



CHINA TING GROUP  
華鼎集團

Stock Code : 3398

Environmental, Social and Governance Report 2016







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# ABOUT THE GROUP

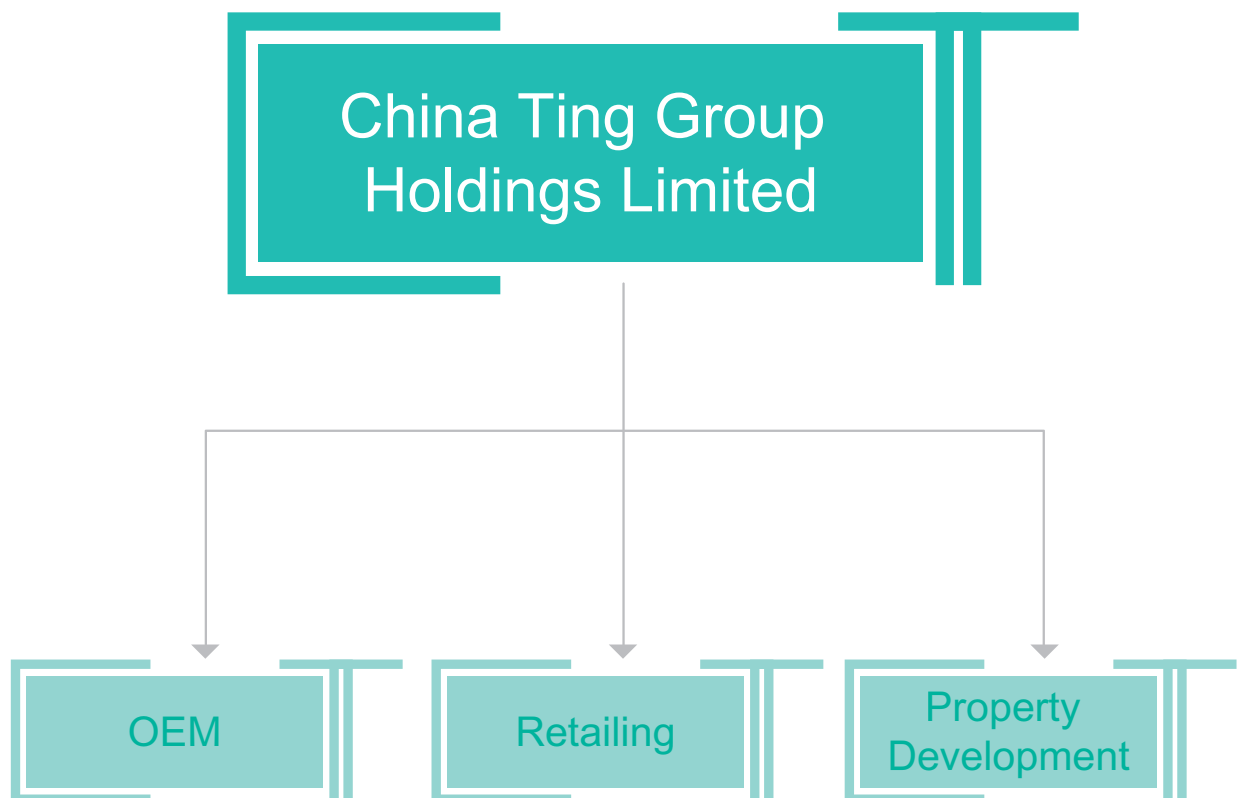


China Ting Group Holdings Limited (hereinafter “China Ting Group” or the “Group”) is a centralized and diversified garment manufacturer. The Group’s operation comprises three segments: the manufacturing and sale of garments on an OEM basis; the manufacturing and retailing of branded fashion apparel; and property development in the PRC.

China Ting Group’s principal business activities are garment manufacturing for export and retailing branded fashion apparel in Mainland China. For this purpose, the Group has set up large production bases in Zhejiang, Jiangsu and Shenzhen as well as offices and designing institutes in Paris, New York, Shenzhen and Hong Kong. To quickly respond to market demand, the Group operates diversified and integral production assembly lines that feature complete production equipment, covering fabric designing and developing, textile, printing and dyeing as well as after-finishing.



# Business Structure of the Group



# ABOUT THIS REPORT





## ABOUT THIS REPORT

This is the first Environmental, Social and Governance Report released by China Ting Group. The Group's actions and performances on various sustainable development issues in the past year are disclosed and the Group's strategies and commitments on the path of sustainable development are described in a transparent and open manner to enhance the stakeholders' confidence in and understanding of the Group.

To China Ting Group, this report is not only a review of its corporate performance but also a tool to push forward with management reform. In this connection, the Group appointed Carbon Care Asia Limited (hereinafter "CCA"), an independent professional consultancy, to compile the report. In the course of preparation, CCA assisted the Group to measure its performance on environmental management and social responsibility and identify the important topics that the Group should be most concerned about. On this basis, the Group will be able to continue to make progress and improve its performance.

China Ting Group hopes to strengthen communication with stakeholders through the report, using the report as a platform for communication. Stakeholders refer to those of significance in relation to the Group's business, or groups or individuals that could be influenced by the Group's business. The Group's stakeholders consist of staff, management and directors internally as well as clients, business partners, investors, regulatory authorities and all types of community groups externally. Presenting the Group's current situation and future goals, the report discloses the Group's non-finance performance and overall development strategies to stakeholders. The Group hopes to receive feedback on the disclosure from its stakeholders, and will respond to stakeholders' suggestions in a timely manner, exerting the report's effect as an effective exchange channel.

### Reporting Year

All the information in the report has reflected China Ting Group's performance on environmental management and social responsibility during the period from January 2016 to December 2016. Subsequently, the Group will publish an annual Environmental, Social and Governance Report regularly for public access to enhance the transparency in information disclosure continuously.



## ABOUT THIS REPORT

### Scope of Report

The report focuses on the operation of China Ting Group's factories (hereinafter "each factory") in its principal business location (i.e. Mainland China). The report covers the operation of the Group's twenty factories in textile, printing and dyeing as well as garment manufacturing.

Business Type	Factory Name	Short Name
Textile factories	1 Zhejiang China Ting Jincheng Silk Co., Ltd	"Jincheng"
	2 Zhejiang China Ting Textile Technology Co., Ltd	"Textile Technology"
	3 Zhejiang Huayue Silk Products Co., Ltd	"Zhejiang Huayue"
Printing and dyeing factories	4 Hangzhou Huaxing Silk Printing Co., Ltd	"Huaxing"
	5 China Ting Woollen Textile Co., Ltd	"Huabeina"
	6 He Shan Tri-Star Silk Dyeing and Printing Work Ltd	"Tri-Star"
Garment factories	7 Zhejiang Fuhowe Fashion Co., Ltd	"Zhejiang Fuhowe"
	8 Zhejiang Fucheng Fashion Co., Ltd	"Fucheng"
	9 Zhejiang Huali Fashion Co., Ltd	"Huali"
	10 Zhejiang Concept Creator Fashion Co., Ltd	"Concept Creator"
	11 Zhejiang Xinan Fashion Co., Ltd	"Xinan"
	12 Zhejiang China Ting Knitwear Co., Ltd	"China Ting Knitwear"
	13 Hangzhou Fuding Fashion Co., Ltd	"Fuding Fashion"
	14 Hangzhou China Ting Fashion Co., Ltd	"China Ting Fashion"
	15 Shenzhen Fuhowe Fashion Co., Ltd	"Fuhowe Fashion"
	16 Hangzhou China Ting Tailored Fashion Co., Ltd	"China Ting Tailored Fashion"
	17 Finity International Fashion Co., Ltd	"Finity International"
	18 Finity Fashion (Shenzhen) Co., Ltd	"Finity Shenzhen"
	19 China Ting (Hangzhou) Textile Technology Co., Ltd	"Hangzhou Textile"
20 Bolinding (Hangzhou) Textile Technology Co., Ltd	"Bolinding"	

As China Ting Group's data collection system matures and the work on environment, society and governance intensifies, the Group shall extend the scope of disclosure until all of the Group's operations are fully covered. In the report, key performance indicators are shown as far as possible together with descriptions so as to establish a benchmark and allow easy comparison.



### Reporting Criteria

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “Guide”) issued by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The environmental, social and governance performance of China Ting Group is outlined in the report in a concise manner. Information contained in the report was originated from the Group’s official documents, statistical data, as well as the consolidated and summarized information about monitoring, management and operation provided by the companies comprising the Group under its relevant system. The last chapter contains a complete index for readers’ quick reference. This report is prepared in two languages — Chinese and English, both of which have been uploaded to the Group’s website [www.chinating.com.hk](http://www.chinating.com.hk). In the event of any conflicts or inconsistency between the two versions, the Chinese version shall prevail.

In future, China Ting Group will consider compiling its reports using the Global Reporting Initiative (“GRI”) standards stipulated by GRI as a reference as far as possible. The GRI standards are the most widely used framework guidelines for sustainable development reports throughout the world. By using the standards as a reference, the Group hopes to cover practical topics in a more comprehensive way and show its determination in following best international examples.

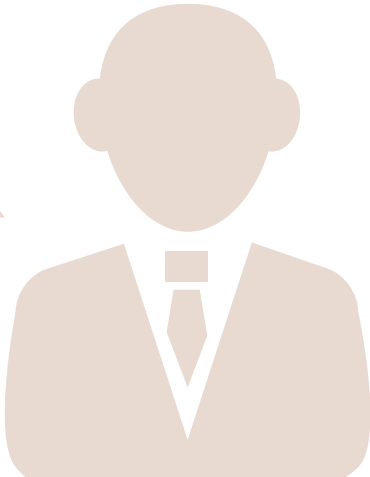


# COMMUNICATION WITH STAKEHOLDERS

## Reporting Principles

Four reporting principles are stated in the Guide of the Stock Exchange, which include materiality, quantitative, balance and consistency, as the foundation of the Environmental, Social and Governance Report. China Ting Group has applied these principles during the preparation of the report. The following table shows how the Group understands and responds to these principles.

Reporting principle	Meaning	China Ting Group's Response
<b>Materiality</b>	The report should report on the environmental and social topics that have great impact on stakeholders.	The report pays special attention to core operations and topics most relevant to stakeholders.
<b>Quantitative</b>	The report should disclose key performance indicators in a measurable way.	The Group tries its best to show measurable information with explanatory notes wherever possible.
<b>Balance</b>	The report should provide an unbiased picture of the Group's performance.	The report identifies and elaborates the Group's achievements and the challenges it faces.
<b>Consistency</b>	The report should use consistent statistical and disclosure methods to allow for meaningful comparisons of data over time.	This is the first time the Group releases such a report. Therefore, no comparisons of data can be made. The Group, however, will continue to use current statistical and disclosure methods for future reports so that stakeholders can compare the Group's performance in each year.

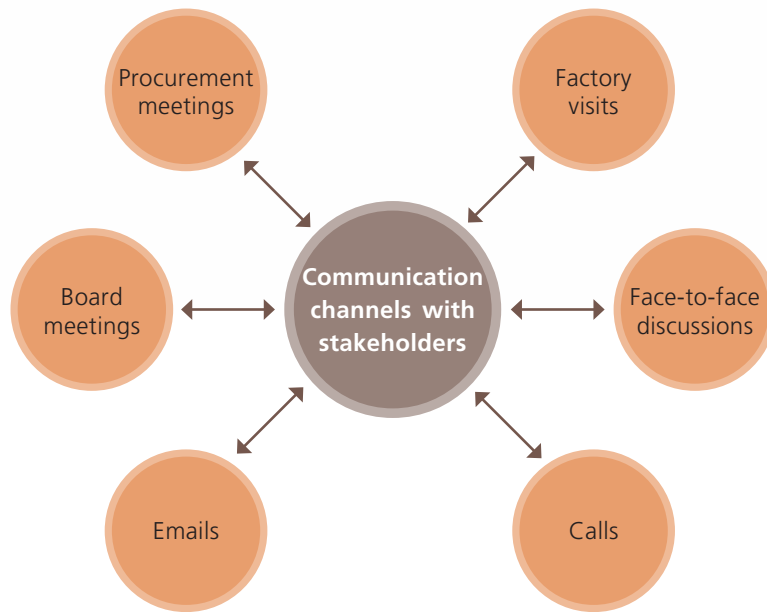




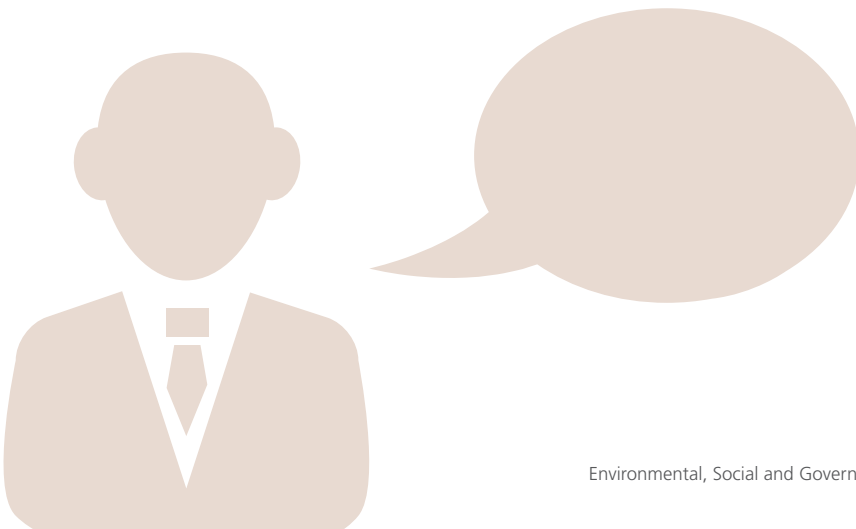
# COMMUNICATION WITH STAKEHOLDERS

## Communication with Stakeholders

The participation of stakeholders is the most effective evaluation method of materiality. Therefore, China Ting Group communicates with major stakeholders through various channels so as to better understand their expectations as well as find out business development opportunities and embrace operation challenges. In the past year, the Group communicated with key stakeholders using different methods.

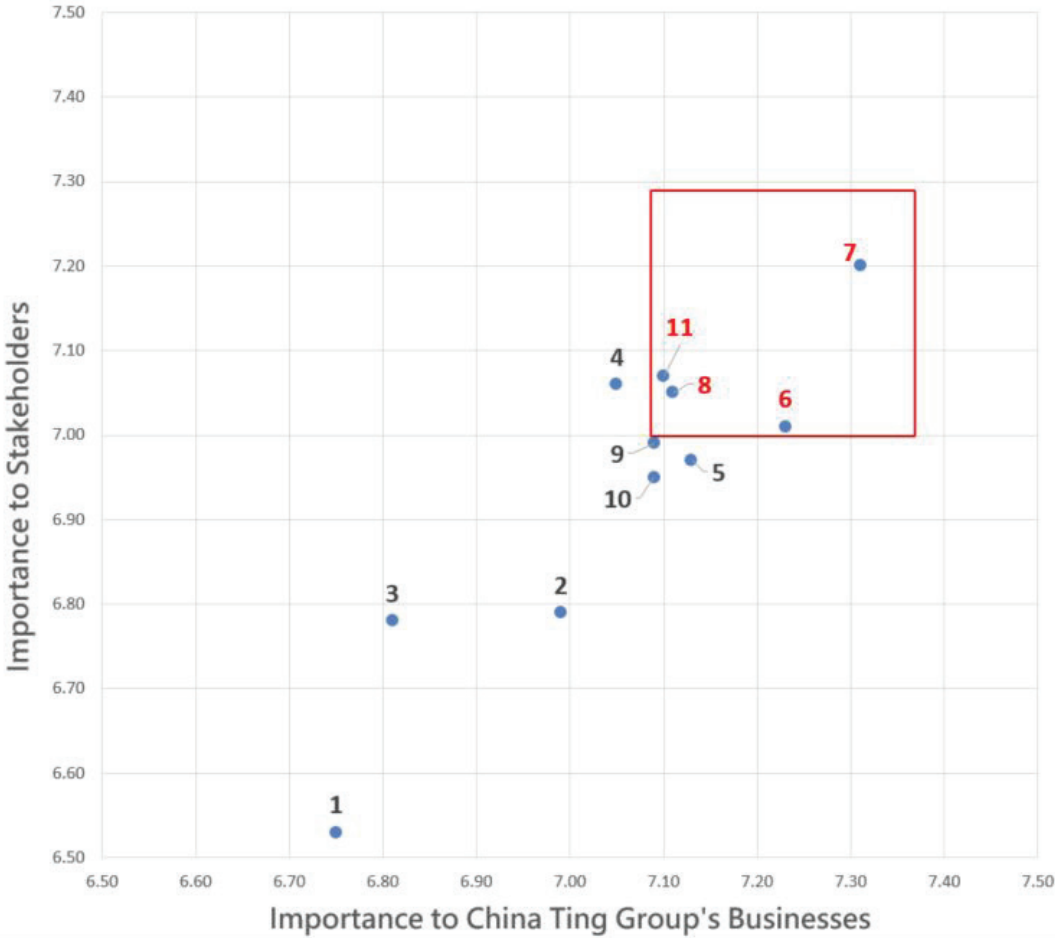


During the preparation of the report, China Ting Group specially engaged the independent consultancy CCA to collect suggestions from stakeholders and help the Group identify material issues in a fair and impartial way. CCA carried out surveys on the Group's internal and external stakeholders. The internal stakeholders that participated in the surveys included members of the board of directors and staff, while external stakeholders included business partners, industry associations, government/regulatory authorities as well as residents around factories and staff families. CCA sent out 200 questionnaires in total to the Group's stakeholders and received 148 effective copies. In view of experts' opinions and materiality analysis, China Ting Group identified four key topics in the materiality matrix and used this as the basis for the Group to formulate the plans for sustainable development.



China Ting Group's Materiality Matrix in 2016

CHINA TING'S GROUP'S MATERIALITY MATRIX





# COMMUNICATION WITH STAKEHOLDERS

## China Ting Group's Material Issues in 2016 (in order of significance)

No.	Topics
7	<b>Preventing child or forced labor</b>
6	<b>Staff development and training</b>
11	<b>Understanding the needs of the communities where it operates and ensuring its activities take into consideration the communities' interests</b>
8	<b>Supply chain management</b>
4	Suitable employment environment
5	Occupational health and safety
9	Bearing responsibilities for products or services
10	Anti-corruption
2	Efficient use of resources
3	Managing the impacts of business activities on the environment and natural resources
1	Managing and monitoring emissions

China Ting Group's business is influencing different stakeholders, while the stakeholders also have different expectations towards the Group. The Group hopes to improve its communication with stakeholders both in terms of breadth and depth in the future. The Group will not only invite more internal and external stakeholders to participate in the process but will also use different communication methods, such as focus groups and workshops, to communicate with stakeholders in depth in order to achieve more comprehensive materiality analysis.

### Comments & Feedback

Our continuous improvement relies on your precious comments about this report in terms of contents and formats. If you have any enquiries or suggestions, please send your opinions by email to [esg@chinatingholdings.com](mailto:esg@chinatingholdings.com). This would be helpful to us in continuously enhancing our environmental, social and governance performances.







## MESSAGE FROM THE CEO

The topic of environment, society and governance is gaining attention in the society. We understand that a company's business model has far-reaching impacts on the environment and society. We actively listen to what stakeholders have to say and devote ourselves to exploring and stipulating sustainable development strategies so that we can meet the expectations of the society.

The textile industry is labor intensive. We have nearly 8,000 employees across China. We respect each employee's human rights and consider human rights as an indispensable part for us to promote sustainable development. The Group takes measures to prevent the hiring of child labor or the use of forced labor. It also creates a secure work environment for its employees by offering staff training and providing staff with preventive measures for health and safety. On the journey to sustainable development, we hope to grow with our staff, realize each other's potential to the fullest extent and construct an energetic team.

We understand that the public is paying increasingly more attention to the quality of fashion products. Properly managing the supply chain is the key for the Group to ensure product quality and prevent environmental and social risks in the supply chain. Every choice we make in the supply chain will directly impact on the environment and society, especially the purchase and use of chemical products. We promise to use non-toxic or low toxic chemical products as far as possible, and choose business partners that share our philosophy to provide clients with high quality products together and protect our employees' health and safety during the production process.

The Group adheres to "innovative" and "pragmatic" operation philosophy, committing to achieving sustainable development with the environment and communities while meeting clients' demand. We will actively explore the "circular economy" model to reduce the quantity of wastes and recycle and reuse the wastes produced in operation by adhering to the principle of reduction, recycle and reuse. We will also increase the investment in energy saving and emission reduction to enhance operating efficiency and reduce the negative impact of our business operation on the surrounding communities.

To us, the sustainable development model means that the Group needs to meet three bottom lines, being corporate profitability, social responsibility and environmental responsibility. We will continue to fulfill our corporate responsibility in the daily operation of our businesses in different areas and strengthen the Group's work in environment, society and governance. In the future, we hope that our staff will work with us and participate more in the Group's strategic planning for long term development so that the Group will achieve continuous development in the severe business environment.

**Ting Hung Yi**  
CEO

China Ting Group Holdings Limited

# CARE FOR EMPLOYEES

## Labor Standards

China Ting Group fully understands that the use of child and forced labor is in violation of basic human rights and international labor conventions and poses a threat to the sustainable development of the society and economy. The Group strictly follows the *Provisions on Prohibition of Child Labor* issued by the State Council of the PRC, and all its factories are forbidden to hire labor below 16 years of age. As for underage workers between 16 and 18, each factory must strictly follow the *Provisions on Special Protection of Underage Workers* issued by the Department of Labor of the PRC when hiring and arrange suitable work for them based on their physical examination results. The Group forbids any factories from forcing its employees to work under the threat of punishment.

**The International Labour Organization (ILO) is a specialised agency of the United Nations. It promulgates labor standards by way of international labor conventions and proposals, with the objective of raising working and living standards throughout the world. China is a founding member and a standing member of the ILO.**

China Ting Group requires all its factories to adopt effective measures when hiring. For example, checking ID cards, comparing photos, checking and asking about addresses and education certificates. If necessary, factories would even verify employees' actual ages at local police stations or relevant government bodies. If a factory hires child labor by mistake, the factory must stop the employees' work immediately, offer physical checks to the employees and contact their parents or legal guardians to send them back to their original place of residence. Relevant transportation, food and accommodation fees should be borne by the Group.

Some factories will even further follow up with the returned child labor and provide extra education and employment support, such as assisting them with education expenses to protect their basic rights to free education and promising to hire them first or unconditionally once they reach the legal work age.

China Ting Group will only sign and execute labor contracts when both the employer and employee are willing to do so. No factory is allowed to ask for money from its employees or retain their ID cards as a condition of employment on grounds of referral or deposit, nor is any factory allowed to restrict the employment relationship between its employees and the Group. No factory will change the terms of the contract without consulting its employees. Employees have the right to sever labor relationships to the extent permitted by law.

If overtime work is needed due to production reasons, each factory must, under the voluntary consent of employees, submit overtime work application according to the established procedure, record details, and prevent the overtime hours from exceeding the legally maximum duration. In cases when products need to be re-made to correct faults, the management team cannot force employees to extend their working hours or take unpaid work or physically or verbally abuse employees in any form. Each factory evaluates and adjusts its employees' labor time and intensity from time to time. The Tri-Star factory has even stipulated policies to protect pregnant women and new mothers to ensure that they have rest time during pregnancy and breastfeeding. The administrative department of each factory is in charge of checking the factory's labor situation to ensure that the Group's labor standards are strictly followed.

China Ting Group respects employees' right to express their request for labor rights, and most of its factories have set up labor union committees. Take the Textile Technology factory as an example, its labor union committee assists the labor and management to negotiate wages, working hours, workload, leaves, and benefits. The committee is also a signing party to the collective contract and supervises the implementation of such contract as well as helps mediate labor disputes. During the reporting period, the Group was not aware of child or forced labour.



### Development and Training

China Ting Group sees employees as its strategic partners and provides various types of training based on the need of employees of different posts. The office of each factory will devise training programs annually to plan training content, methods and resources within the year, while relevant departments and teams of each factory will help organize diversified training activities in relation to safe production, production technology and marketing based on the programs and the training requirements of each factory.

For example, the Textile Technology factory will select employees to participate in suitable external training and visiting activities besides organizing internal training. The factory also offers examination leave to encourage employees to pursue further studies. Each factory will also keep relevant training records and review training results. In addition, the China Ting Fashion factory also send the feedback from employees who have received training to responsible departments through Employee Training Feedback Form so as to evaluate and analyze training results.

China Ting Group is committed to ensuring that its employees have mastered the operation requirements of their posts. Each factory implements the Three-Level Safety Education policies, arranging pre-job training for new employees on three different levels (company, workshop and team) so that they can master relevant knowledge about safety regulations, hazardous factors, operation process and accident prevention of the factories. As for principal persons in charge of a factory, safety management staff as well as special operation personnel such as electricians, metal welders, auto vehicle drivers and pressure vessel operators, each factory will assist them to obtain safety management or operation qualifications and certificates from the state agencies. Each factory will also provide special training to employees returning to work or changing work types as well as employees using new technology, process, equipment or materials. Each factory will assess the employees after the training to ensure that they understand the training contents.

# CARE FOR EMPLOYEES

## Health and Safety

Each factory of China Ting Group provides protection equipment to employees engaged in different businesses and work types and stipulates corresponding safety operation regulations. For example, textile factories equip employees working in noisy operation areas with earmuffs and provide bed cutting operators with metal gloves. These factories also arrange for supervisors to carry out onsite inspection to ensure that employees use protection equipment and factory machinery correctly. Printing and dyeing factories produce training materials and management manuals for their employees to recognize the hazardous properties of chemicals and be familiar with the correct storage, transportation and application procedures. Besides setting out regulations for safety operation and posting safety warnings, garment manufacturing factories also stipulate that employees without training or permission are not allowed to operate machineries such as cloth paving machines, cutting bed machines and sewing machines.

Each factory of China Ting Group attaches great importance to dust handling, electricity safety and fire prevention. Each factory of the Group is equipped with ventilation systems to avoid dust accumulation. It also arranges professionals to regularly check and maintain electrical and firefighting equipment and provides all employees with guidance on using electricity and firefighting safety. Each factory also sets up its own fire emergency systems, including establishing emergency teams and firefighting teams, organizing fire brigades to carry out fire extinguishing drills and employee evacuation drills regularly, in order to enhance employee's responsiveness to fire.

This year, some of China Ting Group's factories set up leading teams for safety management, implemented safety management accountability system, held meetings and carried out inspection on a regular or irregular basis as well as continuously evaluated and reviewed the implementation of the measures. Some factories also planned resources gradually and implemented occupational disease prevention programs. Relevant measures included maintaining and optimizing ventilation facilities, providing beverage and ice machines for heatstroke prevention and temperature reduction, engaging monitoring and evaluation bodies to check and evaluate protection facilities, expanding annual health check programs to cover all current employees instead of those on posts with occupational hazards as well as creating occupational health monitoring and protection files for employees.

China Ting Group strictly follows safety-related laws and regulations such as *Law on the Prevention and Control of Occupational Diseases and Workplace Occupational Health Supervision and Management Regulations*. During the reporting period, no violation of health and safety-related regulations was found in any of the Group's factories.

### Employment System

China Ting Group is committed to creating an employment environment where employees are equal and respected. Each factory of the Group publishes its own employment systems regarding remuneration, performance evaluation and career development in its Employee Manual so that its employees know their own rights and responsibilities. Each factory will also review and adjust the system for employees' salaries from time to time based on factors such as the labor market and general price levels. Besides basic salary and salary for overtime work, each factory will also release bonuses with reference to employees' post, performance, attendance and performance evaluation results. In addition, each factory will provide free dormitories, work meals as well as extra allowance for meals and holidays to improve employees' quality of life.

Each factory of China Ting Group will only make decisions on employment arrangements, from recruitment, salary calculation, training attendance recording and promotion, based on the evaluation of the post, individual quality and work abilities and provide equal work and development opportunities. No factory will discriminate its employees because of race, age, gender, sexual orientation and disabilities, nor will any factory tolerate sexual harassment at workplace. Individual factories have even established policies on anti-harassment, discrimination and abuse and provided more detailed information on the definition of relevant behaviors as well as complaining mechanism, investigation procedures and disciplinary actions to enhance employees' attention and knowledge. During the reporting period, the Group was not aware of any violation of employment and labor regulations, nor did it receive any complaints regarding discrimination and sexual harassment.



# OPERATION MANAGEMENT

## Supply Chain Management

Each factory of China Ting Group uses a wide variety of raw materials, including wool, linen, chemical fiber, synthetic fiber, metal materials, accessories, dyes and washing agents. The Group's manufacturing business involves a huge supply chain, and the quality of its products greatly relies on the diligence of its suppliers and contractors. The Group values product quality and considers the proper management of the supply chain as its own responsibility. The Group also understands that each segment of the supply chain will have impact on the environment and society and hopes to improve the sustainable development performance of the entire supply chain with its business partners.

As of this year, ten of the Group's factories have included social responsibility performance in the supply chain management procedures. They are Jincheng, Textile Technology, Fucheng, Huali, Concept Creator, Xinan, China Ting Knitwear, Fuding Fashion, Shenzhen Fuhowe, China Ting Tailored Fashion and Hangzhou Textile.

Each factory of China Ting Group determines its own supply chain management procedures based on the actual operation to standardize the procedures for supplier selection, evaluation and supervision. Besides examining factors such as operation qualifications, production capabilities, product testing information and after-sale service quality, each factory has successively started to cover social responsibility evaluation in the supplier chain management procedures to meet even higher expectations of the society and sustainable development standards while advocating its business partners to comply with laws and regulations.

**The China Ting Knitwear factory** requires all business partners, including suppliers and contractors to sign the social responsibility letter of commitment and agree to be subject to social responsibility evaluation from the factory at least once a year. Business partners must fill in the Operation System Survey Form for Social Responsibility Standards and submit it to the factory for evaluation. The factory will then select approximately 10% of its business partners to carry out onsite inspection of production facilities to further examine whether these business partners have fulfilled their commitments in social responsibility. If a business partner fails the evaluation, the factory will consider cancel the partnership.

**The factories of Textile Technology, China Ting Tailored Fashion and Concept Creator** have established social responsibility management systems according to SA8000 and BSCI2014 standards. These factories have established procedures for handling the use of child and forced labor, health and safety, association establishment and collective negotiation rights to manage their own operation and asked their business partners in the supply chain to follow relevant requirements as well. These factories have also created social responsibility files and kept the evaluation results of their suppliers and contractors and the improvements adopted. When selecting suppliers or contractors, the procurement departments will refer to the files and give priority to those with a proven track record and willing to make improvements.

## Product Responsibility

To cater to the different client requirements in textiles, printing and dyeing and garment manufacturing businesses, each factory of China Ting Group has formulated corresponding quality management measures. Take the textile business as an example, the Textile Technology factory has compiled the *Quality Manual* according to the requirements of the ISO9001:2008 quality management system and provided employees with internal management procedures for policies and targets, assignment of responsibility and measurement and analysis related to quality management. In the area of the printing and dyeing business, the Huaxing factory has stipulated the *Product Inspection Regulations* to clarify specific inspection requirements for raw fabrics, semi-finished products and finished products. Quality targets have also been set for the factory to clarify the requirements for each department. In the area of garment manufacturing business, the China Ting Fashion factory stipulated the *Recall Policies for Faulty Products* to clarify the investigation procedures when recalling faulty products and formulated corrective and preventive measures so as to prevent faulty products from entering the next process or being delivered to clients.

China Ting Group values the protection of clients' privacy and intellectual property right with respect to, in particular, its garment factories that are entrusted by clients or that manufacture branded garments. For example, the operation of the Huali factory often involves the handling of clients' product design drawings or properties such as finished products bearing the trademark of the brand, materials, labels, redundant products and faulty products. Therefore, the factory has stipulated controlling procedures for the protection of clients' brands and procedures for the use, storage, confidentiality, sale and destruction of clients' properties to provide employees with clear guidance and standards, prevent leakage and protect clients' interests. During the reporting period, no violation associated with product responsibility was recorded in the Group, nor did any clients' materials get stolen or lost.

## Anti-corruption

China Ting Group is committed to maintaining a clean and honest corporate culture. Each factory of the Group states in its staff manual and factory regulations that all staff must follow codes of conduct and stipulates disciplinary actions for accepting bribery. Some factories of the Group have even stipulated independent policies and procedures for anti-corruption to further consummate the mechanism for corruption prevention, monitoring and reporting.

Take the Concept Creator factory as an example. The factory has set out Controlling Procedures for Anti-Corruption and Anti-Bribery, requesting employees on key posts, clients, suppliers, service providers, contractors, and other business partners to sign the Anti-Corruption and Anti-Bribery Letter of Commitment, acknowledging and undertaking to comply with the anti-corruption policies of the factory. The factory has also set up dedicated mailboxes and telephone numbers for reporting corruption so that employees and business partners can report suspected corruption cases confidentially. The factory has communicated with all business partners (12 companies in total) about its anti-corruption policies and procedures. In future, the Group will implement such measures in other factories to encourage each factory to strengthen its communication about anti-corruption with staff and business partners. During the reporting period, no violation of anti-corruption regulations or related litigation associated with the Group and its staff was recorded.

# COMMUNITY INVESTMENT





## COMMUNITY INVESTMENT



The market attaches increasingly more importance to corporate social responsibility, giving birth to the concept of “Social License to Operate”, which stresses that a company should not only set short-term goals for financial performance and returns to shareholders, but also focus on the long-term benefits of the society as a whole. As an ambitious company, China Ting Group understands the importance of meeting the expectations of different stakeholders. The Group believes that its businesses can achieve long-term, steady and healthy development only when a balance is achieved between the benefits of its shareholders and those of all other stakeholders.

In the past, China Ting Group participated in earthquake and disaster relief in China as well as poverty alleviation and education aid charity projects. The Group is committed to promoting its corporate culture of community care. Currently, some of the Group’s factories have carried out community work in different forms and areas on their own. For example, the Tri-Star factory has sponsored road works and street lamp installation in nearby villages to help improve local residents’ living environment, while the Huali factory has held activities to care for its employees and provided support and care to employees stricken with poverty or illnesses.

China Ting Group’s factories are located in a number of provinces and cities in China, and the need of the community in each operating area varies. Therefore, the Group has not established an overall policy for community investment. As a company that bears social responsibility, in future the Group will aim to gradually understand the needs of the communities in different operating areas and actively identify the social areas the Group should focus its contribution on so as to stipulate more consistent and specific targets and plans for community investment and strengthen the communication between each factory of the Group and the communities.



# ENVIRONMENTAL PROTECTION

During the negotiation about climate change in Paris in 2015, 195 countries including China agreed to implement the greenhouse gas reduction plan to limit the rise in global temperature within two degrees Celsius. China Ting Group realizes that the global economy is facing unprecedented challenges because of climate change. The extreme weathers brought by climate change have direct or indirect impact on the ability to obtain resources and maintain operation of different entities, particularly those in the manufacturing sector.

**At the Sustainable Development Summit held in 2015, all members of the United Nations formally passed 17 sustainable development targets, one of which being “taking urgent actions to combat climate change and its impact”.**

## Emissions and Use of Resources

### Wastes

China Ting Group produces two types of wastes — hazardous wastes and general wastes. Hazardous wastes are wastes on the National Hazardous Waste List that have certain toxicity or cause pollution to the environment. The Group’s hazardous wastes are mainly produced in printing and dyeing factories and consist of waste cartridge, waste ink, waste acetic ether, waste propylene resin, waste mineral oil, waste dye packing bags, waste packing bags, waste clothes and gloves, waste lamp tubes and sludge. Each factory of the Group produces general wastes, being industrial and domestic wastes that are not hazardous, including waste fabrics, leftover materials, waste faulty products, sludge at waste water processing plants, waste cardboard or paper, waste plastics and waste metals.

China Ting Group is committed to controlling and reducing the production of wastes. Each factory separates wastes and has built temporary warehouses for hazardous wastes that have gone through corrosion resistance and anti-seepage treatment as well as recycle warehouses and garbage rooms to store hazardous wastes and general wastes separately. Hazardous wastes are collected by licensed contractors, while empty chemical containers are returned to suppliers. Factories that use chemical products also have guidelines to instruct employees to refer to Material Safety Data Sheet to handle leakage properly and safely, such as using rags or sand to absorb leaked chemicals and then handling them according to hazardous waste handling procedures. As for general wastes, the Group requests each factory to collect and label recyclable resources such as rags, waste paper and waste plastics, and process them after reaching a certain amount, for example, selling them to recycling agents for reuse. Each factory also needs to set up a management ledger to record the flow of wastes. Some factories of the Group have even established written procedures for waste control to provide employees with detailed waste separation guidance.



### Waste Water

China Ting Group values the reuse of waste water and reduces the use of fresh water resources from the source to reduce sewage discharge. The Group's sewage is mainly discharged by its printing and dyeing business which consumes water the most. Its three printing and dyeing factories have each stipulated measures to improve water use efficiency. For example, the Huabeina factory directly reuses some waste water produced during production, and reuses the water in water tank drained from the last cleaning step of light-colored products as the cleaning water for dark-colored products at the first step. The factory had also set up two sets of sewage pipe networks. Concentrated waste water enters the regulating reservoir for concentrated waste water through one set of pipe networks and is discharged to the sewage treatment plant in the development zone for treatment, while dilute waste water enters the regulating reservoir for dilute wastewater through another set of pipe networks and is partly reused after being processed by the factory's sewage treatment facilities. The factories of Huaxing and Tri-Star have also installed sewage treatment facilities so that the waste cleaning water from the last production step in the workshops can be used again after treatment. The Huabeina factory even has separate management measures in place to strengthen the supervision and control of water consumption. Examples include banning the use of fresh water to wash vehicles, considering adding metering measures when designing new projects or facilities that use water, strengthening the checking and maintenance of water supply and consumption equipment, gradually installing water meters and setting water consumption targets, and linking the targets with the factory reward and punishment system.

China Ting Group's printing and dyeing factories all check their waste water collection regularly and have set up emergency valves at rain discharge outlets. In case of waste water collection system failure, the factories will stop production immediately, close all discharge valves and switch the discharge system to emergency water tanks to prevent unprocessed waste water from polluting the soil, underground water or the rainwater system.

### Air Emissions

China Ting Group's air emissions mainly come from its printing and dyeing business. The types of air emissions include setting waste gas, gas from sewage treatment station and smoke and fumes from canteens.

Take the Huabeina factory as an example. The setting waste gas comes from dyes or auxiliary agents left on the fabric surface. The setting waste gas also includes sulfur dioxide and nitrogen oxides produced by the combustion of natural gas in the hot air-driven setting machines. The factory has set up wet electrostatic cleaning devices and uses induced draft fans to collect setting waste gas, which will be discharged through vent pipes on the roof after water spray and high-voltage electrostatic treatment. As for gases with peculiar smells produced during waste water treatment such as ammonia, hydrogen sulfide, tetrathiol and biogas, the factory has kept a clearance of 50 meters where no sensitive facilities and buildings for residential, cultural, educational and hygienic purposes are allowed. Canteens are also equipped with fumes purifying devices so that the fumes will only be discharged after treatment.

Among China Ting Group's factories, only the Tri-Star factory uses coal-fired steam boilers and the Zhejiang Huayue factory uses biomass fuel boilers. These boilers will produce air emissions such as sulfur dioxide, nitrogen oxides and particulates. Tri-Star and Zhejiang Huayue engaged contractors in 2014 and 2015 respectively to complete the installation of the boiler bag dust removal system to improve dust removal efficiency and meet relevant requirements such as Guangdong province's Emission Limits of Air Pollutants and Zhejiang province's Air Emission Standards for Textile and Dyeing Finishing Industry. This year, the Tri-Star factory started the trial run of dynamic reporting of pollutant discharges to continuously monitor and record the information about various pollutants every month, including the origin, consumption and composition of coal used for boilers as well as the concentration of air pollutants discharged by various types of boilers. The factory would then report the information to environment monitoring departments every month or quarter. As at the end of this year, no excessive emissions were recorded for Tri-Star and Zhejiang Huayue.

## ENVIRONMENTAL PROTECTION

### Energy

Because of China Ting Group's business nature, the energy consumption most related to the Group is the consumption of energy purchased externally by the factories, that is, the use of heat and electricity. Some factories have successively stipulated policies and established management measures related to energy saving, which are executed by the leading teams set up by relevant departments for the refined implementation in different departments.

### Each Factory's Total Direct and Indirect Energy Consumption by Energy Type

Type	Energy	Unit	Total Consumption in 2016
<b>Direct</b>	Petrol	Liter	<b>160,776</b>
	Diesel	Liter	<b>75,186</b>
	Coal	Tonne	<b>4,451</b>
	Liquefied petroleum gas	Tonne	<b>3,794</b>
	Natural gas	Cubic meter	<b>1,291,489</b>
<b>Indirect</b>	Externally purchased electricity	Megawatt hour	<b>24,993</b>
	Externally purchased heat	Giga Joule	<b>305,566</b>



# ENVIRONMENTAL PROTECTION

The energy conservation leading team of **the Huabeina factory** consists of persons in charge of the production department, financial department and all workshops. In addition, an energy saving office has been set up to implement energy saving work. The factories have formulated the following measures:

- Installing electricity meters and steam flow meters to monitor and record workshops' consumption
- Setting energy consumption quota based on monthly output and linking the target with reward and punishment assessment of the department
- Regularly maintaining high-energy consumption equipment such as air compressors and carbonization machines as well as insulation and anti-corrosion facilities for steam pipes
- Setting energy consumption targets, for example, keeping waste and loss due to steam leakage within 2% and heat loss within 5%
- Gradually replacing facilities that are required to be phased out by the state and giving priority to electrical devices with energy saving labels
- Encouraging employees to offer creative suggestions for electricity saving and recognizing workshops with outstanding energy saving results

**The Fucheng factory** has set a middle to long-term goal to reduce energy consumption from production by 7% during the 12th Five-year Plan. This year, the factory reviewed the results and confirmed that the goal had been achieved.

**The Finity Fashion factory** set energy management targets and plans for 2017 and implemented the following reform measures:

- Remediating drainage facilities for steam pipes
- Accelerating the elimination of outdated power equipment and large-power lighting facilities
- Stipulating and implementing control standards for energy consumption per garment
- Carrying out energy saving education for employees

## Carbon Emission

China Ting Group pays great attention to its carbon footprint and has always committed itself to reduce the impact of operation on the environment. This year, the Group engaged professional consultancy CCA to evaluate its greenhouse gas emissions. The Guide<sup>1</sup> released by the National Development and Reform Commission of the PRC, the Guidelines<sup>2</sup> compiled by the Environmental Protection Department and Electrical and Mechanical Services Department of Hong Kong and international standards such as ISO 14064-1 were referred to during the quantification of greenhouse gas emissions. Total carbon emission of the Group's twenty factories in 2016 was 77,400 tonnes of carbon dioxide equivalent, 66.1% of which was heat and electricity purchased externally. The quantification process allowed the Group to understand the use of resources more effectively and help the Group make specific action plans so as to improve efficiency and set the Group's carbon emission reduction targets.

<sup>1</sup> The Guide for Greenhouse Gas Emission Accounting Methods and Reporting for Public Building Operators (Trial)

<sup>2</sup> Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong

# ENVIRONMENTAL PROTECTION

## Total Greenhouse Gas Emissions of Each Factory

Scope	Emissions in 2016 (tonnes of carbon dioxide equivalent)
Scope 1 Direct Greenhouse Gas Emission	26,230
Fossil fuels <sup>Note 1</sup>	24,899
Refrigerants <sup>Note 2</sup>	1,082
Sewage treatment	248
Scope 2 Indirect Greenhouse Gas Emission	51,170
Externally purchased electricity	16,948
Externally purchased heat	34,223

Note 1: Fossil fuels consumed by facilities that are owned or controlled by the factories include petrol, diesel, coal, liquefied petroleum gas and natural gas.

Note 2: Refrigerants consumed by facilities that are owned or controlled by the factories mainly include R22, F22 and R134a.

# ENVIRONMENTAL PROTECTION

## Environment and Natural Resources

During the reporting period, China Ting Group found no violation related to its emissions and discharges or environmental impacts. The Group is committed to supervising the environmental protection performance of different businesses. Some factories have adopted inter-departmental measures to record and collect the consumption of resources such as water, energy and raw materials. In future, the Group will set measurable targets based on the data to improve resource utilization efficiency in daily operation. Although the Group has not yet carried out thorough carbon assessment on businesses besides the above-mentioned factories, the Group has included this in its 2017 work plan. The Group will measure its greenhouse gas emissions every year and set carbon emission reduction targets and priorities based on the data.

China Ting Group believes that optimizing the internal environmental management system is an important task that cannot be ignored. At present, each factory of the Group stipulates and implements its own management policies for both environmental and social aspects, without a consistent set of practices and standards. It is difficult for the Group to set overall sustainable targets and plans. In future, the Group will seek to unify the environmental management and measurement systems for similar businesses, consider referring to international standards, set environmental management indicators on the group level, and encourage factories to learn from each other so that each factory will work towards the same goals and continuously improve its performance in sustainable development.



# OVERVIEW OF KEY PERFORMANCE INDICATORS AND REPORT CONTENT INDEX

Key Areas	Description	Statistics	Page
<b>A1 Emissions</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to waste gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	—	22–27
A1.1	The types of emissions and respective emissions data (from the Tri-Star factory's coal fired steam boilers and the Zhejiang Huayue factory's biomass fuel boilers (in tonnes))	920.3	—
	Sulfur dioxide	235.1	—
	Nitrogen oxides	470.2	—
	Particulates	215	—
A1.2	Greenhouse gas emissions in total	77,400	26
A1.3	Total hazardous waste produced (in tonnes)	47.6	—
A1.4	Total non-hazardous waste produced (in tonnes)	1,332.7	—
A1.5	Description of measures to mitigate emissions and results achieved	—	23
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	—	22
<b>A2 Use of Resources</b>			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	—	22–25
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total	—	24
A2.2	Water consumption in total (in tonnes)	765,398	—
	Water consumption intensity of textile factories (per unit of production volume, i.e. tonne/meter)	0.0075	—
	Water consumption intensity of printing and dyeing factories (per unit of production volume, i.e. tonne/meter)	0.2513	—
	Water consumption intensity of garment manufacturing factories (per unit of production volume, i.e. tonne/facility)	0.0074	—
A2.3	Description of energy use efficiency initiatives and results achieved	—	25
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	—	23
	Wastewater used to flush toilets, water flowers and clean (in tonnes)	150,063.6	—
A2.5	Total packaging material used for finished products (in tonnes)	141.5	—
GRI	G4-EN22 total water discharge volume	725,348	—

# OVERVIEW OF KEY PERFORMANCE INDICATORS AND REPORT CONTENT INDEX

Key Areas	Description	Statistics	Page
<b>A3 The Environment and Natural Resources</b>			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	—	27
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	—	27
<b>B1 Employment</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	—	17
B1.1	Total workforce of the factories covered in this report	6,285	—
	Male: 20 to 40	1,381	
	Male: over 40	925	
	Female: 20 to 40	2,441	
	Female: over 40	1,538	
B1.2	Employee turnover rate	21.0%	—
	Male: 20 to 40	24.6%	
	Male: over 40	15.7%	
	Female: 20 to 40	24.5%	
	Female: over 40	14.4%	
GRI	G4-LA1 New employee ratio	29.9%	—
	Male: 20 to 40	34.3%	—
	Male: over 40	17.8%	—
	Female: 20 to 40	39.9%	—
	Female: over 40	17.8%	—
	G4-LA13 Remuneration ratio between female and male employees	0.89:1	—

# OVERVIEW OF KEY PERFORMANCE INDICATORS AND REPORT CONTENT INDEX

Key Areas	Description	Statistics	Page
<b>B2 Health and Safety</b>			
General	Information on:		
Disclosure	(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	—	16
B2.1	Number and rate of work-related fatalities	0	—
B2.2	Lost days due to work injury	75	—
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	—	16
GRI	G4-LA6 work injury rate (the number of work injury cases among every 1,000 employees. There were 15 cases of work injuries during the reporting period)	2.4	
<b>B3 Development and Training</b>			
General	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	—	15
Disclosure			
B3.1	The percentage of employees trained	85.6%	—
	Male	92.8%	
	Female	81.3%	
B3.2	The average training hours completed per employee	10	—
	Male: Senior management	12.6	
	Male: Middle management	28.5	
	Male: Front-line employees	8.3	
	Female: Senior management	21.3	
	Female: Middle management	29.5	
	Female: Front-line employees	9.3	
GRI	G4-LA11 Ratio of employees receiving regular performance and career development review	69.9%	—
	Male	74.9%	
	Female	67.1%	



# OVERVIEW OF KEY PERFORMANCE INDICATORS AND REPORT CONTENT INDEX

Key Areas	Description	Statistics	Page
<b>B4 Labour Standards</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour	—	14
B4.1	Description of measures to review employment practices to avoid child and forced labour	—	14
B4.2	Description of steps taken to eliminate such practices when discovered	—	14
<b>B5 Supply Chain Management</b>			
General Disclosure	Policies on managing environmental and social risks of the supply chain	—	18
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	—	18
<b>B6 Product Responsibility</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	—	19
B6.3	Description of practices relating to observing and protecting intellectual property rights	—	19
B6.4	Description of quality assurance process and recall procedures	—	19

# OVERVIEW OF KEY PERFORMANCE INDICATORS AND REPORT CONTENT INDEX

Key Areas	Description	Statistics	Page
<b>B7 Anti-corruption</b>			
General	Information on:		
Disclosure	(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	—	19
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	0	19
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	—	19
<b>B8 Community Investment</b>			
General	Policies on community engagement to understand the needs	—	21
Disclosure	of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests		

