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About This Report

• Organizational Scope

Unless otherwise stated, the organizational scope of this report covers the China headquarters of Hape Holding Group (hereinafter referred to as "Hape Group," "Hape," "YiRen," "the Company," or "we"), namely Hape International (Ningbo) Ltd. (hereinafter referred to as "Hape Ningbo") and Happy Arts & Crafts (Ningbo) Co., Ltd. (hereinafter referred to as "Happy Arts & Crafts").

• Time Frame

The reporting period is from January 1st, 2023, to December 31st, 2023 (hereinafter referred to as "the reporting period"). To enhance the comparability and completeness of the report, certain content and data have been appropriately traced back to previous years.

• Report Publication Format

This report is published in both Simplified Chinese and English versions and can be viewed or downloaded online from our official website (https://global.hape.com/).

• Preparation Basis

This report is prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards (GRI Standards) issued by the Global Sustainability Standards Board (GSSB), while also taking into account and responding to the United Nations Sustainable Development Goals (SDGs) and the Sustainability Accounting Standards Board (SASB) standards.

• Data Information

The information and data in this report are derived from statistical reports and official documents and have been reviewed by relevant departments. Unless otherwise stated, all currencies mentioned in the report are in RMB. We guarantee that this report contains no false records or misleading statements, and we are responsible for the authenticity, accuracy, and completeness of the content.

• Contact Us

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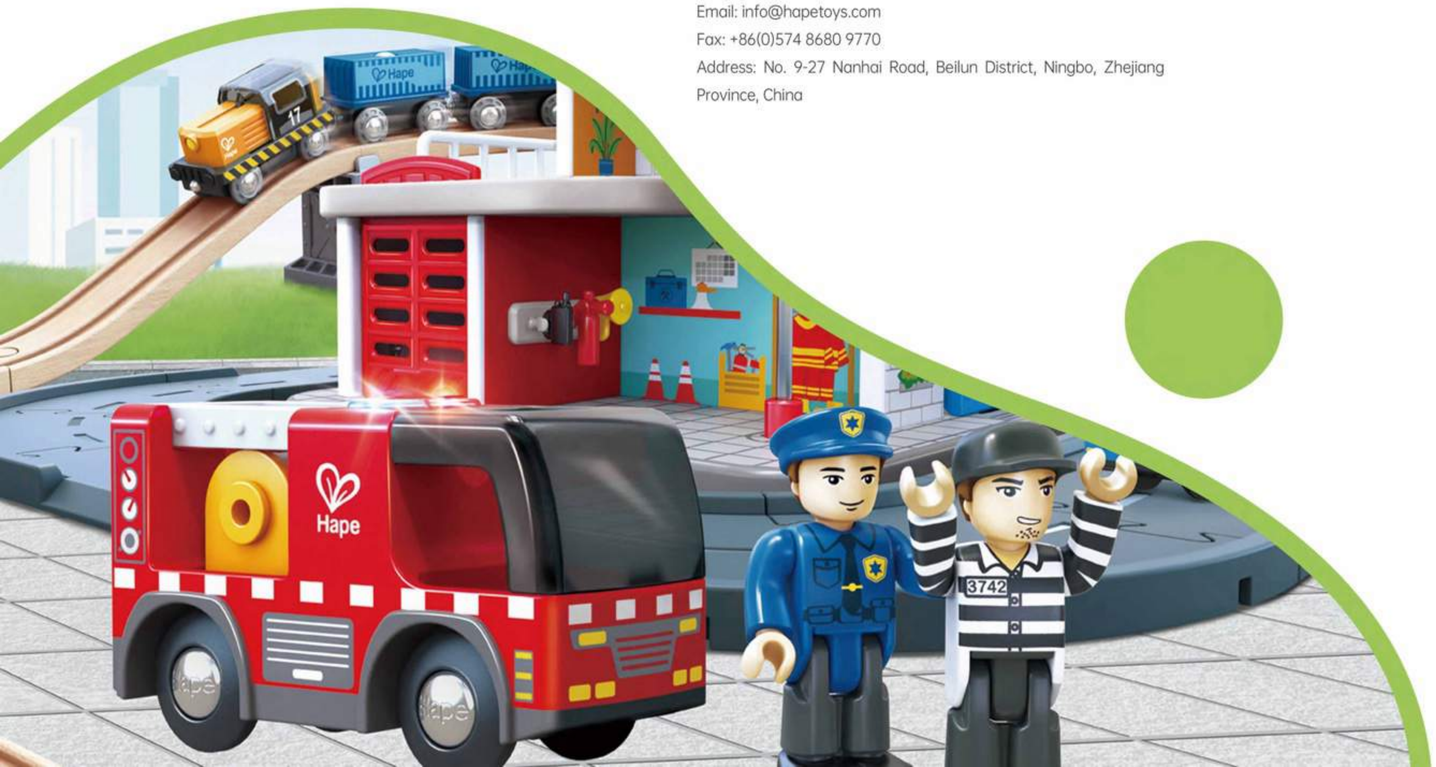

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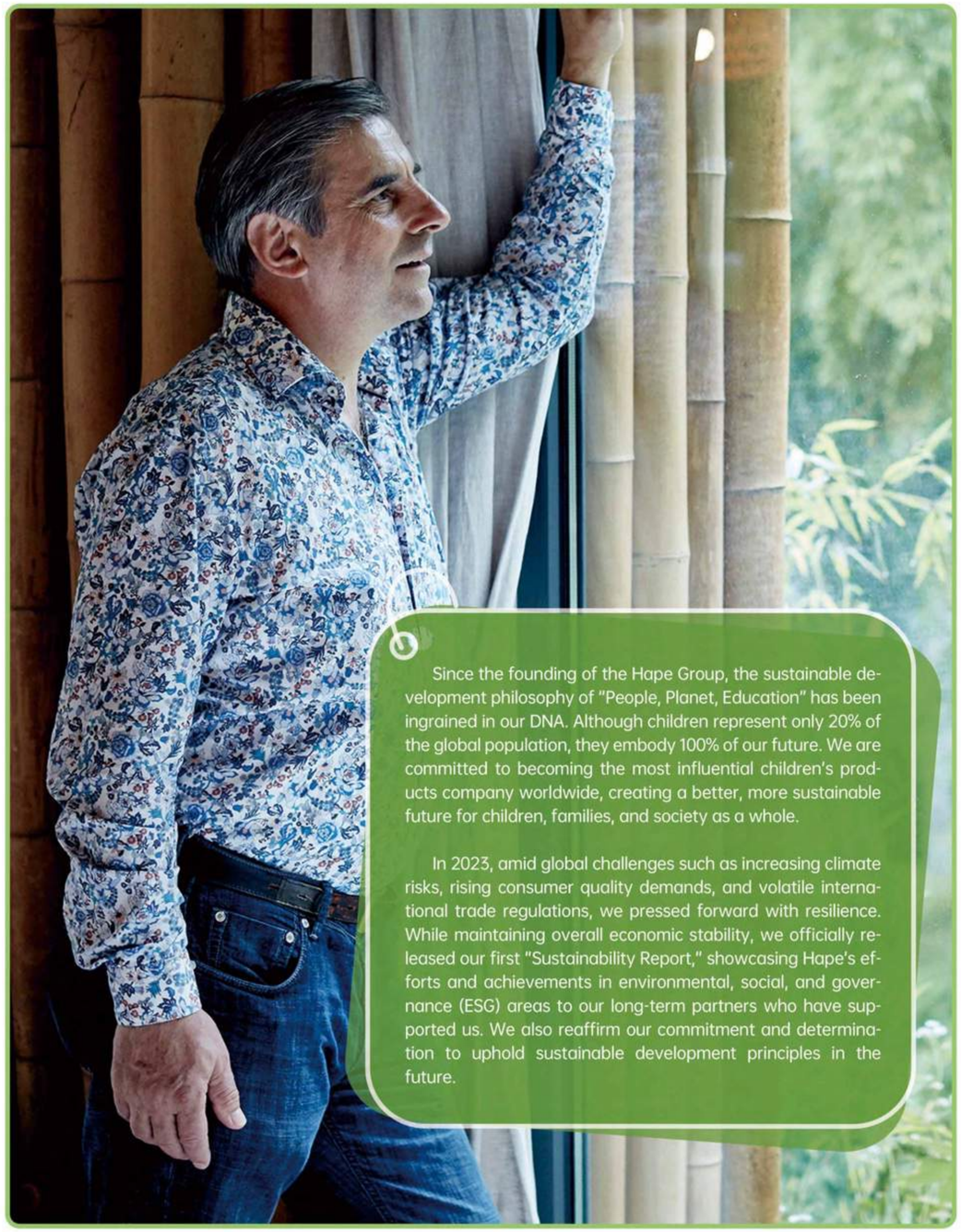
Message from CEO



Since the founding of the Hape Group, the sustainable development philosophy of "People, Planet, Education" has been ingrained in our DNA. Although children represent only 20% of the global population, they embody 100% of our future. We are committed to becoming the most influential children's products company worldwide, creating a better, more sustainable future for children, families, and society as a whole.

In 2023, amid global challenges such as increasing climate risks, rising consumer quality demands, and volatile international trade regulations, we pressed forward with resilience. While maintaining overall economic stability, we officially released our first "Sustainability Report," showcasing Hape's efforts and achievements in environmental, social, and governance (ESG) areas to our long-term partners who have supported us. We also reaffirm our commitment and determination to uphold sustainable development principles in the future.

• Sustainable Governance, Continuous Innovation

For the first time, we established a Sustainable Development Management Committee and an Executive Team to review stakeholder interests, identify key environmental, social, and governance issues, and comprehensively implement our sustainable development strategy. We adhere to legal compliance in our operations and drive brand upgrades through technological innovation, leading the high-quality development of the company.

• People-Centered Care, Educational Mission

We have built a comprehensive employee welfare system, creating a safe and inclusive work environment that emphasizes the well-being and care of our staff. We offer clear career development pathways and respect every employee. With the original intention of giving back to society, we actively participate in global charitable and public welfare activities, and collaborate with schools and educational institutions to help cultivate the next generation of innovators and leaders.

• Low-Carbon Transition, Protecting the Planet

We regard the harmonious coexistence of humanity and the planet as our responsibility. We persist in innovating and applying sustainable materials, advancing processes to reduce plastic usage, minimize waste, and promote recyclability in packaging. We implement a circular economy strategy and develop green, low-carbon products. In response to the risks and opportunities presented by climate change, we explore carbon reduction at every stage of the product lifecycle, optimize energy structures, deepen green operations, build green factories, and promote a low-carbon transition across the entire industry chain.

• Craftsmanship and Quality, Win-Win Cooperation

We rigorously adhere to global mainstream standards in the formulation and implementation of the "Hape Product Safety and Quality Manual" to fully meet the needs of children, enhance product quality, and improve customer satisfaction. Meanwhile, we accelerate global expansion and strengthen supply chain cooperation, achieving a sustainable development model that benefits all parties.

In the future, we will work hand in hand with all employees, customers, shareholders, and partners to explore and practice the concept of sustainable development, contributing to the creation of a greener, more harmonious, and prosperous environment for children's growth.

Company Profile

Hape International Ningbo Ltd. is the world's largest base for the design and production of wooden toys and one of the fastest-growing providers of educational toys globally. Its parent company, Hape Holding AG, was founded in Switzerland in the 1980s with the purpose of "providing all children with a happy childhood, inspiring them to explore the world." Hape has established a global production chain with major manufacturing bases in China, Germany, Romania, and Latvia, and has more than 40 subsidiaries in countries like Italy, the UK, and France. It is an international group specializing in the development, manufacturing, and marketing of educational toys for children.

Hape Group's China headquarters is located in Ningbo, Zhejiang Province, with modern factories equipped with intelligent, automated production lines. Key processes utilize advanced production equipment from Germany and Italy. The company adheres to the concept of independent innovation, having successfully designed and developed multiple automated production line technologies, further solidifying its industry-leading position. For over 30 years, the company has focused on children's toys, closely following the new development concepts of "innovation, coordination, greenness, openness, and sharing," forming a new development pattern of "global design, global procurement, global manufacturing, and global marketing." Hape products are sold in over 100 countries and regions worldwide through specialty stores, toy shops, stationery stores, and online platforms, bringing joy and growth to millions of children. Our products, known for their unique design, high quality, and safety, have won numerous prestigious toy industry awards. We believe the future is created by children and will ultimately belong to them. Toys that accompany them during their growth have a profound and lasting impact on their lives, making the role of toy manufacturers both important and far-reaching.

Revenue:
Approximately 1.67 billion RMB

Toy Production:
Over 69 million units

Area:
Over 88 mu (approximately 14.5 acres)

Development History

1986 "Hape Kindergarten Supply" is founded

1993 Hape Holding AG is founded

1995 Establish Happy Arts & Crafts (Ningbo) as logistic and production facility in China

2002 Establish Hape International (Ningbo) Ltd. as China Brand office

2004 Hape acquires Educo in Canada Renamed Hape Inc.

2010 Hape opens Hong Kong office

2012 Hape opens Italian office (renamed to ToynamicsItaly S.R.L. in 2022)

2013 Happy Arts & Crafts Romania is founded as production facility
Hape opens French office(renamed to Toynamics France SAS in 2022)

2014 EuropeanEducationall Group is established
Establish Happy Arts & Crafts(Lishui) as another logistic and production facility in China
Hape opens research anddesign studio in Milan

2015 Hape and Abitare launch the joint venture HAKIDS in Luxembourg

2016
Hape announces acquisition of the German Eco-Soft toy brand "Senger
Hapeannounces acquisition of German creative building brick brand "PolyM"
Hapelaunches strategic cooperation with the movie "The Little Prince",and becomes its global licensing partner
Hapeannounces acquisition of Käthe Kruse

2017 Hape opens UK office (renamed to Toynamics UK & Ireland Ltd.in 2022)
Hape opens Japan office

2018 Toynamics Europe GmbH isfounded

2019 Hape opens the first Eurekakids retail store in China
Hape and Kids2 launch Kids2 Hape Joint Venture Ltd.
Hape announces investment in the leading Spanish toy brand "Eurekakids'

2020 Found Toynamics Iberia SLU responsible for Spain & Portugal
Found Toynamics BeNeLuxBV responsible for Belgium, Netherlands & Luxembourg

2021 Establish Hape Taiwan Ltd. as Taiwan (China) office
Establish Hape Education Supply (Songyang) as new logistic and production facility in China
Hape invests in the STREAM toy Sugarobot
Hape and Amorim Cork Composites co-found the Joint-Venture KORKO-MADE BY NATURE LDA

2022 Found Toynamics China Ltd. responsible for China
Hape acquires the leading Spanish toy brand"Eurekakids'

2023 Hape acquiresGerman Dolls Manufacturer Schildkröt
Hape announces investment in AT4 France
Hape acquired major stake in Deko Rame
Hape acquired major stake in "E-KID"
Hape acquires PlaywellEnterprises Ltd., the toy distributor in Canada

Domestic and International Authoritative Certifications

Hape, based on its comprehensive qualifications and efficient management, is continuously committed to the maintenance and improvement of corporate management, material certification, supply chain security, and social responsibility. This provides a solid management foundation for our global trade operations, ensuring that our products and practices meet leading industry standards.

1) Certified by ISO 9001 Quality Management System, ISO 45001 Occupational Health and Safety Management, ISO 14001 Environmental Management System, ISO 50001 Energy Management System, ISO 14064/ISO 14067 Greenhouse Gas Certification, and Zhejiang Manufacturing Certification.

2) Certified by BSCI (Business Social Compliance Initiative), IETP (ESCP) International Toy Industry Business Code, SMETA (Sedex Members Ethical Trade Audit) for Supply Chain Social Responsibility, SCAN (Supplier Compliance Audit Network), and GSV (Global Security Verification).

3) Certified by FSC (Forest Stewardship Council), GRS (Global Recycled Standard), and GOTS (Global Organic Textile Standard).

4) Certified by GB/T 29490 Intellectual Property Management System.

• Brand System

The company's brand has gone through four stages of development: the budding stage, the construction stage, the expansion stage, and the maturity stage. It has established a development pattern where "proprietary brands, cooperative brands, and distribution brands" thrive together. Currently, the company owns several well-known high-quality toy brands, including Hape® and PolyM®, which are renowned both domestically and internationally. The toys are frequently recognized with various awards for their innovative, eco-friendly, and educational attributes.

• Corporate Culture

Hape follows the philosophy of "Creating a joyful and natural life," guiding the company to comply with laws and regulations, pursue continuous improvement, and uphold the coordinated development of environment, safety, and quality.

Corporate Mission: Love play, learn.

Corporate Vision: Building trust as a recognized enterprise, shaping a responsible future for all.

Core Values:

Integrity – Quality as the foundation, keeping promises, openness and inclusiveness, mutual benefit and win-win cooperation.

Care – Caring for employees, children, and partners, sharing the future together.

Responsibility – Starting with the end in mind, solving problems from the root, collaborating, and being goal-oriented.

Happiness – Enjoying work, finding joy in the process, maintaining balance, and creating value.

Innovation – Continuous innovation from all, striving for excellence, and pursuing perfection.

Passion – Having a global mindset, being grounded, loving the choices we make, and staying true to our original aspirations.

Brand Slogan: Love play, learn.

HONOR DISPLAY

Zhejiang Province Intellectual Property Model Enterprise

Top 100 Manufacturing Enterprises in Ningbo

Top 100 Competitive Enterprises in Ningbo

Zhejiang Province Intellectual Property Award - Third Prize in Trademark Award

Top 10 Cultural and Tourism Enterprise in Ningbo

Ningbo Municipal Government Quality Innovation Award

Ningbo Municipal Manufacturing Single Champion Cultivation Enterprise

Beilun District Outstanding Contribution Model Enterprise

Vice Chairman Unit of the Zhejiang Toy and Infant Products Association

Most Valuable Brand in the 12th Ningbo Double Brand Selection

China Toy Association Brand Innovation Award

Zhejiang Export Famous Brand

119 products have received domestic and international awards and honors

Best Contribution to Sustainability

Peter Handstein, Founder and CEO of Hape Group, successfully entered the final round of the 2023 "Best Contribution to Sustainability" category at the "TOTY Toy Awards," known as the Oscars of the toy industry. Peter's nomination is not only a recognition of his years of hard work but also signifies that Hape Group has achieved significant success and gained widespread recognition in leading the toy industry towards a greener and more sustainable future.

Sustainable governance

Establish a sustainable developmentgovernance structure for the **first** time

R&D investment is **15.27** million yuan

There are **268** valid patents

Child Development Partner

119 products have won awards and honors at home and abroad

There were **zero** product recalls

100% satisfaction rate of brandcustomer complaint resolution

Protect the green home

Green electricity accounts for **100%** of total electricity consumption

More than **72%** of FSC wood is used

100% use rate of water-based paint

The use rate of recyclable packaging materials is more than **97%**

100% comprehensive utilization rate of solid waste resources

Scope 1 and 2 greenhouse gas emissions decreased by **24.12%** compared to 2021 (base year)

The bamboo forest operates **413** acres

Create a harmonious society together

60.5% of employees and **40.6%** of managers

100% of the "Special Collective Agreement on the Protection of the Rights and Interests of Female Employees"

There are **zero** cases of illegal employment

84 training sessions were organized, with a total training duration of **19,979** hours

100% response rate to workers congress proposals Employee satisfaction **97%**

100% coverage of occupational health examinations

26 school-enterprise cooperation companies help talent introduction and education

A total of **12,594** toys were donated, with a total value of **2.62** million yuan

Sustainable Governance

While pursuing economic benefits, we are even more focused on how to become a "better" company and how to make the world a better place than when we found it. In addressing this challenge, the best solution is to adhere to the path of "sustainable development."

2030 Action Goals:

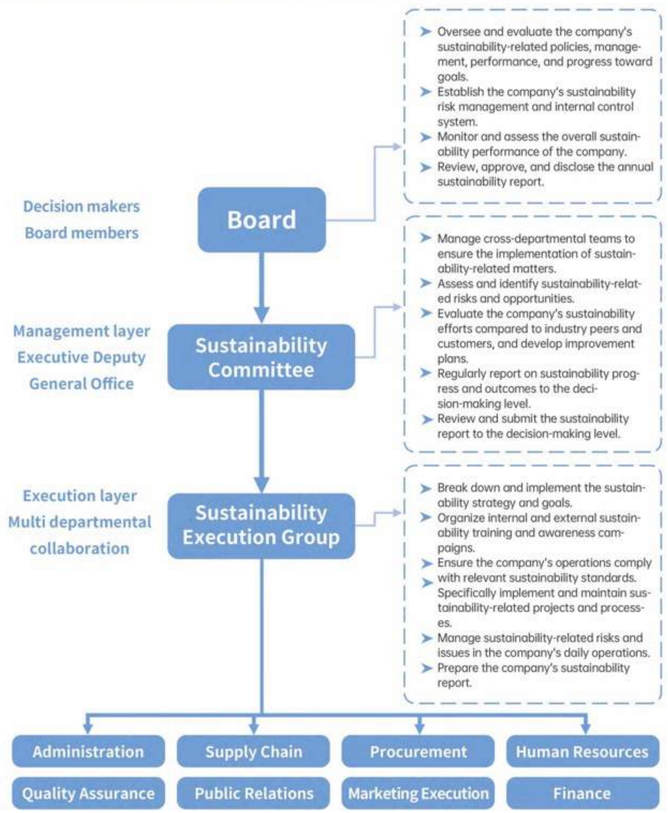
- Achieve full coverage of sustainable development management systems across all global branches.
- Continuously enhance the independence and diversity of the board of directors.
- Strengthen the business ethics and anti-corruption management system.
- Uphold research and innovation, with a focus on intellectual property protection.

Sustainable Development

Sustainable Development Governance System

To solidify the foundation for the company's long-term sustainable development, Hape established a three-tier sustainable development management system in 2023, led by decision-making leadership, driven by management, and implemented by the execution level. The company's board consists of 9 members, including 2 external independent board members and 2 female board members. The board has established a Sustainable Development Management Committee, specifically responsible for formulating and overseeing the execution of the company's ESG (Environmental, Social, and Governance) strategy, ensuring continuous improvement in the company's performance in these areas.

The company includes key personnel from eight core departments—Administration, Supply Chain, Procurement, Human Resources, Quality Assurance, Public Relations, Marketing Execution, and Finance—into the execution level of sustainable development. Clear roles and responsibilities have been defined at each level to enhance collaboration efficiency, creating an effective closed-loop management system that spans from strategic planning to execution. This ensures the comprehensive implementation and continuous optimization of the sustainable development strategy.



Sustainable Development Strategy

The future is not only a part of us but is everything for our children, who will eventually inherit the world we live in. Hape consistently adheres to the principle of "minimizing ecological costs" and is committed to the path of sustainable development, aiming to achieve four types of friendliness—child-friendly, family-friendly, environmentally-friendly, and socially-friendly.

Hape steadfastly upholds the sustainable development philosophy of "People, Planet, Education." Under the leadership of the Board of Directors and the Sustainable Development Committee, and aligning with the United Nations Sustainable Development Goals (UN SDGs), Hape integrates its business and operational practices to focus on four key areas of sustainability: "Sustainable Governance," "Protecting Our Green Planet," "Co-Creating a Harmonious Society," and "Partnering in Children's Growth." The strategy is driven through 11 action areas to ensure the implementation of the sustainable development goals.

Sustainable development concept	People, Planet, Education			
Key areas	Sustainable governance	Protect the green home	Create a harmonious society together	Child Partner Development
Direction of action	Sustainable development Operate in compliance R&D and innovation	Green products Green operations Carbon peaking and carbon neutrality actions	People-oriented Social contribution Win-win cooperation	Superior quality The customer comes first

Action Goals

- Achieve full coverage of the sustainable development management system of major branches around the world
- Continue to enhance the independence and diversity of the Board
- Strengthen the business ethics and anti-corruption management system
- Adhere to R&D and innovation, and pay attention to the protection of intellectual property rights
- Hape® wooden toys and the wood raw materials used are FSC certified
- 100% recyclable packaging materials are used to achieve full plasticization of product packaging
- 100% of the electricity is generated from renewable sources
- Build a second-hand recycling platform to promote recycling
- Achieve carbon neutrality in the headquarters (Scope 1 and 2)
- Strive to create a number of "zero-carbon" wooden toys
- Strive to improve the happiness and satisfaction of employees, and explore diversified career development channels
- Achieve "zero" safety incidents
- In response to "rural revitalization", we insist on giving back to the society through public welfare
- Deepen school-enterprise cooperation and empower education development
- Supplier social responsibility audits are fully covered to build a sustainable global supply chain system
- Adhere to the whole process of quality management to ensure the safety of toys
- Achieve "zero defects" and "zero recalls" in product quality
- Achieve "zero complaints" in customer service

Respond to the SDGs

Stakeholder Communication

Based on the nature of its business and current operations, combined with global industry development, Hape has identified key stakeholders, including customers, shareholders, government and regulatory bodies, employees, suppliers, communities, organizations, NGOs, and the media. The company has established diversified communication channels to actively respond to the expectations and requirements of its stakeholders.

Stakeholders	Focus on the topic	Communication mechanisms
Client	Product quality and safety Customer Service & Satisfaction Product innovation and R&D	Satisfaction surveys Complaint mechanism Official website
Shareholder	Operate in compliance Transparency of information Return on investment	General Meeting of Shareholders Disclosure of Information Accept the inspection
Government and Regulatory Agencies	Discipline Respond to national strategies Compliant emissions Resource management Climatic change	Policy implementation Information Submission Environmental monitoring Press release
Employee	Wages & Benefits Health & Safety Training and development	Performance appraisal Physical examination Training & Events
Vendor	Responsible sourcing Supplier management Business ethics	Code of Business Conduct Supplier Conference Telephone mail
Communities, organizations, non-governmental organizations	Public charity Community involvement	Press release Public welfare activities
Media	Disclosure of Information Business dynamics	Press release Official website

Materiality Analysis

We refer to the GRI Standards' recommendations on double materiality analysis for important topics and, in combination with our business characteristics and sustainability philosophy, have selected 25 material topics related to environmental, social, and governance (ESG) aspects. Through communication, research, and result analysis with key stakeholders such as customers, suppliers, distributors, and employees, we assess and rank the importance of these topics from two dimensions: "importance to the company's sustainable development" and "importance to stakeholders." The final determination is made by the Board of Directors and the Sustainable Development Management Committee.

Compliance Management

We strictly comply with the Company Law of the People's Republic of China, the Supervision Law of the People's Republic of China, and other relevant laws, regulations, and international business standards. We oppose commercial bribery, conflicts of interest, monopolies, unfair competition, and money laundering. All of Hape's business activities are conducted legally, transparently, and fairly, in full compliance with the law.

• Tax Management

The company actively improves its tax management system, establishing a tax management institution composed of senior experts and professionals. This institution has developed a scientifically sound and effective mechanism for responsibility allocation and checks and balances, responsible for the implementation of daily tax matters, collection and implementation of tax policies, and communication and coordination with tax authorities. It ensures that incompatible tax management positions are properly segregated, restricted, and supervised.

The company proactively identifies and manages tax risks by systematically and continuously collecting relevant internal and external information. Through steps such as risk identification, analysis, and evaluation, we identify tax risks within the company's business activities and processes, analyze the likelihood and conditions of these risks, and evaluate their impact on achieving tax management goals. This enables us to prioritize and develop strategies for risk management. Additionally, the company regularly commissions professional organizations to assist in tax risk assessments and implements dynamic tax risk management to promptly identify and evaluate changes in existing risks and any newly emerging tax risks.

The company fully fulfills its tax declaration and payment obligations, paying taxes honestly in accordance with the laws and tax treaties of each country, contributing to local development and social benefits. We comply with any necessary tax disclosures and conduct annual external audits to transparently and objectively present our financial status, operating results, and tax compliance. Senior management strictly fulfills their responsibilities in operations, management, ethics, and legal obligations. The functions between decision-makers, management, and grassroots personnel are clearly defined, with mutual cooperation and supervision, while also voluntarily accepting external supervision, audits, and reviews.

The company has been honored multiple times with titles such as "City-level Leading Enterprise in Per-acre Efficiency of Cultural and Sporting Goods Industry" and "District-level Outstanding Enterprise in Per-acre Efficiency."

• Business Ethics and Anti-Corruption

The company upholds "Integrity – Quality as the foundation, keeping promises, openness and inclusiveness, mutual benefit and win-win" as one of its core values, actively promoting and practicing integrity. As a global enterprise, the company places great emphasis on "compliance" operations, establishing a systematic compliance process and strictly adhering to the laws, regulations, and customs of each country. We have also established an integrity management system modeled as a "human body," following the principle of "leadership involvement and full participation," to foster a business environment of integrity and legal compliance. In recent years, Hape has been recognized as one of Ningbo's "Top 100 Integrity Enterprises" and as an "Integrity Star."

1. **Employees:** The company maintains integrity with employees by managing honestly and making cautious promises when it comes to matters that affect their interests. Rules and decisions are implemented consistently and fairly. We include corporate culture, ethical standards, and behavioral norms as part of the required training for new employees and treat "self-discipline" as a key criterion for evaluating employee capabilities and qualities. All employees are encouraged and guided to embrace values of "honesty, respect, fairness, and integrity."
2. **Customers:** We always uphold a zero-tolerance policy toward quality and safety issues, embedding a spirit of craftsmanship into our DNA. Across the entire chain of design, development, production, logistics, and after-sales service, we establish and implement standards that exceed global toy safety regulations and technical standards. Furthermore, we firmly oppose any false advertising or consumer deception, winning customer trust and satisfaction through integrity. The company has built internal laboratories and maintains close partnerships with third-party testing institutions to perform product testing based on customer needs, strictly adhering to the toy safety standards of each customer's country or region, ensuring that every toy we deliver allows children to play safely and joyfully.
3. **Suppliers:** We have established the Code of Business Conduct and Code of Conduct for Integrity, and we recognize international codes of conduct such as IETP (ESCP), SAI, BSCI, ETI, and WRAP. Conducting a business ethics review is a necessary step before entering into any partnership. We regularly hold supplier conferences to communicate our expectations and requirements regarding business ethics and sustainability, working together with partners to create a fair, transparent, and trustworthy business environment.

1、Hape Ethical Conduct Monitoring System

object	Main process	Monitoring methods	Measurement metrics
Managers	Internal Oversight Evaluation	Company assessment, internal and external audit	Asset preservation and appreciation rate, illegal acts, major decision-making mistakes or dereliction of duty
All employees	Compliance evaluation	The company's supervision department supervises and selects advanced activities	Major violations of discipline and law
Purchasing, marketing position, etc	Supplier selection process, purchasing and sales process	Supplier and customer visits and investigations, and the number of complaints reported on the hotline	Investigation reveals a record of corruption, Number of complaints on the hotline
External Interested Parties	Evaluation of cooperation	Customer satisfaction surveys, contract evaluations, financial analysis, acceptance of complaints	Customer satisfaction, complaint handling rate, timely payment settlement rate

2、Establishment of Integrity Systems

The company strictly operates in accordance with national laws and regulations, as well as industry standards, and firmly opposes any misconduct that violates professional ethics and business integrity, such as commercial bribery, corruption, and fraud. The company strictly manages and controls potential integrity risks. We have established a credit management system and formulated management policies such as the Employee Handbook and Anti-Corruption Policy to ensure that the actions of all employees and external parties comply with legal regulations and corporate requirements. The company regularly conducts integrity education for all employees and suppliers to enhance their legal awareness and ethical standards, fostering a culture where "corruption is deterred, prevented, and avoided."

3、Establishment of a Whistleblowing Mechanism

We have established a complaint and whistleblower protection mechanism, encouraging employees, partners, and other stakeholders to report illegal or unethical behavior through various channels, such as phone or email, to jointly promote a clean society. Individuals found to have violated regulations or laws, upon verified investigation, will face public disclosure, demotion, or termination of employment, and in serious cases, they will be referred to judicial authorities for handling.

During the reporting period, Hape did not receive any ethics-related complaints.

1. Whistleblower hotline: +86(0)574 8688 1158
2. Whistleblower email: internal.audit@hapetoys.eu
3. Mailing address: No. 9-27 Nanhai Road, Beilun District, Ningbo, Zhejiang Province, China

Research and Innovation

We have introduced an excellence performance management model and successively adopted advanced management methods such as Six Sigma, TOC (Theory of Constraints), BSC (Balanced Scorecard), and TRIZ (Theory of Inventive Problem Solving). The company has established a patent and proposal incentive mechanism, R&D management system, and internal organizations such as the "Innovation Club," encouraging employees to engage in technological, product, and management innovations. We recognize outstanding innovative achievements through awards like the Innovation Award.

• Introduction and Innovation of Advanced Technologies

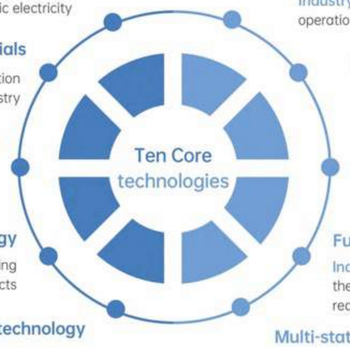
We carry out cross-sectoral technological innovation collaborations, including partnerships between enterprises and academic institutions, introducing advanced R&D tools, and actively developing, introducing, digesting, and absorbing applicable advanced technologies and standards. Internally, we have established a technical evaluation system that covers processes, technology, design, and production. The Product Development Department evaluates the company's key technologies for advancement and applicability. Based on the nature of improvement projects, relevant technical resources are integrated, and professional task forces are formed. These teams conduct an in-depth analysis of the company's current technical level, future research directions, and gaps with industry benchmarks. They apply cross-industry technologies and develop detailed plans for project implementation and verification. By narrowing the gap between the company's technology and industry-leading levels, internal technical standards are established, enhancing the company's core competitiveness. Currently, the company holds over 10 internationally and domestically leading technologies, including "wood surface touch," "wood plastic coating," and "magnetic paint coating."

During the reporting period, the company' s R&D investment amounted to 15.27 million RMB.

• Master ten core technologies

R&D technology

Production technology



Wood surface touch technology
International leading: create a variety of toy products combining woodand plastic electricity

Conductive technology for plastic materials
Industry-leading: The first application of conductive plastics in the wooden toyindustry

Wood overmolding technology
Industry-leading: Solve the tolerance problem of traditional wood and plastic in-mold bonding

Magnetic lacquer coating technology
Industry-leading: The process of replacing the white iron sheet in the drawing board products

Coating photochromic technology
International advanced: Breaking through the industry bottleneck of ultraviolet discoloration safety testing

CNC center multi-head processing technology
Industry-leading: Achieve integrated operation and improve production efficiency

Fully automatic sheet polishing
Industry-leading: Realize the full automation of the traditional wood industry and improve production efficiency

Fully automatic wide-width, all-water-based UV roller coating technology
Industry-leading: Break through the industry bottleneck of UV drying for a long time and improve production efficiency

Fully automatic train beech track forming technology
Industry-leading: From blanking to processing and molding, the degree of mechanization is extremely high, and the cost reduction and efficiency increase are obvious

Multi-station turntable laser marking technology
Industry-leading: Improve the efficiency of similar processes in the industry by more than 40%.

• Establishment of a Global Design Team

The company adheres to innovation as a core principle and has established four international design centers around the world, located in Ningbo, China; Milan, Italy; Seoul, South Korea; and Switzerland, with a research and development team of nearly 100 people. Additionally, the company has formed strategic partnerships with several international design teams and top global design universities, building a robust global design and development team to study market demands and innovation needs in different regions worldwide. In 2023, the company was recognized as an Enterprise Engineering Technology Center in Ningbo.

• Intellectual Property Applications and Maintenance

We strictly comply with the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, and the Copyright Law of the People's Republic of China, and have obtained certification for our intellectual property management system.

We uphold the concepts of innovation and intellectual property, establishing an intellectual property team and formulating the Patent Management Measures. We actively apply for patents for self-developed core technologies to protect proprietary technologies and enhance the value of intangible assets. We regularly organize specialized training on intellectual property protection, continuously strengthening and enhancing our core competitiveness. In 2023, Hape was recognized as a Zhejiang Province Intellectual Property Model Enterprise.

As of the end of the reporting period, the company held 268 valid patents, including 7 granted invention patents, 106 utility model patents, and 155 design patents.

• Participation in National Standard Development

① The company has joined the National Toy Standardization Technical Committee, participating in standardization work to lead and promote quality improvement in the toy industry.

② We contributed to the development of nine national standards, including:

- Guidelines for Consumer Product Safety Risk Assessment
- General Principles for Safety Risk Control of Consumer Product Life Cycle
- Guidelines for the Control of Key Chemical Substances in Consumer Products
- Determination of Formaldehyde Emission in Wooden Toys – Flask Method
- Safety of Electric Toys
- Toy Safety – Part 2: Mechanical and Physical Properties,as well as the group standard Wooden Toys (Zhejiang Manufacturing).

Guard our green homeland.

"Creating a better world for the next generation" is the belief that Mr. Peter Handstein has always adhered to and also the original aspiration of Hape. We are grateful for the generous gifts of nature and understand that every act of taking should be repaid with a sense of responsibility of gratitude.

Action goals by 2030:

- Achieve FSC certification for Hape wooden toys and the wooden raw materials used.
- Use 100% recyclable packaging materials for Hape wooden toys and achieve full plastic removal in packaging.
- Obtain 100% of electricity from renewable energy sources.
- Build a second-hand recycling platform and promote recycling.
- Achieve carbon neutrality in the head office's own operations (Scope 1 and Scope 2).
- Strive to create a batch of carbon-neutral wooden toys.

Green products

Sustainable design

We gather outstanding toy designers from across the globe. Having already established a firm market edge in product durability, safety, and classic design concepts, we now focus on enhancing the recyclability of toys, striving to find the balance between toy functionality and sustainability. We consider sustainable-related factors such as resource and energy consumption, ecological and environmental impacts, and impacts on human health and safety throughout the entire life cycle of toys, from design, production, packaging, transportation, use, maintenance to waste disposal. We emphasize achieving diverse functions with the simplest structures and packaging to make products more interactive and playable. Our products are strictly evaluated and screened at the design stage to ensure that they can be recycled or degraded after the end of their service life.

Hape Design Concept

Keep childlike innocence to design products full of childishness: We insist on exploring children's real thoughts and thinking from children's perspective. We hope to establish a connection between children and nature and society through product design, convey innocence and happiness, and let children have a happy time.

Safety first principle: We strictly design toys in accordance with the highest international and national safety technical standards. Before products enter the market, we comprehensively implement comprehensive safety inspection and evaluation of mechanical and physical properties, flammability, migration of harmful elements and structural safety to ensure that each toy meets safety standards and safeguards the safe growth of children.

Be close to natural ecology: In our view, nature has infinite charm. Nature contains excellent educational concepts and rich design resources. Therefore, the product appearance design close to nature can make our products more affinity and vitality and can attract the attention of young children more. At present, more and more parents are inclined to use products with natural images to cultivate children's qualities of innocence, sincerity, kindness and cleverness.

1、Promote the use of water-based paint to suppliers

Water-based paint is a kind of coating without organic solvents. It uses water as a diluent and does not contain substances harmful to the human body such as benzene series, formaldehyde, free TDI, toxic heavy metals, etc., and reduces the energy consumption of the drying process during use. Through a large number of research and process explorations, we have become the first toy enterprise in the industry to successfully transform from oil-based paint to water-based paint, and comprehensively promote the transformation technology to suppliers to jointly create a sustainable supply chain and make great contributions to the green development of the entire wooden toy industry. We have established a solid partnership with internationally renowned water-based paint enterprises and continuously deepened cooperation in the construction process of water-based paint to jointly promote the innovation and development of green coating technology.

We also replace traditional adhesives with plant protein adhesives and replaces the silk screen printing process with laser marking to reduce the release of toxic and harmful substances such as formaldehyde and phenol in the production process and the product itself.

2、Solar energy leads the future trend

We have launched a solar-powered track train toy, which has become one of the toys for children to explore science and cultivate environmental awareness. We use clean and renewable solar energy to avoid the safety hazards and environmental problems brought by batteries, thereby reducing environmental pollution and resource consumption at the source and inspiring children's initial understanding and sense of responsibility for environmental protection.

Sustainable classic product

In 2023, we developed The Green Planet Explorers, a series of classic products that embody Hape's concept of sustainable development. Among them, Panda's Bamboo House has frequently won multiple international awards with its unique appearance design and environmental protection value.

The Green Planet Explorers is made from eco-friendly renewable materials, including green PE (raw material extracted from crops), FSC-certified wood and bamboo. At the same time, in the overall design, with the images of endangered small animal dolls and story-rich plots, children are guided to deeply understand and energetically explore environmental protection knowledge and enhance their environmental awareness. We firmly believe that popularizing environmental protection education should start from childhood. Through entertaining ways, more future leaders who care about the environment and cherish resources can be cultivated.

"We want to make toys that are as conscious of the impact on the environment as they are on the impact on children."

• Sustainable materials

We zealously cooperate with material suppliers, laboratories, researchers and designers to find new natural and sustainable materials suitable for toy production. FSC-certified wood, cork, bamboo, bio-based plastics, etc. are all the core environmentally friendly raw materials of our products. The application of these sustainable materials not only enriches our product portfolio but also brings greater diversity and innovation to our sustainable development cause.

1、FSC certification

We actively use FSC - certified wood and paper to protect forest resources and promote sustainable wood management. This initiative helps to reduce the dependence on limited resources and ensures that our products meet environmental protection standards. We are committed to achieving FSC certification for all Hape wooden toys and the wood materials used in them by 2030.

During the reporting period, the amount of FSC - certified wood used accounted for more than 72% of the total amount of wood used.

FSC www.fsc.org MIX Wood | Supporting responsible forestry FSC® C004225

FSC www.fsc.org 100% Wood from well-managed forests FSC® C004225

Cork R&D and production base

Cork is sourced from the outer bark of Quercus variabilis. After the bark is stripped, it can still be recycled and regenerated. Moreover, when cork is sourced, the trees are not damaged, which promotes their growth and carbon sequestration capacity. It is a great gift from nature. We cooperate with Amorim, the world's largest cork supplier, to establish a Portuguese cork R & D and production base and zealously explore the R & D of cork toys. The Korko® Bowling Set is one of them, which brings children a different and fresh experience and has won the Children's Category Award of the International Green Product Award.

Bio-based plastics

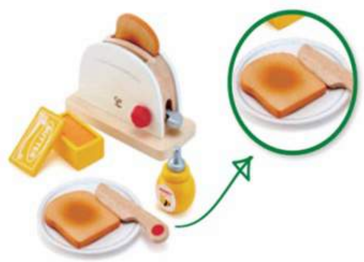
Hape actively explores bio-based plastics, such as composite materials produced from rice, wood powder composite material FASAL, and green PE produced by 100% extraction from plant fibers. Their application not only reduces the use of petroleum-based plastics but also can be biodegraded when discarded and re-enter the natural cycle, reducing carbon footprint. These modified plastics have good physical properties, are non-toxic and harmless, and are very suitable for producing children's products, some even exude plant fragrance.

Bowling Set

Bamboo Forest Ecological Demonstration Base

Bamboo's fast-growing and reproducible properties, combined with its strength and durability, make it an ideal sustainable material choice for durable toys. We have established more than 400 acres of "bamboo planting demonstration base" to explore and develop the use of bamboo in toys.

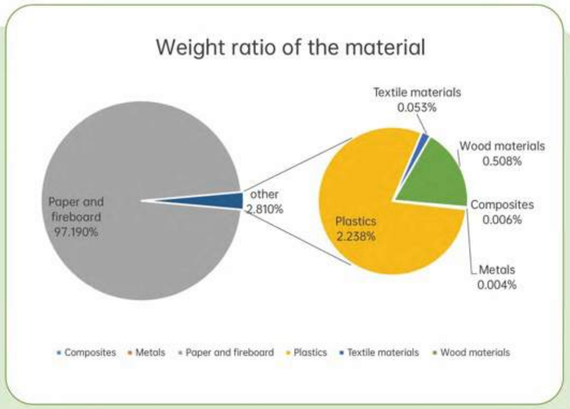
Pallina



• Sustainable packaging

By 2030, we are determined to use 100% recyclable packaging materials for Hape wooden toys and achieve complete plasticization of product packaging.

We have implemented four packaging strategies: Reduce, Recycle, Replace, and Reuse, to promote the green transformation of product packaging.



Reduce(Reduction of packaging materials)

On the premise of satisfying the product packaging function, we promote packaging reduction through measures such as optimizing packaging design, adjusting packaging size, and improving packaging processes to reduce the empty box rate of packaging.

Recycle(Circular design)

Cardboard is our main packaging material, including grey-backed white board paper, corrugated paper, kraft paper, white card paper, etc., which already accounts for more than 97% of the total packaging materials. The main components of these cardboards are waste paper (≥80%) and wood pulp, which are recyclable and degradable. The use of FSC-certified packaging materials is also one of the important criteria for us to consider in the selection of suppliers, and we manage the packaging materials of suppliers and distributors. At the same time, we mark recycling logos on packaging to encourage consumers to reuse product packaging.

Replace(Reducing virgin plastic)

We have significantly reduced the use of plastic through packaging material substitution, such as replacing plastic gaskets with cardboard, replacing pearl cotton with kraft bags, and replacing Styrofoam with honeycomb panels.

Reuse(Reuse of packaging)

We replace small cardboard boxes made of wooden scraps, and repeat them many times to minimize the use of turnover packaging materials.

• Carbon Footprint Certification

We are enthusiastic about carrying out carbon reduction actions with enterprises in the upstream and downstream industrial chains, focusing on "design, raw materials, transportation, production, packaging, recycling" and other links to explore carbon reduction throughout the life cycle of products.

In accordance with ISO 14067:2018 "Greenhouse gases — Carbon footprint of products — Requirements and guidelines for quantification", we conduct carbon footprint calculations and third-party certifications for two products, Country Critters Play Cub and Double Bubble, covering greenhouse gas emissions in links such as raw material acquisition, raw material transportation, and product manufacturing. We explore carbon reduction space in each link from the perspective of the product life cycle and formulate corresponding emission reduction measures, including optimizing production processes, using energy-saving equipment, and adopting renewable energy.

Green operations

We strictly abide by Chinese laws and regulations on environmental protection and multiple pollution prevention and control. We have formulated management systems such as the Environmental Monitoring and Measurement Control Procedure, the Emergency Plan for Environmental Emergencies, and the Management Measures for Hazardous Wastes. We have carried out effective control and treatment of pollutants such as wastewater, waste gas, noise, and solid waste. No major environmental incidents have occurred in the past three years.

We take "innovative products, green environmental protection and continuous improvement" as our policy, and manage the factory in terms of intensive land use, harmless raw materials, clean production, resource utilization of waste and low-carbon energy. Hape International (Ningbo) Ltd. and Happy Arts & Crafts (Ningbo) Co., Ltd. are both on the list of "four-star green factories".

During the reporting period 2.497 million yuan was invested in environmental protection.

• Environmental management system

In order to improve the level of environmental management, we have established and continuously promoted an environmental management system that meets the requirements of GB/T24001-2016/ISO14001:2015, and internally formulated and improved the Management System Manual (Fifth Edition) to identify, assess, control and manage the environmental impact of activities, products and services, and obtain third-party certification.

ENVIRONMENTAL MANAGEMENT SYSTEM CERTIFICATE
Environmental Management System
GB/T 24001-2016 / ISO 14001:2015
CHINA QUALITY CERTIFICATION CENTRE

• Capacity-building for environmental management

Our environmental protection work will achieve "three inclusions": namely, it will be incorporated into the enterprise's development strategy and planning, and actively practice the concept of green, low-carbon and circular development; it will be incorporated into production scheduling management to ensure that environmental protection and production progress in coordination; it will be incorporated into the training content and work plans of various departments to build an environmental protection culture with full participation. These efforts are overseen by Exe VGMO and led by the Quality Assurance department. Enterprise environmental management is implemented from daily compliance supervision, personnel capacity building, and external communication and cooperation.

Daily compliance supervision: We rigorously implement the environmental impact assessment system, the three simultaneities system, and the pollutant discharge permit system. We implement and optimize internal management systems, which strengthen the management of "three wastes" from source reduction, process optimization, and treatment upgrading. We do a good job in daily ledger records and accept the supervision and daily inspections of the environmental protection department.

Personnel capacity development: We actively carry out capacity building for environmental management personnel and encourage learning of environmental protection laws and regulations, environmental emergency management, risk identification, etc. At the same time, we carry out environmental protection education and training for all employees to enhance their environmental protection awareness, the training coverage rate reaches 100%.

External communication and cooperation: We maintain close communication and cooperation with government regulatory authorities, industry associations, communities, suppliers, third-party institutions, etc., pay attention to market demand, policy guidance, and public participation, reduce the environmental risks of enterprises, and improve the effectiveness and forward-looking of environmental management.

1、Optimize the energy mix

According to its own operation and regional conditions, Hape continues to promote the use of clean energy, optimize the energy structure, and achieve low-carbon transformation through a two-pronged approach of rooftop distributed photovoltaic and green certificate trading.

Path 1: Distributed PV projects

Taking "install as much as possible" as the principle, Hape has fully installed distributed photovoltaic panels on the roof of its Ningbo headquarters in the mode of "self-consumption first and surplus electricity feeding into the grid", with a total installed capacity of 2.128 megawatts.

During the reporting period, the self-consumed photovoltaic power generation exceeded 1.7157 million kilowatt-hours, accounting for 20.98% of the total electricity consumption of Hape's Ningbo head offices.

Path 2: I-RECs trading

Hape continuously purchases International Renewable Energy Certificates (I-RECs) as an important means to offset carbon emissions from electricity consumption, in response to the initiative of the Renewable Energy 100 (RE100) initiative organization.

During the reporting period, a total of 6,470 I-RECs were purchased, accounting for 100% of Hape's purchased electricity at its Ningbo head offices.

Improve the efficiency of energy usage

Path 1: Replacement of energy-saving equipment

Hape has introduced a large number of high-efficiency, high-safety, high-automation, low-energy consumption, low-pollution, and low-emission production auxiliary equipment and independently designed and manufactured such equipment. While greatly improving production efficiency and product quality, it also improves energy utilization efficiency.

During the reporting period, Hape gradually phased out fuel forklifts and purchased electric forklifts and cranes to reduce diesel usage and effectively reduce carbon emissions. We introduced high-precision sawing machines to replace traditional sawing machines, which not only improved precision but also reduced pollutants and carbon emissions. We purchased laser marking machines to replace silk-screen printers and pad printers, reducing the harm of ink to humans and the environment.。

Path 2: Eliminate backward production capacity

Hape zealously responds to policies related to phasing out backward and inefficient equipment. We successively phased out 18 high-energy-consuming motor equipment, the annual effective electricity savings are 53.76 MWh, effectively reducing carbon emissions by 30.54tCO_2e.

Path 3: Synergize pollution reduction and carbon reduction

Hape has renovated its dust removal treatment facilities and integrated and upgraded the original decentralized bag dust removal equipment into a central dust removal system. This upgrade has significantly improved the collection and dust removal efficiency. It also effectively saves 129.6 MWh of electricity annually and effectively reduces carbon emissions by 73.91tCO_2e.

Path 4: Lighting energy-saving transformation

Under the condition of ensuring reasonable and effective lighting and brightness, Hape actively promotes the energy-saving transformation of lighting, and the use of high-efficiency and energy-saving lamps accounts for more than 90%.

During the reporting period, 2,464 36W vintage fluorescent lamps were upgraded to 616 high-efficiency and energy-saving 100W LED lamps, saving 50.31MWh of electricity per year and reducing carbon emissions by28.69tCO_2e。

THE INTERNATIONAL REC STANDARD

This Redemption Statement has been produced for

HAPPY ARTS & CRAFTS (NINGBO) CO., LTD.

by

BEIJING ROE ENERGY TECHNOLOGY CO LTD

confirming the Redemption of

4 000.000000

I-REC Certificates, representing 4 000.000000 MWh of electricity generated from renewable sources

This Statement relates to electricity consumption located at or in

9-27 Nanhai Road, Beilun District, Ningbo City, Zhejiang Province, China

in respect of the reporting period

2023-01-01 to 2025-12-31

The stated Redemption Purpose is

Scope2 market based electricity reporting (to support RE100 commitme

Ev.

QR Code Verification

Verify the status of this Redemption Statement by scanning the QR code on the entering in the Verification Key below

Verification Key

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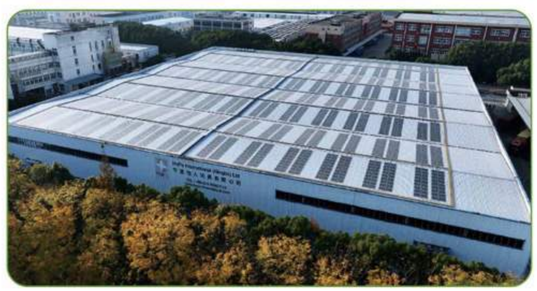


• Water management

The water resources we need for production and daily life all rely on municipal water supply. Hape has formulated the "Water Conservation Management System". Water conservation management is carried out from aspects such as water conservation plans, water conservation statistics, project water conservation, water conservation standardization, water consumption quotas, and publicity and education. Reasonable use of water resources and water conservation are implemented, we try to achieve multiple uses or recycling of water as much as possible.

The water curtain table and water spray tower are the main links of our industrial water use. By adopting the water resource management mode of "recycling and regular replacement", the demand for fresh water is reduced, and wastewater discharge is also greatly reduced. In ground cleaning operations, we widely use floor scrubbers for cleaning. This measure not only ensures the cleaning effect but also realizes the efficient recycling and utilization of water resources.

Energy and resource usage

Item	2023 Data
Combined energy consumption (MWh)	9,597
Energy intensity (MWh/10,000 yuan)	0.048
Total water withdrawal (tons)	27,300
Total water consumption (tons)	27,533
Water consumption intensity (tons/10,000 yuan)	0.136
Timber use (m^3)	12,798.74
Paint usage (tons)	339.14

1、Wastewater management

We have implemented a rainwater and sewage diversion system. Rainwater is collected and discharged into the municipal rainwater pipe network. Domestic sewage is collected and discharged into the municipal sewage pipe network after being treated in a septic tank. Production wastewater mainly consists of wastewater from removing paint mist by water curtain and wastewater from water spraying. After being collected, it is transferred to the company's own sewage treatment station with a designed treatment capacity of 50 tons per day for treatment and then discharged into the municipal sewage pipe network. We have established a standard sewage outlet, recorded the wastewater management ledger daily, and strengthened the monitoring and management of wastewater. Every year, we entrust a qualified third-party testing institution to test the discharge of water pollutants to ensure that pollutant discharge complies with GB8978-1996 "Comprehensive Wastewater Discharge Standard" and DB33/887-2013 "Indirect Discharge Limits of Nitrogen and Phosphorus Pollutants in Industrial Enterprise Wastewater".

The setting of standard discharge outlets follows the principle of "one obvious, two reasonable, and three convenient", that is, the environmental protection sign is obvious, the setting of the discharge outlet is reasonable, and the discharge direction is reasonable. It is convenient for collecting samples, convenient for monitoring and measurement, and convenient for public participation and supervision and management.

Emissions of environmental pollutants

Item	Total Control Requirements (Tons)	Emissions in 2023 (Tons)
Wastewater discharge	33,476.5	21,976.5
Chemical oxygen demand	1.003	0.011
Ammonia nitrogen	0.092	0.001
Soot and dust	5.496	4.766
VOCs	12.310	0.263

2、Exhaust gas management

During the production and operation process, the main sources of exhaust gas pollutants are wood processing dust, spraying exhaust gas, coloring exhaust gas, and printing exhaust gas. Following the principle of "collecting as much as possible and collecting by different qualities", we effectively collect the exhaust gas and then discharge it in compliance after treatment through a central dust removal system and water spray tower purification. Every year, we entrust a qualified third-party testing institution to test the discharge of exhaust gas pollutants to ensure that pollutant discharge complies with GB16297-1996 "Comprehensive Emission Standard of Air Pollutants" and DB33/2146-2018 "Emission Standard of Air Pollutants for Industrial Coating Processes".

Central dust removal system

Sewage treatment stations

3、Noise management

We actively take multiple measures to effectively control noise at plant boundaries and workplaces. This includes introducing low-noise and low-vibration equipment to weaken the intensity of noise sources at the source. At the same time, through scientific and reasonable plant layout planning and strengthening the daily maintenance and inspection of equipment, we ensure that all equipment is in the best operating state, thereby comprehensively reducing the impact of noise on the surrounding environment. We entrust a qualified third-party testing institution to test the noise emission at plant boundaries on a quarterly basis to ensure that the noise emission at plant boundaries complies with GB12348-2008 "Emission Standards for Environmental Noise at Boundaries of Industrial Enterprises".

4、Solid waste management

We adhere to the principles of "reduction, harmlessness, and resource utilization". According to GB18599-2020 "Pollution Control Standards for Storage and Landfilling of General Industrial Solid Wastes" and GB18597-2023 "Pollution Control Standards for Storage of Hazardous Wastes", we conduct scientific classification, reasonable storage, and legal disposal of solid wastes. A compliant hazardous waste storage warehouse and a general solid waste placement area are set up in the factory area. Various types of solid wastes are stacked separately and marked with signs. We have signed waste disposal contracts with professional companies with corresponding capabilities and qualifications to ensure compliant disposal. We establish data files on the types, generation volume, flow direction, storage, and disposal of industrial solid wastes, formulate a full process tracking management plan for industrial solids, and fill in the provincial solid waste supervision system according to the process.

The general industrial solid wastes of the factory are mainly wood scraps, sawdust, etc. We entrust professional companies to "transform" them into green and environmentally friendly biomass fuels to replace traditional fuels for power generation and heating, reducing greenhouse gas emissions.

Solid waste disposal

Item		2023 Data (Tons)	remarks
The amount of general industrial solid waste generated		1,585.08	/
General industrial solid waste disposal methods	Comprehensive utilization	1,585.08	Wood chips, wood scraps, waste wood products and accessories, wastepaper products
Hazardous waste generated		139.8	/
Hazardous waste disposal	Incineration	139.78	Empty barrels of chemicals, sewage treatment sludge, paint residue, waste paint, waste oil, paint-containing rags, etc.
	Comprehensive utilization	0.02	Discarded lamps

• Green office

Hape actively advocates employees to integrate green and low carbon into their work and life, and jointly practice the concept of sustainable development.

Paperless office: We fully implement digital document management, online process approval, online meeting collaboration, etc., to improve work efficiency, promote the rapid flow and sharing of information, and reduce the waste of paper resources.

Zero-waste city publicity

Factory area (four-color trash can and information board)

Green commuting: We provide shuttle service for our employees to reduce traffic congestion and air pollution and lower their carbon footprint.

Garbage sorting: According to the relevant guidance of the Beilun District Domestic Waste Classification Management Office, we have set up multiple waste classification drop-off points in key places such as office areas, cafeterias, and factory areas to ensure that every employee can conduct waste classification conveniently and accurately, and jointly promote resource recycling and environmental protection.

Office (four-color trash can setup)

Dining hall (food waste bins and other trash cans)

Green development training for employees

We are keen on promoting the concept of green manufacturing to all employees and regularly conduct trainings on management systems, production processes, ecological design, and green manufacturing for relevant employees to continuously improve the team's environmental awareness and professional capabilities. We encourage employees to participate in environmental protection activities such as Arbor Day, garbage cleaning activities, and protecting the coastline, and practice the sustainable development strategy with practical actions to jointly promote the construction of an environmentally friendly enterprise.

Hape Continues the Push towards a Greener World

Plant ginkgo trees

On Arbor Day, a team consisting of 13 Hape volunteers gathered to plant a total of 18 new ginkgo trees in a park near Beilun High School, which proves our long-term commitment towards pushing forward to a greener world.

Protecting the earth's homeland, making sustainable use of forest resources and building a green ecological civilization enterprise, we will do our best to embark on a sustainable development path with Hape's characteristics.

Clean up the garbage

On World Environment Day, as part of our environmental protection efforts, 11 members of the Hape China team volunteered to clean up the beautiful water reservoir that is located near their offices. From plastic bottles to cigarette butts, and plastic bags to fishing nets, they removed all the litter that they could find - and in two hours the team had collected a whopping 15 bags of garbage. Hape is always on the move, taking part in environmental protection organizations and supporting environmental public welfare activities, making contributions to environmental protection with practical actions.

Plant oak trees

In November 2023, members of Toynamics Europe, Korko and our Joint Venture partner Corticeira Amorim, volunteered their time to plant 2,500 cork oak trees at the Herdade da Baliza estate in Castelo Branco to reconstruct the natural environment and ecosystem of the estate. At the same time, carbon sequestration and sink enhancement are carried out to address climate change and protect biodiversity. Volunteers will continuously maintain the growth of oak trees. It is estimated that in the next 20 years, the carbon storage will reach about 575 tons.

Carbon peaking and carbon neutrality actions

Climate change is a common challenge facing all mankind, and we have fully implemented the national goal of "carbon peak and carbon neutrality" to actively respond to climate change.

• Carbon peaking and carbon neutrality goals

In terms of own operations, we strictly follow the "MRV system" and strengthen carbon emission management. Through measures such as optimizing the energy structure, improving energy efficiency, and introducing energy-saving equipment and technologies, we achieve "reduction to the fullest extent possible". We actively explore carbon credit trading and participate in carbon removal projects such as forest and bamboo forest management. Following the three steps of "carbon reduction, offsetting, and elimination", we create a "zero-carbon factory". In terms of supply chain collaboration, we carry out value chain collaborative carbon reduction in design, procurement, production, and logistics to jointly create zero-carbon products. For example, we require purchased raw materials and packaging to be certified by FSC to reduce forest destruction, restore and improve carbon removal efficiency, and promote the green progress and sustainable development of the industry.

- Achieve carbon neutrality in head offices operations by 2030 (Scope 1 and 2)
- By 2030, 100% of electricity will be generated from renewable sources
- By 2030, we will strive to create a number of carbon-neutral wooden toys

• Greenhouse gas management

On the basis of the sustainable development governance structure, Hape has built a dual-carbon management structure with clear responsibilities to ensure the effective promotion of dual-carbon work.

Climate change management structure

Schema	Organizational composition	Duty
Comprehensive supervision and strategic planning by decision-makers	Directors	➤ Supervise carbon peaking and carbon neutrality management, risks and opportunities ➤ Decision-making on dual-carbon strategy and planning
Managing strategy implementation and resource allocation	Exe VGMO	➤ Coordinate the formulation of strategic goals and path plans for carbon peaking and carbon neutrality ➤ Set up a dual-carbon team and manage cross-departmental teams ➤ Identify the risks and opportunities of climate change ➤ External (industrial chain, institutions) cooperation and communication
Daily monitoring and continuous improvement of the executives	The Quality Assurance Department takes the lead, and other departments coordinate	➤ Decompose, promote, and report on the dual carbon work ➤ Collect and account for carbon emissions data ➤ Organize internal and external dual-carbon training and publicity

Carbon emissions and carbon emission intensity

Hape conducts regular monitoring and accounting of direct and indirect greenhouse gases at the head offices production base in accordance with the ISO 14064 standard. The covered greenhouse gases include CO_2、CH_4、HFCs, and professional institutions are hired to conduct greenhouse gas verification to further verify and strengthen our carbon reduction performance. Based on the MRV system, we comprehensively and accurately grasp the carbon emission situation of the factory, providing clear guidance and direction for formulating carbon reduction strategies and action plans.

Greenhouse gas sources within the control scope of Hape's head offices include emissions from fossil fuel combustion, fugitive emissions from sewage treatment, fugitive emissions from refrigerants, and indirect emissions from purchased electricity and heat.

During the reporting period, the total greenhouse gas emissions of Scope 1 and Scope 2 were 5,694.567 tons of carbon dioxide equivalent, a decrease of 24.12% compared to 2021 (the base year). The emissions of ozone-depleting substances HFCs were 5.39 kg.

Item	Unit	2021	2022	2023
Scope 1 greenhouse gas emissions	Tons of carbon dioxide equivalent	158.26	75.31	67.11
Scope 2 greenhouse gas emissions	Tons of carbon dioxide equivalent	6,423.69	5,936.558	4,927.436
Total greenhouse gas emissions	Toes of carbon dioxide equivalent	6,581.95	6,011.868	4,994.546
Greenhouse gas emissions intensity	Tons of carbon dioxide equivalent/10,000 yuan	0.032	0.031	0.025

• Risk identification and response

We refer to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to regularly identify and analyze potential risks and opportunities under different climate scenarios, and formulate corresponding response strategies and action plans. Risks include transition risks brought about by the transition to a low-carbon economy and physical risks brought about by extreme weather.

Transition Risk

Type	Description	Response
Legal & Policy	Under the background of the global circular economy and the goals of carbon peaking and carbon neutrality, as policies such as plastic restriction orders and taxation tighten, the operating costs of the company's products, packaging, exports, etc. will increase.	➤ Continuously pay attention to and actively respond to climate change-related laws and policies, and flexibly adjust operating strategies to adapt to the trend of sustainable development.
Technology	As the country's energy structure undergoes transformation and traditional energy sources and production technologies are phased out, the company's cost of low-carbon technology transformation increases.	➤ Optimize the internal energy structure, improve energy efficiency, and reduce operating costs.
Market	Customers and consumers have higher requirements for green, low-carbon and environmentally friendly products, and the market competition is fierce.	➤ Implement the concept of sustainable development design into products, and provide low-carbon, environmentally friendly, circular and other product labels. ➤ Disclosure of climate-related information.
Reputation	Stakeholders are increasingly focused on tackling climate change.	➤ Incorporate climate change into the company's sustainable development strategy, focusing on daily management and response. ➤ Enhance communication with stakeholders.

Physical Risk

Type	Description	Response
Acute entity	Climate change has led to the intensification and frequent occurrence of extreme weather or natural disaster events such as typhoons and floods, affecting a company's production, supply chain, and export transportation, resulting in reduced production efficiency and increased labor costs.	➤ An emergency plan for extreme weather has been set up, with sufficient emergency supplies and personnel. ➤ Pay attention to local information and prevent and control in advance.
Chronic entities	Continuous global warming, rising sea levels, temperature and rainfall, etc. have a long-term impact on the operations of companies and suppliers.	➤ Strengthen the supplier social responsibility assessment system, and work with suppliers to jointly respond to climate change.

Transformation opportunities

Type	Description
Energy sources	With increasing attention to energy sustainability, the company actively takes measures such as optimizing the energy structure and replacing with renewable energy. This can reduce the company's production and emission costs and bring economic and environmental benefits.
Market	Design and develop green and low-carbon technologies and products, and use renewable and recycled materials. This meets the growing demand and expectation of the market and consumers for green and environmentally friendly products, enhances the company's competitive advantage in the industry, and opens up new markets.

• Revitalize bamboo forest resources

Since 2011, we have carried out the protection, cultivation and management of 413 mu of bamboo forests to improve the economic, ecological and social benefits of bamboo forests.

Scientific tending management

By taking measures such as scientifically adjusting the bamboo forest structure, reasonable fertilization and pest control, the growth speed and quality of bamboo forests are improved.

Strengthen daily management and protection

Strengthen the protection of bamboo forest resources, strictly prohibit illegal logging, strictly control the amount of bamboo forest logging, and ensure the sustainable use of bamboo forest resources. Arrange special personnel to patrol daily during the bamboo shoot period to effectively prevent illegal bamboo shoot picking and damage by wild animals and ensure the ecological safety of bamboo forests.

Ecological restoration project

Restore and renew degraded bamboo forests, protect biodiversity, and improve the productivity and ecological benefits of bamboo forests.

Multi-party cooperation and publicity

Regularly hold an international bamboo design studio with the theme of creative utilization of bamboo, gathering global designers to creatively design and make samples with bamboo as the material.

"A commitment to children must go hand in hand with a commitment to the environment. Our children will inherit the world we live in."

Create a harmonious society together

We place great emphasis on building "Hape Family" and constructing an equal, just and transparent platform, enabling every employee to experience the family culture of Hape. We actively respond to the rural revitalization strategy and launch diversified social welfare activities in areas such as helping the elderly and children, poverty alleviation for the vulnerable, education support, and environmental protection. We transmit positive energy through practical actions and fully implement corporate social responsibility in all aspects. Moreover, we join hands with partners to enhance quality, actively practice responsible procurement, strengthen risk management, and create a sustainable supply chain.

Action goals by 2030:

- Strive to improve employee happiness and satisfaction
- Explore multiple career paths
- Achieve "zero" safety incidents
- Responding to "Rural Revitalization", Adhere to public welfare and give back to the society
- Deepen school-enterprise cooperation, and empower education development
- Full coverage of supplier social responsibility audits
- Build a sustainable global supply chain system

People-oriented

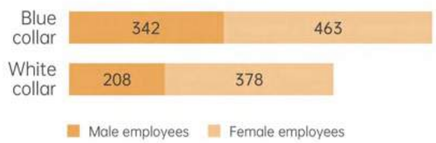
We offer employees a great working environment, learning platforms and a corporate cultural ambiance. We follow the distribution principle that balances the interests of the company, employees and shareholders. Equipped with a well-developed performance appraisal system, we enable the enterprise and all staff to jointly achieve the company's vision and mission.

"Happy employees are essential for Hape's success."

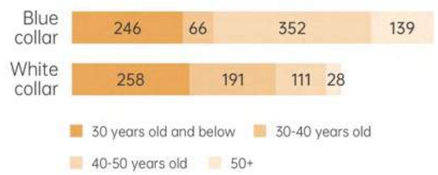
• Protect the legitimate rights and interests of employees

At the end of the reporting period, the China head offices had 1,391 employees.

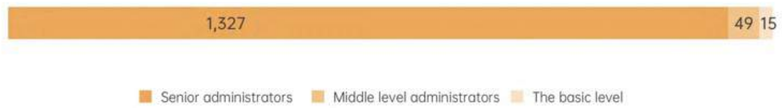
The total number of employees by gender



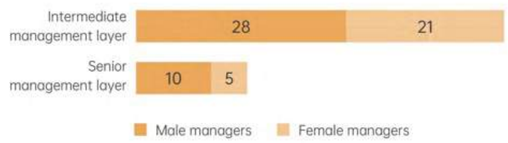
Total number of employees by age



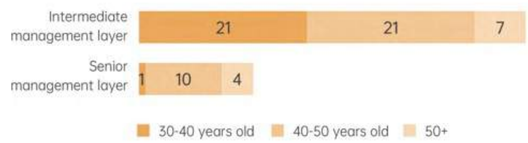
The total number of employees by rank



Total number of managers by gender



Total number of managers by age



1、Compliant employment

We strictly adhere to relevant laws and regulations such as the "Labor Law of the People's Republic of China", the "Labor Contract Law of the People's Republic of China", and the "Regulations on Prohibiting the Use of Child Labor". We have formulated systems for employee recruitment, onboarding, promotion, and separation. We recruit outstanding talents through diverse recruitment channels and sign compliant labor contracts with employees. We are constantly improving our employee employment system and are dedicated to creating a fair, inclusive, and non-discriminatory working environment.

We have zero tolerance for child labor, forced labor, and bonded labor. Internally, we have formulated and implemented the "Policy on Prohibiting the Use of Child Labor and Remedial Measures" and strictly review the information of incoming employees. If child labor is mistakenly employed for some reason, work will be halted immediately, and a physical examination will be arranged to ensure that health has not been affected by work. Relevant parties will be notified, guardians will be contacted, and all salaries will be paid in full. For those who have not completed compulsory education, we will assist them in enrolling in school and bear relevant expenses. We have also formulated and implemented the "Policy on Prohibiting Forced Labor and Bonded Labor" internally to ensure that employees' freedom and dignity are not violated throughout the entire process from recruitment to termination of employment.

Relevant employees can report to the competent department or trade union organization by submitting written materials to the "suggestion box", or they can directly report orally to senior leadership to seek solutions.

During the reporting period, no incidents related to child labor, forced labor or bonded labor occurred.

2、Gender equality

The development of Hape is inseparable from every female manager and employee who is full of creativity and insight. We actively create a gender-equal working environment and establish a salary structure with equal pay for equal work to ensure that female employees have equal opportunities and treatment.

At the same time, we sign the "Special Collective Agreement on the Protection of the Rights and Interests of Female Employees" with the trade union. We insure female employees with the special "Ningbo Female Employees' Health Mutual Assistance and Protection" insurance, organize special physical examination items for female employees, distribute exclusive supplies such as coupons for cancer screening and gifts, and plan and encourage female employees to participate in various activities. In this way, we comprehensively and multi-levelly protect and enhance the rights and well-being of female employees.

During the reporting period, the signing rate of the "Special Collective Agreement on the Protection of Female Employees' Rights and Interests" was 100%, and the participation rate of the "Ningbo Female Employees' Health Mutual Aid Insurance" was 100%.

Community activity - female employees making brooches

Free clinics in the community - benefiting enterprises and warming people's hearts

3、Diversity and Inclusion

Hape's employees come from all corners of the world. We focus on creating an "inclusive" culture and have formulated systems such as the "Anti-Discrimination Policy" and the "Anti-Harassment and Abuse Policy" to ensure that every voice can be heard, and every personality can be respected. At Hape, we embrace diversity, advocate equality and mutual respect for all, and encourage everyone to innovate and cooperate with each other.

We firmly oppose any form of discrimination. In matters such as hiring, compensation, training opportunities, promotion, dismissal or retirement, we do not engage in or support discrimination based on race, social class, age, pregnancy, marital status, nationality, religion, physical disability, gender, sexual orientation, union membership or political affiliation, and advocate an open and inclusive working environment.

• Caring for employees

At Hape, we offer comprehensive social insurance and housing fund coverage to all employees, along with a range of benefits such as quarterly living supplies, birthday allowances, holiday subsidies, travel subsidies, paid annual leave, and training sponsorships to enhance the overall happiness and satisfaction of our staff. We encourage our employees to participate in team-building activities, including skill competitions and recreational sports events, to foster communication and strengthen team cohesion.

1、Family-Friendly Factory(FFF)

Hape actively participates in the Family-Friendly Factory (FFF) program, aiming to alleviate the burden on employees, especially female employees, by focusing on four key dimensions: work hour management, family care, health insurance, and mutual assistance. This approach helps employees to better balance their work and family life.

Work Hour Management: We continuously optimize our work hour management system by implementing flexible working hours, flexible punch in and punch out methods, and annual leave policies, allowing employees to arrange their work schedules flexibly. This encourages them to rest and enjoy leisure time adequately, thereby enhancing work efficiency and life quality. In strict compliance with national statutory holidays and paid annual leave, we also grant additional leave based on seniority. Furthermore, we have introduced parental leave and family care leave to provide employees with more time to be with their families.

Working hours requirements in Hape
Weekly working hours shall not exceed 60 hours
Daily overtime shall not exceed 3 hours
Annual overtime shall not exceed 432 hours
A 15-minute break is required for every 5 consecutive hours of work
At least 10 consecutive hours of rest within every 24 hours

Family care: We reasonably arrange the working positions and hours for pregnant female employees; we provide postpartum family visits and provide newborn babies with gifts or toy vouchers; we apply for maternity benefits and other welfare to give back to employees; we offer free summer classes which are supervised by professional staff with the appropriate qualifications for employees' children helping them to have a meaningful holiday.

Health insurance: In addition to the five social insurances and one housing fund, we also purchase commercial insurance for employees, including accidental injury insurance, Ningbo special serious illness medical mutual aid insurance, Ningbo female employee health mutual aid insurance, etc. We also conduct health check-ups every two years to monitor and maintain employee health.

Mutual Assistance: In 2011, Hape established the "Employee Mutual Aid Association" at its headquarters to provide support and assistance to employees and their families when they face difficulties such as disability, serious illness or children's schooling, thereby reducing the burden on employees and enhancing their sense of belonging.

During the reporting period, Hape assisted four employees and their families and donated RMB 155,000.

In 2023, Hape organized more than 20 employees to have in-depth exchanges with Qingyan, the founder of Chuanghui Parenting and a national second-level psychological counselor, on topics such as "building harmonious family relationships" and "understanding effective parent-child communication methods." Hape implements a family-friendly policy to create a worry-free working environment for working parents and enhance employee satisfaction and sense of belonging. Hape will continue to create a family-friendly space and a warmer corporate culture.

2、Diversified Communication Channels

We respect and protect the rights of employees to freely associate and engage in collective bargaining. We establish employee unions as a platform for communication between employees and management, which play an important role in representing employee interests, safeguarding employee rights, and participating in corporate decision-making. We encourage employees to join the union to protect their rights and work closely with employees to jointly promote the development of the company. At present, the union coverage rate reaches 100%.

We emphasize bilateral communication between employees and management and open up a variety of channels to listen to suggestions from all sides. We have established systems such as the "Quality Committee Management Regulations," "Employee Representative Management Procedures," and "Employee Appeal Management Procedures" to resolve work and life issues. At Hape, every employee can directly present to the senior management suggestions for improving business management and welfare policies, and we manage, evaluate, and reward the adopted opinions and suggestions.

We hold an annual staff representative meeting, with the main content including union work reports, financial review reports, employee proposals, and on-site questions, to understand employee satisfaction and opinions. We also collect suggestions through BPM workflows and public disks, and after the responsible departments have formulated corrective measures, we feedback to all employees and jointly supervise the effectiveness of the treatment.

During the reporting period, we received 163 proposals at the staff representative conference and responded to 100% of them.

Proposal Category	Proposal Quantity
Unit price, salary, bonus	10
Welfare	15
Canteen	37
Labor Protection	4
Personal protective equipment	2
Parking	11
E-bike	4
Travel	9
Work Environment	25
Work clothes	2
Shuttle Bus	3
Physical Check-up	2
Others	38

• Talent Drives Corporate Development and Shared Growth

Index	Completed in 2023	Plans for 2025
Recruitment	➤ Integrate, maintain, and utilize the recruitment channels ➤ Human resource planning in collaboration with the personnel department	➤ Recruitment demand discovery and analysis ➤ Expansion of the application of STAR and other interview tools ➤ Enhancing the interview skills of business managers through the Gold Interviewer System
Training	➤ Formation of an internal instructor team ➤ Campus recruitment and management trainee development	➤ Strengthening training for key positions, newly promoted managers, and other backbone personnel ➤ Development of new courses based on core competency construction ➤ Creating a corporate culture of independent innovation
Compensation and Performance	➤ Communication and formulation of compensation policies ➤ Compensation design and application planning ➤ Implementation of the OKR+BSC performance management system	➤ Implement compensation policies ➤ Strengthen performance management to promote employee growth and support the implementation of company strategy
Career Development	➤ Perfecting the identification of core capabilities that support organizational development ➤ Development planning for employees at different levels	➤ Strengthening key position capabilities ➤ Building a group-based HR system ➤ Implementing a three-pillar HR structure ➤ Cultivating business and innovative talents

1、Talent Gathering

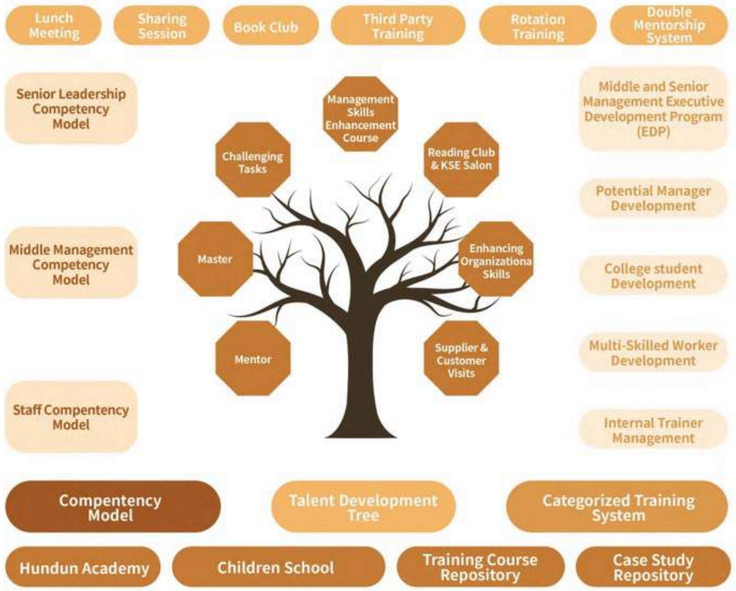
We accurately assess personnel needs to formulate reasonable recruitment plans. We attract and select high-quality, skilled talents through diversified online and offline recruitment channels. We also actively increase the proportion of local recruitment to promote local employment.

Target Group	Diversified Recruitment Channels and Measures
College Students, Skilled Workers	We recruit college students through talent markets, campus recruitment, university-enterprise cooperation, job boards, and direct interviews with the president. We sign and cultivate prospective graduates in advance to shorten the cultivation cycle. We have cooperated with 26 universities, including Ningbo University and the University of Nottingham Ningbo China, for campus recruitment and have established a "Management Trainee Development Plan," earning recognition as a Ningbo City College Student Employment Practice (Demonstration) Base. We also collaborate with vocational and technical schools to implement targeted training for skilled workers.
Office Staff, Workshop Employees	We recruit office staff using job boards, talent markets, talent agencies, internal referrals, and social networking sites. For workshop employees, we efficiently screen through labor markets, talent agencies, and labor dispatch services, combined with resume analysis, professional interviews, and quality assessments.
Middle and Senior Management, Professional Designers	We tap into internal potential, utilize headhunting services, and implement internal referral reward policies to attract and recruit suitable talents.

Training System

Hape places great emphasis on employee training and development, advocating the concept of lifelong learning. We conduct various talent cultivation activities around the talent development tree model. Among these activities, we implement a dual-mentor system, book salons, luncheons, online and offline training, and rotational training for college student groups and potential management talent pools. The aim is to cultivate future leadership talents with leadership abilities and capabilities, and to build and perfect a talent echelon. For each professional field, we establish a professional qualification series and carry out special training projects, workshops, invite external experts to share, and participate in external training in various forms to enhance the skills and capabilities of professional positions and cultivate professional talents. For middle and senior management, we have leadership and mentor empowerment programs to help them implement talent cultivation work, addressing the need for a sufficient number of capable talents in the face of corporate strategic upgrades and rapid market changes. By providing employees with training and development opportunities, we ultimately achieve a win-win situation where both the company and employees grow together.

Hape's hierarchical classification employee training system



We have established a Human Resource Management Center that analyzes and determines training needs through various channels based on the capability requirements of different echelons of personnel. Each year, we convene a training seminar to comprehensively evaluate the effectiveness and applicability of our education and training methods in conjunction with employee and company performance as well as the outcomes of the training. Based on factors such as the number of participants in required courses, feedback from trainees, and attendance rates, the Human Resource Management Center makes appropriate responses.

Management skills training

Product management lifecycle training

Six Gema Green Belt Training

Master Apprentice - Graduation Conference

Layered and classified employee training system

Training object	Training objectives	Main training content	Diversified training forms
Management personnel	Management skills upgrade	➤ Senior leaders: leadership, management thinking, management innovation, strategic decision-making, capital operation, e-commerce management, etc. ➤ Middle-level leadership: execution, management innovation, communication, human resources, financial management, quality management, etc. ➤ Grassroots backbone: Team management, production management, quality tools, etc. ➤ Business management level: business management, marketing management, office software, etc.	➤ The "potential manager/director" training system , master and mentor system ➤ "Challenging tasks", "Reading club", "Potential managers evening/lunch", "Management skills training", "Organizational capacity building", "Manager salon" ➤ Zhejiang University School of Management's EDP program is a training course for mid- and senior-level managers
Skilled worker	Operation skills upgrade	Job skills, safe production, etc.	Skill level assessment, master-apprentice training, job training, job rotation, job change, etc. During the reporting period, the results of the five-level carpentry training: 60 people participated in the training, 50 people passed the primary level, and the pass rate was 83%
Professional and technical personnel	Upgrading professional skills such as design and technology	Designer professional qualifications, materials, structural design, technology, toy safety knowledge, etc.	
Marketing service staff	Job skills upgrade	Business operations, trade knowledge, toy product knowledge, toy safety knowledge, business etiquette, etc.	
New employees and transferred employees	On-the-job	Level 3 training content (company system, employee handbook, production safety, job responsibilities, special job skills, etc.)	"Role Transformation for Newly Employed College Students" training, master-apprentice training, workshop internship, supplier visits, development training, Wings Plan, etc.

➤ 84 training sessions were organized during the reporting period
➤ 11 compulsory courses and 28 elective courses
➤ 38 internal trainers were trained

Zhejiang University EDP Advanced Training Course

➤ 36 internal lecturers and 14 external lecturers were organized
➤ Total training hours reached 19,979 hours (White-collar workers: 13,411 hours, blue-collar workers: 6,568 hours), with a coverage rate of 88% of employees trained
➤ Average satisfaction score of 88.48 (out of 100 points)

Talent Incentive

We have established a comprehensive compensation management system that primarily consists of piece-rate wages and position wages, along with a variety of coexisting distribution models. For non-production workers, we regularly assess and grade their positions and combine KPI performance to allocate compensation. For production workers, we use a salary calculation system to accurately settle piece and time wages.

We integrate material and spiritual incentives, implementing a diversified incentive strategy. We closely link performance wages with job levels and have established material incentive methods such as year-end bonuses, performance commissions, and lecture fees, ensuring that employees' hard work is rewarded substantively. At the same time, we have established promotion channels, recognition for excellent proposals, quality talent and Grade A employee honors, etc., to highly recognize and motivate employees on a spiritual level, further stimulating their inner drive and sense of professional achievement.

Additionally, we have formulated reward measures based on years of service: for employees with 5 years of service, we grant a 50% seniority award; for those with 10 years of service, we offer stock options and bonus rewards; and for those with 20 years of service, we bestow the honorary title of "Meritorious Employee," along with a specially customized pure gold business card and a generous travel fund, which is a high recognition and respect for the employees' contributions.

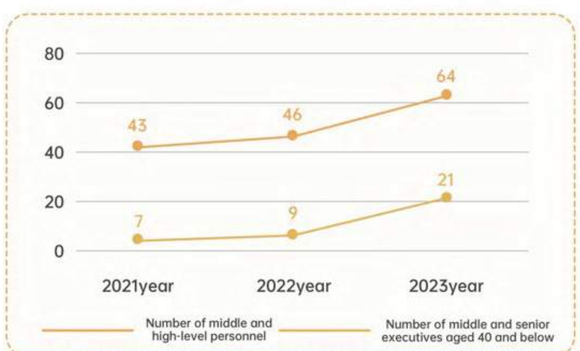
Employee Turnover Rate

Through the strategy of "retaining people with career opportunities, treatment, relationships, and culture," we have successfully attracted and retained a large number of high-quality talents, providing a continuous driving force for the company's development. In the face of employee turnover, we quickly conduct interviews, collect and analyze the reasons, and feedback to the relevant departments to promote their adjustment and improvement, resulting in a year-by-year decrease in the employee turnover rate.

Career Development

We have established a Talent Pool, assessing individuals across various dimensions such as knowledge, skills, and qualities. By applying the Talent Nine-Box Model, we accurately position our staff and delineate a clear career portrait for each employee. Collaborating with these potential managers, we plan personalized career development blueprints, paving more diverse and broader career growth paths for them.

We are continuously improving our internal "Promotion Management Methods," establishing dual promotion channels to guide and support employees in developing towards management or professional technical directions. Furthermore, we encourage managers to cultivate their subordinates through the "Manager Development Award," fostering a learning and growth-oriented organizational culture.



Protecting Employee Health and Safety

We firmly believe that only employees who are physically and mentally healthy can reach their full potential. We strictly comply with relevant laws and regulations such as the *People's Republic of China Safety Production Law* and the *People's Republic of China Occupational Disease Prevention Law*, and are committed to creating a safe and healthy working environment for our employees.

1、Occupational Health and Safety Management System

We place great emphasis on employee occupational safety issues and have established and continue to promote an occupational health and safety management system that meets the requirements of GB/T45001-2020/ISO 45001:2018. Internally, we have formulated and improved the "Management System Manual (Fifth Edition)," aiming to prevent occupational health and safety accidents in the workplace, ensuring the life safety and health of employees, and have obtained third-party certification.

2、Occupational Health Management

In accordance with the "Hazard Identification, Risk Assessment, and Control Measure Management Procedure," we identify key workplaces that may affect the occupational health and safety of employees and develop targeted measurement items, standards, and indicators. We introduce advanced production technology and equipment, strictly control harmful substances, maintain and upgrade dust collection and control facilities, and enhance the cleaning of floors, walls, and machinery to further improve the workshop working environment.

We annually commission qualified third-party testing agencies to conduct occupational disease hazard tests in the workplace, to ensure that the working environment complies with national standards such as GBZ/T192.1-2017 and GBZ/T189.8-2017, effectively preventing and controlling the occurrence of occupational diseases. At the same time, for employees working in environments with hazards such as dust, noise, and acrylic acid, we strictly distribute and require the use of labor protection supplies such as dust masks and earplugs, supervise labor protection, and regularly arrange occupational health check-ups, covering various aspects including occupational disease screening, health assessment, and health guidance, to timely detect and prevent occupational diseases.

During the reporting period, there were 0 cases of occupational diseases, with a 100% coverage rate for occupational health check-ups and a 100% coverage rate for occupational health training. The satisfaction rate for protective equipment was 97.48 points out of a total of 100 points.

3、Emergency Management

We attach great importance to the handling of safety hazards and assess the danger levels of potential hazards and emergencies, including fires, chemical leaks, equipment failures, natural disasters, and other emergencies, and develop corresponding emergency plans, such as the "Fire Emergency Response Plan," "Chemical Leak Emergency Plan," "Environmental Protection Equipment Failure Emergency Plan," "Power Outage Emergency Plan," and "Hazardous Waste Emergency Plan." We regularly organize publicity, training, and drills for emergency plans to enhance the emergency response and self-rescue capabilities of all personnel. In accordance with the plan requirements, we organize emergency teams, clarify the responsibilities and duties of the persons in charge, and equip them with emergency rescue facilities and equipment, such as emergency lighting, medical, communication, and guidance facilities and equipment. In emergencies, we quickly activate emergency procedures, with unified command, departmental cooperation, and rapid response to ensure employee safety and the continuity of business operations.

During the reporting period, there were 2 emergency drills with a 100% participation rate, and 72 people were trained by Red Cross first aiders.

4、Safety Production

Hape is a Level 3 enterprise in the standardization of safety production, establishing a comprehensive, multi-level, and refined safety hazard supervision system and safety standardization ledger system. Through regular inspections and ledger records such as daily checks, weekly reviews, and monthly evaluations, we fully ensure production safety. At the same time, all equipment is equipped with safety operating procedures, and we adopt the "Safety Green Cross" management method to issue safety warnings to on-site personnel, effectively controlling and reducing the risk of safety accidents.

Guided by the philosophy of "preventing risks, eliminating hidden dangers, and suppressing accidents," we strictly implement the responsibility system for safety production at all levels, and implement the dual prevention mechanism system of safety production, which includes the hierarchical control of safety risks and the investigation and treatment of hidden dangers. This helps to reduce the occurrence of various work-related accidents.

During the reporting period, there were 55 work-related accidents involving 44 on-site injuries and 11 traffic accidents, with 0 work-related deaths and a work-related accident rate of 3.08%.

Social Contribution

While pursuing corporate value, Hape has always adhered to the original intention of giving back to society, deeply rooting the public welfare culture of "We Care, We Share" in its corporate culture. We can find Hape volunteers everywhere, and every Hape employee is contributing his strength to the social welfare cause, and working tirelessly to create a better world.

Engaging in Community Public Welfare Services

We have carried out in-depth cooperation with the community, actively responded to the government's policy guidelines on "elderly care and childcare", and continued to carry out a series of public welfare and charity activities that benefit the elderly and children. We also provide support and assistance to the community and vulnerable groups to jointly build a better community.

"Care for the Elderly Serving the Society" - Hape Launches "Senior Toy Experience" Event

Hape continues to carry out senior toy experience events, focusing on the physical and mental health of the elderly, and providing them with warm companionship. In 2023, Hape organized three senior toy experience events aimed at promoting the physical and mental well-being of approximately 60 local elderly individuals in Beilun. Hape volunteers conducted trials of over ten types of elderly-friendly toys for elderly people with cognitive impairments, encouraging them to try new things.

Through these senior toy experience events, our aim is to promote positive aging concepts and a healthy aging philosophy to be a broader elderly population.

Comforting with Love – Hape conducts charity events to comfort and support families with autistic children

Beyond material donations, Hape acknowledges the significance of psychological and behavioral support for special-needs children. Initiating a series of toy experience charity events, Hape aims to provide comprehensive care.

On April 26th, led by the Hape Marketing Communication Department and teachers from Chenxi Education and Training School, families with autistic children enjoyed a delightful camping experience, creating cherished memories.

On May 22nd, Hape Group invited Ms. Sima Chaofang, a nationally certified second-level psychological counselor, to conduct team psychological counseling for mothers of five autistic children. This professional support aims to alleviate anxiety, facilitate emotional expression, and enhance psychological coping skills, fostering a more positive environment for children's growth.

"Good Home Project – Jointly Building a Warm Home for Impoverished Families"

In March 2023, Ningbo recorded 496 households facing difficulties, including those on social assistance, low-income, and scattered extreme poverty. Living conditions are poor, with dim and damp environments, peeling walls, mold, and sewage issues. In late June, the Hape China team supported the "Good Home Project" charity donation, actively raising to improve living conditions for these families by renovating their homes and delivering corporate warmth.

Warm-Hearted Agricultural Support Each Purchase Conveys Warmth

We establish cooperative relationships with local farmers, enhance collaboration between urban and rural areas, promote sustainable development in rural regions, and protect the rights and interests of farmers.

"The goal at Gongtong is to raise children as global citizens and stewards of the environment. We aim for a balance between traditional education, experiential education, and education on the importance of being socially and environmentally responsible."

Promote the prosperity and development of education

Children are our future and hope, and education is the cornerstone of national prosperity and ethnic progress. Hape actively practices the sustainable development concept of "Learn," focusing on the educational growth of children worldwide, and tirelessly strives to create a better world.

Pooling Expert Strengths if Different Countries to Carry Forward Early Education

On February 24th, 2023, the second phase of a seminar hosted by Hape Group and the Ningbo Beilun Education Bureau was successfully held in the Wutong Kindergarten. Continuing the theme, "how to further promote the implementation of the Learn through Play teaching and research project". Supported by the Beilun Education Bureau, Hape and 8 kindergartens in Beilun further advanced the "Learn through Play" teaching and research projects under the "Two Searching & Three Researching" principle in order to provide stronger support for the student's overall development.

On April 20th, 2023, Hape invited experts, scholars and teachers to join a seminar named "Two Searching & Three Researching" that focused on the search for quality toys and children books, and research on toys & children's books, children and teaching approaches. The event was held in the Songhuajiang Kindergarten in Ningbo, China, aiming to implement the Guideline to Learning and Development of 3~6 year-old Children whilst solidifying the "Two Searching & Three Researching" motion and expanding the communicating platforms and channels to "integrate kindergartens and encourage support and learning amongst each other".

Educators and caregivers can only become the partner and the supporter of children during play when they truly know them, and we need to make constant efforts to help children transition from "having fun playing" to "reaping the benefits of playing", which requires us to pool together the different strengths of different countries, industries and sectors. It is Hape's pleasure to work hand-in-hand with peers from all over the world and to contribute to the healthy development of the early education cause.

Equal education - supporting early childhood education in remote areas

Hape is committed to caring for the healthy growth of children, supporting early childhood education in remote areas, and making the greatest effort to ensure that every child has the right to equally enjoy high-quality educational resources.

No.1 "Hape Future Hope Kindergarten" Project

We launched the "Hape Future Hope Kindergarten" project to enhance early childhood education in remote areas of Yunnan, contributing to the development of 3-6-year-old children and supporting local economic growth.

In 2023, "Hape Future Hope Kindergarten" project donated over 1.06 million yuan in charitable funds and provided educational toys and teaching aids valued at 170,000 yuan.

No.2 Learn to Play & Play to Learn – Hape-Huji Employee Volunteer Program

During September, November and December 2023, we continued our 'Learn to Play & Play to Learn' employee volunteer program. During this time, seven of our Hape China team members spent 14-days at six of our 20 kindergartens, where they volunteered their time and assisted teachers with classroom routines and daily activities, helping to organize parent-child activities, create colorful murals and other wall decorations for the classrooms and provided teacher-training for the toys that Hape has donated to the project.

No.3 Donating Educational Toys to Kindergartens

The Hape team, in collaboration with the Shanghai Huji Foundation, donated educational toys valued at 287,100 RMB to 38 kindergartens in remote rural areas of Yunnan Province. We hope that through the combination of toys and classrooms, local school-age children will have a more interesting classroom time and experience the wonderful experience of learning knowledge through play.

Bringing Math to the Masses: Hape Mathematics Museum Announces Its Opening

As a leading and responsible enterprise, Hape always actively supports the local government and has focused on child-friendly initiatives for decades.

In 2023, the Hape Mathematics Museum, also called the Hape Child-friendly Experiential Learning Centre, opened its doors to the public on in Ningbo, China. Introducing more than 100 exhibits from Mathematikum Giessen - the world's first mathematical science centre - and encompassing two designated areas (the Mathematical Science Exploration Area and the Math Exploration Area for kindergarten-aged children), the Hape Mathematics Museum manages to simplify the complex ideologies of mathematics through its array of interactive exhibits. At the centre, hands-on manipulatives replace abstract equations and formulas as the main characters, providing visitors with a vivid experience that fosters a deeper understanding of mathematics. For example, children can stand in a giant soap bubble in order to observe the shape of its surface, learn Pythagoras' theorem through a series of engaging puzzles and scales, or feel the effect of potential energy on the speed of an object as it races along.

School-enterprise cooperation: Promote the integration of industry and education

In March 2023, Hape welcomed a delegation of students and teachers from the University of Nottingham Ningbo China for an exchange and study visit. Led by our Founder and CEO Peter Handstein, the group toured the company's main office areas to experience firsthand the corporate culture, business operations, and the intricacies of product development at the forefront of the group's activities.

In June 2023, Hape, in collaboration with the Sino-German School of Brand Studies at Zhejiang Wanli University, established a pilot program for a dual-vocational education major in brand-related fields. This program was selected as part of the second batch of Sino-German cooperation "dual system" pilots by the Ministry of Education and Zhejiang Province. The initiative aims to cultivate a greater number of high-quality technical and skilled talents and contribute to the transformation and upgrading of industries as well as the economic and social development.

Hape has numerous school-enterprise cooperation cases, aligning with our strategy of "focusing on talent and valuing education." Cultivating talent enhances our core competitiveness and contributes to social development. We aim to lead young individuals to become dream pursuers, providing a platform for their growth. We are committed to guiding them in acquiring real skills and developing into thoughtful, responsible, and capable individuals. This mission inspires continuous promotion of school-enterprise cooperation, offering robust support for the growth of young people.

• Global Philanthropic Projects

Since June 2023, Hape has initiated the "We Care We Share" project, donating toys to children in impoverished areas, disaster-stricken regions, and war zones across various countries including Syria, Zimbabwe, Afghanistan, Nepal, Greece, and China.

Collaborating with non-profit organizations such as Ningbo Beilun Charity Federation and the China Toy and Juvenile Products Association, Hape has extended its donations to children in need globally, including those in impoverished areas, children's hospitals, autism treatment centers, kindergartens, refugee camps, early childhood education centers, and public welfare children's parks.

During the reporting period, a total of 12,594 toys were donated, benefiting 4,841 children and families, with the total value of charitable donations amounting to 2.62 million yuan.

Supporting Low-Income Families affected by Childhood Cancer

In 2023, Hape continued to donate 5,000 yuan to the Ningbo Xiehe Cancer Prevention Foundation. This contribution aims to assist leukemia and cancer patients and their families in overcoming illness and emerging from difficult situations. Over the past decade, Hape has donated a total of 57,000 yuan to this cause.

In December 2023, Hape, in collaboration with the Beijing New Sunshine Charity Foundation, donated 150 educational toys with a market value of 22,700 yuan to the Zhejiang University School of Medicine's Children's Hospital for children suffering from cancer. As the team went floor by floor and room to room, children beamed with cheer as they received our toys!

Hape Employees Volunteer to Pack School Supplies for Children in Need

In 2023, during September, and just in time for the back-to-school rush, members of our Hape China Team volunteered an afternoon of their busy schedules to pack 210 bags loaded with school supplies and toys for kindergarteners and school children around China.

The bags were delivered to the BeiBei Children's Rehabilitation and Education Centre in Hangzhou, who will distribute the goodies to children in need.

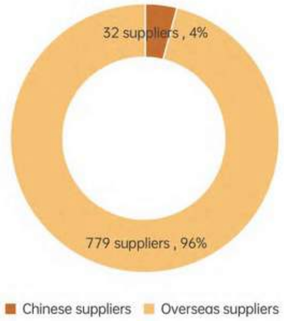
A special THANK YOU goes out to all the employees who volunteered their time for this great cause, packing bags and even donating school supplies to help children in need across the region.

Win-Win Cooperation

We join hands with our partners to forge ahead together, practicing the concept of sustainable procurement through active and efficient collaboration and management mechanisms. We aim to build an environmentally friendly and socially responsible supply chain system, leading the industry chain towards sustainable development.

We are actively planning investments across Central and South America, spreading our brand image, reducing transportation costs, driving local employment and industries, and achieving a multi-win sustainable development situation.

During the reporting period, we had 811 cooperating suppliers, 302 of which were finished product suppliers, with a 100% social responsibility certification pass rate for Hape's finished product suppliers.



• Supplier Selection and Management

We have established a complete framework process for supplier development, evaluation, screening, and management. We have independently developed the SRM supplier information management system, completed the electronic process of orders/deliveries/warehousing, and achieved data collaboration between suppliers and the company.

1、Development Guidelines We have entry requirements for supplier scale, social responsibility certification, quality management foundation, and R&D technical capabilities, and we prioritize suppliers who have passed the quality management system and China Compulsory Product Certification.

2、Supplier Evaluation We evaluate suppliers through sample assessments, document evaluations, and on-site assessments. We score suppliers based on five dimensions: leadership and human resources, product development capabilities, production management capabilities, product safety management capabilities, and quality management capabilities. The results are divided into four levels: Green Light (80≤S≤100 points), Yellow Light (70≤S < 80 points), Orange Light (60≤S < 70 points), and Red Light (< 60 points).

During the reporting period, Hape evaluated 106 suppliers, including 37 new suppliers.

3、Supplier Performance and Grading Management After one year of cooperation, suppliers are included in the Supplier Performance and Grading Management system. Based on the current situation and industry characteristics, the company sets performance indicators in four areas: quality, delivery, social responsibility, and fit with corporate strategy. Suppliers are categorized and managed at different levels, including strategic suppliers, potential strategic suppliers, risky suppliers, and regular suppliers. Performance indicators are released quarterly, providing suppliers with timely feedback on the audit results to promote systemic improvements.

The company values the development of strategic suppliers and solidifies the strategic partnership through quarterly high-level mutual visits. This ensures thorough communication on performance targets, ultimately forming a shared destiny.

Average supplier evaluation scores during the reporting period

4、Sustainable Procurement We strictly control the procurement process, requiring suppliers to use water-based paints and wood with EPA and FSC certifications. We prioritize cooperation with suppliers that have obtained environmental management system certifications to enhance the social responsibility and environmental protection capabilities of the supply chain, building a sustainable green supply chain. At the same time, we have strict environmental and quality requirements for toxic and harmful materials. Suppliers are required to provide third-party test reports such as EN71, ASTM F963, ISO 8124, GB6675, SOR2011 to ensure that only products that have passed inspection are delivered for use.

• Hape Business Conduct Guidelines

Hape places great emphasis on cooperation management with suppliers and distributors. While recognizing international codes of conduct such as the IETP (ESCP), International Toy Industry Business Code, SA8000 Corporate Social Responsibility Management System, BSCI Business Social Standard, and ETI Ethical Trade Initiative, Hape has established its own "Hape Code of Business Conduct" and other regulatory policies. These policies effectively manage and constrain suppliers from the dimensions of environment, society, and governance to ensure the sustainability and compliance of cooperative relationships. Performance indicators are published quarterly, providing suppliers with timely feedback on audit results to promote systematic improvements.

Serial Number	Behavior Category	Behavioral Requirements
1	Admission Requirements	Prohibition of child labor / Protection of young workers / Prohibition of forced labor Anti-discrimination / Anti-harassment and abuse / Full coverage of work injury insurance Business ethics
2	Environment	Management of water pollutants / Management of atmospheric pollutants / Noise management/ Soil pollution prevention and control
3	Chemicals	List and MSDS / Storage, use, and handling / Identification/Operating procedures Employee competence and training
4	Waste	List / Storage, use, and handling / Qualification certification and processing records Operating procedures / Employee competence and training
5	Fire Control	Fire/Firefighting equipment / Emergency plan / Fire escape / Evacuation alarm Evacuation drill / Employee competence and training
6	Employee Health and Safety	Work-related accidents and incidents / Machine and equipment protection / Special equipment Safety signs / Safety hazards / Personal protective equipment First aid facilities and first aid personnel / Drinking water / Working environment Sanitary facilities / Alcohol and medicines,drugs / Safe operation procedures Employee capabilities and training
7	Employee Engagement	Employee representation / Freedom of association / Collective bargaining / Grievances
8	Recruitment, working hours	Employment contract / Working and overtime hours / Resting time Recruitment procedures and agencies
9	Salary, benefits	Salary / Annual leave / Social Insurance
10	Accommodation, canteen	Accommodation conditions and safety / Canteen

Supplier Support

In terms of management, while the company is building its own benchmark factory, it also provides targeted guidance to some suppliers on production management, helping them optimize their production processes and introduce management systems such as Theory of Constraints (TOC) and 5S site management. On the business front, we support small suppliers with a high willingness to cooperate and good development potential by providing order support. We also organize various training activities for suppliers, covering knowledge and skills in areas such as climate change response, environmental protection, labor rights, product testing, and business ethics. We believe that by providing adequate and effective training, suppliers can continuously improve their capabilities and quality, and better fulfill their social responsibilities.

Supplier Support Programs	Supplier Types	Frequency
Toy Safety Standards and Recall Case Training	All Suppliers	Quarterly
Product Inspection Standards and Case Training	All Suppliers	Quarterly
Supplier Assessment Metrics and Rating Training	All Suppliers	Quarterly
Supplier Pre-production Key Points Meeting	All Suppliers	Weekly
Supplier Process Inspection Program	All Suppliers	Daily
Supplier Final Inspection Capability Enhancement Program	Strategic Suppliers	Annually
Product Defect Quality Improvement Program	All Suppliers	Annually
Chemical Risk Control Program	All Suppliers	Quarterly
Theory of Constraints (TOC) Production Management Program	Strategic Suppliers	Annually
Key Account Project Tracking Program	All Suppliers	Annually
Outsourced Material Reduction Program	Strategic Suppliers	Annually

We regularly organize Supplier Conferences, which serve as a platform for suppliers to share their experiences and challenges, and to collaboratively explore ways to improve and evolve our supply chain partnerships. Together, we strive to advance the sustainable development of the supply chain.

During the reporting period, four supplier training courses were conducted, covering suppliers accounting for more than 75% of the procurement amount.

Partner in Child Development

Play is at the heart of everything we do. Children love to play and with our toys they gain valuable life skills. This is the added benefit. Because when children play with our toys, they learn so much more about themselves and the world around them.

2030 Action Goals:

- Adhere to comprehensive quality management to ensure the safety of children's toys.
- Achieve "zero defects" and "zero recalls" in product quality.
- Attain "zero complaints" in customer service.

Excellence in Quality

Hape's craftsman culture deeply integrates a rigorous execution spirit with a relentless pursuit of innovation. Adhering to the philosophy of "meticulous design, fine material selection, precision manufacturing, and sincere service," we shape our brand with quality and safeguard the future with our commitment to excellence.

• Quality Management System

The quality and safety of toys are crucial to the physical and mental health of children and are also the "lifeline" of our company's brand and development. We strictly comply with the requirements of laws and regulations such as the *People's Republic of China Product Quality Law*, and have established a quality management system in accordance with GB/T 19001-2016/ISO 9001:2015, which is certified.

In addition, we actively respond to the "same quality, same line, same standard" project. Based on global toy standards from various countries and regions (ISO8124 International Toy Standard, EN71 European Toy Safety Standard, ASTM F963 U.S. Toy Safety Standard, SOR2011 Canadian Toy Standard, GB6675 China Toy Safety Standard), we have developed a stringent "Hape Product Safety Quality Manual," which has won widespread recognition and trust in the market.

QUALITY MANAGEMENT SYSTEM CERTIFICATE

Certificate No. 00121Q10187R0L/3302

We hereby certify that

Happy Arts & Crafts (Ningbo) Co.,Ltd./Hape International(Ningbo) Ltd.

by means of its

Quality Management System

has been awarded this certificate for compliance with the standard

GB/T 19001-2016 / ISO 9001:2015

The Quality Management System Applies to the following area:

The Design and Production of Plastic Toys、Wooden Children Toys and Wooden Children Furniture

CHINA QUALITY CERTIFICATION CENTRE

Total Process Quality Management

The core competitiveness of Hape toys lies not only in innovative design and marketing but also in the stringent requirements for product quality. We adhere to the concept of "craftsmanship creates quality, zero tolerance for quality issues," implement a "veto system," and specially appoint a Chief Quality Officer to directly supervise and manage quality issues from the highest decision-making level. The Quality Assurance Department, Quality Control Department, and Supply Chain Management Department work together to build a four-in-one quality management model of "research, production, supply, and sales." We are committed to creating a trusted children's toy brand, ensuring that every product from the source to the end meets the high standards of global consumers, bringing children a safe, educational, and fun playing experience.

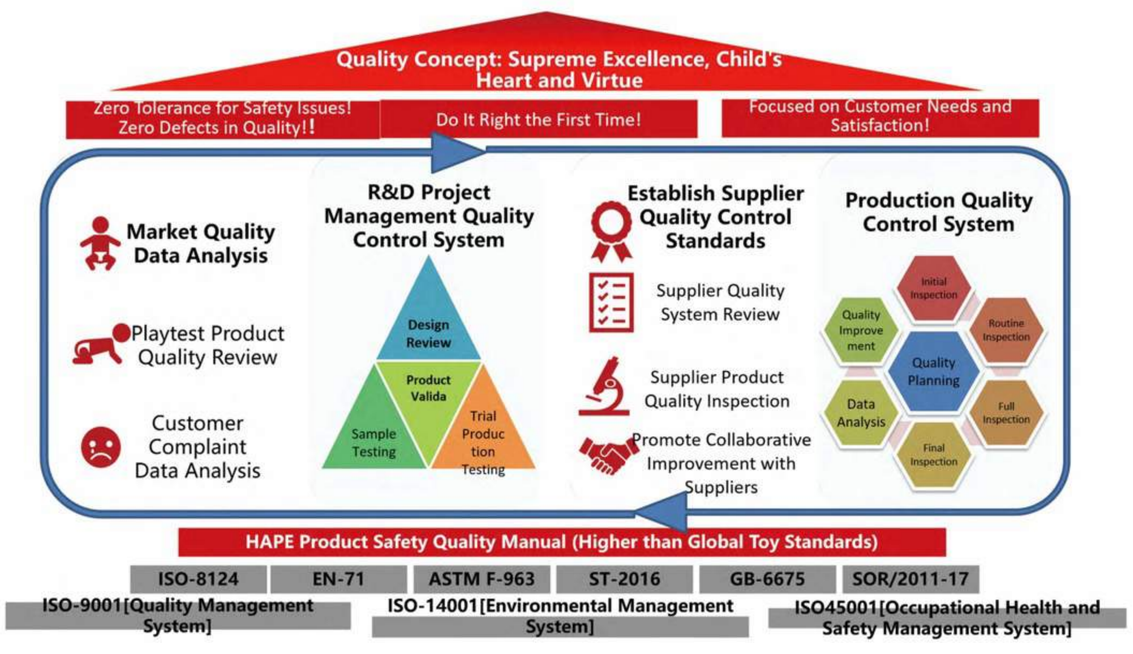
1、Research and Development

From the early stages of product development, we strictly implement the "Hape Product Quality Safety Manual," deeply integrating quality control into the process. Through "design reviews," we accurately identify and avoid potential risks. In the "final sample review" stage, each product undergoes multiple rounds of rigorous testing, including packaging, to ensure the feasibility and safety of its design. Furthermore, we implement a 50-set pilot production plan, and only after passing comprehensive testing by third-party laboratories can we proceed with mass production, ensuring that the products fully comply with international toy safety standards such as ISO8124, EN71, ASTM F963, etc.

2、Production

We introduce the TOC (Theory of Constraints) model to innovate production quality management, precisely optimizing resource allocation and process design. We employ multiple quality control methods such as initial inspection, patrol inspection, sampling inspection, full inspection, and final inspection to comprehensively monitor each production process to meet the company's established requirements. In response to quality anomalies, we rely on the 8D reporting method to quickly diagnose the root cause of the problem, formulate, and implement precise corrective and preventive actions, effectively preventing the recurrence of issues. Hape's strict quality management process not only improves production efficiency but also significantly reduces the risk of market complaints and product recalls, safeguarding brand reputation and market competitiveness.

Hape Quality Assurance Process Chart



3、Supply

We implement strict supply chain management, using the "Supplier Quality Control Standards" as the basic basis for supplier admission (see 5.3 Industry Chain Win-Win for details). We use our company's SCM (Supply Chain Management) system to control and inspect the quality of suppliers' products, and through regular performance evaluations and quality improvement plans, we promote continuous improvement and enhancement of supplier product quality.

4、Sales

We have built a comprehensive customer feedback system, leveraging consumer opinions and complaints to rapidly respond to market dynamics and consistently satisfy evolving consumer needs. Concurrently, we engage in deep analysis of recall cases of toys around the world. This learning process helps us to pinpoint industry risks and conduct feasible strategies for improvement.

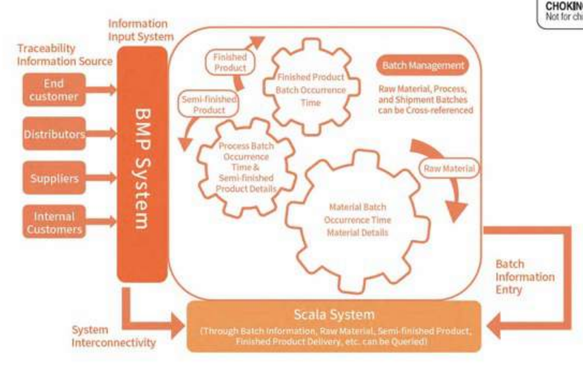
5、After Sales

We have taken proactive measures in our after-sales actions, with a strong focus on product traceability and processes of product recall. We have established and implemented the "Traceability and Identification Management Control Procedure" and the "Product Recall Control Procedure" to safeguard consumer rights. Our advanced information management system enables real-time monitoring of products throughout their life cycle, from production, storage, transportation to sales, ensuring swift identification and resolution of any issues.

Additionally, we annually conduct a drill in collaboration with all relevant departments to simulate the tracking of specific batch product flows. This exercise emphasizes on a mock simulation, aimed at familiarizing everyone with the process rather than actual operations, testing the product, and customer information management capabilities of Purchasing Department as well.

During the reporting period, Hape has not experienced any product recall incidents due to quality issues.

Product tracing and recall mechanism



Risk and hazard assessment

We prioritize the safety of our toys, addressing parents' concerns about the potentially harmful chemicals and physical injuries. Our in-house toy safety testing lab is equipped with advanced machinery and staffed by skilled technicians and we also engage in regular technical exchanges with top-tier labs around the world. Our lab is capable of conducting independent mechanical, as well as some chemical tests on toys. We perform tests such as torque, tension, drop, colorfastness, saliva resistance, stability, sharp edge assessment, and XRF scanning for heavy metals, ensuring the quality and safety of our toys.

To mitigate chemical safety risks, we select high-quality raw materials from well-known domestic and international suppliers. We maintain material safety by thoroughly inspecting ingredient reports and performing random tests, strictly following top-tier safety standards and actively reducing the use of harmful substances during production. For physical hazards, we incorporate safety considerations from the early stages of product design, avoiding choking, cutting, entanglement, and impact risks, and tailoring toy sizes to the age and stages of child development.

During the research and development phase, our in-house toy safety testing lab uses testing protocols that exceed international standards to ensure every detail of our product design is safe for children. In the pilot and mass production stages, we rigorously sample and send products to third-party authoritative institutions for comprehensive testing against global toy safety standards, ensuring our final products provide the utmost protection for children.

Additionally, we clearly label our toys with warning messages and age indicators and provide detailed product instructions and safety guidelines to alert parents and children to safety precautions.

Choking Hazard - Small Parts labels

Safety Quality Testing

Customer First

"We believe that truly child-friendly toys should inspire children's imagination and curiosity without imposing any predetermined conclusions. They should encourage kids' self-exploration and innovation. We are committed to meeting the diverse needs of children and actively contribute to building child-friendly cities."

• Meeting Diverse Needs

Age-Appropriate Selection: From Toddlers to Runners

We develop age-appropriate toys by referring to the ISO 8124-8, the toy age determination guidelines, considering our experience and the suitable age labels on similar toys in the market. We also consider the growth and developmental characteristics of children at different ages, their skill levels during play, and the 8 major abilities that children develop. This comprehensive approach ensures that our toys are not only entertaining but also contribute to the cognitive, emotional, social, and physical development of children.

Exploration Stage -- 0-12 Months

Infants from 0 to 12 months begin to roll over, crawl, sit, and stand, exploring the world with their hands and mouths. They are drawn to bright colors and enjoy reaching for hanging objects and batting at things. Hape provides a range of toys for this age group, including squeeze toys, teether rings, rattles, crib mobiles, and activity gyms.

Exploration Stage -- 12-36 Months

Children aged 12 to 36 months are active learners, developing skills like walking, climbing, balancing, jumping, and running. With abundant curiosity but limited judgment, their grasping abilities also grow as they explore objects through various actions. They enjoy singing, moving to music, spinning, and running. These young explorers also engage in balancing, climbing, throwing, grasping, playing in sand, and manipulating wheeled toys. As they begin to socialize and mimic actions, they start uttering their first words and short phrases.

Hape has prepared a range of toys for this age group, including push & pull toys, hammering toys, building blocks, stacking rings, sand play sets, rocking horses, and puzzles for them to enjoy and develop their skills.

Exploration Stage -- 36 Months +

Children over 36 months are in the prime of imaginative play, preferring realistic toys, and learning self-care skills. They have vivid imaginations, ask many questions, enjoy playing with peers, and are active outdoors.

Hape introduces game-based toys, role-playing sets, launching toys, and dress-up kits to enrich their play experiences.

Take Music toys as examples, we design soothing and gentle music products for newborns to promote sensory development and enjoy their first musical experiences. As they grow into toddlers, the toys shift towards fun exploration, stimulating curiosity and motor skills with high-quality rhythms and melodies. Preschoolers can then learn to play melodies and rhythms with mini musical instruments, taking a significant step in their musical journey.

Integrating Wisdom and Fun, Enlightening the Stars of Tomorrow

"Children don't play to learn, but they learn through play."

Toys play an essential role in fostering the diverse development of children. They are not only tools for entertainment and relaxation but also mediums for promoting cognitive, emotional, social, and physical development. Through our 16 series of products, we inspire children's interest in art, culture and the world, nurturing their aesthetic abilities and creativity, and providing a fun and inspiring environment for growth.

• Explorers

The vast outdoors is a cherished memory of everyone's childhood, with free play, fresh air, and our exciting Outdoor toys taking children's adventures to new heights.

• Inventors

Exploring and transforming the world is an innate human desire, and Hape's Junior Inventor series provides children with materials to explore physical phenomena and build mechanical devices. Even four-year-olds can experience the joy of exploration and innovation through hands-on activities.

• Scientists

Our Hape x Baby Einstein series blends traditional wooden, modern plastic, electronic technology, and tech elements, stimulating children's innate curiosity. These toys encourage children to learn and adapt to the world with their curiosity, and parents can maintain their curiosity to grow alongside their children, helping them to play their way to success.

• Artists

Hape encourages children to think independently and innovate on their own. We inspire them to use their imagination to give art wings and create their own works. Learning through play, these exciting games help children understand the world and love life.

Dedicated Playmates, Caring for Special Needs Children

We uphold the belief that every child has the right to learn and play freely, and each special needs child possesses unique perceptual methods, learning paces, and boundless potential. In collaboration with research institutions and alongside psychological, educational experts, designers, and engineers, we blend academic insights with industry knowledge to develop toys and educational products for children with special needs. Through play, we promote the development of their intellectual, physical, and emotional skills.

Moreover, we are crafting a comprehensive manual that explains the effective use of these toys in therapeutic settings. It details the therapeutic value of the toys, the proven benefits they offer to special needs individuals according to test results, and the types of disabilities they can address. This guide will serve as a resource for therapists, teachers, and caregivers to more effectively support the growth and learning of children with special needs.

• Delivering High-Quality Service

Hape is committed to the "mutual benefit, mutual respect and leveraging each other's strengths" business principle to foster positive and sustainable customer relationships.

1、Understanding Customer Expectations Across Channels

We engage with customers from different market segments using various channels to understand their needs, expectations, and preferences. For international markets, we participate in global and regional toy fairs, establish overseas branches, conduct sales team visits abroad, and utilize platforms like Alibaba International and Amazon to understand customer demands. Domestically, we engage in local toy fairs, conduct in-depth market research, and employ Customer Relationship Management (CRM) to listen to every customer's voice. For partner customers, we invite them to visit our company, hold dealer conferences, and attend domestic and international maternity and toy fairs to learn about their cooperation needs. For end consumers, we organize roadshows, leverage online big data platforms, and social media networks to understand consumer habits and demographic profiles. We promptly analyze customers' customer needs and expectations, reflecting their feedback in every aspect of our design, production, sales, and service processes.

2、Customer Complaint Management

Our company has established a rapid response mechanism for customer complaints, ensuring that they are addressed effectively and swiftly. This helps to improve and enhance the quality of our products and services, maintaining our company's excellent reputation.

During the reporting period, we received 137 brand customer complaints with a satisfaction resolution rate of 100%.

The QDN (quality deviation notice) process is permanently traceable, including process and participating departments

Consumer
Phone, Email, Website

Sales Department/Customer Service
Collect and summarize information, and initiate the QDN process

QC Department
Determine if it's a quality deviation, evaluate the impact on customers, production, and technology
Conduct analysis and provide improvement recommendations or corrective/preventive actions

Sales Department/Customer Service
Inform customers of corrective measures, follow up on feedback, and oversee implementation

Quality Department/Production Department/Technical Department/Purchasing Department/Sales Department
Carry out root cause analysis, provide solutions and improvements, follow up on customer satisfaction, and offer services

3、Customer Satisfaction

At Hape, customer satisfaction is always at the core of our pursuit. We assess satisfaction levels among our main distributors and retailers through dealer conferences, periodic interviews, video conferences, monthly meetings, and year-end surveys. For consumers, we track their satisfaction level on real-time e-commerce platforms regarding the accuracy of our product descriptions, the service attitude of our sellers, and the speed of shipping.

Our customer surveys addresses diverse customer needs, covering 19 indicators including our response timeliness, complaint handling speed, whether our products/designs meet expectations, product delivery promptness, proactive solution provision, customer repurchase likelihood, referral potential, Hape's sales support, information completeness, new product conformity, promotional usability, marketing strategies, inventory information timeliness, satisfaction with Hape product quality, product price stability, product competitiveness, new product novelty, store opening support, and POP material support.

We also track product feedback and service quality through multiple channels such as customer visits, complaint management, special customer handling, professional reporting, e-commerce platform statistics, and our 800 hotlines. We listen to the voices of our customers and the market, actively address our issues, and continuously enhance user satisfaction and brand reputation.

Improvement Opportunities	Improvement Measures
Delivery	➤ Implement TOC (Theory of Constraints/Supply Chain Distribution Management) ➤ Integrate suppliers ➤ Increase logistics department weekly meetings
Quality	➤ Reduce COPQ (Cost of Poor Quality) ➤ Enhance QDN (Quality Daily News) meetings and workflows
Pricing	➤ Integrate resource ➤ Decrease procurement costs and control expenses
After-sales	➤ Enhance training for customer service staff to boost product knowledge and reduce the time taken to address after-sales issues

During the reporting period, we added 228 new customers, achieving a customer growth rate of 17.69%.

• Protecting Privacy and Building Trust with Consumers

We strictly adhere to the regulations of the "Consumer Rights Protection Law of the People's Republic of China" and the "Cybersecurity Law of the People's Republic of China," among other laws and regulations, to protect customer data and privacy. We have established a comprehensive information security strategy and detailed rules, creating a robust information security system across technical, procedural, and organizational levels. This includes setting user permissions and enforcing regular password changes. We also have a continuously improved response and investigation mechanism for information security incidents to ensure the data safety of our company and our customers. We continuously enhance our technical capabilities in the field of information security and conduct information security training for all employees to raise awareness of privacy protection.

Appendix 1 Data Summary

Economic Performance Indicators

Indicator	Unit	Data of 2023
Operating Revenue	100 Million RMB	16.7
R&D Investment	10 Thousand RMB	1,527.2
Environmental Protection Investment	10 Thousand RMB	249.7
Government Subsidy	10 Thousand RMB	685.1
Toy Production Volume	10 Thousand Pieces	6900

Management Performance Indicators

Indicator	Unit	Data of 2023
Total Number of Board Members	People	9
Number of Female Board Members	People	2
Business Ethics Training Coverage Rate	%	100
Annual Patent Applications	Items	27
Annual Design Patents Obtained	Items	10
Annual Utility Model Patents Granted.	Items	17
Total Valid Patents	Items	268
Total Standards Led and Participated In	Items	10

Environmental Performance Indicators

Indicator	Unit	Data of 2023
Energy Usage		
Total Energy Consumption	MWh	9,597
Energy Intensity	MWh/10 Thousand RMB	0.048
Installed Capacity of Renewable Energy	MW	2.138
Renewable Energy Consumption	MWh	1,715.7
Global Sustainability Certifications Purchased	MWh	6,470
Water Usage		
Total Water Withdrawals	Tons	27,300
Total Water Consumption	Tons	27,533
Water Consumption Intensity	Tons/10 Thousand RMB	0.136
Pollution Emissions		
Wastewater Discharge	Tons	21,976.5
Chemical Oxygen Demand Emissions	Tons	0.011
Ammonia Nitrogen Emissions	Tons	0.001
Particulate Matter Emissions	Tons	4.766
VOCs Emissions	Tons	0.263
General Industrial Solid Waste Generated	Tons	1,585.08
General Industrial Solid Waste Recycled	Tons	1,585.08
Hazardous Waste Generated	Tons	139.8
Hazardous Waste Incinerated	Tons	139.78
Hazardous Waste Recycled	Tons	0.02
Greenhouse Gas Emissions		
Scope 1 Greenhouse Gas Emissions	Tons CO_2e	67.11
Scope 2 Greenhouse Gas Emissions	Tons CO_2e	4,927.436
Total Greenhouse Gas Emissions	Tons CO_2e	4,994.546
Greenhouse Gas Emission Intensity	Tons CO_2e/10 Thousand RMB	0.025
Raw Material Usage		
Wood Usage	Cubic Meters	12,798.74
Paint Usage	Tons	339.14
Packaging Material Usage		
Paper Packaging Material Usage Share	%	97.19
Plastic Packaging Material Usage Share	%	2.24
Wooden Packaging Material Usage Share	%	0.51
Other Packaging Material Usage Share (Metal, Textile, Composite Materials, etc.)	%	0.06

Social Performance Indicators

Indicator	Unit	Data of 2023
Employee Information		
Total Number of Employees	People	1,391
Female Employees	People	841
Male Employees	People	550
Employees Aged 30 & Under	People	504
Employees Aged 30-40	People	257
Employees Aged 40-50	People	463
Employees Aged Over 50	People	167

Total Number of Middle and Senior Managers	People	64
Female Managers	People	26
Male Managers	People	38
Employee Rights and Benefits		
Labor Contract Signing Rate	%	100
Social Insurance Coverage Rate	%	100
Health Check-up Coverage Rate	%	100
"Special Collective Agreement on the Protection of the Rights and Interests of Female Employees" Signing Rate	%	100
"Ningbo Female Employee Health Mutual Aid Protection" Participation Rate	%	100
Employee Turnover Rate	%	20.79
Staff Representative Proposal Response Rate	%	100
Employee Health and Safety		
Occupational Disease Cases	Cases	0
Occupational Health Check-up Coverage Rate	%	100
Occupational Health Training Coverage Rate	%	100
Protective Equipment Satisfaction Score	Out of 100	97.48
Emergency Drills	Times	2
Work-related Accident Cases	People	55
Work-related Fatalities	People	0
Work-related Accident Rate	%	3.08
Employee Training and Development		
Number of Training Sessions Organized	Times	84
Number of Course Categories	Sessions	38
Internal Trainers Developed	Names	38
Total Training Hours	Hours	19,979
Employee Training Coverage Rate	%	88

Public Welfare and Charity		
Total Donated Toys	Pieces	12,594
Children and Families Benefited	Individuals/Households	4,841
Total Value of Charitable Donations	10 Thousand RMB	262
Number of School-Enterprise Partnerships	Institutions	26
Supplier Management		
Number of Collaborating Suppliers in the Year	Suppliers	811
"Hape Code of Business Conduct"Signing Rate	%	100
Finished Goods Suppliers Social Responsibility Certification Rate	%	100
Supplier Training Sessions	Sessions	4
Product Quality and Safety		
Number of Recalls	Times	0
Losses Due to Product Safety	10 Thousand RMB	0
Brand Customer Complaints	Cases	137
Brand Customer Complaint Resolution Satisfaction Rate	%	100
New Customer Growth	Companies	228

Appendix 2 GRI

Usage Instructions	Hape reported the information referenced in this GRI Content Index according to the GRI Standards from January 1, 2023, to December 31, 2023.
GRI 1	GRI 1: Foundation 2021

Disclosure Items	Relevant Sections
GRI 2: General Disclosures	
Organization and Reporting Practices	
2-1 Organization details	Company Overview
Entities included in the organization's sustainability report	About This Report
Reporting period, frequency, and contact	About This Report
Information restatements	About This Report
Activities and Workers	
2-6 Activities, value chain, and other business relationships	Company Overview
2-7 Employees	People-oriented Approac
2-8 Workers who are not employees	Collaborative Partnership for a Better Future
Governance	
2-9 Governance structure and composition	Sustainable Development Governance System
2-11 Chair of the highest governance body	Sustainable Development Governance System
2-12 Role of the highest governance body in overseeing the management of impacts	Sustainable Development Governance System
2-13 Delegation of responsibility for managing impacts	Sustainable Development Governance System
2-14 Role of the highest governance body in sustainability reporting	Sustainable Development Governance System
2-19 Remuneration policy	Talent Drives Corporate Development and Shared Growth
2-20 Procedures for determining remuneration	Talent Drives Corporate Development and Shared Growth
Strategy, Policy, and Practices	
2-22 Statements about sustainability strategies	Message from CEO
2-23 Policy commitments	Sustainable Development Strategy
2-24 Embedding policy commitments	Sustainable Development Strategy
2-25 Processes to remediate negative impacts	Total Process Quality Management
2-26 Mechanisms for seeking advice and raising concerns	Stakeholder Communication
2-27 Compliance with laws and regulations	No Illegal Activities
2-28 Membership associations	Honor Display
Stakeholder Engagement	
2-29 Approach of stakeholder engagement	Stakeholder Communication
2-30 Collective bargaining agreements	Caring for Employees

GRI 3: Material Topics 2021	
3-1 Process to determine material topics	Materiality Analysis
3-2 List of material topics	Materiality Analysis
3-3 Management of material topics	Throughout the Report
GRI 201: Economic Performance 2016	
201-1 Direct economic value generated and distributed	Company Overview
201-2 Financial implications and other risks and opportunities due to climate change	Risk Identification and Response
201-3 Defined benefit plan obligations and other retirement plans	Protect the Legitimate Rights and Interests of Employees
201-4 Financial assistance received from government	Company Overview
GRI 204: Procurement Practices 2016	
04-1 Proportion of spending on local suppliers	Supply Chain Selection and Management
GRI 205: Anti-Corruption 2016	
205-1 Operations assessed for risks related to corruption	Business Ethics and Anti-Corruption
205-2 Communication and training on anti-corruption policies and procedures	Business Ethics and Anti-Corruption
205-3 Confirmed incidents of corruption and actions taken	None
GRI 206: Anti-Competitive Behavior 2016	
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Business Ethics and Anti-Corruption
GRI 207: Tax 2019	
207-1 Approach to tax	Tax Management
207-2 Tax governance, control, and risk management	Tax Management
GRI 301: Materials 2016	
301-1 Materials used by weight or volume	Sustainable Materials
301-2 Recycled input materials used	Sustainable Materials
301-3 Reclaimed products and their packaging materials	Sustainable Materials
GRI 302: Energy 2016	
302-1 Energy consumption within the organization	Optimize the Energy Mix & Improve the Efficiency of Energy Usage
302-3 Energy intensity	Optimize the Energy Mix & Improve the Efficiency of Energy Usage
302-4 Reduction of energy consumption	Optimize the Energy Mix & Improve the Efficiency of Energy Usage
302-5 Reduction in energy requirements of products and services	Optimize the Energy Mix & Improve the Efficiency of Energy Usage
GRI 303: Water and Effluents 2018	
303-1 Interactions with water as a shared resource	Water Management
303-2 Management of water discharge-related impacts	Water Management
303-3 Water withdrawal	Water Management
303-4 Water discharge	Emissions of Environmental Pollutants
303-5 Water consumption	Water Management

GRI 304: Biodiversity 2016	
304-2 Significant impacts of activities, products, and services on biodiversity	Carbon Peaking and Carbon Neutrality Actions
GRI 305: Emissions 2016	
305-1 Direct (Scope 1) GHG emissions	Greenhouse Gas Management
305-2 Energy indirect (Scope 2) GHG emissions	Greenhouse Gas Management
305-4 GHG emission intensity	Greenhouse Gas Management
305-5 Reduction in GHG emissions	Greenhouse Gas Management & Energy Management
305-6 Emissions of ozone-depleting substances (ODS)	Greenhouse Gas Management
305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Emissions of Environmental Pollutants
GRI 306: Waste 2020	
306-1 Waste generated and significant waste-related impacts	Emissions of Environmental Pollutants
306-2 Management of significant waste-related impacts	Emissions of Environmental Pollutants
306-3 Waste generated	Emissions of Environmental Pollutants
306-4 Waste transferred for disposal	Emissions of Environmental Pollutants
306-5 Direct disposal of waste	Emissions of Environmental Pollutants
GRI 308: Supplier Environmental Assessments 2016	
308-1 New suppliers that were screened using environmental criteria	Supplier Selection and Management
308-2 Negative environmental impacts in the supply chain and actions	Supplier Selection and Management
GRI 401: Employment 2016	
401-1 New employee hire and employee turnover	Protect the Legitimate Rights and Interests of Employees
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Caring for Employeess
401-3 Parental leave	Caring for Employees
GRI 403: Occupational Health and Safety 2018	
403-1 Occupational health and safety management systems	Protecting Employee Health and Safety
403-2 Hazard identification, risk assessment, and incident investigation	Protecting Employee Health and Safety
403-3 Occupational health services	Protecting Employee Health and Safety
403-4 Worker participation, consultation, and communication on occupational health and safety	Protecting Employee Health and Safety
403-5 Worker training on occupational health and safety	Protecting Employee Health and Safety
403-6 Promoting worker health	Protecting Employee Health and Safety
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Protecting Employee Health and Safety
403-8 Workers covered by occupational health and safety management systems	Protecting Employee Health and Safety
403-9 Work-related injuries	Protecting Employee Health and Safety
403-10 Work-related ill health	Protecting Employee Health and Safety

GRI 404: Training and Education 2016	
404-1 Average hours of training per employee per year	Talent Drives Corporate Development and Shared Growth
404-2 Programs for upgrading employee skills and transition assistance programs	Talent Drives Corporate Development and Shared Growth
404-3 Percentage of employees receiving regular performance and career development reviews	Talent Drives Corporate Development and Shared Growth
GRI 405: Diversity and Equal Opportunity 2016	
405-1 Diversity of governance bodies and employees	Protect the Legitimate Rights and Interests of Employees
405-2 Ratio of basic salary and remuneration of women to men	Protect the Legitimate Rights and Interests of Employees
2016 GRI 406: Non-Discrimination 2016	
406-1 Incidents of discrimination and collective actions taken	None
GRI 408: Child Labor 2016	
408-1 Operations and suppliers at significant risk for incidents of child labor	Protect the Legitimate Rights and Interests of Employees
GRI 409: Forced or Compulsory Labor 2016	
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Protect the Legitimate Rights and Interests of Employees
GRI 410: Security Practices 2016	
410-1 Security personnel trained in human rights policies or procedures	Protecting Employee Health and Safety
GRI 411: Rights of Indigenous People 2016	
411-1 Incidents of violations involving rights of indigenous peoples	None
GRI 413: Local Communities 2016	
413-1 Operations with local community engagement, impact assessments, and development programs	Social Responsibility and Contributions
413-2 Operations with significant actual and potential negative impacts on local communities	None
GRI 414: Supplier Social Assessment 2016	
414-1 New suppliers that were screened using social criteria	Supplier Selection and Management
414-2 Negative social impacts in the supply chain and actions taken	Supplier Selection and Management
GRI 416: Customer Health and Safety 2016	
416-1 Assessment of the health and safety impacts of products and services categories	Excellence in Quality
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	None
GRI 417: Marketing and Labeling 2016	
417-1 Requirements for product and service information and labeling	Excellence in Quality
417-2 Incidents of non-compliance concerning product and service information and labeling	None
417-3 Incidents of non-compliance concerning marketing communications	None
GRI 418: Customer Privacy 2016	
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	None

Appendix 3 SDGs Content Index

Sustainable Development Goals (SDGs)	Initiative Introduction	Relevant Sections
SDG1. No Poverty	End poverty in all its forms everywhere	Co-creating a Harmonious Society - Social Responsibility and Contributions
SDG2. Zero Hunger	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	Co-creating a Harmonious Society - Social Responsibility and Contributions
SDG3. Good Health and Well-being	Ensure healthy lives and promote well-being for all at all ages	Protecting the Green Planet - Green Operations Co-creating a Harmonious Society - People-oriented Approach & Social Responsibility and Contributions Partner in Child's Growth - Customer Satisfaction
SDG4. Quality Education	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Co-creating a Harmonious Society - Social Responsibility and Contributions Partner in Child's Growth - Customer Satisfaction
SDG5. Gender Equality	Achieve gender equality and empower all women and girls	Co-creating a Harmonious Society - People-oriented Approach
SDG6. Clean Water and Sanitation	Ensure availability and sustainable management of water and sanitation for all	Protecting the Green Planet - Green Operations
SDG7. Affordable and Clean Energy	Ensure access to affordable, reliable, sustainable and modern energy for all	Protecting the Green Planet - Green Operations
SDG8. Decent Work and Economic Growth	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Co-creating a Harmonious Society - People-oriented Approach
SDG9. Industry, Innovation and Infrastructure	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	Sustainable Development - Research and Innovation Protecting the Green Planet - Green Products & Green Operations
SDG10. Reduced Inequalities	Reduce income inequality within and among countries	Co-creating a Harmonious Society - Social Responsibility and Contributions
SDG11. Sustainable Cities and Communities	Make cities and human settlements inclusive, safe, resilient and sustainable	Protecting the Green Planet - Green Operations Co-creating a Harmonious Society - People Oriented Approach
SDG12. Responsible Consumption and Production	Ensure sustainable consumption and production patterns	Sustainable Governance - Compliant Operations Protecting the Green Homeland - Green Products Partner in Children's Growth - Excellence in Quality
SDG13:Climate Action	Take urgent action to combat climate change and its impacts.	Protecting the Green Planet - Dual Carbon Action
SDG14:Life Below Water	Conserve and sustainably use the oceans, seas, and marine resources for sustainable development.	Protecting the Green Planet - Dual Carbon Action
SDG15:Life on Land	Protect, restore, and promote sustainable use of terrestrial ecosystems, manage forests sustainably, combat desertification, and halt and reverse land degradation and halt biodiversity loss.	Protecting the Green Planet - Dual Carbon Action
SDG16:Peace, Justice, and Strong Institutions	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels.	Sustainable Governance - Compliant Management Co-creating a Harmonious Society - People-oriented Approach
SDG17:Partnerships for the Goals	Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.	Sustainable Governance - Compliant Operations Creating a Harmonious Society - Win-Win Co-operation

Appendix 4 SASB Content Index

Toy and Sporting Goods

Topic	Topic Description	Type	Metric	Relevant Sections
Sustainability Disclosure Topics and Metrics				
Chemical and Safety Hazards in Products	Number of recalls and total units recalled	Quantitatived	Number	Excellence in Quality
	Total financial losses due to legal proceedings related to product safety	Quantitatived	Currency	Excellence in Quality
	Process for assessing and managing the risks or hazards of chemicals used in products	Quantitatived	/	Excellence in Quality
Labor Conditions in the Supply Chain	Number of suppliers audited for social responsibility behavior	Quantitatived	Number	Collaborative Partnerships for a Better Future
	Non-compliance rate of direct suppliers in social responsibility audits; the rate of relevant corrective measures for priority non-conformities and other non-conformities	Quantitatived	%	Collaborative Partnerships for a Better Future
Activity Metrics				
Activity Metrics	Annual production volume	Quantitative	Number	Company Overview
	Number of manufacturing facilities	Quantitative	Units	Company Overview