Xtep (China) Company Limited

Supplier Corporate Social Responsibility Management Manual

2023 Edition

Foreword

Dear Xtep suppliers:

Thank you for your longstanding commitment to the development of Xtep. Led by its "Multi-Brand Globalisation" strategy and new brand positioning of "World-class Running Shoes of China Xtep," Xtep Group is expanding on the international stage. Xtep Group still needs the support of suppliers as it pursues high-quality development in the future. In order to establish a healthier, incorruptible and more compliant supply chain system, Xtep Group has specially formulated the "Xtep Supplier Corporate Social Responsibility Management Manual" (hereinafter referred to as the "Manual").

To optimise and upgrade supply chains, and uphold the principles of honesty, trustworthiness and integrity, the Manual mainly clarifies the "Xtep Requirements" for supplier's social responsibility and environmental protection. The Manual provides guidelines for the interaction and promotion of such work between Xtep and its suppliers, so that we can work alongside each other to create a sustainable future. The Manual applies to the cooperative suppliers of Xtep brand products.

Xtep looks forward to adhering to this common mission with you and promoting the implementation of the "Xtep Supplier Corporate Social Responsibility Management Manual," so that we can all improve ourselves in a practical way and achieve success together.

Xtep (China) Co., Ltd.

August 2023

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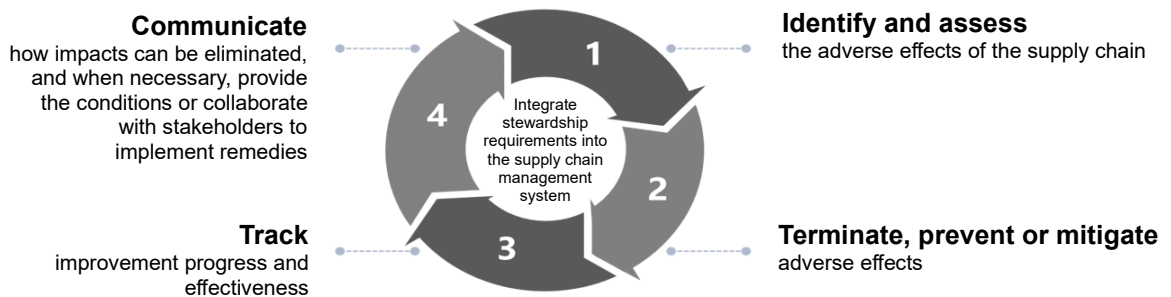
As a leading sportswear brand in China, Xtep Group complies with all laws and regulations related to social responsibility and environmental protection in China to improve self-operations, and is committed to creating a healthy, incorruptible and compliant supply chain with like-minded partners. Therefore, Xtep Group has established a thorough social and environmental stewardship system to help all partners in the supply chain understand the brand's principles and requirements in this area and continuously improve based on relevant standards.

1. Organisational Structure and Scope of the Supplier Stewardship System

At Xtep Group, supplier stewardship is led by the Supplier Management Centre (SMC) in conjunction with the Xtep Group supply chain system. The main tasks of the SMC include:

1) Responsible for the preparation, continuous optimisation and upgrading of review criteria for the supplier social responsibility and environmental stewardship system

2) Responsible for organising internal and external resources to perform annual training on the social responsibility and environmental stewardship standards for suppliers, and continuously improving suppliers' awareness and capabilities around social responsibility and environmental management

3) In collaboration with supply chain partners, conduct social responsibility and environmental system reviews for new and existing suppliers

4) Track suppliers' rectification results to ensure the relevant management requirements of suppliers align with Xtep Group's specifications and requirements in such areas

5) Receive information on emergencies reported by suppliers

6) Handle complaints from employees of suppliers regarding social responsibility and environmental responsibility

2. Stewardship Logic of Social and Environmental Management

Communicate
how impacts can be eliminated, and when necessary, provide the conditions or collaborate with stakeholders to implement remedies

Identify and assess
the adverse effects of the supply chain

Integrate stewardship requirements into the supply chain management system

Track
improvement progress and effectiveness

Terminate, prevent or mitigate
adverse effects

3. Supplier Code of Conduct

Xtep is committed to promoting honest business practices and social responsibility in its supply chain. The Supplier Code of Conduct describes Xtep's requirements for social responsibility and environmental management activities and applies to all suppliers and subcontractors of Xtep Group. Xtep Group expects its suppliers to comply with the requirements set forth in the Supplier Code of Conduct, and Xtep reserves the right to supervise and rectify the practices of all suppliers and subcontractors.

3.1. Integrity and Legal Compliance

Suppliers must comply with all applicable laws and regulations in addition to the Supplier Code of Conduct.

3.2. Child Protection

Workers below the local legal working age shall not be employed. Employees must be at least 16 years old, except for trainees under the professional apprenticeship scheme. In cases where underage individuals are allowed to work, they shall not be subject to a working environment that could harm their health, safety or ethical principles.

3.3. Prohibition of Forced Labour

Forced or compulsory labour shall not be employed; employees shall not be forced or compelled to work by means of violence, threats, debt bondage, indentures, abduction, illegal restriction of personal liberty, or deduction of due wages or statutory benefits; and free choice and freedom from coercion between employees and the company shall be ensured.

3.4. Prohibition of Discrimination

Employees are prohibited from discriminating against other employees and from being treated in an exclusionary or unequal manner in respect of recruitment, remuneration, benefits, promotion, rewards and punishments, termination of employment, etc. on the basis of gender, race, nationality, age, marital status, child status, sexual orientation, religion, physical disability or other reasons.

3.5. Labour Contracts

The company shall enter into employment contracts that comply with local laws with all employees and ensure that all employees sign written labour contracts.

3.6. Remuneration and Benefits

Salaries, overtime wages and benefits that are not lower than the minimum wage standard shall be paid in accordance with regulations. Compensation for overtime work shall be paid based on the provisions of local laws, and working hours shall be within the statutory working hours.

3.7. Occupational Health and Safety

Employees shall be provided with healthy, hygienic and safe workplaces, and protective measures shall be implemented that comply with local laws and regulations. Health and safety policies shall be formulated, and operating procedures shall also be clearly listed so as to reduce the chance of employee injury or illness and safeguard employees' health. Meanwhile, employees shall be provided with full insurance plans (work-related injury insurance) to ensure that, if they are injured, they are entitled to work-related injury insurance benefits.

3.8. Personal Information Protection

Suppliers shall safeguard the security of employees' personal information and prevent the infringement of employees' privacy.

3.9. Freedom of Association and Right of Complaint

Employees' right to organise, and form and join the labour unions of industrial organisations, shall be respected; and they shall have the right to negotiate collectively in a peaceful and legal manner under applicable laws. Meanwhile, the company shall comply with all applicable laws relating to freedom of association and collective negotiation; and refrain from harassment, intimidation or reprisal when employees organise associations freely or negotiate collectively. In addition, effective employee communication and complaint channels shall be established, and confidentiality measures shall be adopted.

3.10. Transparency

All process systems and key information (including emergency information notifications) related to the production of Xtep products shall be disclosed to Xtep Group comprehensively and in a timely manner. Without the permission of the Xtep brand, such information items shall not be privately disclosed to outsourced manufacturers that are not brand-authorised.

3.11. Environmental Protection

Permissions and approvals are required for waste disposal, emissions of wastewater and waste gas, hazardous substances, environmental impact assessments, land use, and noise pollution. Moreover, continuous improvements shall be made in terms of pollutant discharge standards and environmental protection. The company shall minimise environmental pollution; gradually raise its emission standards; actively attempt to use clean energy and related technologies; actively participate in the development and use of renewable materials; and take relevant measures to conserve energy, reduce emissions, promote the circular economy, and gradually reduce greenhouse gas emissions.

3.12. Prohibition of Commercial Practices

The company shall develop policies, a Code of Conduct and operating procedures to eliminate all forms of bribery, corruption and fraud. The company shall ensure the strict implementation of such policies, Code of Conduct and operating procedures; firmly oppose all forms of money-laundering; and take measures to prevent financial transactions from being used by others for money-laundering activities. Under no circumstances may the company enable or participate in any general or specific competition arrangements, including collective price-fixing, illegal market allocation or other illegal activities.

As a fundamental condition of cooperation with Xtep Group, suppliers shall actively abide by the Supplier Code of Conduct, perform training on the Supplier Code of Conduct, and post the Supplier Code of Conduct in all workplaces.

4. Zero Tolerance

4.1. Provision of False Documents

Suppliers must ensure the accuracy and authenticity of the relevant documents they provide to Xtep Group, and they are prohibited from fraudulently using official seals to forge official documents.

4.2. Commercial Bribery

Suppliers shall not directly or indirectly bribe Xtep Group's employees or their relatives in any way, including but not limited to the provision of cash gifts, red packets, shopping cards, securities, gifts in kind (including holiday gifts), borrowings, reimbursed expenses, or other gifts in disguise.

4.3. Employment of Child Labour

If the supplier's employment age policies or practices do not meet the requirements of local laws or Xtep Group's Supplier Code of Conduct (employees shall be at least 16 years old), then the supplier shall adjust its policies and practices so that they meet either local laws or the requirements of Xtep Group's Supplier Code of Conduct, whichever are stricter. If the employment of child labour is found to exist, child labour remedies (such as suspension of work, and provision of medical examinations, educational or vocational training opportunities, financial compensation, etc.) are required to be provided based on local laws, regulations and company policies.

4.4. Forced Labour

Forced labour includes situations in which workers are not willing to work or serve due to any form of punishment or threat. Acts of slavery include human trafficking, bonded labour, imprisonment, contract labour or other forms of forced labour. All penalties that are included in daily management rules must be written and clearly explained to employees through formal or informal training.

4.5. Life-threatening Working and Living Conditions

This refers to workplace or living conditions (accommodation) that may directly lead to serious injury or death for employees or the public, such as triplexes where accommodations are illegally mixed in the same space with other functions (for example: production, storage and business operations).

5. Integrity and Incorruptible Cooperation

We believe that the best way to maintain sound, long-term and in-depth strategic cooperation is to continuously improve processes, provide high-quality products, and achieve cost optimisations through enhanced management to achieve long-term cooperation with Xtep. To this end, Xtep signs an integrity agreement with each supplier, promising to jointly create an incorruptible, transparent and efficient business environment and focus on refining business activities. We hereby reiterate that Xtep's supplier integrity management requirements are as follows:

5.1. Incorruptible Cooperation Agreement

1) Direct or Indirect Bribery:

Suppliers shall not directly or indirectly bribe Xtep Group's executives, business personnel or their relatives in any way, including but not limited to: 1) Provision of tangibles: cash and cash equivalents, cash gifts, securities, gifts in kind or other gifts in disguise. 2) Provision of intangibles: business opportunities, career development opportunities, enrolment or study abroad opportunities, convenient living conditions (including the right to use housing, transportation, communication tools, etc. for free or at prices that do not align with market conditions), etc.

2) Meals and Travelling:

Suppliers are not permitted to provide consumer or personal services (except for simple work meals up to RMB50 per person), including but not limited to: organising entertainment, banquets, tourism, shopping, meetings in scenic areas for the purposes of tourism, or other consumer activities. In addition, the company shall not use pornography, gambling (including card playing, mahjong or other activities of a gambling nature), drugs or other inappropriate activities or goods in public relations initiatives.

3) False Information and Fraudulent Behaviour:

Products and raw materials provided by suppliers shall comply with national standards and Xtep's standards. Suppliers shall not provide untested or unqualified products, or counterfeit or shoddy products, and shall not substitute the best with the substandard. Suppliers shall not use false business vouchers or business data in order to provide services for Xtep, or to obtain concessions from Xtep to receive products, receive relevant policy support and various subsidies, or to reduce or avoid fines.

4) Related-Party Relationships:

Suppliers (Party B for the purposes of this paragraph) shall not have any related-party relationships with Xtep's (Party A) employees or their relatives, including but not limited to: 1) Party B and its related parties jointly establish a company with Party A's personnel and their relatives; 2) Party A's personnel and their relatives are allowed equity participation in Party B and its related parties (including performance shares, dividend rights, etc.); 3) Party B and its related parties employ Party A's personnel and their relatives. If any related-party transaction occurs or related-party relationship exists or arises, Party B shall immediately and truthfully report the matter to Xtep's Risk Control and Audit System.

5) Treatment of Solicitation and Acceptance of Bribes:

In the event that Xtep's employees or their relatives solicit bribes, suppliers shall reject their solicitation and report the matter to Xtep's Risk Control and Audit System immediately. If the bribe solicitation cannot be rejected, suppliers shall report the matter to Xtep's Risk Control and Audit System and provide detailed evidence. If suppliers and their related parties do not reject and report the solicitation of bribes by Xtep employees, and satisfy their requirements, such behaviour shall be regarded as supplier bribery, and the relevant suppliers shall be liable for the corresponding liabilities for breach of contract.

6) Assistance in Investigations:

Suppliers shall establish an integrity management system to exercise control over their own personnel, and suppliers bear responsibility for training and supervising their personnel to prevent them from soliciting bribes, offering bribes, requesting kickbacks or engaging in other fraudulent behaviour in relation to Xtep and other partners. In addition, suppliers and their related parties shall be responsible for their personnel's behaviour. Furthermore, if Xtep's Risk Control and Audit Centre or other relevant departments and units request assistance in a fraud investigation, suppliers shall provide all the assistance that is needed in such investigations.

5.2. Consequences of Breach of Contracts

1)   Xtep has established internal management regulations stipulating that if Xtep employees are confirmed to have violated the above regulations, Xtep will terminate its labour relationship with such employees, and the whistle-blower will be rewarded.

2)   If the supplier violates the above regulations, Xtep has the right to directly terminate cooperation, unilaterally terminate the business contract, deduct the corresponding amounts, and blacklist the supplier in the Enterprise Anti-Fraud Alliance and the Trust and Integrity Enterprise Alliance depending on the severity of the case. In addition, Xtep also reserves the right to hold related parties liable through legal channels.

3)   Other matters that are not covered shall be implemented in accordance with the operational integrity agreement signed between suppliers and Xtep.

5.3. Complaints and Whistleblowing

Complaints about any dishonest behaviour can be made through the following channels:

Email address for complaints and whistleblowing: audit@xtep.com.cn

WeChat ID: Xtep-lianjie

Mailing address: Risk Control and Audit System, 7th Floor, Xtep Operations Centre, 89 Jiayi Road, Siming District, Xiamen, China

The principals of the complaint and whistleblowing channels are limited to the person in charge of the Risk Control Centre and the person in charge of the Supervision Department. The Risk Control Centre only reports to the president of Xtep Group, Ding Shui Po, and the Centre is committed to strictly maintaining the confidentiality of whistle-blowers. After receiving a complaint, Xtep conducts a preliminary investigation of the complaint and of the reliability of the relevant materials, and determines whether to accept the complaint within 5 working days. Suppliers and their related parties are obligated to assist Xtep in fraud investigations.
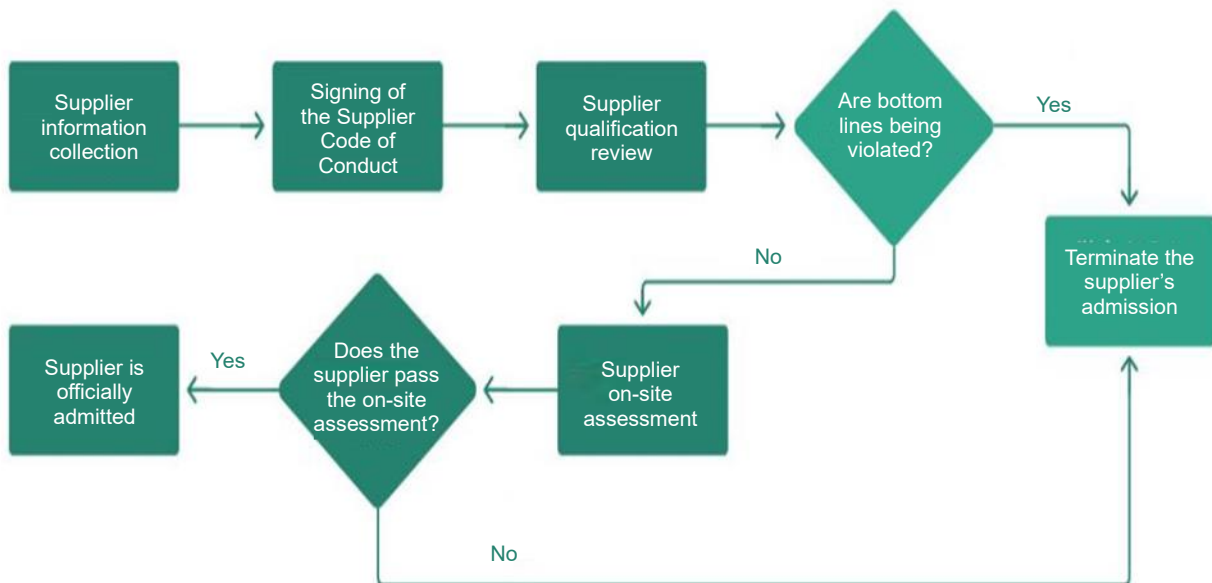
II. New Supplier Admission Process

1.   Basic Criteria for New Supplier Admission

Admission criteria	Detailed requirements
Social responsibilities and environmental protection	➢ Comply with requirements related to labour equity, occupational health and safety, and human rights protection in Xtep Group's Supplier Code of Conduct and in national regulations ➢ Comply with environmental protection requirements in Xtep Group's Supplier Code of Conduct and in national regulations
Bottom-line terms	➢ Child labour ➢ Forced labour ➢ Life-threatening working and living conditions

2.   New Supplier Admission Review Process

Xtep Group's supplier admission process is divided into qualification assessment and on-site assessment. Suppliers should first pass the qualification assessment (document review). Except for special categories and cooperation models (e.g. trading) that can be exempted from on-site assessment, the admission of all other types of suppliers (raw materials for footwear and apparel, auxiliary and packaging materials, finished goods production, semi-finished goods production) of Xtep Group are subject to on-site assessment. Only after passing the on-site assessment can Xtep Group officially cooperate with suppliers. In both the qualification assessment and on-site assessment stage, social responsibilities and environmental systems are important factors for supplier admission.

3.   Supplier Qualification Assessment

Upon initiation of the new supplier admission process, the Supplier Management Centre sends a link to the potential supplier to collect basic information. After the supplier downloads the Supplier Code of Conduct on the SCM platform, the supplier should sign it, fill in other key information if needed and upload it to the SCM platform. After obtaining a basic understanding of the potential supplier's social responsibility management through the collected information, the SMC conducts a qualification assessment based on the information submitted by the supplier. Please refer to the following table for the structure of the information to be collected, and refer to the appendix for details.

No.	Category	Details of documents
1	Completion of a basic information form	Supplier Basic Information Questionnaire (legal representatives, shareholders, identity information of actual controllers, production line configuration, equipment list, top three/five customers' information, turnover, certification information, company organisational structure, working hours information, number of male and female employees, and company payment information), and scanned copy of the signed Supplier Code of Conduct of Xtep Group
2	Third-party qualification assessment-related materials	Information regarding the following accreditations and their validity: ISO9001, ISO14001, ISO1004 and OHSAS18001, and other system or qualification information
3	Compliance materials	Compliance materials: Environmental assessment reports, sewage licences and fire safety acceptance reports

4. New Supplier Social Responsibility On-Site Assessment

4.1 After suppliers pass the qualification assessment, SMC staff visit the production sites of potential suppliers to verify and evaluate their social responsibility and environmental management documents (please see the appendix for the list of documents to be inspected on site) and actual implementation on site.

Social responsibility system assessment dimensions	Environmental system assessment dimensions (mainly for material suppliers)
① Child protection	
② Forced labour	
③ Human resource management	
④ Compliance and regular review	
⑤ Production safety risk management	① Waste gas, wastewater and waste residue management
⑥ Fire safety	
⑦ Chemical control	② Climate change, energy efficiency and emission reduction
⑧ Living environment	
⑨ Equality and democratic rights	③ Environmental system process and system
⑩ Wages and social security	
⑪ Working hours and right to rest	
⑫ Processes and systems	

4.2 On-site assessment workflow
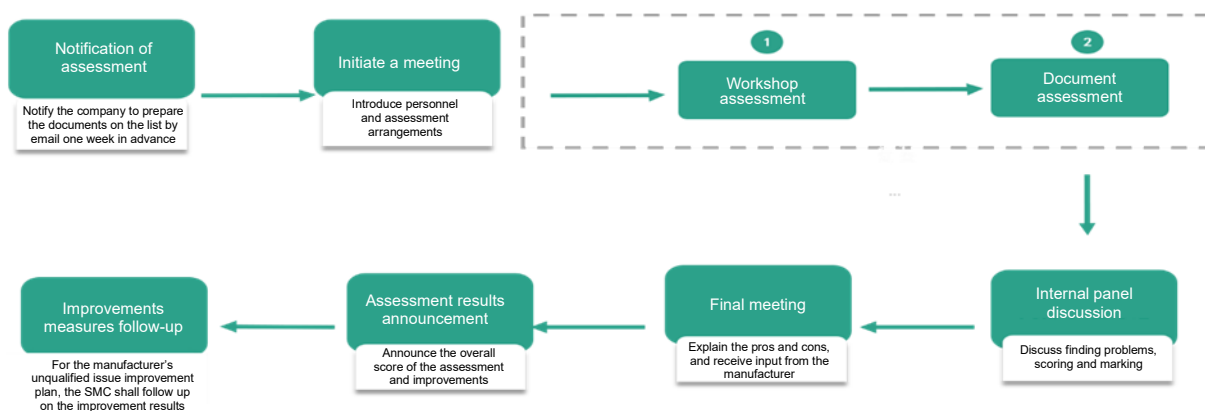
The social responsibility and environmental system assessment score must be ≥ 60, and there must be no violations of the bottom-line terms.

III. Annual Supplier Social Responsibility Assessment and Rating

3.1 For the main garment and material suppliers with whom the Group has already established cooperative relationships, Xtep Group conducts a comprehensive assessment of the performance and risk of the implementation of CSR and environmental systems during the period of October-December on an annual basis. This assessment is designed to ensure that suppliers comply with the requirements of the Supplier Code of Conduct, and to maintain compliance and continuously improve suppliers' day-to-day management.

3.2 The social responsibility assessment dimensions and assessment process are identical to those in the supplier admission on-site assessment.

3.3 The rules for rating and applying the results of supplier social responsibility assessments are as follows:

Ratings	Range	Application
S, superior	90 ≥ score	Supplier self-assessment, sampling assessment once every 2 years, eligible to participate in the annual group supplier evaluation, and selected for the strategic core supplier candidate list
A, excellent	85 ≤ score < 90	Sampling assessment once every 2 years, eligible to participate in the group supplier evaluation, and selected for the strategic core supplier candidate list
B, good	70 ≤ score < 85	Sampling assessment once per year, regular follow-up on non-compliant issues for improvement, conduct semi-annual reviews, and eligible to participate in supplier evaluations
C, pass	60 ≤ score < 70	Sampling assessment once per year, regular follow-up on non-compliant issues for improvement, conduct semi-annual reviews, and not eligible to participate in any supplier evaluations
D, fail	Score < 60 coupled with zero tolerance issues	Suppliers are required to make immediate improvements; and if a review is failed within one quarter, they are classified as high-risk suppliers, and reductions in the volume of cooperation orders are considered until suspension/withdrawal of cooperation

IV. Complaint Mechanism and Material Incident Reporting

4.1 Complaint Mechanism

Xtep Group requires all partners to follow the Supplier Code of Conduct. Individuals or organisations in the supply chain that are affected by a breach of the Supplier Code of Conduct can lodge a complaint with Xtep Group's Supplier Management Centre; Xtep Group is committed to maintaining strict confidentiality for whistle-blowers. After receiving a complaint, Xtep Group conducts an on-site investigation. For any adverse impacts caused, Xtep Group consults with all relevant parties to formulate a solution. After reaching an agreement, Xtep Group continues to follow up on the results of the improvement effort, and develops a remedial plan with the affected individual or organisation.

Submit a complaint: CSR@xtep.com.cn
Tel: 0595-68860130

Xtep requires all T1 and T2 suppliers to post contact information for complaints in public areas within their factories and provide training to all employees.

4.2 Material Incident Reporting

In the event of a major emergency with an internal supply chain partner, Xtep Group needs to be able to obtain detailed information on a timely basis so that it can respond to enquiries from external stakeholders.

Emergencies that must be reported to Xtep Group include, but are not limited to, the following events:

- ✧ Significant infectious diseases in or around the supplier, or the area in which the supplier is located is under lockdown
- ✧ A material incident that has aroused public concern
- ✧ Major personnel casualty accidents
- ✧ Major environmental accidents
- ✧ Major natural disasters

Material incidents shall be reported to the SMC and the director of Supply Chain Operations at the same time by the head of the supplier or the head of the supplier's social responsibility and environmental system within 24 hours.

Material incident reporting channels:

Email: CSR@xtep.com.cn
Tel: 0595-68860130

V. Social Responsibility System Assessment Criteria

1.	Child protection
1.1	Are all current employees over the age of 16
1.2	Are children who are located on the premises due to special circumstances (e.g. holidays or unattended children) placed in an exclusive area and cared for properly
1.3	Does the supplier protect the rights of female employees during pregnancy, childbirth and breastfeeding
1.4	Are preventive and remedial measures in place to address the risks of child labour

2.	Forced labour
2.1	Is the manufacture of Xtep-branded products outsourced to prisons
2.2	If employees (including foreign workers and ethnic minority workers) are recruited through a third party (e.g. an intermediary), does the company have authorisation from the local government's statutory authorities, and have contracts been signed with the workers
2.3	Does the company detain the workers' identity documents? Are workers protected from restrictions or threats when leaving the company
2.4	Are workers restricted to their designated work areas during working hours

3.	Human resource management
3.1	Have employment contracts been signed with all employees and kept by both parties
3.2	Are the contents of the employment contract reasonable (probationary period and termination of contract)
3.3	Is there an internal reward and penalty system, and have all of the supplier's employees been made aware of the system through training
3.4	Are there systems and rules in place for employees to respond to and/or appeal any disciplinary decisions without negative consequences
3.5	Is turnover monitored and are the root causes analysed (with accurate records of how it is calculated and the results)
3.6	Does the supplier have a system in place to prevent harassment and abuse of employees, with relevant penalties

4.	Compliance and regular checks
4.1	Does the supplier have the required business licences, including business permit, business licence, fire safety inspection report, building safety permit and environmental impact assessment report
4.2	Has the supplier established a work safety management system or policies and provided regular work safety training to its employees
4.3	Is special equipment (e.g. elevators, forklifts, boilers, pressure vessels, cranes, etc.) required by local regulations in the workshop well-maintained and certified by professional organisations
4.4	Are employees working in high-risk jobs certified (electrician licences, forklift licences, etc.)
4.5	Are all electrical facilities and special equipment well-maintained and regularly inspected

5.	Production safety risk management
5.1	Are special protection measures in place for pregnant and breastfeeding workers
5.2	Are workplace risk assessments conducted to identify hazards, evaluate risks and take corrective action once a year(including fire safety, chemical safety, etc.)
5.3	Are adequate and effective protective measures (full guards, two-handed operation switches, sensors, etc.) in place for workers operating dangerous machine equipment or parts
5.4	Have employees received basic health and safety training in the appropriate use of personal protective equipment (PPE) and the safe use of high-risk equipment

5.5	Is there a company accident procedure (system) in place to ensure that Xtep Group receives relevant information
5.6	Are injuries publicised and posted, with relevant cause analysis and corrective action taken
5.7	Are trained and certified first-aid personnel available in accordance with relevant legislation
5.8	Are first-aid kits and comprehensive medicines available in all areas of the workshop
5.9	Are employees provided with free labour-protection products
5.10	Are labour supplies supervised, changed regularly and stored in a suitable and clean place
5.11	Are warning signs posted in high-risk areas
5.12	Are there standard operating procedures (SOPs) for risky equipment
5.13	Are employees provided with regular medical check-ups to measure the impact of their work
5.14	Is the workshop well ventilated
6.	**Fire safety**
6.1	Is there a fire management system and emergency planning mechanism in place
6.2	Have new and existing employees received fire safety training
6.3	Does the person in charge of fire safety management in the factory have the relevant qualifications and knowledge
6.4	Are all floors in the production workshop equipped with fire alarm systems that work properly (on-site testing is required)
6.5	Does the fire alarm system work properly in the event of a power failure (backup system)
6.6	Are alarm bells set up in multiple areas of the workshop
6.7	Do workshop staff/managers know how to use the fire alarm and does the alarm need to be switched off by an authorised person
6.8	Is there a map/table of fire protection facilities in a conspicuous place in all workshop and office areas
6.9	Are fire evacuation plans prominently displayed in all workshop and office areas
6.10	Are emergency escape doors clearly labelled, unobstructed, easy to operate, and at least 80cm wide, and do they open in the direction of evacuation without special effort
6.11	Are there at least two emergency exits (at least 5 metres apart) on each floor of the workshop/office area, one in the front and one in the rear, that are clearly marked
6.12	Is there an area for storing flammable materials (or storing flammable items, e.g. materials and chemicals) on the emergency evacuation stairs
6.13	Are there enough fire hydrants, and are they operational
6.14	Are the number of fire extinguishers in each area and the way they are installed standardised (evenly distributed)
6.15	Are fire extinguishers clearly labelled with instructions for use
6.16	Are firefighting facilities blocked, making them difficult to access
6.17	Is there a record of regular inspection of firefighting facilities, and is it maintained and replaced at least once a year
6.18	Are emergency lights installed in all areas (warehouses, workshops and offices), and are they working properly
6.19	Is there at least one emergency evacuation meeting point known to all employees; is it at least 10 metres away from the building; and can it accommodate almost all employees
6.20	Is there at least one fire drill organised each year, and can the supplier provide a complete record of the fire drill (summary of the fire drill, completion time, photos, drill planning, etc.)

6.21	Are the warehouses and other material storage areas equipped with explosion-proof lights
6.22	Ask a sample of 2-3 on-site employees if they understand the use of firefighting equipment and escape routes, as well as the significance of fire alarms
6.23	Is the supplier's premises equipped with an automatic sprinkler system according to the risk analysis of local laws
6.24	Does the supplier have an intelligent fire control system (a plus)

7. Chemical control

7.1	Is an effective chemical control plan implemented in the production process
7.2	Are chemical storage, usage, handling and disposal measures established, and are flammable, corrosive and hazardous materials segregated, stored and labelled
7.3	Are Material Safety Data Sheets (MSDS) available for all chemicals
7.4	Can those responsible for managing chemicals read and understand the MSDS
7.5	Do people in chemical-related positions, including those who operate, use, store, and purchase chemicals, understand chemical risks
7.6	Are effective emergency PPE and emergency facilities located close to work stations and chemical storage areas where hazardous chemicals are used
7.7	Are chemicals stored in suitable containers and labelled
7.8	Are medical examinations conducted for employees who are exposed to chemicals and have health risks
7.9	Are workshop and chemical storage areas adequately ventilated

8. Living conditions

8.1	Is there a canteen for employees, and do the canteen's operations and staff arrangements meet the requirements of the law
8.2	Are there any dormitories for employees, and if so, do they have relevant management rules and are they managed by dedicated staff
8.3	Are the dormitories provided for employees non-triplex (production, storage and operation) dormitories without major safety hazards
8.4	Do the evacuation staircases, escape routes and aisle widths of the dormitories comply with relevant requirements
8.5	Are the safety exits of the dormitories provided by the factory clearly labelled
8.6	Is there an evacuation diagram in the dormitory provided by the factory
8.7	Does the factory-provided dormitory have emergency lights that work properly
8.8	Does the factory-provided dormitory have alarm bells and are they working properly
8.9	Do the fire extinguishers in the dormitory meet the relevant requirements and work properly, and are they properly maintained
8.10	Are the fire hoses inside the dormitory working properly
8.11	Do the fire hydrants in the dormitory meet relevant legal requirements

9. Equality and democracy

9.1	Are systems in place for recruitment, training and promotion processes to ensure that employees are not discriminated against in the workplace on the basis of gender, ethnicity, age, religion, disability, sexual orientation, etc
9.2	Does the supplier pay its employees according to the principles "to each according to their work" and "equal pay for equal work"
9.3	Are there any restrictions on forming a trade union
9.4	In the event of a dispute, is there an effective appeal process for employees to follow? Are there any indications that such appeals are taken seriously

10.	Salaries and social insurance
10.1	If the salary amount does not match the legal and contractual amount, is there an appeal process for anomalies
10.2	Is the payroll processed through banks with detailed statements
10.3	Do employees understand the calculation logic of their monthly salary (bonus, overtime allowance and base salary)? Do the employees understand their benefits (maternity leave, annual leave, etc.)
10.4	Does the supplier purchase workers' compensation insurance for all employees
10.5	Does the supplier provide social insurance for employees in accordance with national regulations

11.	Working hours and right of day-off
11.1	Do employees know the working time policy, and is there a clear process or procedure for requesting and receiving approval for overtime in place (training on working hours system)
11.2	Is it guaranteed that the maximum working hours per week are fewer than 72 hours and that there is at least one day off every 7 days (check attendance records)
11.3	Are there contingency plans in place for working hours during the off-season and peak season (similar to a "time in lieu" system)

12.	Management system
12.1	Is there a dedicated person responsible for promoting and operating the internal social management system
12.2	Has the supplier obtained a third-party social management system certification
12.3	For cases of non-compliance identified in the internal self-assessment and in the Brand Social Responsibility Review, has there been remediation and debriefing? Have preventive measures and improvements been implemented
12.4	Does the supplier consider the brand's requirements for social responsibility when selecting its own cooperation partners

VI. Environmental Management System Approval Standards

1. Management of the three types of waste

1.1	Is there an internal catalogue for the treatment of the three types of waste (wastewater, waste gas and solid waste)
1.2	Have effective measures been taken to identify sources of wastewater and to collect and treat all wastewater discharge
1.3	Are wastewater treatment facilities effectively operated and maintained; is wastewater discharged only after meeting the discharge standards; and can a discharge report for the past year be presented
1.4	Is industrial wastewater collected and treated in a classified manner, and are measures taken to reduce wastewater discharge
1.5	Does the supplier hold a licence for industrial wastewater discharge
1.6	Are the plant's emissions sources identified
1.7	Have permits been obtained for waste gas emissions
1.8	Is emissions equipment regularly inspected and maintained
1.9	Are the plant's sources of solid waste identified, and are there procedures for handling different types of solid waste
1.10	Are effective measures taken to reduce solid waste generation
1.11	Is solid waste handled by a qualified handler, and is the company regularly reviewed
1.12	Are records regarding solid waste transfer, treatment and disposal complete and traceable

2. Climate change and emission reduction, and pollution control

2.1	Has the enterprise implemented monitoring, statistics and data collection processes for its consumption of water, electricity, coal, fuel oil and gas
2.2	Has the enterprise actually installed energy-efficient and emissions reduction equipment to reduce energy loss (e.g. photovoltaic and water recycling equipment)
2.3	Are there examples of water, electricity and gas usage reductions the enterprise has achieved by introducing new technologies and processes, or retrofitting old equipment and processes
2.4	Does the enterprise actively participate in green supply chain and carbon footprint training organised by external stakeholders (e.g. customers, brands, industry organisations, and government), and does the supplier share or disclose relevant data

3. Management system

3.1	Is there a dedicated person responsible for the promotion and operation of the environmental management system within the factory, covering wastewater, waste gas and solid waste management
3.2	Has the enterprise obtained a third-party environmental management system certification
3.3	Has the enterprise rectified and reviewed the items that failed to meet the requirements of the internal self-review and brand environmental review, and established preventive and improvement measures
3.4	When selecting its partners, does the supplier consider the brand's environmental review requirements as a factor for cooperation

VII. Appendix

7.1 Basic Information Form for Suppliers

Business registration information of the supplier	
Supplier name	
Registered place	
Date of incorporation	
Business licence (whether the supplier has passed the annual inspection)	
Unified Social Credit Code	
Tax number	
Type of company	
Registered capital	
Paid-in capital	
Account-opening bank	
Bank account number	
Bank code (CNAPS number)	
Business scope (in accordance with its business licence)	
Basic information of the supplier	
Business nature	
Plant ownership	
Listed or not	
Date of listing	
Fixed assets	
Net assets	
Net assets of previous year	
Current assets	
Name of the legal representative and their contact number and email address	
Name of the actual controller and their contact number and email address	
Authorised business representative/person-in-charge of the factory and their contact number and email address	
Organisational structure	
Overall operational processes	

Business and R&D address, contact person and contact number	
Production address, contact person and contact number	
Basic information regarding the production capacity of the supplier	
Total factory area	
Plant area	
Office area	
Design and development area	
Warehouse area/volume	
Production area	
Total number of employees, male and female	
Business headcount	
Total production headcount	
Quality control function headcount	
R&D function headcount	
Raw material warehouse headcount	
Finished product warehouse headcount	
Warehouse and transportation headcount	
Cutting staff headcount	
Sewing staff headcount	
Finishing staff headcount	
General administration staff headcount	
Electrician headcount	
Logistics staff headcount	
Equipment maintenance staff headcount	
Percentage of local staff	
Average age of production line staff	
Average number of years in current job of production line staff	
Major production equipment and number	
Major inspection equipment and number	
Configuration of production line equipment on the shop floor	
Normal annual production days	

Monthly average working hours	
Annual production in the previous year	
Estimated annual production for this year	
Annual supply, percentage of total production and lead time of the largest customer	
Annual supply, percentage of total production and lead time of the second largest customer	
Annual supply, percentage of total production and lead time of the third largest customer	
Self-owned brand, share of the self-owned brand and share of domestic trade	
Basic information regarding the quality capabilities of the supplier	
Has it received ISO9001 (quality management system) certification	
Has it received ISO14001 (environmental management system) certification	
Has it received OHSAS18001 (occupational health and safety management system) certification	
Other important certifications	
Quality officer, their position and contact number, and the department's structure	
Have inspection and quality control personnel passed induction training	
Years of working experience of inspection personnel	
Supplier production technology/process level	
What is the level of the functional architecture diagrams in the product development department	
Work experience of R&D staff	
Are the products self-designed	
Development and design software applied	
Employment policy information	
Employment policy of the enterprise (e.g. principles followed, including human rights, development, and protection)	
Name, gender, contact number and email of employee management representatives	
Have employee labour contracts been signed	
Periodicity of the signing of labour contracts	
What kind of social insurance is provided to employees	
Accommodation arrangements for employees	
Meal arrangements	
Is there a medical centre	
Normal working hours per day	
Overtime hours per day	

Total working hours per day (including overtime)	
Commuting time	
Number of working days per month	
Employee wages of the supplier	
Average and highest wages for tailor employees	
Average and highest wages for sewing employees	
Average and highest wages for employees in the final process	
Recent two months' pay slips and bank remittance certificates, by department and by type of work	
Bank receipts / bank statements for the top three largest expenditures in the last month	
Payroll method for sewing employees	
What kind of standard working hour system is applied	
Are there any productivity statistics	
Average production efficiency	

7.2 Checklist for Social Responsibility System and Environmental System Reviews

Category	Details of documents	Remarks
Labour review-related information	Employee roster	
	Employee file information	
	Original labour contracts	
	Medical and social security contribution records	The most recent year
	Work-related injury insurance records	The most recent year
	Recent overtime records	Including approval records
	Human resource management system	Including recruitment policy and leave policy
	Underage employee management policy	
	Employee complaint management process	
	Employee discipline management system	
	Reward and punishment records	The most recent half year
	Anti-forced labour system	
	Integrity/anti-bribery policy	
Health and safety review-related information	Relevant qualification documents for acceptance of buildings in the factory area	Fire inspection report and environmental assessment acceptance report
	Safety management system	
	Fire drill records	The recent year

	Labour protection management system/regulations	
	Work-related injury handling process/regulations	
	Employee physical examination records (including occupational disease physical examination reports)	Most recent
	Fire inspection records	
	Safety and special operations-related personnel qualification documents	Safety officer certificates, health certificates (if applicable), electrician certificates and forklift operator certificates
	Classification and testing records of special equipment	Boilers, lifts and forklifts
	Catering licence (if applicable)	
	Factory and workshop floor plan	
	List of chemical substances	
	Chemical safety management system	
	Work-related injury records (last 12 months)	
	Workplace occupational hazards evaluation and testing report	
	Chemical safety management system	
	Occupational health and safety training – employee records	The most recent year
Environmental review-related information	Environmental management system	
	Hazardous waste (wastewater, waste gas and solid waste) treatment process	
	Hazardous waste (wastewater, waste gas and solid waste) treatment monitoring report	
	Hazardous waste (wastewater, waste gas and solid waste) third-party treatment qualification information	
	Hazardous waste (wastewater, waste gas and solid waste) third-party treatment contract	
	Energy collection data (if any)	The most recent year
	Energy efficiency and emissions reduction-related measures (if any)	The most recent year
	Relevant environmental system certifications (if any)	BLUESIGN certification, RCS certification, BSCI certification, SA8000 certification, Disney ILS Program, etc.
	Records of participation in environmental protection and carbon footprint-related activities and training (if any)	
	Carbon footprint-related data collection (if any)	

7.3 List of Laws, Regulations and Standards for Reference

7.3.1 Social and Environmental Stewardship Review Standards for Reference
Guidelines on Social and Environmental Stewardship for China's Textile and Apparel Enterprises
7.3.2 Reference Laws and Regulations related to Social Responsibility Standards
Criminal Law of the People's Republic of China
Labour Law of the People's Republic of China
Law of the People's Republic of China on the Protection of Rights and Interests of Women
Trade Union Law of the People's Republic of China
Company Law of the People's Republic of China
Compulsory Education Law of the People's Republic of China

Law of the People's Republic of China on the Protection of Minors

Social Security Law of the People's Republic of China

Law of the People's Republic of China on Prevention and Control of Occupational Diseases

Work Safety Law of the People's Republic of China

Regulations for the Special Protection of Minor Workers

Regulations on Work-related Injury Insurance

Provisions on Prohibition of Child Labour

Standards on the Standardised Evaluation of Production Safety for Textile Enterprises

7.3.3 Reference Laws and Regulations related to Environmental System Review Standards

Environmental Protection Law of the People's Republic of China (Amended in 2014)

Law of the People's Republic of China on Prevention and Control of Water Pollution

Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution

Law of the People's Republic of China on Prevention and Control of Environmental Pollution Caused by Solid Waste

Law of the People's Republic of China on Promoting Clean Production

Law of the People's Republic of China on Promoting the Sustainable Economy

Energy Conservation Law of the People's Republic of China

Water Law of the People's Republic of China

Renewable Energy Law of the People's Republic of China

Regulations on Safety Administration for Hazardous Chemicals

Environmental Protection Tax Law of the People's Republic of China

Measures for Prevention and Control of Environmental Pollution by Discarded Dangerous Chemicals

National Catalogue of Hazardous Waste

Measures for Environmental Management Registration of New Chemical Substances (2021)

Discharge Standards for Water Pollutants from Dyeing and Finishing in the Textile Industry (GB4287-2012)

Administrative Measures for Pollutant Discharge Licensing (for Trial Implementation) (2019)

Regulations on Safety Administration for Hazardous Chemicals (2013)

Provisions for the Safe Use of Chemicals on Work Sites (1997)

Measures for the Implementation of Work Safety Licences for Hazardous Chemicals (2013)

Measures for the Administration of Hazardous Waste Operating Permits (2016)

7.3.4 Reference Laws and Regulations related to Integrity Cooperation Agreements

Criminal Law of the People's Republic of China

Company Law of the People's Republic of China

Law of the People's Republic of China Against Unfair Competition

THANKS
FOR
READING