



# SUSTAINABILITY REPORT 2023

Issue Date: April 2024



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# 1. ABOUT THIS REPORT

At Concept 4, we believe that in the power of sustainability and its integral role in shaping a better future for our planet and society. In line with our commitment to transparency and responsible business practices, we are pleased to present this annual sustainability report to share our environmental, social and governance performance and initiatives with our valued stakeholders.

## Scope

The report covers the period from 1 January 2023 to 31 December 2023. It includes employees at our headquarter in Hong Kong, representative offices in Dongguan and Shanghai, China, as well as France office in Europe.

## Purpose

The purpose of this report is threefold:

- a. **Transparency and Accountability:** We aim to provide a transparent account of our sustainability practices, goals, and progress. By openly sharing our achievements and challenges, we hold ourselves accountable to our stakeholders and demonstrate our commitment to responsible and sustainable business practices.
- b. **Stakeholder Engagement:** We value the input and perspectives of our stakeholders, including customers, employees, suppliers, communities, and regulators. This report serves as a platform for engagement, inviting feedback, dialogue, and collaboration. We actively seek to understand and address the expectations and concerns of our stakeholders, working together to drive positive change.

- c. **Performance Evaluation and Improvement:** By reporting on our key performance indicators (KPIs), targets, and achievements, we enable stakeholders to evaluate our sustainability performance. This report allows us to assess our progress, identify areas for improvement, and set new goals. We are dedicated to continuous learning, innovation, and the integration of sustainable practices into our operations and decision-making processes.

## Approval

This report is approved by the CEO of the company and published on 15 April 2024.

## Contact Information

By publishing this sustainability report, Concept 4 aims to foster trust, inspire positive change, and contribute to a more sustainable future. We welcome feedback and suggestions from our stakeholders on how we can further enhance our sustainability efforts.

For any inquiries or additional information, please contact Concept 4 at [C4sustainability\\_external@concept4.net](mailto:C4sustainability_external@concept4.net)

## 2. MESSAGE FROM THE CEO

With the economy recovering from the pandemic after two years, Concept 4 continues to commit to our sustainability goals that align with the principles of the United Nations Global Compact (UNGC). Our aim is to become the leading sustainable solutions supplier in the cosmetic and fashion accessories industry, with a focus on lowering our environmental impact, creating a safe and healthy workplace, and striving for the highest quality in our products. In our people-oriented business model, we deliver these values, benefiting not only our colleagues but also other stakeholders in the world who work with us along the supply chain.

Climate change is undeniably a significant risk to our community and our business, especially as extreme weather events and rising temperatures have caused disruptions in manufacturing and logistics. As a responsible SME company based in Hong Kong with operations in mainland China and abroad, we have a duty to follow and align with The Business Ambition for 1.5 Campaign by the UN Global Compact. Hence, we make continual efforts to reduce our environmental impact on emissions, water, and waste by improving the efficiency of our consumption, sourcing with a sustainability mindset, and investing in renewable energy sources. We are constantly exploring innovative solutions that enable us to create more sustainable product lines and reduce our environmental footprint. This year, in addition to regularly monitoring our scope 1 and 2 emissions with certified independent verification, we have also completed our first full mapping analysis for our scope 3 greenhouse gas emissions, following the GHG Protocol for our corporate carbon accounting and reporting emissions along our supply chain. Looking ahead, we have already proceeded to attain B Corp Certification, measure and manage our environmental impacts and performance through active participation in CDP's climate change questionnaires. In addition, we are waiting for the Science Based Target Initiative (SBTi) to validate our commitment to emission reduction targets by 2024.

We position ourselves as change facilitators, working closely with our stakeholders to achieve mutual benefits to the community. We believe in respecting the rights of all stakeholders, promoting ethical business practices, and supporting our customers in achieving their sustainability goals, particularly by embracing labour rights and safety,

diversity, equity, inclusivity, and zero-tolerance for bribery and corruption along our value chain. Our recent achievements in the realm of information security, anti-bribery management, and our ongoing commitment to occupational health and safety from the attainment of ISO 27001 and ISO 37001 clearly demonstrate our dedication and practices in maintaining robust information security and combating bribery and corruption and providing a safe and healthy working environment for our employees by attaining ISO 45001 certifications. A fair and respectful working environment improves employees' health and well-being. We view these certifications as testimonies to our ongoing pursuit of excellence and our unwavering commitment to providing outstanding products/services to our customers. Through collaboration with our partners, we can create tremendous value for them and build a more resilient, sustainable future for all.

We are constantly gaining valuable knowledge and insights that can help us revise our sustainability approach and try out game-changing actions. We remain motivated to advance sustainability throughout our business and value chain by pursuing better performance in our ESG pledges and comprehensively implementing our purpose-driven, sustainability strategy. Our recent membership upgrade to SEDEX AB grading reflects our continued commitment to ethical and responsible business practices, supply chain transparency, and sustainable operations. Our commitment to sustainability remains steadfast, and we will continue navigating our journey with the goal of making a positive impact on people and the planet.

We are delighted to present the first Sustainability Report of Concept 4 on the occasion of our 20th anniversary. We invite you to explore this report and join us in celebrating the milestones and progress we have achieved together!

**EACH "GREEN" STEP COUNTS, EVEN SMALL ONE!**



**Pascal Vielvoye**  
CEO, Concept 4 Ltd.

Jan 2024

### 3. 2023 PERFORMANCE OVERVIEW

#### Environmental

### SUBMITTED SBTi

SME targets on committing to full scope reduction :

**42%** by 2030

**90%** by 2050

Collected energy consumption data for scope 3 from **90%+** suppliers by turnover

**20** strategic suppliers attended our EMS Training Workshop with SEDEX

#### Sustainable Procurement

**100%** of target suppliers with contracts that include clauses on environmental labour & human rights requirements

**100%** of active suppliers accepted C4 code of conduct

**100%** of suppliers covered by a CSR assessment

#### External Commitment

Concept 4 is a signatory to the United Nations Global Compact and supports the Ten Principles of the UN Global Compact on human rights, labour, environment, and anti-corruption



#### ISO Certifications

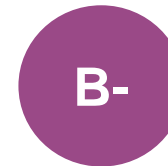


#### Social

Average training hours for our people

**23.5 hours**

#### External Recognition



Rated **B-** in the Climate questionnaire 2023 through Supplier Engagement Rating (SER) of the Carbon Disclosure Project (CDP)

#### New Product Certifications



STANDARD 100



## 4. ABOUT CONCEPT 4

### 4.1 Our Business

Experts in design, product development, sourcing, and production; we are a one stop solution for brands & retailers offering quality beauty accessories, cosmetics, fashion accessories, packaging and lifestyle products.

We offer an open and creative environment to facilitate innovation where each individual feels the value of its contribution. Alongside our headquarters in Hong Kong, we have offices in China and France, and remote sales representative in USA to ensure quality service worldwide.

We merge our areas of expertise to deliver the right product at the right price in a timely manner. We follow the process from initial concept through to production with an extensive team of experts in product, sourcing, production & quality.

We focus on the following core categories: colour cosmetics, toiletries, beauty tools, wellness, beauty devices, bags, pouches, hair accessories, jewellery, sunglasses, fashion textiles & beauty textiles, primary & secondary packaging, home fragrance, home, gifting & lifestyle.

We have a wide breadth of clients from both the fashion and beauty world, from direct selling to luxury beauty brands, high street garment retailers, subscriptions boxes and luxury fashion houses. We have recently become the sole agent in Asia for two of our key clients. Our design and product managers are dedicated to making collections and offer solutions to meet different customer's sustainability strategies.

In order to calculate our business impacts on economy, environment and people, we have defined that upstream is our relationship with suppliers and downstream as that with our clients.

### 4.2 Sustainability Policy

At Concept 4, we deeply integrate sustainability into every aspect of our business. It forms the very foundation of our corporate culture, influences our decision-making processes, shapes our supply chain management, and drives our day-to-day operations. This holistic approach empowers us to deliver innovative, high-quality products and exceptional service that align with our customers' expectations, all while safeguarding the environment and fulfilling our responsibilities as corporate citizens. We firmly believe that sustainability is an ongoing, long-term journey that we are committed to pursuing.

**Our Vision:** To become the most trusted sustainable solutions supplier in the Cosmetic and Fashion Accessories Industries. Solutions that are viable economically, but also with positive impacts and benefits for people and the planet.

**Our Mission:** We consider ourselves as change agents with our suppliers and want to collaborate with them for the better. We aim at improving the environmental performance of our value chain and helping our customers achieve their own sustainability goals. We relentlessly look for innovative ways to develop more sustainable products collections and minimize our impacts on the environment.

## 4. ABOUT CONCEPT 4

### 4.3 UN Sustainable Development Goals & UNGC Ten Principles



Concept 4 welcomes the adoption of the United Nations Sustainable Development Goals (SDGs) into our sustainable goals and we continue our commitments towards global sustainable development under this framework.

Based on the nature of our operations and supply chain, we believe our engagement can be most productive around the following SDGs at this stage:



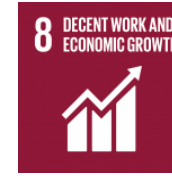
#### 3. Ensure healthy lives and promote well-being for all at all ages:

Good physical and mental health are essential to a human life. With clear evidence of the link between health, safety and productivity, Concept 4 take special care in ensuring that our workplaces, and those of our suppliers, demonstrate this.



#### 5. Achieve gender equality and empower all women and girls:

With most of the factories in our supply chain having 70-95% female employees, through our compliance operations and programs, we strive to ensure that the workplaces we engage with are models for gender equality and non-discrimination in all respects.



#### 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all:

We believe that our workplace should demonstrate the best principles of decent work in terms of health and safety, and to provide our employees respect, opportunity and growth.



#### 12. Ensure sustainable consumption and production patterns:

We strongly believe that products and materials that can be reused, remanufactured, recycled or recovered and maintained in the economy for as long as possible can help to make the transition towards a greener and more socially inclusive global economy. We therefore take all opportunities to propose sustainable products and materials to our clients to avoid or minimize the generation of waste, especially hazardous waste, and prevent or reduce greenhouse gas emissions.



#### 13. Climate Action:

In respect to the Paris Agreement, we strive our effort as a trader, to keep the global temperature rise in this century well below 2 degrees Celsius. We account climate risk and its transition risk into our business strategies, take actions to combat climate change and its impact. We engage our suppliers to mitigate from serious threats and grasp potential opportunities.



Concept 4 is a signatory and continues to support the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption.



## 4. ABOUT CONCEPT 4

### 4.4 Governance

At Concept 4, we recognize that strong corporate governance is essential for driving sustainable and responsible business practices. We are committed to upholding the highest standards of governance, transparency, and ethical conduct throughout our operations. Our governance framework is designed to ensure accountability, protect stakeholders' interests, and promote long-term value creation.

#### Board of Directors (The Board)

- Our Board of Directors consists of shareholders of the company, this highest governance body is led by the Chairman. With their expertise and knowledge, they provide strategic guidance, oversee company performance, and uphold the highest standards of integrity and ethical behaviour.
- The Board's responsibility to meet regularly to review and approve key decisions, assess and manage risks, approve then monitor the implementation of our sustainability strategy. It ensures that our business operations align with our values, mission, and long-term goals, while maintain compliance with laws and regulations.
- The Board membership is publicly available and transparent on our website. We are continuously comprehending our governance structure in addressing conflicts of interests and other risks.

#### Ethics & Compliance

- We have established a robust ethics and compliance framework to ensure that our business is conducted with the highest level of integrity. This framework include:
  - A Code of Conduct and business ethics that outline our ethical standards and expectations for all employees (Employee Code of Ethics and Business Ethics C4-HRP-009 V001)

- An anti-bribery policy that set out the rules and principles as relate to bribery (Anti-Bribery Policy C4-HRP-005 V007)
- A whistleblower policy to provide reporting channels and guidance in whistleblowing to our stakeholders (Whistleblower Policy C4-HRP-007 V002) and a whistleblowing committee serves as an independent body responsible for receiving, investigating, and addressing any reported incidents of wrongdoing, unethical behaviours, or policy violations.
- We are pleased to report that no whistleblowing cases were reported within Concept 4 in 2023.

#### Risk Management

- We maintain regular risk management to identify, assess, and mitigate risks across our operations. Our risk management processes are integrated into our strategic planning and decision-making processes
- We regularly assess emerging risks, including those related to sustainability, and implement appropriate measures to address them. We believe that proactive risk management is essential for safeguarding our reputation, financial stability, and the interests of our stakeholders

#### Transparency & Reporting

- We are committed to transparent reporting on our sustainability performance, including our environmental, social and governance practices.
- It includes key performance indicators, as well as initiatives that demonstrate our commitment to sustainability and responsible business practices
- We target to verify our sustainability report by independent third party in the next 3 years, with supervision by the CEO.



## 4. ABOUT CONCEPT 4

### 4.5 Stakeholder Engagement

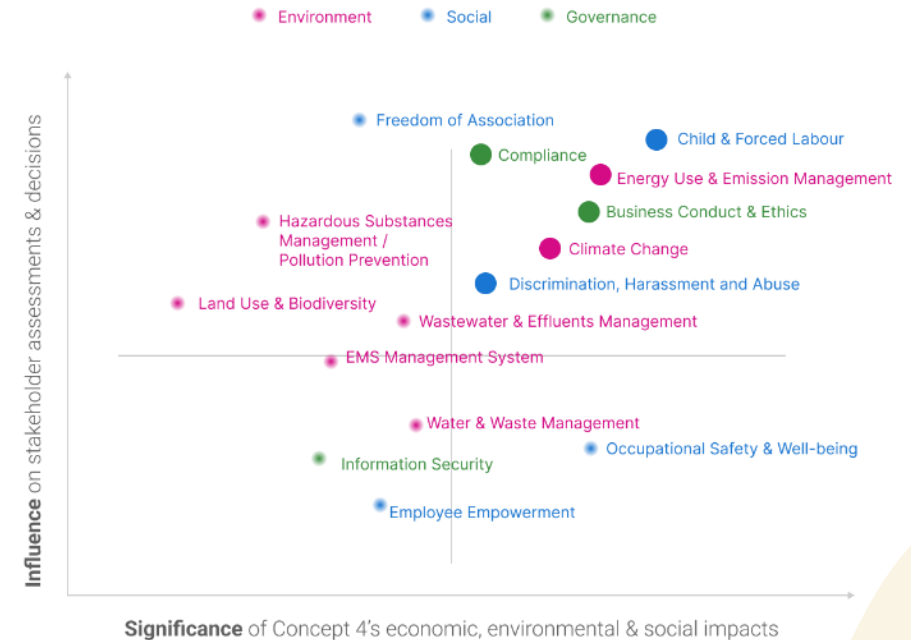
At Concept 4, we recognize the significance of actively engaging with our stakeholders and valuing their interests and expectations. We maintain open lines of communication by consistently sharing updates on our progress and advancements in enhancing our strategies, management practices, and overall performance. Our stakeholders span a wide spectrum, including upstream and downstream suppliers, customers, employees, government entities, local communities, and trade associations. By involving these diverse stakeholders through various channels, we ensure that our decisions and actions are aligned with their needs and aspirations.

Stakeholder	Engagement Mechanism	Focus Area
Suppliers	<ul style="list-style-type: none"> <li>Supplier annual surveys</li> <li>Supplier annual audits</li> <li>Business review meetings</li> <li>Ratings and on-site review</li> </ul>	<ul style="list-style-type: none"> <li>Compliance</li> <li>Business Conduct &amp; Ethics</li> <li>Child &amp; Forced Labour</li> <li>Freedom of Association</li> <li>Energy Use and Emission Management</li> <li>Hazardous Substances Management / Pollution Prevention</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Customer services email</li> <li>Quality assessment meetings</li> </ul>	<ul style="list-style-type: none"> <li>Information Security</li> <li>Climate Change</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Company-wide announcements</li> <li>Employee satisfaction survey</li> <li>Internal Anonymous suggestions box</li> </ul>	<ul style="list-style-type: none"> <li>Business Conduct &amp; Ethics</li> <li>Occupational Safety &amp; Well-being</li> <li>Employee Empowerment</li> <li>Climate Change</li> <li>Discrimination, Harassment &amp; Abuse</li> </ul>
Government	<ul style="list-style-type: none"> <li>Annual Mandatory Report</li> <li>Corporate Website</li> <li>Local Regulatory Compliance</li> </ul>	<ul style="list-style-type: none"> <li>Compliance</li> <li>Business Conduct &amp; Ethics</li> </ul>
Community	<ul style="list-style-type: none"> <li>Corporate website</li> </ul>	<ul style="list-style-type: none"> <li>Climate Change</li> <li>Compliance</li> <li>Occupational Safety &amp; Well-being</li> </ul>
Trade Associations	<ul style="list-style-type: none"> <li>Corporate website</li> <li>Public Conference</li> </ul>	<ul style="list-style-type: none"> <li>Compliance</li> <li>Freedom of Association</li> <li>Climate Change</li> </ul>

### 4.6 Materiality Assessment

From 2022, we conduct materiality assessment by evaluating our organization's context, identifying relevant ESG topics and impacts, and assessing the significance of those impacts through research and engagement with relevant stakeholders. Through this study, 15 important environmental, socioeconomic, and governance material issues are validated. We agree that they are all critical to Concept 4. We have already taken action to address them and included into our consideration in daily business activities. We are developing our sustainability strategy plan that will be accounting and monitoring our impacts on identified materiality issues. To ensure that our business's evolving context and impacts are accurately reflected in our priority topics, we will conduct regular updates to our materiality assessment bi-annually.

Concept 4 Materiality Matrix 2022-23



## 4. ABOUT CONCEPT 4

### 4.7 External Recognition

#### Sustainability Assessment by EcoVadis

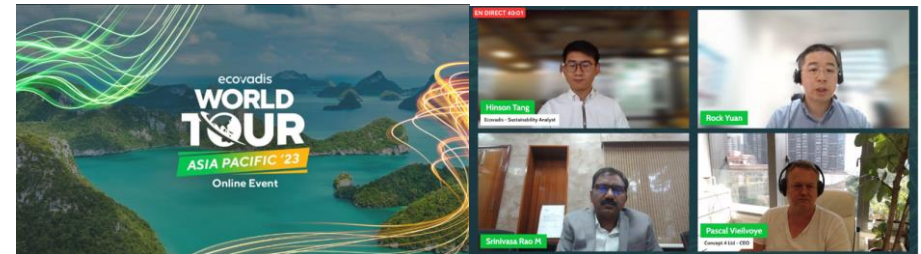


In November 2023, we are proud to have been awarded the gold medal by EcoVadis, a leading sustainability assessment platform. Improving from 87<sup>th</sup> to 98<sup>th</sup> percentile, this reflects our ongoing commitments and progress in integrating sustainability into our business practices. As we mark the eighth year of assessment by EcoVadis, we recognize the invaluable role this process has played in shaping our sustainability journey and driving continuous improvement.

- **The Impact of EcoVadis Assessments** - The EcoVadis process and its robust framework have been instrumental in guiding our sustainability efforts. Through a step-by-step approach, EcoVadis has helped us gain clarity on our sustainability goals and provided us with a roadmap for progress. The assessments have served as a valuable benchmarking tool, enabling us to measure our performance against industry peers and identify areas for improvement.
- **Feedback and Recommendations for Improvement** - Our engagements with EcoVadis assessments have provided us with valuable feedback, highlighting both our strengths and weaknesses in sustainability performance. This feedback has been crucial in identifying specific areas where we can drive continuous improvement. In particular, our assessments have shown that Concept 4, which focuses on certifications and reporting, presented opportunities for enhancement.
- **Alignment of Corrective Action Plans** - With the insights and recommendations from EcoVadis assessments, we have aligned our Corrective Action Plans with the suggestions and advice provided by EcoVadis. We have used this alignment to prioritize our efforts and develop targeted strategies to address the identified areas for improvement. By integrating EcoVadis' recommendations into our Corrective Action Plans, we ensure that our sustainability initiatives are aligned with industry best practices and global standards.

**Continuous Improvement and Collaboration** - Our partnership with EcoVadis goes beyond the assessment process. We value the ongoing collaboration and engagement with EcoVadis to foster continuous improvement. By actively participating in EcoVadis workshops, webinars, and knowledge-sharing sessions, we stay updated on emerging sustainability trends, industry insights, and best practices. This collaborative approach enables us to continuously enhance our sustainability performance and drive positive change within our organization and supply chain.

We are proud that our CEO was invited to the EcoVadis World Tour 2023, where Concept 4 showcased how we are harnessing the power of EcoVadis as a catalyst and framework in our sustainability journey. Following our 8th EcoVadis Sustainability assessment, this invitation serves as recognition of our ongoing commitment to sustainable practices and responsible business conduct. At the event, our CEO had the opportunity to share our experience, highlighting how EcoVadis has played a pivotal role in driving positive change within our organization. By leveraging the EcoVadis platform, we have gained valuable insights into our sustainability performance, identified areas for improvement, and implemented effective strategies to enhance our environmental, social, and governance practices. We are proud to be associated with EcoVadis and grateful for the opportunity to inspire and collaborate with other like-minded organizations on the path towards sustainability excellence.

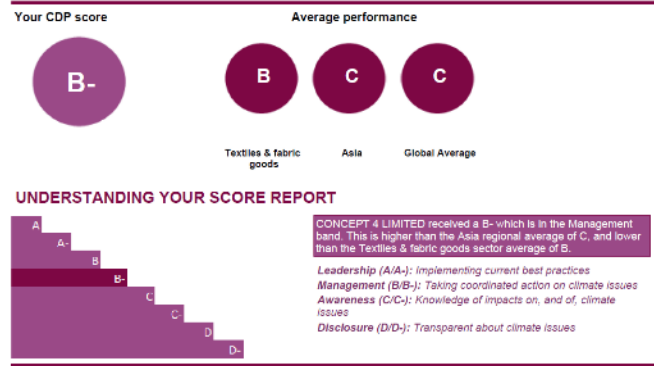


The EcoVadis assessments have been pivotal in our sustainability journey. As we continue to collaborate with EcoVadis and leverage their expertise, we are confident that our sustainability performance will further improve. We remain committed to driving continuous improvement, integrating sustainability into our operations, and positively contributing to the well-being of our stakeholders and the environment.

## 4. ABOUT CONCEPT 4

### Assessment by CDP

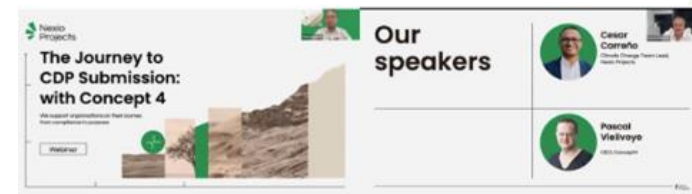
In 2023, we underwent the general Climate Change questionnaire by Carbon Disclosure Project (CDP), an internationally recognized organization that evaluates companies' environmental performance and disclosure practices. This assessment provided us with valuable insights into our environmental impact and our level of awareness and knowledge regarding sustainability practices. We were pleased to improve our score from C in 2022 to B- in 2023, indicating that we are taking coordinated actions on climate issues.



- **Importance of CDP Assessment** - The CDP assessment plays a crucial role in our sustainability journey by offering an additional perspective on our environmental performance. While our partnership with EcoVadis has been instrumental in evaluating our overall sustainability practices, the CDP assessment specifically focuses on our understanding and knowledge of environmental impacts. This assessment provides us with a different lens through which to evaluate our sustainability efforts, ensuring a comprehensive and well-rounded approach to sustainability reporting and improvement.
- **Validation of Sustainability Knowledge** - Achieving a B- rating in our second CDP assessment reflects our execution of knowledge to addressing our environmental impact with coordinated actions. It acknowledges our efforts to raise awareness and foster knowledge about sustainability within our organization. This scoring encourages us to continue our sustainability journey and further deepen our understanding of environmental issues.

- **Complementary Assessments** - Conducting both EcoVadis and CDP assessments on an annual basis has proven to be beneficial for our company. These assessments provide different perspectives and evaluation criteria, allowing us to gain a comprehensive understanding of our sustainability performance. While EcoVadis assesses a broader range of sustainability aspects, CDP focuses specifically on environmental impacts. This dual assessment approach ensures a well-rounded evaluation and supports our ongoing commitment to continuous improvement.
- **Driving Continuous Improvement** - By participating in both EcoVadis and CDP assessments annually, we demonstrate our dedication to driving continuous improvement in sustainability. These assessments help us identify areas for enhancement and guide our efforts to align with global sustainability standards and best practices. The feedback and recommendations received from both assessments contribute to the development of our Corrective Action Plans, enabling us to set targeted goals and achieve meaningful progress in our sustainability journey.

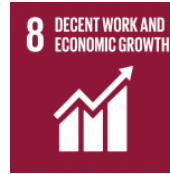
We are delighted to highlight that our CEO was invited by Nexio in July 2023 to share Concept 4's journey to CDP disclosure. As a leading sustainability consultant, Nexio played a crucial role in guiding us during the preparation of our first CDP submission in 2022. This invitation to share our experiences demonstrates the recognition of Concept 4's commitment to environmental transparency and sustainability practices. Our CEO's participation in this event provided an opportunity to showcase our progress, challenges, and best practices in CDP reporting, inspiring and informing other organizations about the benefits and importance of disclosing climate-related data. We are grateful for the collaboration with Nexio and the platform they provided to amplify our sustainability journey, fostering knowledge sharing and encouraging others to embark on their own path towards CDP disclosure and environmental stewardship.



We will continue to undergo both EcoVadis and CDP assessments on an annual basis, as we believe that these assessments provide different perspectives and evaluation criteria, contributing to a well-rounded evaluation of our sustainability performance. These assessments are instrumental in guiding our sustainability journey, identifying areas for improvement, and driving positive change within our organization and beyond.

## 5. ETHICS

We believe that conducting business with the highest standards is fundamental to our sustainability journey. We strive to uphold ethical principles in all our operations, interactions with stakeholders, and decision-making processes. Our Ethics Policy (C4-SUS-002 V003) covered our value, our commitments and our key performance index.



### 5.1 Business Ethics & Anti-Corruption

While reaffirming our unwavering commitment to the United Nations Global Compact (UNGC) and its ten principles, in 2023, we are proud to obtain ISO37001 certification for our Anti-Bribery management System. This certification reflects our commitment to maintaining the highest standards of ethics, transparency, and integrity in our business operations. It also provides a framework for preventing, detecting, and addressing bribery and corruption risks.



Our journey towards ISO37001 certification involved a rigorous process of implementing and strengthening our anti-bribery practices

- Conducted a comprehensive assessment by all divisions in the company of our bribery risks, reviewed existing policies and controls, and developed measures to mitigate these risks
- Appointed the Senior Director of Operations, Supply Chain & Sustainability as the Anti-bribery Compliance Function and Management Representative of the Anti-bribery Management System, to align our policies & procedures with the requirements of ISO37001, ensuring that our anti-bribery controls were robust, effective, and aligned with international best practices
- Conducted thorough awareness training for our employees, emphasizing the importance of preventing and reporting bribery and corruption.
- Appointed the whistleblowing committee to serve as an independent body responsible for receiving, investigating, and addressing any reported incidents of wrongdoing, unethical behaviours, or policy violations
- Communicated with stakeholders, including our employees, clients and suppliers on our Anti-bribery policy, actively seek feedback to enhance our anti-bribery practices

### Employee Code of Conduct & Business Ethics

In addition to our anti-corruption policy, Concept 4 upholds a strong commitment to ethical conduct and business integrity through our Employee Code of Conduct and Business Ethics (C4-HRP-009 V001). This comprehensive document serves as a guiding framework for our employees, outlining the principles and values that govern their behaviours and interactions within the company, with clients, and with suppliers.

Our Employee Code of Conduct and Business Ethics provides clear guidelines on how employees should conduct themselves, emphasizing honesty, transparency, and accountability. It covers a wide range of topics, including professional behaviours, confidentiality, conflicts of interest, fair competition, and respect for human rights. By adhering to these guidelines, our employees demonstrate their commitment to maintaining the highest standards of integrity in all aspects of their work.

As part of our onboarding process, all new employees are required to thoroughly read and understand the Employee Code of Conduct and Business Ethics. They are also expected to sign a commitment to comply with these policies, reinforcing their understanding and dedication to upholding ethical practices within our organization.

By establishing and enforcing these policies, Concept 4 fosters a culture of integrity, trust, and ethical decision-making. We believe that by conducting our business ethically and treating all stakeholders with respect, we not only maintain the trust and confidence of our clients but also contribute to a fair and sustainable business environment.

We are committed to regularly reviewing and updating our Employee Code of Conduct and Business Ethics to ensure that it remains relevant and aligned with legal and industry standards. Through ongoing education, training, and communication, we strive to create a work environment where ethical conduct is valued, celebrated, and consistently practiced by all members of our organization

## 5. ETHICS

### Corruption Perception Index (CPI)

We are committed to promoting a culture of integrity, transparency, and ethical conduct in all aspects of our business operations. As part of our sustainability efforts, we have implemented a proactive approach to combat corruption by utilizing the Corruption Perception Index (CPI) ranking of our suppliers and clients' geographic locations.

We recognize that corruption can undermine sustainable development, erode trust, and have significant negative impacts on society and the environment. To mitigate these risks, we have integrated the CPI ranking into our decision-making processes, particularly in purchasing and selling activities. By considering the CPI ranking, we aim to raise awareness among our staff members regarding the importance of anti-corruption measures and the potential risks associated with engaging with entities in regions that have a higher prevalence of corruption.

To ensure that our staff members stay informed and up-to-date, we provide regular updates on the CPI index. These updates are shared globally, enabling our employees to make well-informed decisions aligned with our commitment to ethical practices and transparency. By fostering awareness and understanding of the CPI rankings, we empower our staff to make responsible choices that uphold our core values and contribute to a sustainable business environment.

### Due Diligence on Vendor Ethics Practices

The company is committed to driving responsible practices across our supply chain. As part of our broader anti-corruption efforts, we also emphasize the importance of robust due diligence procedures.

In 2023, we introduced an enhanced supplier onboarding process aimed at ensuring the highest standards of business ethics and compliance. As part of this process, we have implemented a comprehensive due diligence check conducted via TianYanCha.com. This platform provides valuable information that allows us to screen potential suppliers for any

significant violations related to business ethics. This diligent screening process helps us make informed decisions and select suppliers who share our values and maintain a high level of ethical conduct in their business operations.

### Continuous Monitoring

In accordance with ISO37001 requirements, our company maintains a system of continuous monitoring to uphold ethical standards and prevent any potential violations. As part of this proactive approach, each department manager is required to complete a quarterly Ethics Report, outlining their activities and confirming adherence to ethical guidelines and policies. By implementing this reporting mechanism, we ensure that ethical practices are consistently followed across all departments, fostering a culture of transparency, accountability, and integrity. This process enables us to identify any potential issues or areas for improvement promptly, allowing for timely corrective actions and demonstrating our commitment to maintaining the highest level of ethical conduct throughout the organization.

Each department also has the responsibility to regularly review their risk register for any potential bribery risks specific to their operations. This proactive approach ensures that we stay vigilant and responsive to the evolving legal and regulatory landscape.

Our departments are tasked with monitoring and assessing any new laws or regulations that may impact bribery risks. This includes staying informed about relevant legislation, industry guidelines, and international standards related to anti-bribery practices. By actively reviewing and updating our risk register, we can identify and address any emerging bribery risks promptly.

By continuously monitoring and updating our risk register, we promote transparency, reduce the potential for bribery, and uphold our commitment to responsible business practices.



## 5. ETHICS

### Continuous Training

Awareness training on anti-bribery is conducted throughout the organization, reaching every staff member. We are committed to providing this training on a minimum yearly basis to reinforce our anti-bribery policies and expectations. These training sessions cover topics such as recognizing bribery risks, understanding relevant laws and regulations, and promoting ethical decision-making.

In addition to our internal training, we place great importance on external resources and collaboration to further enhance our anti-corruption efforts. Therefore, all staff members are required to attend the training again corruption organized by the Independent Commission Against Corruption (ICAC), an organization operated by the Hong Kong Government. This training session takes place at our office once a year, providing employees with valuable insights and practical knowledge on combating corruption in our business environment.

Through regular training sessions and collaboration with external organizations, we foster a culture of integrity, transparency, and responsible business conduct.

### 5.2 Data Protection

At our company, data protection is of utmost importance as we strive to ensure the confidentiality, integrity, and availability of information. As part of our commitment to maintaining the highest standards in information security, we were ISO27001 Information Security Management System certified in 2023.

We prioritize the protection of the company's data and have implemented measures to ensure its confidentiality, integrity, and availability. Based on ISO27001 requirements, we encompassed policies, procedures, and controls that enable us to effectively manage risks related to these data.

Through ISO27001, we continuously assess and mitigate potential security risks to safeguard our data from unauthorized access, accidental loss or unauthorized disclosure. This includes implementing appropriate technical and organizational measures, such as encryption, access controls, regular vulnerability assessments, and staff training on data protection protocols.

After adhering to ISO27001 standards, we have received a reported case of infectious virus. Soon we reacted according to management procedures and isolated it from network, formatted OS. Requested that user and their team members to change password. Following with virus scanning and checked thoroughly with no further devices found to be inflected.

We understand that robust data protection is not only crucial for our business operation, but also builds trust among our stakeholders and contributes to our long-term sustainability objectives.



## 5. ETHICS

### 5.3 Intellectual Property Rights Protection

As a responsible and ethical organization, we recognize the significance of protecting intellectual property rights. We believe that apart from safeguarding our own assets, robust intellectual property rights protection practices also foster innovation, support fair competition, and contribute to the overall sustainability and growth of our organization.

Intellectual property encompasses a wide range of assets, including patents, trademarks, copyrights, trade secrets, and proprietary information. We understand the importance of safeguarding these valuable assets against unauthorized use, theft or infringement.

Our intellectual property protection practices include:

- **Classification and access controls** – we classify our intellectual property assets based on their sensitivity and implement access controls accordingly. Only authorized individuals with a genuine need for access are granted permissions, and strict monitoring mechanisms are in place
- **Physical Security** – We have implemented physical security measures, such as CCTV surveillance and visitor management systems, to safeguard physical assets containing intellectual property
- **Confidentiality & non-disclosure agreement** – we include these clauses in our Employee handbook (C4-HRP-001 V003) with our employee, as well as our suppliers and service providers in our Confidentiality and non-solicitation deed (C4-SC-002 V006)
- **Employee awareness and training** – we provided comprehensive training to our employees to raise awareness about intellectual property rights and the importance of protecting them. By fostering a culture of respect for intellectual property, we ensure that our workforce understands their responsibilities in safeguarding these assets

### 5.4 Ethical Marketing & Advertising

We recognize the influential role that marketing and advertising play in shaping public perceptions and consumer behaviours. As part of our commitment to corporate social responsibility and sustainability, we have launched our Ethical Marketing Policy (C4-MKT-001 V001) in June 2023.

Our Ethical Market Policy is designed to ensure that all our marketing and advertising activities align with our core values, promote transparency, and uphold ethical standards. This policy serves as a guide for our employees, suppliers and other partners, outlining the principles and practices that must be followed in all marketing and advertising initiatives.

Key components include honesty, ongoing project-based reflections, rejecting impact washing, cultural sensitivity in campaign creation, permission-based email marketing, ethical digital advertising, white-hat search engine optimization.

By aligning our marketing and advertising practices with ethical principles, we contribute to building trust, fostering long-term customer relationships, and advancing our sustainability goals.



## 6. ENVIRONMENT



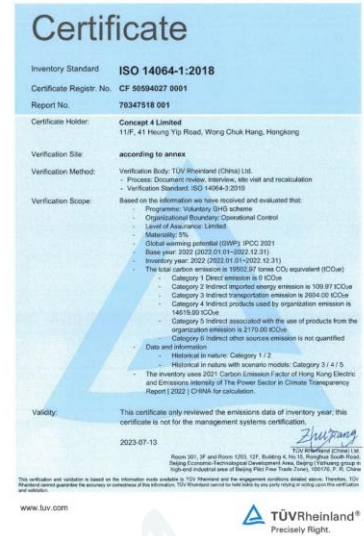
This year, Concept 4 has achieved significant milestones that solidify our commitment to environment through adopting international standards. We are proud to be certified for the first time, by TUV with limited assurance on our carbon calculation methodologies, reporting in accordance with ISO14064 and the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard by the World Resources Institute. We have also successfully completed our submission to the CDP in July, EcoVadis in November, and UN Global Compact Communication on Progress in December.

With the objectives of rising awareness on sustainability to our stakeholder groups, internally, we have conducted comprehensive training via the EcoVadis Academy on ESG issues, including greenhouse gas policy, waste management, biodiversity, sustainable procurement and more. Externally, we have collaborated with SEDEX China in running two rounds of workshop, the SEDEX – Concept 4 Environmental Management System Workshop, in Dongguan and Shanghai, China earlier in August and October. The two days workshops aimed at increasing our strategic suppliers’ adaptability and resilience towards climate risk, as well as building their knowledge capacity in the environmental aspects. Content covered the importance and trend of local and national environmental regulations in China, and technical knowledge about carbon accounting. At the same time, we also have launched an official supplier data collection survey to gain insights of our company’s supply chain environmental impact on not only carbon emissions, but also fuel and energy consumptions, water footprint, waste management and even biodiversity. These measures prepare our company and the suppliers in identifying gaps for data collection and monitoring, setting our impact baseline and targets, and developing our thorough impact reduction strategy in the near future.

### 6.1 Environmental Compliance & Certification

Concept 4 ensures that all our operate sites and business activities comply with local and national environmental regulations and beyond them in certain materiality issues. Attaining our first assurance from TUV on our carbon accounting assessment in accordance with ISO 14064 and GHG Protocol, accredit our effort in monitoring our carbon emissions. We will continue to improve our data accuracy, supply chain coverage and calculation efficiency to attain reasonable assurance on our carbon accounting in the future.

Along our supply chain, we strictly require and ensure all our active suppliers to be complying with all local environmental regulations. We conduct regular on-site audits to conduct document check and implementation of policies. Concept 4 also appreciate suppliers with certification relating to environments. Including ISO 14001 Environmental Management System and ISO 50001 Energy Management System and other product certificates which would be mentioned in 8.3. By 2023, Concept 4 has 24% of suppliers with the corresponding EMS certificates, proving their effort for identifying, managing, monitoring, and controlling environmental issues. We will continue to select our suppliers with consideration in this aspect.



## 6. ENVIRONMENT

### 6.2 Energy Consumption & Greenhouse Gas Emissions

#### Targets

With respect to our emission performance in our baseline year 2022, we have set relative reduction targets, including reduce our office energy consumption with 20% by 2030. Our company commits to reduce absolute scope 1 and scope 2 GHG emissions 42% by 2030 from the base year, and to measure and reduce its scope 3. We also commit to reach net-zero latest by 2050. As part of this, we commit to reduce absolute scope 1, 2 and 3 GHG emissions 90% by 2050. Our emission targets are waiting to be validated by the Science Based Target Initiative in 2024. We will update the data once they are validated by externals in 2024.

#### 2023 Performance

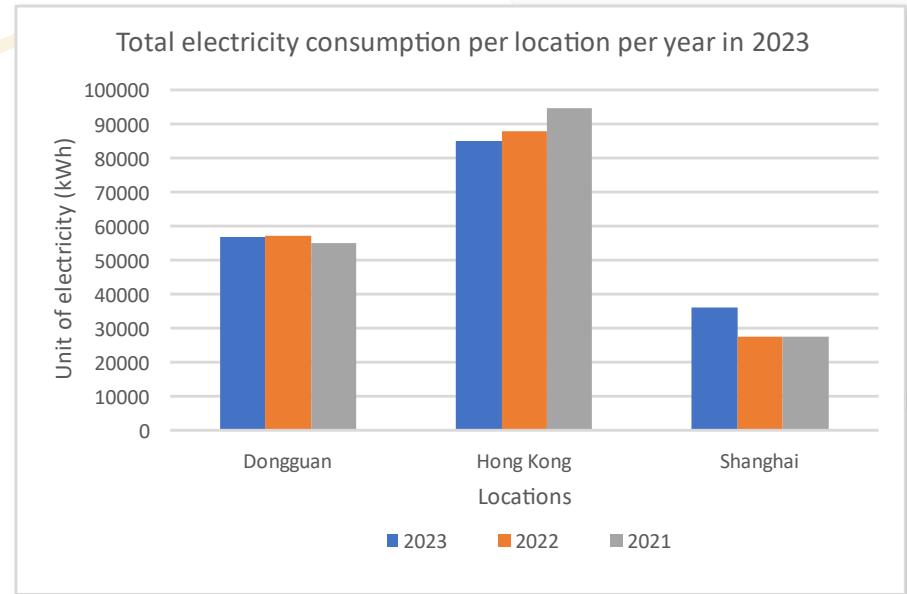
##### Scope 1

Concept 4 does not have any recorded scope 1 emissions, as we do not own any fuel-consuming facilities nor vehicles. One potential emission source that we have identified this year is our potential consumption or replacement of refrigerants from our office refrigerators and air conditionings. No records of such actions are recorded, and we will continue to monitor the source.

##### Scope 2

Electricity consumption from our office environments in Hong Kong, Dongguan and Shanghai, are the only contributor for the scope 2 emission. For France, Concept 4 has a billing address in a shared office environment. After several rounds of communication with their management team, it is confirmed that they are unable to separately account for the electricity consumption and hence the related carbon emission of our French colleagues.

In the third year of assessing our Scope 2 emission, we have recorded a slight drop of 3.39% from 2021 to 2023. Hong Kong as the headquarter has the highest electricity consumption among all offices, yet we have observed a decreasing trend of 7.54% from 2022 to 2023. Shanghai has a notable increase of 29.80% from 2022 to 2023 in consumption due to the economy's recovery. Despite the increase in consumption, with the lower headcounts, the average emissions per employee lowered from 0.93 (2022) to 0.87 (2023).



We have completed the on-site energy efficiency audit in June 2023 by our utility provider, Hong Kong Electric, to identify and leverage energy-saving potential. With a comprehensive understanding of the models of our electric appliances, we are designing a energy reduction plan to progressively enhance our consumption efficiency. In parallel, Concept 4 has purchased 20000 units of renewable energy certificates (REC) from Hong Kong Electric, which are sourced from wind power. We have also invested on two other accredited carbon credit projects on wind power and regenerative landfill gas from Ecologi at the end of 2021.

## 6.2 ENERGY CONSUMPTION & GREENHOUSE GAS EMISSIONS

### Scope 3

Scope 3 represented more than 99% of our company's total emissions. Therefore, though it is voluntary to report on it, we have included relevant categories of scope 3 to present an accurate overview of our entire company's carbon footprint across its value chain. In 2023, Category 1 purchased goods and services, Category 4 upstream transportation and distribution, Category 9 Downstream transportation and Category 12 End-of-life treatment of sold products have taken up more than 95% of the scope emission. While Category 8 upstream leased assets, Category 10 processing of sold products, Category 13 downstream leased assets, Category 14 franchises and Category 15 investments remains irrelevant to Concept 4's emissions. Categories 2, 3, 5, 6, 7, 9 and 11 are non-hotspots of Scope 3 emission and would not be highlighted in the report. Data for calculating scope 3 is collected annually from our suppliers and extracted from our supply chain database, whereas the emission factors are from database licensor like IEA, DEFRA and Higg MSI.

We are aware of the increase in our Scope 3 emissions from 2022 to 2023, mostly due transition of methodology from spend-based to supplier-specific and average data. Data quality improvement will be in place continuous by conducting more product life-cycle analysis and detailed mapping of our materials.

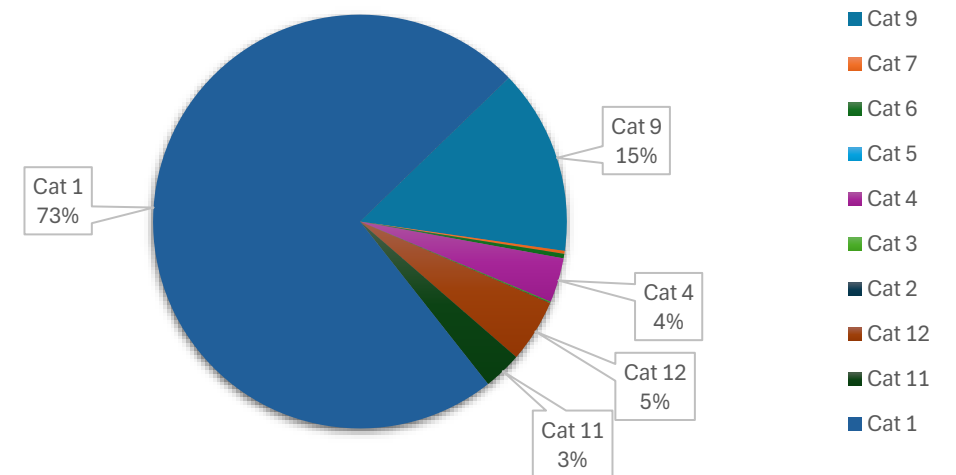
**Category 1 - Purchased Goods and Services** emissions are of 89% from materials and 11% from supplier's energy consumption. It contributes 73% to our Scope 3 emissions. The analysis reveals that electricity consumption is the largest emission source for all Tier 1 suppliers, followed by natural gas and cooling refrigerants. Within this category, an astonishing 85% of emissions are attributed with Bags, Hair Accessories, Packaging and Textile products. These findings emphasize the need for us to focus on sustainable sourcing and procurement practices, as well as explore innovative solutions to reduce emissions associated with these products.

Moving on to **Category 4 and 9 – Upstream & Downstream Transportation**, they emerge as the second largest category, accounting for 3% and 14% of our Scope 3 respectively. Category 4 reduced by half in 2023 since the weight and distance of carton travelled reduced. Whereas a three times increase is recorded in category 9 due to increase demand from clients on air shipments. This data underscores the significance of exploring alternative transportation methods and optimizing logistics to minimize these emissions.

**Category 12 - End-of-life of Sold Products** represents the third largest category, contributing to 5% of our Scope 3 emissions, as our products are mainly sold to European countries. It is noteworthy to highlight that our product comprises 56% of inert material and 40% of paper, with clothing and wood also making up a significant portion. The rise in this particular category can be attributed to the elevated emission factor associated with paper and wood, stemming from the release of methane during landfilling and composting processes.

By focusing on sustainable sourcing, material choices, transportation optimization, and effective waste management, we aim to establish a comprehensive strategy to gradually reduce our carbon emissions. Through collaborations and cooperations with our stakeholders, may we make big steps towards our reduction targets.

Proportion of categories of total scope 3 emissions in 2023

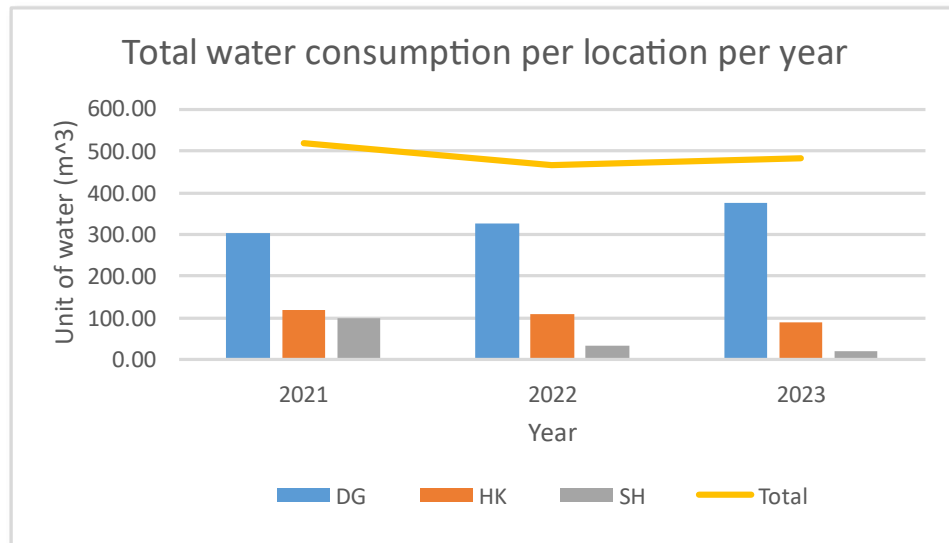


## 6 ENVIRONMENT

### 6.3 Water Management

In the daily operations, Concept 4's contacts and impacts on water sources are very limited since we are full office-based. Interactions including the use of sea water for flushing, consumption in pantry and toilets. We have low control and influence on the source, supply and discharge of water. We have implemented a brief approach to water management, water usage tracking, and few efficiency initiatives. We set a goal to reduce water consumption by 15% by the year 2030, with 2021 as the baseline.

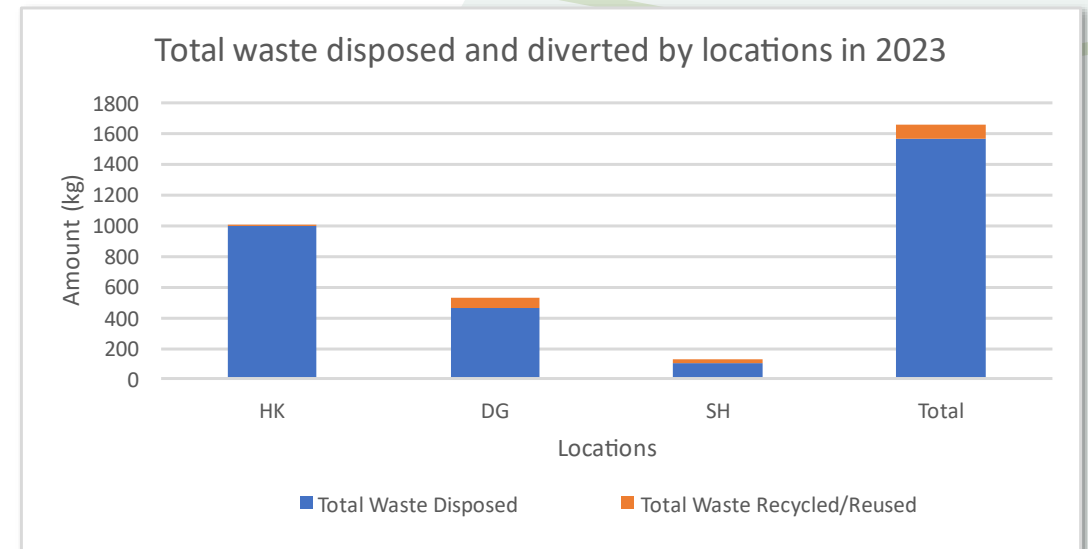
There is 4% increase in our water consumption from 2022 to 2023. Despite the challenges, Dongguan has increased its consumption by 16% due to increased requests for product testing in our laboratory. While our Hong Kong and Shanghai offices, after implementing various strategies, we have lowered our water footprint substantially by 20% and 38% respectively.



### 6.4 Waste Management & Recycling Initiatives

Our company is highly aware of the environmental impact of the potential generation and disposal of waste to the land and through landfill gas emission. We have implemented a range of waste management strategies, recycling programs, and waste reduction initiatives. Our overarching goal is to strive for a 30% reduction in waste production by 2030. 2023 is the first year with full raw data collected from all office locations, it will set a baseline for future monitoring and analysis.

In 2023, we generated 1656.11kg of general waste, with a 5% diversion rate. The performance graph shows that the Hong Kong office generated the most waste, 60.45% of the total, followed by the Dongguan and Shanghai offices. Overall, we have recycled paper the most by weight in all locations. While Dongguan has recycled the greatest number of recyclables by weight comparing with other offices.

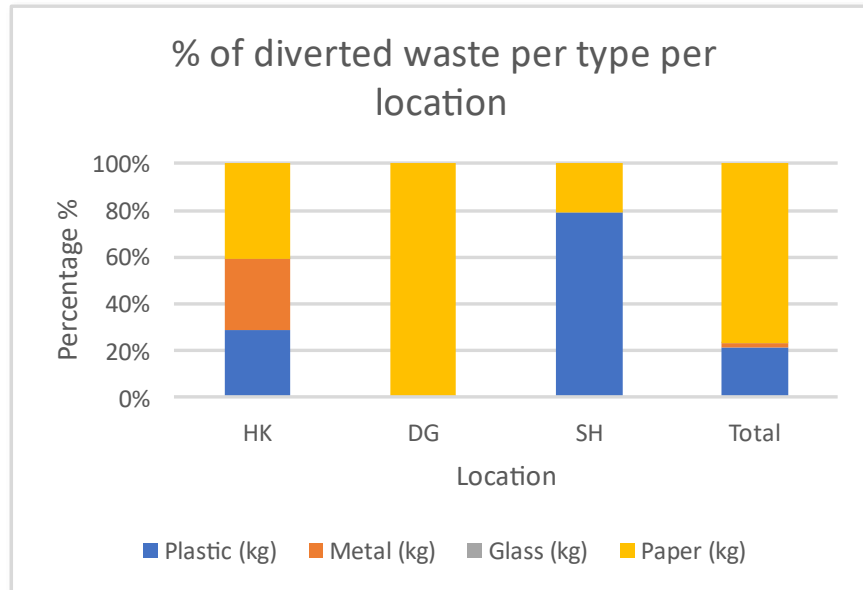


## 6.4 WASTE MANAGEMENT & RECYCLING INITIATIVES

To achieve these targets, we have established comprehensive waste diversion measures in all our offices. We strive to increase waste diversion by recycling various materials, including paper, cardboard, plastics, aluminum cans and glass bottles. Through dedicated recycling destination organized by landlords to local government's official recycling facilities. We ensure that these materials are diverted from landfills and reintegrated into the production cycle as valuable resources.

We also prioritize the responsible management of hazardous waste. Hazardous waste from our office premises include, batteries, electronic appliances or some of our product samples. We collaborate with nearby community centers and non-profit organizations to donate or recycle our reusable and functional items. In 2023, we have donated our 71 items of second-hand computer hardware to Caritas Computer Workshop.

In the future, we seek opportunities in closing the loop and diverting furthermore types of office generated waste, such as compostable food waste and coffee cups, and even regenerative initiatives.



## 6.5 Sustainable Office Practices

At Concept 4, we are committed to integrating sustainable practices into all aspects of our operations, including our office environment. We recognize that our office practices play a significant role in minimizing our environmental footprint. Here are some of the sustainable office practices we have implemented:

Reduce	Reuse	Recycled	Replace
<ul style="list-style-type: none"> <li>• Avoided ordering disposable cutlery, bottles, &amp; related plastics</li> <li>• Stopped ordering plastic water bottles &amp; instead serve water in glasses</li> <li>• Encouraging the use of reusable alternatives, eg refillable water bottles &amp; utensils</li> </ul>	<ul style="list-style-type: none"> <li>• Maximize utilization of cartons, plastics, polybags &amp; packaging materials</li> <li>• Promote reuse of paper by encouraging employees to utilize both sides of the paper for draft documents, minimizing paper waste</li> </ul>	<ul style="list-style-type: none"> <li>• Implemented recycling system within our office with labelled recycling bins for plastic, cans, &amp; paper in the pantry area</li> </ul>	<ul style="list-style-type: none"> <li>• No longer provide disposable batteries to staffs</li> <li>• Transitioned to using rechargeable batteries for office devices</li> </ul>



Recycling bins and signs available in all offices



## 6.5 SUSTAINABLE OFFICE PRACTICES

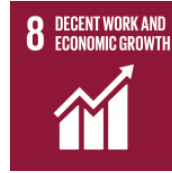
In addition to the above sustainable office practices, Concept 4 has implemented several other initiatives to further enhance our environmental stewardship:

- **Air Quality & Temperature Control** - We regularly measure and track air temperature and quality to ensure a comfortable and healthy workspace for our employees. If the measurements exceed predefined limits, appropriate remedial actions are promptly taken to address any issues, ensuring optimal air quality and temperature for the well-being and productivity of our team.
- **Energy Conservation** - We have instituted a policy to turn off lighting and appliances in unoccupied rooms. By actively promoting energy-conscious behaviour among our employees, we reduce unnecessary energy consumption and contribute to overall energy conservation efforts. Moreover, we prioritize the use of natural lighting in our office spaces whenever possible, harnessing the benefits of daylight and minimizing reliance on artificial lighting.
- **Energy-Efficient Lighting** - We have transitioned to energy-efficient lighting systems throughout our office. By utilizing LED or other energy-saving lighting technologies, we significantly reduce power consumption and extend the lifespan of lighting fixtures, further minimizing our environmental impact.
- **Sustainable Procurement** - We are committed to making commercially reasonable efforts to purchase environmentally friendly, locally produced, and sustainably sourced products for our office supplies. By prioritizing sustainable options, we support responsible production practices and minimize the carbon footprint associated with the procurement process.

- **Donation & Reuse** - To minimize waste generation, we actively donate reusable product samples or electronic equipment to charitable organizations. This allows us to extend the lifecycle of these items and prevent them from ending up in landfills. Through this practice, we contribute to the circular economy and support organizations in need.
- **Remote Work** - In addition to these office practices, we have also implemented a work-from-home policy. Our employees have the flexibility to choose one day per week to work remotely, promoting carbon reduction by minimizing commuting and reducing the overall carbon footprint associated with transportation. This policy not only contributes to environmental sustainability but also fosters a better work-life balance for our employees.
- **Virtual Meetings** - We encourage our employees to make commercially reasonable efforts to utilize virtual meeting technology whenever possible. By reducing the need for travel and face-to-face meetings, we aim to minimize greenhouse gas emissions associated with various means of transportation. This practice not only reduces our carbon footprint but also enhances efficiency and productivity by leveraging digital communication tools.

By implementing these sustainable office practices, Concept 4 demonstrates our commitment to environmental responsibility and sustainability. We believe that small actions add up to significant change, and we strive to continually evaluate and improve our operations, seeking innovative ways to minimize our environmental impact, create a more sustainable workplace for our employees and the broader community and promote a greener future.

## 7. LABOUR & HUMAN RIGHTS



At our organization, we hold a strong commitment to upholding the fundamental principles of labor and human rights. We deeply understand that the prosperity of our company is intricately tied to the welfare, respect, and empowerment of our employees and all individuals impacted by our operations.

Concept 4 is unwavering in its dedication to adhering to internationally recognized standards such as the Guiding Principles on Business and Human Rights, the Ten Principles of the UN Global Compact, and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. By embracing these principles, we ensure that our actions are guided by ethical practices, social responsibility, and the promotion of fair and dignified working conditions.

### 7.1 Employment

Concept 4 has employees located in Hong Kong headquarter, representative offices in Dongguan and Shanghai, China, as well as France office in Europe. We continuously record, monitor and analyse data by different parameters. Among permanent employees, we offer a variety of remuneration packages to help them maintain a work life balance and enhance work satisfaction.

#### Holiday and Leave Entitlement

All public holidays are given as according to ones declared by local, regional or national government. Meanwhile the entitlement of annual leave is confirmed in the initial agreement on the employment letter upon joining the company. It is listed clearly in Company's Employee Handbook. Application of leave can be accessed by everyone fairly via HR systems. Concept 4 also offer leave for casual, compensation, condolence, marriage, maternity and anti-maternity, paternity, no-pay, professional, special short or long-term, with prior approval and mutual agreement with the Company.

#### Unpaid Parental & Secondary Parental Leave

Concept 4 places a high value on supporting employees during significant life events, particularly when it comes to parenting. In 2023, we introduced unpaid parental and secondary parental leave, ensuring that employees have the opportunity to bond with their newborn or adopted children without compromising job security.

#### Medical Coverage, Travel Insurance and Retirement Scheme

All permanent employees are entitled to company medical insurance coverage after the probation period and subject to the terms and conditions of the applicable plans. Where business-related travelling is required, employees are also protected by group travel insurance.

In Hong Kong, Employers and employees are each required to make regular mandatory contributions of 5% of the employee's relevant income to a Mandatory Provident Fund scheme, in accordance with Mandatory Provident Fund Schemes Ordinance. Whereas for Mainland, we ensure our compliance with the Labor Law of the People's Republic of China and offer the insurances as required by Law.

#### Fair Living Wage

As part of our dedication to equitable compensation, we ensured that all employees, including part-time and temporary workers, received a fair living wage in accordance with applicable national standards. In 2023, we conducted a thorough analysis of our salary structure to identify any disparities and made necessary adjustments to ensure that all employees are compensated fairly and in line with industry standards.

#### Part-Time, Flex-Time & Remote Work Options

We recognize the importance of work-life balance and the diverse needs of our employees. In 2023, we expanded our policies to offer part-time and flex-time work options, allowing employees to customize their work schedules to accommodate personal obligations and responsibilities. Additionally, we implemented remote work options where suitable, enabling employees to work from home or other remote locations. These initiatives promote inclusivity and support the well-being of our workforce.



## 7. LABOUR & HUMAN RIGHTS

### 7.2 Empowering Our People

We are fully aware of the importance of empowering our people, ensuring that they have the necessary tools, knowledge, and support to thrive in their roles. We have implemented several initiatives to foster their growth, enhance their skills, and align their daily operations with our sustainability goals.

- **Annual Training Plans** - We prioritize the professional development of our employees by designing comprehensive annual training plans. These plans encompass a wide range of job-related skills, including negotiation skills, problem-solving skills, and Six Sigma methodologies. By providing regular training opportunities, we empower our employees to enhance their capabilities, stay up-to-date with industry best practices, and contribute effectively to the success of our organization.



- **Linking Sustainability Goals** - We believe that every employee plays a crucial role in achieving our sustainability goals. To ensure alignment, we have incorporated sustainability into the job description of each position and link the sustainability goals to our annual appraisal form. This process enables our employees to understand how their daily operations and responsibilities contribute to our broader sustainability objectives. By engaging and empowering our people, we foster a sense of ownership and encourage them to actively contribute to our sustainability efforts.
- **Learning Sessions on Sustainability** - We have launched a comprehensive learning program on sustainability through the EcoVadis platform. This platform provides online training courses that all staff members in different departments (Merchandising, Product Development & Design, Vendor Compliance, Quality, Logistics, Administration & Human Resource, Finance, IT & Digital and Sustainability) participate in. By leveraging this resource, we ensure that every employee has access to valuable knowledge and insights on sustainability procurement practices, environmental responsibility, and social impact. Through these learning sessions, we aim to install a shared understanding of sustainability principles and foster a culture of continuous learning and improvement.

By empowering our people, we create an inclusive and supportive work environment that values their growth, well-being, and contributions. These initiatives not only enhance their skills and knowledge but also enable them to actively participate in our sustainability journey. We remain committed to strengthening labour and human rights practices, fostering employee empowerment, and ensuring that our workforce is equipped to make a positive impact within our organization and beyond.

## 7. LABOUR & HUMAN RIGHTS

### 7.3 Diversity, Equity & Inclusive in the Workplace



#### Equal Employment Opportunities

Promoting equal employment opportunities is not only a legal and ethical responsibility but also a critical component of sustainability. In 2023, we have taken significant steps to strengthen our commitment to equal employment opportunities by incorporating it into our recruitment policy.

Our recruitment policy explicitly states that all applicants, regardless of their background or personal characteristics, are considered on an equal opportunity basis. We are committed to creating a workplace free from discrimination and will not discriminate against applicants based on factors such as family status, gender, mental or physical disability, national origin, race, religion, or any other protected characteristic as defined by applicable laws and regulations.

By embedding equal employment opportunities into our recruitment policy, we aim to attract a diverse pool of talented individuals and ensure that our hiring processes are fair, transparent, and unbiased. We strive to provide equal access to employment opportunities, including recruitment, selection, training, development, promotion, and compensation, based solely on qualifications, skills, and merit.

#### Internal Training & Promotion Opportunities

We strongly believe in providing our employees with opportunities for growth and advancement within Concept 4. We prioritise employee's professional need and experience when arranging their annual training plan. In 2023, we implemented a comprehensive internal promotion policy that prioritizes considering existing employees for all open positions. This initiative not only encourages career development and job satisfaction but also fosters a sense of loyalty and engagement among our workforce.

#### Employee Satisfaction Surveys

To gauge the satisfaction and engagement levels of our employees, we conducted comprehensive surveys in 2023. These surveys provided valuable insights into employees' experiences at Concept 4, allowing us to identify areas of strength and areas requiring improvement. The feedback gathered from these surveys informs us of our ongoing efforts to enhance the work environment and create a positive employee experience.

In conclusion, in 2023, Concept 4 made substantial progress in realizing our commitments to diversity, equity, and inclusion. We are actively cultivating an inclusive workplace where all employees can thrive, contribute, and feel valued. We will continue to build upon these achievements and strive for continuous improvement in our DEI efforts going forward.

#### Inclusive Facilities

To respect a more diverse need among employees, our Company has arranged a washroom that could be used for any person regardless of gender identity or expressions and is accessible for disability. As well as a comfortable room for breastfeeding, facilities will be available if requested. Yet, in 2023, we have no employees with such need.



## 7. LABOUR & HUMAN RIGHTS

### 7.4 Health & Safety in the Workplace



We strongly believe that good physical and mental health are essential to a human life and productivity. To ensure healthy lives and promote well-being for all at all ages (UN SGD3), we reinforced through the attainment of ISO45001 Occupational Health and Safety Management System (OHSMS) certification in 2023 for our Hong Kong office. We ensure such measures are implemented in all offices under operational control. This certification demonstrates our dedication to upholding the highest standards of labour and human rights within our organization.

Following are the key steps the company have taken to achieve ISO45001 certification:

- **Gap Analysis** - We conducted a thorough gap analysis to assess its existing occupational health & safety management system (OHSMS) against the requirements of ISO45001. This analysis helped identify areas where improvements were needed to meet the standard's criteria.
- **Policy Development** – we updated our Health and Safety Policy (C4-HRP-013 V003) and an internal Occupational Health & Safety Manual to align with the principles and objectives of ISO45001 and prepare for both internal and external risks. This policy outlined our commitment to providing a safe and healthy workplace for our employees.
- **Risk Assessment & Hazard Identification** – A systematic process was implemented to identify and assess potential risks and hazards within the workplace and to document them for managerial positions to review. This involved analysing work activities, equipment, and environmental factors to determine potential risks to employee health and safety. It will be done annually by Human Rights Department in fulfilment of the local law and requirements of ISO45001.
- **Management System Implementation** - The company established an effective OHSMS and appointed employees from different functions to form the OHS committee, supervised by the Chair of Committee or Top Managements. We defined roles and responsibilities, establishing procedures and protocols, implementing controls to manage and mitigate risks. Committee meets annually and in case of urgency.

- **Employee Training & Awareness** – The company provided awareness training to all employees to ensure their understanding of occupational health and safety requirements, procedures, and responsibilities. This helped foster a culture of safety and encouraged active employee participation in health and safety initiatives
- **Active Communication** – Our company seeks colleagues' feedback through suggestion boxes in all locations and a confidential email. Top Managements actively review them with procedures and replies via company-wide announcements.

The attainment of ISO45001 certification in 2023 is a testament to our dedication to health and safety excellence. This year, one of our colleagues got injured by slippery, safety procedures were immediately gone through, refreshment training and compensation process are still in progress. In the future, we strive to create and improve our working environments that safeguard the well-being of all individuals, so our injury rate remains zero.





## 7. LABOUR & HUMAN RIGHTS

### 7.5 Engaging Our People

Engaging our people is vital to our sustainability efforts.

In 2023, we prioritized employee satisfaction by conducting an employee survey to hear their voices and gather valuable feedback. We are proud to report that we achieved a remarkable response rate of 80%, demonstrating the active participation and engagement of our employees in shaping our sustainable practices and company culture.

To foster a sense of belonging and appreciation, we organized various events throughout the year.

**Long Service Awards** - where we recognized and celebrated the dedication and commitment of our employees who reached work anniversaries ranging from 5 to 15 years. This recognition not only acknowledges their contributions but also highlights our appreciation for their long-standing commitment to our organization and sustainability goals.



## 7. LABOUR & HUMAN RIGHTS

- **International Plastic Bag-Free Day** – in line with our commitment to reducing plastic waste, we organized a lunch event at the offices, ensuring that all containers and tableware are reusable. We avoided ordering take-away food, promoting the use of reusable containers and minimizing plastic bag usage. Our aim is to create lasting habits that reduce plastic waste and foster a culture of sustainability.



- **Massage Day** – We deeply care about the well-being of our staff. As a demonstration of our commitment, we organized a special event where we invited professional massage therapists to the company. During office hours, our employees were given the opportunity to receive relaxing massages, allowing them to take a break and rejuvenate both their minds and bodies. We aim to show our staff that their well-being is a top priority, and we remain dedicated to creating a supportive and nurturing work environment that values and supports their overall health and happiness.



Through these initiatives, we aim to engage our people and create a positive and supportive work environment. By actively involving our employees in sustainability efforts and recognizing their contributions, we foster a sense of pride, ownership, and commitment to our shared sustainability goals.

Looking ahead, we remain committed to continually engaging our people and seeking their input and feedback. We value their perspectives and recognize that their active involvement is crucial to driving meaningful change within our organization. Together, we will continue to foster a culture of sustainability and create a brighter, more sustainable future for Concept 4 and our stakeholders.



## 8. SUSTAINABLE PROCUREMENT



In today's interconnected and resource-constrained world, the way we source and procure goods and services has a profound impact on the environment, society, and the overall sustainability of our operations. At Concept 4, we recognize the critical role of sustainable procurement in driving positive change and contributing to a more equitable and resilient future.

Sustainable procurement is an integral part of our corporate strategy, reflecting our core values and commitment to sustainability. We embrace a holistic approach that considers environmental, social and economic factors in our procurement decisions. By integrating sustainability criteria into our procurement processes, we aim to minimize negative impacts, promote responsible business practices, and create shared value across our supply chain.

### 8.1 Supplier Engagement & Assessment

At Concept 4, we recognize that our suppliers play a crucial role in our sustainable procurement journey. Engaging with suppliers and assessing their sustainability performance are key components of our commitment to responsible sourcing and supply chain management.

#### Supplier Code of Conduct

We firmly believe in the importance of conducting business in an ethical, responsible, and sustainable manner. As part of our commitment to these principles, we require all our suppliers to sign and adhere to our comprehensive Supplier Code of Conduct (C4-VC-003E V004). The Code of Conduct serves as a guiding framework that outlines our

expectations regarding social, environmental, and ethical practices throughout the supply chain. It covers various aspects, including human rights, labour rights, anti-corruption measures, environmental stewardship, and business integrity. By requiring suppliers to sign this document, we establish a shared commitment to sustainable and responsible business practices throughout our supply chain.

We are delighted to report that in 2023, 100% of our suppliers have signed our Code of Conduct. This reflects the dedication of our suppliers and their commitment to upholding sustainable and responsible practices and demonstrates their willingness to embrace our shared vision of creating a more sustainable and ethical supply chain.

#### Initial Supplier Desktop Review & Due Diligence Check

It is our standard procedure to conduct an initial desktop review of our supplier's factory profile and perform a due diligence check before we start working with them. This review serves as an essential step in our supplier evaluation process, ensuring that no business unit can begin working with a supplier without obtaining this desktop approval.

The desktop review involves gathering information and documentation about the supplier's factory, such as its location, size, production capacity, and certifications. This review helps assess the supplier's overall capabilities and compliance with industry standards. Simultaneously, conducting due diligence checks on CSR, QMS, and EMS allows for a comprehensive evaluation of the supplier's commitment to ethical and responsible business practices, quality, and environmental stewardship.

By thoroughly examining these aspects, we can make informed decisions about engaging with suppliers who align with their sustainability objectives and mitigate potential risks associated with non-compliance or inadequate systems.

## 8. SUSTAINABLE PROCUREMENT



### On-Site Audits

We are committed to ensuring that our factories adhere to the highest standards of Corporate Social Responsibility (CSR), Quality Management Systems (QMS) and Environmental Management Systems (EMS). In addition to initial desktop review and approval, we have established a rigorous auditing process to assess the sustainability practices of both new and existing factories within our supply chain.

Initial Factory Audit for New Suppliers – When onboarding new factories into our supply chain, we conduct an initial factory audit on-site by our Vendor Compliance team to assess their sustainability practices. This audit serves as a comprehensive evaluation of the factory’s CSR, QMS and EMS. Official onboarding occurs only after successfully passing the initial factory audit. This approval signifies that they have met our specific standards and aligns with our commitment to responsible sourcing and sustainable practices.

- Full Yearly Audit for Existing Suppliers – For our existing factories, we conduct full yearly audits to monitor and assess their ongoing sustainability practices. These audits provide a comprehensive review of their CSR, QMS and EMS performance and help identify areas for improvements. By conducting full yearly audits, we maintain regular oversight and engagement with our existing factories, fostering a culture of continuous improvement and accountability.

We are pleased to report that in 2023, 100% of our newly onboarded suppliers underwent our rigorous initial factory audit, while all our existing and active suppliers underwent a full yearly audit to assess their performance. Among the audited factories, 88% were engaged in corrective actions. There were no zero tolerance incidents including child or force labour reported.

As part of our commitment to sustainability we will continue to refine and strengthen our auditing procedures to align with evolving industry standards and stakeholder expectations. Through regular audits, we aim to ensure that our factories uphold the highest standards of CSR, QMS and EMS, enabling us to deliver sustainable products and contribute to a more sustainable future.

### Engagement with Suppliers to Join SEDEX Platform

In 2023, Concept 4 has upgraded our SEDEX membership from B to AB to indicate our endorsement efforts on sustainable and responsible procurement. Since then, we actively engage with our suppliers to join the SEDEX platform.

Through the platform, it enables us to gain visibility into our supply chain by accessing supplier data on social and environmental performance. This transparency enhances risk management and enables us to make informed decisions aligning with our sustainability goals. This can also promote collaborations, allowing active engagement with suppliers in driving sustainability improvements together and foster industry-side best practices and standards.

As of the end of 2023, we linked approximately 40% of our active suppliers in the SEDEX platform. Our target is to link at least 80% of our suppliers to the platform by 2025.

### Engagement with Suppliers to EcoVadis Assessment

After undergoing our eighth assessment by EcoVadis, we have gained a deep understanding of the significant benefits that this assessment offers. As a result, we are enthusiastic about extending these advantages to our suppliers and initiating a process to engage them in EcoVadis assessment as well.

By encouraging our suppliers to undergo EcoVadis assessments, we create a more comprehensive and transparent view of our supply chain’s sustainability performance. This enables us to identify potential risks and areas for improvement throughout our supplier network. Engaging our suppliers in the assessment process also fosters a culture of continuous improvement, as they receive valuable feedback and insights into their sustainability practices. Furthermore, by aligning our suppliers with EcoVadis assessment, we enhance the credibility and reputation of our supply chain, showcasing our commitment to responsible and sustainable business practices. Ultimately, engaging our suppliers in the assessments strengthens our collective efforts towards building a more sustainable future, driving positive change, and ensuring a resilient supply chain.



## 8. SUSTAINABLE PROCUREMENT

### Supplier Awareness Training & Workshop on Sustainability Topics

Recognizing the importance of collective action and knowledge sharing, we partnered with SEDEX, a global leader in responsible sourcing, to conduct two supplier awareness workshops in Shanghai and Guangzhou during 2023. These workshops aimed to enhance our suppliers' understanding of environmental management practices and equip them with strategies to reduce carbon emission. These workshops provided valuable insights and practical tips for our suppliers to improve their environmental management practices in their factories and workplaces. By joining forces with SEDEX, we leveraged their expertise and resources to create a meaningful and impactful learning experience for our suppliers.

During the workshops, we delved into various aspects of environmental management, focusing on areas such as energy efficiency, waste management, water conservation, and sustainable sourcing. Through interactive presentations, case studies, and discussions, we shared best practices and highlighted the benefits of adopting environmentally responsible approaches. Our aim was to inspire and empower our suppliers to integrate sustainable practices into their operations, fostering a greener and more resilient supply chain.

Addressing the urgent need to mitigate climate change, we dedicated a significant portion of the workshops to carbon emissions reduction strategies. We discussed the importance of measuring and monitoring their carbon footprint, identifying emission hotspots, and implementing targeted reduction initiatives. Through practical examples and real-world case studies, we showcased effective approaches to minimize carbon emissions, such as energy-efficient technologies, renewable energy adoption, and transportation optimization.

Our engagement with suppliers through the SEDEX workshops is not a one-time event but part of an ongoing commitment to driving sustainability. We remain dedicated to supporting our suppliers on their sustainability journey by providing resources, guidance, and collaboration opportunities. We encourage open dialogue, knowledge sharing, and continuous improvement, working together to create a more sustainable and resilient supplier chain.



## 8. SUSTAINABLE PROCUREMENT

### Training & Guidance for Suppliers to Drive Climate Actions

We recognize the importance of collaboration and shared responsibility in driving sustainability across our supply chain. As part of our ongoing commitment to sustainability, we have implemented a comprehensive training and guidance program for our suppliers in 2023. This program aims to provide our suppliers with the necessary knowledge and resources to understand and address key environmental and social challenges, specifically focusing on climate change, energy and emissions, water management, waste management, chemical use, biodiversity, diversity, and inclusion.

To facilitate easy access to relevant information, we have introduced a dedicated section on our website exclusively designed for our suppliers. This section serves as a centralized hub, providing a wealth of publicly available training links and resources pertaining to various sustainability topics. By offering these resources, we aim to provide our suppliers with ample time and opportunity to explore and understand the critical issues and best practices associated with climate change mitigation and adaptation, energy efficiency, emissions reduction, water conservation, waste reduction and recycling, responsible chemical management, biodiversity preservation, as well as diversity and inclusion in the workplace.

Through the inclusion of these training links, we seek to empower our suppliers to make informed decisions and implement sustainable practices within their own operations. We firmly believe that by equipping our suppliers with the necessary knowledge and tools, we can collectively drive positive change throughout the supply chain and contribute to a more sustainable future.

Moving forward, we will continue to expand and update the training and guidance program for our suppliers to ensure its relevance and effectiveness. We recognize that sustainability is an ongoing journey, and we are dedicated to evolving our practices in line with the latest advancements and industry standards.



- Climate Change
- Energy & Emissions
- Water Management
- Waste Management
- Chemical Usage
- Biodiversity
- Diversity & Inclusion

## 8. SUSTAINABLE PROCUREMENT

### 8.2 Supplier Performance Monitoring & Improvement

#### Performance Metrics & Key Performance Indicators (KPIs)

As part of our commitment to sustainability and continuous improvement, we employ a robust performance matrix and key performance indicators (KPIs) to evaluate and monitor the sustainability performance of our strategic suppliers. Our KPIs serve as essential tools for evaluating supplier performance and identifying areas for improvement, facilitating a data-driven approach to supplier evaluation.

In 2023, we conducted KPI meetings with our strategic suppliers, covering approximately 80% of our total purchases. These meetings provided a dedicated platform for open and constructive dialogue, where we reviewed supplier performance against the established KPIs. By engaging in these meetings, we fostered a collaborative environment and encouraged our suppliers to actively participate in their own sustainability journey.

These meetings followed the AQSCIE framework, allowing us to assess supplier performance, provide feedback, and discuss objectives for the upcoming years. AQSCIE stands for Assurance of supply, Quality, Service, Cost, Innovation & Environmental. This comprehensive framework allows us to evaluate suppliers across multiple dimensions. By utilizing AQSCIE, we ensure a holistic assessment that considers not only sustainability but also other critical factors that impact our business relationship.

In addition to evaluating performance and providing feedback, it also served as a platform to collaboratively set objectives for the upcoming year. We worked closely with our suppliers to establish specific, measurable, achievable, relevant and time-bound objectives that align with our sustainability strategy. This collaborative goal-setting process ensures that both parties are aligned and actively working towards the same sustainability outcomes.

In recognition of their exemplary performance, we are delighted to announce that in 2023, we awarded our top three suppliers with "Best performance certificates" for their 2022 efforts. These certificates serve as a testament to their exceptional commitment to sustainability, quality, and ethical business practices. Going forward, we will prioritize these suppliers for future business opportunities, as their outstanding performance aligns closely with our values and sustainability goals. By awarding these certificates and giving high priority to these suppliers, we aim to foster stronger partnerships and continue driving positive change throughout our supply chain.



## 8. SUSTAINABLE PROCUREMENT

### Continuous Improvement & Capacity Building

Continuous improvement and capacity building are fundamental to driving sustainability throughout our supply chain. In line with our commitment to fostering responsible practices, we actively engage with our suppliers, providing support and guidance to enhance their performance.

- **Yearly re-audits and corrective action plans** – through a consistent and structured approach, we conduct reaudits of our suppliers to assess their performance against our established criteria. These reaudits enable us to identify any gaps or areas for improvement. Following the reaudits, we provide suppliers with detailed corrective action plans that outline specific steps to address identified issues and enhance their sustainability performance.
- **Assistance in production processes** – we actively assist our suppliers in improving their production processes. We believe that by optimizing production, we can reduce waste, improve efficiency, and minimize environmental impact. Our quality team works closely with suppliers, conducting assessments and providing recommendations to enhance production methods, reduce energy consumption, minimize material waste and improve overall operational efficiency.
- **Capacity building initiatives** – as an integral part of our supplier engagement strategy, we organize capacity building initiatives such as training, workshops, and knowledge-sharing sessions, covering various topics including environmental management and ethical sourcing practices.

By actively engaging with our suppliers on continuous improvement, we foster a culture of collaboration and shared responsibility. Together, we strive to achieve our sustainability goals, minimize our environmental footprint, and positively impact the communities and stakeholders we serve.

## 8.3 Sustainable Products & Packaging

Concept 4 is committed to improving the impact on the environment caused by the development and distribution of its products and services. We are constantly researching new methods and materials that support a sustainable supply chain. Through the use of recycled raw materials, we offer solutions for the development of products supplied to our customers that respect our environment.

Our mission is to produce quality products to meet the growing demands for environmentally friendly products and meet our customer's obligation to be socially responsible for the environment.

To achieve our social commitment for the environment, we are:

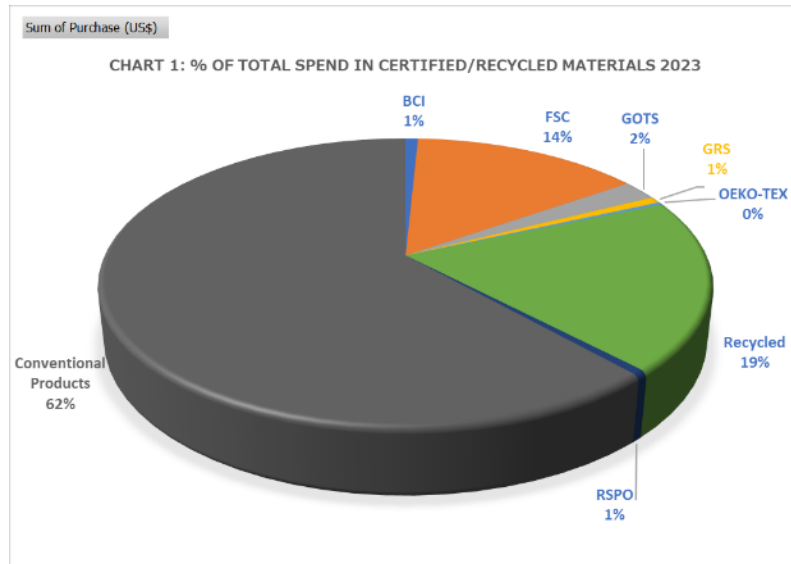
- Using natural and recycled material as much as possible to develop our products, and when possible, only utilize raw materials that comply with established sustainability programs (such as the Forest Stewardship™ (FSC)®, GRS, RCS)
- Reduce the use of non-reusable products.
- Minimize the use of plastics secondary packaging.
- Work with our suppliers to develop sustainable production processes.

### Sustainable Procurement Update

In Concept 4, we are committed to integrating sustainability into every aspect of our operations. As part of our dedication to responsible sourcing, we prioritize sustainable procurement practices on raw materials for developing products for our clients. We believe that by selecting environmentally and socially responsible materials, we can contribute to a more sustainable future. Therefore, we continuously develop sustainable products and promote them to different clients globally.

## 8. SUSTAINABLE PROCUREMENT

Our target is to have 30% of certified/recycled materials in our assortment by 2024. In 2023, 38% of our total assortment is made of certified/recycled materials. (Chart 1)



### Global Certifications and Standards

In alignment with our sustainability goals, we are adhering to several globally recognized certifications and standards that ensure the responsible sourcing of raw materials. We are proud to report that in the current year, we have obtained certifications for various materials, including:

- **Forest Stewardship Council (FSC)** for paper and wood – We recognize the importance of preserving forests and mitigating deforestation. Therefore, we source our paper and wood products from FSC-certified suppliers, ensuring that they come from well-managed forests that provide environmental, social, and economic benefits.



- **OEKO-TEX Standard 100** for textiles – we prioritize the use of textiles that meet the OEKO-TEX Standard 100 certification. This certification guarantees that our textiles are free from harmful substances and comply with strict ecological and social criteria, promoting a safe and sustainable textile industry.
- **Global Organic Textile Standard (GOTS)** - As part of our commitment to sustainable agriculture and reducing the environmental impact of our products, we source organic cotton certified by GOTS. It ensures that the cotton is grown without the use of harmful chemicals and adheres to environmentally and socially responsible practices throughout the entire supply chain.
- **Roundtable on Sustainable Palm Oil (RSPO)** for palm oil – Recognizing the environmental and social challenges associated with palm oil production, we exclusively source RSPO-certified palm oil. This certification guarantees that the palm oil is produced sustainably, with respect for biodiversity, local communities and the rights of the workers.
- **Global Recycled Standard (GRS)** for various raw materials – to promote the circular economy and reduce our reliance on virgin resources, we prioritize raw materials certified by GRS. This certification verifies the recycled content of materials and ensures responsible practices in their production.
- **Member of Better Cotton Initiative (BCI)** - as a member of BCI, we actively support the global movement towards more sustainable cotton production. BCI promotes the use of environmentally friendly farming practices, ensuring water efficiency, reducing the use of harmful chemicals and improving the livelihoods of cotton farmers. By being a part of BCI, we contribute to the development of a more sustainable cotton industry and reinforce our commitment to responsible sourcing of raw materials.



STANDARD 100





## 8. SUSTAINABLE PROCUREMENT

Furthermore, we are delighted to announce that we have obtained additional certifications in 2023, demonstrating our continuous commitment to sustainability:

- **OEKO-TEX Standard 100 on Recycled Materials** – we have received certification for incorporating recycled materials into our products, as per the OEKO-TEX Standard 100. This certification affirms our dedication to utilizing recycled input and reducing waste in our supply chain.
- **Recycled Claim Standard (RCS)** for recycled metal – In our effort to promote the use of recycled materials and minimize the environmental impact of metal sourcing we have obtained RCS certification. This standard guarantees the traceability and integrity of recycled metals used in our products.
- **Certified Vegan Products** – we have partnered with the Vegan Society to certify our products as vegan-friendly. This certification assures our clients and customers that our products are free from animal-derived ingredients and have not been tested on animals.

These certifications and standards underscore our commitment to sustainable procurement practices, ensuring that our raw materials are sourced responsibly and contribute to the well-being of the planet and communities. We will continue to explore new opportunities and partnerships to further enhance our sustainable procurement efforts and drive positive change in the industry.



### Recycled Materials

Concept 4 is committed to sustainability and meeting the evolving needs of our clients. Over the past years, we have witnessed a significant increase in client requests to explore the use of recycled materials in our products. This surge in demand is a clear reflection of the growing awareness among our clients about the importance of utilizing recycled materials to minimize environmental impact and promote circularity.

Recognizing the significance of this trend, we have actively pursued the direction of continuous research and development to identify and incorporate recycled materials into our products. We are proud to report that our commitment to sourcing and utilizing recycled materials has yielded positive results and aligned with the expectations of our clients.

- **Recycled PE for Polybags** – the utilization of recycled PE for polybags witnessed a remarkable surge in demand from our clients. The quantity of recycled PE used in our polybags increased by 700% in 2023 compared to 2022. By incorporating recycled PE into our polybags, we have significantly reduced our reliance on virgin plastics, conserved valuable resources, and minimized waste.
- **Recycled PET** – We are proud to report a remarkable increase of 207% in the quantity of recycled PET used in our products in 2023 compared to the previous year. Recycled PET, derived from post-consumer plastic bottles, has proven to be an excellent alternative to virgin PET.
- **Recycled ABS** – another notable achievement in 2023 was the increased utilization of recycled ABS in our products. We experienced a 107% rise in the quantity of recycled ABS used compared to the previous year. Recycled ABS, obtained from pre-consumer sources, offers a sustainable solution for various product components.

Additionally, in 2023 we expanded our range of recycled materials by incorporating recycled PS and PP into our products.

The incorporation of these various recycled materials into our products in 2023 showcases our commitment to sustainability, circularity, and meeting the demands of our clients. We will continue to prioritize the use of recycled materials, actively seek out new opportunities for innovation, and collaborate with suppliers who share our vision of a more sustainable future. By doing so, we aim to contribute to a more environmentally conscious and responsible global community.

## 8. SUSTAINABLE PROCUREMENT

### Innovative & Environmentally Responsible Packaging Solution

We recognize the critical role that packaging plays in our sustainability efforts. We understand that packaging design has a significant impact on the environment, from resource consumption to waste generation. To address these challenges, we have a dedicated in-house packaging technologist who leads our sustainable packaging design initiatives.

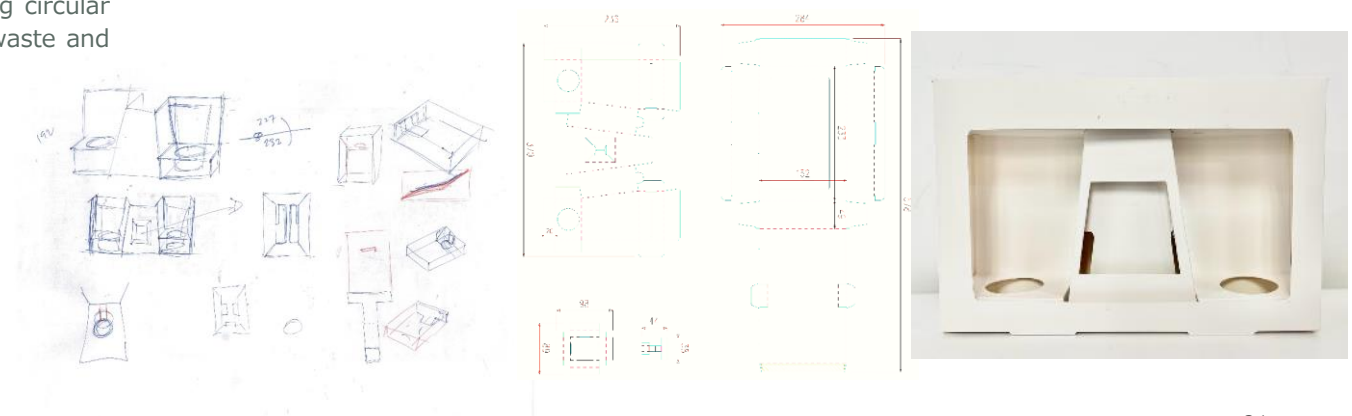
Key elements of our sustainable packaging design approach include:

- **Material Selection** - actively explores and evaluates alternative materials with a reduced environmental impact. We consider materials such as recycled paper, biodegradable and compostable materials, and bio-based plastics. By shifting away from traditional packaging materials that are less sustainable, we can make significant progress in reducing our carbon emissions, water usage, and waste generation.
  - **Packaging Efficiency** - focuses on optimizing packaging design to minimize material usage and maximize space utilization. By adopting efficient packaging designs, we can reduce transportation costs, minimize the need for additional packaging materials, and decrease the overall environmental impact associated with packaging production and distribution.
  - **Recyclability & Circular Design** - ensures that our packaging is designed with recyclability in mind. We collaborate with suppliers and industry partners to source recyclable materials and incorporate design features that facilitate the recycling process. By promoting circular design principles, we aim to contribute to a more circular economy by reducing waste and encouraging the reuse of materials.
- **Innovation & Research** - stays abreast of the latest advancements and emerging trends in sustainable packaging design. We actively engage in research and development activities to identify new materials, technologies, and practices that align with our sustainability goals. This continuous pursuit of innovation enables us to push the boundaries of sustainable packaging design and stay ahead of evolving consumer expectations.

By leveraging the expertise of our packaging technologist and adopting a holistic approach to sustainable packaging design, we have achieved significant progress in reducing our environmental impact. Our commitment to sustainable packaging design not only aligns with our sustainability goals but also strengthens our competitive advantage, as consumers increasingly prioritize environmentally responsible products.

Moving forward, we will continue to collaborate with our packaging technologist, suppliers, and industry partners to drive further improvements in sustainable packaging design. We remain dedicated to exploring new opportunities, investing in research and development, and embracing innovative solutions that contribute to a more sustainable future.

Through our sustainable packaging design initiatives, we strive to demonstrate our commitment to environmental stewardship, meet the expectations of our stakeholders, and inspire positive change within our industry.





## 8. SUSTAINABLE PROCUREMENT

### 8.4 Sustainable Logistics

At Concept 4, we understand the significant role that transportation plays in our overall carbon footprint. As part of our commitment to sustainability, we have implemented various initiatives to promote sustainable logistics practices along our supply chain.

One of our primary goals is to minimize carbon emissions associated with transportation. We proactively seek out low carbon emission transportation methods to ship our products whenever possible. By prioritizing alternatives to air shipment, we aim to reduce the environmental impact of our logistics operations. In cases where clients request air shipment of goods, we make every effort to explore alternative solutions, such as rail or truck transportation, while ensuring we meet the required delivery dates.

In 2023, we took a significant step forward by requesting our forwarders to provide detailed information on the carbon emissions generated per shipment. This data is then recorded in our system, enabling us to calculate and monitor our Scope 3 carbon emissions more accurately. By capturing this information, we gain valuable insights into the environmental impact of our logistics activities and can identify areas for improvement.

Through our sustainable logistics efforts, we aim to not only reduce our carbon footprint but also encourage our suppliers and partners to adopt more environmentally friendly transportation practices. We actively collaborate with our logistics providers to explore innovative solutions and technologies that promote efficiency and sustainability throughout the supply chain.

By embracing sustainable transportation and continually seeking opportunities to optimize our logistics operations, we are committed to minimizing our environmental impact and contributing to a greener future. We recognize that sustainable logistics is a crucial aspect of our overall sustainability strategy, and we will continue to innovate and improve in this area as we strive for a more sustainable and resilient supply chain.

### 8.5 Sustainable Office Products

We understand that sustainability extends beyond our products and operations. We recognize the importance of promoting sustainable practices within our own workplace. We actively purchase and promote the use of sustainable products, ensuring that our daily operations align with our sustainability goals.

Key sustainable office products we prioritize include:

FSC or recycled paper

- Recycled toilet & kitchen paper
- Biodegradable polybag for sample packing
- Compact Fluorescent Lamp
- Rechargeable batteries
- No plastic water bottles provided in the office

By embracing sustainable procurements practices in all the areas we mentioned above, we aim to drive positive change, mitigate risks, and seize opportunities for innovation and responsible growth. We recognize that the procurement decisions we make today can shape a more sustainable future for our company, our stakeholders, and the wider world. Together with our suppliers, we are committed to advancing sustainable procurement as an integral part of our business strategy and contributing to a more sustainable and equitable society.

## 9. DIGITALIZATION & AUTOMATION

At Concept 4, we recognize the transformative power of digitalization and automation in driving sustainability. Embracing these technologies allows us to streamline processes, reduce waste, and make more informed decisions that positively impact our environmental footprint. As part of our commitment to continuous improvement, we are actively investing in digital solutions and automation to enhance our sustainability efforts.

Importance of Digitalization and Automation for Sustainability:

- **Efficiency & Resource Optimization** - Digitalization and automation enable us to optimize resource utilization and minimize waste throughout our operations. By digitizing and automating manual processes, we reduce paper consumption, energy usage, and overall resource requirements. These efficiencies contribute to a more sustainable and resource-conscious approach to business.
- **Data-Driven Decision Making** - Digitalization enables us to collect and analyse vast amounts of data related to our operations, supply chain, and environmental impact. By leveraging this data, we gain valuable insights that empower us to make informed decisions. These insights help us identify areas of improvement, set sustainability targets, and implement effective strategies to reduce our carbon emissions and environmental footprint.

### iOS QMS Apps

As part of our commitment to sustainability and operational efficiency, we are developing customized Quality Management System (QMS) apps to streamline our internal processes. This Apps significantly transforms the way our quality team and vendor compliance team conduct various activities, including PP meetings, Incoming Quality Control (IQC), in-line inspections, final inspections and factory audits.

By utilizing the apps, we will transition to a paperless system, reducing our environmental impact and promoting sustainability. The QMS apps also enable the teams to conduct their activities efficiently and effectively. Through the apps, they can seamlessly conduct audits or inspections, record findings, and generate comprehensive reports. The generated reports and notifications are directly transmitted to our ERP system, ensuring seamless communication and real-time access to critical information for relevant staff members.

The QMS apps also play a crucial role in data analysis and decision-making. We have implemented analytic capabilities within the apps, allowing us to analyse data from past results and identify key points that help us determine which orders require stringent quality control measures. By leveraging data as a key decision-maker, we can prioritize and allocate resources efficiently, focusing on orders that have demonstrated a higher likelihood of quality issues or require special attention.



By digitalizing these processes and eliminating the need for paper-based documentation, we will not only reduce our environmental footprint but also increase operational efficiency. The QMS apps will improve data accuracy, reduce administrative tasks, and enable faster and more accurate decision-making. This digital transformation allows us to contribute to our overall sustainability goals by reducing unnecessary resource consumption and increasing operational efficiency.

## 9. DIGITALIZATION & AUTOMATION

### The Impact Tracker

As part of our digitalization efforts, we partner with Palo IT during 2023 in developing the Impact Tracker, a tool that revolutionizes the way we monitor and manage our carbon emissions. Palo IT, a leading technology and innovation consultancy, has been helping us to create a solution that provides real-time tracking of our company's carbon emissions. In addition, it also offers the capability to estimate the carbon emissions of a product during product development stage. This innovative tool empowers us to make data-driven decisions, identify areas of improvement and take proactive measures to reduce our environmental impact. Through our collaboration with Palo IT, we are at the forefront of leveraging technology to promote sustainability and drive positive change within our industry

- **Automatic Calculator of Carbon Emissions** - This tool will enable us to measure and monitor our greenhouse gas emissions across our operation. By automating this process, we can improve data accuracy, streamline reporting, and identify opportunities for emissions reduction.
- **Comparison of Carbon Emissions for Informed Decision Making** - In addition to the automatic calculator, we are also working on proposing a comparison of carbon emissions for each product during the product development stage. This initiative aims to provide our clients with valuable information regarding the carbon footprint associated with different materials used in our products. By sharing this data, we empower our clients to make informed decisions about the environmental impact of their product choices. This transparency promotes sustainability and encourages the adoption of more eco-friendly alternatives.



### CEO's Insight on Digitalization's Impact on Supply Chain Operations

It is our honour that our CEO was invited to be one of the panellists at the Digital Innovation Committee held in Hong Kong by the French Chamber in October 2023. This invitation reflects Concept 4's reputation as a leader in embracing digitalization to transform supply chain operations and drive sustainability. Our CEO had the privilege of sharing valuable insights and experiences on how digitalization revolutionizes businesses in managing supply chain operations. The panel discussion provided a platform to showcase our successful integration of digital technologies, such as advanced analytics, automation, and real-time monitoring, which have enhanced efficiency, transparency, and sustainability throughout our supply chain. By actively participating in such esteemed forums, we contribute to the exchange of knowledge and promote the adoption of digital innovation for a more sustainable and resilient future.



We believe that digitalization and automation present tremendous opportunities to drive sustainability and make significant progress towards our environmental goals. By leveraging these technologies, we can enhance our operational efficiency, reduce waste, and provide valuable information to our clients. We are committed to embracing digital solutions that facilitate the transition to a more sustainable future.

Looking ahead, we will continue to explore and invest in digitalization and automation initiatives that align with our sustainability objectives. We will collaborate with technology partners, industry experts, and stakeholders to leverage the power of innovation and drive positive change. Through digitalization and automation, we aim to lead the way in sustainable practices and inspire others to follow suit.



## 10. COMMUNITY ENGAGEMENT

We believe in actively engaging with our community and making a positive impact beyond our business operations. In action, the Company will top up employee's donation with match ratio of 1:1 to the same charitable entity with stated boundaries. In 2023, we were involved in various community initiatives that reflected our commitment to social responsibility and sustainability. Through these efforts, we strengthened our relationships with charitable organizations, supported important causes, and contributed to the well-being of our community.

- **Rice Fundraising for Oxfam** - We organized a successful fundraising campaign for Oxfam on 10 June, focusing on raising funds and awareness for small-scale farmers. Our contributions helped support and educate these farmers, enabling them to diversify their agricultural practices and grow sustainably. In recognition of our efforts, we were awarded a certificate of appreciation by Oxfam. This acknowledgment further motivates us to continue our support for sustainable farming practices and the empowerment of small-scale farmers.



- **Food Angel HK Event for International Day for the Eradication of Poverty** - In observance of the International Day for the Eradication of Poverty, some members of our team participated in a Food Angel HK event on 17 October. Food Angel HK is a food rescue and assistance program launched by the Bo Charity Foundation, dedicated to reducing food waste and combating hunger. By volunteering our time and efforts, we contributed to the mission of "Waste Not, Hunger Not, With Love," supporting those in need and promoting sustainable food practices.



## 10. COMMUNITY ENGAGEMENT

- **Hong Kong Breast Cancer Foundation Pink Walk** - We actively participated in the Hong Kong Breast Cancer Foundation Pink Walk on 15 October, joining colleagues and making joint donations from both staff and the company. By participating in this charity walk, we demonstrated our commitment to raising awareness about breast cancer and supporting initiatives that promote early detection, treatment, and survivorship. Our involvement in this event showcased our solidarity with those affected by breast cancer and our dedication to improving the lives of individuals and families impacted by this disease.



- **Certificate of Appreciation for WWF Hong Kong's Earth Hour** - We proudly joined and supported WWF Hong Kong's Earth Hour 2023 initiative on 25 March, which aims to raise awareness about climate change and the importance of energy conservation. Our active participation and support earned us a certificate of appreciation from WWF Hong Kong. This recognition highlights our commitment to environmental sustainability and our dedication to reducing carbon emissions and promoting responsible energy consumption.





## 10. COMMUNITY ENGAGEMENT

- **Partnership with Shek Pai Wan Integrated Work Centre of New Life Psychiatric Rehabilitation Association** - We established a meaningful partnership with the Shek Pai Wan Integrated Work Centre of New Life Psychiatric Rehabilitation Association in April 2023. This organization provides employment opportunities for individuals with disabilities and those facing challenges in job seeking. We collaborated with the centre on a light repacking project, offering valuable support and creating better opportunities for those involved. We greatly enjoyed working with the team and were inspired by their resilience and dedication to their work.



- **Donations to Diqing Kindergarten, Yunan** - We donated hats & scarves to the children of Diqing Kindergarten, located in the Diqing Tibetan Autonomous District in Yunan, March 2023. This initiative aimed to support the well-being and comfort of the students, particularly during the colder months, while promoting inclusivity and education. By providing these essential items, we hope to contribute to a nurturing environment that enables the children to thrive and pursue their dreams. We are grateful for the opportunity to make a meaningful difference in the lives of these young individuals and remain dedicated to continued community engagement efforts.



Through our community engagement efforts in 2023, we demonstrated our commitment to social responsibility, sustainability, and making a positive difference in the lives of others. These initiatives reflect our core values and contribute to building stronger, more inclusive communities. Moving forward, we will continue to seek opportunities to engage with our community and support causes that align with our mission and values.



## 11. CLOSING STATEMENT

As we bring this sustainability report to a close, we reflect upon the collective efforts, dedication, and ongoing progress made in 2023 towards our sustainability goals. We are proud to present this report, which will be available in the library section of our website, serving as a transparent account of our sustainability journey. For any inquiries or further details regarding the content of this report, please feel free to contact us at [c4sustainability\\_external@concept4.net](mailto:c4sustainability_external@concept4.net).

Looking ahead to 2024, we are excited to share some of our intentions for the upcoming year:

**Reporting:** Recognizing the room for improvement in our reporting practices, one of our key intentions for 2024 is to provide training to our sustainability team on GRI reporting. We target to report in accordance to the GRI standard in our next sustainability report, ensuring greater transparency and accountability.

**Environment:** With the submission of our Science-Based Targets initiative (SBTi) targets, we are committed to setting clear reduction targets for Scope 1, 2, and 3 emissions in 2024. This will drive our efforts to mitigate climate change and contribute to reducing carbon and other environmental impacts.

**Products:** We remain committed to exploring new materials for our collection and seeking additional product certifications such as Fair Trade. Furthermore, we will implement the Impact Tracker to estimate carbon emissions during development stage, providing valuable data to our clients for informed decision-making. Additionally, we will collaborate with our clients on conducting Life Cycle Assessments (LCA) to identify carbon emission hotspots and develop strategies for reduction.

**Ethics:** Recognizing the importance of addressing modern slavery, we have identified it as a gap in our ethics policy and supplier audits. In 2024, we will focus on this area, making improvements to ensure ethical practices throughout our supply chain.

**Supply Chain:** In 2024, we will expand our carbon emission data collection efforts from strategic suppliers to encompass all our direct suppliers. We aim to collaborate closely with key suppliers to develop effective carbon emission reduction strategies. Furthermore, we will explore opportunities to streamline our audit processes by considering the SEDEX platform's Supplier Assessment Questionnaire (SAQ) results and third-party audit findings.

**External Certification:** In our pursuit of continuous improvement, we will strive to upgrade our sustainability certifications in 2024. We have already submitted our B Corp questionnaire and are working towards becoming B Corp verified. Additionally, we will explore certifications such as B Corp Beauty, and SPICE to further enhance our sustainability credentials.

As we embark on the next chapter of our sustainability journey, we are grateful for the support and collaboration of our stakeholders. Together, we will continue to drive positive change, foster innovation, and create a more sustainable future.

**EACH "GREEN" STEP COUNTS, EVEN SMALL ONE!**

## APPENDIX 1 : KEY PERFORMANCE INDICATOR

Environmental Performance									
Greenhouse Gas Emissions									
GHG Protocol Scope	ISO 14064 Emission Category	Direct/Indirect Emissions and Removals	GHG Protocol Scope 3 Category	Carbon Emission in 2022 (tCO2e)		Carbon Emission in 2023 (tCO2e)		% Change 2022 vs 2023	2023 Emission Intensity (tCO2e/employee)
Scope 1	Category 1	Direct GHG emissions and removals	Included in scope 1	0		0		0	0
Scope 2 (market-based)	Category 2	Indirect GHG emissions from imported energy	Included in scope 2	111.09		110.74		-0.31%	0.87
Scope 3	Category 3	Indirect GHG emissions from transportation	Cat 4: upstream transportation	1,625	2,604	821	4,368	-49%	183.86
			Cat 6: business travel	175		82		-53%	
			Cat 7: employee commuting	59		54		-8%	
			Cat 9: downstream transportation	745		3,411		358%	
	Category 4	Indirect GHG emissions from products used by organization	Cat 1: purchased goods and services	14,572	14,619	17,274	17,303	19%	
			Cat 2: capital goods	16		7		-56%	
			Cat 3: fuel- and energy-related emissions not included in scope 1 or scope 2	30		21		-30%	
			Cat 5: waste generated in operations	1		1		0%	
	Category 5	Indirect GHG emissions associated with the use of products from the organization	Cat 11: use of sold products	780	2,170	707	1,863	-9%	
			Cat 12: end-of-life of sold products	1390		1156		-17%	
Category 6	Indirect GHG emissions from other sources	No related category	0		0		0%		
<b>Total</b>				19504.09		<b>23,645.32</b>	<b>21%</b>	<b>184.73</b>	
Energy Consumption							Carbon Emission		
Type	Location	Number of Unit (kWh)		% Change	Energy (GJ)		Scope 2 Emission (tCO2e)		Emission Intensity (tCO2e/employee)
Year		2022	2023	2022 VS 2023	2022	2023	2022	2023	2023
Electricity	Dongguan	57414.80	56812.12	-1.05%	206.69	204.52	32.74	32.4	0.85
	Hong Kong	88059.00	85008.21	-7.54%	317.01	306.03	62.52	57.81	0.96
	Shanghai	27745.66	36012.60	29.80%	99.88	129.65	15.82	20.54	1.14
<b>Total</b>		173219.46	177832.93	-0.31%	623.59	640.2	111.09	110.74	0.87

## APPENDIX 1 : KEY PERFORMANCE INDICATOR

Environmental Performance										
Resources Consumption										
Type	Location	Number of Unit (m <sup>3</sup> )			% change	Consumption Intensity (m <sup>3</sup> /employee)				
Year		2021	2022	2023	2022 VS 2023	2021	2022	2023		
Water	Dongguan	304.13	324.73	375.97	16%	8.00	8.55	9.64		
	Hong Kong	118.10	110.33	88.15	-20%	2.04	1.90	1.36		
	Shanghai	98.00	32.00	20.00	-38%	4.90	1.60	0.91		
<b>Total</b>		520.23	467.06	484.12	4%	4.48	4.03	4.17		
		Waste Recycled (kg)					Total Waste Disposed (kg)	Total Waste % by Location	Total Recycled Rate (%)	
	Location	Paper	Plastic	Metal	Glass	Total Recycled (kg)				
Non-hazardous waste (kg)	Dongguan	60.48	0.20	0.00	0.00	60.68	466.20	31.81%	1%	
	Hong Kong	2.42	1.71	1.84	0.00	5.98	995.23	60.46%	12%	
	Shanghai	4.39	16.60	0.00	0.00	21.00	107.00	7.73%	16%	
	<b>Total</b>		67.30	18.52	1.84	0.00	87.67	1568.44	100%	5%

\*We will start collecting the actual weight of hazardous waste within our offices in the future.

## APPENDIX 1 : KEY PERFORMANCE INDICATOR

Social Performance.					
Total Workforce					
By Geographical Location	2021	2022	2023	Proportion 2023 (%)	
Hong Kong	58	58	65	31	
Dongguan	37	38	39	51	
Shanghai	20	20	22	17	
France	2	3	2	1	
<b>Total</b>	<b>117</b>	<b>119</b>	<b>128</b>	<b>100</b>	
Employee Satisfactory Level (%)	-	82	80	-	
By Gender					
Female	87	88	95	74	
Male	30	31	33	26	
Female Manager	17	17	17	81	
Male Manager	2	3	4	19	
By Age					
Below 25 & Above 50	21	22	34	24	
25-50	96	97	94	74	
By Employment Type					
Full-time	113	117	118	92	
Part-time	0	0	3	2	
Temporary	4	2	1	1	
Contract	0	0	6	5	
By Ethnic Group					
Chinese	-	109	119	93	
Others (Other Asians, Europeans etc.)	-	10	9	7	

## APPENDIX 1 : KEY PERFORMANCE INDICATOR

Social Performance				
Turnover	Units	2021	2022	2023
Total number of new staffs	Number	-	-	38
Total number of staff separation	Number	27	21	30
Health & Safety				
Percentage of employees covered by OHS audit	%	0	58	61
Percentage of employees covered by medical insurance	%	100	100	100
Percentage of employees covered by retirement fund	%	100	100	100
Percentage of employees covered by flexible working hours	%	100	100	100
Injury Rate				
Sick Leave Rate (will be recorded started 2024)	%	N/A	N/A	N/A
Total Recordable Injury Rate	(TRIR)/200,000 work hours	0	0	0.001
Lost time injury (LTI) frequency rate for direct workforce - company wide	(total number of lost time injury events) x 1,000,000 / total hours worked	0	0	4.313
Lost time injury (LTI) severity rate for direct workforce	(number of days lost due to injuries) x 1,000 / total hours worked	0	0	0.004
Fatality Rate as a result of work-related injury	(FR)/200,000 work hours	0	0	0
Working Environment				
Average Room Temperature	°C	-	-	23.08
Number of times air quality exceeding normal	Number	-	-	48

## APPENDIX 1 : KEY PERFORMANCE INDICATOR

Social Performance				
Training	Units	2021	2022	2023
Average hours of training provided per employee	Hours/employee	-	-	23.5
Number of skills development trainings	Number	-	23	41
Percentage of employees trained on CSR issues	%	50	50	100
Percentage of employees trained on Business Ethics	%	100	100	100
Percentage of employees trained on Environmental issues	%	-	48	100
Percentage of merchandisers trained on Sustainable Procurement or CSR issues	%	-	-	55
Percentage of employees trained on Diversity & Inclusion	%	-	-	100
Percentage of employees trained on Health & Safety	%	-	48	100
Percentage of employees trained on Anti-Bribery & Corruption	%	50	48	100
Percentage of employees trained on Information Security	%	-	48	100



## APPENDIX 1 : KEY PERFORMANCE INDICATOR

Governance Performance					
Reported Cases of Violation					
Aspects	Unit	2021	2022	2023	Target in 2024
Health & Safety	Number	0	0	1	0
Discrimination or harassment incidence		0	0	0	0
Information Security		0	0	1	0
Anti-bribery & Corruption		0	0	0	0
Anti-competition		0	0	0	0
Child or forced labour in our company and our supply chain		0	0	0	0
Confirmed Cases					
Aspects	Unit	2021	2022	2023	Target in 2024
Health & Safety	Number	0	0	1	0
Discrimination or harassment incidence		0	0	0	0
Information Security		0	0	1	0
Anti-bribery & Corruption		0	0	0	0
Anti-competition		0	0	0	0
Child or forced labour in our company and our supply chain		0	0	0	0
Number of legal disputes		0	0	0	0
Fines paid due to compliance issues	USD	0	0	0	0

## APPENDIX 1 : KEY PERFORMANCE INDICATOR

Sustainable Procurement Performance				
Supplier Engagement				
Aspects	Units	2021	2022	2023
% of suppliers signed our Supplier Code of Conduct	%	100	100	100
% of suppliers with contracts including clauses on labour and human rights requirements	%	100	100	100
% of onboarding suppliers trained on CSR issues	%	80	100	100
% of suppliers assessed on CSR issued	%	100	100	100
% of suppliers being audited on CSR issues	%	100	100	100
% of suppliers being audited <i>on-site</i> on CSR issues	%	100	100	100
Number of inspections per year to audited factories on child/forced labour	Number	126	95	99
% of audited suppliers engaged in corrective actions or capacity building	%	87	98	92
% of active suppliers with EMS related certificates (ISO 14001, ISO 50001)	%	-	21	24
% of suppliers provided environmental and social data	%	-	16	43
Number of reported child or forced labor incidents in our supply chain	Number	0	0	0
Sustainable Procurement				
% of products produced with certified materials (FSC, BCI cotton, GRS, GOTS, and others)	%	-	22	38
% of products produced with recycled materials	%	-	-	18.6

## APPENDIX 2 : GRI CONTENT INDEX

### STATEMENT OF USE GRI 1 used

Concept 4 Limited has reported the information cited in this GRI content index for the period, 1<sup>st</sup> January 2023 to 31<sup>st</sup> December 2023, with reference to the GRI Standards.  
GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION	Page
<b>GRI 2: General Disclosures 2021</b>	2-1 Organizational details	1. ABOUT THIS REPORT	3
	2-2 Entities included in the organization's sustainability reporting	1. ABOUT THIS REPORT	3
	2-3 Reporting period, frequency and contact point	1. ABOUT THIS REPORT	3
	2-4 Restatements of information	1. ABOUT THIS REPORT	3
	2-5 External assurance	4.4 Governance	8
	2-6 Activities, value chain and other business relationships	4.1 Our Business 8. SUSTAINABLE PROCUREMENT	6
	2-7 Employees	Appendix 1 : Key Performance indicator	46
	2-8 Workers who are not employees	Not Applicable	-
	2-9 Governance structure and composition	4.4 Governance	8
	2-10 Nomination and selection of the highest governance body	4.4 Governance	8
	2-11 Chair of the highest governance body	1. ABOUT THIS REPORT	3
	2-12 Role of the highest governance body in overseeing the management of impacts	4.4 Governance	8
	2-13 Delegation of responsibility for managing impacts	4.4 Governance	8
	2-14 Role of the highest governance body in sustainability reporting	4.4 Governance	8
	2-15 Conflicts of interest	4.4 Governance 5.1 Business Ethics & Anti-Corruption	8, 12
	2-16 Communication of critical concerns	4.4 Governance	8
	2-17 Collective knowledge of the highest governance body	4.4 Governance	8
	2-18 Evaluation of the performance of the highest governance body	4.5 Stakeholder Engagement 4.6 Materiality Assessment	9
	2-19 Remuneration policies	Not Applicable	-

GRI STANDARD	DISCLOSURE	LOCATION	Page	
<b>GRI 2: General Disclosures 2021</b>	2-20 Process to determine remuneration	Not Applicable	-	
	2-21 Annual total compensation ratio	Confidentiality constraints	-	
	2-22 Statement on sustainable development strategy	2. MESSAGE FROM THE CEO 4.2 Sustainability Policy	4, 6	
	2-23 Policy commitments	4.3 UN Sustainable Development Goals & UNGC Ten Principles 4.4 Governance 4.5 Stakeholder Engagement 4.7 External Recognition 5.1 Business Ethics & Anti-Corruption 7. LABOUR & HUMAN RIGHTS	7-13, 22	
	2-24 Embedding policy commitments	4.4 Governance 4.5 Stakeholder Engagement 7.2 Empowering Our People	8-9, 23	
	2-25 Processes to remediate negative impacts	4.4 Governance 5.1 Business Ethics & Anti-Corruption	8, 12	
	2-26 Mechanisms for seeking advice and raising concerns	1. ABOUT THIS REPORT 4.4 Governance	3, 8	
	2-27 Compliance with laws and regulations	Not Applicable	-	
	2-28 Membership associations	3. 2023 PERFORMANCE OVERVIEW 4.3 UN Sustainable Development Goals & UNGC Ten Principles 4.7 External Recognition	5, 7, 10-11	
	2-29 Approach to stakeholder engagement	4.5 Stakeholder Engagement 4.6 Materiality Assessment	9	
	2-30 Collective bargaining agreements	Not Applicable	-	
	<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	4.5 Stakeholder Engagement 4.6 Materiality Assessment	9
		3-2 List of material topics	4.6 Materiality Assessment	9
3-3 Management of material topics		4.6 Materiality Assessment	9	

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<b>GRI 205: Anti-corruption 2016</b>	205-1 Operations assessed for risks related to corruption	5.1. Business Ethics & Anti-Corruption	12-13, 48-50
	205-2 Communication and training about anti-corruption policies and procedures	5.1. Business Ethics & Anti-Corruption	12-13, 48-50
	205-3 Confirmed incidents of corruption and actions taken	Information unavailable	-
<b>GRI 301: Materials 2016</b>	301-1 Materials used by weight or volume	Information unavailable	-
	301-2 Recycled input materials used	8.3 Sustainable Products & Packaging	33-36, 50
	301-3 Reclaimed products and their packaging materials	Not Applicable	-
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	6.2 Energy Consumption & Greenhouse Gas Emissions 6.5 Sustainable Office Practices	17-18, 20-21, 44
	302-2 Energy consumption outside of the organization	Information unavailable	-
	302-3 Energy intensity	6.2 Energy Consumption & Greenhouse Gas Emissions	17-18, 44
	302-4 Reduction of energy consumption	6.2 Energy Consumption & Greenhouse Gas Emissions	17-18, 44
	302-5 Reductions in energy requirements of products and services	Information unavailable	-
<b>GRI 303: Water and Effluents 2018</b>	303-1 Interactions with water as a shared resource	6.3 Water Management	19, 45
	303-2 Management of water discharge-related impacts	6.3 Water Management	19, 45
	303-3 Water withdrawal	Not Applicable	-
	303-4 Water discharge	Not Applicable	-
	303-5 Water consumption	6.3 Water Management	19, 45

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<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	6.2 Energy Consumption & Greenhouse Gas Emissions	17-18, 44
	305-2 Energy indirect (Scope 2) GHG emissions	6.2 Energy Consumption & Greenhouse Gas Emissions	17-18, 44
	305-3 Other indirect (Scope 3) GHG emissions	6.2 Energy Consumption & Greenhouse Gas Emissions	17-18, 44
	305-4 GHG emissions intensity	6.2 Energy Consumption & Greenhouse Gas Emissions	17-18, 44
	305-5 Reduction of GHG emissions	6.2 Energy Consumption & Greenhouse Gas Emissions 9. Digitalization & Automation	17-18, 38-39, 44
	305-6 Emissions of ozone-depleting substances (ODS)	Not Applicable	-
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Not Applicable	-
<b>GRI 306: Waste 2020</b>	306-1 Waste generation and significant waste-related impacts	6.4 Waste Management & Recycling Initiatives	19
	306-2 Management of significant waste-related impacts	6.4 Waste Management & Recycling Initiatives 6.5 Sustainable Office Practices 7.5 Engaging Our People 8.2 Supplier Performance Monitoring & Improvement 8.3 Sustainable Products & Packaging 8.5 Sustainable Office Products	19-21, 26-27, 32-36, 37, 45
	306-3 Waste generated	6.4 Waste Management & Recycling Initiatives	19, 45
	306-4 Waste diverted from disposal	6.4 Waste Management & Recycling Initiatives	19, 45
	306-5 Waste directed to disposal	6.4 Waste Management & Recycling Initiatives	19, 45
<b>GRI 308: Supplier Environmental Assessment 2016</b>	308-1 New suppliers that were screened using environmental criteria	8.1 Supplier Engagement & Assessment	28-31, 50
	308-2 Negative environmental impacts in the supply chain and actions taken	8.1 Supplier Engagement & Assessment 8.2 Supplier Performance Monitoring & Improvement	28-32, 50

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<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	7.3 Diversity, Equity & Inclusive in the Workplace	22, 47
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	7.1 Employment 7.3 Diversity, Equity & Inclusive in the Workplace	22, 24
	401-3 Parental leave	7.1 Employment	22
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	7.4 Health & Safety in the Workplace	25, 47-29
	403-2 Hazard identification, risk assessment, and incident investigation	7.4 Health & Safety in the Workplace	25, 47-29
	403-3 Occupational health services	7.1 Employment	22, 47-29
	403-4 Worker participation, consultation, and communication on occupational health and safety	7.4 Health & Safety in the Workplace 7.5 Engaging Our People	25-27, 47-29
	403-5 Worker training on occupational health and safety	7.4 Health & Safety in the Workplace	25, 47-29
	403-6 Promotion of worker health	7.1 Employment 7.4 Health & Safety in the Workplace	22, 25, 47-49
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	7.1 Employment 7.4 Health & Safety in the Workplace	22, 25, 47-49
	403-8 Workers covered by an occupational health and safety management system	7.4 Health & Safety in the Workplace	25, 47-29
	403-9 Work-related injuries	7.4 Health & Safety in the Workplace	25, 47-29
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<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	7.2 Empowering Our People	23, 48
	404-2 Programs for upgrading employee skills and transition assistance programs	7.2 Empowering Our People	23, 48
	404-3 Percentage of employees receiving regular performance and career development reviews	Information Unavailable	-
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	7.3 Diversity, Equity & Inclusive in the Workplace	24, 46, 48-49
	405-2 Ratio of basic salary and remuneration of women to men	Information Unavailable	-
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	7.3 Diversity, Equity & Inclusive in the Workplace	24, 46, 48-49
<b>GRI 408: Child Labor 2016</b>	408-1 Operations and suppliers at significant risk for incidents of child labor	8.1 Supplier Engagement & Assessment	28-31, 49-50
<b>GRI 409: Forced or Compulsory Labor 2016</b>	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	8.1 Supplier Engagement & Assessment	28-31, 49-50
<b>GRI 413: Local Communities 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programs	10. COMMUNITY ENGAGEMENT	40-42
	413-2 Operations with significant actual and potential negative impacts on local communities	Information Unavailable	-
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1 New suppliers that were screened using social criteria	5.1 Business Ethics & Anti-Corruption, Due Diligence on Vendor Ethics Practices 8.1 Supplier Engagement & Assessment	12-13, 28-31
	414-2 Negative social impacts in the supply chain and actions taken	5.1 Business Ethics & Anti-Corruption, Due Diligence on Vendor Ethics Practices 8.1 Supplier Engagement & Assessment 8.2 Supplier Performance Monitoring & Improvement	12-13, 28-32
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	5.2 Data Protection 5.3 Intellectual Property Rights Protection	12-24