

#### Case Study: Workplace Safety Facilitators

In alignment with customer requirements and the Fair Labor Association (FLA) safety program guidelines, the Group was committed to ensuring that by 2025, all factories maintain a workplace safety facilitator ratio exceeding 1%. They promote safety awareness, conduct training, and organize fire safety drills to enhance awareness.



Figure 27. A workplace safety facilitator is conducting on-site training.

The initiative has been systematically implemented through three key steps:

- **External Certification Training:** Designated factory personnels undergo professional safety training and certification to align with standards;
- **Internal Facilitator Development:** Employees voluntarily enroll in structured training led by certified personnels, completing monthly safety courses and periodic evaluations to reinforce expertise;
- **Comprehensive Safety Courses:** Facilitators integrate safety training into daily operations through knowledge assessments, practical hazard identification exercises, and interactive evaluations.

At the end of the reporting period, all production bases met the 1% safety facilitator target, with cumulative training participation exceeding 100,000 employees.

## 5.4 OCCUPATIONAL HEALTH AND SAFETY

### 5.4.2 Healthy and Safe Workplace

Commuting safety is a critical factor affecting employee health and well-being. The Group recognizes the challenges associated with commuting, which are influenced by local traffic conditions, infrastructure, and the safety of employees' primary modes of transportation. In consideration of local customs and commuting habits, factories have implemented a series of safety management measures:

- **Safe Shuttle Services:** All factories production bases provide free shuttle services with optimized stops to ensure efficient and safe transportation. Additional holiday routes accommodate employees' travel needs during breaks. All vehicles comply with safety standards, and drivers undergo professional training to mitigate commuting risks.

- **Infrastructure Enhancements:** Internal traffic environments have been improved through optimized parking facilities, pedestrian-vehicle separation measures, clear safety signage, and designated parking zones for specific employee groups to ensure orderly and safe movement.
- **Safety Awareness Initiatives:** Regular traffic safety training sessions are conducted to enhance employee awareness. Additionally, free and certified helmets are offered to encourage proper use, to reduce the risk of commuting-related accidents.

During the reporting year, the Group's Vietnam factory implemented a comprehensive upgrade to commuting safety management, reinforcing awareness across all levels, from senior management to frontline employees. Key measures include:

- Conducting company-wide commuting safety training to enhance employees' risk identification and response capabilities;
- Performing regular maintenance and inspections on commuting vehicles to ensure compliance with safety standards;
- Establishing detailed commuting safety regulations and forming an emergency response team to improve accident management and emergency preparedness.



Figure 28. Shuttle buses in Ningbo production base.



### Occupational Injury and Health Management

The Group prioritizes the identification and control of medium- & high-risk operations, implementing proactive emergency mechanisms to strengthen employees' protective awareness and response capabilities. Efforts include optimizing production processes, improving manufacturing technologies, and introducing ergonomically designed workstations. Additionally, factories have enhanced their emergency management systems and infrastructure by equipping workplaces with automated external defibrillators (AEDs) and establishing partnerships with local medical institutions to ensure rapid emergency response.

The Group has maintained zero fatal work injuries for consecutive years. During the reporting period, the lost-time injury and illness rate was 0.234 (calculated per 200,000 working hours).

### Case Study: Workplace Safety Facilitators

The General Manager of the Vietnam production base engaged with employees to discuss the importance of workplace safety, emphasizing that safety is not only fundamental to operations but also a shared responsibility. He encouraged employees to lead by example, strictly adhere to safety protocols in daily tasks, and proactively identify and mitigate potential risks to foster a strong safety culture.



Figure 29. Safety commitment from leadership to frontline.



## 5.4 OCCUPATIONAL HEALTH AND SAFETY

### 5.4.3

### Chemical Safety Management

With stricter regulations and compliance demands, effective chemical management is essential for stable production, legal operations, and safe disposal of chemical waste. It reduces health risks to employees, minimizes hazardous emissions, and mitigates potential impact to consumers.

#### Input Management

Shenzhou Group enforces strict control over chemical inputs by selecting environmentally compliant suppliers. All purchased dyes and auxiliaries adhere to relevant regulations and production requirements. We implement a green procurement policy, maintains a comprehensive chemical inventory, and ensures compliance with the ZDHC Manufacturing Restricted Substances List (MRSL). Priority is given to certified, eco-friendly chemicals. Factories disclose chemical performance via the BVE3 platform and continuously monitor MRSL compliance, obtaining ZDHC-certified InCheck reports.

During the reporting period, MRSL Level-3 compliance exceeded 90%, and fabrics are certified with OEKO-TEX® STANDARD 100.

#### Process Management

Shenzhou Group has implemented a systematic internal chemical management framework to ensure compliance with relevant standards:

- All chemical packaging and use sites are labeled with detailed Material Safety Data Sheets (MSDS) in local languages, ensuring employees understand potential risks and emergency response measures;
- Chemicals are stored based on their types and hazard levels, with a reasonable inventory level to prevent expiration or damage;
- Regular safety training and emergency drills are conducted. In 2024, over 15 emergency drills were organized, with more than 50 dedicated personnel undergoing external professional training;
- Qualified third parties conduct annual audits covering regulatory compliance, the Chemical Inventory List (CIL), InCheck report verification, procurement safety, on-site management, employee training, and emergency response. In 2024, all factories passed external audits with no zero-tolerance or major issues. Chemical management scored above the industry average level in Higg FEM assessments.

#### Output Management

**RSL Management** – Shenzhou Group enforces the Restricted Substances List (RSL) management at the output stage and align with industrial hygiene guidelines. All materials for production must pass the RSL testing, ensuring compliance with international environmental standards. Materials that fail RSL testing must undergo corrective actions and retesting before use. In 2024, no violations were identified by random customer inspections.

**ZDHC Wastewater Management** – All applicable factories undergo semi-annual ZDHC wastewater testing, with a minimum interval of three months. In 2024, all applicable factories met the Foundational Level requirements. To uphold industry standards, factories continue using the IPE platform for proactive disclosure of environmental compliance and supply chain emissions monitoring.

Additionally, performance data is available on the ZDHC Gateway, maintaining transparency with customers. Factories participate in various ZDHC initiatives, including InCheck reports for MRSL compliance, ZDHC wastewater testing programs, and Supplier To Zero for chemical management.

#### Supply Chain Collaboration

Suppliers play a critical role in chemical safety management. Through regular collaboration across the supply chain, Shenzhou Group stays informed on industry developments and regulatory updates, ensuring compliance and environmental sustainability. This proactive approach enhances chemical safety and promotes eco-friendly practices throughout the supply chain.

# 5.5

## EMPLOYEE DEVELOPMENT AND WELL-BEING

In response to growing industry awareness, market shifts, and increasing consumer emphasis on sustainability, companies must prioritize employee well-being and mental health alongside productivity and innovation. For the apparel industry, attracting and retaining talent, as well as enhancing workforce stability, are essential for sustainable long-term growth.

### 5.5.1

## Career Development

### Recruitment

Shenzhou Group attracts talents through diverse channels, including online recruitment, university-industry partnerships, employee referrals, and industry events. The recruitment focuses not only on technical skills and experience but also on cultural fitness and teamwork, ensuring that new hires integrate quickly and contribute to the company's long-term success.

The Group has strategic partnerships with over 30 renowned universities, regularly inviting students to visit and engage with operational teams.

### Training and Exchange

To adapt to technological advancements and evolving market needs, the Group continuously enhances employee skills. Tailored training programs are offered across different levels and positions, covering areas such as production processes, quality control, machine operation, personal development, and safety education. Training effectiveness is regularly evaluated, and adjustments are made based on feedback.

During the reporting period, the Group delivered a total of 2,687,876 training hours, with a total attendance of 1,122,359 participants.

The Group has continued to organize exchange programs for outstanding employees from the Cambodia and Vietnam production bases to China over the past two years. During the reporting period, more than 30 employees from various positions participated. In addition to factory tours and professional discussions, team-building activities were also arranged, effectively enhancing mutual recognition and cohesion between the teams.



Figure 30. The team-building activity during the exchange program.

## 5.5 EMPLOYEE DEVELOPMENT AND WELL-BEING

### 5.5.1 Career Development

Table 15. Employee training hours.

Metrics		Unit	2022	2023	2024
Percentage of trained employees		%	100%	100%	<b>100%</b>
Total training hours		Hours	1,713,861	4,735,675	<b>2,687,876</b>
By gender	Female	Hours	1,168,987	3,841,175	<b>1,632,354</b>
	Male	Hours	544,874	894,500	<b>1,055,522</b>
By position	Senior Management	Hours	3,583	1,555	<b>194</b>
	Junior Management	Hours	111,641	1,374,120	<b>101,574</b>
	Others	Hours	1,598,637	3,360,001	<b>2,586,108</b>
Average training hours per full-time employee		Hours/employee	18.2	51.5	<b>26.2</b>
By gender	Female	Hours/employee	17.1	57.5	<b>22.7</b>
	Male	Hours/employee	20.8	35.1	<b>35.2</b>
By position	Senior Management	Hours/employee	/	103.7	<b>8.1</b>
	Junior Management	Hours/employee	/	298.7	<b>16.0</b>
	Others	Hours/employee	/	38.4	<b>26.7</b>

## 5.5 EMPLOYEE DEVELOPMENT AND WELL-BEING

### 5.5.1 Career Development

#### Case: “Qingmiao Plan” – Building a High-Quality Management Talent Pipeline

The Group initiated the “Qingmiao<sup>10</sup> Plan” in 2024 to cultivate high-potential talent with innovative thinking and management capabilities, aiming to develop the next generation of leaders for enhanced production management.

- **Recruitment:** High-potential candidates are selected through multi-channel recruitment and MBTI personality testing.
- **Training System:** A theoretical and practical learning combined training program is designed to ensure high-quality delivery.
- **Assessment:** Monthly evaluations, mentor feedback, and team leader assessments are carried out to track and optimize development progress.
- **Cultural Integration:** The training program also focuses on corporate culture.

#### Curriculum and Incentive System

- The 6-month program integrates theory and practice. The theoretical training covers 9 key areas and 73 courses, while practical training focuses on production processes of typical styles.
- Management level will be involved in training programs. Incentive mechanism encourages senior supervisors to enhance teaching quality.
- Cambodia and Vietnam exchange programs are fairly open to each candidate.

During the reporting period, the total training hours for the Qingmiao Plan exceeded 10,000 hours, with more than 50% of trainees progressing to the next stage through rotation learning and team leader roles.



Figure 31. Orientation of Qingmiao Plan.

<sup>10</sup> Qingmiao means young talent in Chinese



## 5.5 EMPLOYEE DEVELOPMENT AND WELL-BEING

### 5.5.2

### Employee Well-Being

Shenzhou Group is committed to improving employee work and life quality, actively investing infrastructure and community for long-term development.

#### Employee Welfare

All factories strictly adhere to local laws and regulations, ensuring timely payment of social insurance and Housing Provident Fund in accordance with local requirements, providing employees with comprehensive social security. Insurance coverage includes medical, work injury, pension, unemployment, and maternity benefits (based on local policies). Factories regularly review local policies and adjust welfare standards according to the latest regulations.

#### Case Study: National Social Security Fund (NSSF)

During the reporting period, the Cambodia factory further implemented the National Social Security Fund (NSSF), ensuring that local employees enjoy basic social security benefits such as medical and work injury coverage, which enhances their satisfactory levels.

#### Central Kitchen

Shenzhou Group operates a large-scale central kitchen, providing standardized dining services to over 30,000 employees across 18 canteens in the Ningbo base. The menu includes a variety of Chinese and Western dishes. The well-prepared meals not only improve nutrition level but also significantly enhance employee satisfaction.

In the Cambodia and Vietnam factories, central kitchens offer free, nutritious local meals tailored to local culinary traditions. They also provide customized options such as vegetarian dishes and ice, based on employee feedback, ensuring that individual needs are fully met.

Each factory regularly gathers employee feedback to continually improve dining services, enhancing meal quality and creating a better dining experience for employees.



Figure 32. Meals prepared from the central kitchen.



## 5.5 EMPLOYEE DEVELOPMENT AND WELL-BEING

### 5.5.2 Employee Well-Being

#### *Work and Living Environment*

Shenzhou Group strives to create a comfortable work environment by transforming all production bases into garden factories. All factories are equipped with central air conditioning to ensure optimal temperature and humidity.

The Group addresses diverse employee needs, with dedicated nursing rooms at every factory to support female workers. In the Vietnam factory, over 4,000 reclining chairs have been provided to create an ideal rest space for employees.

In recent years, the Group has upgraded employee accommodation across its production bases in Cambodia, China, and Vietnam. During the reporting period, two new dormitory buildings with over 300 rooms were constructed, each room equipped with independent bathroom, washing machine, air conditioning, storage cabinets, and free Wi-Fi. The living areas also feature sports facilities, ensuring employees have access to convenient, comfortable living spaces. These improvements have significantly enhanced living quality and employee satisfaction, fostering a greater sense of belonging and well-being.

#### *Holiday Travel Support - Spring Festival Coach Service*

Given the large number of interprovincial employees at its China production base. The Group has invested more than RMB 200 million to fund Spring Festival Coach program for over a decade to ensure employees' safe and warm journey home.

During the reporting period, over 100 coaches were deployed, offering free return-home services to more than 6,600 employees across 14 provinces and municipalities across China. In collaboration with local government departments, the Group meticulously planned and conducted on-site inspections to ensure travel smoothly.



Figure 33. Employees onboarding free return-home coach with their luggage.

## 5.5 EMPLOYEE DEVELOPMENT AND WELL-BEING

### 5.5.2 Employee Well-Being

#### Cultural Activities

Each factory organizes a variety of festive and cultural activities tailored to local characteristics, including holiday celebrations, team-building events, and regional-specific activities. These initiatives provide employees with comprehensive cultural experience and promote physical and mental well-being across different regions.

#### Grievance and Communication

To safeguard employees' rights and address their diverse needs, the Group has established a comprehensive grievance mechanism. The system provides channels for employees to voice opinions and resolve issues, ensuring transparency and fostering harmonious labor relations, which strengthen employees' sense of belonging, recognition, and loyalty.

The Group offers multiple grievance channels:

- **Online Grievance Channels:** External platforms (MicroBenefits, WOVO, customer hotlines), internal developed applications;
- **Offline Grievance Channels:** Face-to-face communication, feedback boxes, phone/email hotlines, anonymous feedback, committees/unions.

The grievance mechanism consists of regular evaluations (monthly, quarterly, or annually) and ad-hoc feedback sessions. A dedicated team tracks and manages all grievances, resolving simple issues within 48 hours and providing responses to more complex cases within 7 days to ensure efficiency and transparency. Each factory assesses the effectiveness of the process at least once a year or following significant changes.

#### Employee Satisfaction Survey

The Group conducts annual employee satisfaction surveys, incorporating both internal assessments and external surveys by professional agencies. Key areas include wage, working environment, and management.

According to the latest external survey data, all production bases demonstrated significant improvements across various indicators, outperforming local and customer supply chain averages. Special attention is given to new employees and newly appointed managers, with a focus on strengthening communication and ensuring fair evaluations.



Figure 34. Team-building activity with family members in spring 2024.



## 5.5 EMPLOYEE DEVELOPMENT AND WELL-BEING

### 5.5.3

### Community Engagement

Shenzhou Group actively contributes to environmental protection, education, charity projects, and industry integration initiatives, enhancing its relationship with local communities.

#### Focus on Education

The Group collaborates with local communities to build schools and establish education funds, aiming to provide better educational resources for the next generation. These initiatives enhance local educational infrastructure and quality, creating more equitable learning opportunities.

The Group also invested in building kindergartens and maintains close partnerships with local educational institutions, offering valuable resources and learning environments. We also serve as an internship base for university students, providing career growth opportunities at the start of their professional journey.



Figure 35. Anhui production base celebrates outstanding academic achievements of employees' children.

#### Focus on Community Development

The Group actively supports local communities by promoting various activities, including food bank, donations, charity events, community volunteer services, and environmental protection initiatives. A volunteer service platform is in place to track and record service hours, ensuring each contribution is fully recognized.

During the reporting period, the Group donated over RMB3.67 million. The Vietnam production base closely collaborated with customers and local communities to carry out green initiatives aimed at improving environmental quality and raising environmental awareness. The Cambodia production base hosted a Community Day in partnership with a local welfare institution, providing both physical and mental support for children and the elderly.



Figure 36. Community Day hosted by Cambodia production base.

# CORPORATE GOVERNANCE

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## 6 CORPORATE GOVERNANCE

Shenzhou Group upholds rigorous governance standards, leveraging an evolving intelligent platform to ensure the efficiency, compliance, and adaptability of its governance system. This chapter will detail the Group's practices in areas such as digitalization initiatives, customer relationship management, refined quality management, and anti-corruption measures. For additional insights into Shenzhou Group's governance framework, please refer to the 2024 Annual Report.

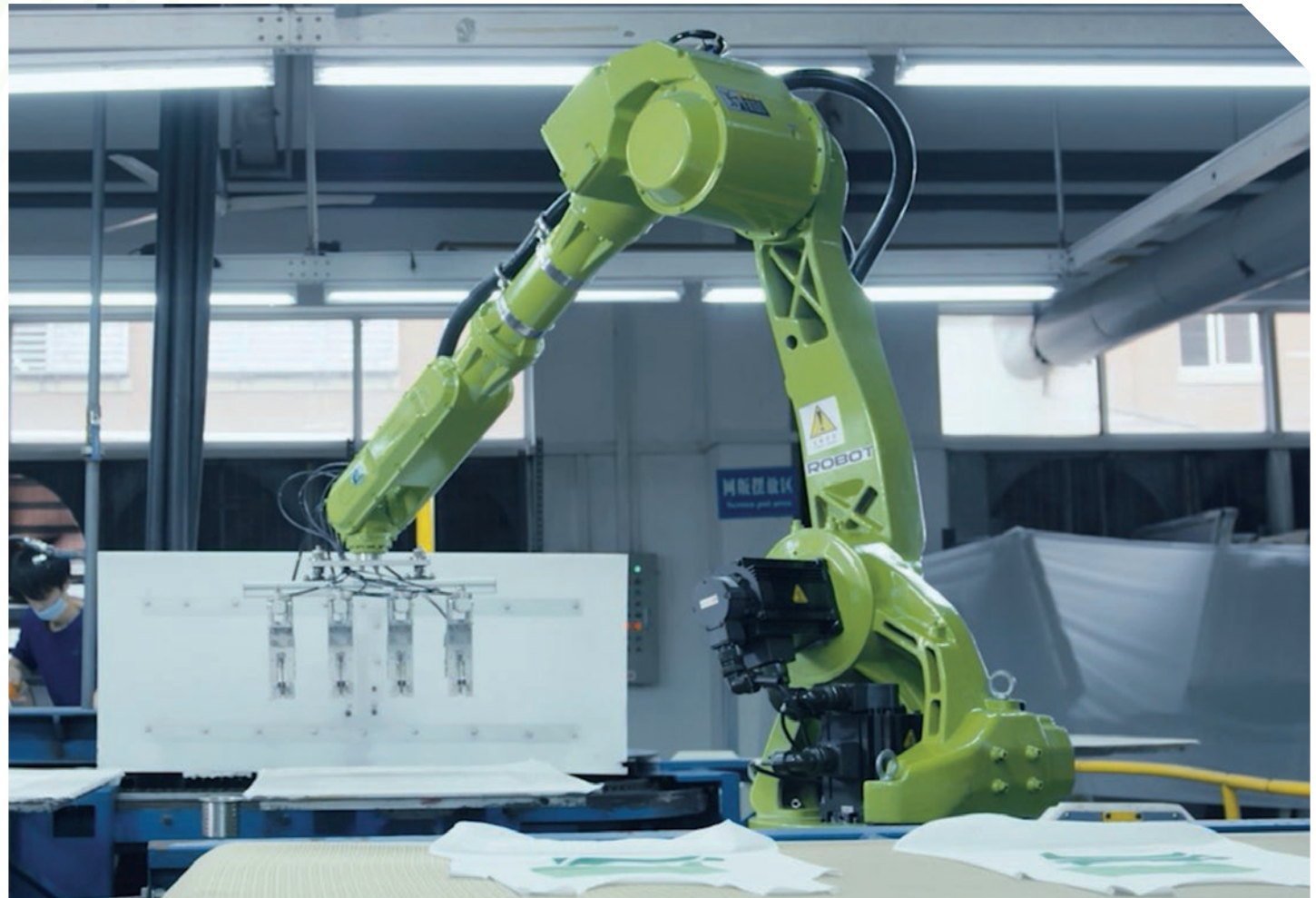


Figure 37. Shenzhou Group collaborates closely with partners to drive automation, digitalization, and sustainability, strengthening a resilient supply chain.



# 6.1

## SUPPLY CHAIN MANAGEMENT SYSTEM

### 6.1.1

### Supply Chain Policy

Shenzhou Group collaborates closely with supply chain partners based on a long-term development philosophy, collectively establishing a standardized and transparent management system:

- **Compliance:** All partners must adhere to the laws and regulations of their respective regions, ensuring compliance;
- **Procurement:** A standardized framework for supplier onboarding, evaluation, and exit ensures a transparent and compliant procurement process;
- **Quality Management:** Ensuring that products across the supply chain meet quality standards;
- **Risk Management:** Key supply chain risks are identified and managed to ensure stability, while listed companies comply with securities regulations for transparency;
- **Logistics and Distribution:** Optimizing transportation, warehousing, and inventory management to ensure timely and quality delivery;
- **Sustainability:** Ensuring compliance with labor and environmental regulations while promoting green development.

Based on the above development philosophy, Shenzhou Group maintains a mutually beneficial relationship with supply chain partners and adheres to the following key guidelines:

- Shenzhou Group Code of Conduct;
- Anti-Bribery Agreement;
- Supplier Integrity Commitment;
- Business Ethics;
- Environmental and OHS Notification.

## 6.1 SUPPLY CHAIN MANAGEMENT SYSTEM

### 6.1.2

### Supply Chain Process Management

The supply chain management process involves multiple functional departments including procurement, audit, logistics, and quality teams, to ensure efficient and stable supply chain operations and development.

- **Procurement Team:** Dedicated procurement team manages orders based on production plans and market demand. Suppliers are selected based on quality, cost, delivery time, and corporate credentials.
- **Audit Team:** The audit team conducts rigorous evaluations of supplier qualifications and oversees the order execution process. They provide professional guidance, identify potential risks, and develop improvement measures to enhance supply chain compliance and stability, ensuring transparency and reliability.
- **Logistics Team:** The logistics and warehousing team select appropriate transportation methods based on order requirements, ensuring on-time and safe deliveries. The team also optimizes warehouse resources and inventory management, enhancing the supply chain's flexibility and responsiveness to market changes.
- **Quality Team:** The quality team strictly enforces acceptance standards to ensure that all materials meet the Group's quality requirements, ensuring high reliability during production and improving the final product quality.

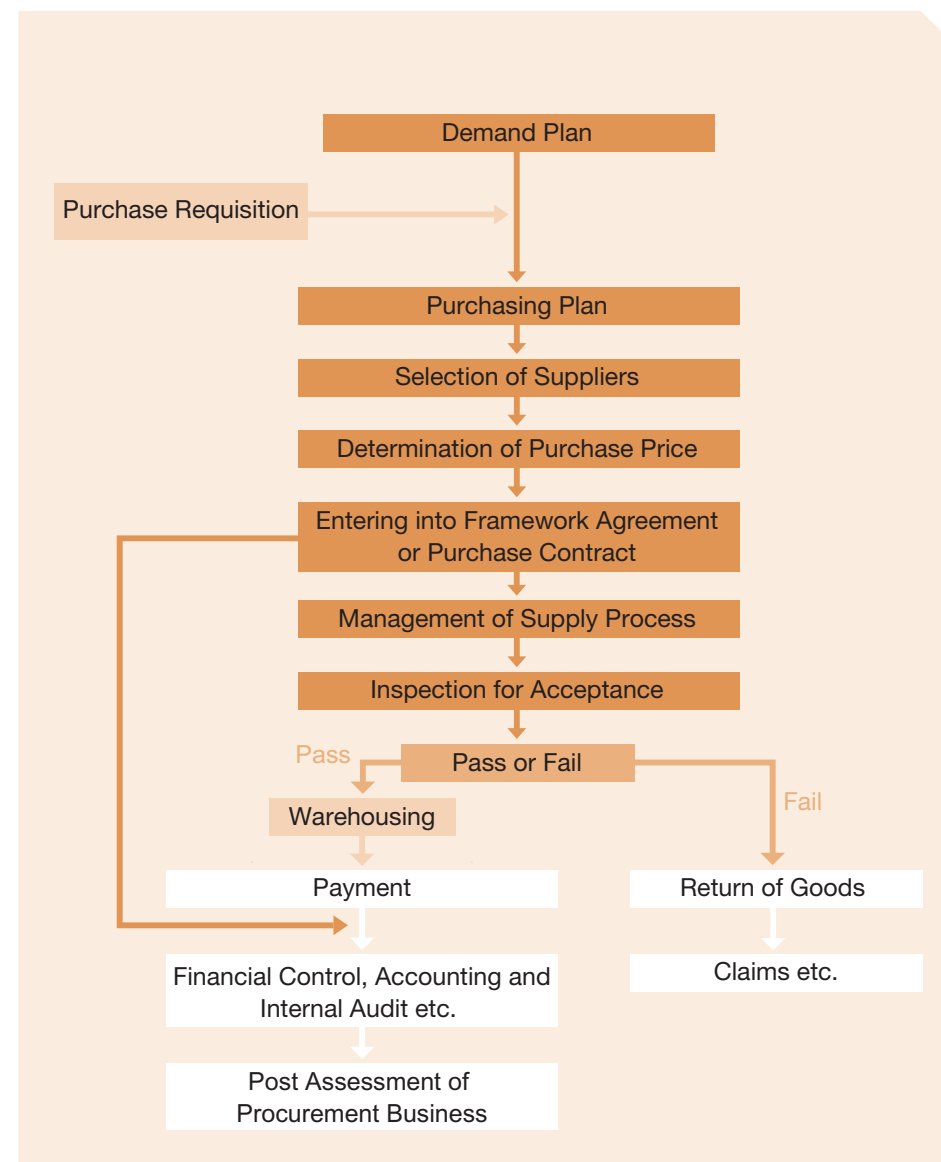


Figure 38. Flow chart of procurement process.

## 6.1 SUPPLY CHAIN MANAGEMENT SYSTEM

### 6.1.3

### Supplier Onboarding and Evaluation

#### Supplier onboarding

Shenzhou Group requires all prospective suppliers to submit relevant supporting documents via the Supplier Basic Information Registration Form during initial engagement to ensure they meet operational criteria. Required information includes but is not limited to:

- **General:** Name, license, location, workforce size, key personnel;
- **Product:** Product categories, capacity, equipment, core competencies;
- **Sales:** Major customers, markets, industry position, business distribution;
- **Financial:** Investment amount, total assets, annual output value, R&D expenditure;
- **Quality:** Certifications, patents, awards, and recognitions;
- **Sustainability:** Factory audit certifications, sustainable materials, employee welfare, corporate social responsibility efforts.

Our functional departments verify submitted information for authenticity, reputation, and capacity, ensuring compliance with legal, internal, and industry standards. Once verified, suppliers must adhere to the Group's supply chain policies (see Section 6.1.1) and sign commitment agreements.

After registration, the Group conducts an online or on-site evaluation assessing quality, delivery, cost, and service. Suppliers meeting the criteria are then added to the approved supplier list.

#### Supplier Evaluation

Shenzhou Group continuously monitors supplier qualifications and performance to ensure objective and effective evaluations through:

- **Scope:** Delivery, R&D and innovation, cost, quality, and compliance;
- **Frequency:** Quarterly, annual, and ad-hoc assessments;
- **Methods:** Review meetings, on-site audits (including unannounced audits), and independent third-party audits.

#### Violation Management

Suppliers found in violation of relevant policies will be subject to appropriate actions based on the nature and severity of the breach:

- **Minor Violations:** Suppliers must implement corrective measures within a specified timeframe and submit an improvement plan for review;
- **Severe Violations:** Offences such as ethical misconduct, collusion, bribery, or major environmental and safety incidents may result in contract termination and removal from the supplier list.

To uphold transparency and fairness, the Group has established multiple reporting channels for supplier misconduct, including emails, hotlines, and anonymous submissions. All reports are handled with confidentiality to maintain an ethical business environment.

#### Case study: Supplier site assessment

During the reporting period, the Audit, Procurement, and Quality teams conducted a site visit to a supplier and comprehensively evaluated its performance.



Figure 39. Supplier onsite assessment from audit and procurement team.

Whistleblowing policy:

<https://www.shenzhouintl.com/uploadfile/file/20240627/ae3e081c3.pdf>

Anti-corruption policy:

<https://www.shenzhouintl.com/uploadfile/file/20240627/5c20b3e92.pdf>

## 6.2

### SUPPLY CHAIN STRATEGY

Shenzhou Group is committed to building an efficient and sustainable supply chain, focusing on fast turn, digital transformation, and responsible procurement:

- Enhancing near-shore and local procurement to improve responsiveness and ensure timely delivery;
- Advancing digital platforms to strengthen data management and agility;
- Ensuring compliance and transparency in labor and environmental standards, fostering a low-carbon and responsible supply chain.

In the reporting period, there are 138 main suppliers distributed in different regions:

Table 16. Distribution of upstream suppliers.

Regions	%
Vietnam	50.1%
China	49.3%
Others* (Japan, Malaysia, South Korea, Switzerland, Thailand, and the United States)	0.6%

#### 6.2.1

#### Fast Turn

Shenzhou Group leverages its vertically integrated production model and collaborates closely with suppliers to drive localized and nearshore sourcing, reducing transportation and lead time disruptions for agile production and timely delivery. By the end of the reporting period, over 85% of key partners had established or planned local production bases.

Through digital platforms and automation, the Group works with partners to optimize the management of both customized and standardized products. Order volumes are adjusted flexibly based on demand, while streamlined inventory management and logistics partnerships further reduce Leadtime and enhance operational agility.

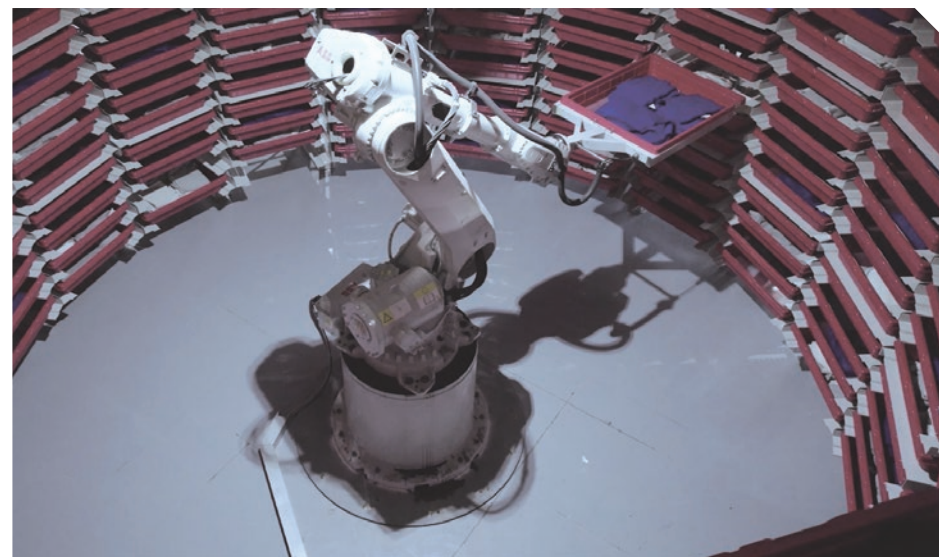


Figure 40. R&D and trial of Automated Warehouse System.

## 6.2 SUPPLY CHAIN STRATEGY

### 6.2.2

### Digital Empowerment

Shenzhou Group is committed to enhancing supply chain operational efficiency and responsiveness through digital tools, including the Decision Platform, Integrated Centre System, Supplier Management Platform, and Traceability Management Platform.

#### Supplier Management Platform

The Group has collaborated with suppliers to develop a management platform for seamless information integration. Following years of continuous system optimization and user feedback upgrades, by the end of the reporting period, the platform has achieved:

- 85% of suppliers are connected to the platform;
- Material barcode system allows us to remove manual input, reduced integration costs, and enabled paperless operations;
- Production stability is ensured through real-time data sharing, automated order matching, and intelligent alert mechanisms. Order delivery accuracy remains at 98%, and the average supplier response time has been reduced by 30%.

#### Traceability Management Platform

Shenzhou Group has established a comprehensive management platform to ensure product traceability and transparency:

- **Blockchain Technology:** A decentralized ledger system records key data, ensuring security and immutability;
- **Data Hub:** Real-time data collection enables millisecond-level updates, enhancing visibility;
- **Supplier Collaboration Network:** In partnership with key suppliers, the Group has piloted an open traceability platform interface, enabled automatic extraction of critical information and improved data collection efficiency.
- **Certification:** Both suppliers and the Group must obtain and maintain scope certifications (SC), such as GOTS, GRS, and OCS;
- **Information Management:** Order details and transaction certificates (TC) are uploaded and archived via internal platforms and customer-recommended third-party systems;
- **Audits:** Validated through random inspections by customers and third-party auditors, achieving a 100% pass rate during the reporting period.



Figure 41. Shenzhou Group Cybersecurity and Data Dashboards.



## 6.2 SUPPLY CHAIN STRATEGY

### 6.2.3

### Responsible Supply Chain

In 2024, the Group selected 45 factories across 20 supply chain partners as the first batch of sustainable development management.

#### Supply Chain Compliance

The Group collaborates with suppliers to adopt industry-standard tools and undergo third-party independent audits to ensure compliance:

- **Environmental Compliance:** Adoption of Higg FEM and ZDHC tools, with performance disclosures via the IPE platform;
- **Social Compliance:** Adoption of SLCP and Better Work frameworks.

During the reporting period, 33 factories underwent environmental compliance audits, while 37 factories completed social compliance audits.

#### GHG Management

By the end of the reporting period, 14 supply chain partner groups had completed Scope 1 and Scope 2 GHG emissions accounting in accordance with guidelines and set mid-to-long-term targets. 5 partner groups completed Scope 3 value chain GHG emissions accounting with third-party verification, and disclosed related information through MCAP, CDP, and the annual report.

Supply chain partners have taken the following measures to advance GHG emission reduction efforts:

- **On-site Renewable Energy:** Encouraging partners to expand renewable energy use by installing rooftop solar PV, reducing reliance on conventional energy. By the end of 2024, partners had installed over 85MW of solar PV, generating approximately 85 million kWh of renewable electricity annually;

- **Procurement of Green Electricity and EACs:** Partners have signed PPAs and acquired EACs in alignment with policies, procuring over 500,000 MWh of renewable electricity in the reporting year;
- **Equipment Upgrades and Energy Efficiency Improvements:** Through energy audits and the adoption of advanced energy-saving technologies, partners identified high-energy-consuming equipment for upgrades to improve energy efficiency. Additionally, some partners actively participated in Clean by Design (CbD) initiatives to reduce energy consumption intensity.

#### Case Study: Waste Heat Recovery

In 2024, one of our partners upgraded its waste heat recovery system by capturing steam discharged from existing production processes and repurposing it to heat subsequent stages. This project improved energy efficiency and reduced reliance on external electricity. Calculations estimate that this measure cuts approximately 7,000 tons of CO<sub>2</sub> emissions annually.

In 2024, 3 supply chain partners achieved 100% renewable electricity target, and 2 partner facilities have achieved zero-carbon factory certification.

#### Water Management

Partners utilize international water risk assessment tools and regularly conduct water risk drills to strengthen resilience, while continuously advancing sustainable management of water resources.

The Group encourages partners to explore and adopt water reuse technologies to reduce reliance on fresh water. By the end of the reporting period, 19 partners have installed water reuse systems, primarily using RO technology, with an annual water reuse volume exceeding 1 million tons.



Figure 42. The rooftop solar system of a supply chain partner.

6.2 SUPPLY CHAIN STRATEGY

6.2.3 Responsible Supply Chain

Labor Management

The Group collaborates with its partners to provide a fair, equal, and safe working environment for over 50,000 employees:

- **Social Insurance:** Ensuring social insurance schemes are applied, covering pension, medical, and other benefits in accordance with local laws;
- **Labor Policies:** Continuously monitoring labor policy changes to uphold employee rights, ensuring respect and freedom in the workplace;
- **Health and Safety:** Prioritizing compliance, chemical control, and fire safety to maintain a secure working environment;
- **Training and Empowerment:** Training centers are established to enhance employees' skills through internal and external courses and practices.

During the reporting period, multiple partners actively supported talent development through management trainee and talent succession programs, focusing on local development and employment opportunities.



Figure 43. Workers at suppliers' production workshops wear PPE properly.

Sustainable Products

Supply chain partners participate in sustainable product certification. Certified raw materials are prioritized to minimize reliance on natural resources. Key certifications held by partners include, but are not limited to:

- |   |  |
|---|--|
| • GOTS (Global Organic Textile Standard); | • ISO 45001 Occupational health and safety management systems; |
| • GRS (Global Recycled Standard);         | • ISO 14001 Environmental management systems;                  |
| • RCS (Recycled Claim Standard);          | • ISO 9001 Quality management systems;                         |
| • OEKO-TEX® STANDARD 100;                 | • ISO 50001 Energy management systems.                         |
| • Regenagri;                              |  |
| • FSC (Forest Stewardship Council);       |  |
| • OceanCycle;                             |  |

By the end of the reporting period, 37 partners had successfully obtained ISO 14001, ISO 45001, and ISO 9001 certifications.

Partners have actively innovated in developing recycled products, including ocean waste-recycled zippers, recycled buttons, and recycled plastic products. They produce ocean-recycled products meeting the Ocean Cycle certification standard by recycling coastal plastic bottles through processes such as cleaning, crushing, and granulating.

# 6.3

## CYBERSECURITY AND INTELLIGENCE PLATFORM

### 6.3.1

#### Cybersecurity Policy

Shenzhou Group is dedicated to creating a data-secure, trusted, and interconnected supply chain ecosystem, empowering collaboration across all origins and along the value chain through an intelligent platform. In alignment with international standards such as ISO 27001 and GDPR, we have developed internal cybersecurity and management policies, which include:

- Cybersecurity Management Manual;
- Data Governance Management Handbook;
- Digital Transformation Strategy and Blueprint.

### 6.3.2

#### Protection and Early Warning System

Shenzhou Group has established a comprehensive security protection and Web Application Firewall (WAF) that covers the entire process. At the database level, BitLocker encrypts certificates to effectively mitigate diverse cyber threats and minimize data leakage risks.

### 6.3.3

#### Cybersecurity Management

##### Process Control

- **Emergency Response Mechanism:** Conduct supply chain disruption simulation exercises semi-annually to enhance emergency response capabilities.
- **Supplier Management:** Implement hierarchical and classified management of suppliers to ensure that suppliers at different levels meet the corresponding Cybersecurity standards.

##### Physical Security

- **Data Destruction:** Conduct regular archival inventory and implement batch physical destruction procedures.
- **Equipment Inspection:** Perform periodic inspections of server rooms and IT equipment to ensure hardware security.
- **Database Audit:** Conduct regular database audits to ensure the compliance and security of data operations.
- **Dual-Data Center Disaster Recovery:** Establish dual-data centers to ensure data disaster recovery (DDR) and business continuity.
- **Power Guarantee:** Equipped with UPS and standby diesel generators to ensure emergency power supply. Power generation drills are carried out 4 times a year to ensure the reliability of the power system.



Figure 44. Inspection of power equipment and computer room.

## 6.4

### CUSTOMER RELATIONSHIP MANAGEMENT

Shenzhou Group is committed to creating long-term value for customers, attaches great importance to the protection of customer rights and interests, establishes an efficient complaint management mechanism, and continuously optimizes the customer satisfaction evaluation system to ensure that customer voices are responded to in a timely manner.

#### 6.4.1

#### Customer Relationship Management Advantages

Leveraging its strong industrial advantages, Shenzhou Group has established seven key service strengths.

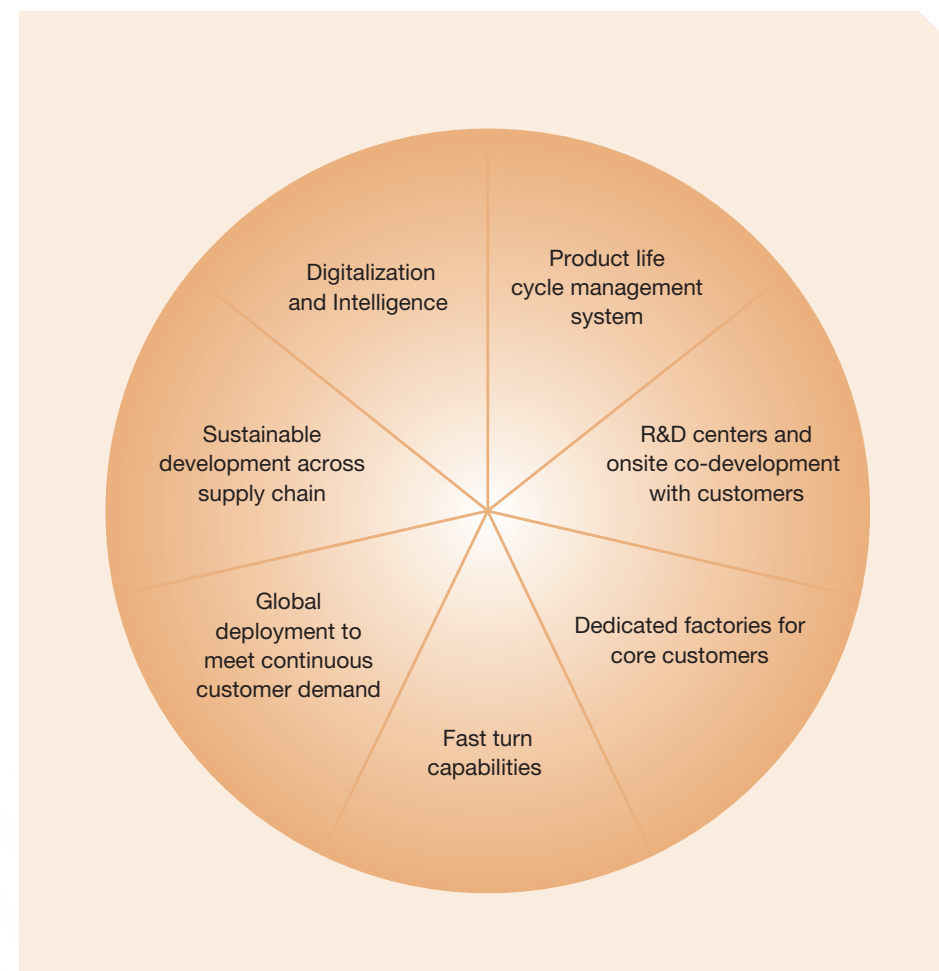


Figure 45. Shenzhou Group key service strengths.

## 6.4 CUSTOMER RELATIONSHIP MANAGEMENT

### 6.4.2

### Customer Rights Protection

#### Intellectual Property Protection

- **Technical protection:** Customer and product information are securely stored to prevent leaks, ensuring full lifecycle traceability and protection against tampering.
- **Production control:** Integrating intellectual property protection into production control, with strict oversight on the transfer of proprietary materials. The entire process tracks quantity, usage, and destruction measures to ensure compliance.
- **Intellectual Property Compliance:** In accordance with customer requirements, the Group has established internal control systems and a self-assessment framework to ensure compliance.

#### Quality Rights Assurance Cycle

- **Unconditional Rejection:** Customers have the right to reject products that do not meet quality standards. Shenzhou Group conducts pre-shipment compliance reviews to proactively intercept potential defects.
- **Quality Tracking:** A batch-level quality tracking system enables defect identification and severity classification within 48 hours.
- **Full-Cost Compensation:** Approved compliance claims cover all related costs, including reverse logistics and end-user compensation.
- **Destruction Process:** Supervised by the Group's quality management team to ensure irreversible disposal.

### 6.4.3

### Complaint Management

The Group has established an efficient digital complaint management system, utilizing an intelligent ticketing system for classification and enabling full-process visual tracking to ensure swift responses and effective solutions.

During the reporting period, the Group achieved a 100% resolution rate for recurring quality complaints and maintained an outstanding record of zero product recalls.

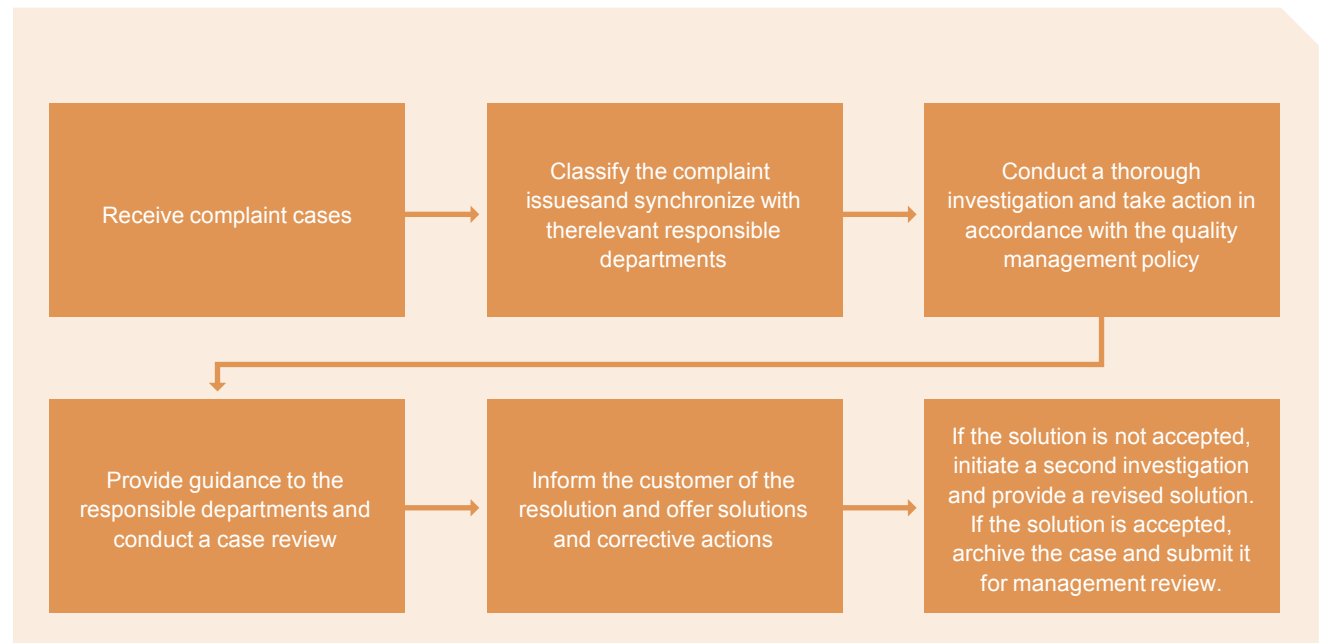


Figure 46. Complaint management flowchart



## 6.5

### QUALITY AND PROCESS MANAGEMENT

Based on the Total Quality Management (TQM) framework, Shenzhou Group implements a three-tier management system, including quality manuals, rules and standard operating procedures (SOPs), covering 856 management policies and more than 2,300 documents. Our factories are ISO 9001 certified, and the product standards meet customer requirements and national and industry benchmarks.

#### 6.5.1

### Inspection Control

#### *Whole-Process Quality Inspection*

- Shenzhou Group enforces a stringent quality control process, ensuring each process meets standards before completion. Each operator is responsible for self-inspection in their respective processes to prevent defective products from moving to the next stage. This approach not only improves production efficiency but also strengthens accountability for quality, ensuring a high-quality, low-defect production process.
- 100% fabric batch sampling and testing is performed before it is stored in the warehouse, ensuring that only compliant material is introduced into the supply chain.
- Our laboratories, accredited by CNAS (China National Accreditation Service for Conformity Assessment), are capable of conducting GB (National Standard of China) standard tests, offering robust support for early defect detection and ensuring quality assurance.



Figure 47. Ningbo production base laboratory.

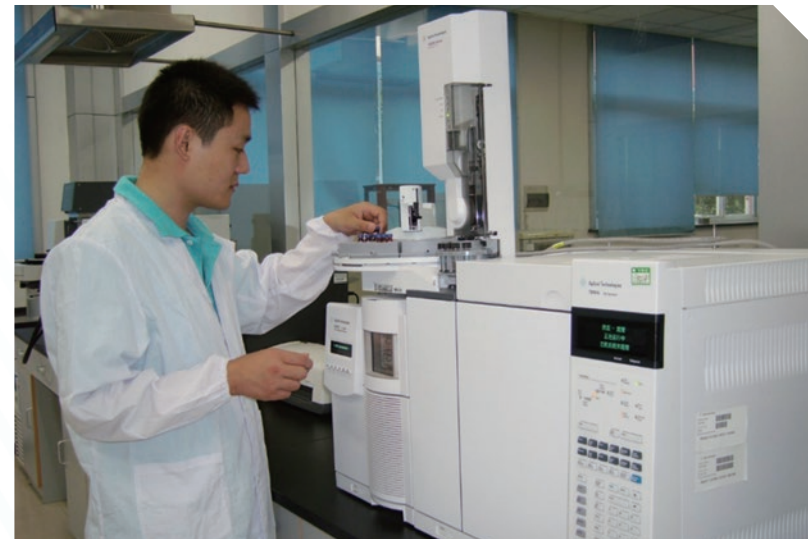


Figure 48. Safety performance testing instrument at Ningbo production base.

## 6.5 QUALITY AND PROCESS MANAGEMENT

### 6.5.2

#### Quality Tracking

Shenzhou Group implements the 'Needlepoint Plan' through an end-to-end integrated quality value stream design to ensure quality control at every critical point.

- The Group connects key nodes through digital systems, providing transparency and supporting early warning, execution, and analysis to enhance quality.
- Full-process management covers fabric development, knitting, dyeing, finishing, color management, and testing, making full use of standardized templates and automation tools to ensure consistency in quality control.



Figure 49. Employees at the Ningbo production base inspect product processes.

### 6.5.3

#### Customized Management System

Shenzhou Group is dedicated to delivering exceptional products and providing comprehensive one-stop services across the entire industry chain. To meet customer demands, the Group has established its own factories and business departments, offering 'ready-to-use' solutions that cover fabric development, design, prototyping, and production.

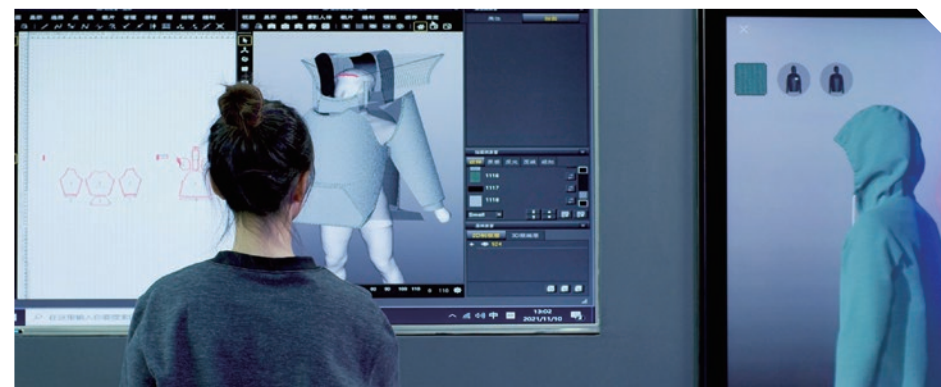


Figure 50. Body scanning and product customization system.

With customer authorization, Shenzhou Group established an independent quality team to provide personalized, 'one-on-one' quality management and services. This model not only allows for quick responses to production needs but also helps customers reduce quality management costs, fostering a mutually beneficial partnership between Shenzhou Group and our customers.

# 6.6

## INDUSTRY IMPROVEMENT

### Intellectual Property

Shenzhou Group attaches great importance to the creation and protection of intellectual property rights, gives special rewards to invention patents applied by R&D personnel, and continues to promote the industrialization of patented technologies. During the reporting period, the number of patent applications of the Group reached 585, including 95 invention patents, 490 utility model patents. In addition we obtained 12 software copyrights.

### Technological Innovation

Shenzhou Group actively embraces digitalization and AI technology and realizes real-time monitoring and data analysis of the production process by introducing a world-class system. Our digital system is able to dynamically analyze quality trends and provide early warnings of anomalies to ensure that problems are resolved in the embryonic stage.

### Industry collaboration

Shenzhou Group is deeply involved in shaping industry standards and plays a crucial role in the formulation of national and industry standards through continuous technological innovation.

Standard Setting:

- Contributed to the formulation of 9 national standards (GB);
- Led and participated in the creation of 17 textile industry standards (FZ);
- Played a key role in drafting and revising critical standards, including “Knitted Apparel for Infants and Young Children” and “Washing and Finishing Knitted Garments”;
- Established a comprehensive enterprise standard system and led the development of 142 enterprise standards.



Figure 51. Monitor production status in real-time through visual dashboards.



# 6.7

## ANTI-CORRUPTION AND ANTI-FRAUD

Shenzhou Group adheres to a strict “zero tolerance” policy, fully integrating commercial ethics into its operations and corporate values, in compliance with anti-corruption laws in related regions.

The Group has established a comprehensive anti-corruption management system, enhancing monitoring and advocacy efforts to eliminate internal corruption.

### Review and Supervision

- **Audit Supervision System:** The Group has both internal and external audit mechanisms, collaborating with external auditors to continuously monitor compliance risks.
- **Employee Code of Conduct:** A clear “Employee Code of Conduct” prohibits bribery and corruption in any form.
- **New Supplier Agreements:** New suppliers sign the “Code of Integrity” and “Anti-Bribery Agreement” upon first contract (see Section 6.1.3).
- **Multi-channel Reporting:** A dedicated reporting mailbox and hotline are available for direct access to relevant leadership and departments, ensuring whistleblower anonymity (see Section 6.1.3 for reporting channels).
- **Handling Process:** All reports are thoroughly documented, internal investigations are conducted promptly, and violations are dealt with according to the law. Serious cases, including criminal offenses, will be handed over to law enforcement.

### Training and Advocacy

Regular legal training is provided to encourage board members and employees to learn about national anti-corruption laws and company policies, enhancing legal awareness.

The Group’s website discloses its “Anti-Corruption and Whistleblowing Policy” and other ethics-related guidelines.

### Anti-Fraud Education

The Group conducts annual anti-corruption and anti-fraud courses through various methods:

- For new employees, the focus is on basic training in professional ethics and fraud awareness;
- For existing employees, case studies are used to deepen understanding of commercial bribery, fraud, and related risks;
- For mid- and senior-level management, specialized courses on compliance management and supervisory accountability are offered to ensure targeted and effective training, reinforcing a shared set of behavioral guidelines across the organization.



Figure 52. Anti-corruption training during the reporting period.

# 7 APPENDIX

## ESG Reporting Guide Content Index

Indicator	HKEX ESG Reporting Guide Requirements	Section/Remarks
<b>Governance Structure</b>		
General Disclosure	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> <li>(i) a disclosure of the board's oversight of ESG issues;</li> <li>(ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and</li> <li>(iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.</li> </ul>	2. Sustainability Governance Structure
<b>Reporting Principles</b>		
General Disclosure	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:</p> <p><b>Materiality:</b> The ESG report should disclose:</p> <ul style="list-style-type: none"> <li>(i) the process to identify and the criteria for the selection of material ESG factors;</li> <li>(ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.</li> </ul> <p><b>Quantitative:</b> Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p><b>Consistency:</b> The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>	3. Materiality Assessment
<b>Reporting Scope</b>		
Reporting Scope	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	1. About This Report



## 7 APPENDIX

Indicator	HKEX ESG Reporting Guide Requirements	Section/Remarks
<b>A. Environmental</b>		
<b>Aspect A1: Emissions</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	4.1. Environmental Management
KPI A1.1	The types of emissions and respective emissions data.	4.3.5. Performance
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).	4.2.1. Climate Action
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.4.5. Performance
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.4.5. Performance
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	4. Environmental Stewardship 4.2.2. Energy 4.3.3. Wastewater Management 4.3.4. Air Emissions Management
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.	4.4.2. Waste Management and Treatment 4.4.4. Circularity Scheme

## 7 APPENDIX

Indicator	HKEX ESG Reporting Guide Requirements	Section/Remarks
<b>Aspect A2: Use of Resource</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	4.1. Environmental Management
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).	4.2.2. Energy
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	4.3.5. Performance
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	4. Environmental Stewardship 4.2.2. Energy
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.	4. Environmental Stewardship 4.3.1. Plan 4.3.2. Water Resource Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	4.4.5. Performance
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	4.3. Nature
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4.3. Nature
<b>Aspect A4: Climate Change</b>		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	4.2.1. Climate Action
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.	4.2.1. Climate Action

## 7 APPENDIX

Indicator	HKEX ESG Reporting Guide Requirements	Section/Remarks
<b>B. Social</b>		
<b>Employment and Labour Practices</b>		
<b>Aspect B1: Employment</b>		
General Disclosure	Information on:	5.1. Social Management
	(a) the policies; and	5.3. Equity and Fairness
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer	5.5. Employee Development and Well-Being
	relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	5.2. Workforce
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	5.2. Workforce
<b>Aspect B2: Health and Safety</b>		
General Disclosure	Information on:	5.4. Occupational Health and Safety
	(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.	
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	5.4.2. Healthy and Safe Workplace
KPI B2.2	Lost days due to work injury.	5.4.2. Healthy and Safe Workplace
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	5.4. Occupational Health and Safety

## 7 APPENDIX

Indicator	HKEX ESG Reporting Guide Requirements	Section/Remarks
<b>Aspect B3: Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	5.5.1. Career Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	5.5.1. Career Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	5.5.1. Career Development
<b>Aspect B4: Labour Standards</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to preventing child and forced labour.	5.1. Social Management
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	5.1. Social Management
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	5.1. Social Management

## 7 APPENDIX

Indicator	HKEX ESG Reporting Guide Requirements	Section/Remarks
<b>Operating Practices</b>		
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	6.2.3. Responsible Supply Chain
KPI B5.1	Number of suppliers by geographical region.	6.2. Supply Chain Strategy
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.	6.1. Supply Chain Management System
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	6.1.3. Supplier Onboarding and Evaluation
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	6.2.3. Responsible Supply Chain
<b>Aspect B6: Product Responsibility</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	6.5. Quality and Process Management
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	6.4.3. Complaint Management
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	6.4.3. Complaint Management
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	6.6. Industry Improvement
KPI B6.4	Description of quality assurance process and recall procedures.	6.5. Quality and Process Management
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	6.4.2. Customer Rights Protection



## 7 APPENDIX

Indicator	HKEX ESG Reporting Guide Requirements	Section/Remarks
<b>Aspect B7: Anti-corruption</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to bribery, extortion, fraud and money laundering.	6.7. Anti-Corruption and Anti-Fraud
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.	6.7. Anti-Corruption and Anti-Fraud
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	6.7. Anti-Corruption and Anti-Fraud
KPI B7.3	Description of anti-corruption training provided to directors and staff.	6.7. Anti-Corruption and Anti-Fraud
<b>Community</b>		
<b>Aspect B8: Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	5.5.3. Community Engagement
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	5.5.3. Community Engagement
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	5.5.3. Community Engagement



**SHENZHOU INTERNATIONAL  
GROUP HOLDINGS LIMITED**