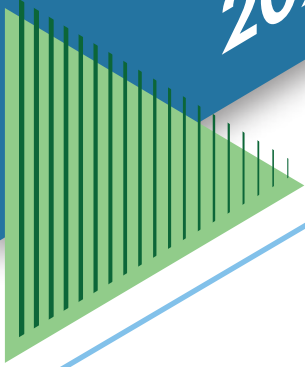


ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE
REPORT
2021



YONGAN HOLDINGS

浙江永安融通控股股份有限公司
ZHEJIANG YONGAN RONGTONG HOLDINGS CO., LTD.*
(a joint stock limited company incorporated in the People's Republic of China)
Stock Code: 8211

* For identification purpose only



CONTENTS

1	ABOUT THE REPORT	2
2	ABOUT THE GROUP	3
3	SUSTAINABLE DEVELOPMENT GOVERNANCE	4
4	OUR SUSTAINABLE DEVELOPMENT STRATEGY.....	5
5	COMMUNICATION WITH STAKEHOLDERS.....	5
6	MATERIALITY ASSESSMENT.....	5
7	CREATING VALUES FOR CUSTOMERS.....	8
8	CREATING VALUES FOR EMPLOYEES.....	13
9	CREATING VALUES FOR THE ENVIRONMENT.....	23
10	CREATING VALUES FOR THE INDUSTRY.....	30
11	CONTENT INDEX.....	31

1 ABOUT THE REPORT

1.1 Reporting Purpose

The board of directors (the “Board” or the “Directors”) of 浙江永安融通控股股份有限公司 (Zhejiang Yongan Rongtong Holdings Co., Ltd.*) (the “Company”) is pleased to present to our shareholders the sixth Environmental, Social and Governance (“ESG”) report (the “Report”) of the Company and its subsidiaries (the “Group” or “We”). With brand awareness we built over years, we seize the development opportunity to strengthen our leading position in textile industry. We know that our responsibility goes well beyond providing quality products and services for customers. We are pleased to publish the Report to describe the environmental and social matters on the Group and detail our efforts on sustainable development.

1.2 Reporting Scope

The Report discloses the measures and performance of the Group on material sustainable development aspects from 1 January 2021 to 31 December 2021 (the “Reporting Period” or “the Year”). Unless otherwise stated, the scope of the Report focuses on our manufacturing and sales of woven fabrics in Zhejiang Province, the People’s Republic of China (the “PRC”), the main income source of the Group.

1.3 Reporting Standard and Principles

The Report is prepared in accordance with the disclosure requirements of the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) set out in Appendix 20 to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) and was approved by the Board in May 2022. In order to improve the readability of the Report, an index of relevant contents is attached to the end of the Report.

The Report discloses relevant data and information pursuant to the principles of materiality, quantitative, balance and consistency:

- **Materiality:** The ESG issues mentioned in the Report are determined by the Board of Directors, and the material issues are identified through communication with stakeholders and questionnaire survey before disclosure.
- **Quantitative:** KPIs are disclosed in a quantitative way so that the benefits of ESG policies and management systems can be evaluated and validated by stakeholders.
- **Balance:** The contents of the Report should provide an unbiased picture of our performance for the Year so as not to inappropriately affect the decision-making or judgment by the readers of the Report.
- **Consistency:** The data disclosed in the Report has been compiled using a consistent statistical methodology to allow stakeholders to make meaningful comparisons.

1.4 Access to the Report

The Report is available in both Chinese and English on the websites of The Stock Exchange of Hong Kong Limited and the Group. In case of discrepancies or inconsistency between the two versions, the Chinese version shall always prevail.

1.5 Opinions on the Report

We value the opinions of stakeholders on the Report. If you have any comments or suggestions on the Report and our sustainable performance, you are welcome to contact us through the following channels. Your valuable comments will allow us to be continuously improved. We thank you for your attention to our sustainable development process.

Address: Yangxun Qiao Town, Keqiao Qu, Shaoxing, Zhejiang Province, the PRC
Postal code: 312028
Tel: (86) 575-84570099
Fax: (86) 575-84576060
Email: admin@zj-yonglong.com
Contact person: Mr. Zhou Kaida

2 ABOUT THE GROUP

The Group is mainly engaged in the research and development, manufacturing and sales of quality woven fabrics and has plants in Zhejiang Province, the PRC for production. The Group has been adhering to the business policy and core value of “Relying on technology, developing products, winning by quality, expanding trade, strengthening management, and improving efficiency”. We continue to move towards our goal of becoming the leader of the industry by continuously enhancing our product quality, improving business structure and expanding sales channels. In the ever-changing market environment, we have built our own product research and development center for development, experiment and testing purposes, researched and developed various brand-new technologies and products, and obtained the qualifications of “Enterprise Research and Development Centers” as accredited by Shaoxing City and “Sci-tech Small and Medium Enterprises in Zhejiang Province” as accredited by the Science and Technology Department of Zhejiang Province, by upholding the entrepreneurship of “Solidarity, Struggling, Pragmatic and Innovative” and pursuing the market development strategy of “exploring the market with new product offerings”, which marks the society’s praise of our strengths in textiles and equipments.

3 SUSTAINABLE DEVELOPMENT GOVERNANCE

Being responsible for the long-term and stable development of the Group, the Board has overall responsibility for overseeing the Group's risk management activities and material ESG risks, so as to continuously enhance and improve the Group's sustainability performance. With the assistance of the senior management, the Board understands the ESG trends, risks and opportunities related to the Group's long-term development, and the Group's progress and performance in sustainable development, and continues to lead the senior management to formulate and implement sustainable development policies and management approaches, so as to cope with the environmental, social and governance risks related to operations, and lead the Group to gradually move towards the strategic goal of sustainable development.

The Group regards risk management as an important cornerstone for daily management and sound corporate governance. Facing the ever-changing economic, industry, regulatory and operating conditions in a highly competitive business environment, the risk management mechanism can assist the Group in evaluating and minimising the risks that may prevent us from achieving our business objectives. The senior management is delegated by the Board to be responsible for identifying and evaluating the risks and opportunities associated with ESG matters, and managing such risks on an ongoing basis. The senior management reports to the Board regularly on ESG issues, discusses and makes recommendations. The process includes:

- Formulate and review the Group's ESG strategies, priorities, indicators and goals;
- Identify, review and manage material ESG-related risks and opportunities (including but not limited to climate-related and supply chain risks);
- Plan, improve and monitor the implementation of ESG-related policies and measures;
- Follow up and review the Group's ESG performance and progress against established goals and targets;
- Review and monitor the Group's communication channels on stakeholder engagement to ensure ongoing communication with key stakeholders and understanding of their expectations; and
- Prepare the annual ESG report and submit it to the Board for review and approval on a regular basis.

In addition, with the assistance of an independent third-party professional consultant, the Group has identified and evaluated ESG risks that may have a significant impact on our business operations. In order to prioritize ESG risks, including climate-related risks, we have determined the risk level based on the likelihood and significance of potential risks. In order to manage environmental, social and governance risks, we have formulated corresponding risk mitigation measures for each identified risk, combined with sound internal control, and entrusted relevant business departments to implement corresponding measures to continuously identify, evaluate, optimize, manage and monitor the environmental, social and governance risks faced by the Group in the course of operation, so as to minimize the impact of risks on our business operations. For details of our risk management approach, please refer to the section headed "Corporate Governance Report" in the 2021 Annual Report.

4 OUR SUSTAINABLE DEVELOPMENT STRATEGY

“Solidarity, Struggling, Pragmatic and Innovative” are the Group’s core values, and are also the cornerstone of our sustainable development. We are committed to creating lasting values for stakeholders while taking into account of the environment, social and governance factors and risk management strategy in the business operation. The below four dimensions lead each step of our sustainable development:

Creating Values for Customers: Providing high-quality products at a reasonable price for enhancing values for customers.

Creating Values for Employees: Creating a professional development environment for employees to achieve mutual growth and progress.

Creating Values for the Environment: Reducing the impacts of operation on the environment through responsible operation and management.

Creating Values for the Industry: Actively participating in industrial trade fairs to promote industrial development.

5 COMMUNICATION WITH STAKEHOLDERS

Stakeholders’ opinions are crucial for formulating the Group’s direction and strategy for sustainable development. Through collecting their opinions, we can understand the Group’s sustainable development performance in different aspects and the expectations of various stakeholders on the Group, so as to continuously optimize our disclosure on sustainable development performance and material ESG issues and improve the management strategy of sustainable development. We consider customers, employees, suppliers, shareholders, government and community as the key stakeholder groups of the Group. We communicate regularly with our stakeholders through multiple channels to deeply understand their needs and opinions on the Group and respond accordingly, and minimize risks and strengthen important relationships.

6 MATERIALITY ASSESSMENT

In order to fully understand the issues of stakeholders’ concern, we engaged an independent third party to conduct online questionnaire survey in 2022, through which the Group conducted stakeholder engagement to identify the material issues of the Group. We have identified a total of 29 environmental, social and governance issues during our analysis of material scope. We concluded the results of stakeholders’ opinions and prepared a materiality matrix according to the analysis results that can accurately reflect the true concerns of stakeholders on environmental, social and governance issues, with the analysis results to be used by the Group as a reference to assess the strategic planning and risk management and as the basis on which to prepare the Report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT
Year ended 31 December 2021

Steps of Materiality Assessment	
Identification of issues	Conclude 29 material issues that are applicable to the Group according to the ESG Guide of the Stock Exchange, the peer disclosure scope and the operation model of the Group.
Stakeholders' participation	Invite external and internal stakeholders to participate in the online questionnaire survey and rate and advise on the importance of sustainable development issues identified.
Sequencing of material issues	Based on the scores and opinions of the internal and external stakeholders of the Group on different important issues, we conduct calculation and analysis and rank them according to their importance scores, and compile a materiality matrix as the basis for the key disclosure of the Report.

The material scope we considered

Labour Issues	Environmental Issues	
<ol style="list-style-type: none"> 1. Diversity and equal opportunity 2. Employee turnover rate 3. Occupational safety and health 4. Talent cultivation and development 5. Prevention of child labour and forced labour 6. Employment relationship and employee communication 7. Employees' compensation and benefits 	<ol style="list-style-type: none"> 8. Greenhouse gas emissions 9. Air emissions 10. Climate change 11. Treatment of non-hazardous waste 12. Treatment of hazardous waste 13. Energy conservation and water consumption 14. Use of resources 15. Assessment of impact on surrounding environment 	
Supply Chain Issues	Product Responsibility Issues	Community Engagement Issues
<ol style="list-style-type: none"> 16. Assessment and management of suppliers' environment and social performance 17. Anti-fraud and anti-corruption and related training 18. Disaster emergency plan 19. Assessment of suppliers' environmental and social performance 20. Anti-money laundering system 	<ol style="list-style-type: none"> 21. Product safety and quality 22. Intellectual property rights 23. Privacy protection of customers/consumers 24. Technological research and development 25. Handling of customers' complaints 26. Customer satisfaction 27. Compliant operation 	<ol style="list-style-type: none"> 28. Participation in voluntary activities 29. Charitable donation



According to the results of the online questionnaire survey, the ESG issues that the stakeholders are most concerned about are concentrated in the top right corner of the materiality matrix, while the less important ESG issues are listed below the left corner. As a result, we have identified the following 14 ESG issues which are identified as more material and are highlighted in the Report:

Material Disclosure Issue	Disclosure Section
4 Talent cultivation and development	Occupational Health and Safety
5 Prevention of child labour and forced labour	Employment Rights
9 Air emissions	Emission Management
11 Treatment of non-hazardous wastes	Creating Value for the Environment
12 Treatment of hazardous wastes	Waste Management
14 Use of resources	Emission Management and Water Resource Management
15 Assessment of the impact on the surrounding environment	Creating Value for the Environment
16 Assessment and management of suppliers' environmental and social performance	Supplier Management
17 Anti-fraud and anti-corruption and related training	Anti-corruption
18 Disaster emergency plan	Occupational Health and Safety
22 Intellectual property rights	Protection of Intellectual Property Rights
23 Privacy protection of customers/consumers	Confidentiality of Customer Data
25 Handling of customers' complaints	Customer Satisfaction
27 Compliant operation	Creating Values for Customers, Creating Values for Employees, Creating Values for the Environment

7 CREATING VALUES FOR CUSTOMERS

7.1 Product Quality

The Group always adheres to the principle of product quality first, and is committed to enhancing brand competitiveness, producing products that meet customer needs and exceed customer expectations. In order to enable customers to enjoy high-quality products, the Group has formulated the “Product Quality Law of the PRC” (《中華人民共和國產品質量法》) to meet customer needs and standardize the process of product quality control, so as to establish an effective management system to ensure product quality is safe, stable and meets national quality standards. We not only strictly abide by the “Product Quality Law of the People’s Republic of China” (《中華人民共和國產品質量法》), but also adhere to our quality policy of “Acting Meticulously to Meet Customers’ Needs While Keeping Improving to Exceed Customers’ Expectation” and the production principle of “Sustaining by Quality, Developing by Reputation and Benefiting by Management”. At the beginning of each year, we formulate and review the annual quality plan to maintain the stability of product quality.

To maintain product quality is the key task in our entire product production process. We strive to ensure our stable quality from the procurement of raw materials to the maintenance of ancillary equipment to every production process and then to product testing. We ensure the quality and safety of our products through a comprehensive quality inspection process. To this end, we have each of our workshops equipped with our quality inspection personnel and we have also formulated detailed review procedures covering raw materials, fabrics, semi-finished products and finished products to ensure all of our products meet the regulations and our internal standards before they are permitted to enter the next process. The quality laboratory is responsible for recording quality data and establishes quality database. By regularly analyzing the testing data and our historical experience, we are able to understand the fluctuations in quality. Should the quality be found to be increasing abnormal, we will timely require our workshops to undergo rectification. In addition to the internal testing, the Group will regularly deliver its products to Zhejiang Provincial Quality Supervision Bureau for testing so as to ensure the quality and safety of the products and to ensure that our products meet the national quality standards. We also set clear quality objectives and aim to meet our expectations for quality productivity each year. The quality objectives can be roughly divided into:



All related rates have been achieved during the Reporting Period, and there was no significant impact on our production capacity due to quality issues.

Product quality management is the key to the success of our operations. In order to maintain our high-level product quality and meet the market and customers' requirements, we regularly fine-tune and improve various artwork quality management systems to ensure that our business and production process are both up-to-date so as to respond to the impact of the fast changes in the fashion world.

We maximize our efforts to establish an effective management system and achieve the normalization and standardization of corporate management, we have incorporated various management activities in our system for standardised management in accordance with the international quality management system standard ISO9001:2015 and have obtained the relevant certification. Our quality management work will become programmed and normalized and our emergency and passive management will become predictive and controllable management. Based on the workflow standard of "Prevention First, Process under Control and Review and Improvement afterwards", we ensure that the quality of the production process is effectively controlled and consistently improved.

During the Reporting Period, all of the products delivered for inspection had passed the testing, and we were not aware of any material complaints about product quality or any case in which the sold products had to be recalled for health and safety reasons. If any customer finds defective products, we will recall the products in the first place for check and then return them back to the customer after full correction. We strictly comply with the "Product Quality Law of the PRC" (《中華人民共和國產品質量法》) and other laws and regulations relating to product quality and labels. During the Reporting Period, we were not aware of any material non-compliance with relevant laws and regulations in respect of product health and safety and labels.



7.2 Customer Satisfaction

The Group is committed to upholding the core value of customer first, and actively improves overall customer service and satisfaction by continuously improving the customer service system, deepening customer communication, accurately understanding and properly handling customer demands. Customer satisfaction is regarded as a material issue for the Group in the materiality assessment. Customers can express their opinions to us through multiple channels. In addition, our sales department will invest our customers to participate in a customer satisfaction questionnaire to understand their satisfaction on ten items including our product quality and services. During the course of questionnaire, they may give a score and feedbacks on dimensions such as product price, package, texture, appearance, label, delivery period, service method, service attitude, feedback time, and stability.

For handling of customer complaints, we did not receive any material complaints during the Reporting Period and complaints received are mainly related to the quality of fabric. Once the complaint is received, we will first arrange relevant department to record and then arrange relevant workshop to recall products for repair and return them back as soon as possible after the repair has been finished.

In 2021, our customer satisfaction slightly declined and the average satisfaction degree was 97.5% (2020: 97.7%) according to the survey results, representing a decrease of 0.2% (2020: an increase of 0.1%) over that of the previous year.

7.3 Confidentiality of Customer Data

We strictly protect the information provided by our customers, formulate our confidentiality system, define our confidentiality scope that covers customer data, etc., and take various confidentiality measures. For instance, we grade the information that we shall keep confidential and only authorize the person on a certain position or above to use, receive or send, forward, apply, copy or extract them. Employees are not allowed to copy or use customer information without approval. If a leaker is found, he or she will be fired and claimed economic compensation or damages, or in more serious circumstances, be accountable for legal responsibilities. In addition, the Employee Handbook also sets out the responsibilities and code of conduct for employees to keep customer privacy confidential. We require employees to obtain consent from department heads before accessing the Group's confidential information. During the Reporting Period, the Group was not aware of any material non-compliance with the laws and regulations related to the confidentiality of customer data and privacy including but not limited to the "Anti-unfair Competition Law of the PRC" (《中華人民共和國反不正當競爭法》), and "Certain Provisions on Prohibition of Infringement of Business Secrets (Revised)" (《關於禁止侵犯商業秘密行為的若干規定(修正)》).

7.4 Promotion and Advertisement

The Group is committed to complying with the advertisement related rules, including but not limited to the “Advertisement Law of the PRC” (《中華人民共和國廣告法》), and provide clear and reliable information on products and services on the publicity materials (such as brochures and web pages). Such promotional channels can help customers make wise choice. We are committed to promoting our products and services and providing customers with reliable information in a responsible manner in accordance with the requirements of relevant laws and regulations and ensuring the authenticity of product information to protect their right to know and their rights.

During the Reporting Period, the Group was not aware of any material non-compliance with the laws and regulations in respect of product advertisements.

7.5 Protection of Intellectual Property Rights

The Group is committed to protecting the intellectual property rights and patents of the Group and other parties and strictly complies with the “Patent Law of the PRC” (《中華人民共和國專利法》), the “Trademark Law of the PRC” (《中華人民共和國商標法》) and other relevant laws and regulations. We respect the intellectual property rights and never tolerate the infringement of copyrights by any third parties. We specify the matters in relation to the intellectual property rights that the employee shall keep confidential in the labour contract. If any violations were found, disciplinary actions will be taken and serious offenders will be punished by law. We have formulated the “Intellectual Property Management Manual” to provide a framework for the management of intellectual property rights, and implement the three major principles of consolidating technological achievements, protecting intellectual property rights and deepening technological development. In addition, our “Intellectual Property Risk Mitigation Plan” ensures the protection of the Group’s corporate intellectual property rights before the product is launched for sale, during brand or product promotion and product exhibitions, while preventing infringement of others’ intellectual property rights, reducing intellectual property disputes and reducing intellectual property risks. To date, we have accumulated 51 (2020: 51) products that successfully obtained patent licensing. During the Reporting Period, we were not aware of any material non-compliance with the laws and regulations relating to the protection of the intellectual property rights.

7.6 Supplier Management

The Group values long-term relationships with its suppliers and believes that quality raw materials are essential to maintaining a high level of product quality for the Group. To effectively maintain the stability of raw material quality and identify environmental and social risks in the supply chain, we have established a systematic process management, which stipulates that relevant departments shall deliver procurement orders to the procurement department through the internal system and the procurement department will also invite two or three suppliers to provide quotation for consideration through market survey and analysis. In order to carry out responsible purchasing, we continuously monitor the performance of our suppliers and integrate environmental protection and social issues into our supplier management, the Group actively carries out environmental, occupational health and safety management system certification and the suppliers are required to accept environmental and safety certification and monitoring by certification bodies. The Group's functional departments will also step up inspections on the implementation of internal systems to reduce environmental and social risks.

Our procurement personnel conducts on-site visits to our major suppliers regularly to deeply understand their latest operational status and continuously supervise and assess their product quality, service levels, prices, etc. In addition, we also conduct regular on-site supervision and acceptance management, and make regular assessment on our suppliers to ensure stable quality. We rate them in terms of quality, delivery time, price and payment method, complaint handling and service quality as a whole. For those under-performance suppliers, we make recommendations to them or consider choosing cooperation with new suppliers. We value the suppliers' environmental and social performance. We give priority to the suppliers located in our neighbourhood to reduce transportation costs and the derived carbon emissions, and encourage the suppliers to provide greener products for our consideration.

Meanwhile, we value the synergic development of the supply chain and are committed to pushing suppliers to fulfil their social responsibility. By formulating and publishing the comprehensive Code of Conduct for Suppliers, we can regulate our requirements and expectations on suppliers in terms of quality, environmental protection, occupational health and safety, behavior and ethnics, laws and regulations. For example, the suppliers are required to reduce the use of packaging materials, avoid the use of materials that are harmful to human health, and actively improve the working and living conditions of their employees, with an aim to create an interdependent multi-win environment under shared development. At the same time, we also focus on the sustainability performance and risks of the suppliers. During the Reporting Period, we incorporated the environmental and social risk assessment of supply chain's ESG into the Group's ESG-related risk assessment, and for the identified ESG risks of supply chain, we formulated risk response strategies and monitored the results to avoid or mitigate the risks.

During the Reporting Period, all of our 8 (2020: 9) major suppliers in relation to our production were located in the PRC. The Group has also implemented the above employment practices for all the suppliers.

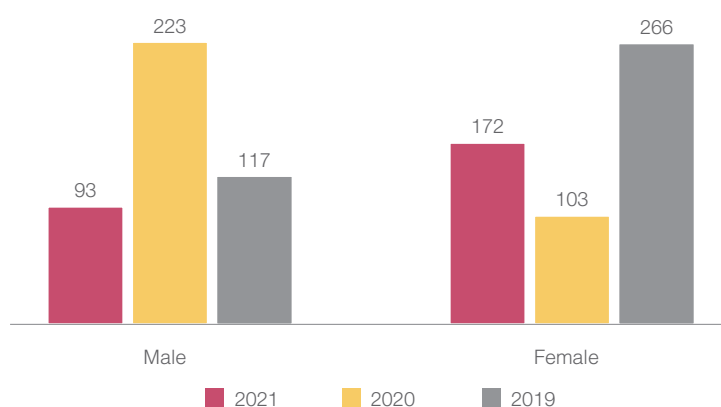
8 CREATING VALUES FOR EMPLOYEES

Our employees are important assets and key to the success of the Group. We strive to create a harmonious and equal working environment, ensure equal opportunities for every employee, and provide competitive remuneration and benefits and diversified training opportunities to support our employees in leveraging their greatest potential. We have formulated the Employee Handbook and the Corporate Policy on Child and Forced Labour to protect the rights and interests of our employees, strictly comply with the “Labour Contract Law of the PRC” (《中華人民共和國勞動合同法》), the “Labour Law of the PRC” (《中華人民共和國勞動法》) (the “Labour Law”) and other local applicable employment related laws and regulations. During the Reporting Period, we were not aware of any material non-compliance with relevant laws and regulations in the employment and labour standards of the Group.

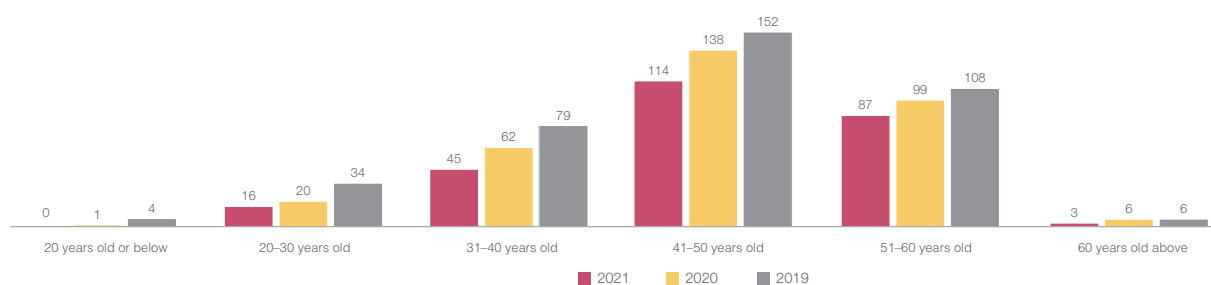
8.1 Employee Overview

As of 31 December 2021, we had a total of 265 (2020: 326) full-time employees by our business section for manufacturing and sales of woven fabrics in Zhejiang Province, all of whom are from Mainland China.

Total number of employees by gender

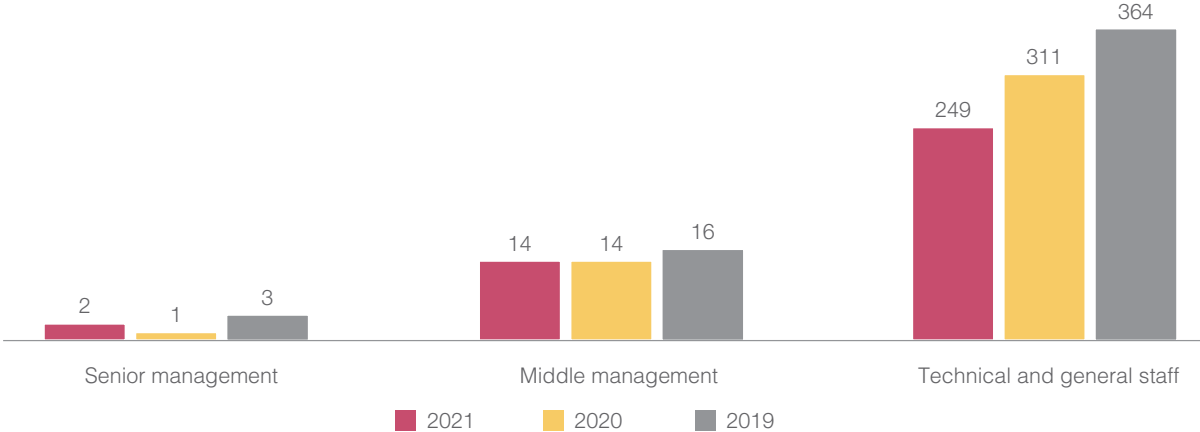


Total number of employees by age group



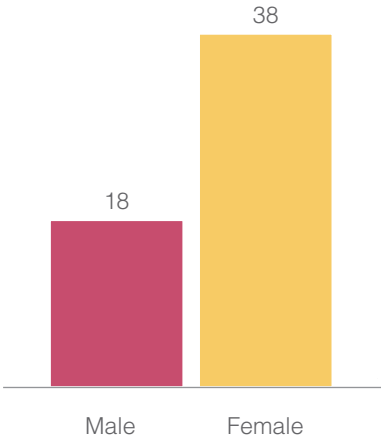
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT
Year ended 31 December 2021

Total number of employees by employment category

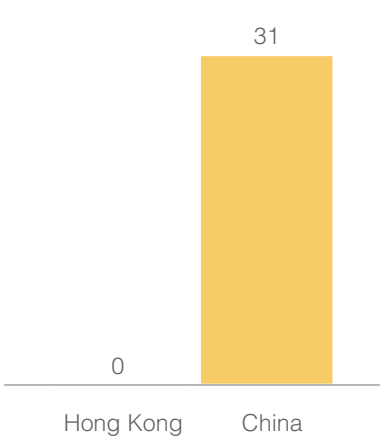


During the Reporting Period, the employee turnover rate of the Group was 31%, and the distribution by gender, age group and region was as follows:

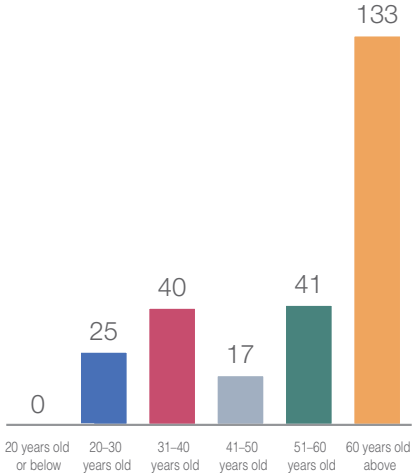
Employee turnover rate by gender (%)



Employee turnover rate by region (%)



Employee turnover rate by age group (%)



8.2 Employment Rights

The Group is committed to creating a diverse, inclusive and respectful working environment, providing equal opportunities for our employees, and deeply understands that talent diversity is beneficial to the Group's business development. We have always adopted a zero-tolerance policy for any form of workplace discrimination and adhered to the principles of fairness and openness in different aspects of employment, including but not limited to recruitment, determination of remuneration and benefits, promotion, training and dismissal. We ensure that applicants are not discriminated against or deprived of opportunities during the recruitment process and the assessment process of existing employees due to age, gender, family status, sexual orientation, physical defects, race, skin colour and religious belief. When selecting suitable candidates, we mainly consider their qualifications, work experience and personal abilities. When considering potential candidates and employees for promotion, we will only consider the factors related to their working ability, such as qualifications, work performance, industry experience, and will not consider the factors unrelated to their ability, such as age, gender and religious belief. As the craftsmanship and job types of the workshops are more likely to attract female candidates, our female employees account for 65% of the total number of employees. We continue to uphold the principle of fairness and foster a mutually inclusive workplace culture.

The Group strictly complies with the Labour Contract Law of the PRC and other applicable labour standards in the places where it operates, and strictly prohibits the use of any form of forced labour in its operations, as well as the employment of any child labour under the age specified by local labour laws. In order to prevent the occurrence of relevant situations, the Human Resources Department will verify the ages of employees according to the local valid identity documents before the Group enters into labour contracts on a voluntary basis. Once child labour or forced labour is found, we will immediately take the person concerned away from the workplace in accordance with relevant laws and arrange the person concerned to be sent to an occupational health inspection institution for physical examination to confirm the physical and mental health status of the person concerned. We will also immediately identify the problems in the recruitment process and take improvement measures. During the Reporting Period, the Group was not aware of any material non-compliance with local laws and regulations relating to child labour and forced labour.

8.3 Remuneration and Benefits

In order to attract and retain talents, the Group is committed to creating a caring working environment for our employees and designing and managing the remuneration systems based on the principles of impartiality, reasonableness and economy to support our business development.

The Group complies with the Labour Law of the PRC, the Labour Contract Law of the PRC and other employment-related laws and regulations, and provides our employees with attractive remuneration and welfare packages. The Human Resources Management Department is responsible for the daily remuneration management of the Group. The remuneration of employees consists of postspecific salaries (basic salary and post wage), seniority wage, professional title subsidy, bonus, etc., among which the basic salary, post-specific salary, seniority wage, and professional title subsidy are paid to employees on a monthly basis, while bonus is calculated annually and paid at the end of each year. Once an employee's labour contract is terminated due to a serious breach of labour discipline, we will also grant financial compensation to the dismissed employee in accordance with the labour law and relevant regulations.

In addition, the employees of the Group are entitled to national statutory holidays, and they may apply for sick leave, personal leave, home leave, bereavement leave and maternity leave for personal needs. Except for paying pension insurance, medical insurance, unemployment insurance, maternity insurance, work-related injury insurance and housing provident fund (five insurances and one fund) for our employees as required under the requirements, we



also hold employee welfare activities to express our care for and attention to them. For example, at festivals, including the Women's Day on March 8, the Dragon Boat Festival, the Mid-Autumn Festival and our factory anniversary on 6 December of every year, we present our festival gifts, daily necessities or welfare payments to our employees, just like our best complements for our beloved family members. During the Chinese New Year, we also organized a winter camp for our employees and their children called "Stay in Yangxun for the New Year, Love in Yangxun" to promote communication and liaison between our employees and their families. Meanwhile, the Group provides our employees from other provinces with dormitories for free, hoping that it can offer them a casual and comfortable space after work.

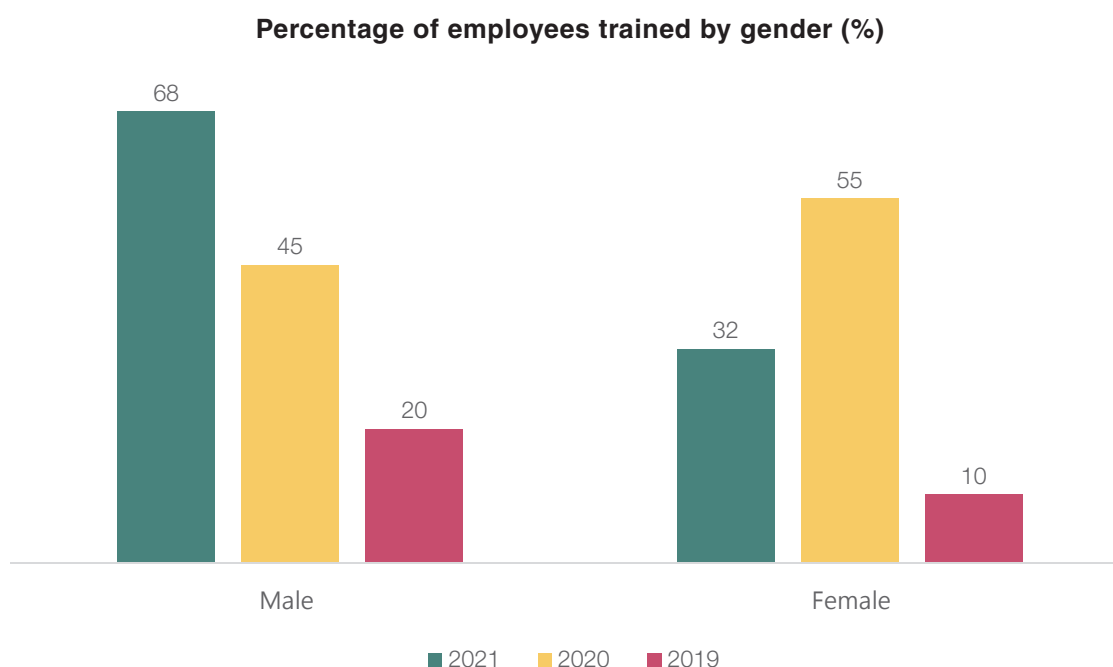
8.4 Talent Cultivation

The Group understands that our employees' knowledge and skills are the cornerstones of the Group's business development. Therefore, it attaches great importance to employee training. We are committed to creating a challenging, inspiring and attractive working environment for our employees, and providing equal opportunities for competition and development for each employee to encourage self-development.

We actively invest in training programs for our employees and provide them with various training and development options to help them develop their strengths. The training we provide includes pre-job training, induction training, on-the-job training and external training. During the Reporting Period, we provided practical and diversified training, including professional skills improvement techniques, management systems operation procedures, environmental factors and hazard sources identification, inspection skills, occupational health and safety management system, fire safety knowledge and emergency preparation, as well as laws and regulations and etc.

We will provide employees with more opportunities to deploy their positions based on their work ability, hoping to explore their potential. We take integrity, work performance, sense of responsibility and motivation as the criteria for promotion, so that the employees with good performance can engage in more challenging jobs. The Group's promotion process is generally progressive by rank, with the opportunity for the employees to be promoted through the ranks if they perform well, supporting the career development of the employees.

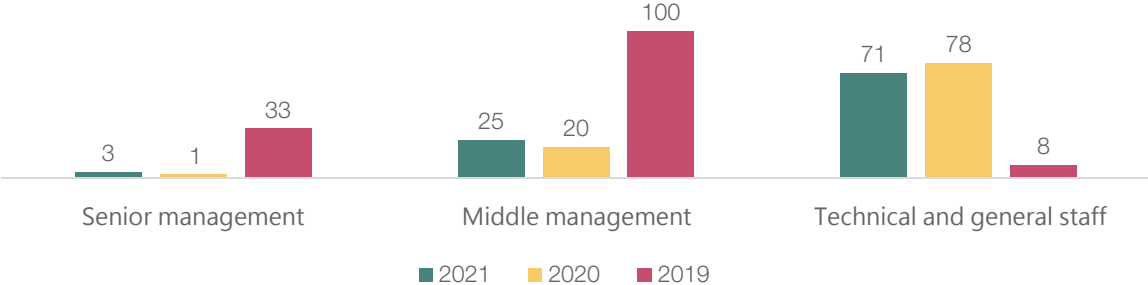
During the Reporting Period, the percentage of our employees who have received trainings is 18%¹, and the breakdown by category is as follows:



¹ Employee training data includes the data of the employees who have left during the Reporting Period

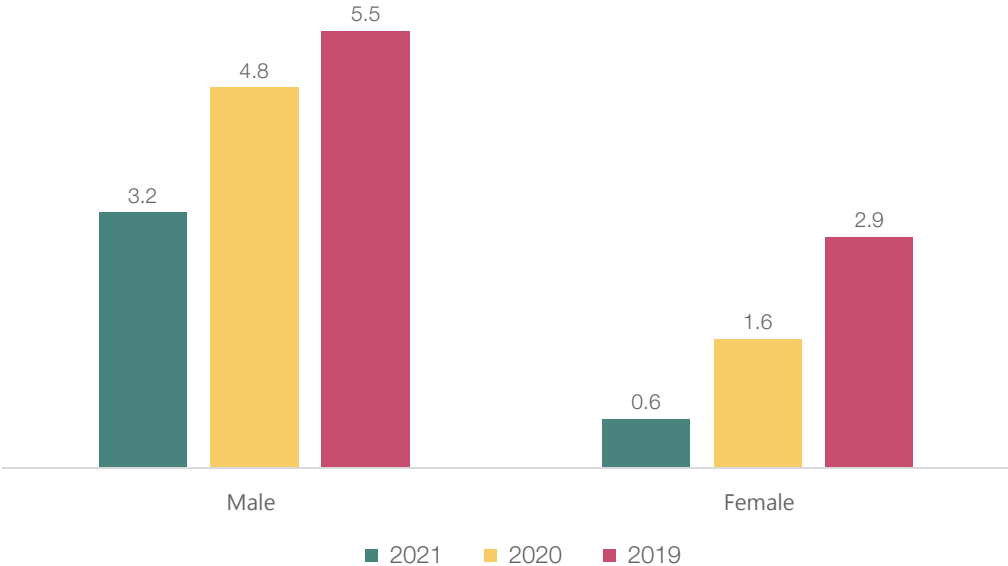
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT
Year ended 31 December 2021

Percentage of employees trained by employment category (%)

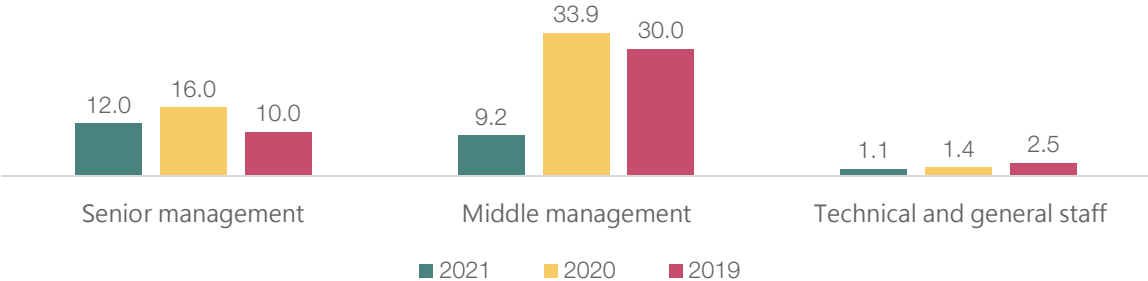


During the Reporting Period, we provided a total of 504 hours² of different types of trainings to our employees. On average, each employee has received approximately 1.45 hours of trainings.

Average training hours completed per employee by gender (hours)



Average training hours completed per employee by employment category (hours)



² Employee training data includes the data of the employees who have left during the Reporting Period

8.5 Occupational Health and Safety

The Group always puts the health and safety of its employees in the first place and commits to providing a safe and healthy working environment for its employees. We are committed to improving the physical and mental health of our employees and continuously strive to improve and maintain a good working environment to prevent industrial accidents and diseases. The Group has established a complete management system responding to occupational health and safety management involved by the weaving process of apparel fabrics and has successfully obtained ISO 45001:2018 certification, which proves that occupational safety and health meets international standards. We mainly control safety through five aspects: employees, equipments, materials, systems and risk control.

In terms of fire prevention, we have formulated the Fire Safety Management System, which clearly divides the fixed fire areas in the plant according to the degree of fire hazards and the needs of the tasks such as production, maintenance, construction. In addition, the Emergency Plan for Fire and LPG Explosion Accidents sets out the handling procedures in case of fire and explosion accidents. We also hold fire drills on a regular basis to enhance the fire safety awareness of the employees of the Company and effectively carry out fire safety work.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT
Year ended 31 December 2021

During the Reporting Period, we were not aware of any material non-compliance with the “Law of the PRC on the Prevention and Control of Occupational Diseases” (《中華人民共和國職業病防治法》) and other laws and regulations relating to occupational safety and health, nor any death or injury accidents occurred due to the work.


Employees	New employees can start work only after receiving trainings on safety education at factory level, workshop section level and post level, and getting qualified. Job-transfer training is required for any change of post.
Equipments	Equipments for safety operations, and individual protective equipments, such as gloves, protective glasses, work clothes, insulated shoes, antidust masks are provided.
Materials	Materials on production sites, not exceeding the standard quantity, are well stored, while inflammable and explosive articles are deal with extra attention.
Systems	We have formulated a set of safety systems including the “Work Injury Accident Handling System” (《工傷事故處理制度》) and the “Fire Safety Management System” (《消防安全管理制度》), which set out the safety rules and emergency measures for work injuries, fire and other emergencies.
Risk Control	We emphasize the management of areas with security concerns and prohibited unauthorized entries.



Work-related injury incidents during the Reporting Period: 0
 Number of working days lost due to work-related injuries: 0 day
 Number of work-related fatalities in the past 3 years: 0
 Death rate at work in the past 3 years: 0%



8.6 Pandemic Prevention and Control

The ongoing outbreak of the coronavirus disease (“COVID-19”) has created a global public health crisis that threatens the health and safety of people around the world. In order to effectively respond to the pandemic, the Group has adopted a series of pandemic prevention work and formulated pandemic prevention guidelines to provide employees with clear guidelines to minimize their risk of infection due to the working environment and protect the health of employees. We implemented pandemic prevention measures in three major directions, namely pandemic prevention monitoring, orderly resumption of work and strengthening pandemic prevention publicity:

<p>Anti-pandemic control</p> 	<ul style="list-style-type: none"> • The special prevention and control leading group set up by the person in charge of the Company and the heads of various departments is responsible for leading the employees of each department to effectively and comprehensively control the outbreak of the pandemic; • An inspection team is arranged at the entrance and exit of the factory and dormitory to conduct temperature check and personal data registration for all visitors. Health monitoring results are reported to the Street Office on a daily basis; • Adequate inspection facilities and safety materials (e.g. protective masks, thermometers, alcohol disinfectants and rubber gloves, etc.) are equipped to prevent the spread of pathogenic bacteria; • Employees are required to wear protective masks, develop the habit of washing their hands frequently, and strengthen the disinfection of the workplace; • The separate dining system in the canteen or boxed meal system is adopted to prevent employees from eating in groups and reduce crowd gathering, and strengthen ventilation and disinfection; • For public facilities, regular disinfection of door handles and elevator buttons is required; • Indoor air must remain in circulation and air conditioners must be cleaned regularly in offices to prevent the spread of pathogenic bacteria through the air; • Waste protective masks must be collected uniformly in the trash cans, and arrangements must be made to disinfect the trash cans twice a day at regular intervals using 75% alcohol or chlorinated disinfectant; and • Contingency measures have been in place to transport suspected patients to temporary quarantine rooms and to contact local disease control agencies for assistance and to implement 14-day quarantine measures when necessary.
--	--

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Year ended 31 December 2021

<p>Orderly resumption of work</p> 	<ul style="list-style-type: none"> The Group will make flexible arrangement for resumption of work for each department and workshop in line with the development of the outbreak and in accordance with instructions of the local government. The Group will set up health records for the employees who have been arranged to resume work to record personal information, such as places visited in the last 14 days, the means of transport they have taken or whether they have been travelled to areas with more serious outbreaks, and the temperature measurement results.
<p>Enhancement in publicity on pandemic prevention</p> 	<ul style="list-style-type: none"> The heads of the departments posted notices and convened meetings for discussion, to widely publicize the relevant knowledge of COVID-19 pandemic prevention and control, communicate and ensure that employees are aware of the latest requirements of the local government, and enable employees to do a good job in self-protection; and Employees were arranged to participate in lectures on pandemic prevention and control to raise their awareness among about the importance of maintaining their health.

8.7 Anti-corruption

The Group adheres to the most stringent business ethics standards and strictly complies with relevant laws and regulations such as the Anti-unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), and the Criminal Law of the PRC (《中華人民共和國刑法》) to ensure compliant operation and prevent corruption. In order to promote the operating principles of honesty, integrity and fairness, and for employees who may encounter bribery, extortion, fraud and money laundering in the performance of their duties, we have formulated the Employees' Handbook (《員工手冊》), covering policies and guidelines on anti-corruption, which clearly prohibits the solicitation or acceptance of benefits in our operations. Prior to joining or cooperating with the Group, relevant employees and suppliers with certain volume of business are required to enter into the Integrity Agreement (《廉政協議》) or the Supplier Integrity Agreement (《供應商廉潔誠信協議》), committing to comply with the Company's policies and local laws and regulations in order to maintain the principles of "openness, fairness, impartiality, integrity and transparency" in carrying out business activities. We have also provided reporting channels for reporting corruption. If an employee discovers any corruption, he/she can report to his/her immediate supervisor or the human resources department or use the mailbox of the general manager to write a complaint in his/her name or anonymously to the general manager. All reports will be dealt with seriously as confidential information. During the Reporting Period, we also conducted training on the Supplier Integrity Agreement (《供應商廉潔誠信協議》), so that employees can clearly understand the importance of integrity and ensure that suppliers can abide by relevant agreements. During the Reporting Period, the Group was not aware of any material non-compliance with the relevant laws and regulations concerning any corruption, bribery, extortion, fraud and money laundering.

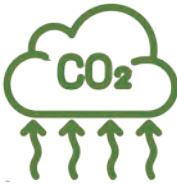
9 CREATING VALUES FOR THE ENVIRONMENT

9.1 Environmental Management

The Group is committed to integrating environmental protection into our daily operations and encouraging our employees, customers and suppliers to reduce the impact on the environment in our business operations in order to promote sustainable development. In accordance with applicable national environmental laws and regulations, the GB/T19001-2008 Quality Management System Requirements and the GB/T24001-2004 Environmental Management System Specification and Guidance for Use, we have prepared the Quality and Environmental Management Manual (《質量環境管理手冊》) to establish the approaches, objectives and commitments of the environmental management system of the Group, with a view to continuously enhancing employees' awareness of environmental protection and reducing the impact of business on the environment. In addition, our environmental management system of clothing fabric weaving business has been granted the ISO 14001:2015 Environmental Management System Certification, which systematically helps us to improve the environmental performance of our operation process and ensures that the production process complies with environmental protection standards. The Group abides by applicable environmental laws and regulations in its operations, including the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Law of the PRC on Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), the Law of the PRC on Recyclable Energy Conservation (《中華人民共和國可再生節約能源法》), the Law of the PRC on Prevention and Control of Pollution From Environmental Noise (《中華人民共和國環境噪音污染防治法》), the Law of the PRC on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》) and the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》). During the Reporting Period, we were not aware that there was any litigation or complaint on violating the relevant laws and regulations which has material impact on the Group.



To constantly review our sustainability performance, we have set our environmental targets and actively implemented corresponding measures for emission reduction to create an environmentally friendly and low-carbon future.



Greenhouse Gas

Implement regulatory measures in an orderly manner and encourage employees to implement energy conservation and emission reduction measures in their daily operations to reduce greenhouse gas and exhaust gas emissions



Waste

Proper classification and disposal of solid waste: recycle waste with reuse value; Entrust non-recyclable hazardous waste to reduce pollution to soil and natural resources consumption



Water Consumption

Make full use of water resources and encourage employees to save water and reduce water consumption



Energy

Improve energy efficiency and reduce energy use

9.2 Responding to Climate Change

As climate change is becoming increasingly challenging, the Group also regards climate change as one of the important operational risks. Extreme weather conditions caused by climate change, such as typhoons, rainstorms and floods, may lead to damage to plant machinery, inability of employees to work as usual, disruptions of transportation and supply chain, which may affect our business. The Group identifies the risks and impacts of climate change on the Group's operations through an ESG risk assessment conducted by a third party. The Board is responsible for approving the ESG risk assessment report to identify the impacts of climate change and launch appropriate policies to mitigate climate-related risks. The climate-related risks are as follows:

Risks		Description
Physical risks	Acute risk	Extreme weather, such as typhoons and rainstorms, may disrupt production, supply of raw materials and transportation of finished products and threaten the safety of employees.
Transition risk	Market risk	As climate change has become a hot topic in recent years, customers' environmental and social requirements for their purchased products have gradually increased.
	Policies and Laws	The PRC and Hong Kong governments may tighten environmental laws and regulations. The Group may be subject to more stringent regulatory requirements and more severe penalties for non-compliance relating to production energy consumption and emissions and pollutant disposal, which may result in additional costs.

In response to extreme climate, the Group has formulated the Emergency Plan for Preventing Typhoon and Flood (《防颱風、防汛緊急預案》), and formulated the procedures for preparation in advance and response during an event, so as to ensure that each department has a clear division of labor and maintain sufficient resource allocation to respond to disasters such as typhoons and flood seasons. We will continue to monitor the weather conditions in the regions of operations in order to get prepared in a timely manner. At the same time, we will also pay close attention to the guidelines issued by local governments and regulatory authorities on climate change, and update the Group's policies and measures in a timely manner to ensure that our business will have sufficient capacity to resist relevant climate risks in the future.

9.3 Emission Management

Our business operations mainly focus on the headquarter office and the production plant. The operations involve indirect greenhouse gas emissions resulting from the consumption of purchased electricity and direct greenhouse gas emissions and air emissions from our own vehicles and gas furnaces of the canteens. The main sources of waste are domestic waste and the batt of the workshop. If any excessive emissions are found, we will immediately request relevant department heads to follow up and fill in the Report on Needed Corrective and Preventive Measures (《糾正/預防措施報告》), to follow up and effectively manage the emission so as to prevent recurrence of such issues.

9.3.1 Air Pollutants

The major greenhouse gas emissions of the Group come from the use of purchased electricity, and the production process does not directly generate exhaust gas. The commercial private cars and the use of fuel gas in the canteens will directly generate air pollutants and greenhouse gas emissions. To ensure that the emissions and emission concentrations comply with the relevant standards of the Law of the PRC on Prevention and Control of Atmospheric Pollution (《中華人民共和國水污染防治法》), we will check the commercial private cars and the gas emission system of the canteens on a regular basis to continuously reduce the impact of daily operations on the natural environment.

KPI	Unit	2021	2020	2019
Nitrogen oxides (NO _x)	kg	57.96	41.94	143.93
Sulfur oxides (SO _x)	kg	0.14	0.12	0.34
Particulate matter (PM)	kg	0.29	0.30	0.71
<hr/>				
Total emissions (Scope 1 and 2) ³	tonnes CO ₂ -e	10,694.69	10,173.39	16,554.03
Scope 1	tonnes CO ₂ -e	18.07	18.19	27.38
Scope 2 ³	tonnes CO ₂ -e	10,677.31	10,155.90	16,529.99
Removal (tree planting) (Scope 1)	tonnes CO ₂ -e	0.69	0.69	3.34
Intensity (calculated per thousand meters of fabrics) ³	tonnes CO ₂ -e	0.70	1.21	1.11

³ We have referred to the latest emission factors of the electricity purchased by Mainland China in the "How to Prepare Environmental, Social and Governance Report" (《如何編備環境、社會及管治報告》) and restated the data of Scope 2 (indirect emission) for 2019 and 2020.

9.3.2 Energy Use Management

The main use of energy of the Group includes the power consumption of factories and offices, the unleaded petrol that is used by private cars and the liquefied petroleum gas used by the canteens. We actively promote green operations and implement relevant energy conservation measures, including:

- Encourage employees to turn off idle machinery, electric appliance, lights and office equipments to reduce electricity consumption;
- Strictly restrict the use of cold air conditioners. It is generally not allowed to switch on the air conditioner when the temperature is below 28°C.

KPI	Unit	2021	2020	2019
Total energy consumption	MWh	17,573.69	16,717.29	27,201.61
Purchased electricity	MWh	17,500.92	16,646.28	27,093.90
Unleaded petrol	MWh	11.90	22.77	19.84
Liquefied petroleum	MWh	47.30	37.91	57.76
Diesel oil	MWh	13.57	10.33	30.10
Intensity (calculated per thousand meters of fabrics)	MWh	1.15	1.99	1.82

9.4 Noise Management

We adopt appropriate sound control measures to reduce the noise generated during the operation of the equipments in the plant with reference to the Law of the PRC on Prevention and Control of Pollution From Environmental Noise (《中華人民共和國環境噪聲污染防治法》). Our main source of noise is the mechanical and power noise generated by the machines during percussion. The production department will strengthen the daily care and maintenance of noisy equipment such as rapier weaving machine, jet loom machine and air compressor in accordance with the Manufacturing Equipment Management System (《生產設備管理制度》) and the Noise Emission Control Regulations (《噪聲排放控制規程》) and actively consider and prioritise less noisy equipment when changing production machines, or install noise eliminator and soundproof devices for those equipment that may generate large noise and use sound-absorbing and sound-insulating materials and technical measures for workshops, to ensure that the noise emission meets the requirements of the Class III standard of the Environmental Noise Standard for Industrial Enterprises at the Boundary of the Factory (《工業企業廠界環境噪聲標準》) (GB12348-2008).

9.5 Water Resource Management

During the Reporting Period, the Group purchased water from municipal water supply institutions and did not have any difficulty in obtaining suitable water sources. As the Group has outsourced fabric dyeing processes to third party dyeing factories for handling, therefore, our production process will not involve the use of water or produce industrial wastewater. The sewage discharge mainly comes from canteens, offices, factories and employee dormitories. We strictly comply with the Law of the PRC on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》) and the Regulations on the Prevention and Control of Water Pollution in Zhejiang Province (《浙江省水污染防治條例》), and wastewater will be collected in a unified manner and sent to the government sewage pipe network for centralised treatment through a designated discharge port, so it will not have impact on the environment. To enhance employees' awareness of environmental protection, we encourage employees to cherish water and turn off the taps after use to avoid wasting water resources.

KPI	Unit	2021	2020	2019
Total water consumption	m ³	87,145.00	81,567.00	89,659.00
Intensity (calculated per thousand meters of fabrics)	m ³	5.70	9.73	5.99

9.6 Packaging Material Management

The major packaging materials used by the Group include paper tubes, woven bags and thin plastic films. We are committed to applying the simplest packaging and minimize the use of product packaging materials to further reduce the consumption of natural resources.

KPI	Unit	2021	2020	2019
Total consumption of packaging	ton	42.30	27.74	68.50
Paper	ton	41.00	25.00	64.00
Plastics	ton	1.30	2.74	4.50
Intensity (calculated per thousand meters of fabrics)	kg	2.77	3.31	4.58

9.7 Waste Management

The non-hazardous waste generated by the Group mainly includes batt and paper packaging of products produced in the textile production process and general domestic waste produced in offices and dormitories. We will collect all the batt and domestic garbage in a centralised manner, which will then be collected and processed by the municipal government department. During the Reporting Period, we had no record of handling hazardous waste. If such waste needs to be handled, we will maintain it in a specially set storage area and arrange the qualified recyclers to handle it to prevent pollution and safety issues. During the Reporting Period, we have complied with the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》) and the Regulations on the Prevention and Control of Environmental Pollution by Solid Waste in Zhejiang Province (《浙江省固體廢物污染環境防治條例》), and have not been aware of any material non-compliance with the relevant laws and regulations.

We proactively implement a series of waste reduction measures, including:

- Encourage the use of e-mail, information systems, USB flash drives and other electronic tools for internal and external communication to reduce paper consumption;
- Use double-sided printing or photocopying as much as possible;
- Encourage employees to use re-useable cups and cutlery instead of disposable tableware to reduce waste generation;
- Encourage employees to use both sides of paper;
- Encourage employees to reuse stationery, e.g. used envelopes and document folders to reduce paper waste; and
- Carry out household waste sorting to effectively distinguish dry, wet and industrial waste.

KPI	Unit	2021	2020	2019
Total volume of non-hazardous waste generated and disposed tonnes	tonnes	658.20	255.00	110.00
Intensity (calculated per thousand meters of fabrics)	kg	43.09	30.41	7.35

10 CREATING VALUES FOR THE INDUSTRY

As a socially responsible enterprise, the Group actively builds sustainable communities in the regions where it operates, focuses on areas that contribute to economic and industrial development, and responds to community needs.

We are committed to providing employment opportunities for local people and promoting local economic development. We also support and encourage our employees to participate in public welfare volunteer activities to care for people in need in the society and promote positive energy. We organized visits to elderly homes on May 4th Youth Day. Our employees took the initiative to care for the health and needs of the elderly and sent blessings.

In addition, the Group actively participates in industry trade fairs to promote the development of the industry. Despite the decrease in participation in fabric exhibitions in other countries due to the impact of the pandemic during the Reporting Period, the Group actively participated in local exhibitions in the PRC to receive the latest market information, including the China International Textiles, Fabrics and Accessories Exhibition” (中國國際紡織品博覽會) in Shanghai, “Keqiao Textile Expo (Autumn)” (柯橋秋季博覽會) in Shaoxing and the “International Apparel Supply Chain Expo” (國際服裝供應鏈博覽會) in Shenzhen, to promote industry exchanges and cooperation and create more long-term value for the industry and society.



11 CONTENT INDEX

Major Scopes, Aspects, General Disclosure and Key Performance Index (“KPI”)		Chapter/Statement	Page
A. Environmental			
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Creating Values for the Environment	23
KPI A1.1	The types of emissions and respective emissions data.	Emission Management	26
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).	Emission Management	26
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management	29
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management	29
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Creating Values for the Environment Emission Management	24, 26
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.	Creating Values for the Environment Waste Management	24, 29

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Year ended 31 December 2021

Major Scopes, Aspects, General Disclosure and Key Performance Index (“KPI”)	Chapter/Statement	Page
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water, and other raw materials.	Environmental Management 23
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).	Emission Management 26, 27
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water Resource Management 28
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Creating Values for the Environment Emission Management 24, 26
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.	Creating Values for the Environment Water Resource Management 24, 28
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Packaging Material Management 28
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer’s significant impact on the environment and natural resources.	Creating Values for the Environment 23
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Creating Values for the Environment 23
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Responding to Climate Change 25
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.	Responding to Climate Change 25

Major Scopes, Aspects, General Disclosure and Key Performance Index (“KPI”)		Chapter/Statement	Page
B. Social			
Employment and Labour Practices			
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Creating Values for Employees	13
KPI B1.1	Total workforce by gender, employment type (for example, full or part-time), age group and geographical region.	Employee Overview	13–14
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employee Overview	14
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Occupational Health and Safety	19
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Occupational Health and Safety	20
KPI B2.2	Lost days due to work injury.	Occupational Health and Safety	20
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Occupational Health and Safety	19–21
Aspect B3: Development and Training			
General Disclosure	The policies on improving employees' knowledge and skills for performing duties at work. Description of training activities.	Talent Cultivation	17
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Talent Cultivation	17–18

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Year ended 31 December 2021

Major Scopes, Aspects, General Disclosure and Key Performance Index (“KPI”)		Chapter/Statement	Page
KPI B3.2	The average training hours completed per employee by gender and employee category.	Talent Cultivation	18
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employment Rights	15
KPI B4.1	Description of measures to review employment practices to avoid child labour and forced labour.	Employment Rights	15
KPI B4.2	Description of the steps taken to eliminate such practices when discovered.	Employment Rights	15
Operating Practices			
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supplier Management	12
KPI B5.1	Number of suppliers by geographical region.	Supplier Management	12
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supplier Management	12
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supplier Management	12
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supplier Management	12
Aspect B6: Products Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Creating Values for the Customers	8–9

Major Scopes, Aspects, General Disclosure and Key Performance Index (“KPI”)		Chapter/Statement	Page
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Quality	9
KPI B6.2	Number of products and services related complaints and how they are dealt with.	Customer Satisfaction	10
KPI B6.3	Description of practices related to observing and protecting intellectual property rights	Protection of Intellectual Property Rights	11
KPI B6.4	Description of the quality assurance process and product recall procedures.	Product Quality	8
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Confidentiality of Customer Data	10
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption	22
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	Anti-corruption	22
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption	22
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption	22

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT
Year ended 31 December 2021

Major Scopes, Aspects, General Disclosure and Key Performance Index (“KPI”)		Chapter/Statement	Page
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure that its activities take into consideration the communities' interests.	Creating Values for the Industry	30
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Creating Values for the Industry	30
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Creating Values for the Industry	30

By Order of the Board
ZHEJIANG YONGAN RONGTONG HOLDINGS CO., LTD.*
Lou Lijiang
Chairman

Zhejiang, the PRC, 31 May 2022

As at the date of this document, the executive Directors are Mr. Lou Lijiang (Chairman), Ms. He Lianfeng (Chief Executive Officer) and Mr. Hu Hua Jun; the non-executive Director is Mr. Xia Zhenbo (Deputy Chairman) and the independent non-executive Directors are Mr. Yu Weidong, Mr. Zhang Jianyong and Mr. Yuan Lingfeng.