



EAGLE NICE (INTERNATIONAL) HOLDINGS LIMITED
鷹美(國際)控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 02368)

*For identification purposes only

E S G R E P O R T

2
0
2
4

Environmental, Social and
Governance Report

TABLE OF CONTENT

Chapter 1 About this Report

| | | |
|-----|---|---|
| 1.1 | Foreword | 3 |
| 1.2 | Basis for the Compilation of the Report | 4 |
| 1.3 | Period and Scope of Reporting | 4 |
| 1.4 | Reporting Principles | 5 |

Chapter 2 Governance Structure

| | | |
|-----|---|---|
| 2.1 | Board Supervision of Environmental, Social and Governance Matters | 6 |
| 2.2 | Engagement with Stakeholders | 8 |
| 2.3 | Materiality Assessment | 8 |

Chapter 3 Environmental Aspects

| | | |
|-----|---|----|
| 3.1 | The Environment and Natural Resources | 10 |
| 3.2 | Emissions | 14 |
| 3.3 | Use of Resources | 19 |
| 3.4 | Climate Change | 20 |

Chapter 4 Social Aspects

| | | |
|-----|-------------------------------------|----|
| 4.1 | Employment | 22 |
| 4.2 | Health and Safety | 25 |
| 4.3 | Development and Training | 30 |
| 4.4 | Labour Standards | 33 |
| 4.5 | Supply Chain Management | 33 |
| 4.6 | Product Responsibility | 35 |
| 4.7 | Anti-corruption | 40 |
| 4.8 | Contribution to the Community | 41 |

CHAPTER
01

Chapter 1 About this Report

| | |
|---|---|
| 1.1 Foreword | 3 |
| 1.2 Basis for the Compilation of the Report | 4 |
| 1.3 Period and Scope of Reporting | 4 |
| 1.4 Reporting Principles | 5 |

About this Report / Governance Structure / Environmental Aspects / Social Aspects



**1.1
Foreword**

Established in 1993, Eagle Nice (International) Holdings Limited (the “Company”) and its subsidiaries (collectively as the “Group”) have gone a long way growing into a pioneering force in the international garment manufacturing industry during the past 31 years, working closely with progressive global sports brands to make vigorous plans for sustainable corporate development.

Committed to the mission of “pioneer innovation, benefit to customers, empower staff and reward shareholders”, the Group has not only attained international standards in products, services and technologies, but has also placed a strong emphasis on environmental protection and community involvement and engagement, underpinned by “sustainability and contribution society” as its new direction for ongoing development.

During the Year, the Group deepened its human resources policy, occupational health and safety (“OHS”) policy and environmental policy to foster a safety culture and enhance environmental awareness, while active efforts have been made to commence green procurement. A Green Team has also been established to promote environmental certification initiatives at the headquarters and the factories in fulfilment of its mission in sustainability.



1.2

Basis for the Compilation of the Report

The contents of this Environmental, Social and Governance Report (the “Report”) is compiled in accordance with The Environmental, Social and Governance Reporting Guide (the “ESG Guide”) of Appendix C2 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), taking into account the conditions of the Company as applicable. The Report is published annually for each financial year.



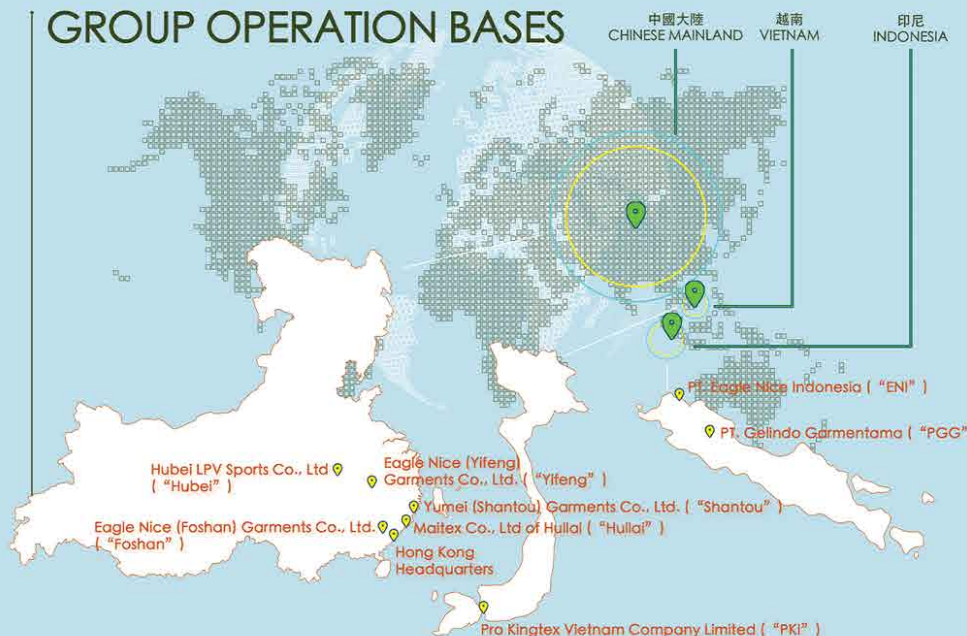
1.3

Period and Scope of Reporting

This Report covers the Group’ s environmental, social and governance (“ESG”) performance for the period commencing on 1 April 2023 and ending on 31 March 2024 (the “Reporting Period” or the “Year”). The Group is principally engaged in sportswear manufacturing. The scope of reporting of this Report covers nine locations of operation set out below which accounted for the majority of the Group’ s operating income during the Reporting Period and were materially related to the environment. Compared to the previous year, the scope of reporting for the year is unchanged.

- i. Hong Kong headquarters
- ii. Yumei (Shantou) Garments Co., Ltd. (“Shantou”)
- iii. Maitex Co., Ltd of Huilai (“Huilai”)
- iv. Eagle Nice (Yifeng) Garments Co., Ltd. (“Yifeng”)
- v. Hubei LPV Sports Co., Ltd. (“Hubei”)
- vi. Eagle Nice (Foshan) Garments Co., Ltd. (“Foshan”)
- vii. PT. Eagle Nice Indonesia (“ENI”)
- viii. PT. Gelindo Garmentama (“PGG”)
- ix. Pro Kingtex Vietnam Company Limited (“PKI”)

GROUP OPERATION BASES



☑ = 1.4
☑ = ☑
☑ = 🔒 **Reporting Principles**

Materiality

The Group regularly draws reference from the sustainability standards of local and international industry peers and strives to match such standards. Meanwhile, the Group communicates with the stakeholders on a regular basis to identify the most concerned and material sustainability issues for the Group. Such sustainability issues will be incorporated into the Group's development objectives subject to its general operating principles. The Group also identifies the expectations of its major stakeholders through survey on their opinions on the Group's ESG management performance and formulates appropriate strategies to address their views and needs.

Quantitative

The Group is committed to quantifying and disclosing its key performance indicators and data in the environmental and social aspects and, where appropriate and practicable, explaining the methods of data collection and computation to enhance data transparency.

Balance

The Group is committed to maintaining the balance of the reporting content and making fair disclosures on the sustainability performances and challenges that the Group and its stakeholders are concerned with, so as to provide the public with impartial information.

Consistency

The Group is committed to making disclosures in accordance with the ESG Guide. Under the same framework, the Group can make meaningful year-on-year comparisons of past performances and disclose the updated computational methods for relevant data where necessary.

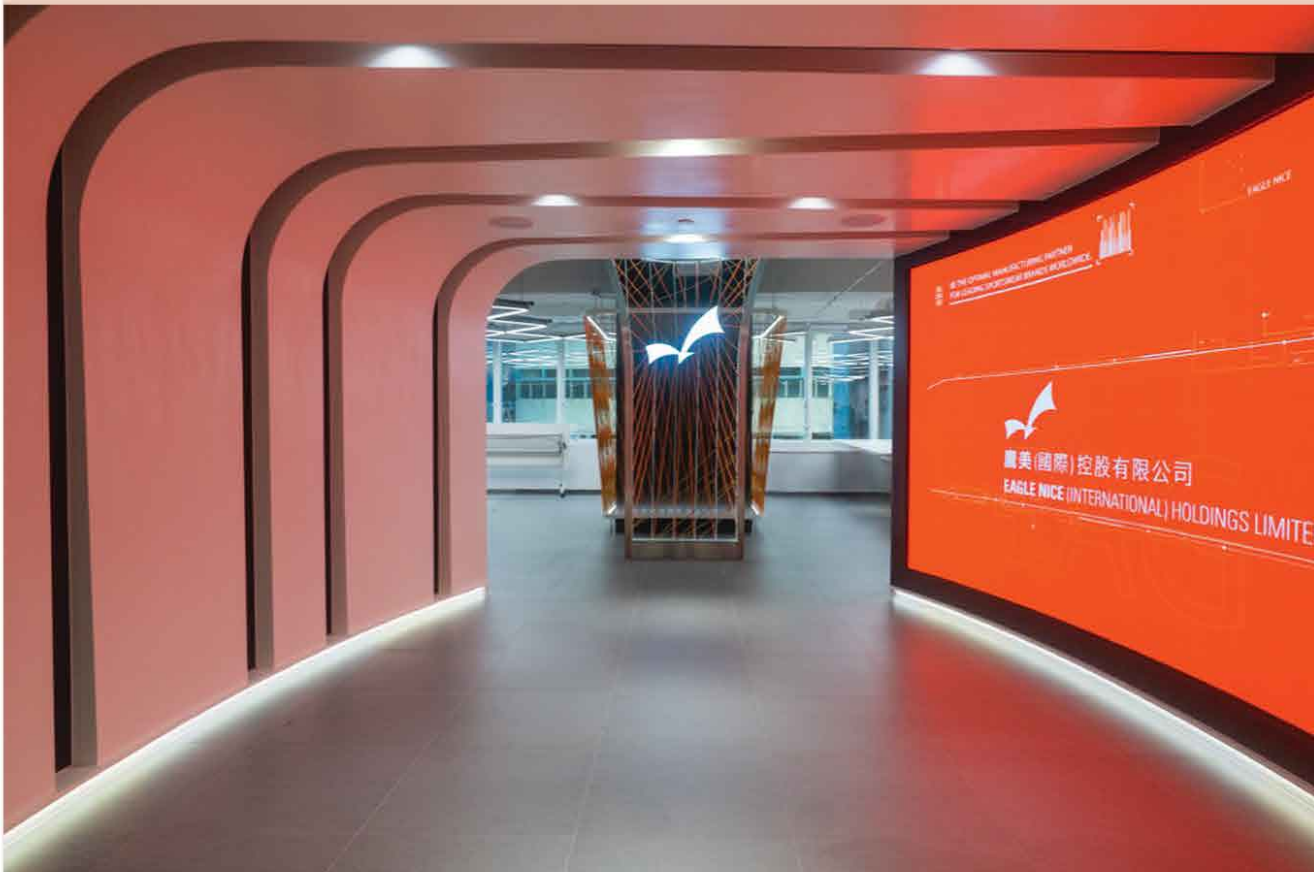


CHAPTER 02

Chapter 2 Governance Structure

| | |
|---|---|
| 2.1 Board Supervision of Environmental, Social and Governance Matters | 6 |
| 2.2 Engagement with Stakeholders | 8 |
| 2.3 Materiality Assessment | 8 |

About this Report / Governance Structure / Environmental Aspects / Social Aspects



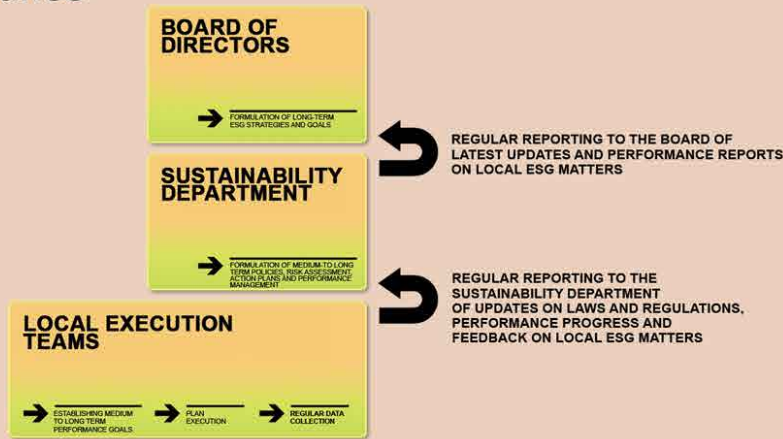
2.1

Board Supervision of Environmental, Social and Governance Matters

The board of directors of the Company (the “Board”) convenes a meeting annually to review the potential impact and risks of the Group’s goals in sustainability governance in relation to its business model. The Board convenes a meeting each year to review the performance and compliance status disclosed in the ESG report, supervise the evaluation of environmental and social impact and effectively identify material sustainability issues relevant to various stakeholders, so as to adjust or formulate policies as appropriate to ensure effective and ongoing implementation of such policies.

The Group has established the Sustainability Department to articulate medium- to long-term strategies, conduct risk assessment, action plans and performance management, promote the culture of diversification and inclusivity and facilitate the operating system for safety management, as well as to coordinate implementation by local execution teams.

ESG Governance Structure



During the Year, the Group was engaged in the optimisation of local supply-chain strategies. Variously located in Chinese Mainland, Indonesia and Vietnam. Each of our regional production bases claims unique advantages in terms of geographic location, government policies, labour supply and production technologies, effectively offering strong regional resilience for customers whilst reducing the consumption of resources and driving green development and sustainability by enhancing its internal efficiency in modernised manufacturing to address climate change and achieve the strategic goal of global carbon neutrality.

We have always been committed to environmental protection and striving to minimise the impact of our manufacturing process on the environment. During the Year, we successfully reduced greenhouse gas (“GHG”) emissions by 10%, representing a major step towards achieving our goals in environmental protection. Meanwhile, we have also successfully increased the ratio of renewable energy amongst the energy consumption of our core production activities by 17%, underlining our commitment to sustainability. At present, solar power panels have been installed at two factories, which installation will facilitate more effective utilisation of clean energy. In connection with packaging materials, we have also made notable progress, as paper consumption per unit of product has been reduced by 24%, representing less consumption of forestry resources. Moreover, we have successfully reduced the annual consumption of plastics in product manufacturing 64%, marking an important milestone in the reduction of plastics pollution.



Employees provide the engine for the Company’s sustainable development and the Group seeks to attract young talents to join its team by creating a vibrant workplace environment through the provision of a diverse range of health management activities. During the Year, different staff care initiatives in addition to monthly birthday celebrations, staff leisure outings, welfare activities and orientation programmes, were organised at various factories so that they could gain exposures to different experience outside of working. In addition, we have arranged a wide array of safety talks and courses to ensure the development of staff potentials in a safe environment. Total staff training hours for the Year exceeded 95,242 hours, increasing by 23,042 hours compared to the last year.

The Group has continued to uphold its commitment to rewarding the community with charity and care. During the Year, Eagle Nice Volunteering Teams were formed to encourage active staff participation in community volunteering services, whilst sponsorships were provided to community campaigns carried out by local social welfare groups. During the Year, Eagle Nice Volunteers Teams in Hong Kong (China), Indonesia and Vietnam organised a total of 31 sessions of volunteering services, showing care for the needy and promoting social inclusivity through campaigns such as visits to underprivileged groups and the elderly as well as sponsorships for community festive activities.

About this Report / Governance Structure / Environmental Aspects / Social Aspects

2.2
Engagement with Stakeholders

We have fostered an engaging environment focused on transparent and open communications with stakeholders. Shareholders’ meetings are convened by the Board to maintain engagement with stakeholders and actively exchange views with shareholders. The public are furnished with periodic reports on the overall business performance of the Group. We maintain close relation with customers, suppliers and other stakeholders through visits, proactive dialogue, social media and customer service.

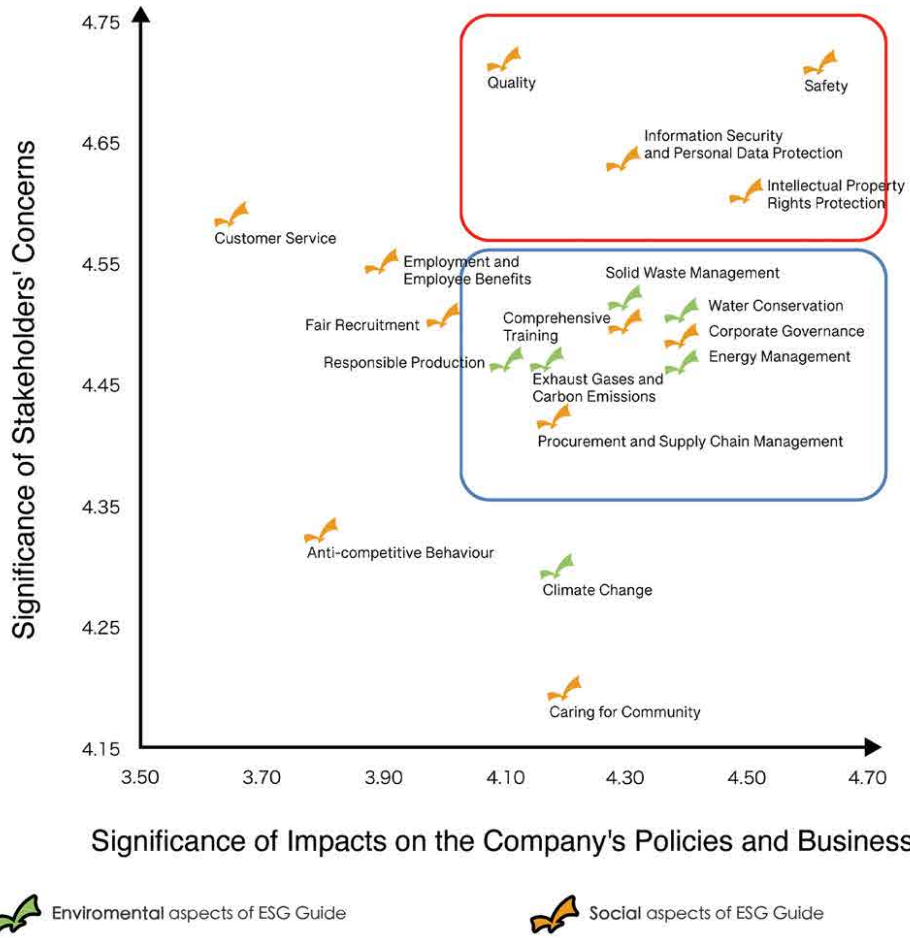


2.3
Materiality Assessment

At the beginning of the year, the Group conducted an assessment with stakeholders relevant to its business nature, operating locations, as well as the Group’s products and services. As compared with the previous year, it confirmed that there was no material change in its scope of reporting and key stakeholders involved. Therefore, following an internal assessment, the Group has determined to adopt for the current Year the outcomes of materiality assessment in the previous reporting year. The Group will review the outcomes of the materiality assessment at an interval of two to three years to determine whether it is necessary to conduct a new materiality assessment.

The following diagram illustrated the outcomes of materiality assessment in 2022 generated through the three steps shown below for the purposes of managing the Group’s ESG risks and addressing stakeholders’ concerns and expectations:

| | |
|---|---|
| <p>Step One Identifying the ESG topics</p> | <p>In accordance with the ESG Guide as the framework for materiality assessment and taking into account factors such as the Company’s development strategy, industry development trends, regulatory and market requirements, stakeholders’ questionnaires have been formulated comprising questions in the four main areas covering environmental protection, employment and labour management, operating practices and community investment and 18 sustainability topics have been identified.</p> |
| <p>Step Two Confirming stakeholders and setting survey questionnaires</p> | <p>Our customers, suppliers and staff have been confirmed as stakeholders who are extremely important to the Group; specific questions relating to the topics have been set in the survey questionnaires according to their respective perceptions and expectations; thereafter the completed questionnaires had been sent to sampled stakeholders, and their feedback had been collected within a stipulated period.</p> |
| <p>Step Three Assessing and confirming material Topics</p> | <p>Through statistics and analysis of stakeholders’ feedback in the survey, and conducting management review on the Group’s ESG strategy and its business impacts, we culminated in the formulation of an “ESG materiality analysis matrix” by consolidating data on the aforesaid external and internal demands. Out of the 18 ESG topics initially identified as described above, extremely material and material topics relevant to the Group have been confirmed and highlighted within the red and blue frames at the upper right corner of the matrix underneath.</p> |



| Materiality | | Environmental Protection | Employment and Labour Management | Operational Practices | Community Investment |
|-------------|--------------------------|---|--|---|------------------------|
| High | Extremely material topic | --- | • Safety | • Information security and personal data protection • Intellectual property rights protection • Quality | --- |
| | Material topic | • Exhaust gases and carbon emissions • Energy management • Solid waste management • Water conservation | • Comprehensive training | • Corporate governance • Procurement and supply chain management • Responsible production | --- |
| Low | General topic | • Climate change | • Employment and employee benefits • Fair recruitment | • Customer service • Anti-competitive behaviour | • Caring for Community |

CHAPTER 03

| | |
|---|----|
| Chapter 3 Environmental Aspects | |
| 3.1 The Environment and Natural Resources | 10 |
| 3.2 Emissions | 14 |
| 3.3 Use of Resources | 19 |
| 3.4 Climate Change | 20 |

About this Report / Governance Structure / Environmental Aspects / Social Aspects



3.1 The Environment and Natural Resources

The Group is committed to fostering a high-quality and sustainable environment for the society and the next generation. We monitor the environmental impact of our operations on a continuous basis and enhance staff awareness and skills in environmental matters to ensure that they have the ability to implement the Group’s sustainability goals and advance towards a culture and lifestyle underpinned by low-carbon practices.

3.1.1 Management of the Environment and Natural Resources

The Group has formulated an environmental policy that provides the directions and foundation for sustainable development and responsible environmental management at the factories. Our factories have also developed sound environmental management systems in accordance with our environmental policy, which not only ensure ongoing legal compliance of factory operations, but also actively incorporate environmental concepts into the daily operation of the enterprise. During the Reporting Period, Yifeng Factory obtained the ISO 14001 international certification in recognition of its competence in environmental management.



To fulfill our corporate social responsibility, we conduct evaluations and reviews of the environmental impact of our factory operations on a regular basis and strictly implement internal environmental test and inspection on boundary noise level, discharge of wastewater, exhaust gas, dust and specified pollutants, among others, in accordance with laws and regulations to ensure all emissions are well within customary limits without causing any pollution to the environment.

The Group has adopted Higg FEM, a sustainability inspection instrument, for its annual inspection for seven years in a row. The instrument provides for third-party assessment and verification of the environmental management system, energy and GHG emissions, atmospheric emissions, consumption of water resources, sewage management, waste management and chemical management in order to identify opportunities for ongoing improvement. Meanwhile, we have also invited our major suppliers to adopt the Higg FEM platform and share with us their annual assessment reports, in a joint effort to foster a sustainable future.

Higg FEM Verification



Hubei



Yifeng



Shantou



PKI



ENI



PGG

During the Year, we actively participated in internationally recognised chemical management training programmes to optimise our chemical management system. Four of the Group's factories enrolled in the elementary training course under the ZDHC Supplier-to-Zero Program and successfully obtained certificates. The factories have also incorporated the best practices learned in the courses into their existing chemical management and implementation system, while providing chemical management training to all employees. In connection with the selection of chemicals, we practice management at source and rigorously perform the MRSL and RSL vetting under ZDHC to prevent the use of any restricted hazardous substances.

ZDHC Supplier-to-Zero Program Certificate



Shantou



Yifeng



Hubei



PKI

3.1.2 Directional Targets in Environmental Protection

In order to minimizing environmental impact, the Group has set the following operational reduction plans.


| | |
|---|--|
| <p>1. Use of equipment that reduce emission of exhaust gas/GHG</p> <ul style="list-style-type: none"> - Use of electric forklifts in place of fuel-powered tools at factories. <p>2. Use of appropriate filtration equipment to reduce the impact of exhaust gas emission during the production process on the environment</p> <ul style="list-style-type: none"> - Exhaust gas went through filtration, dust removal and purification through relevant equipment before emitting outside the plants; for example: at Yifeng Factory, additional activated carbon filtration devices were installed to control exhaust gas emission; at Hubei Factory, "photocatalytic oxidation air purifier" was installed to degrade hazardous substance. <p>3. Formulation of emission reduction plans with suppliers in relation to shipment of products, such as reducing the number of shipments through combined procurement wherever possible</p> <ul style="list-style-type: none"> - Yifeng Factory requested the shuttle bus service contractor to continue to replace fuel-powered vehicles with electric vehicles; during the Year, 32 vehicles providing shuttle service to employees were replaced with electric vehicles. | <p>1. Use of automated equipment to reduce the generation of scrap materials</p> <ul style="list-style-type: none"> - Use of automated cutting table/automated cutting machine for optimal pattern arraying to reduce the generation of leftover materials (scraps from trimming); in addition, new automated suspension system was installed to save conveying time so that workers could focus more on the sewing process with better quality control to reduce the generation of waste products. <p>2. Recycling of usable waste</p> <ul style="list-style-type: none"> - Reuse of paper boxes as turnover boxes and recycling of plastic bags; teaching staff methods to optimise paper use, such as two-sided printing and use of recycled paper for printing. |
| <p>1. Use of equipment that requires a lower level of energy consumption</p> <ul style="list-style-type: none"> - At Huilai Factory, energy-saving air energy water heaters with better energy-saving features were used to supply hot water to staff quarters. - At ENI Factory, air-conditioners with evaporative cooling pads were installed to achieve reduction in electricity consumption. <p>2. External purchase of renewable energy, such as supply endorsed by renewable energy certificate (REC)</p> <ul style="list-style-type: none"> - ENI Factory purchased energy supply with renewable energy certificate (REC) from local power company PLN (for details please refer to the REC certificate shown in Section 3.2.4.2 of this Report). <p>3. Installation of solar power generation system</p> <ul style="list-style-type: none"> - Yifeng Factory utilised solar power for the supply of approximately 980,000 kWh of electricity during the Year. - Shantou Factory utilised solar power for the supply of approximately 600,000 kWh of electricity during the Year. - At Huilai Factory, solar-powered streetlamps were installed within the factory area to replace traditional lamps, which reduced power consumption by approximately 5,000 kWh annually. - With 10 solar-powered floodlights in the peripheral of the factory area to replace traditional lamps, which saved power consumption by approximately 3,600 kWh annually. | <p>1. Reuse of duly processed wastewater which meet required standards for non-production purposes after sewage treatment</p> <ul style="list-style-type: none"> - Treated wastewater from production processes could be used in gardening or as bathroom flushing water at residential quarters for reducing use of fresh water <p>2. Installation of water-saving equipment</p> <ul style="list-style-type: none"> - Installation of timer on water supply equipment which suspended water supply at the production area during non-working hours and at the residential area during working hours to avoid any wastage of water resources caused by leakage or water taps not properly turned off. - Use of equipment compatible with recycled water, such as the recycling of running water in the evaporative air conditioning system - At PGG Factory, a sensor device (radar) was installed in the water tanks to effectively control the volume of water intake and thereby reduce water consumption |



3.1.3 Environmental Training



The Group actively promotes the green culture as a variety of environmental training sessions and activities have been organised at the factories, covering topics such as general environmental knowledge, waste sorting, hazardous waste management, energy conservation measures, the handling of chemical leakage and drills, among others. The average headcount of participants and total training hours for the Year in relation to environmental training increased by 717 participants and 9,243 hours, respectively, compared to the last year.



3.2 Emissions

The Group seeks to mitigate impact on the environment based on the principle of “waste reduction at source and recycling”.

3.2.1 Waste Management

During the Year, the Group launched a digital management system to monitor the progress of and review waste reduction goals, as well as to conduct annual inspection on recycling agencies.

3.2.1.1 Hazardous Waste Management

Hazardous waste managed by the Group includes mainly waste machine oil, waste chemicals and their containers, among others. The factories have designated specific areas for the storage of classified waste in accordance with laws and regulations for recycling by qualified suppliers on a regular basis. Irresponsible disposals are prohibited.

3.2.1.2 Non-hazardous Waste Management

Waste generated in the Group’s manufacturing process comprise mainly non-hazardous waste, including fabric scraps, cotton wastes, discarded paper and plastics (including plastic bags, plastic wiring cores and plastic boards) and domestic waste (including kitchen waste). Our factories have been engaged in active effort to reduce the volume of waste generated, advocating “waste reduction at source and recycling” whilst reducing waste by enhancing precision levels through automated technologies. We have implemented the following waste reduction measures in respect of different types of waste:

| Fabric scraps and cotton wastes | Discarded paper | Discarded plastics |
|---|--|---|
| <ul style="list-style-type: none"> 1. Automated computerised cutting table 2. Automated cutting machine 3. Cotton template cutting machine | <ul style="list-style-type: none"> 1. Reuse of paper boxes as turnover boxes 2. Recycling paper rolls for reuse by suppliers 3. Increased use of electronic files 4. Reuse of paper used for single-sided printing | <ul style="list-style-type: none"> 1. Rewiring old cores with the reel 2. Encouraging employees to bring their own containers |

The total volume of the Group’s non-hazardous waste for the Year decreased by 172 tonnes compared to the last year, among which fabric scraps, cotton wastes and discarded paper reduced by 142 tonnes in aggregate compared to the last year, whilst discarded plastics increased slightly by 0.65 tonnes, year-on-year. This has not only reflected the effectiveness of our waste reduction measures, but has also highlighted a direction for our future waste reduction strategy, as we continue to strive for more effective measures for the control of emissions.

Statistics on the weight and emission intensity of wastes generated during the Reporting Year are shown in the table below:

| Type of Wastes | Annual emission volume | |
|--|------------------------|------------|
| | 2024 | 2023 |
| Hazardous waste (tonne) | 24.52 | 9.76 |
| Non-hazardous waste (tonne) | 1,634.91 | 1,806.93 |
| Annual production volume (piece) | 27,210,848 | 26,777,171 |
| Emission intensity of hazardous waste (per production unit) (gram/piece) | 0.90 | 0.36 |
| Emission intensity of non-hazardous waste (per production unit) (gram/piece) | 60.08 | 67.48 |

3.2.2 Wastewater Management

Wastewater discharged from the Group’s factories comprise mainly domestic sewage and a small volume of industrial wastewater generated by the printing process, which is only discharged after fulfillment of relevant regulatory limits through treatment.

3.2.3 Exhaust Air Management

The Group manages emissions of air pollutants in accordance with local regulations. To reduce air pollution, our factories have installed sufficient exhaust gas emission devices. Third-party inspection and testing service providers are engaged to conduct compliance inspection and test at exhaust gas outlets to ensure that filtered exhaust gas is in compliance with relevant emission standards. During the Year, the Group’s manufacturing facilities used different types of equipment as follows according to their individual conditions to avoid air pollution:

- o Filtration devices using activated carbons and negative ion high voltage technologies
- o Photocatalytic equipment for decomposing volatile organic compound (VOC)
- o Electrostatic oil and fume purifier installed at the exhaust pipes of the cafeteria
- o Laser exhaust UV photolysis

3.2.4 Strategy for Reducing GHG Emission

The Group has been dedicated to environmental protection and making resolute efforts to address climate change. Our factories have formulated respective goals for the reduction in emission according to their specific conditions. During the Year, Yifeng Factory was awarded the Low-carbon Operation Programme (LOOP+) certificated issued by World Wide Fund for Nature (WWF) in recognition of its effort in reducing emissions. The Group has also adopted measures to reduce GHG emission in addition to formulation of the aforesaid environmental goals.



3.2.4.1 Direct GHG emissions (Scope 1)

Our direct GHG emissions are mainly generated by transport fuel consumed in operations. We have implemented the following measures to reduce emissions:

- o Reducing the deployment of corporate vehicles and encouraging the use of public transport to control fuel consumption
- o Use of electric forklifts in place of fuel-powered tools at factories
- o Enhancing maintenance of air-conditioning temperature control and switching to refrigerants with lower global warming potential

3.2.4.2 Energy Indirect GHG (Scope 2)

The Group's GHG emissions comprise mainly energy indirect GHG. Therefore, reduction in the consumption of municipal power supply has become the principal direction in reducing emissions. We have been actively studying the feasibility of various energy-saving and emission reduction projects, and have successfully implemented the following projects at our factories:

Energy efficiency

Our factories actively employ energy-saving equipment with higher energy efficiency, such as LED lightings and IE3 motors, among others. Sensor lights are installed where appropriate to save unnecessary power consumption.

Huilai Factory has installed air energy water heating equipment at its staff quarters. Unlike traditional electric water heaters, air energy water heating equipment requires less electric power to generate heat.

Renewable Energy

In recent years, the Group has been actively adjusting its energy mix by substantially reducing the use of fossil fuel and introducing various types of green energy, including solar projects and green power agreements in various regions. Thanks to our incessant effort, our renewable energy ratio increased to approximately 17% for the Year.

Solar-powered water heater



Yifeng Factory has installed solar water heating equipment and save approximately 50,000 kWh in the consumption of municipal power supply annually.

Solar-powered streetlamps

Hubei Factory and Huilai Factory have both installed solar-powered streetlamps to provide lighting at the plant area, saving approximately 8,600 kWh in aggregate in the consumption of municipal power supply for the Year.



Signing long-term power purchase agreement (PPA)

ENI Factory entered into a PPA with a local power company in 2022 to supply green electricity with renewable energy certificate (REC) to its plant area for all its power consumption requirements. During the Reporting Period, the Factory purchased approximately 2,900,000 kWh of geothermal energy in aggregate.



Rooftop solar power facility



The 0.6 MW rooftop solar power facility at Shantou Factory was commissioned in mid- 2022. During the Reporting Period, the facility saved approximately 600,000 kWh in the consumption of municipal power supply for the Factory. The 1.1 MW rooftop solar power facility at Yifeng Factory was also commissioned towards the end of 2022, saving approximately 980,000 kWh in the consumption of municipal power supply for the Factory during the Reporting Period.

Shantou Factory saved approximately **600,000 kWh** in the consumption of municipal power supply

Yifeng Factory saved approximately **980,000 kWh** in the consumption of municipal power supply



Total GHG emissions for the Year decreased by approximately 9% compared to the period last year, as successful reduction in emissions for 5 consecutive years with an aggregate reduction of approximately 38% was achieved reflecting the Group’s effort. The Group was not aware of any material emissions in violation of pertinent environmental laws and regulations during the Reporting Period. Major GHG sources and their emission volumes for the Year are summarised in the following table:

| Major sources of GHG emission | Total annual consumption | |
|---|--------------------------|---------------|
| | 2024 | 2023 |
| Diesel consumption (litre) | 49,925 | 47,298 |
| Gasoline consumption (litre) | 91,451 | 82,584 |
| Electricity consumption (kWh) | 22,208,157 | 24,776,684 |
| Annual production volume (piece) | 27,210,848 | 26,777,171 |
| Total GHG emission (tonne CO2 equivalent) | 13,898 | 15,244 |
| GHG emission intensity (gram CO2 equivalent/piece) | 510.77 | 569.31 |



Total GHG emission ²
13,898 tonnes
 CO2 equivalent



Direct GHG (Scope 1) ³ emission
981 tonnes
 CO2 equivalent



Energy Indirect GHG (Scope 2) ⁴ emission
12,917 tonnes
 CO2 equivalent

² Global warming potential (GWP) adopted in GHG calculation is based on data set out in the Sixth Assessment Report (AR6) published by the Intergovernmental Panel on Climate Change (IPCC).

³ Direct GHG was mainly generated from gasoline/diesel consumption of vehicles; the computational method was based on the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

⁴ Energy indirect GHG was mainly generated from indirect emissions of externally sourced electricity; electricity indirect emission in Chinese Mainland was computed by reference to the “Benchmark Emission Factors for Regional Power Grids” published by the National Development and Reform Commission of the People’s Republic of China (NDRC); emissions in Hong Kong, China was computed by reference to emission factors published by the power company in its sustainability report; emissions in Vietnam and Indonesia were computed by reference to the average emission factors for the region published by the Institute for Global Environmental Strategies (IGES).



3.3 Use of Resources

The Group has been dedicated to reducing the consumption of resources in an effort to advance green and sustainable development.

3.3.1 Energy Management

The Group has formulated an energy management policy. When procuring new equipment, we give priority to equipment with energy-saving features. Our factories monitor on an ongoing basis the duration for which energy-consuming equipment are in use and carry out maintenance on a regular basis to increase the efficiency of energy consumption. We also require employees to switch off equipment when not in use and ensure that all energy-consuming equipment are switched off before the end of the day. Energy conservation and environmental protection are advocated among employees to foster eco-friendly practices in their daily work habits.

The Group monitors the performance of its factories in energy conservation on an ongoing basis through its internal platform. We also conduct analysis and comparisons of power consumption by the production processes or at the production areas of the factories on a regular basis to identify opportunities for improvement and seek reduction in energy consumption with our best effort.

3.3.2 Water Conservation

Water consumed by the Group is sourced from municipal water supply and mainly used for domestic purposes. Water-consuming equipment is under the supervision of dedicated personnel of the Group, who are responsible for the regular cleaning, maintenance, and inspection of such equipment. Water supply facilities and parts with leaks or wear-and-tear identified during inspection are repaired or replaced in a timely manner to reduce water wastage.

The Group’s factories have implemented different water conservation measures according to their respective conditions to reduce consumption of fresh water:

- o Reuse of reclaimed water
- o Air-conditioning with evaporative cooling pads designed with the use of recycled water
- o Enhanced maintenance and inspection of water pipes


3.3.3 Statistics on the consumption of resources

Following the implementation of conservation measures described above, the major resources consumed by the Group’s factories during the Reporting Period are summarized in the table below:

| Resources | Total annual consumption | |
|--|--------------------------|--------------------------------|
| | 2024 | 2023 |
| Purchased electricity (kWh) | 22,208,157 | 24,776,684 |
| Consumption of renewable energy ⁵ (kWh) | 4,481,757 | Comparative data not available |
| Water (cubic metre) | 509,265 | 612,272 |
| Packaging materials (paper) (tonne) | 1,935 | 2,522 |
| Packaging materials (plastic) (tonne) | 353 | 956 |
| Total annual production (piece) | 27,210,848 | 26,777,171 |

⁵ Consumption of renewable energy includes solar power facilities at the Group’s Shantou Factory and Yifeng Factory and REC power purchased by the Indonesian Factory.

| Resources | Intensity of consumption per unit of production | |
|--|---|-------|
| | 2024 | 2023 |
| Electricity (kWh/piece) | 0.82 | 0.93 |
| Water (litre/piece) | 18.72 | 22.87 |
| Packaging materials (paper) (gram/piece) | 71.11 | 94.18 |
| Packaging materials (plastic) (gram/piece) | 12.96 | 35.68 |



3.4 Climate Change

To address the challenge of global climate change with a united effort, the Group has implemented relevant measures for reduction of emissions and conducted regular assessments of risks associated with climate change, on the basis of which effective contingency plans and response strategies have been formulated.

3.4.1 Risk Assessment

In relation to extreme weather and related catastrophes caused by climate change, the Group conducts regular assessment on the following risks which may affect its factories, infrastructure facilities and production processes:

- o Whether factories and infrastructure facilities are located in areas threatened by typhoon and torrential rain caused by climate change;
- o The impact of potential heat wave caused by climate change on production processes (such as the operation of airconditioners and automated machines);
- o Whether climate change has caused the disruption of supply chains of individual materials and affected the procurement of raw materials (such as prices and volumes);
- o Whether plans with modified portfolios of materials are required to be formulated as a result of the tight supply caused by climate change;
- o Proactive consideration is given to budgets for the improvement of facilities or technologies to reduce GHG emission or pollution;
- o Endeavouring to increase the feasibility of using clean energy (such as natural gas) and renewable energy (such as solar energy) where appropriate.

3.4.2 Preparedness plan for disaster management

To address emergencies that could be caused by identified extreme weather (such as floods caused by torrential rain), the Group has developed documentation on disaster risk management strategies and measures to manage the risk of floods nearby its production and warehouse facilities and formulated contingency plans to prevent damage caused by extreme weather, which include the following facilities and measures:

- o Installing anti-flood barriers that could withstand flood water of higher level;
- o Bolstering plant structure to withstand super typhoons;
- o Replacing windows with those made of ultra-strong wind-resistant glass for operating facilities located in areas susceptible to typhoons;
- o Securing outdoor equipment or machinery (such as by using ropes) prior to the hoisting of super typhoon signals;
- o Introducing protective measures (such as the construction of concrete walls) at factories close to natural or artificial slopes to mitigate the damage caused by landslide.

3.4.3 Other Response Measures

In addition to the formulation of preventive measures, the Group has also formulated a response strategy to cope with climate disasters, including the purchase of insurance to cover the possible loss caused by natural disasters. Business contingency plans have also been formulated, whereby pre-formulated plans are executed to resume production and ensure ongoing operation in case of disruption caused by extreme weather.

Moreover, to ensure staff understanding of relevant knowledge in prevention and response, the Group provides training on disaster preparedness knowledge and emergency measures. For example, all windows are closed in prior to typhoon threatening and windows are inspected regularly for extreme weather.



CHAPTER 04

Chapter 4 Social Aspects

| | | | |
|------------------------------|----|-----------------------------------|----|
| 4.1 Employment | 22 | 4.5 Supply Chain Management | 33 |
| 4.2 Health and Safety | 25 | 4.6 Product Responsibility | 35 |
| 4.3 Development and Training | 30 | 4.7 Anti-corruption | 40 |
| 4.4 Labour Standards | 33 | 4.8 Contribution to the Community | 41 |

About this Report / Governance Structure / Environmental Aspects / Social Aspects



4.1 Employment

The Group believes that employees are the greatest asset of the Company. On top of compliance with applicable employment laws, the Group has also established policies to ensure that each employee is treated on an equal basis and that his/her choices and rights are duly respected, in an effort to foster a vibrant workplace and a strong sense of belonging for employees, as well as to attract more talents to join. During the Reporting Period, the Group was not aware or brought to the attention of any incidents of non-compliance or cases of complaint regarding discrimination or recruitment.

4.1.1 Recruitment and Promotion

The Group does not require a job applicant to disclose personal information irrelevant to the job position or not legally required, such as his/her religious belief, in the course of recruitment. The Group assures that no discrimination is held against any applicant because of his or her gender, ethnic origin, race, background, religious belief, marital status, sexual orientation, nationality or political views, among others, when a decision to hire an employee is made.

All employees are treated on an equal basis. Matters concerning recruitment, wages, benefits, rewards, promotion and termination are considered solely on the basis of the employee’s educational background, professional qualifications and competence. Male and female employees are treated equally. We continue to explore diverse channels for recruitment, enhance our competitiveness in terms wages and benefits and improve our promotion channels to attract more high-calibre talents.

As a responsible employer, Eagle Nice Group is committed to protecting women and employees and to comply with related international conventions, such as International Labor Organization (ILO) Convention No. 190: Eliminating Violence and Harassment in the World of Work, ratification and implementation of the ILO Convention 111: Discrimination in Employment and Occupation, and support for CEDAW: Convention on the Elimination of all Forms of Discrimination Against Women, and so on. This commitment applies to all of the operating locations of the Group worldwide. During the Year, our factories were actively engaged in relevant social responsibility certification processes.

4.1.2 Remuneration and Benefits

The Group ensures that the remuneration of an employee is reasonably commensurate with his or her competence and be subject to the regime of wages and benefits in a manner irrespective of his or her gender.

In accordance with local employment regulations, the Group pays to each employee a salary not less than the minimum wage prescribed under applicable local laws. Overtime wages are calculated and paid and paid holidays, such as statutory festive holidays, annual leaves and work-related injury leaves, are granted in accordance with relevant regulations. We also provide employees with appropriate insurance coverage, such as social insurance and labour insurance, in accordance with local regulations.

Employees are the engine driving corporate development. With a strong emphasis on employees’ happiness, the Group is determined to foster a hopeful and lively workplace environment, providing a variety of benefits that cover the daily needs of employees. On top of additional paid leaves, employee insurance, incentive bonus (such as full attendance bonus), free accommodation, free lunch on work days, free company shuttle bus, training allowance and other relevant non-statutory holidays, our operating locations also conduct regular reviews to consider the suitability of increasing benefits to ensure our competitiveness in terms of wages and benefits. Moreover, we also offer care and assistance to employees or their families in need so that they could work happily on the back of a blissful life.



Hubei Factory — “Achievement Award for Social Responsibility Compliance Management” under the Workplace Conditions Assessment (WCA) standard



The Hong Kong headquarters of the Group was awarded the Caring Company Logo by The Hong Kong Council of Social Service during the Year in recognition of the Group’s sound performance in labour relations.



4.1.3 Staff Employment Statistics

The Group's staff headcount and breakdown by various categories as at 31 March, 2024 is as below:

| | Headcount of Employees | |
|------------------------|------------------------|---------------|
| | 2024 | 2023 |
| Gender | | |
| Male | 3,106 | 3,185 |
| Female | 11,368 | 11,384 |
| Employment Type | | |
| Full-time | 14,474 | 14,569 |
| Part-time | 0 | 0 |
| Age group | | |
| 18 - 30 | 3,106 | 3,397 |
| 31 - 45 | 8,108 | 8,180 |
| 46 - 60 | 3,234 | 2,978 |
| > 60 | 26 | 14 |
| Location | | |
| Hong Kong, China | 83 | 72 |
| Chinese Mainland | 7,441 | 7,691 |
| Indonesia | 4,757 | 4,551 |
| Vietnam | 2,193 | 2,255 |
| Total | 14,474 | 14,569 |

The employee turnover rate for the Year, analysed by gender and by age group, is summarised in the table below:

| | Average Monthly Employee Turnover Rate (%) | |
|------------------|--|-------------|
| | 2024 | 2023 |
| Gender | | |
| Male | 2.41 | 2.80 |
| Female | 1.93 | 2.28 |
| Age Group | | |
| 18 - 30 | 4.55 | 4.86 |
| 31 - 45 | 2.01 | 2.32 |
| 46 - 60 | 1.38 | 1.77 |
| > 60 | 0.45 | 0.00 |
| Location | | |
| Hong Kong, China | 1.33 | 0.99 |
| Chinese Mainland | 2.58 | 3.38 |
| Indonesia | 0.82 | 0.83 |
| Vietnam | 2.34 | 2.06 |
| Total | 2.03 | 2.40 |



4.2 Health and Safety

4.2.1 Occupational safety and health (“OSH”) management

Safe production represents a core value for the Group, which believes that sound OSH management is the cornerstone to success. We operate in persistent compliance with all pertinent laws and regulations and endeavour to incorporate health and safety factors into all business operations, consistently enhancing our OSH performance in a committed effort to foster a safe and health workplace for employees.

To supervise and effectively prevent the occurrence of dangers during work, the Group has established an OSH system. Our factories have formulated safety goals and implementation plans for multiple years according to their business requirements. Independent safety teams have been formed to enhance safety management in all aspects, monitoring on a regular basis and reporting to the management to ensure smooth completion of the goals and plans. During the Year, Yifeng Factory and PKI Factory both received ISO45001 occupational and safety management system certification, indicating consistency of the Group’s safety management with international standards.

ISO 45001 occupational health and safety management system certification



Yifeng



PKI

The Group believes that digital management could contribute not only to efficient safety management at the factories and help to save time for substantial safety tasks, but also valuable data for the management. During the Year, we optimised the existing internal data platform to enable the factories to track their safety performance and conduct work injury data analysis, so that opportunities for improvement could be identified. We have also introduced a third-party law and regulation management instrument to allow our factories to track legal requirements in a more comprehensive manner, taking into consideration of pending laws and regulations ahead of legislation to eliminate any possibility of non-compliance with safety regulations. The Group was not aware of any cases of violation of pertinent local OSH laws during the Year.

The Group’s pursuit of safety goes beyond compliance with laws and regulations. We firmly believe that all work injuries are avoidable. We are determined to deepen our management of safety culture and encourage our factories to optimise their processes and enhance their employees’ safety awareness on an ongoing basis, such that safety is inherent in the day-to-day work of each employee. We have also appointed a third-party safety consultant to provide assessment and professional guidance in connection with the sophistication of our factories’ safety culture, covering aspects such as management support, standardised processes and build-up of safety talents. During the Year, four of our factories passed the inspection process and reached Class III level.

4.2.2 Workplace safety

To foster a safe workplace environment, the Group has adopted a primarily preventive strategy which seeks to eliminate the occurrence of hazards through source management.

4.2.2.1 Safety setup

Fire prevention and electrical equipment are installed at our factories in accordance with the laws and regulations and designated personnel are assigned to carry out safety patrol and rectification in a stringent manner. Our factories also conduct risk assessment on the plant areas and their surrounding areas and third-party suppliers are hired to inspect the safety and integrity of the buildings on a regular basis. To further eliminate preventable safety hazards relating to structure, fire incidents and electricity supply, one of the Group's factories participated in LABS, an industry-driven programme aimed at improving life safety, during the Year. Through on-site examination and professional instruction by third-party consultants, our factories were able to deploy their safety equipment according to standards higher than those required by the laws. PKI Factory attained certification in last year after successfully completing all processes.



4.2.2.2 Environmental hygiene

In accordance with the laws and regulations, the Group engages third-party testing and inspection service providers on a regular basis to conduct various environmental tests and inspection, such as noise level, air quality and drinking water quality, to ensure that all environment factors are in compliance with relevant standards such that employees could feel at ease at work.

4.2.2.3 Prevention of job-specific hazards

The Group reviews the safety risks associated with each job position on a continuous basis and requires employees to work safely in compliance with the standard operating guide. Machinery purchased by us must fulfill safety requirements and meet specific standards before being put into operation. We also conduct various risk assessment on a regular basis, such as job hazard analysis, machinery risk assessment and chemical risk assessment, among others. Employees have been provided with appropriate personal protective equipment (PPE) free of charge. Employees at work must put on the PPE required by their positions correctly in accordance with the standard operating guide.

To identify any health risk of employees working in potentially hazardous positions, the Group has arranged health examinations for them in accordance with pertinent laws and regulations. Hazardous jobs include jobs exposed to high noise levels, dusty environment, laser operations, chemicals or wastes, typically involving processes such as velvet filling, cutting, embroidering and patterning (operation of laser template machines), among others. Apart from potentially hazardous positions, some factories (such as the factories in Indonesia and Vietnam) implemented universal health checks for all staff in accordance with relevant local laws and regulations.

4.2.3 Health and Safety Training

The Group actively promotes the safety culture in a joint effort with its employees to build a safe workplace. To maintain safe production in a consistent manner, we review our safety training programmes on a regular basis and endeavour to develop talents in safety management and generally enhance the safety awareness of employees through various internal as well as external training programmes.

4.2.3.1 Grooming safety management personnel

The Group provides a diverse range of external training to enable employees to learn professional safety knowledge and best practices in the industry. Some of the training topics include machinery safety, occupational hygiene, safety culture, workplace safety and safe conduct, among others.

To support the Group’s directive of achieving modernisation in production, its factories have been actively grooming talents to advance machinery safety management. During the Reporting Period, the Group had 10 certified mechanical safety expert (CMSE) who conducted regular risk assessment for the factories’ machinery as well as participated in safety training.

To enhance the management of chemicals, the Group also encourages its factories to participate in occupational hygiene courses organised by third parties to learn the prevention of risks associated with improper use of chemicals. During the Reporting Period, 13 employees of the Group had completed training and obtained relevant certificates.



4.2.3.2 General enhancement of safety awareness among employees

With the aid of external safety training, our factories provide appropriate safety training for employees specific to the safety requirements of individual job positions to ensure that employees have a clear understanding of safety matters relevant to themselves. Moreover, on-site safety instructors have been stationed at the factories to provide employees with updates and relevant safety training on a regular basis, in a bid to generally enhance employees’ safety awareness and make safety a core value underpinning all business decisions and activities at the factories.

Factories of the Group arrange training for incumbent and newly recruited staff in accordance with local laws and their operational requirements. Health and safety training organised by our factories during the Year could be broadly classified into four categories as follows:

| Fundamental management on health and safety | Safe operation of equipment |
|---|--|
| <ul style="list-style-type: none"> Induction safety awareness training for new employees Production safety training Use of personal protective equipment (PPE) Job hazard analysis (JHA) training Occupational hygiene training Health precautions for pregnant workers Anti-epidemic safety Cafeteria hygiene management | <ul style="list-style-type: none"> Machinery risk assessment Training in machinery and equipment maintenance Electrical safety management Training in technology for welding safety Training in operation of cutting machine Training in operation of laser-cutting machine Training in the safe use of irons Safety training relating to pressure equipment Fall protection for working at height Precautions for hot work operations Training for operation in confined space Factory vehicle and traffic management procedures Training in building structure and loading safety |
| Handling of chemicals and other hazardous items | Fire and emergency measures |
| <ul style="list-style-type: none"> Waste management Safety knowledge relating to disposal of hazardous waste Knowledge in safety and management of chemicals Storage safety requirements for dangerous chemicals Management of chemical spill Programme for training in the use of engine oil | <ul style="list-style-type: none"> Firefighting and various types of emergency drills Fire drills and fire safety training Training in the use of fire hydrant Training in the use of fire extinguisher First-aid training Training in knowledge in work-related injuries System for the management of bloodborne pathogens |

For the Year, the average number of participants in annual OHS training decreased by 208, while total training hours increased by 5,868 hours, compared to the last year.

OHS Training



Total number of participants in training for the Year ⁶
3,316



Total training hours for the Year
42,206

⁶ The figure represents the average number of participants in training for the Year. It was calculated by averaging the number of training participants each month during the Reporting Year amongst all operating locations.

4.2.3.3 Safety initiatives

In addition to safety training, a wide range of health management initiatives were actively organised to foster a vibrant workplace environment.



Health check and consultation service



Safety Quiz



Women's health talk



Talk on occupational disease



4.2.4 Interaction and communication with staff

The Group is concerned about the health and safety of employees. Our factories regularly check on the well-being in a proactive manner to the employees, while establishing various channels for communication to assist employees in dealing with difficulties encountered in daily life and at work as well as safety issues. Employees may file complaints or request counselling via phone calls or in writing to voice their discontent regarding current work allocation, management measures and reward system, among others, as well as any psychological distress resulting therefrom.

4.2.5 Safety performance

No incident of employees’ fatality caused by work-related reasons occurred during the past three years including the Reporting Year; meanwhile, the Group recorded loss of 661 work days due to work injuries sustained by employees during the Year. We will continue to strive towards the goal of zero work injury.

| | 2024 |
|---|------|
| Number of fatality caused by work-related reasons | 0 |
| Loss of work days due to work injuries | 661 |

 **4.3 Development and Training**

The Group has established procedures for the development of staff training programmes, as well as measures for supervising the implementation and assessing staff competence and effectiveness of training. Opportunities for career development and promotion are available to all employees.

To enhance the know-how and skills required by employees, the Group organises job-specific training courses as appropriate. such as:

- For management personnel: laws and regulations on quality and management theories and methodologies;
- For technical personnel: technical knowledge and operational procedures;
- For quality control personnel: quality control techniques and inspection methods.

Induction training for new employees is subject to flexible adjustment depending on the ability and level of experience of the new recruits, who will undergo appraisal upon conclusion of the probation period. In case of new recruit not meeting the required level of competence, additional training or a job transfer would be arranged in a timely manner to ensure compatibility of his/her abilities with the position.

Training implementation may take one or a combination of the following forms: internal training sessions with mentoring by veteran staff, external training, and internal training delivered by externally engaged experts. Candidates for specialised positions (such as electricians, pattern makers and quality control staff) must have obtained relevant certifications or passed relevant professional assessments before they are officially appointed.

The Group develops annual training plans based on training requirements identified through the evaluation of training conducted during the past year and the appraisal results of such training, as well as operational changes anticipated for the ensuing year (such as the introduction of technological changes and new equipment, and new quality requirements from customers), aiming to facilitate career advancement for employees and sustainable business development for the Group.

The following tables summarised statistics for the Reporting Period pertinent to the total annual enrolment in staff training and total number of training hours analysed by gender and employee category, as well as the average monthly proportion of employees trained as a percentage of the total employee headcount and the monthly average of training hours per employee:

| | Number of trained staff ⁷ | |
|------------------------|--------------------------------------|--|
| Gender | 2024 | |
| Male | 1,407 | |
| Female | 5,515 | |
| Employee Category | | |
| Senior Management | 44 | |
| Middle Management | 640 | |
| Junior Employees | 6,238 | |
| Total enrolment | 6,922 | |

⁷ The figure represents the average number of participants in training for the Year. It was calculated by averaging the number of training participants each month during the Reporting Year amongst all operating locations.

| | Average monthly percentage of employees trained (%) | |
|------------------------|---|--------------|
| Gender | 2024 | 2023 |
| Male | 49.03 | 33.68 |
| Female | 46.29 | 32.11 |
| Employee Category | | |
| Senior Management | 34.88 | 30.30 |
| Middle Management | 54.53 | 48.15 |
| Junior Employees | 48.18 | 31.55 |
| Overall average | 46.99 | 32.08 |

| | Total hours of employee training (hour) | |
|--------------------------|---|------------------|
| | 2024 | 2023 |
| Gender | | |
| Male | 19,671.26 | 13,167.86 |
| Female | 75,571.69 | 59,032.44 |
| Employee Category | | |
| Senior Management | 665.05 | 464.93 |
| Middle Management | 8,882.43 | 7,027.04 |
| Junior Employees | 85,695.47 | 64,708.33 |
| Total hours | 95,242.95 | 72,200.30 |

| | Monthly average of training hours per employee | |
|--------------------------|--|-------------|
| | 2024 | 2023 |
| Gender | | |
| Male | 0.55 | 0.39 |
| Female | 0.46 | 0.33 |
| Employee Category | | |
| Senior Management | 0.49 | 0.35 |
| Middle Management | 0.59 | 0.42 |
| Junior Employees | 0.47 | 0.33 |
| Overall average | 0.48 | 0.34 |



4.4 Labour Standards

The Group does not hire child labour aged below the relevant legal threshold. The furnishing of documentation proving the age of a job applicant is a mandatory requirement and the Group will verify such documentation in the course of recruitment.

The Group prohibits the use of forced labour in any form (including prison labour, indentured labour, bonded labour, etc.). Under no circumstances will the Group withhold the original identity card of an employee or require an employee to pay deposits or deduct an employee’s wages against employment related costs and expenses, such as work visa, medical examination, work permit and fees charged by agents/recruitment agencies.

Employees may be engaged in overtime work if they so wish. Any overtime work beyond the normal working hours shall be requested by the employees on a voluntary basis subject to the daily overtime limits imposed by local regulations. In the event of any violations, the Group would conduct investigation immediately. Moreover, the Group ensures that employees have the right to move freely within the work premises during working hours and to leave the premises during meal breaks and after work.

In the event of any child labour or forced labour incidents identified, the Group will deal with such incidents and rectify violations in accordance with the local laws of the regions where the incidents occur.

The Group was not aware of any cases of legal violation relating to the employment of child labour or forced labour during the Reporting Period.



4.5 Supply Chain Management

The Group requires suppliers to comply with its code of conduct for suppliers, which sets out its requirements for their service performance and the safety and quality standards of their products.

4.5.1 Distribution of Suppliers

During the Reporting Period, the Group had engaged 662 suppliers distributed in the following geographical regions:

| Geographical Regions | Number of Suppliers | |
|----------------------|---------------------|------------|
| | 2024 | 2023 |
| Chinese Mainland | 371 | 321 |
| Hong Kong, China | 67 | 54 |
| Taiwan | 64 | 45 |
| Other Asian regions | 140 | 93 |
| Europe | 9 | 9 |
| United States | 11 | 5 |
| Total | 662 | 527 |

4.5.2 Assessment of Suppliers

The Group monitors its existing suppliers on an ongoing basis in terms of their product quality, timeliness of delivery, problem solving capability, responsiveness to feedback and service quality, among others. The Group assesses the performance of suppliers, other than those designated as sole supplier by customers, generally by means of product sample testing, review of quality records, and other methods deemed suitable for supervising their compliance performance.

In the Year, we have engaged 35 new suppliers. Other than those designated by customers, all new suppliers have passed our primary evaluation, which generally covers quality, service and timeliness of delivery, by means of materials testing and examination of documentation to ensure their consistent compliance with the Group's specified requirements. The Group has worked out coordinated procedures with the new suppliers and monitored relevant raw materials and semi-finished products in accordance with the quality and technical requirements of customers. The Group has assessed the performance of existing suppliers based on the same assessment mechanism during the Year. Likewise, other than those designated by our customers, arrangements were made to assess all suppliers which had significant impact on the products. The number and distribution of suppliers which have passed the assessment and have been engaging by the Group are disclosed in Section 4.5.1 of this Report. Suppliers which do not meet the assessment requirements will be terminated by the Group until they have carried out the required rectifications and met the relevant assessment requirements. Alternatively, under exceptional circumstances, the Group would discuss with customers the performances of suppliers and adjust the criteria for the selection and supervision of suppliers.

4.5.3 Control of Environmental and Social Risks in the Supply Chain

The Group prioritises suppliers that do not create significant hazards for the environment, as suppliers are assessed for their emission to, pollution of and other negative impact on the external environment. In the meantime, the operational compliance of business partners in the supply chain is considered and assessment is made on their relevant social risks, such as employment compliance and safety compliance of employees, among others. During the Reporting Period, the Group adopted the following methods to control risks along the supply chain:

- o Using of testing methods to ensure compliance of materials provided by suppliers with relevant environmental or safety standards (such as OEKO-TEX relating to the ecological safety of products, the EU REACH regulations for registration, evaluation, authorisation and restriction of chemicals and the requirements of restricted substances list (RSL) of the United States)
- o Investigating suppliers' environmental compliance on the internet (such as the IPE website)
- o Giving priority to suppliers who have attained environmental or energy management certification (such as ISO14001 and ISO50001)
- o Giving priority to suppliers who have attained qualification relating to social responsibility (such as ISO45001, BSCI, RBA, SA8000, SLCP and WRAP)
- o Conducting survey with questionnaire or on-site assessment on the environmental performance and social responsibility of those engaged suppliers

4.5.4 Green Procurement

Other than production materials and equipment designated by customers, subject to operational requirements, the Group gives preference to materials and equipment with eco-friendly features. Materials are considered eco-friendly given that they are natural, non-hazardous, environmentally certified, or made of eco-friendly materials. Currently, green procurement covers fabric and accessories. Examples of accessories include the Ecodown made of 100% recycled polyester fibres used as filling cotton. Moreover, all solvents used by Hubei Factory in its printing process are eco-friendly materials which have passed the relevant testings on hazardous substances, including tests on the quantity of formaldehyde, heavy metals, octylphenol ethoxylate (OPEO), octylphenol (OP) and organotin compounds contained. Some production contracts signed with customers even include terms stipulating the use of suppliers and materials that are in compliance with the GRS/Global Recycled Standard and the Bluesign environmental standard for textile products, among others.

When selecting energy-consuming equipment, priority is given to products which have attained energy-saving certification or high-efficiency energy labels, such as energy-saving machinery and LED lightings. Subject to availability of viable options, we only purchase new equipment with Class I energy efficiency. Moreover, some factories endeavour to use eco-friendly models of refrigerants in the air-conditioning systems, such as the use of R32 refrigerants at the Indonesian factories (ENI, PGG).

Apart from the procurement of materials, the Group has also modified the method of handling orders with suppliers by adopting the Electronic Data Interchange (EDI) mode for placing orders via electronic documents in replacement of traditional paper-based order documents to avoid undue paper consumption.

Moreover, the Group has formulated a local procurement policy as a part of its green procurement. Under the same quality conditions, priority is given to products and services provided by local suppliers, with a view to reducing the generation and emission of GHG in the process of procurement and transportation. During the Reporting Period, the ratio of local suppliers to the total supply base amongst the majority of the Group's factories reached 57% or above.

4.6 Product Responsibility

Through the employment of state-of-the-art technologies and effective quality control techniques, the Group ensures that every product manufactured fulfills the functional requirements of its customers and relevant product safety/quality standards, such as AATCC158, AATCC135, AATCC179, AATCC8, and ISO1308. Finished products are kept in a securely guarded location to prevent theft or smuggling.

Some factories have implemented quality management systems in accordance with ISO9001 to ensure end-to-end compliance with customer requirements and applicable national and industry standards for product quality from the stages of incoming materials to product dispatch.

ISO9001 quality management systems accreditation



Yifeng



Hubei



Shantou



PGG

Apart from ensuring compliance of products with relevant safety and quality standards, the Group is also committed to conducting procurement and production management in a responsible manner, as well as stringent compliance with environmental and ethical operational codes. For example, the following factories recorded animal well-being information and ensured the traceability of down products in accordance with the certification requirements of the Responsible Down Standards (RDS), aiming to reduce the pain suffered by ducks and geese when they have their feathers removed, in a bid to fulfill their due responsibility for animal protection.

Responsible Down Standard (RDS) Certificate



Huilai



Hubei



PGG



PKI

Furthermore, the Group is committed to obtaining certification relevant to its products and processes for recognition of its status of implementation and compliance. Examples of our certifications include the continued qualification of “AEO Advanced Certified Enterprise” awarded by the Customs of the People’s Republic of China to the Group’s factories at Shantou, Hubei, Yifeng and Huilai.

AEO accreditation



Shantou



Huilai



Yifeng



Hubei

The Group's improvements to various aspects of its production management system are testified by awards from customers underpinning their recognition of the Group's effective practices in relevant areas.



Yifeng — an exemplar showcase for “Six Normative Rules”



Yifeng — Information Technology and Industrialisation Integration Management System Accreditation Certificate



Yifeng — Outstanding Enterprise



ENI — Indonesian Republic Statistics Agency award



Hubei — utility model patent certificate (specialised template clothes bag cover sewing)

A comprehensive mechanism for handling complaints has been established. Upon receipt of a customer's complaint or request to return defective products, the case would be passed to the department in-charge for investigation and analysis. Upon verification, rectifications would be devised and implemented within a stipulated time frame. Customer would be notified of the relevant outcomes and solutions.

The Group was not aware of any legal violation pertinent to product responsibility or customer complaints during the Reporting Period. Also, no cases of product recall necessitated by product safety and health reasons have been identified out of the total number of products sold.

4.6.1 Quality Control for Raw Materials

Inspections of raw materials are carried out based on approved samples and in accordance with the sampling standards of customers. Only materials endorsed by third-party certification will be purchased. Raw materials with metal contents will undergo testing for verification of such contents. Raw materials meeting required standards would be dispatched for use in production, while non-conforming materials would be processed and handled according to designated procedures.

4.6.2 Quality Control for Semi-finished Products

All semi-finished products are subject to quality control procedures and all cut pieces are required to undergo 100% inspection. Non-conforming cut pieces are timely rectified with colour-matched pieces.

4.6.3 Quality Control for Finished Products

Prototype samples are being developed for all products prior to mass production. A meeting would be held for all production lines prior to mass production to confirm the manufacturing requirements. The first prototype sample of a product should be approved by both the quality manager and the production manager before mass production. Every finished product from mass production process is subject to inspection by quality control personnel and remedies are promptly made in case of any defects. After rectification, the products would be re-inspected by the quality control personnel. Data of non-conforming products are analysed and improvements to product quality are consistently made through the use of reliable quality control tools.

Upon completion of the manufacturing process, finished products are being sent to testing agencies or customer- approved internal laboratories for verification of their safety and quality criteria. After thorough inspection, finished products are packed and stored in the warehouse. Prior to shipment, products are inspected in accordance with the sampling standards as specified by customers. Products would only be dispatched for shipment after their quality has been confirmed by test results.

4.6.4 Monitoring of Product Safety

To prevent the leftover of any residual sharp metallic elements in the products, a metal restricted area where the use of unauthorised metal tools is prohibited has been set up for all key production processes. Metal tools are registered and kept under lock. The use and delivery of such tools in daily operations is managed by designated personnel and the replacement of broken needles are recorded. The products stored in warehouse must pass metal detection tests before packaging.

4.6.5 Protection of Intellectual Property Rights

The Group ensures that customer information would only be internally circulated within the Group. The disclosure of customers' design information and product specifications to external parties by the staff is prohibited. The following measures have been adopted by the Group to prevent the leakage of customer information:

Restrictions have been set for e-mail accounts to allow correspondence with designated customers and suppliers only. Access is granted, to the extent appropriate, to personnel of specialised departments based on differing requirements. The downloading of information from the Group's computers to any devices such as universal serial bus ("USB") drives or mobile phones/laptops are prohibited, as data transmission between computers and USB drives and external e-mail correspondence are under stringent control. Devices not registered with the Group are not allowed to be connected to its internal network.

An authorisation mechanism has been established to ensure the viewing of relevant information by authorised personnel only. Access to customers' drawings is centrally authorised and managed by the Information Technology Department. Information of customers' products is centrally managed through the ERP system and accessible only by authorised personnel. The design information, approved fabric and samples of all customers are received by dedicated personnel of the Group, who will encrypt such information upon receipt.

Confidentiality agreements binding both the Group and its employees have been formulated. Training on information security is provided to personnel allocated with computers, and the training topics include instructions on computer logins and change of login passwords, permission to access shared directories and related precautions, document management, and rules for sending and receipt of emails, among others. Unauthorised employees and visitors are not allowed to take photographs of the products while any relevant photographs taken must not be distributed to unauthorised personnel.

The Group respects the intellectual property rights of other parties and ensures that all commercial software is legally in use and properly licensed.

4.6.6 Privacy Protection of Consumers' Information

The Group is not required to formulate any policy on consumer privacy, given that its products are not delivered to end- consumers directly.

 **4.7**
Anti-corruption

The Group has established an anti-corruption management system to regulate the conduct of all employees. They are prohibited from taking advantage of their positions to receive gifts, bribes or any payment in kind; embezzling properties or funds; soliciting gifts from suppliers; or taking advantage of the procurement process to seek personal gains. No gifts shall be accepted unless they have been authorised in accordance with the Group's policy and criteria.

4.7.1 Staff training related to Anti-corruption

To ensure effectiveness of the aforesaid systems and measures, the Group has arranged anti-corruption training for staff under themes chosen according to the individual conditions of respective factories, including anti-corruption related topics such as education on integrity and anti-corruption awareness, business ethical behaviour, measures for fraud prevention and management measures for whistleblowing. Such training, covering a wide range of topics, has been designed for staff at all levels, including the Directors as well as general staff.

In connection with induction training for new employees, anti-corruption training covers mainly company policies and staff code relating to probity, including a requirement for staff undertaking against corruption and control procedures for anti- corruption/anti-bribery, so that they are aware of the basic principles that they should not seek improper interests nor conduct bribery. The Group also arranges training or promotion of relevant policies/procedures on a regular basis to remind incumbent staff of ongoing compliance with such requirements. In addition to the aforesaid anti-corruption themes for general staff, training also includes the following topics: requirements of pertinent laws on anti-corruption or bribery, training in professional ethics for the management and the Company's regulation and management system for business ethics, among others.

Meanwhile, in view of the importance of the responsibility of the Directors for supervising the Company's compliance, arrangements were made during the Year for the Directors' participation in training relating to corporate governance on topics including the 2023 updated version of the Listing Rules, Corporate Governance Code and related anti-corruption requirements, to ensure that they understand the impacts of the new regulations on their responsibilities as Directors.



Employees involved in the procurement process should avoid any conflict of interests that may compromise the fairness of their decisions. They are particularly prohibited from taking advantage of their positions to narrow down the choices of suppliers and contractors. The selection process must resort to proper procedures, such as price comparisons and open tenders.

For items not designated by customers, procurement is generally conducted by comparing three suppliers against the evaluation criteria on product quality, price and other requirements stipulated by the Group.

For the approval procedure of service contracts, the Group has defined the levels of authority, according to which the level of reviewing and approving authority required shall be determined based on the monetary amount involved.

On a regular basis, the Group also assesses its corporate governance/corruption risks, as well as other non-financial internal controls and risk management.

To safeguard shareholders' interests, an independent third-party agency has been engaged to audit the Group's financial accounts to ensure that the accounts are subject to accurate and adequate financial supervision.

4.7.2 Whistle-blowing Procedure

The Group has established an internal communication mechanism to receive employees' opinions through e-mail, telephone, suggestion box and WeChat, among others. A complaint/appeal channel has also been set up. An employee who becomes aware of any suspicious matters relating to business ethics, corruption or bribery may lodge the case with management via the aforesaid means. The management team would investigate the case and rectify as appropriate if deficiency is identified.

During the Reporting Period, the Group was not aware of any cases of legal non-compliance or complaints relating to corruption.



4.8

Contribution to the Community

The Group has always upheld the commitment to rewarding the community and sharing compassion and charity. Over the years, community contributions made by the Group have covered extensive aspects such as poverty alleviation, supporting disaster relief, education sponsorships, community outreach, and volunteer services. During the Year, the Group formed the Eagle Nice Volunteers Teams to further promote its charitable initiatives in realisation of commitment to rewarding the community.

During the Year, the Group's operating regions organised and participated a variety of community activities with as many as 340 volunteers providing services for more than 2,700 hours. Donations of supplies and monetary donations amounted to approximately RMB350,000 in aggregate with more than 84,000 people benefitting. The following table indicates selected events in different aspects organised by the Group in its operating locations during the Year:

| | | | |
|-------------------|---------------------|------------------------------|---------------------------|
| Volunteers | In aggregate | Donations of supplies | People benefitting |
| 340 | 2,700 hrs | RMB350,000 | 84,000 |



Elderly caring visits

- Helping Hand — Chuk Yuen (North) Jockey Club Housing for the Elderly — “Playful Ageing — Sing a Song” visits
- Hong Kong Family Welfare Society — Kowloon City Centre for Active Ageing
- Shantou Welfare Hospital — “Charity through Dragon Boat Festival dumplings”
- Yifeng County Qiaoxi Village Elderly Home — visits to the elderly, bringing gifts to keep warmth and performing songs and dances
- Hubei Macheng Township Rural Welfare Home — care for seniors living alone
- Hubei Tuanlin Township Welfare Home — care for seniors living alone
- Foshan Lunjiao Nursing Home — 2024 Spring Festival Condolences to Nursing Home Activities
- Volunteer activities — caring for fellow elderly citizens





Support for the Vulnerable

- Christian Family Service Centre — Cheerful Place — District Support Centre for Disabled — Activity: “Safeguarding the eternal love, gratefulness for our parents”
- Yan Chai Hospital Pre-school Support Service Team II — “Mid-Autumn celebrations for kids”
- Yan Chai Hospital Law’ s Foundation Child Care Centre cum Hostel — “Christmas celebrations for kids”
- Christian Family Service Centre — Serene Court
- Shantou Zhikangyuan — “Eagle Nice charity for Zhikangyuan” caring for the disabled
- The Factory organised visits to disabled and underprivileged residents in Pingtian Village, Guanlu Village, Chapu Village, Huaxie Village, Chipan Administrative Area, Huicheng Town, Qianzhan Town
- Yifeng Special Education School — visiting children with special needs and bringing gifts of learning kits and daily supplies
- Jingmen Duodao District Charity Association — donations
- Jingmen Children’ s Welfare Home — care for children
- Shunde District Qizhi School — Mid-Autumn Festival visits
- The Union (SPSI) — compensation to local residents
- “Pink Day” — volunteer campaign that had activities like cleaning up trash in canals, giving gifts, and providing free medicine to elderly living alone.





Environmental Protection for Community

- Xinjin Community — Tree planting in the campaign of "Assisting in projects for the multitude of villages to co-build a harmonious, green and beautiful Xinjin"
- Huilai County Industry and Information Technology Bureau — Tree planting activity: "Plant trees for Huilai to add greenness in co-development!"
- Huilai County Industry and Information Technology Bureau — 3.12 tree planting activities
- Karang Taruna — support for
 1. Street Lighting &
 2. Drainage for the village

Support for Community's Festive Event

- "May 1st patriotic promotional activities" / County Trade Union, Maitec Co., Ltd of Huilai and Bank of Communications Huilai Sub-branch
- Xinchang Township Aojiao Village — Mid-Autumn Festival community caring initiative visiting children and seniors living alone, helping them to sew torn clothes and sewing lunch box bags for kids
- Yifeng Intermediary Vocational School — Mid-Autumn Festival community caring initiative bringing charity supplies to students in the tailoring class and arranging practice sessions to teach them sewing
- Tangpu Township Gaojia Village Elderly Home — Chinese New Year visits sharing charitable gifts and New Year greetings with the elderly
- Muslim New Year (Hari Raya Adha) — donation of 4 goats to society around the factory
- Independence Day celebration — support for community organization (Manggala) and permanent residents





 **Community support**

- Participation in snow clearing in “Fenghuang Community”
- Earthquake Charity Program in Cianjur



 **Community Health**

- The Union (SPSI) — gymnastics competition
- The Union (SPSI) — futsal competition

