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2024 HLA GROUP

HLA GROUP CORP., LTD. SOCIAL
RESPONSIBILITY REPORT

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About this Report

Introduction

This report is the eighth corporate social responsibility report released by HLA Group. The previous report was released in 2024, and the release cycle of this report is one year, consistent with previous reports. This report showcases HLA Group's management practices and performance in key areas such as environment, society and governance in 2024, presenting the company's exploration and progress on the path of sustainable development. To enhance the comparability and completeness of the report, some parts of this report extend beyond the time frame.

Scope

The organization scope of this report is **HLA Group Co., Ltd.** and its subsidiaries. If there is any inconsistency between the specific data scope and the scope of this report, it will be noted in the main text.

Criteria

This report is based on the following international and domestic authoritative ESG standards:

- Global Reporting Initiative (GRI) Sustainability Reporting standards
- International Sustainability Standards Board (ISSB) International Financial Reporting Sustainability Disclosure Standard (General Requirements & Climate-related disclosures)
- Chinese Academy of Social Sciences' Sustainability Reporting Guidelines for Chinese Enterprises (CASS-ESG 6.0)
- Shanghai Stock Exchange 'Self-regulatory Guidelines for Listed Companies No. 4 - Preparation of Sustainability Reports'
- Standardization Administration of the People's Republic of China, General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China, Guidelines for the Preparation of Social Responsibility Reports (GB/T 36001-2015)

Data Source

The sources of data disclosed in this report include:

- Relevant statistics within HLA Group
- Publicly disclosed data
- Public data from third-party surveys, government departments, and professional institutions

Name Explanations

For ease of expression and reading, in this report:

- "HLA Group Co., LTD." is collectively referred to as "HLA Group".
- "HLA Group" may also be referred to as "the company", "the enterprise", "the group" or "we" in the report.

Report Access

This report is published in Simplified Chinese and English and is available for public download. You can download the electronic version of this report on the website of the Shanghai Stock Exchange (www.sse.com.cn).

In case of any discrepancy between the Simplified Chinese version and the English version, the simplified Chinese version shall prevail. Relevant reports and data from previous years can be accessed through the above channels.

Disclaimer

This report is prepared in accordance with the laws and regulations of the regions where HLA Group operates and the company's development strategy and is based on corporate social responsibility performance up to the reporting period. The data and information involved are from reliable sources. This report is for stakeholder reference only and does not constitute any investment advice, nor should it replace the independent judgment of the reader. In the event of any inconsistency between the contents of this report and the statutory disclosure document, the statutory disclosure document shall prevail. This report may contain forward-looking statements based on current operating conditions, and actual results may differ due to risk factors or force majeure. HLA Group shall not be liable for any misunderstanding or loss arising from the use of the information in this report.



Message from the Chairman:

Continuous Journey, Boundless Innovation

HLA Group has remained steadfast in its brand apparel development path. We don't follow the beaten track. Instead, we constantly break our thinking, create distinctive clothing brands, improve the efficiency of the clothing industry chain, and explore new models of clothing retail. Over the past decade, we have walked with firm steps and a wider path, thanks to the efforts of every HLA employee and the support of all our partners.

It is the joint efforts of all of us that have enabled HLA Brand to remain the leader in men's wear and hold the top market share for ten consecutive years¹. We have built a 5G smart factory and smart supply chain for cloud clothing and taken the lead in achieving digital and intelligent transformation in the industry. With nearly 6,000 physical stores and numerous online platforms, a new ecosystem of "All for One Retail" is formed; It made HLA the first clothing brand to be included in the "Brand Power Project - Leading Brand" in 2023.

Looking ahead to the next decade, we will follow the principle of "focusing on brands, embracing the world, and benefiting life", with the goal of "becoming a world-class, leading brand apparel retail group in China", from being excellent to leading, from walking alone to together, not only building brands that people love and trust, but also exporting our own strengths and capabilities, and cooperating deeply with outstanding global brands. We will explore new possibilities in brand management and apparel retail to achieve a new leap in the new decade.

The period from 2025 to 2030 is a crucial stage for achieving this new leap, so we have proposed the "Strategic Upgrade Plan for 2025-2030", focusing on the following strategic directions:

1. Focusing on Core Apparel Business and Innovating Brand Management and Retail

Maintain a state of flow and focus on the core business of clothing. Continue to strengthen the integrated capabilities of brand operation, supply chain management and channel operation to achieve long-term effective growth of the clothing business. Start with clothing to create a better lifestyle for more people.

To meet people's diverse needs and individual expressions, HLA Group has incubated popular brands such as HLA Brand, HLA F2C, OVV, and HLA JEANS, covering various clothing segments including men's wear, women's wear, and professional wear. In the future, we will continue to invest in brand building, constantly innovate products, and make our brand beloved by more people.

In addition, we will work with our partners to create "brand clothing collection stores" based on the consumption demands of different cities, carefully selecting high-quality brands and products, and continue to explore new possibilities in clothing retail.

2. Embracing the World and Expanding Brand Presence

Extend from self-owned brand incubation to in-depth brand cooperation. We will strengthen cooperation with high-quality global brands to build a multi-brand matrix. Over the past three years, we have established strategic partnerships with HEAD and Adidas, with in-depth cooperation in brand operation, supply chain management and channel operation respectively.

If you want to go fast, go alone. If you want to go far, go together. In the future, we will continue to expand our social circle, import more quality international brands, and offer consumers more diverse choices.

From importing to going out, internationalization is another important part of our brand expansion. We will take root in Southeast Asia, radiate to the Asia-Pacific region, look to the world, and cultivate overseas markets with the attitude of "being local and serving local". Now we have covered Singapore, Malaysia, Thailand, Vietnam, the Philippines, Kenya, Laos, Maldives and other regions, and we will continue to expand into the Middle East, Central Asia and Australia.

3. Benefiting Quality Living to Meet People's Aspirations

The pursuit of a better life is the aspiration of all people, and the realization of their pursuit is our intention and mission. We want to return to the essence of retail, and through our strong supply chain and channel integration capabilities, provide more people with high-quality products that are both good in quality and low in price, to meet people's upward pursuit of a better life and the high-quality development of modern society.

Since last year, we have formed a strong partnership with JD.com to create JD Outlets based on the resource advantages of both sides, providing consumers in growing cities with more cost-effective premium brand products and convenient shopping experiences. From clothing, light luxury, sports and outdoor to boots and shoes, it enables more consumers to easily experience and purchase the world's top brands right at their doorstep. We will also expand to more cities in the future to bring people closer to a better life.

Under the 2030 policy of "Focusing on Brands, Embracing the world, and benefiting Life", HLA Group will continue to empower quality brands, share responsibilities with partners, and build two-way connections between China and the world begin with clothing & accessories, so that more people can enjoy a better lifestyle. This is the original intention and will remain so in the future!

Inspiring a beautiful life from clothing & accessories. 2025, let's keep moving forward!

Chairman: Louis Zhou

¹Data Source: Securities Times (<https://wap.egsea.com/detail/article?id=1769694>)



About HLA

Corporate culture: “Inspiring a beautiful life from clothing & accessories.”

Company Profile

HLA Group is a leading apparel and lifestyle retail group in China. Its business portfolio includes proprietary brand operations, international brand agency, group purchase customization, and the JD Outlet partnership. The company owns multiple in-house brands, including its flagship brand "HLA," the women's fashion brand "OW," the trend-focused brand "HLA JEANS," and the infant and children's brand "YeeHoO". In terms of international brand cooperation, the company is the exclusive agent for the Austrian sports brand HEAD in China and holds exclusive retail rights for Adidas FCC series products in mainland China. Additionally, the company operates a professional attire customization service under the name "HLA F2C". In 2024, the company partnered with JD.com to launch the "JD Outlet" initiative, aiming to expand its market share and enhance competitiveness through a multi-brand, omnichannel strategy. The key brands and business segments of the company are summarized as follows:



海澜之家 | HLA

HLA, founded in 2002, has long been committed to being a reassuring and comforting domestic brand, offering stylish designs, quality products and humanized clothing experiences to men aged 20 to 45, and standing firm in the market as a friendly and deeply rooted "national brand".

We firmly believe that good clothing is alive, not only to enhance personal comfort and dignity, but also to believe in and affirm the unique self-worth of every ordinary yet extraordinary individual in China. Therefore, adhering to the product philosophy of adapting to the human body, improving human posture, meeting human needs, and reaching human expectations, we continuously enhance inclusiveness and coverage, iterate design professionalism, keep up with contemporary changes in needs, and improve insight and empathy. We create vibrant clothing to serve the brilliance of every individual.

OVV

OVV

Founded in 2017, OVV is dedicated to creating modern wardrobes for professional independent women with "effortless sophistication". Based on the concept of harmony, it promotes honest and valuable pragmatism, blending design sense, stylization and applicability to create value for contemporary women from the inside out.

About HLA



黑鲸 | HLA JEANS

As a trendy men's wear brand under the group, HLA Jeans has always been committed to exploring the attitude of contemporary youth, adhering to the spirit of "being different", with "community culture × Joyful life" as the brand focus, penetrating different cultural circles, and co-creating a new way of trendy life with Chinese youth. The product line is divided into three series: the basic and versatile "Me⁺" series, the trendy and quality "Cool⁺" series, and the fun and exclusive "Collaboration" series, to meet the needs of young people in different life situations and create a fashion aesthetic that is simple, quality, technological and cost-effective.



英氏 | YeeHoO

YeeHoO is now the group's own premium baby lifestyle brand. established in 1995, YeeHoO has been dedicated to high-quality life and growth products for infants and toddlers aged 0-6. Starting with the improvement of the first modern onesie, it has always insisted on using globally selected fabrics and international leading manufacturing technology. It has also collaborated with top international maternal and infant brands to create a one-stop premium baby and toddler collection store in China, earning word-of-mouth from three generations of mothers.

The brand adheres to the product philosophy of "purity, softness, cleanliness and beauty", adheres to the Class A standards for infants and toddlers, conducts 15 strict quality inspections, and consistently offers "valuable design". Our products cover all categories including baby underwear, outerwear, cribs, bedding, chairs, shoes, hats, socks, and toiletries, and we have developed five core competencies: We have a solid market share and position in the industry, and have won many important awards that are well-known in the industry and recognized by consumers at home and abroad. Our products are sourced from natural and high-quality raw materials, are suitable for the body shape of Chinese babies, have strict craftsmanship and quality inspection standards that are higher than the national standard, have a design concept that enlighten beautiful values, and have reached strategic cooperation with international quality products.



HEAD | 海德

As a competitive sports brand with a history of over 70 years, HEAD, with its first-class athletes as the core asset, has become the designated equipment supplier for many world champions in various competitive sports, including skiing and tennis, thanks to its profound historical accumulation, pure professional sports heritage, and cutting-edge precision technology and craftsmanship.

The group will continue to develop professional sports line products based on the brand genes of tennis and skiing, as well as full-journey apparel and equipment both on and off the field, to meet the needs of sportswear and equipment in various scenarios of sports life, from professional competitive-level athletes to sports enthusiasts, to support and help them experience the charm of sports, break through their own limitations, and provide them with everything they need to win.

Adidas FCC

The Adidas FCC (Future City Concept) is a new product line for emerging markets launched by Adidas China and the company, which is positioned to offer consumers products with better value for money. The company holds an exclusive retail authorization for Adidas FCC series products in Mainland China through its controlled subsidiary, SIBOZI-Brand Management (Shanghai) Co., Ltd. of the Adidas FCC series products in mainland China.



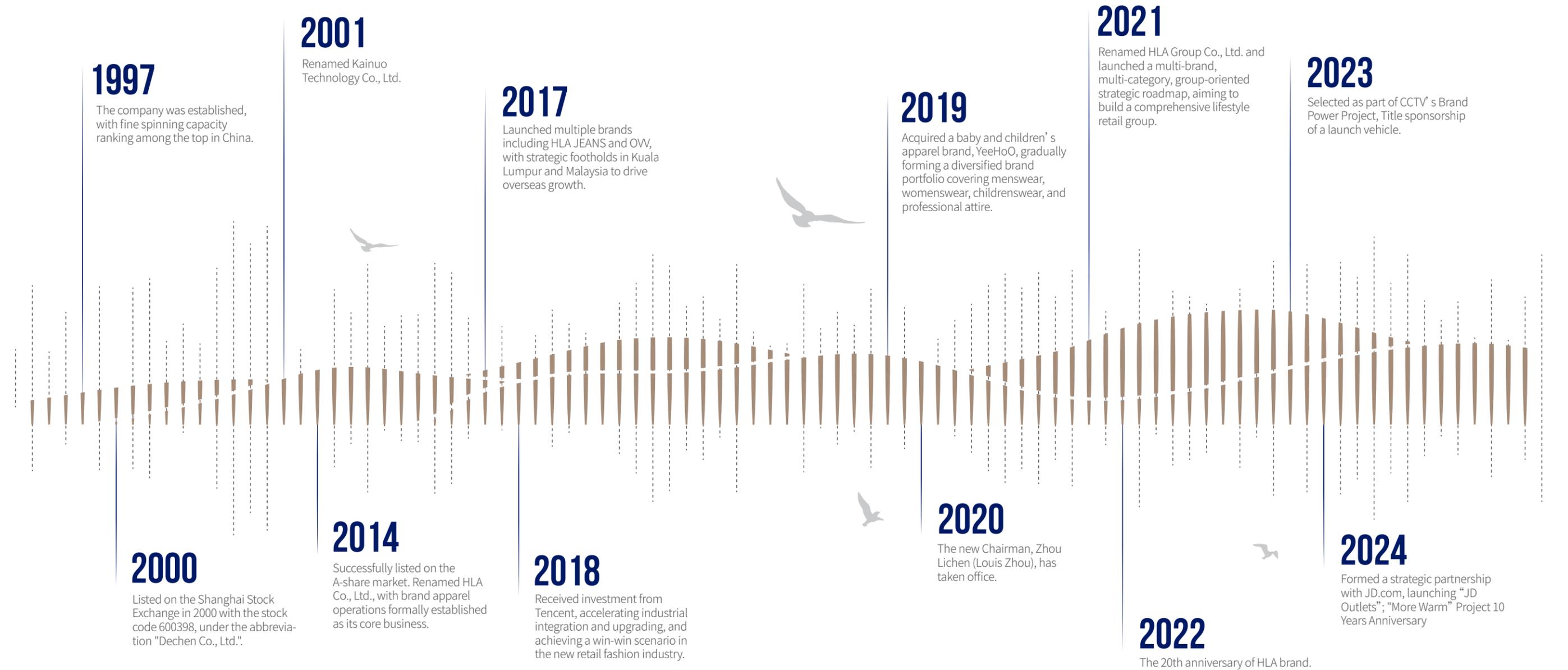
As the leader in China's clothing group-buying business, HLA F2C started in the 1990s and has been dedicated to the business for more than two decades. By continuously focusing on workplace needs and personalized experiences and drawing on the multi-brand expertise of HLA Group, we create all-round wardrobes for professional elites with products that combine craftsmanship and intelligent manufacturing and create high standards of product value for the industry. HLA F2C adopts an independent production and operation model to provide personalized clothing products for financial, communication, transportation, energy, government agencies, education and other enterprises and institutions, including men's and women's suits, trousers, waistcoats, skirts, shirts, jackets, overcoats, windbreakers, down jackets, windbreakers and other categories of clothing. In particular, its flagship products such as "fine suits", "non-iron shirts", and "fine non-iron shirts" are highly favored by the market.

JD Outlets

JD Outlets is a city outlet format jointly launched by the company and JD.com. It adopts the strategy of "big brands at low prices" and opens "JD Outlets" discount stores offline, aiming to enable consumers to purchase genuine big brands with higher cost performance right at their doorstep.

The project mainly covers categories such as sports and outdoor, men's and women's wear, children, light luxury and beauty products. The stores are home to sports and outdoor brands such as Nike, Adidas, Puma, Under Armour, Asics and North Face, light luxury brands such as COACH and MCM, beauty brands such as Dior, Givenchy, Estee Lauder, SK-II and CPB, as well as well-known men's and women's apparel brands.

The Development of HLA Group



1997

The company was established, with fine spinning capacity ranking among the top in China.

2001

Renamed Kainuo Technology Co., Ltd.

2017

Launched multiple brands including HLA JEANS and OW, with strategic footholds in Kuala Lumpur and Malaysia to drive overseas growth.

2019

Acquired a baby and children's apparel brand, YeeHoO, gradually forming a diversified brand portfolio covering menswear, womenswear, childrenswear, and professional attire.

2021

Renamed HLA Group Co., Ltd. and launched a multi-brand, multi-category, group-oriented strategic roadmap, aiming to build a comprehensive lifestyle retail group.

2023

Selected as part of CCTV's Brand Power Project, Title sponsorship of a launch vehicle.

2000

Listed on the Shanghai Stock Exchange in 2000 with the stock code 600398, under the abbreviation "Dechen Co., Ltd."

2014

Successfully listed on the A-share market. Renamed HLA Co., Ltd., with brand apparel operations formally established as its core business.

2018

Received investment from Tencent, accelerating industrial integration and upgrading, and achieving a win-win scenario in the new retail fashion industry.

2020

The new Chairman, Zhou Lichen (Louis Zhou), has taken office.

2022

The 20th anniversary of HLA brand.

2024

Formed a strategic partnership with JD.com, launching "JD Outlets"; "More Warm" Project 10 Years Anniversary

Sustainable Development Management

HLA Group regards sustainability as a core priority for the enterprise to remain competitive and socially valuable in the new era and is committed to fully embodying the ESG (Environment, Society, Governance) concept in its business strategy and internal governance. To better coordinate and implement all ESG efforts, the company has established a relatively independent and efficient sustainable development governance system to ensure that sustainability issues are given full attention in the internal management process.

Sustainable Development Governance Framework

The company has established a top-down Sustainable Development Management system with clear rights and responsibilities to ensure that the concept of sustainability is embedded in the company's strategy.

The board of directors is the highest management body for the company's sustainable development, responsible for reviewing the company's overall sustainable development strategy, important goals and major issues to ensure that the company's development direction is in line with the requirements of the sustainable development strategy.

Management, as the core of strategy execution, promotes the implementation of various sustainable development tasks in a coordinated manner and supervises and tracks key performance indicators.

The working group formulates plans based on strategic goals and management deployment, in line with the responsibilities of the department, and implements them in daily operations and management to achieve a closed loop of responsibility and continuous improvement.

This system strengthens the synergy among strategic planning, organizational assurance and execution, providing strong support for the steady advancement of the company's sustainable development strategy



Sustainable Development Strategy

HLA Group has always been committed to building a more systematic and forward-looking sustainable development strategy, focusing on deeply integrating environmental and social factors with the company's financial performance, identifying and managing issues that have a critical impact on the company's value creation, risk control and long-term stable operation. Looking to the future, the group will further integrate the concept of sustainability into its brand strategy and daily operations, build an environmental, social and governance (ESG) management system covering the entire value chain under the overall policy of "focusing on the brand, embracing the world, and benefiting life", and continuously improve its overall performance and industry leadership in sustainability.

Environment

In terms of the environment, the group will rely on 5G smart factories and digital supply chain capabilities to continuously optimize resource utilization efficiency and reduce the burden of energy consumption and emissions. Key areas include the development and application of sustainable products, the introduction of energy-saving and consumption-reducing technologies, and the green transformation of operations.

Social Responsibility

In terms of social responsibility, the group will strengthen the employee development system to safeguard labor rights and health and safety. At the same time, in combination with the "All for One Retail" layout, we will expand community co-construction and public welfare cooperation projects, promote high cost-performance products to reach more regions, and expand the positive role of inclusive consumption in social well-being.

Administer

In terms of governance, the group will improve the ESG management mechanism, further clarify the responsibilities for sustainable development, enhance the ability to identify and respond to risks, improve the compliance management and business ethics system, and enhance the resilience and stability of business operations.

Stakeholder Communication

HLA Group understands maintaining effective and smooth communication with multiple stakeholders is an important channel for enhancing sustainable value. To this end, the company identifies the expectations and concerns of stakeholders in various ways and responds to them in business decisions and ESG management.

Stakeholder Identification and Primary Communication Channels

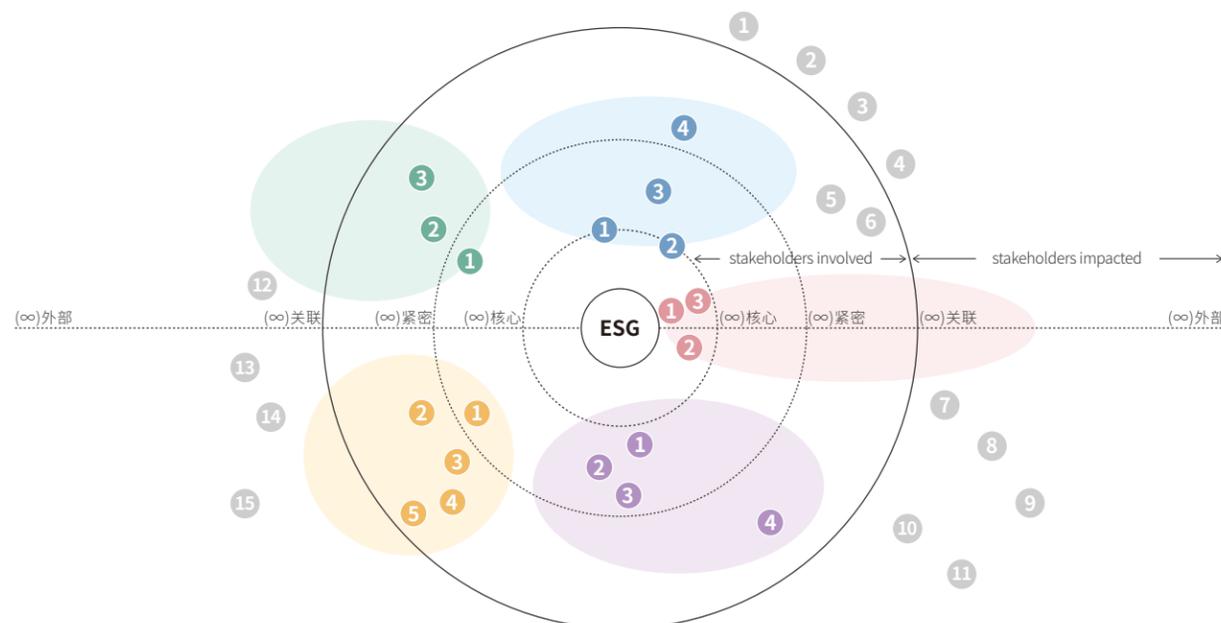
The company has long classified its major stakeholders as: government and regulatory authorities, shareholders and investors, customers (consumers), employees, suppliers and franchisees, communities and the public, media, etc.

Stakeholders	Expectations & Demands	Communication Channels	Feedback & Actions
 Governments and Regulators	<ul style="list-style-type: none"> Compliant operation Tax Compliance Environmental Protection Energy Conservation Emission Reduction 	Government research, policy symposiums, submission of compliance reports	Respond promptly to new regulatory rules, enhance the corporate governance
 Shareholders and Investors	<ul style="list-style-type: none"> Corporate Governance Financial Performance Risk management, Information disclosure 	Annual/extraordinary general meeting, earnings briefings	Announcement of operating data and ESG performance, keep communication channels open and effective
 Customers (consumers)	<ul style="list-style-type: none"> Product Quality and Safety Service Experience Environmental Responsibility 	After-sales service hotline, online social platform, satisfaction survey	Upgrade products and services based on feedback
 Employees	<ul style="list-style-type: none"> Compensation and Benefits Career Development Safety and Health Corporate Culture 	Staff congresses, internal forums and questionnaires, departmental meetings	Develop training and incentive policies, and establish employment system and compensation framework aligned with the company's development
 Suppliers and Franchisees	<ul style="list-style-type: none"> Cooperative Stability Social and Environmental Responsibility Delivery Quality 	Supplier evaluation and coaching, joint meetings, site visits and audits	Develop supplier evaluation and assessment system, enhance industry dialogue and collaboration, uphold fairness, impartiality, and transparency in bidding activities

Stakeholder Communication

Stakeholders	Expectations & Demands	Communication Channels	Feedback & Actions
 Communities	<ul style="list-style-type: none"> Community Engagement Philanthropy Environmental protection Employment support 	Public welfare activities, local cooperation projects	Publicize the results of public welfare actions and actively participate in local public welfare and public affairs
 Media	<ul style="list-style-type: none"> Corporate News Coverage Social Responsibility Projects Industry impact 	Press conferences, press interviews, company announcements	Timely release of the company's major developments and ESG initiatives to raise public and media awareness of the company's responsible image

HLA Group Sustainability Stakeholder Map

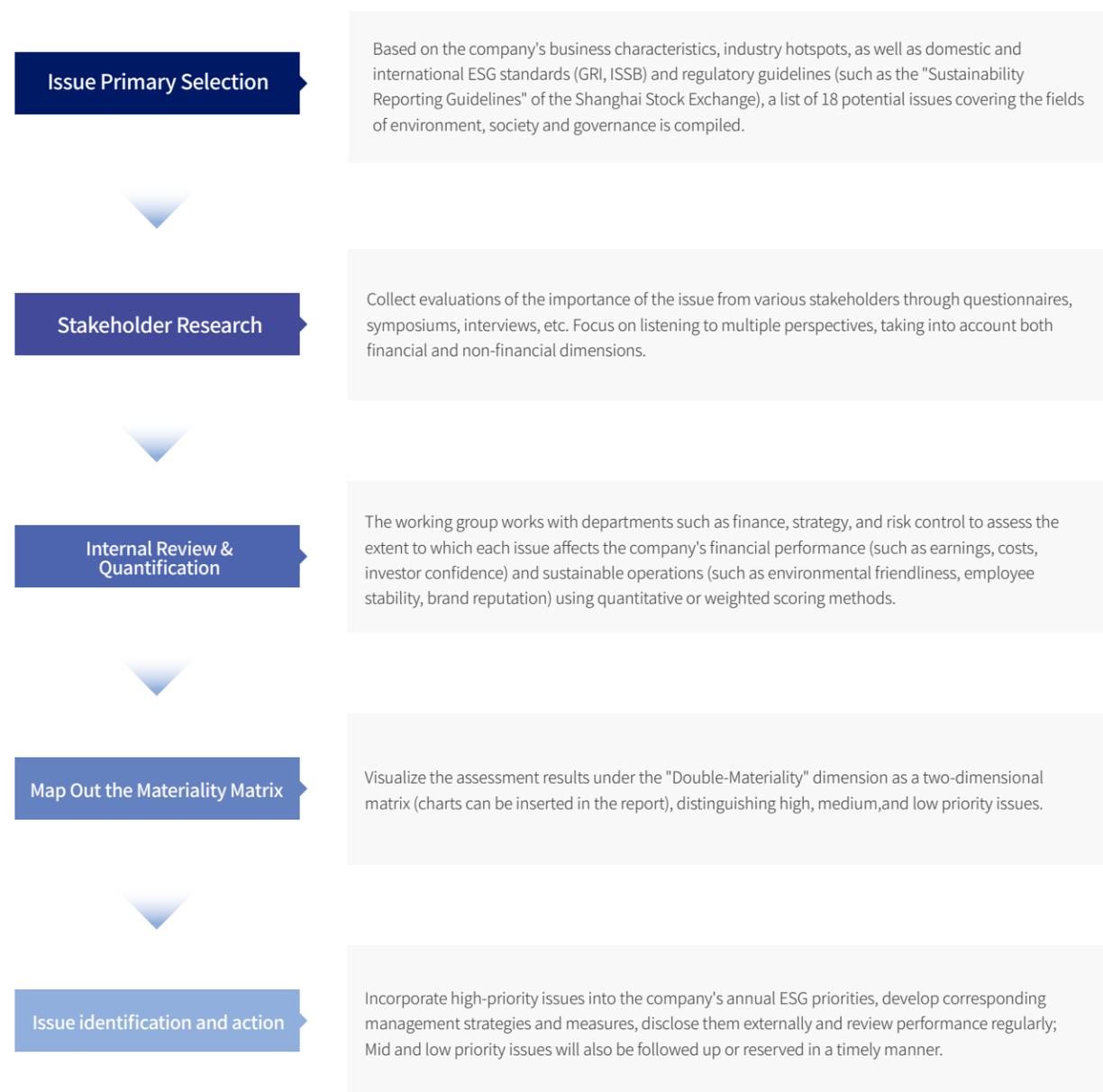


Shareholders & Investors	<ol style="list-style-type: none"> Institutional Investors Strategic Partner Investors Individual Investors
Customers & Consumers	<ol style="list-style-type: none"> Online Consumers Offline Individual Consumers Institutional Clients Overseas Clients
Employees & Labor Unions	<ol style="list-style-type: none"> Senior Management Specialists and Engineers Middle Management Front-line Staff
Government & Regulatory Authorities	<ol style="list-style-type: none"> National Regulatory Authorities Industry Regulatory Authorities Local Government Departments
Suppliers and Partners	<ol style="list-style-type: none"> Raw Material Suppliers Logistics and Warehousing Partners Technology and Equipment Suppliers Advertising and Media Partners Sales and Distribution Partners
Others	<ol style="list-style-type: none"> Social Media Mainstream Media Sustainable Development Related Media Industry Professional Media Factory Neighborhood Communities Consumer Rights Protection Organizations Think Tanks and Research Institutions Industry Associations Logistics and Supply Chain Associations Textile Industry Associations Local Communities Economic and Management Academies Charitable Organizations Environmental NGOs Social Responsibility Guidance Bodies

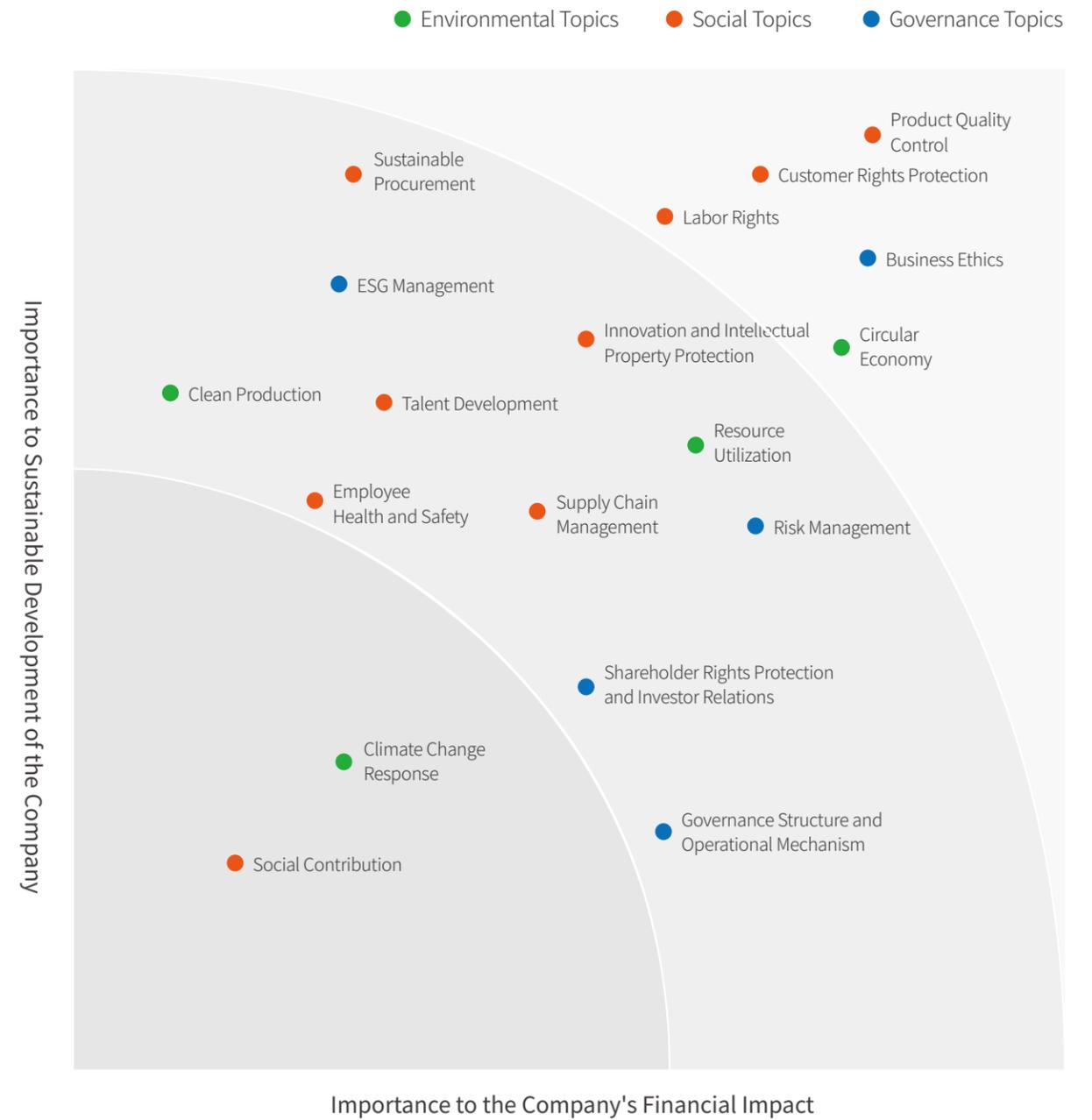
Materiality Assessment

HLA Group uses the "Double-Materiality Assessment" approach to systematically rank and evaluate potential issues in two dimensions: "importance to the company's financial impact" and "importance to the company's social and environmental impact". The company referred to standards such as GRI, ISSB and the Shanghai Stock Exchange 'Sustainability Reporting Guidelines' to ensure the international universality and local applicability of the analysis method.

Process and Results



HLA Group Sustainability Materiality Matrix



Annual Honors and Recognition

Name of Honor	Awarding Unit
National Green Factory	Ministry of Industry and Information Technology
Excellence-level smart factory	Ministry of Industry and Information Technology
Typical cases of quality improvement and brand building in industry and information Technology in 2024 (HL-CECqb model promoting Brand building of Ecological-level quality standards for clothing)	Ministry of Industry and Information Technology
Pilot demonstration Project of Industrial Internet 2023 (Pilot Project of Network Integration Innovation Application for the clothing industry)	Ministry of Industry and Information Technology
China's textile and garment Brand Competitiveness Advantage Enterprises in 2024	China National Textile and Apparel Council
Second Prize for Scientific and Technological Progress of China National Textile and Apparel Council (Key Technologies and Industrial Application of Digital Multi-dimensional Garment Cutting)	China National Textile and Apparel Council
List of CNTAC Digital Transformation units	China National Textile and Apparel Council
Key recommended projects for technological innovation in China's garment Industry in 2024 (Hailan Yunfu Smart Factory Industrial Internet Integration Innovation Industrial Application)	China National Garment Association
Top 70 Chinese Workwear Enterprises in 2024	China National Garment Association
China's 500 Most Valuable Brands 2024	GYBrand Global Brand Research Institute
The 9th Cherry Awards - Outstanding Performance Award for Children's Clothing Brand of the Year (YeeHoO)	Organizing Committee of the Cherry Awards
The 9th Cherry Awards - Product of the Year Appearance Level Award (YeeHoO 'P&P' Series)	Organizing Committee of the Cherry Awards
First Prize and Outstanding Designer Award of Henan Education Equipment Expo and Higher Education Achievements Exhibition (HLA F2C Customized Design of "Dynamic Youth" and "Peach and Plum Path" series school uniforms)	Henan Educational Equipment Expo
Selected for CCTV's "Brand Power Project - Leading Brand" for three consecutive years	China Media Group
The 11th Golden Wheat Awards "Best Influential Brand Award", "Performance Marketing Bronze Award"	Organizing Committee of the Golden Wheat Awards
Strategic Partner for Standardization Work in 2024	National Technical Committee on Garment Standardization
Advanced Unit for Standardization Work in 2024	National Technical Committee on Garment Standardization



01

Solid Governance

Building the Foundation for Development



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Responding to the SDGs:



1.1

Governance Structure and Operation Mechanism

HLA Group strictly adheres to laws and regulations such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, and the Guidelines for the Governance of Listed Companies, continuously optimizes the corporate governance structure and operation mechanism, and constantly improves the governance level and decision-making efficiency.

In 2024, the company conducted a systematic assessment and improvement of its governance structure, with a focus on formulating key institutional documents such as the Management Measures for Independent Directors of HLA Group Co., LTD., the Entrusted Wealth Management System of HLA Group Co., LTD., and the Public Opinion Management System of HLA Group Co., LTD. Further strengthen the management of independent directors, compliance with fund operations, and information management mechanisms. At the same time, the company has revised and optimized the implementation rules of the various special committees of the board of directors, continuously improving the standardization and professionalization of the governance system.

The Board of Directors, the Board of Supervisors and Management

The company has always attached great importance to the professional competence and operational efficiency of the board of directors, the board of supervisors and the management team, and is committed to building a scientific, standardized and efficient governance system.

The board members have diverse professional backgrounds in law, finance, strategic management, corporate governance, etc., and can provide professional decision support for the company's development. As of the end of the reporting period, the board consists of nine members, including three independent directors. Each director has extensive industry experience and professional expertise, ensuring that the company has a multi-dimensional perspective and careful consideration in strategic planning, risk management, and decision-making on major matters. In 2024, the board held seven meetings and reviewed 33 proposals covering key issues such as the company's development strategy and personnel appointments and dismissals. Independent directors played a supervisory and professional advisory role throughout the process to ensure the scientific and compliant nature of the decisions.

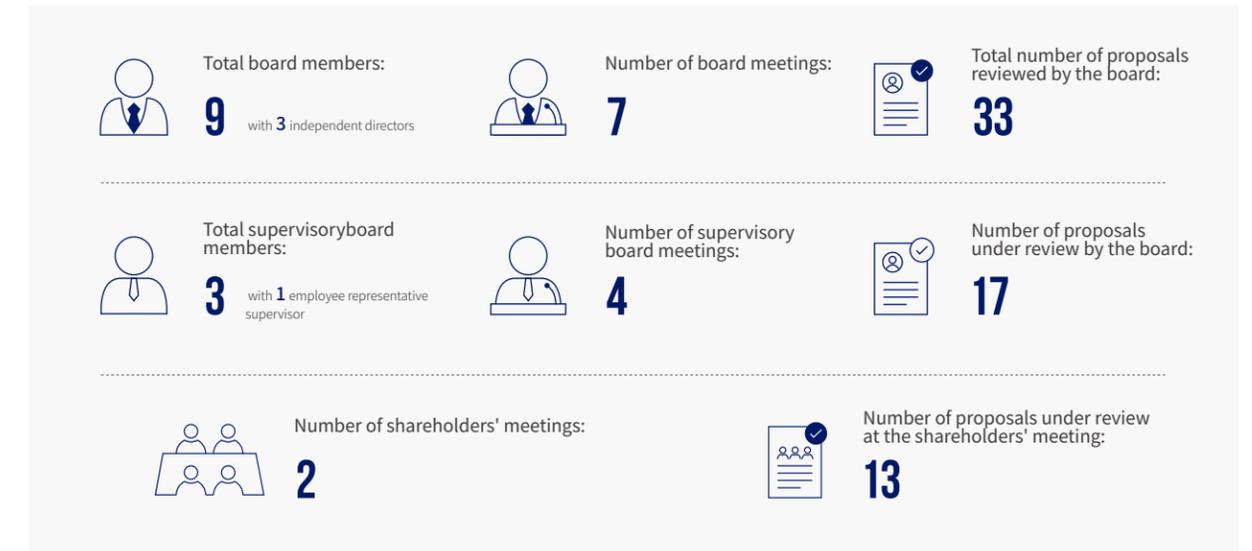
The company changes its board of directors every three years and has a sound nomination and selection mechanism that considers the candidates' industry experience, educational background and ability structure to enhance the professional diversity and governance capacity of the board. The company strictly adheres to the "Articles of Association of HLA Group Co., LTD." and has established clear rules of procedure for the board of directors, ensuring that the materials are fully prepared before the meeting, the decision-making process is standardized and transparent, and the resolution content is legal and valid. The supervisory board, in accordance with the duties conferred by laws, regulations and the Articles of Association, strengthens and implements the supervisory and inspection functions, and gives full play to the role of the supervisory board in the governance of listed companies. At present, the supervisory board consists of three members, including one employee representative supervisor. In 2024, the supervisory board held four meetings, reviewed 17 proposals, and deliberated on matters such as financial reporting, internal control, and related-party transactions, effectively fulfilling supervisory duties, promptly identifying and correcting potential risks, and ensuring the company operates in accordance with the law and regulations.

All members of the company's management team have rich industry experience and excellent management capabilities. Through efficient collaboration and forward-looking management, the management team is committed to promoting the realization of the company's high-quality development goals and continuously enhancing the company's overall strength and market resilience in a sustainable competitive landscape.

Shareholders' Meeting

In 2024, the company held a total of two general meetings to review 13 proposals. During the shareholders' meeting, the company had sufficient communication and exchange on important matters such as corporate strategic development, financial status, dividend policy, and changes in directors. Through the shareholders' meeting, the company listens to shareholders' suggestions and provides timely feedback, enabling shareholders to have a deep understanding of the company's business strategy and performance, and fully guaranteeing shareholders' right to participate in and be informed of the company's governance.

Key Performance Indicators



1.2

Shareholder Rights Protection and Investor Relations

Transparent and Timely Information Disclosure

The group has always adhered to the principles of fairness and timeliness in information disclosure. Directors, supervisors and senior management of the company have performed their duties faithfully and diligently to ensure that the disclosed information is truthful, accurate and complete. They have safeguarded investors' right to know with an honest and pragmatic attitude and enhanced the company's market reputation.

In accordance with the requirements of the "Information Disclosure Affairs Management System", the company has improved the internal management process of information disclosure and established the information disclosure responsibility system to ensure the standardization and efficiency of information disclosure work.

Throughout the year, the company issued a total of 4 periodic reports and 52 interim announcements, disclosing important information such as the company's operating performance and financial status in detail, enabling investors to keep abreast of the company's dynamics and understand its true situation in a timely manner.

Active and Effective Investor Communication

HLA Group attaches great importance to investor relations management, adhering to the principles of openness, transparency and efficient communication, and actively maintains close communication with investors. The company has established a dedicated investor relations team responsible for daily communication with investors, investor hotline services, and the management and operation of the information interaction platform.

Throughout 2024, the company organized 3 earnings briefings where directors and senior management discussed the company's operating performance, industry trends and future development strategies, answered questions of concern to investors on the spot, and enhanced investors' understanding and confidence in the company's operating conditions. In addition, the company actively answered calls from investors throughout the year and responded to questions raised by investors through the investor interaction platform, covering multiple dimensions such as the company's future dividends and financial data analysis.

A Prudent Shareholder Return Policy

HLA Group continues to implement an aggressive cash dividend policy to reward shareholders. The company has reasonably determined the amount and frequency of dividends based on various factors such as overall earnings, capital needs and development strategies to ensure the long-term stability of the dividend policy. In September 2024, the interim dividend policy was implemented for the first time, fully demonstrating the company's solid financial strength and its emphasis on long-term value returns for investors.

Dividend Year	Payout Date	Pre-tax Dividend (RMB/Share)	Pre-tax Total Payout (RMB)
2022	2023.06.06	0.43	1,857,431,261.55
2023	2024.06.06	0.56	2,689,551,365.76
2024 _{H1}	2024.09.05	0.23	1,104,637,168.08
2024 _{H2} (Estimated)	—	0.18	864,498,653.28

In addition, the company actively listens to the opinions and suggestions of investors regarding the dividend policy, fully considers the demands of investors when formulating the shareholder return policy, and continuously optimizes the shareholder return mechanism to ensure a good alignment between the long-term interests of investors and the company's sustainable development goals.

Key Performance Indicators



1.3

Risk Management

HLA Group adheres to the concept of compliance operation, continuously improves various management systems and optimizes management processes, clarifies the responsibilities and authorities of each department and personnel, conducts audits on key links in the operation process, and continuously optimizes the risk management activity process to achieve the control goals of strengthening internal control, preventing risks, and promoting compliance.

Compliance Building

Establish internal systems covering material procurement, design and development, project construction, contract management, related-party transactions, etc. Promote the standardization, process and institutionalization of internal management, organize senior executives and employees to study relevant rules and regulations, and ensure the legal and compliant operation of the company.

Risk Prevention and Control

We have established a risk management system covering the entire process of risk identification, assessment, monitoring and control. According to the process, we have conducted risk identification for each business, assessed each risk level, and formulated corresponding control measures for each business risk in a timely manner to ensure effective response to each risk.

Internal Audit

According to the "Internal Control Evaluation Specification" and the "Internal Audit Management System", the Internal Control Department conducts an annual self-assessment of internal control, makes an independent and objective evaluation of the effectiveness of the design and operation of the company's internal control, and engages third-party independent institutions to audit the company's internal control, and continuously improves the company's internal control system.

1.3

Risk Management



HLA Group Risk Management Process

滚滚长江东逝水

1.4

Business Ethics

HLA Group earnestly implements relevant laws and regulations such as the Company Law of the People's Republic of China and the Anti-Unfair Competition Law of the People's Republic of China and always advocates and practices the business philosophy of integrity, honesty and fairness.

Management System

The company has established specific responsibilities and defined behavioral standards for employees in each position in accordance with internal regulations such as the Anti-Fraud Management System and the Evaluation Management System for Corporate Culture Construction. Through institutional constraints and enforcement mechanisms, a sound integrity management system is established to provide institutional guarantees for the stable development of the enterprise.

Supervision & Assessment

The company strengthens the compliance supervision mechanism, conducts supervision and assessment of employees and management, and ensures that all systems are effectively implemented. In response to the problems identified during the supervision process, a closed-loop management system for rectification is established to ensure timely correction and continuous improvement of the problems.

Integrity Promotion

The company continues to organize training for all staff, covering corporate culture, professional ethics, integrity requirements, etc., to enhance compliance awareness and sense of responsibility among employees, and to implement the concept of integrity in all business departments and processes, making it deeply rooted in every aspect of the company's operation.

Anti-corruption Histleblowing

The company has established a diversified anti-corruption reporting system and collects information through various channels such as phone, email and reporting boxes. The company implements a confidentiality policy for whistleblowing information to safeguard the rights and interests of whistleblowers. In response to the reports, the company will promptly verify and handle them, establish an effective anti-fraud management system, and maintain the operating environment of the enterprise.

02

Green Manufacturing Forming a Low-carbon Future

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Responding to the SDGs:



2.1

Responding to Climate Change

The company actively explores the risks and opportunities brought by climate change and implements the carbon peaking and carbon neutrality strategy under the guidance of the national "dual carbon" goals. During the reporting period, the company strictly adhered to environmental protection regulations, adhered to the green and low-carbon concept, established an environmental management system, and passed the ISO 14001:2015 environmental management system certification.



To promote the green and low-carbon transformation of the enterprise, the company has systematically advanced the construction of a carbon neutrality management system around core production and operation scenarios, integrating the concept of low-carbon development into the entire process of production and operation. The company has commissioned a professional third-party organization to conduct a detailed inventory and assessment of its greenhouse gas emissions and has obtained a carbon neutrality certification, clarified the baseline of its carbon emissions and facilitating the formulation of scientific emission reduction measures. Through comprehensive carbon screening and management system certification, HLA Group has established a clear path for its carbon reduction targets, actively responding to the United Nations Sustainable Development Goal (SDG13) 's call to action to address climate change.



In terms of mitigating climate change, the company is vigorously promoting clean energy substitution and energy efficiency improvement. The logistics park has actively adopted clean energy such as solar power and built distributed photovoltaic power generation facilities, effectively reducing indirect carbon emissions resulting from power purchase. At the same time, the company actively purchases and uses electricity from renewable energy sources and has obtained green power certification, further optimized the energy structure and reducing carbon intensity.

2.2

Resource Consumption

The company strictly complies with the requirements of relevant laws and regulations such as the Energy Conservation Law of the People's Republic of China and the Water Law of the People's Republic of China and continuously optimizes energy utilization efficiency. At present, the company has passed the ISO 50001 energy management system certification.



Energy Consumption

The company conducts continuous monitoring and statistics of energy and resource consumption in major industrial parks. To improve the efficiency of resource utilization, the company has been continuously upgrading its production facilities for energy conservation. In 2024, the company replaced some of its motors to further improve the efficiency of its electrical equipment. And install steam waste heat recovery devices (steam economizers) in the factory to reduce steam waste.

Green Office Practices

The company implements the concept of green development in its daily operations, attaches great importance to the cultivation of employees' environmental awareness, and takes a series of green office measures to practice green and low-carbon office methods, continuously contributing to green and low-carbon development and transformation.



Paperless Office

Encourage the use of emails, cloud storage, and other digital tools to replace paper documents, and promote double-sided printing to reduce paper consumption.



Promote High-Efficiency Lighting

Optimize lighting systems and control indoor temperatures to reduce office electricity usage



Encourage Low-Carbon Commuting

Encourage employees to take public transportation to work and prioritize the use of new energy vehicles for business trips and official receptions



Green Office Practices



Install Water-Saving Equipment

Install water-saving devices and display reminders in restrooms to strengthen employees' awareness of water conservation; promote waste sorting, facilitate recycling of office supplies and paper, and realize the recycling of office waste materials.



2.3

Circular Economy



HLA Group has rooted the concept of "Green, Low-carbon and Circular" in its brand DNA, practicing resource recycling and value extension from the source of the supply chain to the end of the product life cycle, covering all links such as raw material procurement, production process, packaging design and logistics transportation, promoting green transformation in the industrial chain and creating fashionable products in harmony with nature.

At the raw material end, the company actively uses environmentally friendly raw materials to endow its products with green attributes. On the one hand, the company has introduced a large amount of natural renewable fibers, such as mulberry silk, wool and other high-quality raw materials; On the other hand, new environmentally friendly synthetic materials are constantly being developed, including bio-based Sorona® fibers, biodegradable Tencel™ (Lyocell fibers), and recycled polyester. These selected materials are natural, comfortable, breathable and have excellent environmental performance, providing consumers with healthy, safe and sustainable fashion options while ensuring clothing quality and reducing environmental impact.

The company also pays attention to the implementation of the concept of recycling in the product design and production process. HLA Group strives to enhance the durability and recyclability of its products and minimize the environmental impact caused by production waste and product disposal. During the reporting period, the company completed several green certifications including China Environmental Label Product Certification, demonstrating the environmental attributes of its products in terms of raw material safety, energy conservation in production, and waste recycling.



Fruit dyeing technology

Fruit dyeing technology involves extracting juice from natural plant fruits to dye fabrics for use in the dyeing process. There is no wastewater in the dyeing process and no chemical additives are added in the production process. The concept of low-carbon and green development is implemented in all the fields involved in the company, including industry, consumption and environmental protection, to form a virtuous ecological cycle.



Plant dyeing technology

Plant dyeing technology is non-toxic and biodegradable, achieving environmental friendliness and upgrading fading dyeing technology, reducing the dye bath ratio during the dyeing process and further reducing water consumption.



INDIGOJUICE Water-saving dyeing technology

The company has adopted INDIGOJUICE water-saving dyeing technology, significantly reducing electricity and water consumption during the washing process.

Meanwhile, the company is working with its supply chain partners to advance circular economy practices, strengthen green procurement requirements for upstream suppliers, and build a closed-loop supply chain. In 2024, the company obtained the green supply chain management system certification for the apparel industry. By building a green supply chain ecosystem, the company extends the concept of circular and low-carbon throughout the entire value chain, collaborates with partners to achieve efficient recycling of resources, and responds to the United Nations Sustainable Development Goals (SDG12&17) "Responsible Consumption and Production" and "Partnerships for Achieving Goals" with concrete actions.



2.4

Environmental Compliance Management

The company has earnestly implemented environmental laws and regulations such as the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Water Pollution, the Law of the People's Republic of China on the Prevention and Control of Air Pollution, the Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution, and the Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution in all aspects of clothing production and sales.

In the production process of HLA F2C customization business, it strictly complies with relevant national laws and regulations on solid waste, air pollution prevention and control, etc. It strengthens the daily management and supervision of relevant emission links around environmental impact factors such as wastewater, waste gas, noise and cooking fume, earnestly fulfills environmental compliance responsibilities, and continuously promotes production and operation in accordance with laws and regulations.

Through the implementation of these measures, HLA Group has significantly reduced the environmental impact of its production and operation, set a benchmark for green manufacturing in the industry, and been awarded the "National Green Factory" certification, which also aligns with the requirements of the United Nations Sustainable Development Goals (SDG 9 & 12) for sustainable industrialization and responsible production. We strive to make fashion production cleaner, more efficient and more sustainable, and continue to empower ecological and environmental protection and the company's high-quality development.



During the reporting period, the company was not a key pollutant discharge, was not included in the "Wuxi City 2024 Enterprise Environmental Information Disclosure List" released by the Wuxi Municipal Ecological Environment Bureau, and did not receive any administrative penalties due to environmental violations or irregularities.

03

National Quality Creating a Sustainable Consumption Ecosystem

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Innovation-Driven Development & Intellectual Property Safeguards	39-43
Responsible Supply Chain Management	44

Responding to the SDGs:



3.1 Product Quality Control

The company strictly complies with the Product Quality Law of the People's Republic of China, enforcing enterprise-specific control standards through our professional Quality Supervision Center that ensures end-to-end quality consistency from R&D to delivery. Holding dual certification under GB/T19001-2016 and ISO 9001:2015 Quality Management Systems, we have been honored by the China Association for Quality Inspection with the "National Apparel Industry Quality Leadership Brand," "National Integrity Benchmark for Product & Service Quality," "National Consumer Quality Assurance Product," and other prestigious accolades in recognition of our quality commitment.



3.2 Customer Rights Protection

Customer Service Governance

As a cornerstone of our corporate social responsibility, customer rights protection is ensured through comprehensive service protocols and performance evaluation mechanisms. Our stores implement a 30-Day Hassle-Free Return Policy: merchandise remains eligible for exchange or return within 30 days of purchase, provided there is no evidence of laundering, ironing, staining, alterations, or other impacts on resale value. Furthermore, we provide complimentary garment finishing services including cuffed hem service to prevent fabric fraying, while utilizing satisfaction rating devices to continuously track and improve service quality across all customer touchpoints.



Free Garment Care



New Store Looking



Get More Heartwarming Service Stories

Product Quality Complaint Handling Process



Store Service Complaint Handling Process

Complaint Acceptance	Record and Verify	Implementation of the Plan	Follow up and Feedback	Closed-loop Management
Customer complaint	Record complaint details & requirements, contact store for verification	Respond to customer and implement solution	Follow up on customer satisfaction	Proceed with further actions or close complaint based on satisfaction

Honors & Accreditations

In 2024, the company has obtained multiple authoritative certifications in the field of customer service.



CTEAS After-Sales Service System Excellence Certification Certificate



Customer Satisfaction Certification Certificate



National Commodity After-Sales Service Compliance Certification Certificate



Excellent Supplier of China Mobile's Level 1 Data Collection in 2024 (Grade A)

3.2

Customer Rights Protection

Marketing & Brand Stewardship

The company has established and continuously improved its brand marketing communication management system, strengthened the review mechanism for promotional content, advocated green consumption concepts, and enhanced consumer awareness of sustainable products. Concurrently, the company regularly collects consumer feedback on brand perception to foster a trustworthy, transparent, and responsible brand image.

Responsible Marketing

The company strictly complies with the Advertising Law of the People's Republic of China, Anti-Unfair Competition Law of the People's Republic of China, E-Commerce Law of the People's Republic of China, and other relevant laws and regulations. In all aspects including apparel labeling, product promotion, and marketing campaigns, the company adheres to principles of integrity, eliminating exaggerated, ambiguous, or false information to effectively safeguard consumers' legitimate rights and interests.



HLA brand has been consecutively selected for three years into CMG's "Brand Power Initiative · Leading Brand" program, marking the first brand in China's apparel industry to receive this national-level honor.

Information Security and Privacy Protection

The company strictly adheres to the requirements of the Cybersecurity Law of the People's Republic of China, Data Security Law of the People's Republic of China, and other relevant laws and regulations, while continuously improving its information security management system. By clearly defining roles and responsibilities as well as operational protocols across all stages of customer information management, the company constructs a robust data security defense framework through institutional, technical, and personnel dimensions, thereby effectively safeguarding operational data and users' personal information.

Institutional Standards and Process Optimization

Standardize operational standards for the entire lifecycle of network information handling, including collection, transmission, storage, and usage. Clearly inform customers through the Privacy Policy about the purposes, scope, and rights related to personal information collection, ensuring legal and compliant data acquisition.

Technical Protection Capability Enhancement

Deploy data encryption and data masking techniques to implement tiered and classified protection for core customer information. Continuously improve protection systems such as firewalls and intrusion detection to strengthen technical safeguards.

Employee Awareness and Competency Development

Organize specialized information security training programs, emphasizing privacy and confidentiality awareness and operational protocols. Strictly prohibit unauthorized disclosure of customer information.

Emergency Response Mechanism Improvement

When information security incidents occur, designated personnel must follow established procedures to complete incident reporting. The information security department conducts investigations, assessments, handling, reporting, and post-incident reviews based on the incident severity level.

3.3

Innovation-Driven Development & Intellectual Property Safeguards

HLA Group consistently prioritizes technological innovation as its core driver, establishing and optimizing a scientific R&D system focused on fabric selection, apparel design innovation, and process technology advancement. We deeply integrate digital technologies with intelligent manufacturing systems to comprehensively propel the brand's transition toward intelligent and innovative development. This includes refining innovation management frameworks, enhancing industry-academia-research collaboration, and fully unleashing the R&D team's innovative capabilities.

Across all subsidiary brands, R&D and design efforts remain closely aligned with brand positioning and consumer needs. Within the product development process of the flagship brand HLA, the company emphasizes critical stages such as development proposal review and final model selection, while outsourcing non-core tasks like sampling to supplier design teams. Concurrently, other retail brands leverage their independent R&D strengths to continuously launch high-quality product lines that blend functionality with fashion, delivering superior dressing experiences for customers.

Technology R&D and Industrial Innovation

Technological Innovation Achievements

The company synergizes technological advancement with fashion innovation, developing novel fiber materials to create cutting-edge products infused with sophisticated technological features.



Selected for the 2024 TOP TEN INNOVATIVE TEXTILE PRODUCTS



R&D Platform Development

YUNFU LAB, located in Jiangyin HLA Garment Industrial City, covers 5,000 square meters with 2,800 square meters dedicated to testing laboratories. Utilizing advanced technologies such as big data and artificial intelligence, it conducts trend analysis, consumer insight mining, and intelligent design development to drive product innovation and rapid iteration.



The company has deepened collaboration with leading research institutions and universities to conduct forward-looking apparel studies, committed to providing effective, intelligent, innovative, and macro solutions for the future of the industry. Focusing on two key areas—new fabric development and apparel cultural development—the company vigorously promotes innovation and industrial upgrading in the apparel sector, and has jointly established R&D centers and scientific research platforms with numerous research institutions, including Tsinghua University, Donghua University and China Textile Academy.



T-shirts are manufactured using 100% naturally biodegradable and eco-friendly raw materials

3.3

Innovation driven and intellectual property protection

Cultural Heritage and Innovative Application

Category	Details
Research Institution Development	In May 2024, the Tsinghua University-HLA Technology Research Center for Traditional Chinese Attire and Color Studies was established through collaboration with Tsinghua University, dedicated to advancing academic research on apparel cultural heritage and its integration with contemporary design innovation.
Academic Research	Published The Most Beautiful Chinese Attire Series: Five-Colored Magnificence of Mamianqun (China's first academic monograph on Mamianqun) Completed systematic research and chromatic value codification of 260 traditional Chinese color specimens
Exhibition and Display	<ul style="list-style-type: none"> • March 2024: Hosted the "Huacai Yequnshang" Exhibition Featuring selected visuals and innovative designs from The Most Beautiful Chinese Attire Series: Five-Colored Magnificence of Mamianqun. • May-August 2024: Organized the Thematic Exhibition "Garments-Give-Birth-to-All-Things: Tradition Reconstructed – Five-Colored Magnificence of Mamianqun " • September 2024: Curated and hosted the Salon "Dunyao Guanghua, Shengsheng Buxi: Dunhuang Art Design Achievements"
Academic Forum	<ul style="list-style-type: none"> • May 2024: Hosted the Academic Symposium "Garments Give Birth to All Things: Tradition Reconstructed - Five-Colored Magnificence of Mamianqun" • September 2024: Organized the Forum "Huaxia Yishang · Tang Dynasty Attire: Chinese Apparel Theory and Innovative Design Forum"
Product Development and Application	<ul style="list-style-type: none"> • Completed restoration of 38 sets of Hanfu structural designs from the Han, Tang, Song, and Ming dynasties, including precise reconstruction of historical garment silhouettes, fabrics, and decorative patterns. • Developed the "Lanxiu Yunshang" Mamianqun brand and achieved commercial application of pattern
Cross-sector Collaboration	Designed the workwear collection for China Mobile's 2025 Barcelona Expo, integrating the Yunjian (cloud collar) element with Ming Dynasty Hanfu structural design principles.



3.3

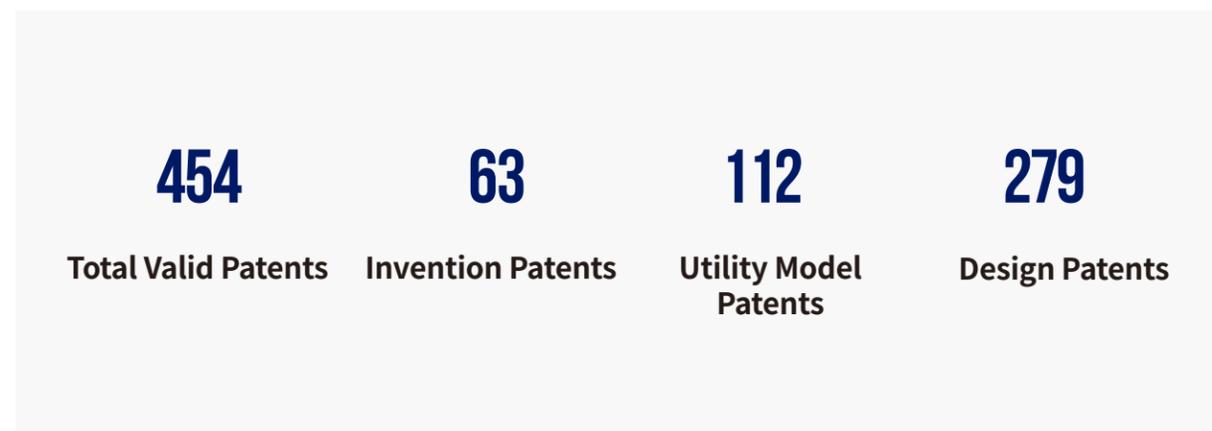
Innovation driven and intellectual property protection

Intellectual Property Protection

The company consistently regards technological innovation and intellectual property protection as core strategies for corporate development, strictly adhering to the Trademark Law of the People's Republic of China, Copyright Law of the People's Republic of China, Patent Law of the People's Republic of China, and other relevant laws and regulations. We have established an integrated system encompassing the creation, utilization, protection, and management of intellectual property. During the reporting period, the company continuously optimized its IP management mechanisms to ensure both the protection of its own intellectual property rights and full respect for third-party IP rights. In 2024, the company successfully obtained **GB/T 29490-2013 certification** for its intellectual property management system, further solidifying the standardization and professionalization of IP governance.



By the end of 2024, the company had achieved significant results in the field of intellectual property, with the following cumulative patent holdings:



3.4

Responsible Supply Chain Management

The company has deeply integrated store sales, logistics warehousing, and supplier production data through the SAP information system. Combined with RFID technology, it has established end-to-end data connectivity to build an intelligent traceability system covering the entire lifecycle of garments. This system digitizes core processes including warehousing, storage, distribution, picking, and shipment, while real-time monitoring production data and warehouse environmental parameters. These measures significantly enhance supply chain visibility and operational efficiency and provide data foundations and technical support for environmental/social responsibility audits and sustainable procurement management.

Supplier Qualification Management

The company has established a comprehensive qualification evaluation system for supplier onboarding, clearly requiring suppliers to meet basic standards in factory scale, staffing, production environment, and management processes, and to possess certain technical R&D capabilities. Simultaneously, the company mandates that suppliers safeguard employees' legal rights and interests by standardizing wage payments, contract execution, and social insurance contributions, and establish robust personnel management systems in terms of social responsibility; formulate business ethics and anti-corruption policies, strengthen internal control and risk management systems, ensure financial stability and supply chain transparency in terms of governance compliance; and optimize resource utilization, improve energy efficiency, enhance water recycling and wastewater treatment, monitor carbon emissions, implement emission reduction measures, and advance waste classification and recycling systems in terms of environmental management.

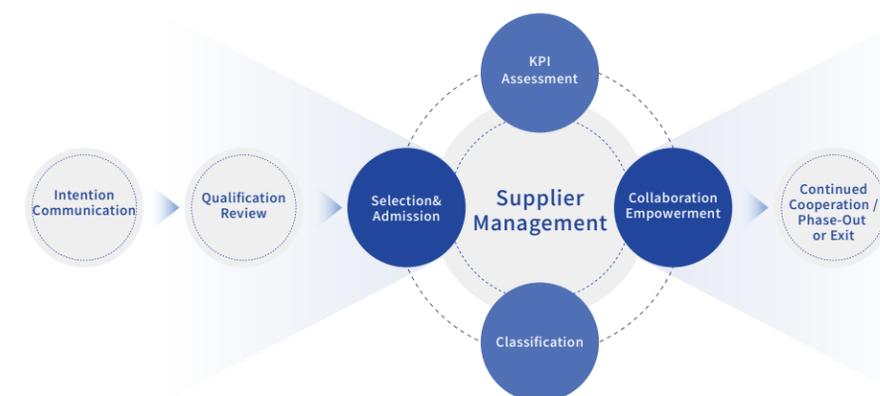
Supplier Evaluation

The company implements a scientific evaluation system with dynamic management and a four-tier grading mechanism to optimize supply chain operations. The process includes data collection, evaluation analysis, result review, and notification. Evaluation metrics also incorporate ESG criteria, such as employee rights compliance, occupational health & safety, and environmental performance.

Supplier Collaboration & Empowerment

The company strengthens supplier collaboration through an "Online + Offline" coordination mechanism. Online, it achieves end-to-end process integration via office software and email systems; Offline, it conducts regular on-site visits and exchanges. Annually, the company jointly organizes hundreds of activities with suppliers, including training sessions, and presents awards to outstanding suppliers. The training content primarily focuses on green production, resource efficiency, and compliance management, delivered through hybrid online-offline formats tailored to diverse supplier needs, thereby enhancing their operational efficiency and sustainable development capabilities.

Supplier Management Process



04

People-Oriented Building a Better Society

Main Contents

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Health and Safety	54
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Responding to the SDGs:



4.1

Labor Rights

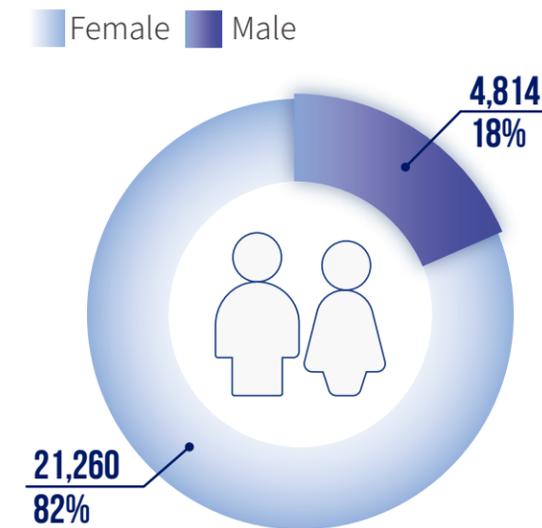
Employees are the most asset of an enterprise and the core driving force for high-quality development of the company. In 2024, the company will always adhere to the "people-oriented" philosophy, continuously expand the business territory, continuously optimize the human resource structure, and actively build a harmonious, stable, equal, inclusive, safe and healthy working environment. Through standardized employment management systems, sound compensation and benefits systems, diverse communication and participation mechanisms, and caring employee measures, the company has continuously strengthened the foundation of labor rights protection and built a sustainable employer brand with humanistic care and sense of responsibility.

The Overall Situation of the Employees

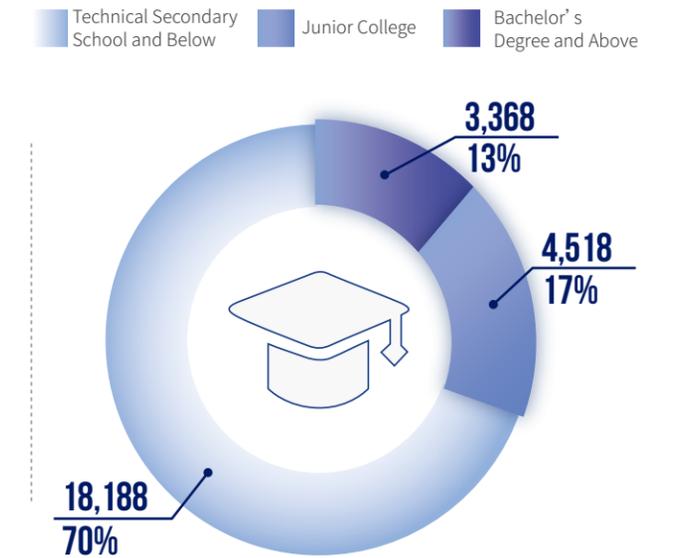
In 2024, under the business philosophy of "stabilizing growth and promoting development", HLA Group further optimized and expanded its workforce, bringing the total number to 26,074. The company has focused on multi-dimensional synergy and specialized division of labor in its human resources layout, forming a complete chain covering production and manufacturing, marketing and sales, technology research and development, financial management, administrative support and other cross-functional departments. The diverse distribution of positions not only meets the daily operational needs of each business segment of the company but also provides a solid human resource foundation for the long-term development of the enterprise.



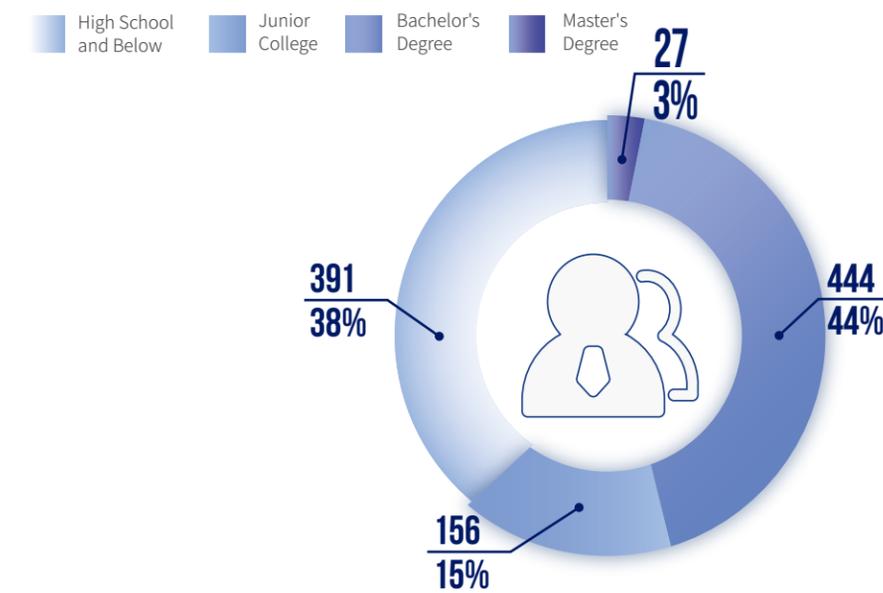
Gender Distribution of All Employees



Educational Background Distribution of All Employees



Educational Background Distribution of R&D Personnel



4.1

Labor Rights

Employment Compliance and Employee Rights Protection

HLA Group has always strictly adhered to relevant regulations such as the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China and has established a systematic employment compliance mechanism and internal management system. The company implements a systematic review process during the onboarding stage of new employees, resolutely eliminating child labor, forced labor, and all forms of discrimination or illegal acts; Supervise the hiring process to ensure that all hiring stages are open, fair, competitive and merit based.



Compensation, benefits and performance assessment are the main means to safeguard employees' rights and interests and to boost their work enthusiasm. HLA Group maintains a strong salary competitiveness in the industry, fully pays the "five social insurances and one housing fund" in accordance with national regulations, and provides multiple incentives such as basic salary, performance bonus, year-end bonus, subsidy, and employee stock ownership plan based on job performance. The company also organizes regular performance communication interviews to help employees understand their goals and directions for improvement. By combining quantitative assessment with qualitative evaluation, it ensures fair and reasonable compensation and promotion for employees.

To further improve compliance management, the company has connected the front-line attendance system to the HR sharing platform and implemented a facial recognition and electronic attendance management model to keep track of employees' attendance in real time. With the continuous improvement of digital supervision of labor relations, the legitimate rights and interests of employees have also been more effectively protected.

Diversity, Inclusion and Employee Care

While safeguarding **labor rights**, HLA Group also attaches great importance to the well-being of each employee and is committed to building a warm and cohesive workplace ecosystem. The company has carried out a wide range of targeted public welfare and cultural activities and established a sound internal care mechanism to ensure that every group can receive the respect and development opportunities they deserve within the enterprise.

In terms of **the rights and interests of female employees**, in addition to legally safeguarding the rights and interests of women in areas such as fertility protection and special holidays, the company also organizes a variety of activities through trade unions and women's federations, such as flower arrangement art, women's health lectures, traditional festival cultural experiences and other theme projects, to help female employees expand their interests and self-worth in their spare time. The company's efforts in nurturing female talents have been recognized by society. In 2024, several of the company's female employees were awarded the title of "Most Beautiful Female Craftsman" at the municipal level.

In terms of **employee care**, the company has provided financial assistance to many employees whose families have fallen into hardship or have fallen seriously ill and has offered targeted student aid subsidies to families with school-aged children and heavy educational burdens. In addition, the union actively coordinated with local government departments to solve the school enrollment problem for the children of migrant workers, successfully helping more than 70 employees' children to attend

Diversity, Inclusion and Employee Care

In terms of health and living benefits, the company has invested a lot of resources to create a healthy and friendly working environment. The company also provides physical and sports facilities such as gyms and basketball courts for its employees, aiming to keep them physically and mentally balanced in their spare time from work. The company also focuses on enriching employees' cultural life in their spare time. During festivals, it organizes group activities or team-building projects to unite the team and create a positive cultural atmosphere.

Employee Recognition Mechanism: Annual Double 100 Selection

In the process of building a positive and enterprising corporate culture, HLA Group has continuously strengthened its internal incentive mechanism. The company holds the **"Double 100 of the Year"** awards ceremony every year to honor stores and outstanding employees with remarkable annual performance. Since the establishment of this mechanism, it has become one of the company's most representative platforms for employee recognition and cultural inheritance. Through this initiative, the company has effectively stimulated the enthusiasm and innovation drive of its employees, demonstrating the company's emphasis on employee growth.



HLA Group holds the "2023 Double 100 Awards Ceremony" on March 30, 2024

Employee Communication and Participatio

The company has established various forms of communication with employees, such as online and offline feedback channels, suggestion boxes, and internal systems, allowing employees to express their opinions and suggestions at any time.

For reasonable suggestions or complaints raised by employees, the relevant departments of the company will immediately conduct research and discussions. Every year, the company systematically collects and compiles suggestions or feedback from employees regarding the company's management system, benefits, career development, etc., and formulates corresponding actions accordingly.

In addition, the company explores various forms of employee participation in corporate governance. For example, a certain proportion of employee representatives are allowed to attend supervisory board meetings or senior management meetings to offer advice and constructive suggestions. Through such democratic communication mechanisms, corporate decision-making can better consider employees' concerns and enhance their sense of belonging and initiative.

4.2

Talent Development

Talent always plays a core role in driving innovation and maintaining competitive vitality throughout the company's continuous growth process. The company understands only through a systematic and well-developed talent development system can it maintain the internal driving force for upward development in a market environment full of changes and challenges. In 2024, the company will further upgrade its training model and build a multi-channel and multi-level development path to help employees, and the company move forward hand in hand and create the future together.

Talent Development Strategy

To achieve the strategic transformation towards intelligent manufacturing and digital operation, the company has proposed a talent development strategy of **"Empowering all staff, cultivating at different levels, and continuous innovation"** in its annual human resources plan. By optimizing the training system in a targeted manner, the company hopes to accelerate the development of mid-to-high-end professionals with more forward-looking thinking and compound skills based on consolidating the existing business talent reserve and thereby build a sustainable talent ecosystem that is "people-oriented, performance-oriented, and innovation-centered".

The company has defined three major talent development goals:

- 01** Systematically enhance the efficiency and innovation capabilities of employees through professional skills training, practical exercises and project incubation around core business segments such as production, sales, design and research and development;
- 02** For middle and senior managers, strengthen the renewal of management concepts and the improvement of leadership, and consolidate the management echelon within the enterprise;
- 03** Carry out specialized talent programs with cutting-edge and strategic significance, build a sustainable pool of reserve talents, and provide continuous talent support for the future business diversification and upgrading transformation of the enterprise.

Training System & Base Construction

To systematically and orderly promote multi-level and multi-field talent training, the company has built the HLA Intelligent Manufacturing Training Base to high standards. The base is equipped with multimedia classrooms, practical workshops and advanced teaching facilities, which can accommodate 200 trainees for both theoretical learning and practical training, meeting the company's training needs in multiple links such as cutting, sewing and ironing. In 2024, the HLA Intelligent Manufacturing Training Base was awarded the title of "Digital Talent Training Base of Wuxi City", fully demonstrating the company's exemplary leadership and industry influence in intelligent manufacturing and talent cultivation.



In terms of the training model, the company adheres to a dual-track approach of **"Theory + Practice"** and conducts training through forms such as centralized lectures and online learning platforms. The base has multiple equipment operation areas for practical skills assessment and emergency drills, and the effectiveness of the training is evaluated through multiple dimensions such as examinations and expert reviews.

The company actively promotes school-enterprise cooperation and industry-education integration and builds a four-in-one talent cultivation system of **"Production, Learning, Research and Application"**. At present, the company not only builds industry-research platforms with higher education institutions and research institutes such as Tsinghua University, Donghua University and China Textile Academy, but also conducts academic exchanges and topic discussions with universities such as Soochow University, School of Cybersecurity and School of Intelligent Manufacturing of Nanjing University of Science and Technology, continuously expanding the depth and breadth of school-enterprise cooperation.

Every year, the group offers **"School-enterprise Cooperation Training Classes"** to universities such as Nantong University, Suzhou Institute of Technology, Jiangyin Polytechnic, and Jiangsu Engineering Polytechnic. Relying on enterprise scenarios and mentor resources, the company has established a diverse practical teaching system to help students bridge the "last mile" from the classroom to their jobs.

In addition, the company has continuously advanced innovative cooperation projects such as the **"E-commerce Live Streaming Project"** and the **"HLA Suxin Incubation Center Project"**, promoting the opening of enterprise scenarios and industrial resources to universities, providing the industry with more compound talents that meet the needs of the front line, and injecting continuous vitality into its own talent team building.

4.2

Talent Development

Training Categories & Course Settings

The company's talent development system covers the entire chain from new employees to senior management. It offers a variety of training categories and courses around different levels and professional directions to ensure that employees receive targeted guidance and improvement at all stages of their careers.

▶ Onboarding training for new employees

Setting up **"onboarding essentials"** for new members, covering corporate culture, rules and regulations, business etiquette and basic workplace skills. Through classroom lectures, scenario simulations, group discussions and mentorship, new employees are helped to quickly integrate into the company and develop professional ethics and a sense of belonging.

▶ On-the-job skills training

Offering vocational qualification training, special job training (such as mechanical repair, electrician, laboratory technician, etc.) and job skills improvement courses for on-the-job employees to enhance their professional capabilities. We also offer advanced courses such as AI workshops to enhance employees' understanding and application of digital and intelligent technologies.

▶ Management training

Focusing on topics such as **"leadership"** and **"project management"**, systematically enhance comprehensive management skills including communication, team building and performance management through case studies, scenario simulations and expert comments, to help managers complete role transitions.

▶ Specialized talent development programs

Implementing programs such as the **"Pheonix Program"**, **"Team Leader Training Camp"**, and **"Professional Elite Class"** for future management and professional backbone and promote the accelerated growth of young talents and the construction of the internal talent echelon of the organization through concentrated training, specialized research and study, and internship rotation.

Annual Training Overview

Training Duration	Training Sessions	Number of Employees Trained
-------------------	-------------------	-----------------------------

650,000 +hrs | **666** Sessions | **170,000** +People

4.3

Health & Safety

Occupational Health & Safety Management System

The company always prioritizes the lives and health of its employees. Through a systematic and professional safety management system, it continuously improves safety regulations and processes and strives to create a safe, healthy and comfortable working environment. In 2024, the company's key measures in occupational health and safety include systematic risk identification and prevention, comprehensive safety training programs, multi-level emergency drills, and accident management and accountability mechanisms, to ensure that employees are fully protected in their daily production and operation activities and to lay a solid foundation for the company's sustainable development.

The company has established and continuously improved the occupational health and safety management system and earnestly implemented the safety production policy of **"safety first, prevention foremost, and comprehensive governance"**. The company has compiled the **"Occupational Health and Safety Management Manual"** and set corresponding annual safety goals and indicators. During the reporting period, the company obtained the **ISO45001 occupational health and safety management system certification** and established a dedicated safety prevention and control command center.

The company has engaged third-party institutions to assist in risk identification and daily monitoring, focusing on common occupational hazard factors such as noise and dust, and conducting relevant tests on a regular basis. In response to potential risks such as high temperature, humidity, flammability and explosiveness, the company has implemented a comprehensive prevention and control model of **"technology transformation + safety protection + staff training"**, equipped with necessary protective detected and rectified in a timely manner. At the same time, increase investment in hardware, install central air conditioning and exhaust systems in workshops, and improve the working environment; All special operation personnel are certified, safety facilities are inspected and maintained regularly, and the equipment integrity rate is maintained at a high level, effectively ensuring operational safety and stable operation.



Safety Training & Education

Safety training is an important means for the company to implement the safety culture and enhance the safety literacy of all employees. The company conducts stratified safety training for new employees, current employees, transferred/returning employees and relevant parties, and combines regular safety-themed lectures, analysis of typical accident cases, fire safety knowledge lectures and on-site drills to instill the awareness of "safety first" in the minds of employees.

Emergency Plans & Drills

In production and business activities, the ability to respond to accidents is directly related to the safety of life and property of the enterprise and its employees. During the reporting period, the company developed specific contingency plans for various potential risks such as fire safety, mechanical injury, and accidents involving special equipment (such as elevators and pressure vessels), and conducted rehearsal training.



4.4

Social Contribution

While pursuing high-quality development, the company has always been actively engaged in national strategies and social welfare undertakings with a high sense of social responsibility. The company is constantly expanding its social influence in multiple dimensions such as sports, education and people's livelihood, exerting the power of a national brand, and is committed to contributing to the public value of society.

In the future, the company will continue to expand the boundaries of social responsibility, leverage its brand strength, deepen cooperation with local governments, public welfare organizations and cultural institutions, and continue to focus on key areas such as public welfare activities, healthy living, rural culture and ecological protection, to promote the organic integration of corporate social value and commercial value, and contribute more to building a more inclusive and sustainable social ecosystem.

“Supporting National Fitness, spreading brand warmth”

In 2024, the company actively supported the development of national fitness and sports, demonstrating corporate responsibility and brand warmth by participating in and sponsoring several high-profile events. The company participated in several city marathons throughout the year: “2024 HLA Wuxi Marathon”, “HLA Jiangyin Fashion Xinqiao Half Marathon” and “HLA Jiangyin Half Marathon”, promoting the construction of the city's cultural brand and advocating a healthy lifestyle through the organization of high-standard events.



The 2024 HLA Jiangyin "Cun BA"

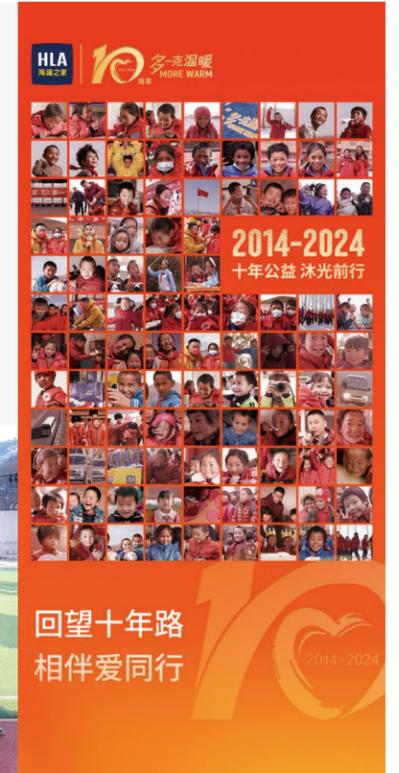
The company is the sole sponsor of Jiangyin's "Cun BA" rural basketball tournament, injecting brand power into grassroots sports and igniting residents' enthusiasm for sports and collective honor. The event covers multiple village and town units and attracts many citizens to participate, truly achieving the goal of "promoting unity and culture through sports" and contributing to the construction of rural spiritual civilization.

“‘More Warm’ 10 Years Anniversary, Move forward”

The "More Warm" charity program initiated by HLA Group in 2014, is celebrating its tenth anniversary. Over the past decade, HLA's "More Warm" program has reaching 24 provinces, municipalities, and autonomous regions across the country, delivering warmth and care to teachers and students in remote areas, including hundreds of thousands of custom-made down jackets. In 2024, the public welfare team of HLA Group revisited Hongtupo Primary School in Yuzhong County, Lanzhou City, Gansu Province, donating down jackets and school supplies to the students. With several "special volunteers" who had received donations a decade ago, organized a charity class meeting and cultural activities centered around the theme "The Future Me."



The "More Warm" 10th Anniversary



回望十年路
相伴爱同行

2014-2024

“Join Hands with Aerospace”

On January 11, 2024, the "Gravity 1 (Yao 1) HLA" carrier rocket, sponsored by HLA Group, successfully launched three remote sensing satellites into their designated orbits in the sea area near Haiyang, Shandong Province.



The launch of the Gravity-1 Rocket, Sponsored by HLA Group

Appendix: Report Indicators Index

This index table is compiled in accordance with the GRI standard, the "Chinese Enterprise Sustainability Reporting Guidelines (CASS-ESG 6.0) - Textile and Apparel Industry".

Report Sections and Contents	GRI Metrics	CASS-ESG 6.0	Report Page Numbers
Sustainable Development Management			
Sustainable Governance Framework and Strategy	GRI 2-9, 2-12	G1.1.1, G1.1.2	Pages 11
Stakeholder Communication and Materiality Assessment	GRI 2-29	G1.2.1	Pages 12-16
Solid Governance · Building the Foundation for Development			
Governance Structure and Operation Mechanism	GRI 2-9, 2-11	G1.1.1, G1.1.3	Pages 21-22
Shareholder Rights Protection and Investor Relations	GRI 2-29, 207-1	G2.1.1	Pages 23-24
Risk Management	GRI 2-23, 2-25	G2.1.3	Pages 25
Business Ethics	GRI 205-1-205-3	G2.2.1-G2.2.3	Pages 26
Green Manufacturing · Forming a Low-carbon Future			
Responding to Climate Change	GRI 305-1-305-3	E1.1-E1.3	Pages 29
Resource Consumption	GRI 302-1, 303-1	E3.1-E3.3	Pages 30
Circular Economy	GRI 301-1, 306-1, 306-2	E3.3	Pages 31-32
Environmental Compliance Management	GRI 306-3, 306-4	E2.2-E2.3	Pages 32
National Quality · Creating a Sustainable Consumption Ecosystem			
Product Quality Control	GRI 416-1, 417-1	S3.1.1	Pages 35
Customer rights protection (Information Security and Privacy Protection)	GRI 418-1	S3.3.2	Pages 35-38
Innovation-driven and Intellectual Property Protection	GRI 203-1-203-2	S2.1.1, S2.1.2	Pages 39-43
Responsible Supply Chain	GRI 308-1, 414-1	S3.2.1	Pages 44
People-Oriented · Building a Better Society			
Labor Rights	GRI 401-1, 405-1, 406-1	S4.1-S4.2	Pages 47-50
Talent Development	GRI 404-1, 404-2	S4.3	Pages 51-53
Health and Safety	GRI 403-1, 403-2	S4.4	Pages 54
Social Contribution	GRI 413-1, 203-1	S1.1.1	Pages 55-56

Notes

- The GRI metrics are derived from the Global Reporting Initiative (GRI) standards.
- The CASS-ESG 6.0 indicator is derived from the "Chinese Enterprise Sustainability Reporting Guide (CASS-ESG 6.0) - Textile and Apparel Industry".

Reader Feedback

Dear reader:

Hello! Thank you very much for taking the time to read this report. In order to provide you and other stakeholders with more valuable information on corporate social responsibility, please help us complete the feedback form and provide feedback to us in the following ways to help us further improve our management of corporate social responsibility.

Email: 600398@hla.com.cn **Address:** Huashi Town, Jiangyin City, Jiangsu Province

1. Which of the following types of stakeholders do you belong to?

- Shareholders and Investors
 Government and Regulatory Agencies
 Employees
 Customers (Consumers)
 Suppliers and Franchisees
 Community and the Public
 Media
 Others

2. Your overall assessment of the corporate social responsibility report for this year:

- Excellent
 Good
 Average
 Poor
 Bad

3. What do you think of this report:

- Disclosure: Excellent
 Good
 Average
 Poor
 Bad
 Layout Design: Excellent
 Good
 Average
 Poor
 Bad
 Readability: Excellent
 Good
 Average
 Poor
 Bad

4. Which topics are of the greatest concern to you? (Choose 3)

- Governance Structure and Operation Mechanism
 Shareholder Protection and Investor Relations
 Risk Management
 Business Ethics
 Response to Climate Change
 Resource Consumption
 Circular Economy
 Environmental Compliance Management
 Product Quality Control
 Customer Protection
 Innovation-driven and Intellectual Property Protection
 Responsible Supply Chain
 Labor Rights
 Talent Development
 Health and Safety
 Social Contribution

5. Are all the information you are concerned about reflected in this year's CSR report?

- Yes
 No

6. Do you have any opinions or suggestions regarding our corporate social responsibility work?

(What other information would you like to see)