

361°

**361 DEGREES
INTERNATIONAL
LIMITED**

Stock Code: 1361

**ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE
REPORT
2021**



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I. PREAMBLE

2021 was an extraordinary year in which China's economy continued its strong recovery from devastating impacts of COVID-19 Pandemic in 2020 and the Global society witnessed an epic of fighting against the crisis with solidarity and resilience. While consumer confidence still has rooms for robust development, China's economic outlook maintains a strong momentum and the future of domestic consumption and retail sales were promising under the grand national "Dual Circulation" economic model. Under the overarching rooftop guideline of the "Outline of the 14th Five-year Plan for National Economic and Social Development of the People's Republic of China and the Long-Range Objectives Through the Year 2035" (《中華人民共和國國民經濟和社會發展第十四個五年規劃和二〇三五年遠景目標綱要》), Chinese people and all businesses have addressed the hardships, held posts with tenacity, and practised social and environmental responsibilities for marching towards the vision of building a Beautiful China (美麗中國).

In 2021, Chinese government departments including the National Sports Standardisation Technical Committee, the National Development and Reform Commission and the General Administration of Sport of China, introduced a series of policies such as the Implementation Plan for Making up for the Shortcomings of National Fitness Facilities during the 14th Five-year Plan Period (《“十四五”時期全民健身設施補短板工程實施方案》), the Key Points of Sports Standardisation in 2021(《二零二一年體育標準化工作要點》), "14th Five-Year" Sports Development Plan (《“十四五”體育發展規劃》), Notice of the State Council on Printing and Distributing the National Fitness Plan (2021-2025) (《國務院關於印發全民健身計劃(2021-2025年)的通知》) and other guidelines for approving projects that accelerate the country's pace towards the goal of developing itself into a sporting power.

In strict compliance and active response to the Outline for Building a Sports Powerful Country《體育強國建設綱要》 which highlighted the development towards implementing the people-oriented sports concept to strengthen people's health in China, optimising the structure of competitive sports projects to leapfrog into a powerful country of sports and improving the economic structure chain of sports industry to meet the growing and diversified needs of people, as well as China's resolution to boost sports industry and promote exercise among public, the Group aims to integrate the concepts and principles of corporate sustainability into its long-term visions and plans for business development through the lens of Environmental, Social and Governance ("ESG"). In alignment with the national idea that the world is a global community of shared future, 361 Degrees International Limited (hereinafter referred to as the "Company") and its subsidiaries (the "Group" or "We") firmly believes that we must act as a responsible member of our business ecosystem on both domestic and global levels, persevering in forging and maintaining sustainably sound business models and forward-looking plans to fulfil environmental responsibilities and contribute to social wellbeing.

As a leading sportswear brand in China that has been engaging in brand management, research and development (R&D), design, manufacturing and distribution, the Group is a trailblazer contributing to the sportswear industry of China since its establishment in 2003. Unswervingly upholding its original aspirations, remaining true to its roots – “One Extra Degree of Passion” (多一度熱愛), and adopting a consumer-centric approach, the Group continues to bring reliable, diverse and fantastic sports life experience and innovations to its valued customers. The Group keeps diversifying its layout of physical stores, deploying online e-commerce operations and creating new retail channels empowered by its talents and relentless efforts to support sustainable development of the sports industry.

2021 was a year full of positive stories about the progress towards sustainability that witnessed the universally acknowledged global ambitions and endeavours pledged by the COP26 Climate Summit in Glasgow, the implementation of the framework for China’s path towards peak emissions and carbon neutrality, the sustainable finance gradually exploding into the mainstream in business, the blistering pace of the shift to the clean energy in transportation as well as the continued, emphasised expansion of business’s role in creating value for our entire society. As a corporate citizen and practitioner that has embraced sustainability-themed initiatives and operations for years, the Group will keep focusing its resources on the development of its core brand that manifests “professionalism, youthfulness and internationalisation” and strengthening collaborations in the industry that cultivate the “China Power” (中國力量) campaign in the minds of consumers, while delivering its environmental and social commitments by firmly upholding the grand vision of China to pursue high-quality development that prioritises green and low-carbon way of life, and push for the achievement of “Common Prosperity”.

II. ABOUT THE REPORT

In strict compliance with the requirement under Appendix 27 – ESG Reporting Guide (“ESG Guide”) of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”), the Group is pleased to present its ESG report for the year ended 31 December 2021 (“FY2021”), which demonstrates the Group’s approach and performance in terms of ESG management and corporate sustainable development for FY2021. For corporate governance report, please refer to the Group’s 2021 Annual Report (Page 46 to 58).

Boundary Setting

The Group has consistently adopted the operational control approach and the principle of materiality in defining its reporting boundary. Given the unchanged distributorship business model and development plans of the Group, the scope of the ESG report remains barely changed, covering the performance and management policies of its major operating entities and operations of the Group, including the Group’s office in Hong Kong Special Administrative Region (“Hong Kong”) and business operations in both offices and manufacturing factories in Brazil, the United States, Europe (Netherlands) and the People’s Republic of China (“PRC”). The business in Taiwan, China is not included in the ESG Report given that no operations in Taiwan, China were performed in FY2021.

Application of Reporting Principles

The preparation of this ESG Report strictly adhered to the Reporting Principles set out in the ESG Guide. The main content of this ESG Report was determined, organised and presented under the principles of Materiality, Quantitative, Balance and Consistency, which were applied throughout the entire reporting process.

Materiality:

The application of the principle of Materiality in the ESG Report was reflected mainly in the Group's materiality assessment, in which the Group examined external ESG risks and opportunities, performed comprehensive stakeholder engagement, undertook internal impact analysis and prioritised the ESG-related issues that were significant and relevant to the Group's long-term capability to create value for all according to the recommended steps of "How to prepare an ESG report – a step-by-step guide to ESG reporting" released by the Stock Exchange. The materiality outcome has been approved by the Board of Directors of the Group (the "Board") and taken as an insightful result guiding the business development of the Group. Further, the Group made a response to the identified material topics.

Meanwhile, the Group based its boundary setting process on the principle of Materiality by considering its business nature and impact analysis. Specifically, as the distributorship business model adopted by the Group remained unchanged, the Group gave priority to its performance management and disclosure on production factories and R&D centres. Also, the use of the principle of Materiality cascaded throughout the identification, evaluation and prioritisation of material climate-related risks faced by the Group in the long run with reference to the recommendations of Task Force on Climate-related Financial Disclosures ("TCFD") created by the Financial Stability Board.

Quantitative:

The Group based its environmental and social information disclosure on the Key Performance Indicators ("KPIs") set forth in the ESG Guide. The Group gathered relevant information from reliable sources through well-managed data collection systems and generated the processed data to clearly demonstrate its sustainability performance during the year under review for better peer comparison. The quantitative information included but was not limited to the emissions, use of resources, number of employees and turnover rates, training profile, number of suppliers, etc.

Balance:

In order to present an unbiased landscape of the Group's sustainable development, the Group objectively presented its performance during the year under review, as well as unreservedly disclosed the areas where further improvements might be needed and will be made in the near future.

Consistency:

For better consistency, the Group adopted a set of methodology and frameworks for reporting on its annual ESG performance that were coherent and intelligible. The Group based the disclosure of the ESG Report on the ESG Guide of the Stock Exchange, including but not limited to the methods of carbon calculations, energy conversions, processing of human resources data, etc.

III. SUSTAINABILITY MANAGEMENT

The Group has invariably been a pioneer in refining business strategy and management approach towards sustainability since it was founded in 2003. Central to the Group's resilient business strategy and effectiveness of ESG policy implementation is its improved and robust governance structure and the fulfilment of duties under the accountability system at corporate levels. Based on the continuously improved ESG governance structure and management system, the Group is capable of maintaining smooth communications with both internal and external parties, timely identifying and addressing underlying business risks and grasping the golden opportunities for transitioning towards a business model that cares about its employees, respects the environment, focuses on customer-oriented philosophy and contributes to a wider community group in promoting social wellbeing.

The Group's commitment to sustainable practices rests on its tenet for growth: "One Extra Degree of Passion" (多一度熱愛) and the key driver of the Group's implementation of ESG concepts comes from the top, which is the commitment of the Board of Directors (the "Board") and their belief that ESG management is crucially important for the Group to balance all interest of its key stakeholders and create value for all. The Group has adopted an integrated "top-down" and "bottom-up" management approach to practise its ESG principles, which are signalled from the top, supervised by the management team and executed by the frontline officers and colleagues. At the Board level, the commitment to ESG cascades across all members who constantly study the latest regulatory requirements and benchmark leading strategies, striving to improve the Group's management approach on a continuous basis. In the Group, ESG strategies are focused on the implementation of policies at three levels. Of top priority is the foundational governance structure that ensures the unity and accountability system of the Group in law compliance and excelling in the industry. Second, the Group extends its responsibility beyond its own operations to a broader supply chain, on which a multitude of ESG criteria including labour standards, environmental management system, product quality and occupational safety are integrated into the way the Group evaluates and selects its business partners. At the third level, the Group seeks continuous improvement in product quality and keeps satisfying its consumers' diverse needs through innovations based on the implementation of its customer-oriented principle, beyond which, the Group further practises its corporate social responsibilities all the time by proactively responding to disaster relief and financial support to philanthropy.

Under the hierarchical management mechanism, which underpins the resilient business model and enhances the communication of its corporate visions, business strategies and sustainability commitments, the Board takes the lead on and has the oversight of the execution of relevant ESG issues in the Group. To promote the sustainable development of the entire enterprise, the building of an effective business management model that allows for the smooth communication of corporate visions and business strategies in pursuit of ESG integration, the Board is responsible for proposing ESG strategies and plans, formulating and monitoring the Group's goals and progress towards sustainability, and maintaining the solidarity and momentum of the Group to achieve growth and output while lowering the impact on resources and the environment. The management team is mainly responsible for supervising and monitoring the implementation of internal policies among various business departments, advising on solutions in the process of policy implementation, and monitoring the performance of the Group in realising the goals set under waste reduction, resource efficiency and ecological impacts in operations, which are all relevant and material to the Group considering its internal impact analysis and materiality assessment. The frontline operators are mainly responsible for implementing corporate-wide ESG initiatives with support from and under the leadership of the management, communicating and cooperating with key stakeholders including suppliers, customers, government and community members, and reporting to management on any compliance risks, social welfare contributions and environmental performance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In order to effectively implement the Group's sustainability strategy, the Board sets the tone and pace of the direction for development and assigns a task force to review corporate policies across the Group on sustainability, compliance, labour practices and community investment, including its offices, production factories, R&D centres and retail shops. The Board keeps monitoring and reviewing the ESG performance and associated risks of the Group's operations through various channels. The Board is normally informed of the updates of ESG-related laws and regulations that may have significant impact on the Group's business through regular reports from the management including the Company secretary. The management collects material information from the market through its Integrated Group Legal Centre (綜合集團法律中心) and law firms, and forms a summary report for the Board. The Board obtains the information related to potential ESG risks from the Group Audit Centre. The management is responsible for monitoring the implementation of the Group's sustainability strategies and timely providing material information to the Group Audit centre that is in charge of sorting, summarising and verifying the key findings, and reporting to the Board.

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

Board

- Reviewing and understanding the Group's environmental and social impacts;
- Overseeing the Group's ESG management and making informed decisions on business development with ESG and climate considerations; and
- Promoting a culture from the top to ensure ESG considerations are part of the business decision-making process.

Support from external ESG experts

Management team

- Supervising the implementation of ESG policies at the operational level;
- Tracking and reporting on the progress towards well-established ESG goals and sub-targets; and
- Ensuring cross-functional collaboration, transparent end-to-end management and execution of policies within various functions effectively with insights and support being provided.

General employees

- Studying and executing the ESG plans set up by the top management;
- Taking actions to make changes to the Group and the industry; and
- Assessing and reporting on the ESG-related risks faced during daily operations.

Bottom-up: feedback and experience

Top-down: decision making and leadership

In 2020, the COVID-19 Pandemic had a profound impact on the global sportswear market and wreaked havoc throughout the world that disrupted the economic and social order. Entering 2021, the concerted effort among governments, industries, international organisations and all humankind with the roll-out of vaccines managed to control the Pandemic, and we have seen a year when ESG concepts gradually took the centre stage in business development. As an enterprise focusing its efforts on building and maintaining a robust business that integrates social and environmental responsibilities into daily operations and corporate strategy for sustainable development, the Group keeps improving its management approach and practising its ESG philosophy on various fronts.

**"One Extra Degree
of Passion"
(多一度熱愛)**

Growth by Balancing "E, S & G"

The Group pays great attention to the efficient use of resources and the impacts it brings to the ecosystem, as well as the healthy development of employees and the wellbeing of society. The Group has been committed to three main pillars, namely technological innovation, employee education and improvement towards the best practice in the industry.

First, to mitigate and adapt to global sustainability-related threats, such as climate change, the Group is committed to seizing every opportunity to innovate, design and utilise eco-efficient footwear processing technologies that promote the responsible use of energy resources and seek new access to business opportunities for renewable energy. The Group continues its commitment to environmental protection, and has modified its product formulations through the research and development of low-impact materials, such as the use of recycled rice husks and recycled rubber and plastic granules as important raw materials for product production. Second, the Group attaches great importance to the education and promotion of low-carbon operations and lifestyle among employees, encouraging its staff to take public transportation instead of private cars, and lower individual environmental footprint. Meanwhile, the Group has been promoting office automation and paperless office for years, and stepped up efforts to formulate internal policies to guide employees to reuse and recycle paper envelopes, documents and scratch paper in the office. Furthermore, the Group collaborates with external organisations to assist in the research of subjects including material selection and benchmarks the best measures to address climate change. For example, the Group has incorporated the Sustainable Development Goals (a global call for actions to protect the planet and promote human prosperity) in its business strategy, defined its environmental priorities and development roadmap, and taken into account the global climate emergency.

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"One Extra Degree of Passion" (多一度熱愛)

Due to the varying risks and opportunities faced by different enterprises, we perform annual reviews to identify the Group's and its stakeholders' major concerns and interests in ESG issues, and align the findings with corporate development strategies and operational objectives, thereby strengthening the targeted management. For instance, the Group focuses on the analysis of common and industry-specific ESG risks, and bases its long-term value creation on the sound management of product/service health and safety, compliance, protection of intellectual property rights, optimisation of marketing and promotion methods, product quality assurance, customer satisfaction, privacy protection, etc.

Leveraging Innovation for Improvement

Adhering to innovation-driven development and comprehensively shaping new development advantages (堅持創新驅動發展 全面塑造發展新優勢) under the guidance of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and Vision 2035 of the People's Republic of China.

In 2021, the digital-enabled fitness and exercise communities took centre stage, seeing a drastic shift of society towards digital fitness under the restrictions of social-distancing rules. To grasp the digitalisation opportunities, the Group expanded online channels and kept advancing the digital transformation of its e-commerce. For instance, we launched the proprietary WeChat mini program "You Yan You Du (有顏有度)".

In terms of scientific research and innovation, we have been striving for breakthroughs in the functionality of our products for sports to professional standards. In 2021, many of our products were awarded on the international stage. For example, 361-FIERCE, the international product line of running shoes, was rated as the "Best Deal" by Test 4 Outside, a professional review website in France.

China Power

In 2021, we massively carried forwards the spirit of patriotism and successfully launched a campaign for promoting new products manufactured with Chinese cotton under the theme of "Love for Xinjiang" (熱愛行疆), in which the concept of "Quality Chinese Cotton for Quality Chinese Products" (用優質國棉製造優質國貨) was immensely promoted and a series of new Chinese cotton T-shirts with special designs were introduced to the market. New Chinese Cotton T-shirt elaborately integrated the Pamir Plateau image with the traditional Xinjiang auspicious pattern to create a new China-Chic product with regional characteristics. The 30 sets of clothing suits were presented to showcase the design concept of "Chinese Cotton Warm Our Hearts" (國棉在身、溫暖在心).

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BOARD STATEMENT

Meanwhile, 361° announced a strategic partnership with the China Cotton Industry Alliance (“CCIA”). In this cooperation, CCIA will have the best cotton fields dedicated for 361° and we will use the business trademark of “CCIA” in compliance with applicable laws and regulations in their product sales and promotion that better offer our consumers high-quality products and further enhance the influence of China cotton across the world.

Tackling Climate Change

In March 2021, China approved its 14th Five-Year Plan and announced to “expedite the transition of China’s growth model to green and high-quality development. Under the ambitious goal to peak carbon dioxide emissions before 2030 and achieve carbon neutrality before 2060, our entire country is embarking on the quest for sustainable development. In alignment with the national campaign, we have been researching on and utilising technological innovation, a key pillar of 361°’s power generator for developing a greener and more competitive business operation and product.

To accelerate and improve our climate actions, the Group has engaged in priority procurement of the products and services featuring sustainability, and considered energy-efficient and environmentally-friendly elements in implementing its supply chain management policies.

In response to the country’s call to accelerate the construction of an ecological civilisation system and low-carbon transition, the Group adheres to the pursuit of innovative, coordinated, green, open and shared development concepts, and prudently controls its emissions.

Disaster Relief

The Group has unswervingly practised its social responsibilities and made a swift response to any needs in the society. In October 2021, Shanxi province experienced heavy rains for several days, with some areas suffering severe flood disasters. On October 11, the Group announced an emergency donation of supplies worth CNY 20 million to aid Shanxi province to further support flood relief and post-disaster reconstruction.

On July 21, 2021, Henan province was hit by an unprecedented huge flood. All employees of the Group were concerned about the disaster in Henan and immediately took action by making donations of materials and funds worth CNY 10 million to Henan Charity Federation, conveying its spirit of “One Extra Degree of Passion, One Extra Piece of Support” to the vulnerable in the disaster-stricken areas.

Looking ahead

The Group deeply benchmarks its ESG management and performance against global and national standards, aiming to relentlessly fulfilling its environmental and social responsibilities, while transparently reporting on its ESG impacts and improving its contributions to global sustainable development.

Sincerely,

Ding Huihuang

Chairman

The logo for 361° is displayed in a large, bold, orange font. The number '361' is followed by a degree symbol (°).

IV. STAKEHOLDER ENGAGEMENT

The Group deeply understands that building an ongoing stakeholder dialogue and facilitating the engagement of its key stakeholders is vital for the Group to efficiently recognise its stakeholders' important concerns and expectations. Over years, the Group has been committed to maintaining a sound relationship with its stakeholders and addressing the ever-changing stakeholders' expectations by fine-tuning its business strategy and development models. The Group values the feedback from its stakeholders on a continuous basis and takes an initiative to build a trustful and supportive relationship with them through their preferred ways of communication that are listed in the table below.

Stakeholders	Expectations and Concerns	Communication Channels
 <p>Government and regulatory authorities</p>	 <ul style="list-style-type: none"> -Compliance with laws and regulations -Anti-corruption policies -Occupational health and safety 	 <ul style="list-style-type: none"> -Supervision on the compliance with local laws and regulations -Routine reports and tax payments
<p>Shareholders</p>	<ul style="list-style-type: none"> -Return on investments -Corporate governance -Business compliance 	<ul style="list-style-type: none"> -Regular reports -Announcements -General meetings -Official website of the Group -Investor briefings
<p>Employees</p>	<ul style="list-style-type: none"> -Employees' remuneration and benefits -Health and safety in the workplace -Increase the reuse and recycling of waste materials in retail shops -Illustrate the value proposition of ESG responsibilities -Effective Board oversight -Diversified employee training -Engagement in charitable activities and improve local employment -Increase the investment in R&D of eco-friendly materials 	<ul style="list-style-type: none"> -Performance appraisals -Regular meetings and training -Focus groups -Emails, notices, circulars, hotline and team building activities
<p>Customers</p>	<ul style="list-style-type: none"> -Production quality assurance -Continuous promotion of reliable products/services to customers -Eco-friendly materials and circularity measures -Technology innovations 	<ul style="list-style-type: none"> -Customers' satisfaction surveys -Customer service hotline and emails -Media conferences -Corporate website
<p>Suppliers</p>	<ul style="list-style-type: none"> -Fair and open procurement -Win-win cooperation -Protection of intellectual property rights -Energy efficiency improvement -Strengthen the systematic training on employees 	<ul style="list-style-type: none"> -Open tender -Contracts and agreements -Telephone discussions -Face-to-face meetings and onsite visits -Industry seminars
<p>Distributors and authorised retailers</p>	<ul style="list-style-type: none"> -Improvement in product quality and design -Strong marketing efforts -Business profitability 	<ul style="list-style-type: none"> -Trade fairs for 361° core brand -Communication with retail channel management department -Regular conferences -Corporate website & Email -Corporate training programmes -E-commerce platforms

As the Group has been committed to integrating UN Sustainable Development Goals (“SDGs”) framework into its sustainability roadmap and aligning ESG targets with the directions set out by SDGs, the Group continuously consulted with its key stakeholders and took into considerations their concerns in terms of the responsibility of the Group for pushing forward global sustainable development.

According to the SDG Compass, the Group has prioritised Goal 3 (Good Health and Well-Being), Goal 4 (Quality Education), Goal 5 (Gender Equality), Goal 7 (Affordable and Clean Energy), Goal 9 (Industry, Innovation and Infrastructure), Goal 10 (Reduced Inequalities), Goal 11 (Sustainable Cities and Communities), Goal 12 (Responsible Consumption and Production) and Goal 13 (Climate Action) as its guidance for actions to meet the 2030 Agenda for Sustainable Development. In response to the call and concerns from stakeholders, the Group has been laying its emphasis on the management of relevant areas in its business operations and setting out appropriate targets and metrics in either directional or quantitative ways.

For example, inspired and pushed by the targets under Goal 4, Goal 5 and Goal 10, the Group has unwaveringly advocated equality in the workplace and female empowerment in the society through awareness enhancement training. To facilitate the achievement of quality education for all, as being reflected from the training principle of the Group – “Training should be elevated to the strategic level and linked to KPIs”, the Group endeavours to improve its management approach and policies in standardising the training programmes and integrating more resources and technologies in the platform and training plan for its employees. Under the “Group Training Management System”, the Group’s training policies such as “New Employees Integration Management Measures” and “Group Annual Training Planning and Budget Management Measures” have been constantly reviewed and optimised, aiming to regulate the training practices.

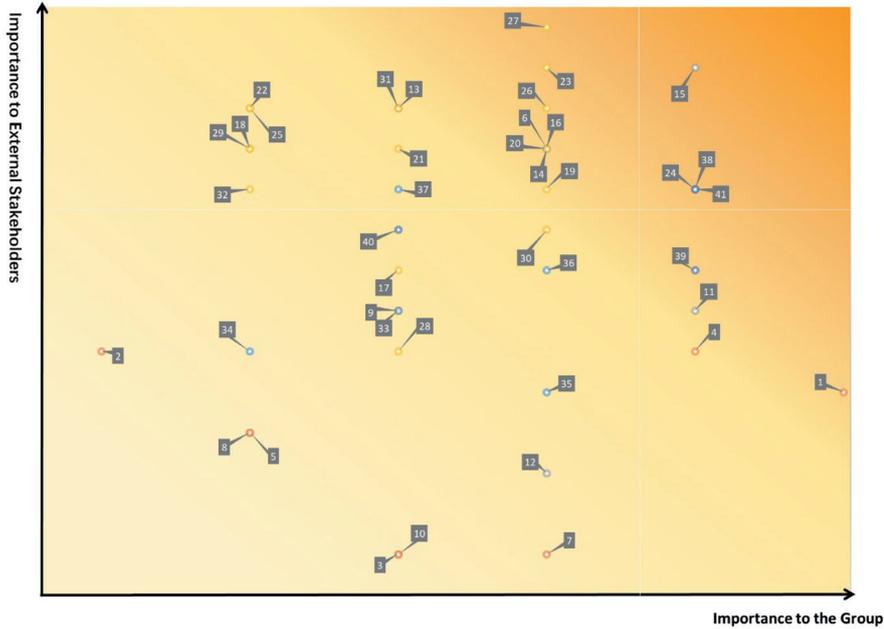
To meet the requirements set forth under Goal 7, the Group has invested in and promoted initiatives on renewable energy and installed solar panels on rooftops. In the innovation of apparel materials that is emphasised under Goal 9, for instance, the Group has embedded environmental concepts into product research and design, developing a series of ecological and environmentally friendly textile materials, such as “Polyester Double-sided Elastic Hollow Jacquard Fabric” and “Full-dull Polyester Imitated Cotton Double-sided Composite Football Polar Cloth”, winning the award of the best eco-friendly product. In the innovation of thermal apparel, the Group researched and developed floating thermal clothing, replacing the conventional down and cotton with air, which not only lowers costs on material while keeping the performance, but also greatly reduces the use of raw materials for the production of sports apparel. To support global decarbonisation under the call of Goal 13, the Group has built a carbon reduction objective in line with the Science-based Targets Initiative, which will be taken as a guide leading all staff in the organisation to make positive changes to mitigating climate change.



Materiality Assessment

As ESG risks and opportunities for companies vary across industries and depend on specific corporate business models, the Group undertakes an annual review to consult with its stakeholders about their main concerns and material interests towards ESG issues every year, in order to better pinpoint the material topics with reference to GRI Standards, through the process of assessing the Group’s context, identifying actual and potential impacts and evaluating the significance of impacts. In FY2021, the Group engaged its stakeholders by carrying out a materiality assessment survey. A group of internal and external stakeholders were identified, prioritised and selected based on their influence and dependence on the Group. Such stakeholders included Group’s employees, customers and suppliers. Specifically, the Group referenced ISO 26000 (Guidance on Social Responsibility) and chose its stakeholders against criteria including legal obligations, power of influence, significance in the value chain and willingness for engagement. The selected stakeholder representatives were invited to take part in an ESG online survey, which was comprised of numerous questions around ESG topics that were regarded financially material and relevant to the Group’s business development. With the information from stakeholders as well as internal impact analysis, the Group has formulated a materiality assessment matrix as below.

Stakeholder Engagement Materiality Matrix



- Environmental Impacts
- Operating Practices
- Leadership & Governance
- Employment and Labour Practices
- Community Investment

1	GHG Emissions	15	Preventing Child and Forced Labour	29	Product Design & Lifecycle Management
2	Air Pollution	16	Labour Practices	30	Access & Affordability
3	Energy Management	17	Green Procurement	31	Business Ethics & Anti-corruption
4	Water & Wastewater Management	18	Communication and Engagement with Suppliers	32	Internal Communication & Grievance Mechanism
5	Solid Waste Stewardship	19	Environmental Risk (e.g. pollution) Management of Supply Chain	33	Community Engagement
6	Materials Management	20	Social Risk (e.g. human rights or corruption) Management of Supply Chain	34	Participation in Philanthropy
7	Land Use, Ecosystem and Biodiversity	21	Supply Chain Materials Sourcing & Efficiency	35	Cultivation of Local Employment
8	Climate Change Mitigation & Adaptation	22	Health and Safety Relating to Products/Services	36	Local Environmental Protection
9	Packaging Material Management	23	Customers Welfare	37	Support of Local Economic Development
10	Renewable and Clean Energy	24	Marketing and Promotion	38	Business Model Adaptation and Resilience to Environmental, Social, Political and Economic Risks and Opportunities
11	Diversity & Equal Opportunity	25	Intellectual Property Rights	39	Management of the Legal & Regulatory Environment (regulation - compliance management)
12	Employee Remuneration and Benefits	26	Product Quality	40	Critical Incident Risk Responsiveness
13	Occupational Health and Safety	27	Customer Privacy and Data Security	41	Systemic Risk Management (e.g. Financial Crisis)
14	Employee Development and Training	28	Labelling Relating to Products/Services		

Through the materiality analysis, the Group identified “Preventing Child and Forced Labour”, “Marketing and Promotion”, “Business Model Adaptation and Resilience to Environmental, Social, Political and Economic Risks and Opportunities” and “Systemic Risk Management (e.g. Financial Crisis)” as issues of high importance to the Group in FY2021. Given the high degree of concerns on the aforementioned material issues, the Group has focussed its efforts on the internal management under these areas.

RESPONSE TO MATERIAL CONCERNS

“Preventing Child and Forced Labour”

As ending child labour and all forms of forced labour is integral to the Ten Principles of the United Nations Global Compact, the Group has been committed to taking concrete actions to eliminate any risks involved with child labour and forced labour not only in its own operations, but also along its supply chain by proactively cooperating and engaging with its suppliers or business partners that are required to conform to the Group's policies. In recruitment, the Group promotes fairness and standardises its screening and selection process by requesting eligible candidates to provide valid identity documents for verification. To facilitate and incentivise responsible business conduct in supply chains, the Group has implemented strict supplier evaluation policies by setting stringent rules that regulate all suppliers respect for labour rights and have not been involved in any cases in relation to child labour or forced labour.

“Marketing and Promotion”

The inexorable trend towards the transformation of online sales channels is gathering momentum. The Group has made full use of E-commerce platforms and carried out the upgrading of its brands online for boosting sales and enhancing brand image. To ensure legality in product marketing, the Group has proactively studied the relevant regulations, including the consultation paper of the Measures for the Administration of Internet Advertising (互聯網廣告管理辦法), and implemented internal policies for social media marketing and advertising practices.

“Business Model Adaptation and Resilience to Environmental, Social, Political and Economic Risks and Opportunities”

The Group has made an effort to improve management and adaptation approaches that focus on economic factors coupled with ESG issues by building a comprehensive enterprise risk management system, which aims to incorporate the effects of multi-dimensional topics including climate change into corporate strategy and decision making. For instance, the Group supports the TCFD recommendations by internalising environmental externalities, especially the implications of climate-related risks as well as opportunities, striving to be better prepared and adaptable to changes.

“Systemic Risk Management”

Recognising the evolving global risk landscape, the Group has built and maintained a robust risk management system based on its systematic sustainability governance structure that facilitates the swift identification and precise assessment of ESG-related risks, and implementation of risk responses that allow the Group to successfully navigate the risks caused by large-scale weakening or collapse of systems. For instance, facing the direct influence and ripple effects of COVID-19 Pandemic, the Group continued its previous management model of epidemic prevention and control leading task force that has been proven effective before and paid close attention to risk status across the country, which enabled the Group to rapidly respond to any emergency with plans and toolkits.

Stakeholders’ Feedback

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

V. ENVIRONMENTAL SUSTAINABILITY

The Group is in full support to the Paris Agreement and the concentered ambitious aims to strengthen the global response to the threat of climate change by limiting the global temperature rise. In contribution to accelerating the reform of the system for the development of an ecological civilisation and a “Beautiful China”, the Group devotes itself to continuing the reduction in its products’ environmental impact and footprint by sourcing more sustainable materials, leveraging durability, advocating the “3R principle – Reduce, Reuse and Recycle”, grasping circularity opportunities in the design and development, and raising the awareness in waste reduction and improvement in energy efficiency of its stakeholders along its value chain. In response to the national call for advancing the construction of the ecological civilisation system (加快構建生態文明體系) and sticking to its pursuit of the vision of innovative, coordinated, green and open development that is for everyone (創新、協調、綠色、開放、共享的發展理念), the Group has been dedicated to seeking the long-term sustainability of the environment and the community where it operates, and has been prudent in controlling its emissions and consumption of resources, ensuring its compliance with relevant environmental laws and regulations in operating regions during operations. The material laws and regulations are listed below:

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

This section primarily discloses the policies and practices of the Group on **A.1 Emissions**, **A.2 Use of Resources** and **A.3 The Environment and Natural Resources** during FY2021.

A.1 Emissions

In FY2021, the Group was in compliance with applicable laws and regulations concerning air and greenhouse gas (“GHG”) emissions, discharges into water and land, generation of hazardous and non-hazardous wastes, and noise that have a significant impact on the Group. As environmental sustainability is an inseparable part of the Group’s initiative to minimise its environmental impacts, the Group strives to operate in a sustainable manner with making full use of innovative research and advanced technologies in its product design and development process, so as to realise zero waste and circularity goals.

During the year under review, the air pollutants from the Group including sulphur oxides (“SO_x”), nitrogen oxides (“NO_x”) and particulate matter (“PM”) were mainly generated from vehicles for transportation for business affairs and operations. Specifically, the Group’s air emissions of SO_x, NO_x and PM amounted to 4.87 kg, 213.21 kg and 15.70 kg respectively in FY2021. In response to the national “30.60 carbon target”, the Group endeavours to grasp the opportunities of the transition to a low-carbon economy and eliminate the impacts of the potential physical and transition risks posed by climate change. In FY2021, the GHG emissions from the Group were primarily caused by the combustion of fossil fuels for transportation, electricity purchase, consumption for operations and business travel. During the year under review, the Group’s total GHG emissions amounted to 22,380.66 tonnes of CO₂e. In addition, the Group generated a total of 3,338.2 tonnes of non-hazardous solid wastes including 1,938.2 tonnes of domestic and commercial waste and 1,400 tonnes of waste from manufacturing processes, while 521,530.2 m³ of non-hazardous wastewater was discharged from the factories and offices of the Group. In FY2021, the Group did not generate any hazardous wastes (solid waste or sewage) during its operations. The Group’s total emissions in FY2021 are summarised in Table 1 below.

Table 1 The Group’s total emissions by category in FY2021⁷

Emission Category	Key Performance Indicator (KPI)	Unit	Amount in FY2021	Intensity ¹	Amount in FY2020	Intensity
				(unit/employee) in FY2021		(unit/employee) In FY2020
Air Emissions ²	SO _x	Kg	4.87	-	3.55	-
	NO _x	Kg	213.21	-	229.91	-
	PM	Kg	15.70	-	16.93	-
GHG Emissions	Scope 1 ³ (Direct Emissions)	Tonnes of CO ₂ e	786.99	0.1	647.1	0.1
	Scope 2 ⁴ (Energy Indirect Emissions)	Tonnes of CO ₂ e	20,306.32	3.0	22,228.82	3.5
	Scope 3 ⁵ (Other Indirect Emissions)	Tonnes of CO ₂ e	1,278.35	0.2	1,094.05	0.2
	Total (Scope 1 & 2 & 3)	Tonnes of CO ₂ e	22,380.66	3.3	23,969.97	3.8
Non-hazardous Waste	Domestic and commercial solid Wastes	Tonnes	1,938.2	0.3	1,873.4	0.3
	Manufacturing solid wastes	Tonnes	1,400	0.2	1,430	0.2
	Wastewater ⁶	m ³	521,530.2	77.4	535,780.49	84.8

1. *Intensity in FY2021 was calculated by dividing the amount of air emissions, GHG emissions and other emissions by the number of employees of the Group as of 31 December 2021, which was 6,740;*
2. *Air emissions included only the air pollutants in the exhaust gas from vehicles for transportation;*
3. *The Group's Scope 1 (Direct Emissions) included only the consumption of gasoline and other fossil fuels for vehicles;*
4. *The Group's Scope 2 (Energy Indirect Emissions) included only electricity consumption;*
5. *In FY2021, the Group's Scope 3 (Other Indirect Emissions) included only paper waste disposed of at landfills, electricity used for processing fresh water and sewage by government departments and business air travel;*
6. *The total amount of wastewater generated from the Group in FY2021 was based on the accurate recording of sewage from operations and the assumption that 100% of the freshwater consumed in the offices entered the building drainage system for which the amount of sewage during certain operations could not be estimated precisely; and*
7. *The methodology adopted for reporting on GHG emissions set out above was based on "How to Prepare an ESG Report? – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange and the IPCC Emission Factor Database.*

Sportswear business

The Group endeavours to having innovation and improvement in its manufacturing process towards eco-friendlier operations along its close attention on performance transparency through the systematic monitoring on its progress against environmental KPIs. The Group manufactures the majority of its products by the two factories located in Jiangtou and Wuli in Jinjiang, Fujian Province of the PRC. With great attention attached on the emission control and the implementation of effective policies instructing all business divisions and employees to take sustainability initiatives to lower carbon emissions, track and reduce energy usage, go for zero waste and control water consumption during operations, the Group has been committed to designing and producing its sportswear products in a greener and sustainable manner.

Air and GHG Emissions

In FY2021, the air and GHG emissions of the Group mainly came from the combustion of fossil fuels for the business air travel for business opportunity in view of the relief of the pandemic, the use of vehicles for transportation and business affairs, and electricity for manufacturing and office operations. To comprehend its operating practices towards sustainable consumption, the Group has continued to bring forward effective policies and measures in daily operations, regulating the use of vehicles along with the installation of exhaust filters to reduce vehicle emissions, and encouraging all its employees to take actions to lower their environmental impacts. In strict compliance with the national and industry standards, the Group keeps equipping its factories and production lines with more energy-saving and emission-reducing facilities, aiming to lower its impacts of emissions on surrounding areas. Furthermore, the Group has been concentrating on rejuvenating the existing vegetation around its factories, and offsetting its carbon emissions while providing an array of amenity, recreational and biodiversity benefits. The Group commits to focusing on its fleet management in the future by bringing more effective policies.

During the year under review, the GHG emissions of the Group remained similar with that of previous year with Scope 2 (Energy Indirect Emission) contributing the most to the Group's annual GHG emissions profile. As a result, the slight reduction in Scope 2 emissions has led to the total intensity of the Group decreased slightly by 13%.

The policies and actions taken by the Group are further described in the subsections headed "**Electricity**" and "**Other energy resources**" below.

Wastewater

Given that the management of wastewater is fundamental in textile and apparel industry to deal with large amount of wastewater which may contain toxic by-products from dyeing and other processing of products, the Group has relentlessly followed the "3R principle – Reduce, Reuse and Recycle" to handle the wastewater from boiler operations in the production line and installed more water-efficient facilities such as advanced dyeing equipment or wastewater recycling to reduce their freshwater footprint. As the Group champions wastewater recycling and water efficiency improvement, the factories of the Group remain committed to strengthening and tightening their monitoring on the operational data from wastewater treatment systems. The domestic wastewater from employees is normally discharged into the local municipal wastewater treatment plant for further disposal.

In FY2021, the Group generated a total of 521,530.2m³ of wastewater, which was slightly lower than the figure in FY2020. Since the amount of wastewater highly depends on the amount of water that has been used, the Group has adopted specific measures and aims to proactively explore effective ways to save water, which are further described in the next subsection headed "**Water**", to improve water efficiency.

Solid Wastes

In FY2021, the major solid waste generated from factories of the group were the leftover materials and offcuts. Embracing the concept of "Circular Economy", the Group has implemented draconian and innovative measures and internal policies that advance eco-friendly product design, considering waste as a source of value and innovating on the use of reclaimed materials throughout the manufacturing process. Under thorough research and experiments, for example, the Group has adjusted the formula for footwear products, which drastically reduces the waste of rubber materials and increases the use of secondary material. Leftover materials and offcuts are crushed by pulverisers, which are then sent to recycling stations for having higher recycling efficiency. While for unrecyclable materials such as industrial materials including glue and synthetic resin, the Group has been in cooperation with qualified recycling centres for proper centralised disposal, thereby diverting waste from landfill. The Group has established a complete due diligence process and performs regular audits on service providers with respect to their waste management qualification and capacity, so as to monitor the impacts of its generation of waste from a lifecycle perspective. As for domestic and commercial wastes, the Group has encouraged its employees to respond to the call of the PRC government to promote waste sorting by taking active actions to minimise the waste in everyday practice. For instance, employees are recommended to take their own lunch boxes to prevent the packaging waste of takeaway food and prohibit the massive use of disposable cups or plastic cups in the company.

Given the effective implementation of policies and integration of Waste Hierarchy Management into operations, the amount of manufacturing solid waste of the Group in FY2021 dropped slightly by 2.1% as compared to that in FY2020, while the total amount of solid wastes generated by the Group remained similar with that in FY2020.

Noise

Industrial facilities and manufacturing factories are among the harshest work environments for employees due to potentially excessive noise levels. Thereby, the Group has strictly abided by the Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution (《中華人民共和國環境噪聲污染防治法》) and Emission standards for industrial enterprises noise at boundary (GB12348-2008) (《工業企業廠界環境噪聲排放標準》) during manufacturing operations, ensuring that the noise level in factories is below the limit by implementing effective noise control measures ranging from isolating equipment with machine noise enclosures, isolating employees with modular in-plant offices to upgrading existing facilities. In FY2021, the Group did not receive any complaint on the noise issue from surrounding residents or regulators.

Overseas business and Hong Kong office

Since the businesses in Hong Kong, China, the United States, Brazil and Europe (the Netherlands) are mainly related to the trading of sporting goods instead of manufacturing product, the environmental impacts of the Group's overseas business and Hong Kong office are insignificant in comparison to the Group's manufacturing factories. Nevertheless, the Group is still committed to a complete measurement and improvement of its environmental performance in offices and trading operations, thereby making use of a clearer segmentation structure and platform for data management. Further, the Group is dedicated to eliminating the consumption of single-use plastic water bottles in most office spaces and promoting the utilisation of digital technology and internet for communication instead of unnecessary printing or travel.

A.2 Use of Resources

The Group has been complying with the relevant requirements and recommendations set out in applicable laws, regulations and standards, including the Energy Conservation Law of the People's Republic of China 《中華人民共和國節約能源法》 and Provisions on the Management of Water Conservation in Cities 《城市節約用水管理規定》, and committed to attaching greater importance in moving towards green production and consumption, and forging a business model that facilitates green, low-carbon, and circular development. In FY2021, the primary resources consumed by the Group were electricity, gasoline, natural gas, water, paper and various forms of packaging materials. Table 2 illustrates the amount of different resources used by the Group.

Table 2 Total Resource Consumption in FY2021

Use of Resources	Key Performance Indicator (KPI)	Unit	Amount in FY2021	Intensity ¹ (unit/employee) in FY2021	Amount in FY2020	Intensity (unit/employee) in FY2020
Energy	Electricity	kWh	33,393,059	4,954.4	31,781,044	5,029.4
	Gasoline	litre	331,095	49.1	241,709	38.3
	Natural gas	m ³	2,100	0.3	2,100	0.3
	TOTAL ²	kWh'000	36,623.8	5.4	34,053.7	19.4
Water	Water	m ³	631,951	93.8	557,107	88.2
Paper ³	Paper	kg	6,585	1.0	5,733	0.9
Packaging material	Paper box	Tonnes	2,352	0.3	2,570 (thousand pieces)	0.4
	Other paper-made products	Tonnes	26.5	3.93 x 10 ⁻³	33.27	5.3 x 10 ⁻³

- Intensity for FY2021 was calculated by dividing the amount of resources the Group consumed in FY2021 by the number of employees of the Group as at 31 December 2021, which was 6740;
- The energy conversion of resources consumed was based on the energy coefficient set out in "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange"; and
- Paper consumption = paper inventory at the beginning of reporting period + paper added to inventory during reporting period – paper collected for recycling purposes – paper inventory at end of the reporting period. In FY2021, the total amount of paper recycled by the Group was 1740 kg.

Electricity

In FY2021, the Group purchased electricity from local public utility companies and the total electricity usage ascended by 5% principally due to the increase in electricity consumption in the Group's manufacturing business in Mainland China. The use of purchased electricity dominated the total amount of energy use accounting for around 91.2% of the total energy consumption in FY2021 (FY2020: 93.3%). Electricity consumption was also the major driver of GHG emissions and constituted almost 90.7% of total emissions. As such, the Group is committed to having higher efficiency in electricity usage in the factories and advocating the principal of "Saving Electricity" into its business strategy and daily operations, aiming to maintain its electricity use efficiency and pursue efforts to further lower the absolute electricity consumption and intensity on yearly basis. To achieve the target, the Group has implemented the following practices:

- Apply advanced production technologies to enhance energy efficiency;
- Purchase energy-efficient equipment with labels of good environmental performance in the offices;
- Switch off idle facilities, lighting fixtures and air-conditioners timely;

- Encourage all employees to switch off electronic equipment when leaving;
- Replace energy-intensive lighting bulbs and equipment with LED lighting fixtures or other energy-efficient equipment;
- Formulate “Electricity and Energy Use Manual” as guidelines for execution;
- Explore the feasibility of scaling up the application of renewable energy;
- Place posters and stickers of “Saving Electricity” and “Do not keep the light on all night” in prominent areas to educate employees of energy conservation;
- Regularly perform planned maintenance of electrical and mechanical equipment to optimise its performance and lifespan, which can translate to energy efficiency savings; and
- Install solar panels on the factory roof to have a renewable source of energy.

Water

Water, as the most precious resource in the world, is definitely vital to manufacturing operations, the Group endeavours to becoming the leading enterprise in improving water efficiency. In FY2021, the Group did not face any problem in sourcing water that was fit for its purpose. The water consumption of the Group in FY2021 rose slightly as compared with the figure in FY2020. Particularly, the performance of the Group’s factories showed a slight increase of 13.3% water usage during the year under review. Nevertheless, stepping up all its efforts in advocating the “3R principal – Reduce, Reuse and Recycle” in its water management, in addition to continuous technology innovation and operational optimisation to reduce water footprint, the Group has further adopted the following practices:

- Build dual flush toilets in the company;
- Install a separate water metering device in the canteen to monitor the consumption of water with extra cost charged on the excess of water use over set value;
- Mop the floor instead of washing with water;
- Control the flow rate of faucets;
- Place posters of “Water is the source of life” in prominent areas to encourage water conservation;
- Strengthen the inspection and maintenance on the water taps, water pipelines and water storage tanks;

- Turn off the water supply system during holidays;
- Advocate the importance of water conservation among employees during morning briefings;
- Apply advanced technologies to strengthen water recycling in the manufacturing process; and
- Timely maintenance and repair to broken taps.

Other energy resources

The Group's consumption of other energy resources mainly came from transportation using various forms of fossil fuels. The Group has strictly stuck to relevant internal policies standardising the use of fleets for business affairs and product transportation, highly encouraged its employees to make full use of video conference or communication via digital platforms rather than unnecessary business travel. Meanwhile, the Group has been stepping up all its efforts in implementing its new energy commitment and dedicated to promoting the use of electric vehicles in the industrial park and installing solar water heating systems to alleviate its impact on the environment and natural resources.

In FY2021, while a surge in gasoline consumption was recorded, the amount of diesel consumed remained zero. The Group is committed to keeping its upgrade of vehicles and making changes towards cleaner energy resources.

Packaging materials

The Group has been committed to minimising packaging materials and maximising the use of responsibly sourced materials via designing packaging materials focusing on such aspects as durability, reuse, recycling and circularity. The Group has put strenuous efforts in the R&D of packaging materials with 100% recycled content and long durability, and the recycling of plastic bags and woven bags. To minimise the environmental impacts, the Group keeps exploring and piloting alternative packaging solutions and selecting more environmentally friendly materials such as cartons, paper and woven bags. In the application of circular concepts, secondary materials are utilised in the production of raw material for shoes, reducing the environmental impact to a certain level. In FY2021, the amount of packaging materials consumed by the Group were 2,352 tonnes of paper box and 26.5 tonnes of other paper-made packaging materials. Attributed to the overarching resource conservation policies of the Group, the amount of other paper-made packaging materials dropped by around 20.4% as compared to that of FY2020.

Targets

With the aforementioned actions in monitoring and controlling its environmental performance, the Group believes that it is well prepared and well positioned in setting more specific environmental targets so as to further push forwards in commitment in transitioning to green business operations. Yet, due to the unstable economic and market environment these few years caused by the unprecedented pandemic and natural disasters, the Group is cautious about setting too forward-looking goals. As such, after carefully reviewing its current business operations and environmental performance these few years, the Group sets the following environmental targets in hopes of balancing its economic development and environmental impacts.

In FY2022, taking the intensities in FY2021 as the baseline, the Group hopes to:

Air emissions	Reduce its air emissions by 5% in each air pollutant category
GHG emissions	Reduce its total GHG emissions intensity by 5%
Waste disposal	Maintain its total solid waste disposal intensity as the same
Wastewater discharge	Reduce its wastewater discharge intensity by 5%
Electricity consumption	Maintain its electricity consumption intensity as the same
Other fuel consumption	Maintain its other fuel consumption intensity as the same
Water consumption	Maintain its wastewater discharge intensity as the same

A.3 The Environment and Natural Resources

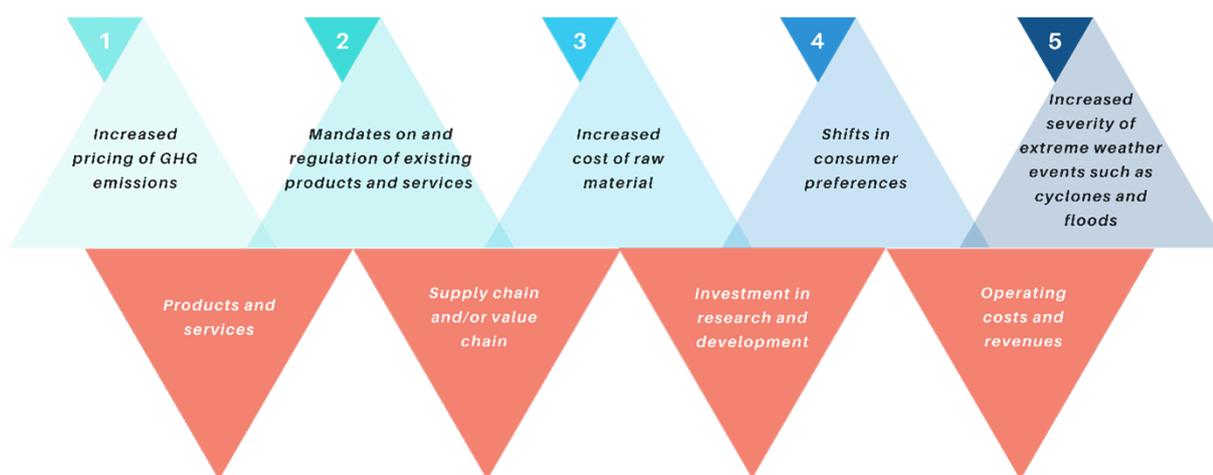
In 2014, the State Council promulgated the “Several Opinions on Accelerating the Development of Sports Industry and Promoting Sports Consumption” (國務院關於加快發展體育產業促進體育消費的若干意見), where national fitness was upgraded to the national strategy, regarded the enhancement of people’s physical fitness and health as the fundamental goal, and more importantly, committed to developing the sports industry to be a green and sunrise industry. As a vital and indispensable pillar of the Group’s strategic development for years, the Group has long been pursuing a comprehensive environmental stewardship to establish an enabling environment for innovative breakthroughs, inspire partners along the value chain to respect and embrace environmentally friendly technologies and practices, and leading the entire industry to grow in a resilient manner. The evolvement of the pandemic has presented a wake-up call for all businesses, urging the transformation from fragile into more sustainable and resilient modes for development. Under the unprecedented public health emergency, health, social inclusion, ecological sustainability and systematic resilience have deeply been entwined in the economic model and future of any business. The Group recognised the importance of improving adaptability and resilience to withstand the ripple effects of the pandemic, and even more, the imminent future crisis including climate change, resource scarcity and biodiversity loss, the Group has persevered in taking a lifecycle approach with SDGs logics to strengthen sustainable development.

In FY2021, the major impacts of the Group’s operations on the environment and natural resources were the consumption of fossils fuels for transportation and electricity usage for manufacturing operations in its factories. To minimise its impacts, the Group has focused its efforts mainly on product and process innovation. Building upon the international information technology, the Group has integrated the textile, footwear, consumption, communication and other industries to link fibre manufacturing, textile processing, footwear product production, warehousing, logistics and most industry chains. Under the support with the informatisation of supply chain coordination, informatisation of product R&D, and the systemisation of business intelligence, the group has oriented to create a brand-new textile and apparel ecosystem. The layout of the industrial chain leveraging information technology, artificial intelligence and communication innovation to have breakthroughs on the development of intelligent manufacturing, business operations, product R&D, marketing and sales and other aspects to reassemble the textile and apparel industry and improve the overall efficiency. The Group, one of the leading enterprise, has introduced the application of 3D digital technology integrated with CAD system, CAPP system, CAM system, ERP system and FMS to realise the informatisation and intellectualization in textile and manufacturing industry. With the drastically more efficient business model, at present, the average efficiency of the apparel production line of the Group has been booted from to 80% from 63%. The product R&D cycle has been lessened by 20%. The transfer cost between stores in the pilot area has dropped by 20%. The shortened manufacturing cycle and time on transportation can significantly lower the energy consumption and reduce emissions of the Group. During recent three years, the total revenue from the rollout of new products of the Group was RMB3.7 billion, accounting for 64.8% of the total product/service revenue of the Group.

A.4 Climate Change

In full support to TCFD, the Group realises the significance to identify, evaluate and manage both the physical risks and transition risks imposed by climate crisis and has been implementing possible measures according to the recommended framework. The Group believes that climate-related risks are mainly related to uncertainty in market signals, the substantially mounting prices of raw material and the increased negative stakeholder feedback, which possibly poses pressure on the costs of the Group’s production and product sales, thereby affecting profit margins. In addition, more frequent extreme weather events such as floods and snow disasters may severely influence the retail business segment of the Group. Nevertheless, the Group believes its massive investments in innovation and the scientific research of climate actions will generate more value for the Group, and its rapid development of e-commerce business has already proved its effectiveness to adapt to climate crisis. Encountering the impacts induced by climate-related risks and opportunities on the decisions of the Group, such as capital expenditures, acquisitions and divestitures, the Board has incorporated its decision-making process with more climate considerations. For instance, considering regional climate factors including meteorological characteristic in its risk assessment of site selection.

CLIMATE CHANGE RISKS



CLIMATE CHANGE IMPLICATIONS FOR BUSINESS

In 2021, the immediate human suffering caused by the confinement and the loss of livelihoods for millions due to the evolvement and ferocity of the pandemic, has indicated the key vulnerabilities of our societies and economic system. To better recover and facilitate a “green” recovery, the Group will make responses to the pandemic referring to the OECD policy responses and the overarching “30.60 carbon target” of the Chinese government by focusing on the alignment with net-zero GHG emissions, development of climate resilience, mitigation of biodiversity loss, influence on behavioural change and improvement of supply chain circularity, aiming to play the leading role in unswervingly supporting sustainable development.

VI. SOCIAL SUSTAINABILITY

EMPLOYMENT AND LABOUR PRACTICES

B.1 Employment

The Group values its employees' talent and considers it as the key to success and maintaining the sustainable development of the Group. By maintaining authentic and sincere dialogue with its employees and forging a corporate culture of "One Extra Degree of Passion" (多一度熱愛), the Group has been committed to establishing a workplace where all employees are respected and share equal opportunities for good health and career prospect. The Group endeavours to providing all its employees with a secure and suitable platform for development and proactively expanding its reach and diversifying its talent pool. As of 31 December 2021, the Group employed a total of 6,740 full-time employees, including management staff, technicians, salesperson and workers.

Table 3 Total workforce of the Group by gender, position level, age and geographical location in FY2021¹

Unit : Number of employees					
Gender	Age group				Total
	Aged 30 or below	Aged between 31 and 40	Aged between 41 and 50	Aged 51 or above	
Male	1,309	1,030	642	334	3,315
Female	1,241	987	807	390	3,425
Total	2,550	2,017	1,449	724	6,740

Unit : Number of employees				
Gender	General staff	Position		Total
		Senior management	Director and management	
Male	2,879	389	47	3,315
Female	3,128	272	25	3,425
Total	6,007	661	72	6,740

Employment Type		
Full time	Part time	Total
6,740	0	6,740

Geographical location

Locations	Number of employees
PRC	6,721
Hong Kong	7
Taiwan	1
US	4
Netherlands	6
Brazil	1
Total:	6,740

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

Table 4 Employee turnover by gender, age and geographical location in FY2021¹

Unit : Number of employees	Age group				Total
	Aged 30 or below	Aged between 31 to 40	Aged between 41 to 50	Aged 51 or above	
Male	215	111	53	21	400
Employee turnover rate	16%	11%	8%	6%	12%
Female	166	76	52	3	297
Employee turnover rate	13%	8%	6%	1%	9%
Total	381	187	105	24	697
Total employee turnover rate (%)	15%	9%	7%	3%	10%

Geographical locations

Locations	Employee turnover	Employee turnover rate
PRC	689	10%
Hong Kong	0	0%
Taiwan	0	0%
US	1	25%
Netherlands	6	100%
Brazil	1	100%

- The turnover data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. Turnover rate was calculated by dividing the number of employees who resigned in FY2021 by the number of employees in FY2021. The methodology adopted for reporting on turnover data set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

Law compliance

The Group's employment policies are periodically updated and adjusted to cater to social changes since the inception of the Group, and more importantly, to comply with the relevant laws and regulations in mainland China, Hong Kong and other operating regions. In FY2021, the Group complied with all the relevant laws and regulations that have a significant impact on the Group, including the following:

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

- Labour Standards Act (Taiwan);
- Consolidation of Labour Laws (Consolidação das Leis do Trabalho, CLT) (Brazil);
- Fair Labour Standards Act (FLSA) (United States);
- Work and Security Act (Netherlands); and
- Netherlands Working Conditions Act.

The Group's Human Resource Department is responsible for reviewing and updating relevant company policies in accordance with the latest laws and regulations.

Recruitment and promotion

The Group has strictly stuck to its internal policies in the recruitment process and employee management, including "Yearly Recruitment Plan", to secure a standardised and transparent recruitment which is only based on the candidates' capability, level of performance, academic background and experience requirement as indicated in the job description. In FY2021, due to the pandemic, on-site recruitment was seldom organised, while most of the applicant applied the job position via online application.

To attract high-calibre workforce and retain talents, the Group offers fair, competitive remuneration and benefits based on employee's performance, education level, professional qualifications, and experiences. The Group references to market benchmarks in relation to staff promotion and provides equal opportunities for promotion to eligible employees with excellent performance and significant contributions to the Group. Guided by the principle of "comprehensive and talented, fair and equitable, progressive promotion, strict control over promotion in job vacancies", a clear promotion path and qualification for promotion has been set, and the Group tightly followed the rules to ensure that suitable employees are matched to suitable positions where employees can fully exert their talent and fulfil their potential.

Compensation and dismissal

In order to motivate and reward the existing management and employees, the Group has formulated the compensation and benefits system and conducted regular salary adjustment to ensure that all employees are recognised by the Group appropriately with respect to their efforts and contributions. Contemplating the Group's development strategy, cost control strategy, current operating conditions, corporate compensation levels, business objectives next year and the average salary levels in the industry, the Human Resource Department formulates the plan for determining and adjusting the employees' salary. The salary of employees is primarily based on the peculiarity of different job categories and business divisions within the organisation. Through efficient KPI management, the salary of employees can be linked to their own performance and the Company's development stage. The policy of "Total Compensation Control" (薪酬總量控制) has been implemented, linking the employee's salary level to the Group's business growth.

Meanwhile, any termination of the employment contract should be based on reasonable and lawful grounds. The Group strictly prohibits any kind of unfair or unreasonable dismissals.

Working hours and rest periods

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

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

Equal opportunity, diversity and anti-discrimination

As being an equal opportunity employer who applies SDGs logistic in both business and employment management, which highlights the importance of achieving greater equality, the Group has been committed to creating a fair, respectful and diverse working environment, promoting equal opportunity in all its human resources and employment decisions, and having zero tolerance on any kind of discriminations. In the Group, training and promotion opportunities, dismissals and retirement policies are based on factors irrespective of the employees’ age, sex, marital status, pregnancy, family status, disability, race, colour, descent, national or ethnic origins, nationality, religion or any other non-job-related elements. The Group follows the “Staff Manual” (員工手冊) and ensures that any workplace discrimination, harassment or vilification is prohibited in accordance with local ordinances and regulations, such as Special Rules on the Labour Protection of Female Employees 《女職工勞動保護特別規定》 in the PRC, and Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong) and Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong) in Hong Kong. Moreover, employees are encouraged to report any incidents involving discrimination to the Human Resource Department of the Group. The Group takes responsibility for assessing, dealing with, recording and taking any necessary disciplinary actions accordingly.

Benefits and welfare

To reinforce its employees with their sense of belonging, the Group encourages its employees to express their concerns and engage in critical thinking. The Group also offers additional benefits such as medical insurance and annual physical examinations to its employees. In its manufacturing factories, employees are provided with benefits such as working meals allowance, well-equipped staff quarter and free transportation between working sites and dormitories. To strengthen the relationship between the management staff and general employees, the management of the Group maintains efficient communication with general staff via various tools, including emails, WeChat and other social media platforms.

During the year under review, the Group organised a multitude of meaningful events and entertaining activities for its employees, including activities of Children’s Family Day on Children’s Day, Yoga Class on Tuesday, Mid-Autumn Festival Cake, Christmas Party, 361° Brand Day, Corporate Culture Ambassador and Annual Dinner.

In FY2021, the Group was in compliance with relevant laws and regulations with respect to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits that have a significant impact on the Group.

B.2 Health and Safety

It is believed that employees' safety is of utmost importance to the Group. Aiming to provide safe, hygienic, and secure workplaces not only in its factories and offices, but across its value chain along which its suppliers are encouraged to do so is the objective of the Group. As such, the Group has established an improved safety system and a series of occupational health and safety rules and keeps fostering a safety culture and raising employees' awareness of health and safety during operations. The Group has been putting all its effort on providing and maintaining a safe, clean and environmentally friendly working condition for employees in accordance with the strict internal safety and health policies, which are in line with relevant laws and regulations in the PRC, Hong Kong and other operating regions, including but not limited to the:

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

In FY2021, the Group's productions and operations strictly complied with GB/T 28001 (Occupational health and safety management systems – Requirements). The Administrative Department of the Group has formulated and monitored the implementation of the “Environmental and Occupational Health and Safety Operation Control Procedures”, which establishes the process of setting material environmental factors, identifies unacceptable risks and controls main hazardous sources. The policy also defines essential elements including the rules and regulations of safe production management, relevant control criteria and resources that are required for risk control. Each business division should set up own control criteria and rules for the outsourcing process that may impact the Group's environmental and occupational health and safety performance, and determine the measures based on its impacts on the safety system.

Employees working in special positions should obtain corresponding certificates or working permits before on board. Wearing of helmets is required whenever employees enter and work in the manufacturing areas to prevent occupational hazards. The Group endeavours to creating an accident-free environment by prohibiting smoking and liquor drinking in the workplace, carrying out disinfection of air-conditioning systems and carpets, strengthening education through safety warning signs and arranging safety work seminars on a regular basis. The Group maintains routine monitoring to assess potential health impacts of hazards and limit the exposure of employees to the risks.

The Group has devoted to providing a sanitised and safe working environment. The Group strictly followed internal manuals, including onsite safety management standards, safety production accident investigation and management system, labour protection management system, safety production management system and other procedures documents, to fulfil specific safety requirement and comply with the related fire safety regulations, labour protection management regulations and the safety regulations in the production bases during the year under review. The Group monitors the exposure risks in the workplace of each plant on a regular basis, and ensures the results satisfy the requirements of the national occupational health standards GBZ2.1 Occupational Exposure Limits for Hazardous Agents in the Workplace – chemical hazardous agents and GBZ2.2 Occupational Exposure Limits for Hazardous Agents in the Workplace – physical agents.

To advocate a safety culture throughout the Group and raise the awareness of occupational health and safety among its employees, improving safety knowledge and practices through training is of paramount importance. In FY2021, the relevant training courses arranged by the Group included “6S Management & Safe Production” (6S 管理與安全生產), “Emergency Management” (應急管理) and “Fire Control” (消防). In addition, the Group organised fire drills to equip its workers with experience to deal with emergency. The Administrative Department is responsible for the supervision and oversight of the implementation of health and safety policies in the Group.

Meanwhile, the Group requires its suppliers to be certified to Environmental Management System and Occupational Health and Safety Management System and provide their employees with healthy and safe workplaces as well.

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

Year	2019	2020	2021
Number of work-related fatalities	0	0	0

In FY2021, the Group had zero work-related fatality and zero work-related injury with zero lost days recorded. During the year under review, the Group was in compliance with all relevant and applicable laws and regulations so as to provide a safe and secure working environment and protect the employees from occupational hazards that have a significant impact on the Group.

B.3 Development and Training

Recognising the importance of well-designed training management and career development to its employees, the Group provides a breadth of learning and development opportunities for its employees, to generate enormous benefits to both the company and the development of its employees, ranging from improved corporate productivity and conformance to quality standards, increased agility that provides a springboard for advancing the goals and objectives of the company, to a surge of motivated and passionate employees gravitating towards opportunities for career growth and mobility.

The Group sticks to its training principle – “Training should be elevated to the strategic level and linked to KPIs”, seeing this principle as a vital part of its sustainable development. The Group believes that the accomplishment of corporate strategic goals leans on efficient management process and high-calibre staff, which is inherently tied to training. The growth of the company comprises with a cost, which should be used to maximise the benefits. Considering the input-output ratio, the time, efforts and investment should be put in the training that supports the improvement of business operations and corporate performance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To this end, the Group's training can be categorised into company-level training and department-level training with respect to its "Group Training Management System". Company-level training is led by the Talent Development, while department-level training is organised with respect to its "Department Internal Management Guidelines" edited in FY2021 by each business department. The Group also incorporates the latest technology in the development of training programmes, making full use of online platforms and digital training tools, including:

1. Providing online induction training courses for new employees via live broadcast platforms such as Qianliao and DingTalk; and
2. Providing online courses that have been recorded by senior managers and executive directors to all employees via DingTalk Cloud Classroom.

Under the overarching training framework and guiding principles, the Group has further set up its internal policies for training management, including "New Employees Integration Management Measures" and "Group Annual Training Planning and Budget Management Measures".

For new hires, the Group provides a well-organised induction training introducing the corporate culture, organisational structure, work safety requirements and management policies, whilst professional courses are offered to the experienced staff who is expected to obtain advanced working skills. In FY2021, a wide variety of training courses were organised by the Group to its employees, including but not limited to "2021 On-Campus Recruitment Graduate Training", "Internal Lecturer Study Salon", Training of Reserve Talent – Manager", Training of Reserve Talent – Director", "Recruitment Under COVID-19 Pandemic", "How to Shorten the Production Cycle", "SOP Standards", "Production & Management Operation Process" and "Laboratory Equipment Maintenance".



Distributors and authorised retailers of the Group are regulated to attend the training programs organised by the Group yearly, to stay in connection of the Group's latest technology and product-related knowledge that assist their consumers on purchasing the most suitable products. To further enhance the professional skills of its employees and achieve the Group's development goal, employees are highly encouraged to attend external training programmes and take professional qualification examinations. Meanwhile, the Group often invites external organisations and experts to provide relevant training to its employees.

Table 6 Number and Percentage of Employees Trained in the Group by Gender and Position Type in FY2021¹

Gender	Position			Total
	General staff	Middle management	Director and Senior management	
Male	561	91	51	703
% of employees trained	44%	7%	4%	55%
Female	430	101	54	585
% of employees trained	33%	8%	4%	45%

Total Employees Trained:

	General staff	Middle management	Director and Senior management	Total
Total	991	192	105	1,288
% of employees trained	77%	15%	8%	19%

1. The training information was obtained from the Group's Human Resources Department. Training refers to the vocational training that the Group's employees attended in FY2021. The methodology adopted for reporting on the number and percentage of employees trained set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

Table 7 Training Hours Received by the Employees of the Group by Gender and Position Type in FY2021¹

Gender	Position			Total
	General staff	Middle management	Director and Senior management	
Male	480	140	110	730
Average training hours	0.17	0.36	2.34	0.22
Female	320	150	100	570
Average training hours	0.10	0.55	4.00	0.17
Total	800	290	210	1,300
Average training hours	0.13	0.44	2.92	0.19

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

B.4 Labour Standards

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

To combat illegal employment on child labour, underage workers and forced labour, the Group's Human Resource Department requires all job applicants to provide valid identity documents prior to the confirmation of employment to ensure that the applicants are lawfully employable. Furthermore, the Human Resource Department of the Group is responsible for monitoring the compliance of the Group with the relevant laws and regulations that prohibit child labour and forced labour employment. Once any case that fails to conform to the relevant labour laws, regulations or standards is found, the relevant employment contract will be immediately terminated and the individuals responsible for the management of human resources will be disciplined accordingly.

In FY2021, the Group was in compliance with applicable laws and regulations in relation to the prevention of child and forced labour that have a significant impact on the Group.

OPERATING PRACTICES

B.5 Supply Chain Management

In order to maintain a sustainable business growth, an efficient and eco-friendly supply chain management is the prerequisite of the Group. Being an enterprise mainly engaging in sportswear production, the Group has implemented draconian policies for the sake of lowering its potential environmental and social risks that may adversely influence its value chain. The Group requires its suppliers to go beyond the compliance in the production and supply of materials to the Group. The Group mainly purchases its principal raw materials including textiles, leather, synthetic leather, polypropylene (PP) films, accessories, craftwork, mould, fabrics, rubber, soles and plastics for production and manufacturing factories from its suppliers.

Social risk management

To ensure a stable supply chain, the Procurement Management Department of the Group conducts a thorough and well-rounded background research and on-site evaluation of potential suppliers against criteria covering the quality of goods, track record, production capacity, reputation, staffing, business qualification and logistics. Meanwhile, those suppliers are required to provide business licence, identity card of the legal representative, articles of association, organisational structure and photos in all workshops including packaging workshop, technical workshop and warehouse for verification before the Group makes decisions. After the regulatory review, technical audit and onsite visit, suppliers who have passed the evaluation are qualified for trial cooperation with the Group.

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FUNDAMENTAL CRITERIA FOR SUPPLIER SELECTION

- Integrity**
 In compliance with national laws and regulations, conformance to the integrity commitments in business dealings with the Group, and no violations of contract or with records in the blacklist in business dealings with the Group or its customers in the past.
- Legality**
 In line with the requirements on qualification and with the legal capacity to independently fulfil civil liability.
- Finance**
 Standard financial accounting with good financial strength and financial status,
- Quality**
 Quality production and business premises, facilities and management systems that meet the requirements of fulfilling the contract.
- Certification**
 Suppliers in certain industries and engaging in the supply of certain equipment should have qualification certificates issued by relevant function departments.

The Group offers a quarterly trial cooperation period to its selected suppliers for further evaluation before becoming an approved supplier of the Group. The Regulatory Affairs Department, Supplier Management Department and Quality Control Department are jointly responsible for the assessment of suppliers on whether:

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

The Group keeps its verification on the performance of its suppliers in the qualified suppliers list through annual inspections and ensures that all qualified suppliers can continuously provide high-quality products that meet the Group’s expectations.

To manage its social risks in the supply chain, the Group has built a procurement management team handling the supplier management policy of the Group to supervise, review and confirm suppliers’ operations and to record and archive suppliers’ evaluation records. The Group maintains a close relationship with suppliers so as to ensure their business complies with relevant and applicable local laws and regulations in the countries and regions in which they operate and adheres to their corporate ethics, such as the prohibition of child and forced labour.

RISK MANAGEMENT

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to create a stable and resilient supply chain

Risk Identification

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

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

Risk Evaluation

• Probability

The Supplier Coordination Management Department analyses the data based on the information collected from various channels, and forecasts the probability of risk occurrence and takes precautionary measures in advance

• Severity

The Supplier Coordination Management Department analyses the degree of supplier risk that may affect the business of the Group, and keeps effective monitoring

Risk Management

- Perform strict tracking procedures during the trial cooperation period of newly admitted suppliers to ensure they meet the requirements. The first order quantity shall not exceed 5% of the total order of a certain type of product
- During the production process of each production season, the Supplier Coordination Management Department occasionally organises the Production Planning Department and Quality Centre to make a risk prediction for the supplier
- Backup suppliers and alternative products should be in place
- Blacklist suppliers who are found to have the following problems that may bring greater procurement risks to the Group:

1. Major deviation between the product quotation and average market level
2. Seriously breaking the contract, including but not limited to delays in supply, provision of fake and shoddy products and slow responses of after-sales service
3. Severe quality accident
4. Commercial bribery
5. Bad credit records

Environmental risk management

The Group believes that good sourcing practice is determined not just by the high product quality and timely delivery, but also the continuous reduction of environmental footprint in the supply chain. The commitment to 'Green Procurement' has long been an important principle of the Group in its sourcing practices. Aiming ambitiously to enhance its resilience to climate change, the Group has persistently purchased degradable materials in the supply chain and prioritised suppliers with sound environmental certifications and robust environmental management system. The Group selects its supplier based on such considerations as their usage of water resources, application of recyclable materials and other environmental factors. The Group gives priority to the collaboration with local business partners, such as local suppliers from Jinjiang City, to further reduce the detrimental environmental impacts during goods and raw materials delivery. The Group also attaches great importance to the promotion of green and environmentally friendly raw materials, supporting its suppliers to research and develop eco-friendly materials in product design and production process.

In the process of managing its potential environmental risks along the supply chain, all suppliers are required to handle the drainage and exhaust scientifically and effectively, and in full compliance with the government requirements and have the certificates issued by relevant authorities. The Group requires those suppliers to possess the pollution permit and meet the discharge standards. The suppliers of the Group should be certified to the Environmental Management System and Occupational Health and Safety Management System, promising to provide their employees with a healthy and secure workplace. For the supply of textiles, adhesives, footwear materials and products, samples from the suppliers are required to be sent to the Group's laboratory that is accredited by CNAS for testing before delivery. Suppliers must provide the test reports issued by qualified third-party testing organisations. All the procedures implemented by the Group ensure that the raw materials meet the requirements of standards including GB18401 "National General Safety Technical Code for Textile Products", GB/T15107 "Athletic Shoes", GB19340 "Adhesives for Footwear and Case and Bag".

Nowadays, China's textile industry attaches great importance on a responsibility-oriented green development mode and actively participating in the global textile economic development trend led by ecological and environmental sustainability. The Group has been dedicated to advocating "green" concept as the guide, focusing on the design featuring eco-elements and sourcing practices for the sake of eliminating any potential environmental risks. The Group has implemented an effective supervision mechanism, reinforcing the control of all potential environmental risks of all links from material procurement planning, approval, sourcing, product acceptance to payment and post-evaluation. During these years, the Group has actively introduced policies and taken actions to promote the sourcing and development of environmentally friendly/recycled materials.

In FY2021, the Group were in stable collaboration with 373 key suppliers which are all located in Mainland China. In view of its effective supplier management system, the aforementioned supplier policies are applicable to all of the Group's suppliers.

B.6 Product Responsibility

Law compliance

The Group has been unremittingly maintaining a high level of reliability and robustness of its products and services through improvements of its facilities, personnel and management processes. With respect to the Group's health and safety, advertising, labelling and privacy matters of its products and services, the Group was in compliance with relevant rules, regulations and standards in the PRC, Hong Kong, Taiwan, China, the United States, Brazil, the Netherlands and other regions where the Group operated in FY2021, including:

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

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

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

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Quality management

The Group keeps formulating and implementing high requirements for internal product quality control in accordance with the latest national/industry standards and by introducing advanced international detection methods, to ensure the premium quality of products. Being a leading enterprise in the sportswear industry, the Group has proactively participated in the research and formulation of national policies and industry standards regarding the quality assurance of shoes and clothing products. Specifically, the Group has engaged in the formulation of over 30 national, regional, industry and corporate standards during the year, and provided support as the First Drafter of GB/T 3903.43-2019 《Footwear-Test methods for uppers, lining and insocks-Seam strength》. Being a strategic cooperation unit of the National Technical Committee 209 on Textiles of Standardization Administration of China and the National Standardisation Advanced Unit, the Group has been persistently pursuing on the optimisation of its quality assurance management system, the strict monitoring and management of the whole production process of its sportswear products and the formulation and implementation of product quality standards to inhibit any occurrence of mass quality accidents, thereby enhancing its competitiveness in the apparel product market while meeting consumers' expectations. The Group upholds and insists on its principle of "Quality is the foundation of trust, the best brand promotion, the starting point of value and dignity, and the endless pursuit of the Group". With the joint efforts from all colleagues at all levels, the quality control work has been carried out in a proper manner, including quality review and verification, quality standard formulation, warehousing inspection, supplier support and market analysis.

In order to ensure that the quality of final goods conforms to the standards, the Group has strictly followed its policies for quality assurance and strengthened its management in all stages including product development, mass production, stock-in check, improvement of the quality management system and internal education. For instance, the Group regulates the review procedures of material/textile printing/finished goods and has built an accountability system for management in the stage of product development. In the mass production stage, the Group particularly emphasises the management of quality inspection plan, appearance inspection, identification of unqualified products and recall management. In the internal education stage, the Group attaches great importance to the sharing of industry news and discussion of quality management through case studies.

The Group has built a testing centre which is up to national standards, where standard laboratories, advanced testing equipment and a professional testing team are in place. The Group applies the LIMS testing system to ensure the accuracy of testing result. The physical and chemical properties, safety protection, colour fastness and functional performance are all included in the quality control procedures of the Group.

Health and safety

The Group has been certified to and strictly followed the requirements of GB/T 19001-2016/ISO9001:2015, GB/T 24001-2016/ISO14001, GB/T 28001-2018/ISO45001:2018 and ISO/IEC17025:2005/CNAS-CL01 management systems, to ensure the safety of its products. The Group undergoes tests on raw materials, semi-finished products and finished products in order to track any potentially unqualified goods to prevent its customers from suffering any latent health problems caused by the goods. If any defective product with health concerns or quality problems is found, the Group will take prompt actions by contacting the consumers, collecting the sample product for experiment and analysis, and requiring distributors to recall unqualified products according to the Group's recall procedures set out in the policy of "Product Return Management Regulations" if necessary. The Group did not recall any products due to health and safety reasons in the reporting year.

Advertising

The Group has been committed to cooperating with renowned and prestigious intellectual properties (Ips) and celebrities in product promotion. The Group has established and issued internal guidelines to manage its advertising practices, so as to ensure that its sales and marketing materials provide accurate and precise descriptions and information to customers in compliance with relevant local laws and regulations. The Regulatory Affairs Department is responsible for censoring all the promotion and advertisement materials, only the approved materials can be distributed to the market. Any misrepresentation or exaggeration advertisements is prohibited. In addition, the Group provides training programs for distributors and authorised retailers, enabling them to accurately convey the Group’s latest technology and product-related knowledge to consumers. The Group has launched its modern e-commerce business through renowned e-commerce platforms in China and established and strictly followed effective policies to monitor and manage the online sales and marketing practices.

Consumer complaints

Aiming for continuous improvement on its product quality and service, the Group welcomes and values the consumer’s feedback. Through WeChat account, corporate website, Weibo and other channels, the Group carries out customer satisfaction surveys periodically and actively responds to and effectively deals with the concerns or problems encountered by the customers, including the service attitude and product flaws. Customers can lodge their complaint by making a call to the Customer Service Department at any time. The substantiated complaints will be analysed and addressed within no more than 24 hours. The Customer Service Department will return the investigation process or results to the guest. Quality Control Department is responsible for review and rectification on any quality-related problems reported, such as optimising inspection process, strengthening process monitoring and reinforcing the frequency of quality management system audit. Complaints and their handling results will be announced with the Group to alert its employees in order to prevent similar cases from happening again in the future. During the year under review, the Group did not receive any substantial complaints regarding its product and service quality.



Consumer privacy

The Group has been strictly protecting the interests, rights and information of customers in accordance with the relevant and applicable laws or regulations with regards to the protection of customer's privacy, including the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong), Law of the People's Republic of China on the Protection of Consumer Rights and Interests, General Data Protection Regulation (EU) 2016/679 (GDPR) and Personal Data Protection Act (PDPA). Information being gathered by the Group from its customers would only be used for the purpose agreed mutually. The Group prohibits the provision of customer information to a third party without the authorisation of customers. All the information is secured and reserved safely, and only the authorised staff could have access to confidential information according to the limits of authorisation. To minimise risk of information breaches and leakage, the employees are educated to enhance the awareness of data leakage risks and required to sign the confidentiality agreement with the Group. The IT department has set up firewalls between office network and commercial network to prevent the abuse, exportation and copy of any unauthorised data. The Group will heavily penalise the staff who has violated the policy and regulation in relation to consumer privacy.

Labelling and intellectual property rights

The Group is dedicated to protecting and enforcing its intellectual property rights, which are vital to its sustainable business growth in the sportswear industry. The Group has registered its trademark and patent in mainland China, the Macau Special Administrative Region and hundreds of other jurisdictions legally, to safeguard its highly recognisable brand in the PRC and overseas markets. In order to further protect its intellectual property rights, 361 Europe B.V. hires legal advisors to provide legal advice. As of 31 December 2021, the Group obtained 271 patents with a total of 702 technicians engaging in product R&D.

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

Innovation

The Group has made a huge investment in the building of research and innovation centres, including ergonomics research centre, functional sports equipment research centre, footwear technology centre and physical and chemical testing centre, in which professional basketball courts, football pitch, rock climbing walls and various types of running tracks that meet international standards for competition are built. The Group also Equipped the centres with internationally advanced Vicon infrared high-speed camera system, Kistler 3D force measurement platform, Novel plantar pressure testing system and automatic treadmill testing machine, the Group's research and innovation centre lays the solid foundation for the research of professional sports equipment and is in a leading position in the industry.

The Group attaches great importance on its own innovation and has engaged in the industrial big data application demonstration project of the Development and Reform Commission of Fujian Province, the development project of the Provincial Science and Technology Department, the R&D project of Quanzhou Municipal Government (intelligent pressure-controlled air-cushion shoes) and many national and regional projects.

The Group has integrated the R&D with the design process of innovative products with the utilisation of the information technology. In addition, all new products of the Group must undergo approval, research, development, technical management and a series of rigorous stages.



In FY2021, the Group was in compliance with relevant laws and regulations regarding health and safety, advertising, labelling and privacy matters of its products and services that have a significant impact on the Group.

B.7 Anti-corruption

To safeguard a fair, ethical and efficient working environment, the Group strictly abided by the local laws and regulations concerning anti-corruption, bribery, extortion, fraud and anti-money laundering, irrespective of the region in which the Group operated in FY2021, including the Anti-Corruption Law of the People's Republic of China (中華人民共和國反腐敗法), the Law of the People's Republic of China on Anti-money Laundering (中華人民共和國反洗錢法), the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong), and the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong).

The Group prohibits all forms of bribery and corruption and requires all employees to strictly abide by professional ethics and eliminate any corruption and bribery. All employees are expected to discharge their duties with integrity, to act fairly and professionally, and to abstain from engaging in bribery activities or any activities which might exploit their positions against the Group's interests. To refresh their knowledge and awareness regarding the Group's internal anti-corruption-related policies and guidelines, the Group organises regular training for its staff and directors before every audit so as to better instil the ethical business culture across the organisation. In the reporting year, the Group arranged five anti-corruption-related training amounted to six hours for 86 of its management staff and 500 general employees.

With respect to relevant and applicable laws and regulations in the regions where the Group operates, such as the Whistle-blowers Authority Act (Netherlands), whistle-blowers can report verbally or in writing to the Human Resource Department of the Group with regard to any suspected misconduct with details and supporting evidence through the grievance mechanism that the Group has built, which whistle-blowers are under protection from unfair dismissal or victimisation. The Human Resource Department of the Group will carry out investigations against any suspicious or illegal behaviour to protect the Group's interests. If any crime is substantiated by the Group, a report will be submitted promptly to relevant regulators or law enforcement authorities when the management of the Group considers it necessary.

In FY2021, no concluded legal cases regarding corrupt practices were brought against the Group or its employees and the Group was in compliance with relevant laws and regulations in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group.

COMMUNITY

B.8 Community Investment

Since its establishment, the Group has been striving to fulfil its corporate responsibilities as the top priority task in its development by actively participating in public welfare activities ranging from the "education aid", "caring for children", "home reconstruction", "environmental protection", through to combating the quake and carrying out relief work in 2008 Wenchuan Earthquake and 2010 Yushu Earthquake, donating funds and materials to support the recovery efforts from the disasters. The Group, operating as a purpose-oriented enterprise, aims to integrate the social responsibility with its business strategies and daily practices. In FY2021, the total charitable donations made by the Group amounted to RMB13.7 million. 2021 was a year full of natural disasters where the global-scale threats posed by pandemic had devastating local ramifications. The Group has been dedicated to supporting the communities of which it was a part. In FY2021, the Group endeavours to participating mainly on voluntary services, youth support, community co-development and pandemic response and operation.

Voluntary services

In FY2021, the Group arranged its employees to join the Voluntary Blood Donation Team, in which the total number of participants exceeded 200. In addition, the Group's security personnel actively participated in the activity of "Safe Huli", joining the patrol team in organising educational events about anti-theft and anti-robbing. The employees of the Group devoted themselves in participating in social service activity such as "Reorganising the Sharing Bicycle" throughout the year. In addition, for the sake of creating a civilized city in Xiamen in 2021, the staff of the Group has been committed to the work of traffic supervision to prevent and prohibit any uncivilized acts that harms the road safety.

Youth support

On 24 April 2021, the Group officially signed a strategic cooperation agreement with the National Cotton Alliance in Urumqi, promising to make donation of new product to support the youth with their sports development.

On 19 December, 2021, the Group sent the relevant representatives from the clothing supply chain centre to the nursery of Jinjiang City, Anhai Town, Jinjiang City, to carry out a condolence activity with the theme of “Send Warmth in Winter, Warm the Nursery Home, Care for Youth, Love Is Priceless”. The Group brought them toys, fruits, nutrition and so on.

Community co-development

In FY2021, the Group organised a series of activities to promote the harmony of communities. For instance, the Group partnered with the local police station, launching an ‘Anti-Fraud Safety Education’ seminar about how to spot fraudulent practice in the community. At the second parent-child sports meeting of Zhongzhai Minzu Kindergarten, the Group prepared various types of sports equipment and gifts for teachers, referees and family members that provided performance. In response to the reconstruction of the cities suffering from catastrophic disasters, the Group donated RMB10 million in terms of cash and materials to Henan Charity Federation to help flood relief after the heavy rain in July 2021 in Henan Province. In October 2021, torrential rains in Shanxi caused flood and waterlogging disasters, the Group urgently donated materials amounted to RMB20 million to support Shanxi and its sufferings.

Pandemic response and operation

In response to minimising the impact of the evolving epidemic on the Group, the Group responded to the fast-changing situation swiftly and carried out risk assessment in advance and developed a plan for epidemic prevention. To prevent the spread of viruses, the Group continued its anti-epidemic group which was responsible for the epidemic prevention and control, paid close attention on the national and global epidemic situation and conscientiously stuck to relevant national and local anti-epidemic measures to safeguard the workplace safety and employee’s health.

In full support to the community epidemic prevention and control policy, the Group implemented the practices including social distancing, adopting work-from-home mode temperature measurement of all employees, Health Code check, masks distribution, frequent disinfection, safe disposal of leftover masks, waste tissue paper, etc. Meanwhile, the Group actively encouraged its staff to get vaccinated and take nucleic acid tests to further assure a safe and secure workplace for all staff and subsequently a healthy local community.

VII. REPORT DISCLOSURE INDEX

HKEx ESG Guide content index

Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
A. Environmental				
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. <i>Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations</i>	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 305: Emissions, and GRI 306: Effluents and Waste) GRI 305: Emissions: Management approach disclosures guidance GRI 307: Environmental Compliance: Disclosure 307-1	17
	KPI A1.1	The types of emissions and respective emissions data.	GRI 305: Emissions: Disclosures 305-1, 305-2, 305-3, 305-6, and 305-7	18
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 305: Emissions: Disclosures 305-1, 305-2, 305-4	18

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Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 306: Waste: Disclosure 306-3 (a)	18
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 306: Waste: Disclosure 306-3 (a)	18
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 305: Emissions) GRI 305: Emissions: Clause 1.2 and Disclosure 305-5	19, 25
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 306: Waste) GRI 306: Waste: Disclosures 306-4 and 306-5	20, 25

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Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 301: Materials, GRI 302: Energy, and GRI 303: Water and Effluents)	21
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	GRI 302: Energy: Disclosures 302-1 and 302-3	22
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	GRI 303: Water and Effluents: Disclosure 303-5	22
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 302: Energy) GRI 302: Energy: Disclosures 302-4 and 302-5	22, 25
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 303: Water and Effluents) GRI 303: Water and Effluents: Disclosure 303-1	23, 25
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	GRI 301: Materials: Disclosure 301-1	22

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Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer’s significant impacts on the environment and natural resources.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 301: Materials, GRI 302: Energy, GRI 303: Water and Effluents, GRI 304: Biodiversity, GRI 305: Emissions, and GRI 306: Waste)	25
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	GRI 103: Management Approach: Disclosures 103-1 and 103-2 (used together with GRI 301: Materials, GRI 302: Energy, GRI 303: Water and Effluents, GRI 304: Biodiversity, GRI 305: Emissions, and GRI 306: Waste) GRI 303: Water and Effluents: Disclosure 303-1 GRI 304: Biodiversity: Disclosure 304-2 GRI 306: Waste: Disclosures 306-1 and 306-2	25

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Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	GRI 103: management approach: Disclosure 103-2 (c-i) (used together with GRI 201: Economic Performance) GRI 102: General Disclosures: Disclosure 102-29	26
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	GRI 201: Economic Performance: Disclosure 201-2	26

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Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
B. Social				
Employment and Labour Practices				
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 202: Market Presence, GRI 401: Employment, GRI 405: Diversity and Equal Opportunity, GRI 406: Non-discrimination) GRI 419: Socioeconomic Compliance: Disclosure 419-1	29
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	GRI 102: General Disclosures: Disclosures 102-8 (a), 102-8 (b), and 102-8 (c) GRI 405: Diversity and Equal Opportunity: Disclosure 405-1(b)	27
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	GRI 401: Employment: Disclosure 401-1 (b)	28

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Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 403: Occupational Health and Safety) GRI 403: Occupational Health and Safety: Disclosure 403-1 GRI 419: Socioeconomic Compliance: Disclosure 419-1	32
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	GRI 403: Occupational Health and Safety: Disclosure 403-9, 403-10	33
	KPI B2.2	Lost days due to work injury.	N/A	33
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	GRI 103: Management Approach: Disclosure 103-2 and 103-3 (a-i) (used together with GRI 403: Occupational Health and Safety) GRI 403: Occupational Health and Safety: Disclosures 403-1, 403-3, 403-5, 403-7	32
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 404: Training and Education) GRI 404: Training and Education: Disclosure 404-2 (a)	33

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Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	N/A	35
	KPI B3.2	The average training hours completed per employee by gender and employee category.	GRI 404: Training and Education: Disclosure 404-1	35
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 408: Child Labour and GRI 409: Forced or Compulsory Labour) GRI 419: Socioeconomic Compliance: Disclosure 419-1	36
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 408: Child Labour and GRI 409: Forced or Compulsory Labour) GRI 408: Child Labour: Disclosure 408-1(c) GRI 409: Forced or Compulsory Labour: Disclosure 409-1(b)	36
	KPI B4.2	Description of steps taken to eliminate such practices when discovered	GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 408: Child Labour and GRI 409: Forced or Compulsory Labour) GRI 408: Child Labour: Disclosure 408-1(c) GRI 409: Forced or Compulsory Labour: Disclosure 409-1(b)	36

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Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
Operating Practices				
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 308: Supplier Environmental Assessment and GRI 414: Supplier Social Assessment)	36
	KPI B5.1	Number of suppliers by geographical region.	GRI 102: General Disclosures: Disclosure 102-9	39
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	<p>GRI 102: General Disclosures: Disclosure 102-9</p> <p>GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 303: Water and Effluents, GRI 308: Supplier Environmental Assessment and GRI 414: Supplier Social Assessment)</p> <p>GRI 303: Water and Effluents: Disclosure 303-1 (c)</p> <p>GRI 308: Supplier Environmental Assessment: Disclosures 308-1 and 308-2</p> <p>GRI 414: Supplier Social Assessment: Disclosures 414-1 and 414-2</p>	36

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Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	<p>GRI 102: General Disclosures: Disclosure 102-9</p> <p>GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 303: Water and Effluents, GRI 308: Supplier Environmental Assessment and GRI 414: Supplier Social Assessment)</p> <p>GRI 303: Water and Effluents: Disclosure 303-1 (c)</p> <p>GRI 308: Supplier Environmental Assessment: Disclosures 308-1 and 308-2</p> <p>GRI 414: Supplier Social Assessment: Disclosures 414-1 and 414-2</p>	38
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	<p>GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 306: Waste and GRI 308: Supplier Environmental Assessment)</p>	39

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Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 416: Customer Health and Safety, GRI 417: Marketing and Labelling, and GRI 418: Customer Privacy)	40
			GRI 416: Customer Health and Safety: Disclosure 416-2	
			GRI 417: Marketing and Labelling: Disclosures 417-2 and 417-3	
			GRI 418: Customer Privacy: Disclosure 418-1	
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A	41
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	GRI 102: General Disclosures: Disclosures 102-43 and 102-44	42
GRI 103: Management Approach: Disclosure 103-2 (c-vi)				
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	GRI 418: Customer Privacy: Disclosure 418-1	43
N/A				

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Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
	KPI B6.4	Description of quality assurance process and recall procedures	N/A	41
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	GRI 103: Management Approach: Disclosures 103-2 and 103-3 (a-i) (used together with GRI 418: Customer Privacy)	43
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 205: Anti-corruption) GRI 205 Anti-corruption: Disclosure 205-3 GRI 419: Socioeconomic Compliance: Disclosure 419-1	44
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	GRI 205: Anti-corruption: Disclosure 205-3	44
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	GRI 102: General Disclosures: Disclosure 102-17 GRI 103: Management Approach: Disclosures 103-2 and 103-3 (a-i) (used together with GRI 205: Anti-corruption) GRI 205: Anti-corruption: Clause 1.2	44
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	GRI 205: Anti-corruption: Disclosure: 205-2: Communication and training about anti-corruption policies and procedures	44

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Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
Community				
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 413: Local Communities)	45
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	GRI 203: Indirect Economic Impacts: Disclosure 203-1(a)	45
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	GRI 201: Economic Performance: Disclosure 201-1(a-ii)	45

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