



ANTA Sports Products Limited



ACT NOW

FOR THE FUTURE

## About the Report **GRI: 102-3; 102-4; 102-45; 102-46; 102-48; 102-49; 102-50; 102-51; 102-53;**

The healthy and long-term development of a business is built on the foundation of a good environment, society and governance. Hence, we have been putting efforts in creating a comprehensive internal guidelines and operation manual for many years, using our best administrative measures to reduce the risk in enterprise operation. In order to allow each stakeholder to learn about our performance during the year, we will illustrate our philosophy, measures, performance and future plans regarding sustainability in this Report.

The Report covers the sustainability performance of our Group during the year, focusing on providing an overview of the environmental, social and governance performance of our major operating units<sup>1</sup> in China. It is prepared in accordance with the “Environmental, Social and Governance Reporting Guide” of the HKEX and in the greatest extent with reference to the “Core Option” in the Global Reporting Initiative Standards. By referencing the strict reporting guidelines, we aim to further enhance the comprehensiveness and representativeness of the content of this Report.

The data and information used in the Report are from our archived documents, records, statistics and research. In order to effectively review our performance during the year, we continued to hire CCA to analyze our carbon emission source and other environmental data. We also engaged a consultancy firm to complete a wide range of tasks, including stakeholder engagement and materiality assessment. We had thorough communication with our stakeholders with the participation of independent third parties, so as to examine the overall performance of the Company.

The resources and dedication we contributed to this report depicts our emphasis in environment, society and governance, as well as our determination to integrate sustainability into our daily business operations. Should you have any feedback on this report, please send an email to [ir@anta.com.hk](mailto:ir@anta.com.hk) or fax to +852 2116 1590. Your valuable comments will help us to improve and grow with time. Your information will be strictly protected and will not be disclosed to third parties. We appreciate your feedbacks towards the Report.

## Ideas of the Report **GRI: 102-12**

The Group used concrete actions to take on corporate social responsibility and in response to the “17 Sustainable Development Goals”<sup>2</sup> published by the United Nations in “The 2030 Agenda for Sustainable Development”. This Report will use these goals as a theme and show our care and response for the society.

In September 2015, 193 members states of the United Nations adopted “The 2030 Agenda for Sustainable Development”, which included a set of “17 Sustainable Development Goals”. These goals aim to stimulate joint-effort of the 193 member states to end poverty, achieve equality and combat climate change in the coming 15 years.



ANTA Sports, as a leading Chinese multi-brand sportswear company, has the responsibility to support these 17 goals. With our management’s leadership and our brand influence, we will continuously promote the quality and standards of the industry. We believe a favorable operation environment can support a stable and healthy development of a company. Hence, our support for the “17 Sustainable Development Goals” becomes an excellent channel to improve social situation. We deeply believe that the current investment and devotion of our Group will lay the foundation for our future development. When the social environment and industrial situation improves, we will also be benefited.

Therefore, the objective of this Report is respond to the “17 Sustainable Development Goals” of the United Nations and demonstrate our responsibilities and devotion to our stakeholders including employees, clients, investors and suppliers, etc.





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## Company Profile GRI: 102-1; 102-2; 102-6

ANTA brand was established in 1991, while ANTA Sports Products Limited (Stock code: 2020.HK), a leading sportswear company in China, was listed on the Main Board of Hong Kong Stock Exchange in 2007. For many years, we have been principally engaging in the design, development, manufacturing and marketing of ANTA sportswear series to provide the mass market with professional sporting products including footwear, apparel and accessories. In recent years, we have started moving full steam ahead on the strategy of “Single-Focus, Multi-Brand, and Omni-Channel” to deepen our footprint in the sportswear market in China. By embracing an all-round brand portfolio including ANTA, ANTA KIDS, FILA, FILA KIDS, DESCENTE, SPRANDI, KINGKOW, KOLON SPORT and NBA, and by seizing every opportunity arising in various important retail channels, we aim to unlock the potential of both the mass and high-end sportswear markets in China.

## Group Structure GRI: 102-5; 102-18

Detailed group structure and definitions can refer to 2017 Annual Report.

1. The manufacturing facilities covered in this report include ANTA China (PRC), Athletic (PRC), Quanzhou Material (PRC), Henan Material (PRC), ANTA Xiamen (PRC), Xiamen ANTA Industrial (PRC) and ANTA Changting (PRC). For administrative facilities covered, these include the office buildings of ANTA and FILA in Xiamen and Jinjiang as well as the self-operated FILA and DESCENTE stores. The data is primarily derived from internal documents and records as well as estimations made by our employees
2. Source: <http://www.un.org/sustainabledevelopment/>



It was the best of times, it was the worst of times.

A lot of creative idea were blooming around the world in the previous year – from all kinds of innovative technologies, techniques, concepts, currencies to transaction methods. All these flourishing innovation are leading us to a new era. For instance, the virtual reality technology enriched the online shopping experience, allowing shoppers to try on clothes without the need of going to a physical store. It is now possible for shoppers to stay home and purchase clothes that fit. In this ever-changing era, we gained plenty of new experience and inspiration when we are creating, which subverted the past and traditional practices by using a new interpretation. Everything seems to indicate that we are moving towards a better era.

Nevertheless, we are also facing the worst era. In 2017, extreme weather conditions became more frequent, resulting in countless economic loss and casualties. There were three large-scale hurricanes in the United States in the second half of the year that affected millions of people. In July and August, flooding occurred in India, Nepal and Bangladesh, which contributed to over 1,400 casualties and destroyed about 40 million people's homes. These floods submerged many parts of India, as well as one-third of the communities in Nepal and Bangladesh. Further, the deadly floods and mudslides happened in Africa's Republic of Sierra Leone in August killed over 1,000 people. These tragedies are signs showing that the nature is taking revenge on humanity, warning us to make up for the damage that we have done to the environment.

In this dilemmatic best and worst times, we need change and innovation to maintain the Group's sustainable development!

The environmental and climate change are pushing us to make adjustment to our current lifestyle and adapt to the new situation. These problems do not only affect our daily lives, it also affects how the corporation operates. For example, the change in global climate has an impact on the customer demand. In order to better adapt to a hotter summer or a colder winter, it is necessary to improve the functionality of the apparel to meet external changes in the environment. At the same time, consumers have stronger awareness of environmental protection as they pay more attention to product material and manufacturing method. The society expects corporation, to care about the environmental impact they made and take on social responsibilities while making profits.

During the year, we do not only focus on restructuring the internal procedures for improving the logistic efficiency, but we also cooperate with external organizations to develop material and technology research, addressing the risk brought by the environmental changes in practical actions. Also, we would like to response to the "17 Sustainable Development Goals" suggested in the United Nations. We are designing better solutions and strategies to answer the society needs and contribute to solving environmental and social problems.

In this ever-changing time, we are prepared to handle any upcoming challenges and we are committed to taking responsibility.



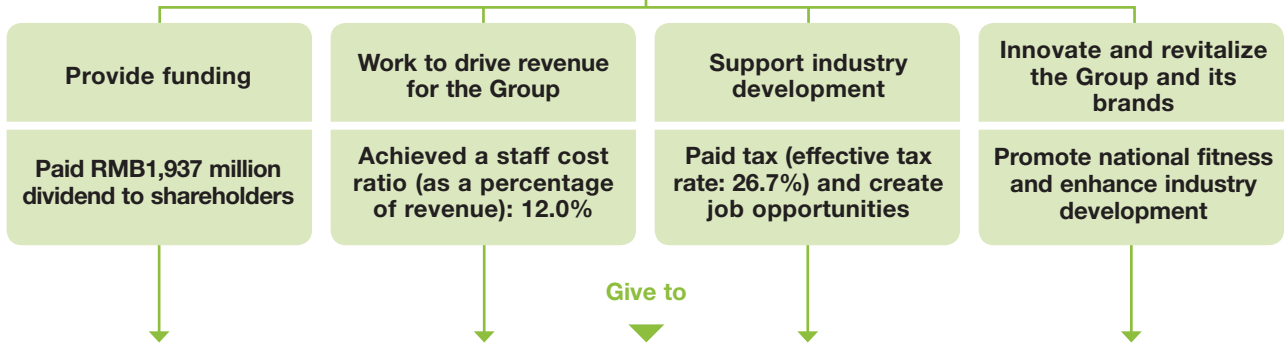
Ding Shizhong  
Chairman

Hong Kong, 21 May 2018





Give to



Give to

**Investors/  
Shareholders**

**Employees**

**Government**

**Society**



Organized:



Annual and interim results presentations



One-on-one meetings



Conference calls



Non-deal roadshows and investors' forums etc.



As at 31 December 2017, the total number of employees is around **18,800**



**40%**



**60%**



Launched "Worry-Free Medical Program" and "Sweet Home Plan" to employees



Raised the motion of "Supporting Physical and Intellectual Education", the youth education project for targeted poverty alleviation



Actively cooperated with the policies stated in the "Blueprint of Healthy China 2030", poverty alleviation policy and also other relevant sports policies



Actively participated in industry conferences



Partnered with the China Youth Development Foundation and released "Report on Sports Situation of Teenagers Living in Poverty Areas in China"



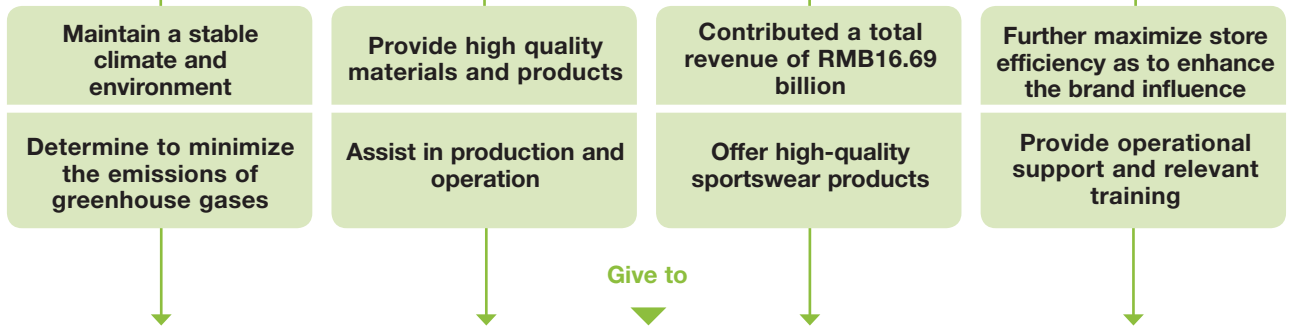
Launched the "Study Growth Charity Plan" in order to build "ANTA Adream Center" and "Adream Sports Course"



Set up "ANTA Charity Day"



Give to



Give to

**Environmental protection**



Compared to 2016, although the Group's revenue rose by 25.1% to RMB16.69 billion:

Total GHG emissions: +3.1% to 67,651 tonnes CO<sub>2</sub>e

Carbon intensity (per RMB million revenue): -17.6% to 4.05 tonnes CO<sub>2</sub>e

Used Teflon EcoElite™ to launch fluorine – free water repellent products

Adopted higher cost yet eco-friendly practices and materials such as water-based adhesive

**Suppliers**



The numbers of suppliers of the Group

over **615**

over **8**



Organized supplier annual meeting



Formulated a stricter assessment mechanism and established 10 basic principles

**Consumers**



The Group introduced products of



**Distributors/ Franchisees**



ANTA's distributors in China:

**46**



Organized distributor annual meeting and quarterly trade fairs



Established VIP systems to build customer's brand trust and loyalty

# 2017 HIGHLIGHTS

## Sustainability Review

### OUR BUSINESS

Sustainability meaning

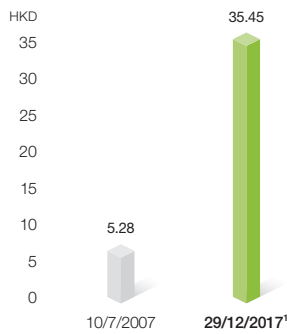
Increased potential for long term value creation

Growing revenue potential

Increased innovation potential

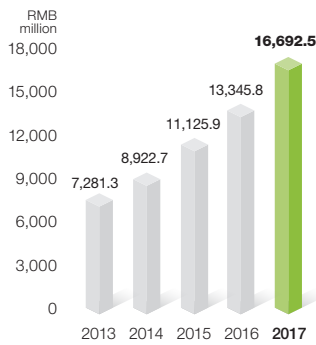
And where are we?

Stock price sextupled since IPO

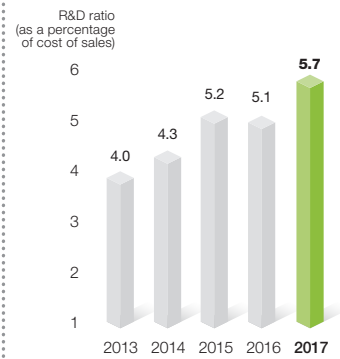


1. Bloomberg data

Keeping an upward revenue trend



Rising R&D investment



Multi-brand strategy



ANTA introduced new styles of over:

**1,200**  
footwear

**2,900**  
Apparel

**990**  
Accessories



## Financial Performance for 2017

### RESULTS HIGHLIGHTS

## Financial Performance



Revenue  
increased by 25.1% to  
RMB **16.69** billion



Gross profit margin  
increased by 1.0  
percentage point to  
**49.4%**



Profit attributable to equity  
shareholders increased by 29.4% to  
RMB **3.09** billion

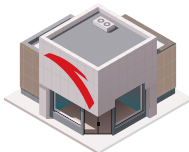


Basic earnings per share  
increased by 22.7% to  
RMB **117.01** cents



**70.5%** payout of the profit  
attributable to equity shareholders

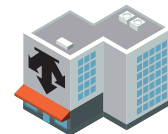
## Operational Performance



Number of ANTA stores  
(including ANTA KIDS  
standalone stores)  
in China stood at  
**9,467**



Number of FILA stores  
(including FILA KIDS  
standalone stores)  
in China, Hong Kong,  
Macao and Singapore stood at  
**1,086**



Number of DESCENTE  
stores in China stood at  
**64**

## 2017 HIGHLIGHTS

### Constituent stock

ANTA Sports became the constituent stock of the following indices:

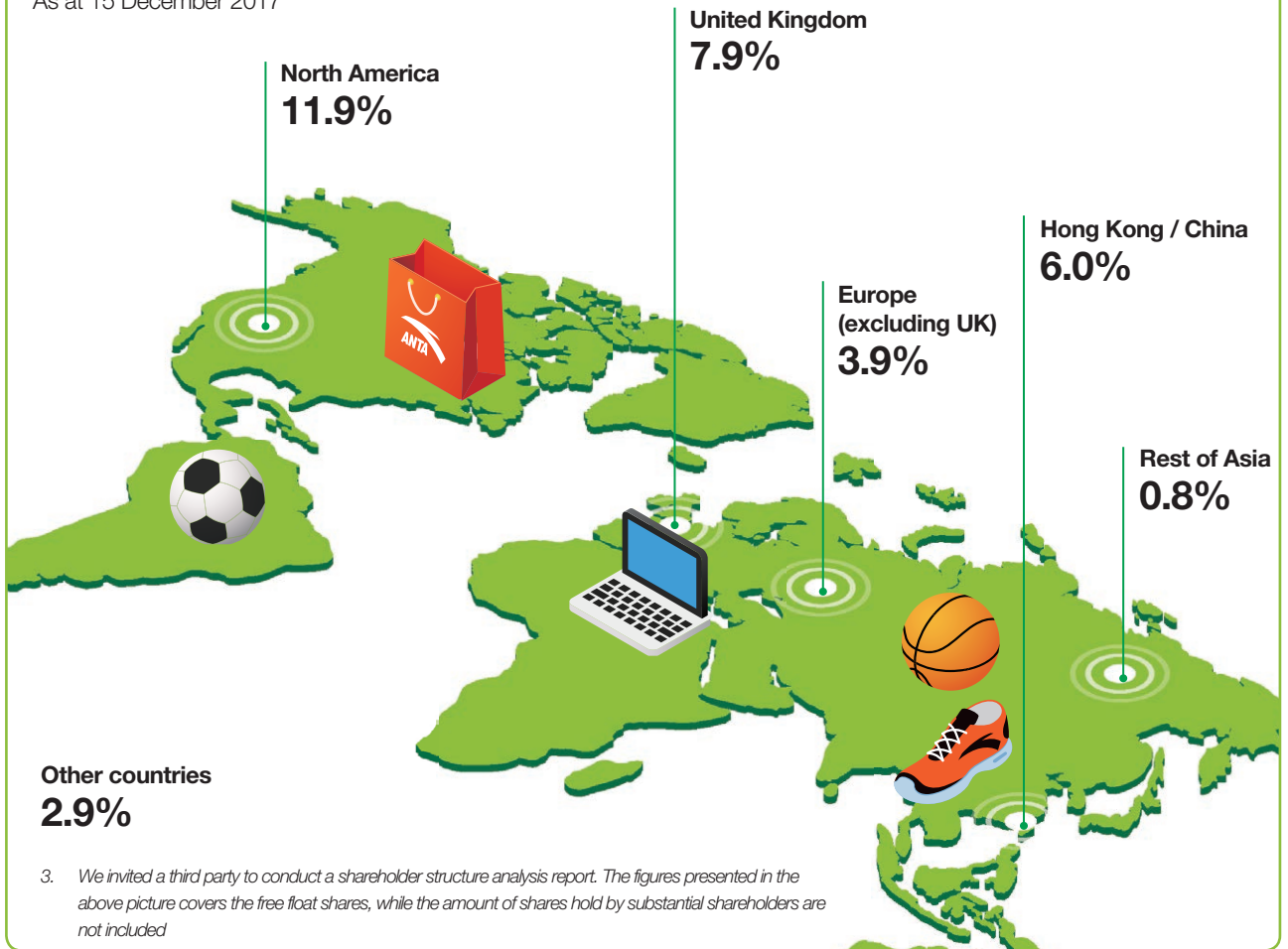
Index Abbreviation	Index name in English
BWORLD	Bloomberg World Index
HSCI	Hang Seng Composite Index
HSCICG	Hang Seng Composite Consumer Goods Index
HSLI	Hang Seng Composite Large Cap Index
HSSUS	Hang Seng Corporate Sustainability Index
MXAP	MSCI AC Asia Pacific Index
SBBMGLU	S&P Global BMI Index (US Dollar)
SCRTCN	S&P China BMI Index
SCRTEM	S&P Emerging BMI Index
SGYU1	SP Global MidSmallCap
SPEAC	S&P Emerging Asia Consumer Index
2805IV	Vanguard FTSE AEJ ETF IV (Excluding Japan)

### Others

Became eligible stocks of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect

## Shareholder Structure<sup>3</sup> for 2017 – by Origin GRI: 102-7

As at 15 December 2017




# 2017 HIGHLIGHTS

## Awards and Recognitions

### ANTA Sports was awarded in the:

"CarbonCare® ESG Label" in the Carbon Care Innovation Lab



The image shows a certificate for the CarbonCare® ESG Label. It is awarded to ANTA Sports Products Ltd. and is presented by the Carbon Care Innovation Lab. The certificate includes the CarbonCare logo and mentions that the award is based on the company's performance in the 2017 Carbon Care Innovation Lab.

### ANTA Sports was listed in the:

Hang Seng Corporate Sustainability Benchmark Index



Hang Seng Corporate Sustainability Index Series Member 2017-2018

The image shows the logo for the Hang Seng Corporate Sustainability Index Series Member 2017-2018. It features a green heart shape with a white outline, symbolizing sustainability.

2017 Best Social Contribution Award



The image shows a trophy for the 2017 Best Social Contribution Award. The trophy is a dark, ornate structure with a gold base. It is awarded to ANTA Sports Products Ltd. for its social contribution in 2017.

Hong Kong Quality Assurance Agency under the HKQAA's Sustainability Rating and Research as the "Top 100 Rated Stocks 2017"



The image shows the logo for the HKQAA Sustainability Rating A+ award. It features a blue and white design with the letters "A+" and the text "SUSTAINABILITY HKQAA 2017-2018".

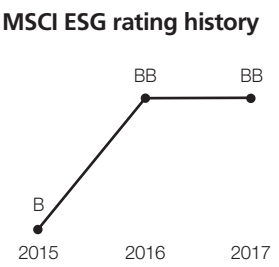
2017 Best Contribution in CSR Award



The image shows a trophy for the 2017 Best Contribution in CSR Award. The trophy is a dark, ornate structure with a gold base. It is awarded to ANTA Sports Products Ltd. for its contribution to corporate social responsibility in 2017.

### ANTA Sports' rating on MSCI was upgraded:

MSCI upgraded our ESG rating from "B" to "BB", which was mainly driven by our improving labor management performance



The image shows a line graph titled "MSCI ESG rating history". The graph plots the company's ESG rating from 2015 to 2017. The rating starts at "B" in 2015, rises to "BB" in 2016, and remains at "BB" in 2017.

Year	Rating
2015	B
2016	BB
2017	BB

# STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

GRI: 102-42; 102-43; 102-44; 102-47

## Materiality matrix and stakeholder engagement

In order to ensure professional advice is offered for key issues identification and during stakeholder communication, we continued to work with an independent consultancy company during the year. By doing so, we hope to have a deeper and clearer understanding of the views of different stakeholders, as well as the risks that the Group has to face in various aspects.

## Our main business relating to the stakeholders

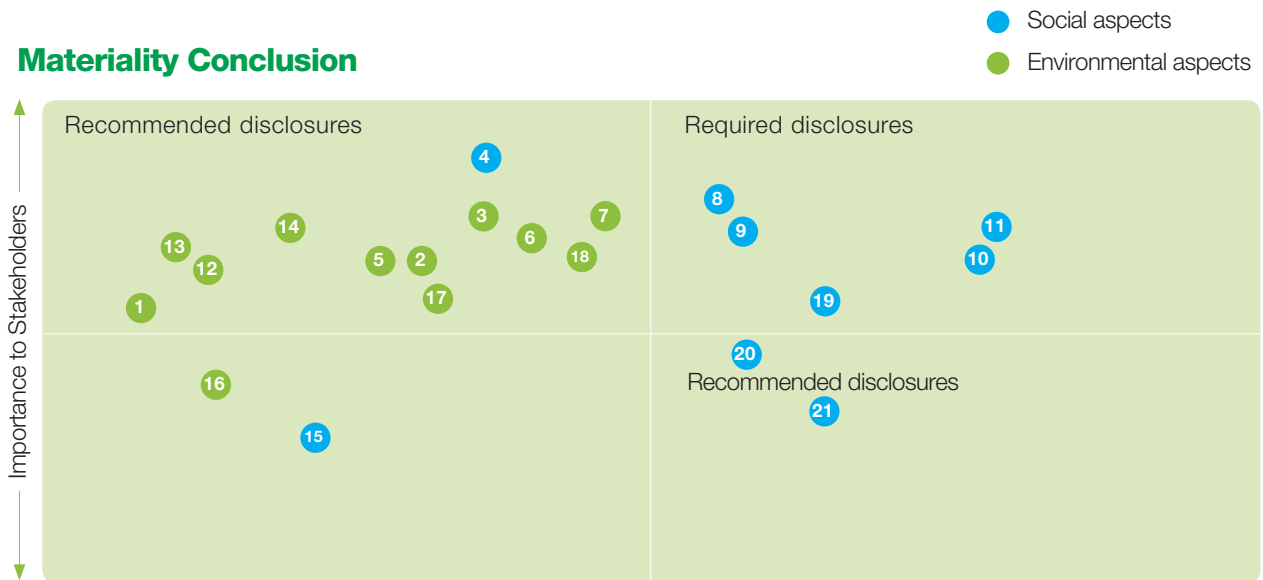
-  **Design sporting products**
-  **Research and develop sporting products**
-  **Manufacture sporting products**
-  **Wholesale sporting products**
-  **Retail sporting products**

## Identifying key issues

During the process of identifying key issues, we worked with an independent consultancy company to establish 21 key issues based on the requirements of the “Environmental, Social and Governance Reporting Guide”, industry characteristics, materiality conclusion in 2016 and stakeholder engagement in 2017. The consultancy company prepared the following materiality matrix as a reference of disclosure for the report based on the analysis of the interviews and questionnaires:

## Materiality matrix

### Materiality Conclusion



1. Greenhouse gas emissions
2. Use of water
3. Use of electricity
4. Child labor and labor exploitation
5. Noise pollution
6. Indoor air quality
7. Use of packaging materials
8. Anti-corruption

9. Supply chain management
10. Health and safety
11. Product responsibility
12. Non-transportation related energy consumption
13. Transportation-related energy consumption
14. Non-hazardous waste emissions

15. Community investment
16. Climate change
17. Gas emissions
18. Hazardous waste emissions
19. Employee welfare
20. Human rights
21. Employee development and training

# STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

In order to carry out an in-depth study on the 21 key issues, the consultancy company conducted 12 in-depth interviews with internal stakeholders, including front-line staff in manufacturing, plant manager and middle-level management, and external stakeholders such as suppliers and distributors in September. During the interviews, the stakeholders are

invited to score on a questionnaire based on the importance of each key issue to them and to the Group.

Last year, we only conducted in-depth interviews with internal stakeholders, so that the feedback and scores that we obtained maybe skewed. With reference to the experience from last year, we extended the target respondents

to external stakeholders such as the suppliers and distributors. We would like to analyze the Company's operation in every aspect by communicating with the external stakeholders, hoping to balance the interests and needs of all parties and promote the Company's long-term performance.

The stakeholders' scoring on various major issues have changed slightly when comparing to last year:



We use materiality assessment and materiality matrix to determine the focus of disclosure during the year. Among all, we will focus on disclosing items in "Required Disclosure", followed by information in "Recommended Disclosure". We understand the need to make further

disclosure on item 5, 6, 13, 16, 17, 18. However, we did not collect and consolidate information in those areas in the past. We will improve the related data collection system and disclose further information in the future. We believe that each year's business performance, overall

situation of the industry and other factors will affect the experience of different stakeholders, and thus their scoring on different items. We will continue to collect stakeholders' feedbacks and disclose further information based on the results in various assessments.

## Stakeholder engagement

In addition to in-depth conversation, we continue to use different ways to communicate with both external and internal stakeholders during the year. Through interacting with different parties, we hope to build trust and have a better understanding of one another.

External stakeholders	Related activities during the year:
Investors/shareholders	Conduct one-on-one meetings, investment forums and conference calls
	Roadshows in Hong Kong, Beijing, Shanghai, Shenzhen, Singapore, Tokyo, Taipei, London, Edinburgh, Frankfurt, Stockholm, Geneva, Paris, the United States and Canada etc.
	Company, stores and trade fairs visits
	Hold annual results and interim results presentations
Customers	Use different channels to collect customers' feedback, such as complaint hotline
	Consumer satisfaction survey
Suppliers	Collect feedback and satisfaction survey from suppliers
	Supplier meetings
Distributors/Franchisees	Trade fairs
	Distributor meetings
Media	Press conference on results announcement
	Media interviews
Government/Regulatory authority	Meeting on establishing standards
Landlord	Negotiate for the best favorable rent for both parties
	Invite landlord to brand events and increase two-way communication
Brand spokespeople	One of the ANTA's spokespeople and the Golden State Warriors' Klay Thompson visited China in July and August. They shared their experience as professional athletes and the spokesperson of the brand in China
Chinese athletes	ANTA continued to cooperate with the COC and became the official sportswear partner for the Beijing 2022 Olympic and Paralympic Winter Games. ANTA will provide Chinese athletes with sportswear containing Chinese elements to showcase China's national image
	ANTA sponsored 24 Chinese national teams within the four major sports management centers, including winter sports, boxing and taekwondo, gymnastics and weightlifting and wrestling and judo, and the Chinese Rowing Association. All national team members receive ANTA's professional sportswear for their training and competition
Internal stakeholders	Related activities during the year:
Board directors	Conducted board meetings
Management	Participated in the Company's decision-making process and operations, exercise management power, direct or support employee to fulfil their job duties
Employee	Some employees were randomly selected to conduct in-depth interviews
	Participated in all kinds of employee events

# OVERALL PERFORMANCE IN 2017

## Environment

The rapid economic growth does not only improve everyone’s quality of life, but also causes damage to our original environment. In order to keep our business sustainable, we must regulate our business practices and should never overlook the environmental damage caused by business expansion.

### Our stance GRI: 102-16



- To strictly abide by the law and regulations, including “Environmental Protection Law of the People’s Republic of China”, the “Regulations on the Administration of Construction Project Environmental Protection”, the “Water Pollution Prevention and Control Law of the People’s Republic of China” and the “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes”, to prevent irreversible damage towards the environment.
- We have an inevitable obligation in promoting the importance of environmental protection to the industry and the society.



- To eliminate elements in the supply chain that have negative impacts on the environment through all kinds of administrative and operational means.



- To pay close attention to the impacts brought by the environmental changes which may affect the Group’s business and make appropriate preparations.

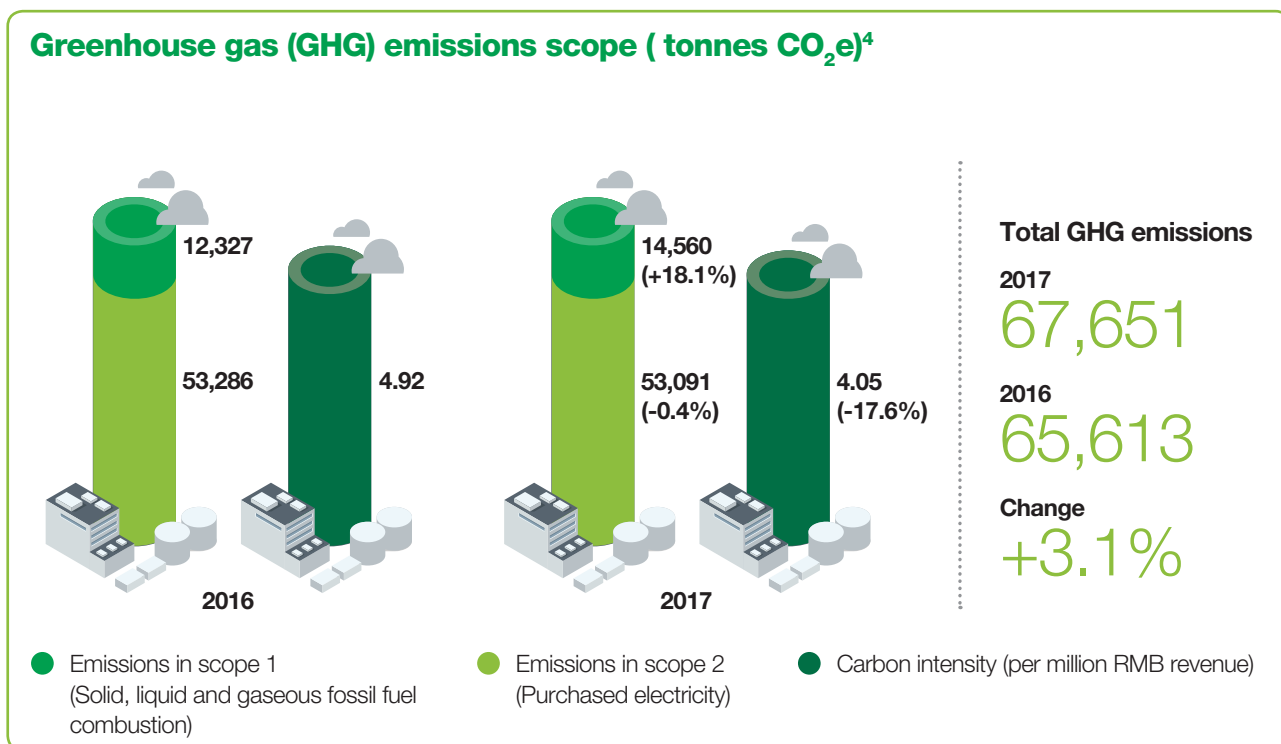
### Risk and response GRI: 102-11

Risk	Influence	Solutions
Environmental pollution in the process of manufacturing	<ul style="list-style-type: none"> <li>• Environmental Protection groups exert pressures on the Group</li> <li>• Penalties from the government</li> <li>• Cause negative impacts on corporate image</li> </ul>	<ul style="list-style-type: none"> <li>• Develop internal control and crisis management policies</li> <li>• Strictly monitor the application of chemicals in the manufacturing process</li> </ul>
Increase the use of environmentally friendly materials raises production cost	<ul style="list-style-type: none"> <li>• Increase development and production cost of the Company</li> </ul>	<ul style="list-style-type: none"> <li>• Cooperate with material development companies to enhance the knowledge and increase the use of environmentally-friendly material in the Company and the industry, so as to lower the overall cost</li> </ul>
Use materials that contain harmful materials to human bodies or environment	<ul style="list-style-type: none"> <li>• Impair customers’ health and safety</li> </ul>	<ul style="list-style-type: none"> <li>• Develop internal control and crisis management policies</li> <li>• Identify more safe material alternatives</li> <li>• Enhance quality control management</li> </ul>



Risk	Influence	Solutions
Climate change affects consumption habits	<ul style="list-style-type: none"> <li>Affect sales of seasonal products</li> <li>Accelerate changes in customer preferences</li> </ul>	<ul style="list-style-type: none"> <li>Increase the percentage of functional products and footwear which are less affected by climate change</li> <li>Collect sales data from retail stores directly and analyze customer preferences</li> <li>Consider factors of climate change and environmental protection during product development and manufacturing</li> </ul>

The following covers our performance in carbon emissions and environment protection:



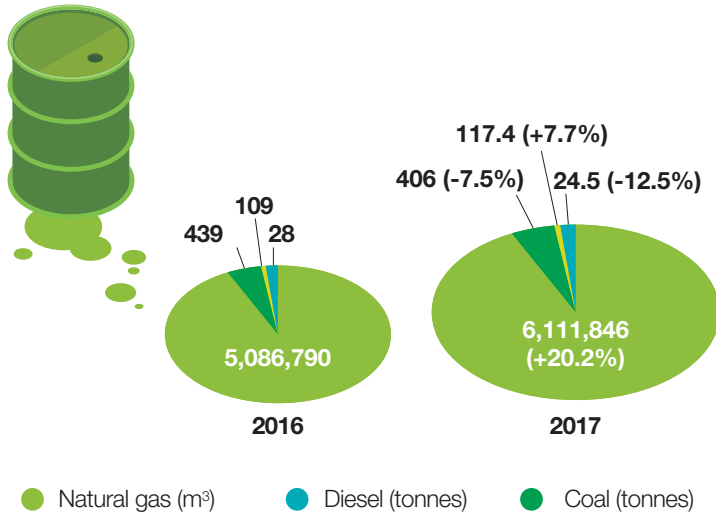
In general, the amounts of energy consumption and GHG emissions increased as the Group's business development and overall business scale grew rapidly. The Group's total revenue increased by 25.1% to RMB16.69 billion; while the overall GHG emissions was similar to last year, and our carbon intensity decreased by approximately 17.6%, proving the successful control of GHG emissions while expanding business proactively.

4. We apply "Equity Ratio Method" to adjust our calculation of overall GHG emissions, according to the shareholding ratio of every unit.

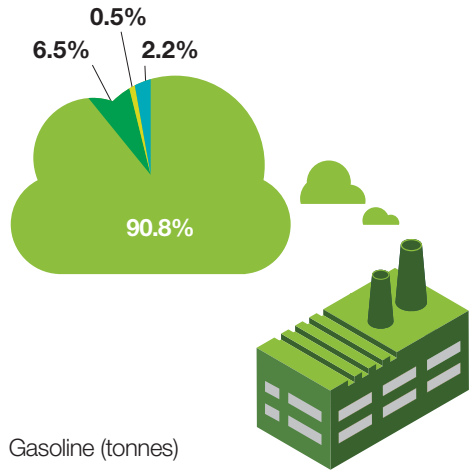
# OVERALL PERFORMANCE IN 2017

## Scope 1: (Solid, liquid and gaseous fossil fuel combustion)

### Resource Consumption



### The percentage of GHG emissions of scope 1 during the year (tonnes CO<sub>2</sub>e)

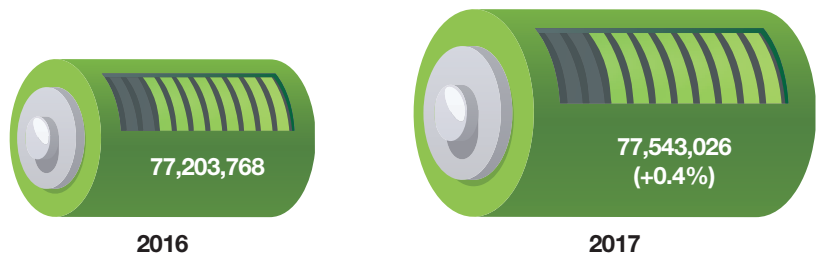


We have a significant increase of GHG emissions, in scope 1 compared to last year, which is mainly due to the increase of energy consumption in Henan Material (PRC). Henan Material (PRC) did not run in its full capacity in 2016 which was its first year in operation, and thus it had lower energy consumption that year. Besides, two sets of new equipment were added to the Henan Material (PRC) during the year, which greatly increased its capacity and induced higher consumption of natural gas, resulted in a significant increase of GHG emissions in scope 1.

## Scope 2: (Purchased electricity)

### Resource Consumption

Purchased electricity (kWh)



Although we have a significant increase of capacity during the year, we recorded only a slightly increase in scope 2's emission. This was mainly due to the fact that during the year we reviewed our internal power usage situation, and enhanced our internal guidelines and recording requirements to control the Group's power consumption by reducing unnecessary power wastage.

## Reasonable increase of overall GHG emissions



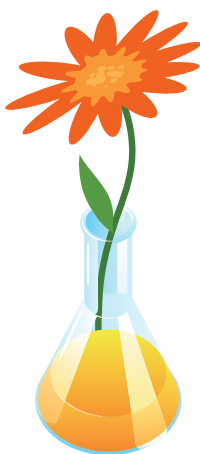
Overall revenue increased by **25.1%**



Overall GHG emissions increased by **3.1%**

Although the overall GHG emissions increased, the increased level was very mild compared to that of our revenue growth, which showed that we can control our energy consumption effectively during active expansion of the Group's business development.

## Non-hazardous solid waste



**Non-hazardous solid waste<sup>5</sup> (kg)**  
**2,012,858.8**

After several years of preparation and adjustments, we have successfully established an accurate and effective non-hazardous waste data collection system, which enable us to disclose the relevant data as the first time. Most of the non-hazardous waste generated are the remaining sole materials and scraps of raw materials, which would be sold to professional recyclers after being categorized.

For hazardous wastes, we adopted localized handling approaches including partnering with qualified local professional recyclers to handle the wastes to ensure strict compliance with relevant laws and rules. More relevant figures will be disclosed after the establishment of the data collection system.

5. Only include data of all factories, and are mainly waste generated during the manufacturing process, including rubber, EVA, plastic, paper, waste plastic barrels, iron barrels, leather pieces, films and scrap iron etc.

# OVERALL PERFORMANCE IN 2017



## Overall Performances

### Upstream

Design is the foundation of a product, which affects the selection of materials and the complexity and procedure of production. If the environmental element is considered in the design stage, it does not only reduce cost and manufacturing time, but also reduce procedures and improve the work flow, which reduces GHG emissions and minimizes the negative impact on the environment.



- Simplify manufacturing process

For instance, when we were developing the second generation of silicone eyewear on one of the jackets under ANTA KIDS, we have undergone multiple considerations,

sampling and testing, so as to reduce five procedures to two and improve 60% of manufacturing efficiency. Apart from helping lower cost, it also reduces the demand for raw materials and production time, which indirectly scale down the amount of GHG emissions during the manufacturing process.



萌娃们穿上这一件更是童趣十足。  
 90%的充绒量，加倍保暖。  
 加之袖口罗纹设计，有效防风。  
 轻松化身奥特曼，击退严寒小怪兽。



- Increase the use of environmentally friendly materials

The use of perfluorinated chemicals (PFCs) as waterproof materials for outdoor sportswear has always been criticized. Based on many animal studies, it is shown that PFCs can cause damage to the reproductive system, promote tumour growth and affect the endocrine system. Regarding the environment, PFCs is a persistent pollutant of the environment, meaning that once it is released to the environment, it is difficult to decompose; hence, it will remain in the environment for many years and spread globally.

During the year, we signed an agreement with the world-renowned the Chemours Company

on the “Trademark/Copyright License Agreement” for Teflon EcoElite™, a lasting water repellent without PFCs. ANTA is the only sportswear company in China that can use Teflon EcoElite™ for the promotion of relevant sportswear products. Besides, 60% of the Teflon EcoElite™ is extracted from plants, indicating that it is made of renewable resources instead of food or genetically modified substances. This means that many raw materials of Teflon EcoElite™ can be produced sustainably and minimize the environmental pollution caused by the textile industry.

During the year, we launched the “Rain-Breaker” apparel products that uses Teflon EcoElite™, making ANTA the first sports brand in China to launch PFCs-free water repellent products. Through a careful selection of materials, we hope that our customers will be able to wear

suitable apparels to explore the outdoor environment that did not cause pollutions to the environment.

With innovative structural design and environmental features, the “Rain-Breaker” series was awarded the “Top Ten Innovative Awards for Textile Products 2017” by the China Textile Industry Federation.



- Improve product durability

As a responsible sportswear group, we do not encourage customers to overspend. We hope our customers will select durable products based on their needs. Therefore, we consider product durability during the design stage and adjust the products based on types and functions.



# OVERALL PERFORMANCE IN 2017



## Regulate the environmental performance of suppliers

During the year, we adjusted the suppliers' access and assessment system, by increasing the weighing of environmental protection. We would like to ensure our suppliers will fully comply with the relevant environmental protection law and regulation in the country. We also hope that they are willing to take the responsibility of protecting the environment and establish relevant policy in energy conservation and emission reduction. To ensure that they have implemented the relevant policies, we will send staff to conduct on-site inspection, in which the on-site inspection rate for the Group's major suppliers is 100%.

In addition, we continue to ask our suppliers to fully implement the Group's "Apparel, Footwear and Accessories Chemical Safety Technical Guidelines". The suppliers should also pass our on-site assessment, which guarantees that the chemical content in the products meet our stringent requirement, so that the products will not have a negative impact on the environment and consumers. In order to make sure all suppliers understand the "Apparel, Footwear and Accessories Chemical Safety Technical Guidelines", we will organize training for them and enhance the awareness of chemical management among the suppliers' staff.



## Mid-stream



## Handle and use chemicals with great care

In the manufacturing process, it is inevitable to use chemicals, including glue, paints and organic solvents such as thinners. These chemicals are volatile. It does not only affect indoor air quality, but inappropriate management and storage will have an impact on the environment, causing air, soil or water pollution. Hence, we established strict guidelines for handling and using chemicals. By accurately estimating the usage, we can avoid using excessive amount of chemicals. The more accurate the estimated use of chemicals, the less hazardous waste will be produced.

We started using safer alternatives during the production process as we care about the environment, and the health and safety of our consumers and frontline staff. For example, our factories are using benzene-free glue and no longer using benzene-containing glue with harmful pungent smell. We will continue to explore the possibilities of using other alternatives, hoping to further reduce the use of polluting chemicals for manufacturing.

During the manufacturing process, we will appoint experienced frontline staff to estimate the daily amount of chemicals needed based on product type, production stage and production volume of each production line. If there is an excess amount of chemicals, the remainder will be carefully handled according to the Group's procedure.



### Increase use of natural gas

The current natural gas usage accounts for more than 90% of the GHG emissions of scope 1. We would like to increase the use of natural gas and reduce the use of coal and diesel, so as to reduce GHG emissions and production of pollutants.

### Downstream



### Improve logistics efficiency

The Group has a large number of stores and the total number of stores exceeds 10,000. The carbon emission from the logistic process should not be ignored. In the past, the Group's logistic procedure is scattered. Apart from relying on third-party suppliers to provide logistic service to the distributors, the distributors also need to arrange logistics to replenish stocks for the retailers. It is difficult to figure out an optimal route to reduce the overall delivery distance.

Regarding efficiency and carbon reduction, we are planning to build a new logistic center and develop a new logistic procedure. We will collect the latest sales data from the retailers directly and send stocks to the retail stores directly, scaling down the distributors' role in doing transfers as a middle-man. By obtaining



the real-time sales performance of all retail stores, the Group can shorten the delivery time and increase the flexibility of stock replenishment, making it easier to create a comprehensive plan for the logistic route. It helps avoid the overlapping of routes among the delivery teams and reduce the carbon emission from logistics.



### Reduce use of shopping bags

According to the Environment Bureau of the United Kingdom, a study from 2011 shows that if a shopping bag has not been reused, whether it is a cotton bag or plastic bag, it is not an environmentally friendly option.

In order to further improve the environmental awareness on the public, our retail operating center has established new strategies during the year. Despite encouraging customers to reduce the use of plastic bags, we also change the bag dispensing model for footwear products. We have switched from a one bag for one box model to supplying the bags based on actual needs, which ensures the distribution ratio per quarter is not higher than 80% of the order of the footwear. If the distributors or franchisees exceed the mentioned ratio, they have to pay accordingly. We believe this practice can make reasonable use of the existing stocks of bags. It helps reducing the wastage of resources and cut down waste production. Meanwhile, it also gives more incentive for staff to encourage customers to reuse shopping bags.

# OVERALL PERFORMANCE IN 2017

## Governance GRI: 102-9

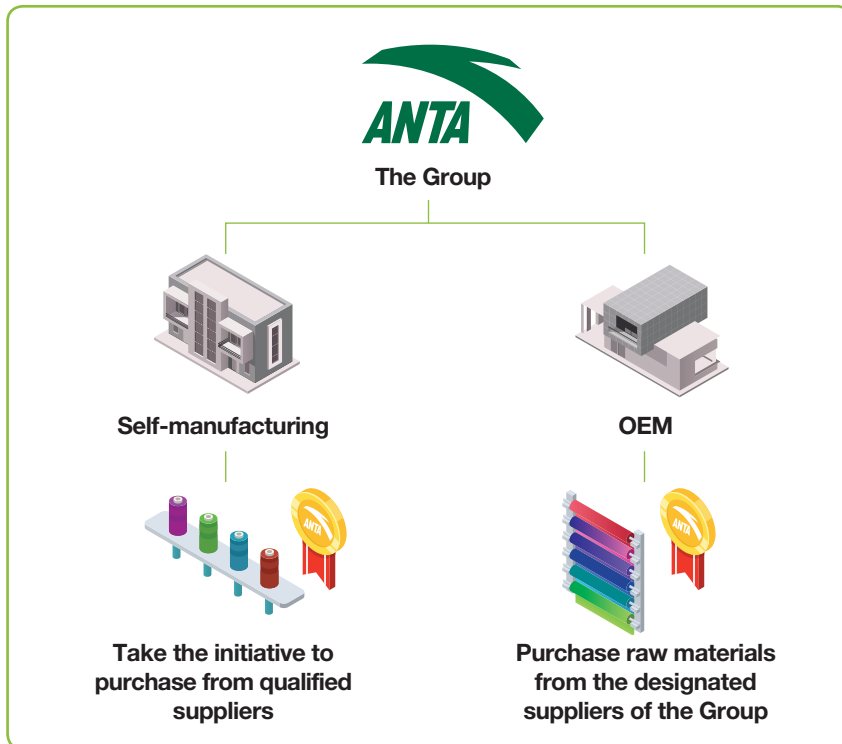
**Good governance is the foundation of a company's success. We hope a comprehensive, effective and reasonable governance can help to maintain the business stability, and also help to prevent the formation of a complicated administrative structure in order to achieve a highly efficient operation structure. Through good raw material supply and extensive retail networks, we believe that the sustainable development of the company can be promoted. Therefore, we value a good and stable relationship with suppliers and distributors, which helps reduce operational risks and enhance the speed of development.**

## Upstream

The Group's supplier (including raw materials and manufacturing, etc.):

	2017	2016 <sup>6</sup>
No. of Chinese suppliers	Over 615	516
No. of overseas suppliers	Over 8	14

Our vision is to become a respectable world-class multi-brand sportswear Group. From human resources, research and development, raw material supply to manufacturing, we largely rely on suppliers to provide services to our business, in which the quality of the supply chain management has played important roles.



### Key considerations of a supplier include:

1. Focus on the performance of credibility, contractual spirit and capital. The performance of the suppliers will be assessed in each aspect;
2. The variety of products, prices and company sizes should meet the basic requirement of the Group; and ensure the capabilities in research and development, production management, corporate social responsibility and quality management systems reach industry standards;
3. Possess relevant certification in manufacturing and quality management system in China, and try to attain the ISO international standards; and
4. Meet the requirements listed in the background survey.











6. For ANTA only



In order to strive for continuous improvement, we started to integrate the requirements for suppliers during the year by readjusting assessment criteria and include corporate social responsibility as one of the assessment standards. We formulated a rigorous assessment mechanism and established 10 basic principles.



## 10 basic principles

Basic principles	
<b>Child labor</b> 	<ul style="list-style-type: none"> <li>• Employees must meet the local minimum working age requirement</li> <li>• Obtain identification documents of the employee's age</li> </ul>
<b>Forced labor</b> 	<ul style="list-style-type: none"> <li>• Cannot force employees to work, irrespective of their wills</li> <li>• Employment based on prison labor or collateral terms are not permitted</li> </ul>
<b>Discrimination</b> 	<ul style="list-style-type: none"> <li>• No discrimination in the process of hiring, salary adjustment, promotion or demotion</li> <li>• Pregnant women cannot be rejected or dismissed</li> </ul>
<b>Complaints mechanism and communication channels</b> 	<ul style="list-style-type: none"> <li>• Set up complaints mechanism and communication channels</li> </ul>
<b>Salary and benefits</b> 	<ul style="list-style-type: none"> <li>• Offer minimum wage</li> </ul>
<b>Health and safety</b> 	<ul style="list-style-type: none"> <li>• All facilities and their usage should obtain relevant operating and fire permits</li> <li>• Electrical equipment should be kept in good condition and properly maintained</li> <li>• Each workshop must be equipped with two exits, which led to a safe outdoor area</li> <li>• Keep emergency exits open</li> </ul>
<b>Disciplinary measures</b> 	<ul style="list-style-type: none"> <li>• Corporal punishment, coercion, exploitation and sexual abuse are not tolerated</li> </ul>
<b>Working hours</b> 	<ul style="list-style-type: none"> <li>• Provide wages and work record</li> </ul>
<b>Human resources management</b> 	<ul style="list-style-type: none"> <li>• All employee should sign an employment contract</li> </ul>
<b>Corporate social management system</b> 	<ul style="list-style-type: none"> <li>• "Supplier Code" should be posted on the factory site</li> <li>• Establish working hours and payroll management system</li> <li>• Set up committees focusing on environmental protection and occupational safety and health</li> </ul>

## OVERALL PERFORMANCE IN 2017

Furthermore, we assessed the performance of suppliers in the areas mentioned above, then classified the suppliers into five groups based on the score: "Very satisfactory", "Satisfactory", "Acceptable", "Terminate cooperation" and "Unacceptable." If a supplier violates the "Zero Tolerance Indicator", it will immediately fall into the "Terminate cooperation" category. Unless the relevant issue has been resolved during the follow-up process, no new orders will be placed once the existing orders are completed. If a supplier violates

other indicators, they have to improve in a required time frame, otherwise it will immediately fall into the "Terminate cooperation" category, and will not be permitted to manufacture any products for the Group. We will fine-tune the assessment mechanism based on the implementation, hoping that the level of governance for each supplier can be further enhanced in the future, and thus improve the overall quality of the industry.

Once a partnership has been established, we have the responsibility to ensure

the suppliers have sufficient materials and capabilities to reach our factory requirement. Therefore, we have established the "Certification on Quality Control Management Methods" that clearly listed the training content and operation standards of our suppliers. Currently, some major suppliers of the apparel section are certified. We will send management staff to inspect the suppliers' factory, check all products and their manufacturing process on a regular basis, to ensure the overall performance will meet the required standards.



## Mid-stream

### Employee Relations Management GRI: 102-8

#### Important data during the year

	2017	2016
Total no. of employees	18,800	17,800
Male to female ratio	40%/60%	42%/58%
Turnover rate	5.0%	2.4%

Our business is considered a highly labor-intensive industry. The safety and well-being of our employees are critical to our operational efficiency and corporate image. To ensure our long-term development will be steady and progressive, we promise to fully abide by all kinds of law and regulations, including the “Labor Law of the People’s Republic of China” and the “Labor Contract Law of the People’s Republic of China”. We also implement a set of internal employees policies and procedures, with reference to the principle of voluntariness, consensus and honesty. By doing so, we can ensure that there will be no forced labor or child labor, and thus create a safe and friendly work environment. For instance, in terms of equal opportunities, we value the individual preferences of our employee, regardless of their gender, age, religion and race, and we hope to provide opportunities based on talents and merits.



In 2017, the number of forced labor or child labor was zero.

At the same time, we also value our employee’s family status and their needs and we encourage our employee to take part in sharing family responsibilities.



When there is a conflict between the family status and the professional role, we will try all possible means to support and assist our employee fully. We believe that everyone has multiple roles in the society. Our employee is not only a part of our Company, but also somebody’s parents or children, which come with certain responsibilities. When family responsibilities can be fulfilled, our employee can be more focus on their career development and make an effort to contribute to our future.

#### Our position GRI: 102-16



1. Abide to law and regulations, and prevent any form of exploitation;



2. Provide comprehensive benefits and protection for employee, as well as sophisticated training programs, in order to afford appropriate opportunities for employee to unleash their talents and potentials;

3. Treat employee as a part of the Company and value their contribution;



4. Respect the personal choices of the employee, regardless of gender, age, religious belief and race, as a meritocratic company; and

5. Focus on the employee’s needs in their family status and try our best to accommodate and assist.



7. New employees working less than three months are included in this year’s calculation, which was excluded last year, resulting in a larger difference.

# OVERALL PERFORMANCE IN 2017

## Risk and response GRI: 102-11

Risk	Influence	Solution
Recruiting factory and retail staff are more challenging as the younger generation show less interest in repetitive work	<ul style="list-style-type: none"> <li>• Create a long-term impact on talent development and hinder business growth</li> <li>• Affect the stability of supply chain</li> </ul>	<ul style="list-style-type: none"> <li>• Provide diversified training opportunities and showcase all kinds of opportunities for development and promotion</li> <li>• Train their automatic skills so it can improve production efficiency and reduce mistakes</li> <li>• Build an inclusive, harmonious and encouraging culture</li> <li>• Improve benefits for factory and retail staff</li> </ul>
Increase in employee cost	<ul style="list-style-type: none"> <li>• Exert more pressure on the Company's profitability</li> <li>• Difficult to keep talents and may induce talent gap</li> </ul>	<ul style="list-style-type: none"> <li>• Increase the use of automated production line and reduce the reliance and demand of workforce</li> <li>• Move factories to inland part of china with lower labor cost</li> <li>• Offer training to improve efficiency</li> <li>• Provide various training to employees to explore their skills and create platforms for promotion</li> </ul>
Employee turnover	<ul style="list-style-type: none"> <li>• Affect workforce deployment, manufacturing efficiency, as well as employee morale</li> </ul>	<ul style="list-style-type: none"> <li>• Communicate with employees on a regular basis to obtain feedback on work environment, treatment or other aspects and make improvement accordingly</li> </ul>
Employees have inconsistent technical abilities and they have not fully mastered new manufacturing techniques and machineries	<ul style="list-style-type: none"> <li>• Create an impact on product quality, stability and manufacturing efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• Provide technical training and assessment based on the employee's ability and preference, as well as encourage employee to equip new skills</li> </ul>
Industrial accidents	<ul style="list-style-type: none"> <li>• Pose a risk to corporate image</li> <li>• Affect manufacturing speed or operation of the Company</li> </ul>	<ul style="list-style-type: none"> <li>• Provide instruction and procedural manual to all employees</li> <li>• Provide suitable safety equipment</li> <li>• Strengthen safety training</li> <li>• Arrange inspection staff to examine employee's work situation</li> </ul>
Cultural difference	<ul style="list-style-type: none"> <li>• Difficult to retain good employees</li> </ul>	<ul style="list-style-type: none"> <li>• Provide training and cultural education to all employees</li> </ul>



### Health and safety

It is our responsibility to ensure our employees can work in a safe and harmonious environment. Through implementing various safety policies and procedures, we are committed to minimizing the potential risks in the work environment and avoid work injury.

Based on different roles of our employees, we provide suitable protective equipment according to their job functions, for instance, how the procedures, materials and machinery need to be contacted and handled. We also arrange relevant safety training to make sure our employees understand the potential risks of their work. The training will also provide guidelines on how to operate the machines properly to avoid accidents caused by any

misunderstanding. Further, to ensure our employees strictly follow the related rules and regulations, we do not only provide timely safety training, but also arrange supervisors to inspect the frontline occasionally, making sure our employee's behaviours are aligned with the safety regulation.

Furthermore, we also pay attention to whether our employees are getting enough rest. If an employee has poor mental status due to insufficient rest, it will increase the chances of making mistakes at work. It could also lead to a serious consequence such as having an accident. Regarding the situation mentioned above, our factory and retail staff work in two shifts. In order to meet accidental manufacturing demand, we will recruit short-term employee to supply for the increase in workforce demand in order to prevent our employees from working overtime for a prolonged period. If working overtime is inevitable, we will adjust our employee's original work schedule and pay full overtime compensation.

In order to provide comprehensive protection for our employees, we offer free physical and mental health checks for them every year. During the year, we launched the "Worry-Free

Medical Program" for our employees. The "Worry-Free Medical Program" is a supplementary medical insurance that we insured for our employees in addition to the national-required medical insurance so that they can be benefited from comprehensive protection including out-patient, emergency, inpatient, critical illness, accident and death. Aside from reimbursing medical expenses through the national medical insurance, our employees are provided with an additional reimbursement channel through this program, which lightens their burden in paying for medical expenses.

Since the above measures are proven with remarkable results, the China Quality Mark Certification Group continued to present the "Occupational Health and Safety Management System Standards Certificate" to us, indicating that our overall safety performance is satisfactory.



# OVERALL PERFORMANCE IN 2017





## Rights and benefits



We value the rights of our employees and we promised to provide respect and protection to every employee. Currently, some factories have established the labor union, and we pledged to give employees an equal opportunity to voice out their opinions.

Regarding personal rights, we are dedicated to provide good benefits for our employees and ease their burdens and concerns in their daily lives.



<p><b>Clothing:</b></p> 	<p>Employees will receive gift cards of our brands, products and discount coupons every quarter. Hence, employees will receive our products in every quarter; while collecting their opinions, resulting in a positive support in raising the standard of products.</p>
<p><b>Catering:</b></p> 	<p>There are cafeterias in the main operation buildings and factory areas. As we provide a subsidy to the cafeterias, our employee can enjoy nutritious meals every day. Due to a large number of employees, the usage of the cafeterias is very high. Food safety is thus the most critical concern. Therefore, the Group has a rigorous process to monitor and control the food safety.</p> <p>The Group has a small farm in Jinjiang, China that provides green and pollution-free vegetables to the cafeterias. We would like to offer the best quality meals for our employee by ensuring the food safety of our cafeterias from the source.</p>
<p><b>Accommodation:</b></p> 	<p>We provide dormitories for employees in need. For employees who are single, we arrange single, double or quadruple rooms based on their ranking in the Company. Each room is equipped with standard facilities and furniture such as bathroom, closet and desk. For married employees who are both employees of the Group, we will arrange family rooms for them that are equipped to fit family needs. For example, a small kitchen is provided in the family room for our employees to enjoy wonderful family life.</p> <p>With regard to further enhancing the employee's sense of belonging to us, we launched a "Sweet Home Plan". The plan allowed employee in managerial level or above to apply for the Company's interest-free mortgage for the first payment in purchasing property, as long as the employees have been working for at least 5 years, and their spouses and themselves do not own any property in Xiamen and Quanzhou, China. The maximum amount of mortgage is RMB1.5 million.</p>
<p><b>Transportation:</b></p> 	<p>We provide transportation for employee to travel to and from their dormitories and the factories. There is also pick-up and drop-off service for our employee's children to go to school. We also strengthen the management of parking lot, so more employee can enjoy certain services.</p>



For employees who live with their children, we have set up child care center in some of our factory areas, to solve the childcare problem when the parents are at work, as well as encourage more women to join the workforce. Additionally, we invite outstanding employees and their family to visit our

headquarter in Jinjiang, in which the transportation and accommodation expenses for the trip will be covered. By doing so, our employees can enjoy their vacation with their family member. We also provide our male employees with a maximum of 15 days of paternity leave.

## Training and education

In addition to the salary and paid leave required by law, we pledged to give each employee equal opportunities, the learning space and the freedom of assembly. Employees can unleash their potential by joining internal or external training based on their preferences and ability, and further enhance their career.

The Group's development is highly related to the employees' improvement. Thus, we have been fully supporting them in continuous education to enrich their capabilities and knowledge, enabling them to grow together with the Group by supporting each other on the road to success. We have even added more courses related to sustainable development to the employees, in the hope that they can grasp the relevant knowledge and techniques. Besides, education subsidies are provided to qualified employees and encourage them to improve from self-learning.

During the year, a total of 15,562 employees received various trainings, accounting for more than 80% of the Group's employees. The average number of training hours per employee is as follows:



The average training hour categorized by job level (hours)

	Male	Female
Senior management	51.11	56.39
Middle management	49.04	41.47
Junior management	30.73	30.52
Professionals and other management	35.09	28.07
Factory workers	13.00	12.33

## A harmonious corporate culture

In order to maintain a low employee turnover rate and attract more new employees to join us, we believe creating a happy and harmonious corporate culture will have a positive impact. Therefore, we have a set of policies and activities to motivate our employees and provide a series of cultural and recreational event for them to maintain work-life balance. During the year, we conducted an employee satisfaction survey. The two main entities of management and manufacturing of the Group were scored 88 and 86 respectively out of 100 points, showing that the employees were satisfied with the overall performance of the Group.

During the year, we organized some employee activities, including a meal for outstanding employees, a visit to Jinjiang Day Care, training camp for recent graduates and so on. In addition, we share the Company's latest news with our employee through our internal monthly magazine "ANTA Youth" to enhance the their senses of belonging.

# OVERALL PERFORMANCE IN 2017



## Effective corporate management

We are committed to complying with corporate governance principals and adopting effective corporate management guidelines for meeting legal and commercial standards, as well as strengthening our focus on areas such as internal monitoring and fair disclosure.

The governance of the Group is mainly led by the Audit Committee, the Remuneration Committee, the Nomination Committee and the Risk Management Committee. These committees support the Board to assess and determine the nature and level of risks that the Company can handle with the strategies identified, to ensure the setup and maintenance of the internal monitoring system. Besides, we have established a system for information disclosure, which makes sure insider information is kept confidential until it can be disclosed promptly based on the listing rules.



## Anti-corruption and its prevention

	2017	2016
Cases relating to corruption	0	0

If the overall corporate governance needs to be improved, it is vital to establish and implement anti-corruption measures. Despite the rules and regulations that require employees to abide by the “Corporate Responsibility Code”, we emphasize on training and advocacy, which includes court hearing, training for external personnel and internal column content creation, for increasing the anti-corruption awareness among the employees.

8. Figures updated to 0.01%

The Audit and Supervision Department from the Group issued the “ANTA Report and Reward System” to further improve the level of governance. As a department that focuses on anti-corruption, the Audit and Supervision Department is appointed by the Group and they are independent of the management, to ensure the independence and objectivity of the anti-corruption work. Any employees who identify cases of corruption or bribery, they can report to the department. This department is formed by professional investigators and equipped with strict confidentiality measures in all areas, including filing a report, registration, handling information and investigation.

For employees who filed a report with their real name, they will be included in a “Special Protection List” to protect them from unnecessary nuisances. Also, names on the list will be given a priority for promotion, salary increment and assessment. If the corruption case is proven to be true, the employee who filed the report will be considered as a meritorious person for the Group. The Group will reward the employee with 50% of the corruption amount, with a maximum of RMB1 million.

Channels to file a report include:

1. Reporting email: ANTA Audit and Supervision Department email (jc@anta.com)
2. Reporting hotline: ANTA Audit and Supervision Department hotline (180-3031-1272)
3. Mailing address for reporting: Audit and Supervision Department, ANTA Operation Center, 99 Jiayi Road, Guanyinshan, Siming District, Xiamen, China
4. Report to the Chairman of the Board or the Chairman of Audit Committee

## Product liability

	2017	2016
Recall ratio due to safety or health concern	Less than 0.01%	Less than 0.01% <sup>8</sup>

As a socially responsible brand, we closely monitor the quality of our products. The quality inspection department conducts multiple safety tests based on the internal product quality guidelines, including the sharp edges of a product, the residues of broken needles and the amount of hazardous chemicals, before sending the products to the distributors.

If defective products with materials and sewing products are found after shipment, our employee will follow the strict “Product Recall Management System” to recall the products and ensure the defective products are handled properly, so as to largely reduce the negative impact brought by selling defective products. For all products that do not comply with any regulation, found to be defective during self-inspection process, or have a recall ratio for more than 5%, we will announce the recall within one working day after confirming the decision. Meanwhile, we will also notify the distributors to return the defective products. It is strictly prohibited for employee to handle the matter privately.



During the year, the Group’s R&D expense accounted for 5.7% of the cost of sales, which is 0.6 percentage point more than last year’s 5.1%.



## Downstream

### Customer relationship management

Support from the customers allow us to develop the business in the long run. Apart from strict product quality monitoring, we pay attention to our customers' needs and experience. We would like to customize strategies and solutions by understanding our customers' needs through customer surveys and complaints.

We believe there is a need for comprehensive policies to pair with our development due to the climate change and the increase in awareness of environmental protection and human rights. It is important to avoid getting a poor perception from the public based on the way we handle some specific issues, and affect how the customers' view the brand. Therefore, we continued to review the different parts of the Group in the past few years, including design, procurement, operation and human resources, hoping to match with universal values and make sustainable progress while catering the customers' preference.

### Establish long-term customer relationship

We hope to establish a long-term relationship with our customers. Therefore, we have a membership program that offers various kinds of incentives and activities to build customers' brand trust and loyalty. For example, ANTA, FILA and DESCENTE have VIP systems in which ANTA has more than 10 million VIPs and it keeps increasing in a rapid pace. We sponsored different sports activities to interact with consumers. Not only we

strive to enhance long-term relationship with adult consumers, we also want to be closer to our kids consumers.

Meanwhile, ANTA KIDS collaborated with McDonald's in hosting the 4th McHappyRun, giving children a chance to find the simplest and purest fun and joy in sports as part of their unforgettable experience of growing up. ANTA KIDS also cooperated with Tuniu.com to launch a wonderful snow trip for families. Selected families enjoyed a tour to Heilongjiang Providence, experiencing various local attractions. In May, we created a record of a children's sports day in an area of 20,000 sq.m. The event attracted over 3,000 participants and over 10 million of online audiences.

We will use different channels such as WeChat public page, e-commerce platform, email and brand website to share the latest information of our brands with the customers and maintain the relationship between our members and brands.



## OVERALL PERFORMANCE IN 2017



Our advertising and spokesperson policies are in full compliance with the provisions of the Advertising Law of the People's Republic of China. We did not find any relevant violations during the year. In terms of product labelling, the material composition of the product and its handling methods are written on the label to ensure that customers understand the product characteristics to avoid damage caused by improper handling. If the customer has any questions about the product label, he can contact our customer service representative for further information.

Regarding customer satisfaction, we continue to conduct satisfaction survey with our customers. In the survey, customers can evaluate the overall performance of the Group. We will analyze the data of the survey and design relevant policies to match with customers' expectations.

### Value customers' feedback

	2017	2016
Total no. of complaints <sup>9</sup>	5,299	4,321
Footwear	53.9%	50.7%
Apparel	45.4%	48.1%
Accessories	0.7%	1.2%



### Privacy protection of customers

In addition to complying with the Chinese law and regulation requirement, most of the non-manufacturing systems of our Group obtained ISO270001, the information security international certification, and established a comprehensive information safety and management system. Among all, we are regulating the safety management regulations, legal compliance management requirement and network access regulations for all third parties and outsourcing businesses, according to the "26 Information Security Systems". Furthermore, we restricted the data access rights for the employee in order to reduce the risk of data leakage.

For system security management, the supervisor of the customer service

During the year, customers can continue to use the "400 hotline for complaints" to share their feedback with our customer service staff at any time of the year. The customer service staff will follow the "Customer Service Procedures" to file and handle customers' complaints and feedback. The information will be shared with relevant distributors to investigate and verify the situation. The customer service staff will revisit the customers in order to ensure the distributors have

handled the complaint accordingly, and to confirm the outcome of the case is approved by the customers. If there is a large amount of similar complaints, it may imply problems in the overall manufacturing of the products, in which we need to conduct a thorough investigation and improvement, and a product recall may be necessary.

During the year, we have not found complaints caused by large quantity of defective products.

9. For ANTA only



department will monitor the system in a long-term to ensure a smooth daily operation. In our “Application System Development and Safety Protection and Management Requirement” and “System Access Management Regulations”, we formulated clear safety protection requirement for the information safety management system. Also, we will appoint external consulting agencies to review and further ensure the smooth and secure operation.

During the year, we have not found any case of leaking customer information.

### Distributor management

ANTA and ANTA KIDS adopt the wholesale model, allowing distributors to purchase ANTA and ANTA KIDS products with a discounted wholesale price for exclusive distribution. Key criteria of becoming a distributor are:

1. Retail experience in sportswear;
2. Ability to reach sales target;

3. Sufficient funds to operate authorized ANTA and ANTA KIDS stores;
4. Ability to find suitable size and location for stores; and
5. Payment and credit period.

After establishing a partnership, we have the responsibility to ensure the distributor understands the Company’s requirements in operation, social responsibility and employee relations. We will provide sufficient resources based on their needs, so that their development can keep up with our Company. During the year, ANTA has about 46 distributors.

All distributors must operate by the operating terms from sales, expansion goals, sales report, forecasts, payments to credits. At the same time, the distributors should also establish retail policy, product, pricing, inventory management, store decoration, marketing, customer service and after-sales service standard based on the “Standard Operation Procedure”

and “End-user Event Management Methods”. If a distributor’s performance does not meet the standards, they need to participate in rectification and an assessment until they have reached the standards. If a distributor fails for multiple times, we will stop cooperating with the distributor. We will also conduct a sampling inspection every quarter. We will inspect the stores by giving prior notice or staying anonymous for the sampling and complete a report for management’s reference.

### **Provide training and communication channel for distributors**

With reference to a distributor’s performance, we will provide different training and operation guidance based on the position and ranking, then assess and present based on their actual performance. During the year, our Group celebrate the 10th anniversary of our listing and we organized a “10th Anniversary Distributor Annual Meeting”, which all the distributors were gathered and have a better communication.

## OVERALL PERFORMANCE IN 2017



### **Actively assist distributors to improve their sales performance**

ANTA and ANTA KIDS adopt the wholesale model. We divide distribution areas for different distributors for better use of resources, and ensure there is only one distributor in one area, so that direct competition among distributors can be prevented. Meanwhile, we cooperate exclusively with our distributors in region and brand, resulting in a win-win situation.

We asked each store to use ERP system to better monitor the actual shipment for each store. The system helps to consolidate all internal resources to achieve the goals and plan the resources from procurement, manufacturing, cost, inventory, distribution, transportation, finance and human resources for optimal resource allocation. It allows us to understand the change of consumer's preference in a timely manner and improve the speed of product replenishment.

### **The protection of intellectual property**

As a brand operator, we value the protection of intellectual property and we respect the originality of design. We believe that if a company is making profit by copying or imitating other products in the market, such companies cannot maintain their business in a long run. Therefore, we have internally established rigorous design procedure and use administrative means to prevent plagiarism.

In the past few years, we continued to recruit top design talents to strengthen our design capabilities, hoping to bring our product design to the next level and be compatible with other top-tier international brands. In the first half of 2017, we also launched the first running shoes featuring the A-Livefoam technology. This technology improved the comfort and breathability of the

shoes, allowing runners to exert much more power while maintaining stability and protection for runner's ankles.

As for protecting the brand equity, we have spent decades of efforts to eliminate most of the sources of fake products production. During the year, there are a total of 237 cases on product counterfeiting and brand infringement activities, which some of the manufacturing plants are located in remote areas and separated from warehouses. We make use of customer reports, the assistance of the law enforcement department, investigation of the legal team, and cooperation with suppliers to obtain relevant information. We will take actions based on the circumstances of the situation, such as criminal procedures, litigation, making online complaint to remove hyperlinks, in order to protect the market position of brand.



## Social aspect

With a vision of becoming a respectable world-class, multi-brand sportswear group, we value the Group's role in the society. We hope to promote the success of the industry and the society through our influence.

Although we always support various international standards and best practices, we never adopt one initiative easily as we need to ensure that we can fulfil the requirements completely. We would always take reference to the best practices included in the initiatives for continuous improvement. During the year, we response to the United Nations' "17 Sustainable Development Goals" to show our care towards the society.

## Our stance



- Support the Chinese policies by promoting the development of the Chinese sports industry



- Provide opportunities for the disadvantaged groups to participate in sports, in which every teenager in need living in poverty area can wear our sportswear gear



- Popularize the quality sports education in China and empower the young generation with accurate sports and science knowledge

- Fulfil corporate citizenship and respond to the needs of the society



- Increase the awareness and understanding of sports through our brand influence, and lower the threshold in participating sports activities to promote a healthy living lifestyle

- Consolidate resources to support Chinese athletes

Our investment in the society is not limited to one single dimension. We believe that the social progress can only be achieved when multiple areas are being advanced. Therefore, we have invested in the below activities in the community during the year:

## Raised the motion of "Supporting Physical and Intellectual Education", the youth education project for targeted poverty alleviation, to the government

Physical education takes an important role in education, a necessary mean to implement the goal of poverty alleviation through education. To enhance the spirit of "Supporting Physical and Intellectual Education" among the teenagers, we suggested the government to take the lead of introducing specific policies and measures:

- Establish a specific fund to incorporate the development of

physical education and programs of schools in impoverished areas into the evaluation scope of schooling and educational system, and initiate the "Exercise One Hour a Day" activity for the teenagers in these areas

- Extend scope of existing charity platforms to form the "Poverty Alleviation Platform for Sports", through the integration of resources, investments and incorporating of professional physical education parties in the society. A public charity platform participated by multi-stakeholders can be built by combining the forces of national and domestic governments with those from the corporates and society, in view of the lack of physical education personnel and resources in the poor and underdeveloped regions at the moment

- Enhance the investments in both hardware and software, such as building economic multifunctional sports grounds and introducing professional physical education teachers to schools

- Upgrade the current physical education lessons to the "Adream Sports Course", which provide lessons to teenagers to improve their physical and mental qualities, thus building up their confidence

- Seize the opportunity of Beijing's successful bid for the 2022 Winter Olympics, by launching Olympic sports events in primary and secondary schools. For example, the physical education department and education department can jointly organize Olympic athletes school visits, especially in poverty areas

# OVERALL PERFORMANCE IN 2017

## Responding to China's "Targeted Poverty Alleviation" strategy to support the social pillars

We always have a dream of "every teenager in need coming from a poverty area in China can wear ANTA's sportswear gear". In response to China's targeted poverty alleviation policy, we launched a series of charity events, targeted at disadvantaged teenagers in China. By having a comprehensive survey, giving product sponsorship and providing sports teacher training, we provide a series of sports-related policies and activities for the disadvantaged teenagers in China.



- **Release the "Report on Sports Situation of Teenagers Living in Poverty Areas in China"**

We partnered with the China Youth Development Foundation and released a report on "Report on Sports Situation of Teenagers Living in Poverty Areas in China". The report shows that over 40 million of teenagers are living in poverty among the 367 million teenagers in China. These teenagers do not have professional sportswear gear even though they have a strong desire for sports. Because of the poor facilities, inadequate teaching equipments and a shortage of sports teachers, the physical education curriculum is simple and dull. Therefore, making sportswear gear accessible and promoting sports education with quality become an issue for us to tackle.

This research contained two phrases, including in-depth group interviews and large scale survey:

### In-Depth Group Interviews



**Area covered:**  
4 provinces and  
8 state poverty counties



**Interviewees:**  
313 people in total, including  
educational bureau officers,  
principals, physical education  
teachers, parents and students

### Large Scale Survey



**Area covered:**  
325 schools located in  
18 provinces and  
117 state poverty counties



**Sample numbers:**  
11,968

### Research results



1. There are various factors constrained the development of physical education, which leads to difficulties during the rollout of sports projects



2. There are not enough sports facilities, equipment and physical education teachers



3. Teenagers want to learn more about advanced techniques, professional skills and rules of different sports games, but the basic skills taught in the physical education lessons are far from meeting their needs



4. Only **5.7%** of these teenagers wore a full set of sportswear during the physical education lessons, while **86.6%** of them wore only school uniforms or daily outfits



5. **47.3%** of the parents think it is acceptable for the teenagers to wear school uniform in physical education lessons



6. Only **11.9%** of these teenagers wore sports footwears during the physical education lessons, while **88.1%** of them wore casual footwears



7. **44.8%** of the parents think it is acceptable for the teenagers to wear casual footwears in physical education lessons

## So what did we do ?



### Launched “Sturdy Growth Charity Project”

To turn our slogan into practical actions, we launched the “Sturdy Growth Charity Project” in July which aims to provide the younger generation with a quality education and to satisfy their appetite to participate in sporting activities. We expect to invest RMB 500 million to help 10 million teenagers over the next ten years. The first event of this project is the launching of the “ANTA Adream Center”, which is a charity project collaborated with Shanghai Adream Foundation (“Adream Foundation”). It provides classrooms to the students in three experimental primary schools in Changting Fujian Province, enabling them to access higher-quality education through the internet, multimedia books and multimedia courses.

Over the course of the Project’s first year of implementation, we build seven “ANTA Adream Center” in Fujian Province and Yunnan Province, with plans to build 500 “ANTA Adream Center” in the upcoming decade. Furthermore, we will collaborate with the Adream Foundation team to launch “Adream Sports Course”, which puts the joy into learning sports



and professional athletic skills by encouraging more teenagers to enjoy sports.

In August, we started an “ANTA Adream training camp” with the Adream Foundation in the Acheng district of Heilongjiang province. Famous football player Fan Zhiyi was the coach, who provided professional soccer training for over 100 teenagers from the Acheng district.



### Set up “ANTA Charity Day”

In order to allow more people to participate in activities that support

social development, we announced to run an “ANTA Charity Day” on 10 July every year, so that we can call upon all of our employee, distributor and customers, etc. to join charity events. This year marks the first ANTA Charity Day, and all ANTA and ANTA KIDS stores, together with its online e-commerce platforms on Tmall and JD.com, will donate RMB 1 for every single apparel item or pair of shoes sold, which will be used to construct “ANTA Adream Center”, alongside donations from ANTA’s employees, in order to cultivate the sports culture of children and teachers in different regions.

## OVERALL PERFORMANCE IN 2017

### Be observant and respond to social needs with actions

As a corporation that is based in China with international views, we are always prepared to lend a helping hand when needed in anywhere in the world.



#### Respond to the need of international aids and demonstrate humanitarianism

Aside from its devotion to supporting charitable causes in China, ANTA Sports also showed its care across the Pacific Ocean when thousands of residents suffered from a forest fire disaster in San Francisco in October, during the year. We spared no efforts to sponsor our brand endorser, Klay Thompson from the Golden State Warriors, as he raised donations for disaster-stricken areas. We paid an additional USD 1,000 as an endowment each time Klay Thompson scored for the Golden State Warriors during the following three NBA games at the end of October, which totalled to as much as USD 75,000. The donations reaffirmed our status as a committed social responsibility citizen and further showcased its compassion across boundaries for different countries, showing a race-free spirit as what the Olympic promotes.



#### Support the children

As the earliest Chinese sports brand to enter the kids' sportswear market, we are dedicated to supporting children's healthy development. We would like children to participate in different sports events for a healthy childhood. During the year, we are cooperating with the

"Ronald McDonald House Charities" and organized the "McHappy Run". This event allowed parents and children help sick children who are having medical care away from home; while enjoying the fun brought by sports.

At the same time, we included sports education session in the event for promoting proper sports knowledge. At the event, we provided professional sports shoes and apparels for participants to experience in combination with interesting sports, so that both parents and children can enjoy a running experience with professional gear.

The event was held in 16 cities in the country with over 40,000 participants, providing thousands of peaceful night for children and families who are living in a different place for a medical purpose. We are grateful to provide support for children in need.

### Integrate resources to promote high quality sports activities



#### Improve the quality of soccer education

As a company that is committed to promote the Chinese sports

standards, we invested various resources to improve the quality of both software and hardware support in order to advance the Chinese sports standard. Soccer is one of the most popular sports in China. In May, we cooperated with the "Chinese Teacher Development Foundation" to organize "Soccer Teacher Training Program 2017". The program aimed to train excellent teachers for campus football for teenagers and further improve the teachers' education standard, making football common and enhancing the overall football standard.

Due to a lack of resources and professional knowledge, many grass-root teachers faced similar problems in their teaching. The teachers can only teach in a simple way based on their previous experience and exploration, resulting in a lack of scientific and professionalism in their teaching. To solve these problems, we use this plan as a strategy. Unlike traditional teacher training, the program is a new attempt to advance the football training level among Chinese youth. The training combines theory and application. The teaching resources is provided based on the characteristics of the grass-root teachers, making the training more effective for application. For





instance, we arranged coach to provide professional guidance to grass-root teachers, which is more targeted than an external teacher training.

Since the first launch in May, 15 sessions of campus football sports teacher training program was held in 10 cities, which over 1,500 sports teacher directly participated in the training. There were over 1,000 participating schools, covering 1 million students and 3.8 million parents. We also leverage our advantage by supporting the “China Teacher Development Foundation”. We provided gears for schools, so that more teenagers can enjoy soccer.

In addition, we released the “ANTA LION II” during the year. Through a comprehensive upgrade of the stud technology, we managed to provide different shapes and textures according to the studs’ specific location to serve different functions. The studs located in adjacent areas are made from different materials which improve the agility of the shoes. By using cushioning materials with new manufacturing technology, we hope to provide reliable and highly-efficient gear for the soccer athletes.

### **Offer strong support to athletes**

We are committed to raising the overall standard of sports in China. We also hope that every athlete can compete without worry and enjoy the pure happiness brought by sports. During the year, we sponsored a number of sports events and athletes. Meanwhile, we are actively researching and developing technology and materials, hoping that the latest technology and materials can help athletes to improve their performance and bring glory to the country.

During the year, we became the official sportswear partner of the Beijing 2022 Olympic and Paralympic Winter Games, which we will provide professional sportswear for the Chinese athletes, so that they can be fully equipped for the competition.



### **Value and promote women’s power**

Nowadays, the society promotes gender equality. It is expected that both men and women have equal opportunities and women’s autonomy are valued. The situation is also applicable to the sports industry. The Chinese sports industry is developing rapidly, but it has always been dominated by men and the development of women’s sports market has been ignored.

ANTA uses the theme “Meet your future” to encourage women to break the gender stereotypes and prejudice by making a decision for themselves and trying different kinds of sports. Apart from women sports gear, we also cooperate with external organizations to launch mobile apps on fitness. We invited renowned female athletes to

record the content, so that all women can learn about sports and fitness anytime through this platform.

For instance, we invited famous Chinese celebrity Zhang Li and Chinese rhythmic gymnast Zhang Doudou as instructors for one of the courses, in which they participated in the curriculum design that combined ballet, rhythmic gymnastic and content from her daily training. Through this activity, we hope women would pay more attention to their health. Also, we would like them to increase their confidence and autonomy; while raising the proportion of women participating in sports.

### **Promote the importance of exercise**

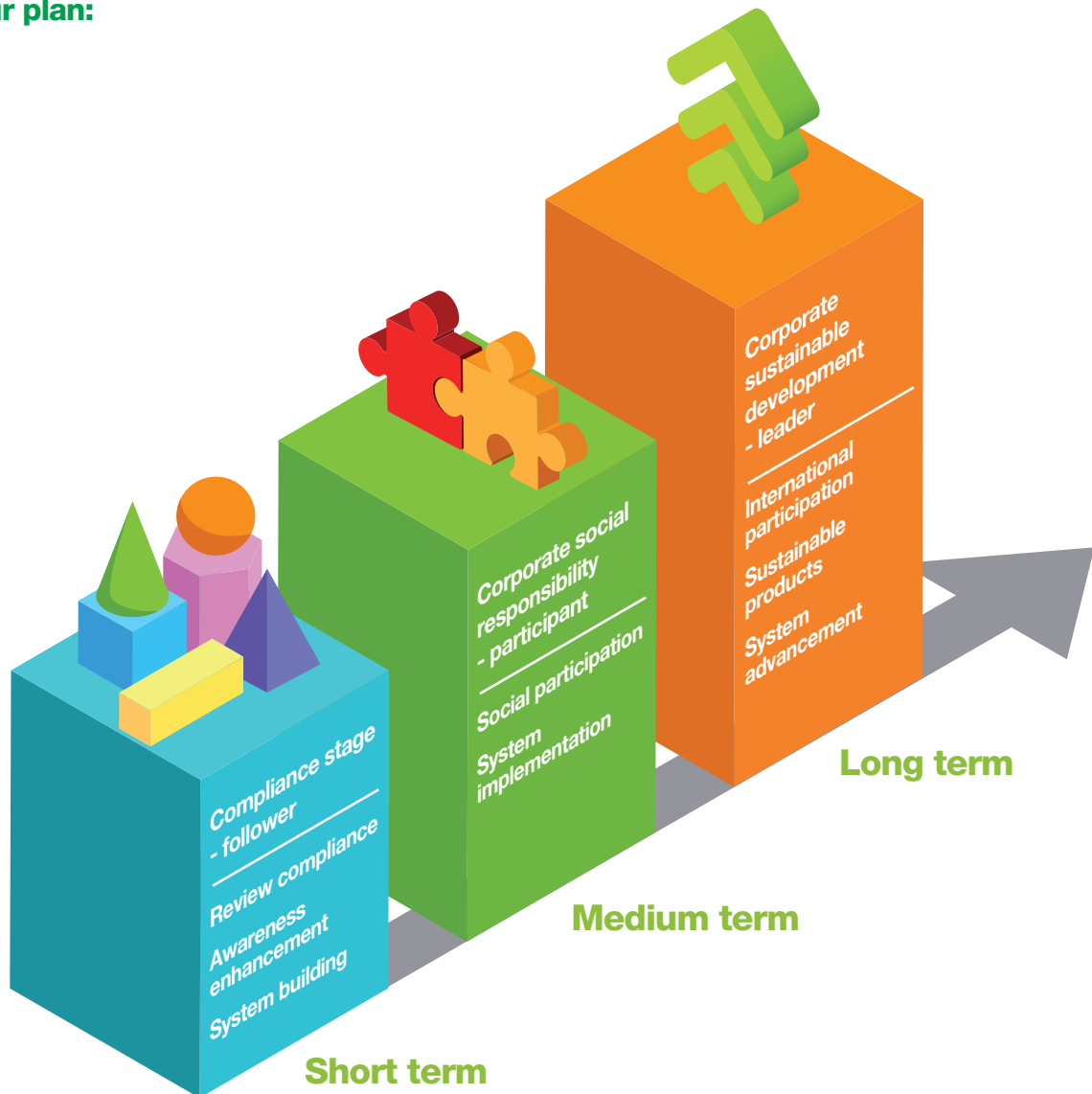
During the year, the ANTA Urban Orienteering Race 2017 was held in Jinan, China. China’s ultra-marathon runner, Chen Penbin, and famous actress, Zhang Li showed their support by participating and firing the starting gun of the race. The first stop of the race in Jinan attracted over hundreds of runners to form about 50 teams to participate in the event. After the successful event in Jinan, the race was also held in Taiyuan, Kunming, Changsha and Guangzhou.



## PROSPECTS

Riding on the spirit of “Keep Moving”, we established a basic framework for our future development. We hope that the Group will continue to be progressive as a whole and promote the overall development of the industry and the society.

### Our plan:



Through consolidating the basic framework for sustainable development, we aim to systematically enhance the Group's overall quality of governance for reaching the international standards. In this framework, we continue to strive for a better future by implementing the previous set sustainable development goals for environment, society and governance.

## In Terms of Environment, Society and Governance

Sustainable development goals	Progress in 2017
Data collection and hardware upgrade	<ul style="list-style-type: none"> <li>Continue to engage with an external consultancy to review and improve our data collection system, as well as the accuracy of the records. During the year, we have advanced our manpower software to ensure higher accuracy in the data.</li> </ul>
Information management system	<ul style="list-style-type: none"> <li>Almost 100% of the operation points in China have implemented the ISO14001 environmental management system. A similar regulation is also applying to the suppliers.</li> </ul>
Increase the transparency and credibility of the guideline	<ul style="list-style-type: none"> <li>Publish this report annually and upload both Chinese and English version of the report to the HKEx website and investor relations website for public viewing.</li> <li>The “Environmental, Social and Governance Report 2016” was awarded the “CarbonCare®ESG Label” by the Carbon Care Innovation Lab, indicating that our work has been recognized by a professional organization for two consecutive years.</li> </ul>
Product design	<ul style="list-style-type: none"> <li>Review and continue to improve relevant procedures</li> <li>Signed an agreement with the world-renowned The Chemours Company for applying Teflon EcoElite™ in ANTA’s product and launching the “Rain-Breaker” apparel with this PFCs-free water repellent, becoming the first domestic sports brand that launch PFCs-free waterproof products</li> </ul>
Material recovery and waste management process	<ul style="list-style-type: none"> <li>Strengthen education and increase awareness on employee’s knowledge in handling waste and recycling</li> </ul>
Carbon emission data management	<ul style="list-style-type: none"> <li>Organize an inter-department group and hold meetings for integrating and standardizing different departments’ requirement and documentation</li> </ul>
Stakeholder communication	<ul style="list-style-type: none"> <li>Continue to invite external consultancy to communicate with stakeholders and extend the scope of engagement to relevant stakeholders in the supply chain. Through the stakeholder engagement, we would like to determine the importance of different issues relating to the environment, society and governance, and ensure the views of both internal and external stakeholders are valued.</li> <li>Management began to establish an independent working committee on sustainable development for discussion and internal preparation.</li> </ul>
Systematization and comprehensiveness of data collection	<ul style="list-style-type: none"> <li>Gradually implement the requirement of having the suppliers to obtain information system certification or other relevant certifications</li> <li>Upon the completion of the new logistic center, we will improve and enhance the existing logistic and manufacturing information system in a comprehensive manner, so that we can obtain all kinds of latest data from the supply chain, such as the inventory and shipping rate.</li> </ul>
Employees’ rights	<ul style="list-style-type: none"> <li>Based on social conditions, we launch various benefits to match with the needs of our employee, such as “Sweet Home Plan” and “Worry-Free Medical Program”.</li> </ul>
Supply chain management	<ul style="list-style-type: none"> <li>We have started to implement a comprehensive reform of supply chain management. Through consolidating the assessment criteria of suppliers for all business units, we readjusted the assessment criteria. We are adopting a stricter assessment mechanism that includes the measurement of corporate social responsibility, including the requirements from international certification.</li> </ul>

# OVERVIEW OF SUSTAINABLE DEVELOPMENT

## Environmental

- To strictly abide by the law and regulations, including “Environmental Protection Law of the People’s Republic of China”, the “Regulations on the Administration of Construction Project Environmental Protection”, the “Water Pollution Prevention and Control Law of the People’s Republic of China” and the “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes”, to prevent irreversible damage towards the environment
- We have an inevitable obligation in promoting the importance of environmental protection to the industry and the society
- To eliminate elements in the supply chain that have negative impacts on the environment through all kinds of administrative and operational means
- To pay close attention to the impacts brought by the environmental changes which may affect the Group’s business and make appropriate preparations

		HKEx KPI	GRI Standard
<b>Emissions</b>			
The types of emissions and respective emissions data	Total greenhouse gas emission: 67,651 tonnes CO <sub>2</sub> e Scope 1 (Solid, liquid and gaseous fossil fuel combustion) = 14,560 tonnes CO <sub>2</sub> e	A1.1 A1.2	GRI 305: 305-1 305-2 305-3 305-4
GHG emissions in total	Scope 2 (Purchased electricity) = 53,091 tonnes CO <sub>2</sub> e GHG intensity: 4.05 tonnes CO <sub>2</sub> e/RMB million		
Total hazardous and non-hazardous waste produced	Non-hazardous solid waste = 2,012,858.8 kg  After several years of preparation and adjustments, we have successfully established an accurate and effective general waste data collection system, which enable us to disclose the relevant data as the first time. Most of the non-hazardous waste generated are the remaining sole materials and scraps of raw materials, which would be sold to professional recyclers after being categorized. For hazardous wastes, we adopted location based handling approaches including partnering with qualified local professional recyclers to handle the wastes to ensure strict compliance with relevant laws and rules. More relevant figures will be disclosed after the establishment of the data collection system.	A1.3 A1.4	-
Measures to mitigate emissions and results achieved	We utilized natural gas more for production to reduce GHG emissions. During the year, GHG intensity dropped by 17.6% to 4.05 tonnes CO <sub>2</sub> e/RMB million.	A1.5	GRI 305: 305-5
Measures to handle or reduce hazardous and non-hazardous wastes and results achieved	In terms of hazardous waste, we established a strict code for handling and using chemicals. By accurately estimating the usage, we can avoid using excessive amount of chemicals. If there is an excessive amount of chemicals, the remainder will be handled by the Group’s procedure.  For non-hazardous wastes, we encourage employees to reduce the generation of wastes and follow the rules of “4R”, namely reduce, recycle, reuse and replace. The non-hazardous wastes generated are handled according to the internal guidelines, either being recycled or disposed.	A1.6	-

		HKEx KPI	GRI Standard
<b>Use of Resources</b>			
Direct and indirect energy consumption by type (e.g. electricity, gas or oil)	<ul style="list-style-type: none"> <li>– Total electricity consumption = 77,543,026 kWh</li> <li>– Total gasoline consumption = 117.4 tonnes</li> <li>– Total diesel consumption = 24.5 tonnes</li> <li>– Total coal consumption = 406 tonnes</li> <li>– Total natural gas consumption = 6,111,846 m<sup>3</sup></li> </ul>	A2.1	–
Total water consumption (m <sup>3</sup> )	<ul style="list-style-type: none"> <li>– Total water consumption: 1,567,788 m<sup>3</sup></li> </ul> <p>We use the water supplied from the government, and do not consume any water directly from natural habitat. We have not yet established a mature water recycle and reuse scheme.</p>	A2.2	GRI 303: 303-1 303-2 303-3
Energy efficiency initiatives and results achieved	<p>Our total amount of GHG emissions is similar to that of last year, while our carbon intensity decreased 17% compared to last year, which showed that we have successfully controlled the GHG emissions while expanding our business. Among which, due to the continuous increasing usage of natural gas to reduce the combustions of diesel and coal, our GHG emissions in scope 1 decreased 0.4% with less GHG produced.</p>	A2.3	–
Water efficiency initiatives and results achieved	<p>Due to the overall expansion and development of our business, the water usage increased compared to last year. However, by comparing with our revenue growth, the level of increase in water usage is still very reasonable. In the future, we will continue to monitor our water usage situation and improve our manufacturing process. We will also improve the employees' sense on saving water.</p>	A2.4	–
Total packaging material used for finished goods	<p>Paper (including paper boxes, paper bags and wrapping paper etc): 12,656 tonnes.</p> <p>We did not use any renewable materials, and have yet to establish a mature packaging materials recycling schemes.</p>	A2.5	GRI 301: 301-1 301-2 301-3

# OVERVIEW OF SUSTAINABLE DEVELOPMENT

		HKEx KPI	GRI Standard
<b>The Environment and Natural Resources</b>			
Significant impacts of corporate activities on the environment and natural resources and actions taken to manage them	<p>We principally engage in design, development, manufacturing and marketing. Aside from GHG emissions, waste treatment and disposal, we have no significant impact on environment and natural resources.</p> <p>We adopted a number of initiatives and strategies as mentioned on P.18 to alleviate environmental impact. During the year, we did not violate any national and local environmental laws.</p>	A3.1	GRI 307: 307-1

## Social

### Employment and Labor Practices

- Abide to law and regulations, and prevent any form of exploitation
- Provide comprehensive benefits and protection for employee, as well as a sophisticated training programs, in order to afford appropriate opportunities for employee to unleash their talents and potentials
- Treat employee as a part of the Company and value their contribution
- Respect the personal choices of the employee, regardless of gender, age, religious belief and race, as a meritocratic company
- Focus on the employee's needs in their family status and try our best to accommodate and assist

		HKEx KPI	GRI Standard
<b>Employment</b>			
Total workforce by gender, employment type and age group	<p>Total number of employees = 18,800</p> <ul style="list-style-type: none"> <li>- Categorized by title and gender: Office Staff = male 14.7%; female 13.6% Retail Staff = male 3.9%; female 24.5% Factory Staff = male 20.9%; female 22.4%</li> <li>- Categorized by age: 16-24 = 19.8% 25-40 = 64.2% 41-59 = 15.9% 60 or above = 0.1%</li> </ul>	B1.1	-

		HKEx KPI	GRI Standard																				
Employee turnover rate by gender and age group	<p>Overall turnover rate: 5.0%</p> <p>– Categorized by title and gender: Office Staff = male 3.2%; female 1.6% Retail Staff = male 0.8%; female 0.7% Factory Staff = male 31.6%; female 16.0%</p> <p>– Categorized by age:</p> <table border="1"> <thead> <tr> <th></th> <th>Office Staff</th> <th>Retail Staff</th> <th>Factory Staff</th> </tr> </thead> <tbody> <tr> <td>16-24</td> <td>1.0%</td> <td>0.8%</td> <td>17.7%</td> </tr> <tr> <td>25-40</td> <td>3.3%</td> <td>0.6%</td> <td>25.0%</td> </tr> <tr> <td>41-59</td> <td>1.0%</td> <td>0.3%</td> <td>5.7%</td> </tr> <tr> <td>60 or above</td> <td>0.5%</td> <td>0%</td> <td>1.1%</td> </tr> </tbody> </table>		Office Staff	Retail Staff	Factory Staff	16-24	1.0%	0.8%	17.7%	25-40	3.3%	0.6%	25.0%	41-59	1.0%	0.3%	5.7%	60 or above	0.5%	0%	1.1%	B1.2	–
	Office Staff	Retail Staff	Factory Staff																				
16-24	1.0%	0.8%	17.7%																				
25-40	3.3%	0.6%	25.0%																				
41-59	1.0%	0.3%	5.7%																				
60 or above	0.5%	0%	1.1%																				

### Health and Safety

Number and rate of work-related fatalities	<p>– Number of work-related injuries: Office Staff = 12 people Retail Staff = 6 people Factory Staff = 21 people</p> <p>– Ratio of work-related injuries: Office Staff = 0.2% Retail Staff = 0.1% Factory Staff = 0.2%</p> <p>– Number of work-related death: 0 people</p> <p>– Ratio of work-related death: 0%</p>	B2.1	GRI 403: 403-2
Lost days due to work injury	<p>– Office Staff = 898 days</p> <p>– Retail Staff = 322 days</p> <p>– Factory Staff = 1,011.5 days</p>	B2.2	GRI 403: 403-2

## OVERVIEW OF SUSTAINABLE DEVELOPMENT

		HKEx KPI	GRI Standard																		
Description of occupational health and safety measures adopted, how they are implemented and monitored	<p>We formulated the “Occupational Health Handbook” and “Safety Handbook” based on relevant local laws to offer safety education and fire safety training; tailored health checks for employees working at certain positions; conducted tests of air quality, sewage disposal and noise level at factories; ensured effective implementation of the “Safety Production Standardization” system; employed a two-shift roster and hired temporary workers during peak seasons to alleviate the workload of frontline employees.</p> <p>Issues related to employees’ safety are mainly handling by our Group’s strategic management department. We have yet to establish a health and safety committee formed by both employee and management representatives. We do not have any worker with high incidence or high risk of diseases related to their working tasks.</p> <p>To enhance the governance of the Group and promote harmonious mutual development with employees, the Group’s strategic management department conducted employee satisfaction survey during the year to collect their opinions toward.</p>	B2.3	GRI 403: 403-1 403-2 403-3 403-4																		
<b>Development and Training</b>																					
The percentage of employees trained categorized by gender and employee category	<p>– Categorized by title and gender: Office Staff = male 74.1%; female 81.3% Retail Staff = male 88.0%; female 85.9% Factory Staff = male 75.2%; female 79.7%</p>	B3.1	–																		
The average training hours completed per employee by gender and employee category	<p>– Categorized by gender and employment level (hours):</p> <table border="1"> <thead> <tr> <th></th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Senior Management</td> <td>51.11</td> <td>56.39</td> </tr> <tr> <td>Middle Management</td> <td>49.04</td> <td>41.47</td> </tr> <tr> <td>Junior Management</td> <td>30.73</td> <td>30.52</td> </tr> <tr> <td>Professionals &amp; Other Management</td> <td>35.09</td> <td>28.07</td> </tr> <tr> <td>Factory Workers</td> <td>13.00</td> <td>12.33</td> </tr> </tbody> </table>		Male	Female	Senior Management	51.11	56.39	Middle Management	49.04	41.47	Junior Management	30.73	30.52	Professionals & Other Management	35.09	28.07	Factory Workers	13.00	12.33	B3.2	–
	Male	Female																			
Senior Management	51.11	56.39																			
Middle Management	49.04	41.47																			
Junior Management	30.73	30.52																			
Professionals & Other Management	35.09	28.07																			
Factory Workers	13.00	12.33																			



		HKEx KPI	GRI Standard
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**Labor Standards**

Employment practices	<p>We have formulated the “Child Labor Prohibition Policies and Remedial Procedures” to ensure zero child labor or forced labor in our business. We have signed labor contracts with employees to clearly designate the treatment for violations and responsibilities.</p> <p>During the year, we did not employ any employees under the age of 16.</p>	B4.1	–
Rectification measures to be taken in case of non-compliance	<p>When child labor is suspected, we will take corrective action immediately by reporting and verifying the case with labor department while sending the involved to hospital for check-up. Once it is confirmed, we will pay full salary, notify his/her family, and hand over to the guardian. Meanwhile, his/her information such as age certificate documentation is kept properly for record.</p>	B4.2	–

**Supply Chain Management**

Number of suppliers by geographical region	<ul style="list-style-type: none"> <li>– China suppliers = Over 615</li> <li>– Overseas suppliers = Over 8</li> </ul>	B5.1	–
Practices relating to engaging suppliers, number of suppliers where the practices are being implemented and the implementation and monitoring	<p>We have implemented a comprehensive assessment system to conduct internal assessment for suppliers based on primary criteria including: credibility, contract spirit, capital, certifications for production and quality systems, and conformity to requirements stated in the background survey. We started to integrate the requirements for suppliers during the year by readjusting assessment criteria and including corporate social responsibility as one of the areas of assessment. We formulated a stricter assessment mechanism and established 10 basic principles.</p> <p>Besides, we have established the “ Certification on Quality Control Management Methods “ that clearly listed the training content and operation standards of our suppliers. Currently, some major suppliers of the apparel section are certified. We will send management staff to inspect the suppliers’ factory, check all products and their manufacturing process on a regular basis, to ensure the overall performance will meet the required standards.</p>	B5.2	–

## OVERVIEW OF SUSTAINABLE DEVELOPMENT

		HKEx KPI	GRI Standard
<b>Product Responsibility</b>			
Percentage of total products sold or shipped subject to recalls for safety and health reasons	Overall recall rate of the Group: less than 0.01%	B6.1	–
Number of products and service related complaints received and the handling methods	<p>We received 5,299 complaints from our customers, among which, 53.9% are about footwear, 45.4% are about apparel, and 0.7% are about accessories.</p> <p>We file and organize customer complaints and feedback according to the “ANTA Customer Service Charter”, then forward the information to relevant distributors for investigation and verification to ensure that the complaint is appropriately handled. The customer service staff will revisit the customers in order to ensure the distributors have handled the complaint accordingly, and to confirm the outcome of the case is approved by the customers.</p>	B6.2	–
Practices relating to maintaining and protecting intellectual property rights	We value the protection of intellectual property and we respect the originality of design. Therefore, we have established rigorous design procedure and use administrative means to prevent the possibilities of plagiarism. We make use of customer reports, the assistance of the law enforcement department, investigation of the legal team, and cooperation with suppliers to obtain relevant information. We will take actions such as criminal procedures, litigation, making online complaints to remove hyperlinks that contain the relevant products, based on the circumstances of the situation. During the year, there are a total of 237 cases on product counterfeiting and brand infringement activities.	B6.3	–

		HKEx KPI	GRI Standard
Quality assurance process and recall procedures	<p>We conduct multiple safety tests based on the internal product quality guidelines, including the sharpness of the edges of a product, the residues of broken needles and the amount of hazardous chemicals, before sending the products to the distributors.</p> <p>If defective products with materials and sewing products are found after shipment, our employee will follow the strict “Product Recall Management System” to recall the products and ensure the defective products are handled properly. All products that do not comply with any regulation, found to be defective during self-inspection process, or have a recall rate for more than 5%, we will announce the recall within one working day after confirming the decision. Meanwhile, we will also notify the distributors to return the defective products.</p>	B6.4	–
Requirements for product and service information and labeling	<p>We have provide the materials’ data of all products (including footwear, apparel and accessories) on their tags or packages according to the relevant national and domestic laws. A customer can easily judge if the product suits his needs with the information provided.</p> <p>During the year, we did not have any incidents of non-compliance concerning product information and labeling.</p>	–	GRI 417: 417-1 417-2
Consumer data protection and privacy policies, the implementation and monitoring	<p>Most of the non-manufacturing systems of our Group obtained ISO270001, the information security international certification, and established a comprehensive information safety and management system. Among all, we are regulating the safety management regulations, legal compliance management requirement and network access regulations for all third parties and outsourcing businesses, according to the “26 Information Security Systems.” Further, we restricted the data access rights of the employee in order to reduce the risk of data leakage.</p> <p>During the year, we did not receive any substantiated complaints concerning breaches of customer privacy and losses of customer data.</p>	B6.5	GRI 418: 418-1

## OVERVIEW OF SUSTAINABLE DEVELOPMENT

		HKEx KPI	GRI Standard
<b>Anti-corruption</b>			
Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	<p>We are undergoing internal control process during these few years. During this year, we have completed in some parts of our operation districts. We have yet to discover any part with high corruption risk.</p> <p>During the year, we were not aware of any relevant cases of corruption.</p>	B7.1	GRI 205: 205-1 205-3
Preventive measures and whistle-blowing procedures, the implementation and monitoring	<p>The Audit and Supervision Department from the Group issued the “ANTA Report and Reward System” to improve the level of governance. As a department that focuses on anticorruption, the Audit and Supervision Department is appointed by the Group and they are independent of the management, to ensure the independence and objectivity of the anticorruption work. Any employees who identify cases of corruption or bribery, they can report to the department. This department is formed by professional investigators who are equipped with strict confidentiality measures in all areas including filing a report, registration, handling information and investigation.</p>	B7.2	GRI 205: 205-2
<b>Community Investment</b>			
Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport)	<ul style="list-style-type: none"> <li>– Support the Chinese policies by promoting the development of the Chinese sports industry</li> <li>– Provide more opportunities for the disadvantaged groups to participate in sports, in which every youth in need living in poverty area can wear our sportswear</li> <li>– Popularize the quality sports education in China and empower the young generation with accurate sports and science knowledge</li> <li>– Fulfil corporate citizenship and respond to the needs of the society</li> <li>– Increase the awareness and understanding of sports through our brand influence, and lower the threshold in participating sports activities to promote a healthy living lifestyle</li> <li>– Consolidate resources to support Chinese athletes</li> </ul>	B8.1	–

		HKEx KPI	GRI Standard
Resources contributed to the focus area	<ul style="list-style-type: none"> <li>– Partnered with the China Youth Development Foundation and released a report on “Report on Sports Situation of Teenagers Living in Poverty Areas in China”</li> <li>– Launched the “Sturdy Growth Charity Project” which aims to provide the younger generation with a quality education and to satisfy their appetite to participate in sporting activities, expecting to invest RMB 500 million to help 10 million teenagers become beneficiaries of this plan over the next ten years</li> <li>– Announced to run the “ANTA Charity Day” on 10 July every year to call upon all of our employee, distributor and customers to join charity events. All ANTA and ANTA KIDS stores, together with its online e-commerce platforms on Tmall and JD.com, will donate RMB 1 for every single apparel item or pair of shoes sold</li> <li>– When thousands of residents suffered from a forest fire disaster happened in San Francisco, we supported our spokesperson Klay Thompson from the Golden State Warriors, and donated a total of USD 75,000</li> <li>– Cooperated with the “Ronald McDonald House Charities” and organized the “McHappy Run” in 16 cities in China, which over 40,000 people participated in this event</li> <li>– Cooperated with the “Chinese Teacher Development Foundation” to organize “Soccer Teacher Training Program 2017” in May, which is aimed to train excellent teachers for campus soccer for teenagers and further improve the soccer teachers’ education standard, making soccer common and enhancing the overall soccer standard. Since the first launch in May, 15 sessions of campus soccer sports teacher training program was held in 10 cities in the country, which over 1,500 sports teacher directly participated in the training. There were over 1,000 participating schools, covering 1 million students and 3.8 million parents.</li> <li>– Became the official sportswear partner of the Beijing 2022 Olympic and Paralympic Winter Games during the year, which professional sportswear will be provided for the Chinese athletes</li> </ul>	B8.2	–

## GLOSSARY

### **ANTA**

ANTA Brand

### **ANTA CHANGTING (PRC)**

Changting ANTA Sports Products Co., Ltd.

### **ANTA CHINA (PRC)**

ANTA (China) Co., Ltd.

### **ANTA KIDS**

ANTA KIDS Brand

### **ANTA SPORTS/ COMPANY/GROUP/ WE/OUR/US**

ANTA Sports Products Limited

### **ANTA STORE(S)**

ANTA authorized retail store(s)

### **ANTA XIAMEN (PRC)**

Xiamen ANTA Sports Goods Co., Ltd

### **ATHLETIC (PRC)**

Quanzhou Athletic Shoes & Garments Co., Limited

### **BOARD**

Board of Director

### **CCA**

Carbon Care Asia Limited, a professional consultancy firm

### **CHINA/PRC**

People's Republic of China

### **CO<sub>2</sub>e**

Carbon dioxide equivalent

### **COC**

The Chinese Olympic Committee

### **CONSULTANCY FIRM**

Independent, third-party, professional consultancy firm

### **DESCENTE**

DESCENTE brand

### **ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE/ THE GUIDE**

Environmental, Social and Governance Reporting Guidelines issued by the Hong Kong Exchanges and Clearing Limited

### **ERP**

Enterprise Resources Planning System, a business support system that maintains in a single database for a variety of business functions

### **EVA**

Ethylene-vinyl acetate plastic

### **FILA**

FILA Brand

### **FILA KIDS**

FILA KIDS Brand

### **FILA STORE(S)**

FILA retail store(s)

### **GHG Emissions**

Greenhouse gas emissions

### **HENAN MATERIAL (PRC)**

Henan ANTA Material Supply Limited

### **HKEX**

The Stock Exchange of Hong Kong Limited

### **HONG KONG**

The Hong Kong Special Administrative Region of the PRC

### **KINGKOW**

KINGKOW brand

### **KOLON SPORT**

KOLON SPORT brand

### **LISTING RULES**

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

### **MACAO**

The Macao Special Administrative Region of the PRC

### **MSCI**

MSCI Standard Indexes

### **NBA**

National Basketball Association

### **OEM**

Original equipment manufacturer

### **QUANZHOU MATERIALS (PRC)**

Quanzhou ANTA Material Supply Limited

### **R&D**

Research and development

### **REPORT**

Environmental, Social, Governance Report

### **RMB**

Renminbi, the lawful currency of the PRC

### **SHAREHOLDERS**

Shareholders of the Company

### **SPRANDI**

SPRANDI brand

### **XIAMEN ANTA INDUSTRIAL (PRC)**

Xiamen ANTA Industrial Limited

### **YEAR**

The year ended 31 December 2017



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