



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

2022

ENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE  
REPORT

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# ZHEJIANG YONGAN RONGTONG HOLDINGS CO., LTD.\*

## 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 seventh 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 2022 to 31 December 2022 (the “**Reporting Period**” or “the **Year**”). Unless otherwise stated, the scope of the Report focuses on our woven fabrics manufacturing and sales segment 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 March 2023. 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.

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*Year ended 31 December 2022*

## 1.4 Access of the Report

The Report is available in both Chinese and English on the websites of The Stock Exchange and the Company. In case of any discrepancy or inconsistency between the Chinese and English versions, the Chinese version shall always prevail.

## 1.5 Opinion on the Report

We value the opinion 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
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Telephone:	(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. By adhering to the business policy and core value of “relying on technology, developing products, winning by quality, expanding trade, strengthening management, and improving efficiency”, the Group has been committed to becoming the leader of the industry by enhancing product quality, improving business structure and expanding sales channels. In order to adapt to 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 sticking to the entrepreneurship of “Solidarity, Struggling, Pragmatic and Innovative” and pursuing the market development strategy of “exploring the market with new product offerings”. Production quality is recognized by the society and the industry.

## 3 SUSTAINABLE DEVELOPMENT GOVERNANCE

Sustainable development governance is critical to the Group's long-term business development. In order to continuously enhance and improve the Group's sustainable development performance, the Board of the Group assumes ultimate responsibility for overseeing the Group's risk management activities and material ESG risks. 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 ESG 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. Meanwhile, 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, we have 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 ESG 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 ESG 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 2022 Annual Report.

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## 4 OUR SUSTAINABLE DEVELOPMENT STRATEGY

Adhering to the core values of “Solidarity, Struggling, Pragmatic and Innovative”, the Group has formulated its sustainable development strategy and is committed to integrating sustainable development factors into the Group’s daily operations. The Group’s sustainable development strategy is divided into four dimensions, leading each step of our sustainable development journey:

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 Society: Actively participating in industrial trade fairs to promote industrial development.

## 5 STAKEHOLDERS COMMUNICATION

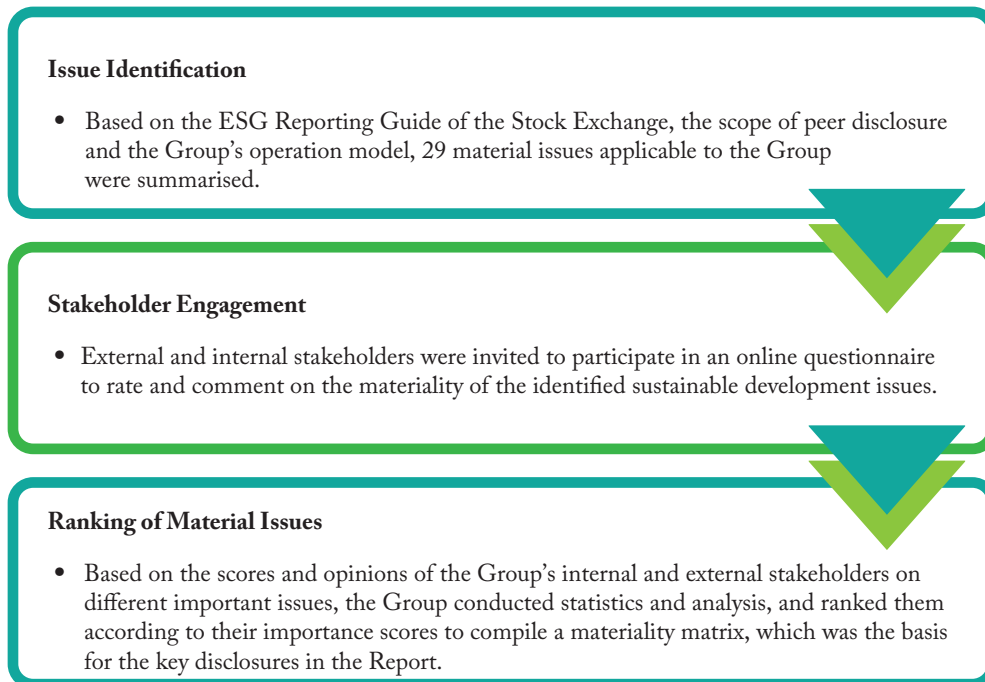
Meeting stakeholders’ demands and expectations is crucial for the Group’s long-term development. We can understand the Group’s sustainable development performance in different aspects and their expectations on the Group through collecting stakeholders’ opinions, so as to continuously optimize our disclosure on sustainable development performance and material ESG issues and improve the management strategy of sustainable development. In order to understand and respond to the expectations and feedback of key stakeholders such as customers, employees, suppliers, shareholders, government and community, we communicate and exchange closely with the stakeholders through multiple channels 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 during the Reporting Period, through which we identified the significant sustainable development issues related to the Group’s business. We have identified a total of 29 ESG issues during our analysis of material scope. We prepared a materiality matrix through analyzing the results of stakeholders’ opinions survey to reflect the true concerns of stakeholders on ESG issues. The analysis results can assist us to optimize strategic planning and conduct risk management assessment and prepare the Report based on the analysis results.

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The procedures and steps of the Group’s materiality assessment are as follows:



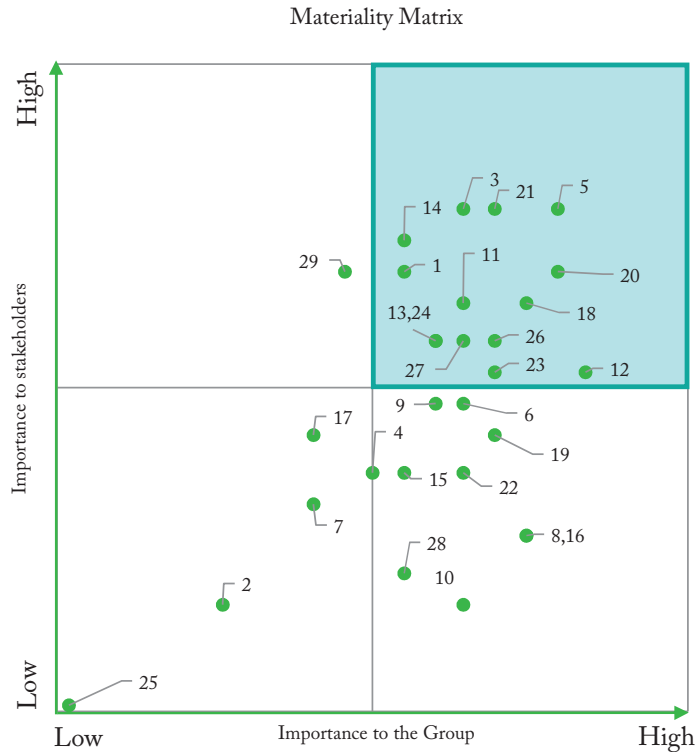
The material scope we considered

Labour Issues	Environmental Issues	Supply Chain Issues	Product Responsibility Issues	Community Engagement Issues
1. Diversity and equal opportunity	8. Greenhouse gas emissions	16. Assessment and management of suppliers’ environment and social performance	21. Product safety and quality	28. Participation in voluntary activities
2. Employee turnover rate	9. Air emissions	17. Anti-fraud and anti-corruption and related training	22. Intellectual property rights	29. Charitable donation
3. Occupational safety and health	10. Climate change	18. Disaster emergency plan	23. Privacy protection of customers/ consumers	
4. Talent cultivation and development	11. Treatment of non-hazardous waste	19. Assessment of suppliers’ environmental and social performance	24. Technological research and development	
5. Prevention of child labour and forced labour	12. Treatment of hazardous waste	20. Anti-money laundering system	25. Handling of customers’ complaints	
6. Employment relationship and employee communication	13. Energy conservation and water consumption		26. Customer satisfaction	
7. Employees’ compensation and benefits	14. Use of resources		27. Compliant operation	
	15. Assessment of impact on surrounding environment			

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The Group's materiality matrix is as follows:



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
1 Diversity and equal opportunity	Employment Rights
3 Occupational safety and health	Occupational Health and Safety
5 Prevention of child labour and forced labour	Employment Rights
11 Treatment of non-hazardous wastes	Environmental Management, Waste Management
12 Treatment of hazardous wastes	Environmental Management, Waste Management
13 Energy conservation and water consumption	Environmental Management, Energy Use Management, Water Resource Management
14 Use of resources	Creating Value for the Environment
18 Disaster emergency plan	Occupational Health and Safety
20 Anti-money laundering system	Anti-corruption
21 Product safety and quality	Product Quality, Customer Satisfaction
23 Privacy protection of customers/ consumers	Confidentiality of Customer Data
24 Technological research and development	Product Quality
26 Customer satisfaction	Customer Satisfaction
27 Compliant operation	Creating Values for Customers, Creating Values for Employees, Creating Values for the Environment



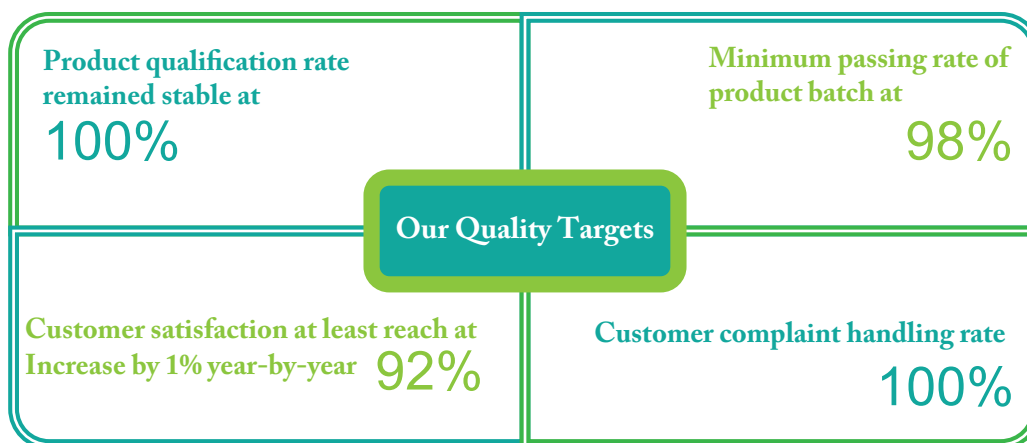
## 7 CREATING VALUES FOR CUSTOMERS

### 7.1 Product Quality

In order to meet and exceed customers' needs and expectations, the Group has been maintaining high product quality. To this end, the Group has formulated the "Quality Assurance Policy" to regulate the process of product quality control with the aim of satisfying customers' needs, so as to establish an effective management system to ensure product quality is safe, stable and meets the national quality standards. In order to ensure product quality, the Group strictly abides by the "Product Quality Law of the PRC" (《中華人民共和國產品質量法》) and other applicable laws and regulations, and follows the 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". An annual quality plan is formulated and reviewed at the beginning of each year to maintain the stability of product quality.

We strictly monitor the quality of our products throughout the production process, including procurement assistance of raw materials, equipment maintenance, various production processes and product testing. To ensure the quality and safety of our products, we have a comprehensive quality inspection process in place. Each of our workshops is equipped with quality inspection personnel to formulate detailed inspection procedures for raw materials, fabrics, semi-finished products and finished products to ensure that all products comply with regulations and internal standards before entering the next process. The quality laboratory is responsible for recording quality data and establishing a quality database to keep track of quality fluctuations through regular analysis of trial data and historical experience. If we discover abnormal trends in quality data, we will rectify them immediately. 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.

Quality objectives can be roughly divided into:



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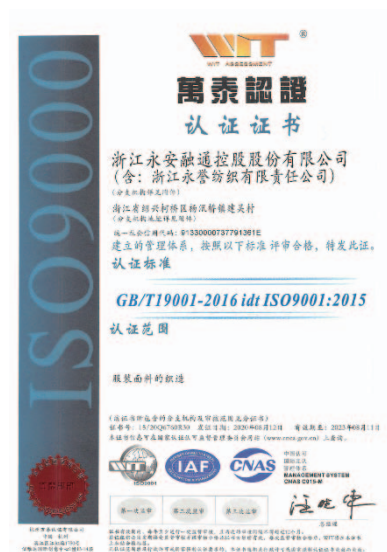
Year ended 31 December 2022

During the Year, we achieved the relevant passing rate, and there was no material impact on our production capacity due to quality issues.

In order to improve product quality management, maintain a high level of product quality and meet the requirements of the market and customers, we regularly sort out and improve various process quality management systems to ensure that our business and production processes keep pace with the times and respond to the rapid changes in the fashion industry.

We have established an effective quality management system to normalise and standardise our corporate management. In accordance with the international quality management system standard ISO9001: 2015, we have incorporated various management activities into the system standard management, and have obtained relevant certifications, so as to make quality management work more procedural and normalised, and transform emergency and passive management into predictive and controlling management. We adopt the work process standards of “prevention first, process control, post-conclusion and improvement” to ensure that the quality of the production process is effectively controlled and continuously improved. We continue to strengthen the inspection of the production process of our products and ensure effective production inspection management by providing training to quality inspection personnel.

During the Reporting Period, all of our products delivered for inspection had passed the testing, and we had not received 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 the correction work has been finished. We strictly comply with the “Product Quality Law of the People’s Republic of China” and other laws and regulations relating to product quality and labels. During the Reporting Period, we were not aware of any circumstances that we had seriously breached relevant laws and regulations in respect of product health and safety and labels.



## 7.2 Customer Satisfaction

Adhering to the customer-oriented approach, the Group continues to improve the customer service system and actively maintains close communication and exchanges with customers to improve customer service quality and customer satisfaction. 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, the sales department of the Group invites customers to conduct a customer satisfaction survey every year to understand their satisfaction with product quality and services. Customers can rate and give comments on ten aspects, including product price, packaging, material, appearance, label, delivery time, service method, service attitude, feedback time and stability, to assist the Group's continuous improvement.

Regarding the handling of customer complaints, we did not receive any material complaints during the Year. The complaints received mainly related to the quality of fabrics. 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 2022, our customer satisfaction remained at a high level, with an average satisfaction rate of 97.5% (2021: 97.5%), which was the same as that in last year (2021: decreased by 0.2%).

## 7.3 Confidentiality of Customer Data

In order to safeguard the interests of our customers, the Group is committed to safeguarding customer information. To this end, we have formulated a confidentiality system to ensure that the scope of confidentiality covers customer information, and have adopted a number of confidentiality measures. For example, we divide the information that the Company is required to keep confidential, and only authorise personnel at or above a certain rank to use, receive, transmit, use, copy or extract the information. Employees are not allowed to copy or use customer information without approval. If we find that any employee divulges customer information without permission, the employee will be dismissed and required for financial compensation or compensation, or in more serious cases, be held legally liable. 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)》).

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## **7.4 Promotion and Advertisement**

In order to maintain the Group's image and compliance, 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), so as to ensure that customers can 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 respects intellectual property rights, is committed to protecting the intellectual property rights and patents of the Group and other parties, 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, and never tolerates 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. The "Intellectual Property Management Manual" of the Group provides a framework for the management of intellectual property rights and for the implementation of 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 has been 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. We have accumulated 51 products that have been successfully granted patent licensing so far. 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

Sound supply chain management helps us maintain the quality of raw materials and long-term relationships with our suppliers. To effectively maintain the stability of raw material quality and identify environmental and social risks in the supply chain, we have established a systematical supply chain process, 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 achieve green and responsible procurement, we continuously monitor the performance of our suppliers, integrate environmental protection and social issues into our supplier management, and actively carry out environmental, occupational health and safety management system certification. We require our suppliers to accept environmental and safety certification and monitoring by certification bodies, while 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 conduct regular visits to major suppliers to understand their latest operational status and continuously supervise and assess their product quality, service levels, prices, etc. In addition, we also conduct regular onsite supervision and acceptance management, and make regular assessment on our suppliers to ensure stable quality. We will rate the overall performance of suppliers based on their quality, delivery time, price and payment methods, complaint handling and service quality. 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.

Meanwhile, we also encourage suppliers to fulfil their social responsibilities. The comprehensive "Code of Conduct for Suppliers" of the Group regulates 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. We have incorporated the environmental and social risk assessment of the supply chain into the Group's ESG-related risk assessment, and formulated risk response strategies and monitoring results for the identified ESG risks of the supply chain to avoid or reduce risks.

During the Reporting Period, our major 8 (2021: 8) production-related suppliers were all located in China. The Group has also implemented the above employment practices for all the suppliers.

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Year ended 31 December 2022

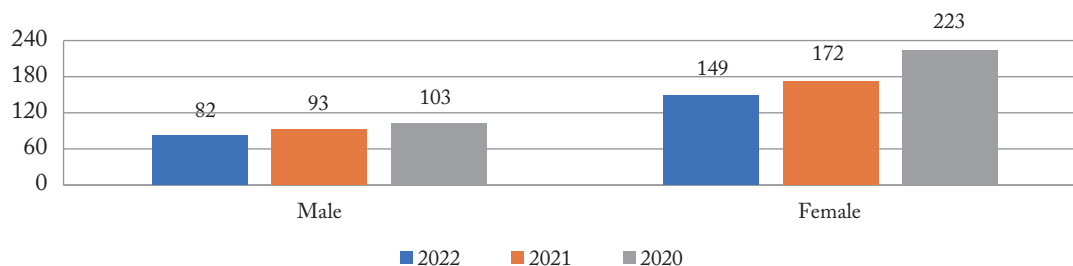
## 8 CREATING VALUES FOR EMPLOYEES

Human resource is one of the Group’s most valuable assets. We strive to create a harmonious and equal working environment, and provide competitive remuneration and benefits and diversified training opportunities to ensure equal opportunities for every employee in leveraging their greatest potential. We protect the rights and interests of our employees by formulating the “Employee Handbook” and the “Corporate Policy on Child and Forced Labour”, and ensure that our business operations are in strict compliance 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 noncompliance with relevant laws and regulations in the employment and labour standards of the Group.

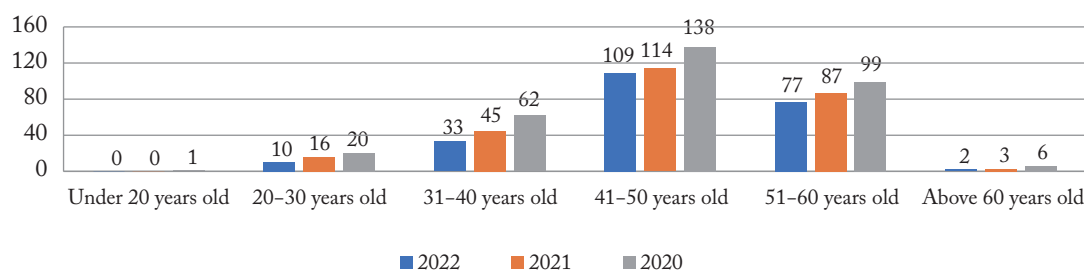
### 8.1 Employee Overview

As of 31 December 2022, we had a total of 231 (2021: 265) full-time employees under our woven fabrics manufacturing and sales segment in Zhejiang Province, all of whom are from Mainland China.

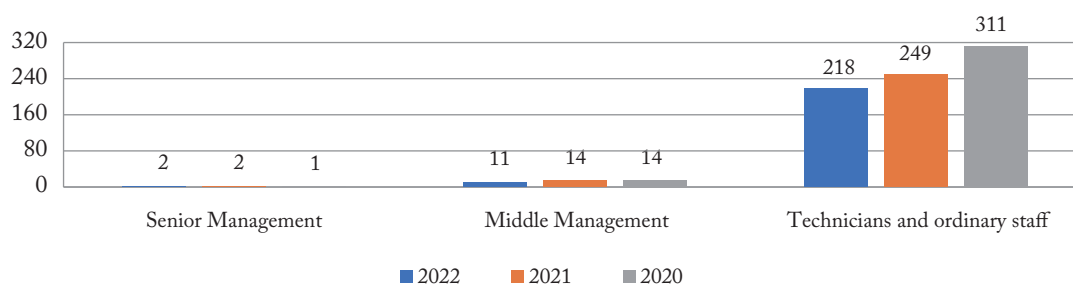
**Total number of employees by gender**



**Total number of employees by age group**



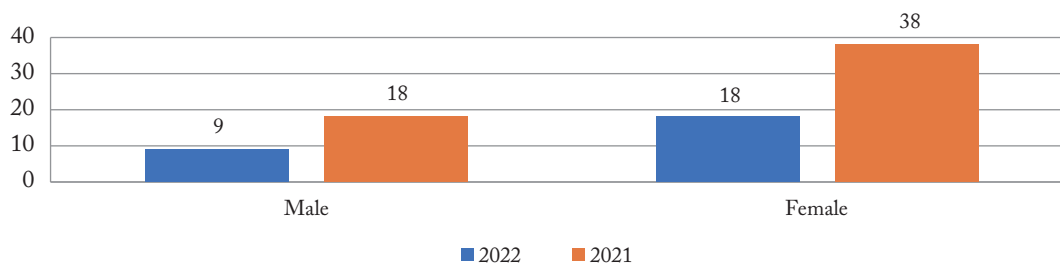
**Total number of employees by employment category**



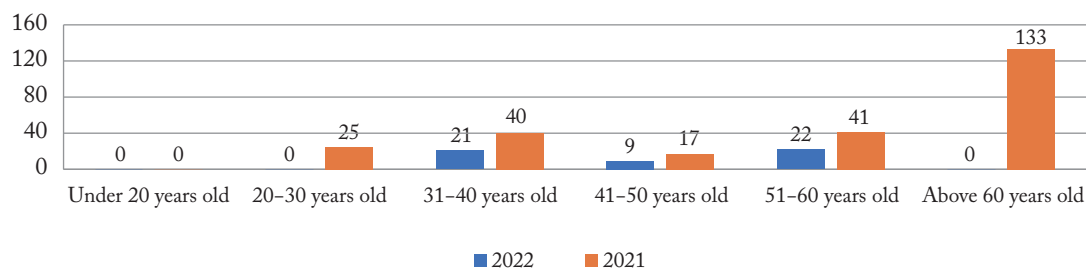
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During the Reporting Period, the employee turnover rate of the Group was 15%, and the distribution by gender, age group and region was as follows:

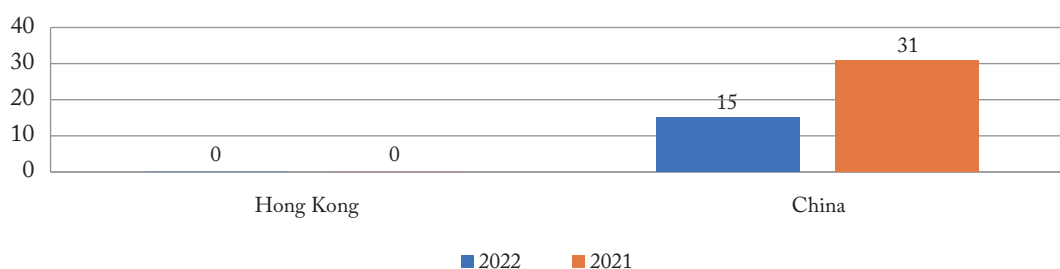
**Employee turnover rate by gender (%)**



**Employee turnover rate by age group(%)**



**Employee turnover rate by region (%)**



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## 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 fought against workplace discrimination of any kind and strive to create a harmonious and equal working environment. We ensure that applicants are not discriminated against or deprived of fair and open employment opportunities, including, but not limited to, hiring, determination of compensation and benefits, promotion, training and termination, during the recruitment process and the assessment process of existing employees due to ethnicity, race, gender, religion, age, marital status and other background. When selecting suitable candidates, we mainly consider their qualifications, work experience and personal abilities. When considering candidates and reviewing annual salary increases or promotions, we will only consider the factors related to their work 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.

We adopt "zero-tolerance" approach towards all forms of forced labour and the use of child labour. We 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 forced labour in its operations, as well as the employment of any child labour under the age specified by local labour laws. 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, so as to prevent any instances of forced Labour or child Labour. 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

One of the keys to sustainable business development is the ability to attract and retain talents. The Group is committed to creating a pleasant and fulfilling working environment for our employees and designing and managing the remuneration systems and benefits on the principles of impartiality, reasonableness and economy to support our 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. We will pay pension insurance, medical insurance, unemployment insurance, maternity insurance, industrial injury insurance and housing provident fund (five social insurance and one financial fund) for our employees. In addition, our employees also enjoy national statutory holidays, and can apply for sick leave, personal leave, family leave, bereavement leave and maternity leave for personal needs. 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, postspecific 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.

The Group also holds employee welfare and holiday activities to express our care for and attention to them and deepen employees' sense of belonging to the Company. For example, at festivals, including the Women's Day on 8 March, 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.

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

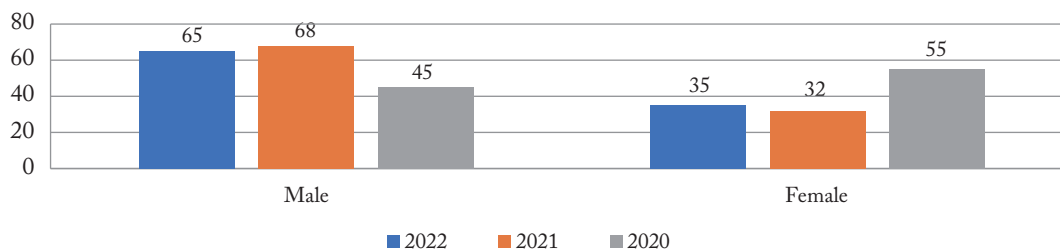
The Group always prioritises the need for regular and continuous training programmes to our employees so as to provide the best quality of product and service to customers. We are committed to creating a challenging, inspiring and attractive working environment for our employees, and providing equal opportunities for competition and development for each employee to encourage self-development and improve business quality

We actively provide our employees with various training and development options, and spare no effort to invest in training programs for them, 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.

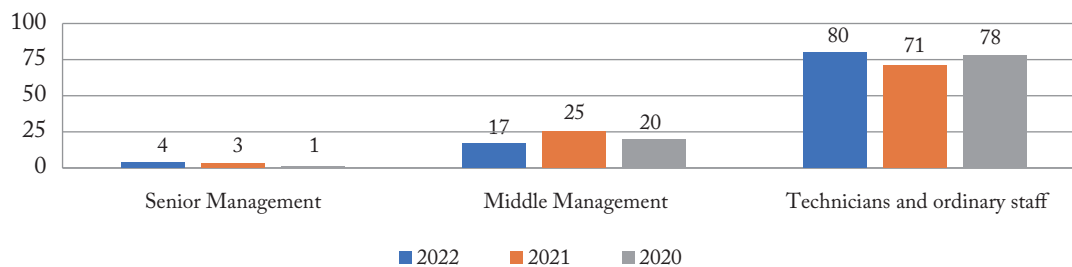
We will provide employees with more opportunities to deploy their positions based on their work ability, hoping to explore their potential. We take integrity, work performance, sense of responsibility and motivation as the criteria for promotion, so that the employees with good performance can engage 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 the training is 20%<sup>1</sup>, and the breakdown by category is as follows:

**Percentage of employees trained by gender (%)**



**Percentage of employees trained by employment category (%)**



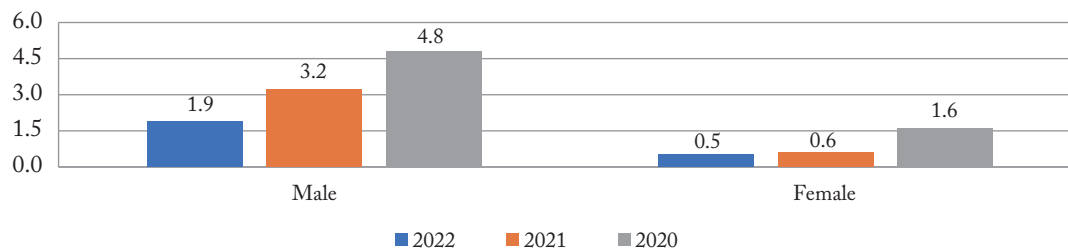
<sup>1</sup> Employee training data includes the data of the employees who have left during the Reporting Period

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

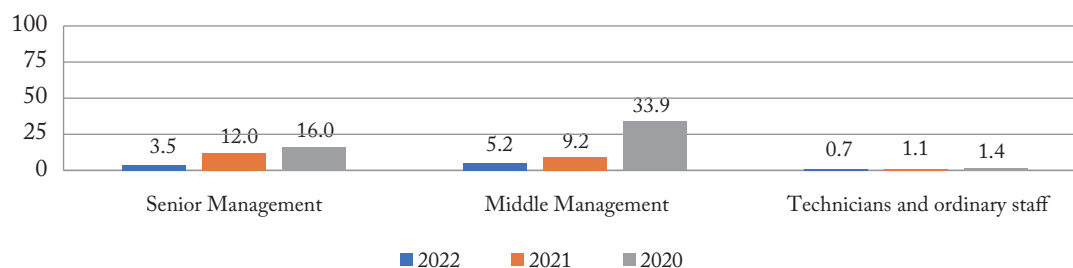
Year ended 31 December 2022

During the Reporting Period, we provided a total of 251 hours<sup>2</sup> of different types of trainings to our employees. On average, each employee has received approximately 0.95 hours of trainings.

**Average training hours completed per employee by gender (hours)**



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



<sup>2</sup> Employee training data includes the data of the employees who have left during the Reporting Period

## 8.5 Occupational Health and Safety

The Group attaches great importance to the health and safety of its employees and commits to providing a safe and healthy working environment for its employees and firmly establishing the concept of “safety first”. We are not only committed to improving the physical health of our employees, but also to the mental health of our employees. Therefore, we continuously strive to improve and maintain a good and comfortable 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 measures, we strictly abide by the “Emergency Plan for Fire and LPG Explosion Accidents”, which 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 Group and effectively carry out fire safety work. In addition, 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.

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》), “the Law of PRC on Fire Prevention” (《中華人民共和國消防法》) and other laws and regulations relating to occupational safety and health, nor any death or injury accidents occurred due to the work.



Employees	Equipments	Materials	Systems	Risk Control
<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Equipments for safety operations, and individual protective equipments, such as gloves, protective glasses, work clothes, insulated shoes, antidust masks are provided.</li> </ul>	<ul style="list-style-type: none"> <li>Materials on production sites, not exceeding the standard quantity, are well stored, while inflammable and explosive articles are deal with extra attention.</li> </ul>	<ul style="list-style-type: none"> <li>We have formulated a set of safety systems including the “Work Injury Accident Handling System” and the “Fire Safety Management System” which set out the safety rules and emergency measures for work injuries, fire and other emergencies.</li> </ul>	<ul style="list-style-type: none"> <li>We emphasize the management of areas with security concerns and prohibited unauthorized entries.</li> </ul>






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

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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## 8.6 Pandemic Prevention and Control

During the Year, the coronavirus disease (“COVID-19”) continued to endanger the global public health. It not only threatens the health and safety of people around the world, but also brings many challenges to the business. In order to clearly and effectively respond to the pandemic, the Group has formulated pandemic prevention guidelines, recorded and adopted a series of pandemic prevention work 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"> <li>• The special prevention and control leading group is set up by the person in charge of the Company and the heads of various departments are responsible for leading the employees of each department to effectively and comprehensively control the outbreak of the pandemic;</li> <li>• 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;</li> <li>• 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;</li> <li>• Employees are required to wear protective masks, develop the habit of washing their hands frequently, and strengthen the disinfection of the workplace;</li> <li>• 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;</li> <li>• For public facilities, regular disinfection of door handles and elevator buttons is required;</li> <li>• 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;</li> <li>• 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</li> <li>• 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.</li> </ul>
 <p>Orderly resumption of work</p>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
 <p>Enhancement in publicity on pandemic prevention</p>	<ul style="list-style-type: none"> <li>• 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</li> <li>• Employees were arranged to participate in lectures on pandemic prevention and control to raise their awareness among about the importance of maintaining their health.</li> </ul>

## 8.7 Anti-corruption

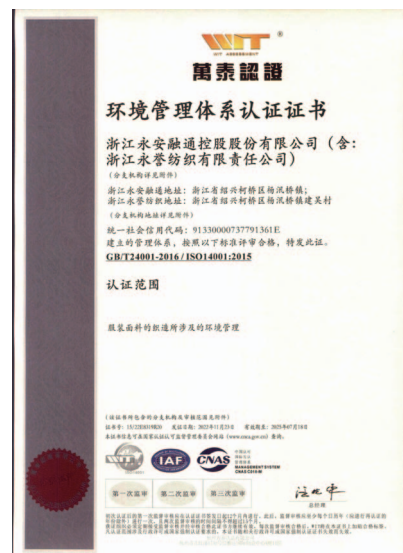
The Group always emphasises the importance of integrity, honesty and fairness, and we have zero tolerance for bribery, fraud and any other corrupt practises. Therefore, we will strictly ensure compliant operation and prevent corruption, and comply with relevant laws and regulations such as the “Anti-unfair 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》). 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. We also conduct regular anti-corruption trainings, so that employees can clearly understand the importance of integrity and ensure that suppliers can abide by relevant agreements. During the Reporting Period, we also conducted training on the “Supplier Integrity Agreement” (《供應商廉潔誠信協議》) to enhance employees’ understanding of the importance of integrity, honesty and compliance. 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 understands that in order to promote sustainable development, we need to reduce pollution from our operations. To this end, we actively encourage our employees, customers and suppliers to reduce the impact on the environment in our business operations .

In order to systematically manage the environmental impact of the production process, we have established an environmental management system in compliance with the ISO 14001:2015 Environmental Management System Certification, which systematically helps us to improve the environmental performance of our clothing fabric weaving business and ensures that the production process complies with environmental protection standards. In addition, 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.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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The Group abides by applicable environmental laws and regulations and industrial standards in its operations, including but not limited to 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聲污染防治法》), 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》), the “Law of the PRC on Environmental Impact Assessment” (《中華人民共和國環境影響評價法》), the “Law of the PRC on Promoting Clean Production” (《中華人民共和國清潔生產促進法》), the “Law of the PRC on the Environmental Protection Tax” (《中華人民共和國環境保護稅法》), “Measures for Investigation and Handling of Sudden Environmental Incidents” (《突發環境事件調查處理辦法》), the “Catalogue of Classified Management of Pollutant Discharge Permits for Stationary Pollution Sources” (《固定污染源排污許可分類管理名錄》) and “HJ/T 185-2006 Cleaner Production Standard: Textiles (Cotton Printing and Dyeing)” (《清潔生產標準紡織業(棉印染)》). 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

# ZHEJIANG YONGAN RONGTONG HOLDINGS CO., LTD.\*

## 9.2 Responding to Climate Change

Climate change is an environmental challenge affecting the world. The impacts include 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. Therefore, the Group actively reviews the risks brought by climate change to our operations and formulates adaptive strategies to improve our climate risk management capabilities. We identifies the risks and impacts of climate change on the Group's operations through an ESG risk assessment conducted by a third party for our business. The Board is responsible for approving the ESG risk assessment report to identify the impacts of climate change on the Group and launch appropriate policies to mitigate climate-related risks. The climate-related risks are as follows:

<b>Physical Risk</b>	<b>Impact on the Group</b>	<b>Mitigation Measures</b>
Acute risk	Extreme weather, such as typhoons and rainstorms, may disrupt production, supply of raw materials and transportation of finished products and makes employees unable to work as usual, threatening the safety of employees.	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.
<b>Transition Risk</b>	<b>Impact on the Group</b>	<b>Mitigation Measures</b>
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.	The Group will actively promote green operation and social responsibility, timely review and update the Group's environmental and social measures, so as to better meet the requirements of customers and the market.
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.	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.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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## 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 use of fuels by vehicles and 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 Group's production process does not directly generate exhaust gas, and the major greenhouse gas emissions come from the consumption of purchased electricity. 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. 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, to ensure that the emissions and emission concentrations comply with the applicable environmental laws, regulations and industrial standards, including but not limited to 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》), "GB3095-2012 Ambient air quality standards" (《環境空氣質量標準》), "GB16297-1996 Integrated emission standard of air pollutants" (《大氣污染物綜合排放標準》) and "DB33/962-2015 Discharged Exhaustion Gas National Standard" (《紡織染整工業大氣污染物排放標準》).

KPI	Unit	2022	2021	2020
Nitrogen oxides(NOx)	kg	51.01	57.96	41.94
Sulfur oxides(SOx)	kg	0.13	0.14	0.12
Particulate matter(PM)	kg	0.28	0.29	0.30
Total emissions (Scope 1 and 2)	tonnes CO <sub>2</sub> -e	8,927.19	10,694.69	10,173.39
Scope 1	tonnes CO <sub>2</sub> -e	16.07	18.07	18.19
Scope 2	tonnes CO <sub>2</sub> -e	8,911.80	10,677.31	10,155.90
Removal (tree planting) (Scope 1)	tonnes CO <sub>2</sub> -e	0.69	0.69	0.69
Intensity (calculated per thousand meters of fabrics)	tonnes CO <sub>2</sub> -e	0.97	0.70	1.21



# ZHEJIANG YONGAN RONGTONG HOLDINGS CO., LTD.\*

## 9.3.2 Energy Use Management

The main use of energy of the Group includes the purchased power consumption of factories and offices, and to a lesser extent, the unleaded petrol and diesel oil that is used by private cars and the liquefied petroleum gas used by the canteens. We strictly comply with applicable environmental laws and regulations, including but not limited to the “Law of the PRC on Energy Conservation” (《中華人民共和國節約能源法》), the “Law of the PRC on Renewable Energy” (《中華人民共和國可再生能源法》), and the “Decision of the State Council on Strengthening Energy Conservation” (《國務院關於加強節能工作的決定》). We actively promote green operations and implement relevant energy conservation measures to reduce unnecessary electricity consumption, including:

- Encourage employees to turn off idle machinery, electric appliance, lights and office equipments;
- 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	2022	2021	2020
Total energy consumption	MWh	14,671.24	17,573.69	16,717.29
Purchased electricity	MWh	14,607.12	17,500.92	16,646.28
Unleaded petrol	MWh	13.11	11.90	22.77
Liquefied petroleum	MWh	39.42	47.30	37.91
Diesel oil	MWh	11.59	13.57	10.33
Intensity (calculated per thousand meters of fabrics)	KWh	1.59	1.15	1.99

## 9.4 Noise Management

The Company’s main source of noise is the mechanical and power noise generated by the machines in the workshop during percussion. We have formulated the “Manufacturing Equipment Management System” (《生產設備管理制度》) and the “Noise Emission Control Regulations” (《噪音排放控制規程》) 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音污染防治法》). 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 above procedures 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) and other applicable standards.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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## 9.5 Water Resource Management

The Group obtains water from municipal water supply institutions for domestic use and did not have any difficulty in obtaining water sources. The sewage discharge mainly comes from canteens, offices, factories and employee dormitories. As the Group has outsourced fabric dyeing processes to third party dyeing factories for handling, the production process will not involve the use of water or produce industrial wastewater. We strictly comply with the applicable environmental protection laws and regulations, including but not limited to the “Law of the PRC on Water” (《中華人民共和國水法》), 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》), the “Law of the PRC on Water and Soil Conservation” (《中華人民共和國水土保持法》), “Regulations on Urban Drainage and Sewage Treatment” (《城鎮排水與污水處理條例》), “Integrated Wastewater Discharge Standards (GB8978-1996)” (《污水綜合排放標準 GB8978-1996》), the “Regulations on the Prevention and Control of Water Pollution in Zhejiang Province” (《浙江省水污染防治條例》), “HJ 471-2020 Technical Specifications for Dyeing and Finishing Wastewater Treatment of Textile Industry” (《紡織染整工業廢水治理工程技術規範》) and “GB 4287-2012/XG1-2015 the Discharge Standards of Water Pollutants for Dyeing and Finishing of Textile Industry” (《紡織染整工業水污染物排放標準》), 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	2022	2021	2020
Total water consumption	m <sup>3</sup>	75,906.00	87,145.00	81,567.00
Intensity (calculated per thousand meters of fabrics)	m <sup>3</sup>	8.23	5.70	9.73

## 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	2022	2021	2020
Total consumption of packaging	tonnes	38.00	42.30	27.74
Paper	tonnes	36.00	41.00	25.00
Plastics	tonnes	2.00	1.30	2.74
Intensity (calculated per thousand meters of fabrics)	kg	4.12	2.77	3.31

## 9.7 Waste Management

The Group did not generate any hazardous waste in its operations during the Reporting Period. 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 strictly comply with applicable environmental laws and regulations, including but not limited to 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》), 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》), the “Measures for the Management of Municipal Solid Waste” (《城市生活垃圾管理辦法》), the “Policy on Hazardous Waste Pollution Control Technologies” (《危險廢物污染防治技術政策》), the “Law of the PRC on Circular Economy Promotion” (《中華人民共和國循環經濟促進法》), the “Measures for Administration of Joint Disposal of Hazardous Wastes” (《危險廢物轉移聯單管理辦法》), the “Interim Provisions on the Supervision and Management of Major Hazards of Dangerous Chemicals” (《危險化學品重大危險源監督管理暫行規定》) and the “Regulations for Safety Management of Hazardous Chemicals” (《危險化學品安全管理條例》). All non-hazardous waste will be collected centrally, and 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 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	2022	2021	2020
Total volume of non-hazardous waste generated and disposed tonnes	tonnes	576.82	658.20	255.00
Intensity (calculated per thousand meters of fabrics)	kg	62.56	43.09	30.41

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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## 10 CREATING VALUES FOR THE SOCIETY

The Group is committed to building a more harmonious society and continuing to make a positive impact on the community. We actively promote the construction of sustainable communities where we operate, focusing on contributing to economic and industrial development, community building, caring for the elderly and epidemic prevention and control, responding to the public welfare work of the government and the community, fulfilling corporate social responsibility, and paying attention to and responding to the needs of the community. During the Reporting Period, we donated a total of RMB13,000 to show our commitment and care for contributing to community development.

We are committed to providing employment opportunities for local people and create value for our business and our community. We also support and encourage our employees to participate in public welfare volunteer activities to help communities create more value and make a positive impact. We participated in the “Welcome the Asian Games — Vitality League Building (喜迎亚运·活力团建)” campaign of Ironblood Education during the May 4 Youth Day to support the development of youth in our operating areas and to help tap the boundless potential of young people.



We are more active in responding to different community activities and participating in promoting social construction. In June, we participated in the promotion activity of “Building a Civilized City (共建文明城市)”, which promotes the concept of building a civilized city to the public, encourages the public to work together with us to create a better living environment, and educates our next generation through interactive games to build a civilized and harmonious city.

In addition, we encourage our employees to participate in the civilized persuasion volunteer service activity of “Zhejiang Courtesy • Keqiao Love (浙江有礼·柯桥有爱)” in Keqiao District of Shaoxing City, assist in traffic persuasion work, patiently answer public inquiries, take care of the elderly, the sick, the disabled and pregnant citizens, and jointly create a safe travel environment. During the Reporting Period, four staff members participated in civilized persuasion work to serve the community.

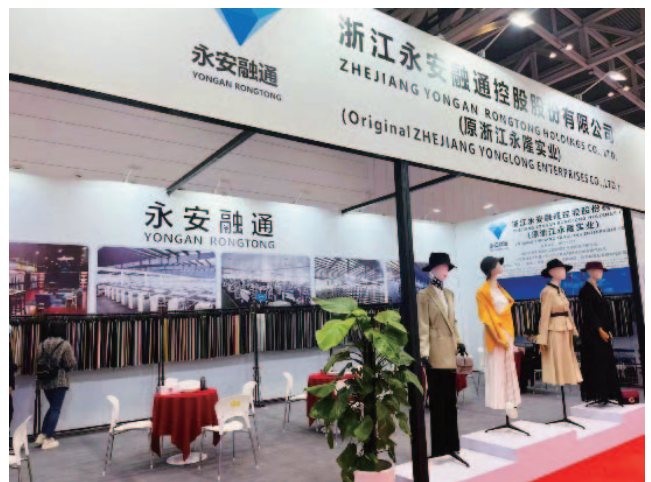
# ZHEJIANG YONGAN RONGTONG HOLDINGS CO., LTD.\*

Adhering to the philosophy of “giving back to the society”, we spare no effort to promote an inclusive society. We are leading our staff to care for the elderly in Pudangxia Village, to sympathize with and understand their needs, to convey warmth and best wishes to the elderly in the cold winter, to reciprocate their past efforts in community development, and to jointly build an inclusive society for all ages.



During the national fight against the epidemic, in addition to doing a good job of epidemic prevention in the work environment, our employees also actively cooperated with the epidemic prevention policies of the community, and actively participated in the epidemic prevention monitoring work of volunteer service points in the industrial park, to defeat the epidemic together and do our part for the society.

In addition, the Group actively participates in trade fairs to promote the development of the industry. The Group takes an active part in local exhibitions in China, such as the Keqiao Textile Expos in Spring and Autumn in Shaoxing, to display our diverse textile fabrics and finished products to meet the diversified needs of different buyers. We also set up product consulting services to understand the market needs and answer customer questions, actively participate in multi-party communication platforms, and keep abreast of the latest market trends and developments, to promote trade exchanges and cooperation and create long-term value for the industry and the community.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Year ended 31 December 2022

## 11 CONTENT INDEX

Major Scopes, Aspects, General Disclosure and Key Performance Index (“KPI”)		Chapter/Statement	Page
<b>A. Environmental</b>			
Aspect A1: Emissions			
General Disclosure	Information on: the policies; and 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	20-26
KPI A1.1	The types of emissions and respective emissions data.	Emission Management	23
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	23
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management	26
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	26
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environment Management Emission Management	21, 23-24
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.	Environment Management Waste Management	21, 26

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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	20-21
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (in MWh) and intensity (e.g. per unit of production volume, per facility).	Emission Management	24
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water Resource Management	25
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Emission Management	21 ,24
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.	Water Resource Management	21, 25
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Packaging Material Management	25
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	20
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	20
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	22
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	22

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Year ended 31 December 2022

Major Scopes, Aspects, General Disclosure and Key Performance Index (“KPI”)		Chapter/Statement	Page
<b>B. Social</b>			
Employment and Labour Practices			
Aspect B1: Employment			
General Disclosure	Information on: the policies; and 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
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employee Overview	14
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General Disclosure	Information on: the policies; and 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	18-19
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	18
KPI B2.2	Lost days due to work injury.	Occupational Health and Safety	18
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Occupational Health and Safety	18



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Major Scopes, Aspects, General Disclosure and Key Performance Index (“KPI”)		Chapter/Statement	Page
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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			
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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

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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Major Scopes, Aspects, General Disclosure and Key Performance Index (“KPI”)		Chapter/Statement	Page
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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	8-9
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Confidentiality of Customer Data	10
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KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption	20
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption	20

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Major Scopes, Aspects, General Disclosure and Key Performance Index (“KPI”)		Chapter/Statement	Page
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By Order of the Board  
**Zhejiang Yongan Rongtong Holdings Co., Ltd.\***  
**Lou Lijiang**  
*Chairman*

Zhejiang, the PRC, 31 March 2023

*As at the date of this document, the executive Directors of the Company 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); the independent non-executive Directors are Mr. Yu Weidong, Mr. Zhang Jianyong and Mr. Yuan Lingfeng.*