

Texhong Textile Group

Sustainable Procurement Policy

Texhong Textile Group is fully aware of the effect of its procurement activities on the environment, society and economy and understands its responsibility to manage such effect. We have incorporated environmental, social and governance considerations into our corporate procurement decisions to enhance the overall sustainability and resilience of the supply chain and strengthen the competitiveness of the Company and suppliers. We expect and require our suppliers to adhere to our standards of business conduct and ethics, human rights and labour standards, employees' health and safety standards and sustainability and environmental responsibility standards.

The “Sustainable Procurement Policy” outlines our commitment to incorporating sustainability principles into our procurement decision-making process. This policy is supplemental in nature and should be adopted in conjunction with the Group’s “Supplier Code of Conduct”, “Anti-Discrimination Policy”, and “Principle of Prohibition of Forced Labour”.

Scope

This policy applies to all departments and businesses of the Group. We also formulate additional procurement guidelines based on specific circumstances and needs. We encourage our key business partners to comply with this policy where practicable.

Commitment

The Group considers sustainability as an integral part of the assessment criteria when assessing suppliers and their subcontractors to address sustainability risks and seize opportunities. In the procurement of raw materials, we always consider sustainability and give priority to sustainability issues related to:

- **Environment:** Procuring environmentally friendly raw materials, reducing waste generation, saving water, reducing greenhouse gas emissions and saving energy efficiently;
- **Society:** Protecting workers' health and safety and human rights, supporting the employment, contracting and partnership of socially vulnerable groups.

The procurement department and technical department of Texhong Textile Group regularly obtain information on sustainable materials from the market, and give priority to low-carbon emission and more environmentally friendly materials in the selection of raw materials, and at the same time, cooperate with production technology to further reduce carbon emissions generated in the production process.

Sustainable Cotton Procurement

Cotton is an important basic raw material for products of Texhong Textile Group. We actively purchase cotton from sustainable sources to reduce the impact of the use of chemicals in conventional cotton plantation process on the environment and human health, and avoid the use of cotton provided by suppliers with forced labour and child labour. In consideration of the society and the environment, we firmly promise to use only traceable cotton in our supply chain and continue to purchase more sustainable certified cotton in the future.

In the process of sourcing cotton, we will:

- Make enquiries about the source of cotton

The supplier shall provide the country of origin (i.e. the plantation country) of the cotton purchased by Texhong Textile Group and provide more specific information and documents as required by Texhong Textile Group to prove that the cotton complies with the relevant legal requirements.

All cotton currently used by the Group can be fully traceable to its country of origin.

- Purchase certified organic cotton as much as possible

Texhong Textile Group uses certified sustainable cotton as much as possible in its products.

- Purchase only from suppliers who comply with the suppliers' code of conduct of the Group

Texhong Textile Group is committed to respecting and ensuring internationally recognized human rights, whether in its activities or business relationship. Therefore, suppliers must comply with the relevant requirements of the Suppliers Code of Conduct of the Group.

Texhong Textile Group has the right to verify or engage a third-party to verify whether the suppliers operate in accordance with these requirements. Texhong Textile Group is entitled to terminate the contract or suspend the delivery of goods which do not comply with this policy.