



Hape SUSTAINABILITY REPORT 2024



Hape Sustainability Report

2024



About This Report

Organizational Scope

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

Data Explanation

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

Basis for Compilation

This report is prepared in accordance with the Global Reporting Initiative Standards (GRI Standards, hereinafter referred to as "GRI Standards") issued by the Global Sustainability Standards Board (GSSB). It also references and responds to the United Nations Sustainable Development Goals (SDGs) and the standards of the Sustainability Accounting Standards Board (SASB).



Time Range

January 1, 2024 to December 31, 2024 (referred to as the "Reporting Period"). To enhance the comparability and completeness of the report, some contents and data appropriately trace back to previous years.

Form of Report Release

This report is published in two versions: Simplified Chinese and English. It can be viewed online or downloaded by logging onto the official website (<https://global.hape.com/>).

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“In today’s global business environment full of uncertainties, corporate resilience is more precious than ever. Over the past 40 years, Hape has adhered to its original aspiration of “making the world a better place”, with sustainable development as its cornerstone, and is committed to creating a more sustainable future for children, families and even society. In 2024, we made significant progress in the fields of green manufacturing, carbon emission reduction, ecological protection and public welfare undertakings, continuously deepened the concept of “learning through play”, and promoted the innovation and popularization of environmentally friendly and educational toys.

Looking ahead, we will continue to strengthen sustainable development governance, adhere to compliant operations and technological innovation, and work hand in hand with stakeholders such as employees, customers, and partners to jointly address climate change and social challenges.”



Executive Summary

Hape has implemented environmental, social, and governance strategies, established an enterprise risk management system to manage existing ESG risks and identify emerging ones, and integrated the creation of sustainable social value into product research and development as well as daily operations. In 2024, we achieved the following important progress:

Sustainable Governance Continuous Innovation

We have strengthened the roles of the Sustainability Management Committee and its Executive Team, building on material ESG issues identified in the previous year to further implement and monitor our strategic initiatives.

Adhering to a compliance-first approach, we continuously improve our risk management systems and advance the development and application of green products through technological innovation. These efforts not only enhance brand value but also tangibly promote sustainable and high-quality business growth.

People-Centered Care Educational Mission

We are continuously enhancing our comprehensive employee benefits and mental wellness initiatives to foster a safer and more inclusive workplace. By refining career development and training programs, we empower every employee to achieve their professional potential. Additionally, we are deepening our commitment to community engagement through increased participation in global charitable projects and closer collaboration with schools and educational institutions to support the development of future innovators and leaders.

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

Craftsmanship Quality Win-win Cooperation

We formulated and implemented the "Hape Product Safety and Quality Manual" in accordance with the strictest global mainstream standards, comprehensively meeting children's needs, and improving product quality and customer satisfaction. At the same time, we continue to accelerate global layout, strengthen supply chain cooperation, and achieve a sustainable development situation of win-win results for all parties.

Low-Carbon Transition Protecting the planet

We are committed to advancing the harmony between society and the planet by innovating and applying sustainable materials, accelerating plastic reduction, lightweighting, and circularity in packaging, and implementing circular economy strategies. Through greener product solutions, we actively support climate action and leverage scientific methods to reduce carbon emissions across the product life-cycle. Building on green manufacturing, we continuously optimize clean energy use and enhance green production systems to drive low-carbon transformation throughout the value chain.



Environment

We have further integrated green manufacturing practices, achieving an 8% increase in renewable energy usage at our largest production base. The Ningbo production base now operates on 100% green electricity, with 22.43% sourced from on-site solar panels and the remainder from certified external suppliers. In 2024, we elevated recyclable packaging material usage to over 95% and achieved 100% comprehensive utilization of solid waste, marking concrete progress toward a circular economy. Carbon emissions (Scope 1 & 2) at the Ningbo base were reduced by 4.3% compared to 2023. In Romania, our 75,000 fruit trees across 33 hectares provide a thriving habitat for wild bees, birds, and butterflies, enhancing local biodiversity.

Society

For nearly four decades, we have been committed to supporting child development through our unique "learn-through-play" philosophy, bringing joy to children worldwide with our eco-friendly and educational toys. We have also maintained a strong focus on social responsibility. By the end of 2024, the "Hape-Huji Preschool of the Future" initiative had benefited over 1,800 children in remote areas of Yunnan, significantly improving their learning environments.

Governance

We uphold high standards of corporate governance, developing tailored implementation plans in response to evolving trends to enhance oversight at both company and board levels, while addressing stakeholder expectations. Furthermore, we are integrating ESG practices across our supply chain. The establishment of two new factories in Romania advances localization, shortening transport distances to key markets and reducing fuel consumption.



Hape Holding AG

Hape Holding AG, a leader in designing and manufacturing high quality educational toys and products made from sustainable materials, was established in Germany in 1986 by founder and CEO Peter Handstein. For decades, adhering to the corporate values of "Integrity, Care, Responsibility, Innovation and Passion", Hape is committed to being the most influential children's products enterprise in the world and striving to provide all children with a happy childhood, inspiring them to explore the world.

Currently, there are more than 40 Hape subsidiaries globally with thousands of employees. Hape toys are sold in over 100 countries and regions all over the world. As a global player with dozens of international distribution offices, Hape Holding AG owns multiple brands, including sub brands such as Hape®, PolyM®, Senger®, etc., co-brands such as Baby Einstein™, Koriko®, Sugarbots®, etc., distribution brands such as ty®, Trido®, etc. Thanks to the innovative, educational and sustainable properties, Hape toys have been honoured by numerous prestigious awards from all over the world, which proves again that Hape's high-quality toys are of great importance and significance in the industry. For instance, our classic Railway Toy - "Super Cityscape Transport Bucket" has won numerous influential awards, such as 2022 ASTRA Best Toys for Kids Awards, Finalist of 2022 Toy of the Year (TOTY) and more.

Sustainability has been at Hape's core since the beginning, and our research and development of renewable and sustainable materials for the toys has been an essential part of our continued mission to protect the environment for children and future generations. For many years now, rice composite materials, FASAL, wood flour composite and bamboo have become imperative elements of our product material portfolio. More recently, Hape added natural rubber, organic cotton and cork to the roster, further diversifying the portfolio of sustainable materials. What's more, we also accelerated our pledge to reach the goal of 100% Forest Stewardship Council (FSC) certified content used in our products, and we aim to achieve 100% FSC certification for all Hape wooden items. While courageously taking on environmental responsibilities, we also attach great importance to public welfare undertakings and on children in need. For decades, we have adhered to our original intentions, making donations of more than RMB 20,000,000 (in both products and cash) to people in need globally, bringing happiness to children across the world.

Operating income: approximately 2.59 billion yuan

Toy production: over 50 million pieces

Floor area: over 88 mu



Hape International (Ningbo) Ltd.

Hape International (Ningbo) Ltd. is a wholly-owned subsidiary of Hape Holding AG in China. As one of the most important production bases of the Group, Hape International (Ningbo) Ltd. has mature experience in the production and manufacturing of sustainable and educational toys. We have introduced the FSC (Forest Stewardship Council) testing standards, vigorously researched and developed new types of environmentally friendly raw materials such as bamboo, FASAL, bioplastics, organic rice, cork, and natural rubber. We have also put into use recycled environmental protection cardboard, water-based paints, water purification and recycling systems, and adopted organic inks for printed materials, etc., steadfastly fulfilling our social responsibility of green environmental protection.

Happy Arts & Crafts (Ningbo) Co. Ltd.

Founded in 1995, Happy Arts & Crafts (Ningbo) Co. Ltd. is a wholly-owned subsidiary of Hape Holding AG in China. Happy Arts & Crafts (Ningbo) Co. Ltd. is not only one of the most important manufacturing bases of the Hape Group in China, but also a key base for the Group's OEM/ODM business module. The company has an international design team, advanced production equipment, experienced workers, strong warehousing capabilities and a mature management model, making it your trustworthy OEM partner!



Development History

1986 Germany Establish "Hape Kindergarten Supply"	1993 Switzerland Establish Hape Holding AG	1995 China Establish Happy Arts & Crafts (Ningbo) Co. Ltd. as logistic and production facility in China	2002 China Open Hape International (Ningbo) Ltd. as China Brand office	2004 USA & Canada Hape acquires Educo in Canada (renamed to Hape Inc.)	2010 China & Hong Kong Open Hape International (HK) Ltd. as China Macao & Hong Kong office	2012 Italy Open Hape Italian office (renamed to Toynamics Italy S.R.L. in 2022)	2013 Romania Establish Happy Arts & Crafts Romania SRL as production facility	2013 France Open Hape French office (renamed to Toynamics France SAS in 2022)
2013 Austria Hape announces acquisition of Käthe Kruse	2014 China Establish European Educational Group	2014 China Establish Happy Arts & Crafts (Lishui) Ltd. as another logistic and production facility in China	2014 Italy Hape opens research and design studio in Milan	2015 Luxembourg Hape and Abitare launch the joint venture HAKIDS in Luxembourg	2015 France Hape launches strategic cooperation with the movie "The Little Prince", and becomes its global licensing partner	2016 Germany Hape announces acquisition of the German Eco-Soft toy brand "Senger"	2016 Germany Hape announces acquisition of German creative building brick brand "PolyM"	2017 UK & Ireland Open Hape UK office (renamed to Toynamics UK & Ireland Ltd. in 2022)
2017 Japan Open Hape Japan office	2018 Germany & Austria Found Toynamics Europe GmbH	2018 Spain Hape announces investment in the leading Spanish toy brand "Eurekakids"	2019 China Hape opens the first Eurekakids retail store in China	2019 USA Hape and Kids2 launch Kids2 Hape Joint Venture Ltd.	2020 Spain & Portugal Found Toynamics Iberia SLU responsible for Spain & Portugal	2020 Belgium, Netherlands & Luxembourg Found Toynamics BeNeLux B.V. responsible for Belgium, Netherlands & Luxembourg	2021 Taiwan Open Hape Taiwan Ltd. as Taiwan (China) office	2021 China Establish Hape Education Supply (SongYang) Ltd. as new logistic and production facility in China
2021 USA Hape invests in the STREAM toy Sugarbot	2021 Germany Hape and Amorim Cork Composites co-found the Joint-Venture KORIKO - MADE BY NATURE LDA	2022 China Found Toynamics China Ltd. responsible for China	2022 Spain Hape acquires the leading Spanish toy brand "Eurekakids"	2022 USA Hape acquires major stake in "E-KID"	2022 Canada Hape acquires Playwell Enterprises Ltd. the toy distributor in Canada	2023 Germany Hape acquires German Dolls Manufacturer Schildkröt	2023 France Hape announces investment in AT4 France	2023 Germany Hape acquires major stake in DeKo Rome

Domestic and International Authoritative Certifications

Hape leverages robust credentials and efficient management to continuously enhance corporate governance, material certification, supply chain security, and social responsibility. This maturing governance framework not only strengthens our global competitiveness but also ensures our products and operations align with leading ESG standards.

- 1 Certified by ISO 9001 (Quality Management), ISO 45001 (Occupational Health and Safety), ISO 14001 (Environmental Management), ISO 50001 (Energy Management), ISO 14064/14067 (Greenhouse Gas), and "Zhejiang Manufacturing"; recognized as a 2024 Zhejiang Provincial Industrial Design Center.
- 2 Passed BSCI Business Social Compliance Initiative, IETP (ESCP) International Toy Industry Commercial Code, SMETA Supply Chain Social Responsibility Audit, SCAN Supplier Compliance Audit, and GSV Global Security Verification;
- 3 Passed FSC Forest Stewardship Council, GRS Global Recycled Standard, GOTS Global Organic Textile Standard;
- 4 Certified by GB/T29490 Intellectual Property Management System;
- 5 Pay attention to Fair Trade principles and support procurement practices that protect producer rights. By partnering with Fair Trade-certified suppliers, we are committed to advancing responsible supply chain practices and enhancing social sustainability.



Brand System

The company's brand has gone through four stages of development: the germination stage, the construction stage, the expansion stage, and the mature stage, forming a development pattern where the three major sectors of "self-owned brands, cooperative brands, and distribution brands" develop together. Currently, it owns a number of high-quality toy brands renowned both at home and abroad, such as Hape® and PolyM®. The toys, with their innovative, environmentally friendly, and educational attributes, have frequently won various awards globally.



Corporate Culture

Hape adheres to the philosophy of "creating a natural and happy life," guiding the company to abide by laws and regulations, make continuous improvements, and uphold the coordinated development of environment, safety, and quality.



Corporate Mission

Committed to global children's happy learning and joyful growth. Love play, learn.



Corporate Vision

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



Brand Slogan

Love play, learn.

Core Values



Ethical

Establishing the foundation with quality, adhering to commitments, being open and inclusive, and pursuing mutual benefit and win-win outcomes



Caring

Caring for employees, caring for children, caring for partners, and sharing the future



Responsible

Begin with the end in mind, zero out problems, collaborate, and be goal-oriented



Playful

Enjoy work, find joy in it, maintain a balance between relaxation and focus, and create value



Innovative

Innovation by all, continuous innovation, striving for excellence, and pursuing outstanding performance



Passionate

Caring about the world, being down-to-earth, loving what one has chosen, and never forgetting the original aspiration

Awards and Honors

The company has long received strong support from local governments, which has effectively reduced operating costs and accelerated technological innovation and product development. This enhanced our market competitiveness and provided sustained momentum for long-term growth.

During the reporting period, we received government grants totaling RMB 2.116 million.

Corporate Awards



Top 100 Manufacturing Enterprises in Ningbo



Top 100 Competitive Enterprises in Ningbo



Zhejiang Export Famous Brand



Vice President Unit of Zhejiang Toys & Juvenile Products Association



Beilun Outstanding Contribution Model Enterprise Award



49th in 2024 China Light Industry Brand Value Ranking



2024 Chair Appointment: Nottingham Business School China Advisory Board



2024 Most Popular Brand in 13th Ningbo Brand Selection



Trophy for Beilun Outstanding Contribution Model Enterprise

Best Contribution to Sustainable Development

Peter Handstein, founder and CEO of Hape Group, successfully entered the final round of the 2023 "Best Contribution to Sustainable Development Award" in the "TOTY Toy Awards", which is known as the Oscar of the toy industry.



A total of 47 products won domestic and foreign awards and honors in 2024

Highlights of Performance

Sustainable Governance

- Adhered to optimizing the sustainable development framework
- R&D investment RMB **13,044,186**
- **271** valid patents

Partner in Children's Growth

- **119** products have received domestic and international awards and honors
- **Zero** product recalls
- **100%** customer complaint resolution satisfaction rate

Protecting the Green Planet

- **100%** green electricity usage
- **93%** FSC certification rate for Hape brand wood products
- **100%** water-based paint usage
- Over **95%** recyclable packaging materials
- **100%** comprehensive utilization rate of solid waste resources
- **40** mu apple orchard management



Building a Harmonious Society

- Women comprise **60.32%** of employees
- Women make up **40.63%** of management
- **100%** signing rate of the "Special Collective Agreement for the Protection of Female Employees' Rights"
- **Zero** incidents of illegal or irregular employment
- **69** training sessions organized in 2024
- Total training time **45,276.5** hours
- **100%** response rate to proposals from the employee representative assembly
- **100%** coverage of occupational health checkups
- **26** school-enterprise cooperation programs to support talent attraction and development
- Donations totaling RMB **849,275**
- **8** donations made
- **6** community activity participations

Sustainable Governance

“When we pursue economic benefits, we pay more attention to how to develop into a "better" enterprise and how to make the world a better place than when we came. Faced with this issue, the best solution is to adhere to the "path of sustainable development.”

2030 Action Goals

- Achieve global braches' ESG system management coverage
- Continuously enhance Board independence and diversity
- Strengthen business ethics & anti-corruption system
- Maintain commitment to R&D, Innovation & IP Protection



Sustainable Development

● Sustainable Development Governance System

To reinforce the foundation for long-term sustainable development, Hape established a three-tier management system in 2023, led by the decision-making level, driven by the management level, and implemented by the execution level. The Board of Directors consists of nine members, including two external independent directors and two female directors. Under the Board, the Sustainability Management Committee is responsible for formulating and overseeing the implementation of the company's ESG strategy. Eight core departments—Administration, Supply Chain, Procurement, HR, Quality Assurance, Public Relations, Marketing, and Finance—form the execution layer. Clear roles and collaboration mechanisms among all tiers ensure effective implementation and continuous optimization of the sustainability strategy.

The company's sustainable development management structure and the responsibilities of each department are as follows:

Institutional Roles	Composition	Responsibilities
Board of Directors	Members of the Board of Directors	<ul style="list-style-type: none"> · Monitor and evaluate corporate sustainability policies, management and more · Establish sustainability risk management and internal control systems · Assess corporate sustainability performance · Review, approve, and disclose the annual sustainability report
Sustainable Development Management Committee	Executive Vice President's Office	<ul style="list-style-type: none"> · Manage cross-departmental teams to implement sustainability initiatives · Identify and assess sustainability-related risks and opportunities · Benchmark sustainability performance against peers and client expectations · Report regularly to leadership on sustainability progress and outcomes · Review and submit sustainability reports to the decision-making level
Sustainable Development Executive Group	ADM; Supply Chain; Procurement; HR; QA; PR; Marketing; Finance	<ul style="list-style-type: none"> · Execute and implement sustainability strategies and targets · Organize internal and external sustainability training · Ensure compliance with applicable sustainability standards · Implement and maintain sustainability projects and processes · Manage daily sustainability-related risks and operations · Prepare the corporate sustainability report

● Performance of Responsibilities by the Board of Directors /Executive Committee

1 Strategic Leadership and Oversight Mechanism of the Board of Directors

As the supreme decision-making body for corporate sustainability governance, the Board:

- Approves long-term sustainability strategy and 2030 targets (e.g., global ESG management coverage, 100% FSC-certified wooden toys)
- Establishes a multi-dimensional risk management system covering operations, finance, IT, compliance, and ESG
- Reviews quarterly sustainability KPIs and approves the Sustainability Report

2 Sustainability Management Committee

Chaired by the Executive VP and integrating 8 core departments, the Committee:

- Translates strategy into annual plans (28 KPIs assigned in 2024)
- Conducts ESG risk assessments and engages stakeholders
- Establish a communication matrix encompassing customers, suppliers, and the community

3 Sustainability Task Force

Comprising key staff from 8 departments, the Task Force:

- Organizes ESG training and public performance reporting
- Discloses our performance through official websites, social responsibility reports, and other channels to ensure that stakeholders receive information in a timely manner
- Implements daily environmental measures (100% solid waste utilization in 2024)

4 Executive Committee Mandate

- Regularly convenes to review critical operational matters, addressing multiple sustainability proposals in 2024
- Operates under Board-delegated authority for green procurement and eco-technology investments
- Follows standardized procedures to ensure efficient decision-making
- Translates 2030 targets into annual plans, reducing Scope 1 & 2 emissions through equipment and material upgrades

5 Key Achievements

- Implemented compliance risk monitoring with zero major environmental or ethical incidents
- Conducted environmental impact assessments for all material decisions
- Published sustainability reports for two consecutive years



● Annual Review of the ESG Working Group

The Hape ESG Task Force is dedicated to embedding ESG principles across all business units through ongoing collaboration. At its annual October Assembly in 2024, activities included progress updates on key projects, expert discussions on ESG trends, and team knowledge-sharing sessions.

In 2024, we advanced the refinement and implementation of ESG policies—and launched targeted initiatives—across the following material topics to drive performance improvement:

1 Environmental Responsibility

Application of renewable energy

The Ningbo production base is entirely powered by green electricity, with 22.43% supplied by its own solar PV system and the remainder offset through International Renewable Energy Certificates (I-RECs).

Resource recycling

We achieved 100% comprehensive solid waste utilization, with wood scraps diverted to produce biomass fuel or products like toilet lids, and the recyclable waste ratio increasing from 47% to 85% in 2024.

Low-carbon product innovation

We use materials like FSC-certified wood (93% product certification rate) and bamboo, develop solar-powered toys to reduce battery dependency.

2 Social Responsibility

Protection of employees' rights and interests

Female account for 60.32% of our workforce and 40.63% of management. We support work-life balance through family-friendly policies such as flexible hours.

Caring for children

Hape allocated RMB 655,970.23 to the "Hape-Huji Preschool of the Future" project to enhance teaching facilities and teaching quality, alongside donating educational toys valued at RMB 646,148.56. Hape also contributed 2,040 educational toys to the Family-Friendly Space project, supporting children in factories. Additional efforts included the "Starry Sky Dream Building" campaign for children with special needs, participation in the "B&U Project" providing care to 2,154 children in the Tibet Autonomous Region, and the donation of 947 toy sets to the charity store Buy42, extending warmth to more children.

Public welfare activities

Hape has organized voluntary blood drives for 8 consecutive years, collecting 179.5 units of whole blood in 2024. Hape also mobilized volunteers for urban green space clean-ups and marine conservation activities. Additionally, Hape provided funding and support to the "Elderly & Youth Care Initiative".

3 Governance and Compliance

ESG Governance

Adopts a three-tier management system (Board, Committee, Departments) with ESG targets linked to performance reviews.

Safety Enhancement

Conducted multiple safety trainings, reducing the work injury rate by 22% year-on-year with zero major accidents in 2024.

Compliant Operations

Maintained full compliance with ISO 14001 and ISO 45001 standards, recording no environmental violations.

4 Product Responsibility

Quality Control

Supported by 271 active patents and RMB 13.04 million in R&D; products certified to EN71, ASTM F963, with 100% chemical compliance.

Sustainable Design

Achieved over 95% recyclable packaging and 100% water-based paint usage, reducing plastic pollution at source.

● Integration of ESG concepts into corporate culture

Hape integrates ESG principles into corporate culture, engaging employees in daily practices to advance long-term sustainability. Themed activities include:

➤ Environmental Protection

Online/offline eco-awareness events during Earth Day, World Environment Day, etc.

➤ Business Ethics

Regular training to deepen understanding of ethical standards.

➤ Community Public Welfare

Encouraging employee participation in public welfare projects.

➤ Diversity and Inclusion

Workshops on valuing individual differences and mitigating unconscious bias.

● Sustainable Development Strategy

The future is not just a part of us—it is everything to our children, who will inherit the world we shape. Hape adheres to the principle of "minimum ecological cost" and is committed to sustainable development across four pillars: Child-friendly, Family-friendly, Environment-friendly, and Society-friendly.

Guided by our "People, Planet, Education" philosophy and led by the Board and Sustainability Committee, we align our operations with the UN SDGs. Our strategy focuses on 4 key areas—Sustainable Governance, Green Guardianship, Harmonious Society, and Childhood Development—advancing 11 action pathways to implement our sustainability vision.

Sustainability Philosophy

People, Planet, Education



● Corporate Strategic Management

Strategic management serves as a core pillar of our corporate governance and a key mechanism for sustainable growth. We continuously enhance its systematic and forward-looking approach by integrating advanced frameworks—including Huawei's DSTE, the Business Leadership Model (BLM), and Balanced Scorecard (BSC)—into an end-to-end system covering "Strategy Formulation, Deployment, and Evaluation." This ensures sustainability goals are fully embedded within our corporate strategy.

Sustainable Vision and Strategic Orientation

Driven by the mission to "Let children around the world learn happily and grow healthily," we aim to become a leading global brand in educational toys. To address challenges like climate change and shifting regulations, we focus on four strategic pillars: green transition, global branding, responsible supply chains, and digitalization—balancing business growth with environmental and social responsibility.

Strategic Formulation Mechanism

The company conducts its five-year strategic planning by integrating top-down design with bottom-up feedback, led by the Executive VP with cross-functional and external expert involvement. The process applies the "Five Perspectives and Three Decisions" analytical model to systematically assess sustainability trends, regulatory pressures, and global consumption shifts.

Guided by the BLM framework, the strategy is structured around market insights, strategic intent, business portfolios, key initiatives, and organizational enablement—ensuring alignment in resource allocation, capability building, and green innovation. Outcomes are visualized in a strategy map that links sustainability goals with corporate vision, direction, key actions, and milestones.

Strategic Deployment and Implementation Mechanism

The company utilizes the Balanced Scorecard (BSC) to translate strategic objectives into departmental, business, and individual employee goals, ensuring sustainability initiatives are effectively implemented across all organizational levels. Annual key tasks and strategic project lists are developed and executed through cross-departmental collaboration and dedicated resources, with a focus on green production, circular economy, employee development, and customer safety. Digital systems (ERP, BPM, PDM) provide full lifecycle support for strategy execution, enabling quantifiable and traceable sustainability actions.

Strategic Evaluation and Adjustment Mechanism

The company conducts annual mid-term and year-end strategic reviews, supported by regular performance and operational meetings. Evaluations integrate ESG metrics—such as carbon emissions, employee satisfaction, and supply chain compliance—alongside financial and market performance to enable dynamic tracking and adjustment of sustainability goals.

Through strategic control points and performance feedback mechanisms, we continuously optimize resource allocation and risk response, closing the loop from "Strategy → Execution → Evaluation → Optimization."



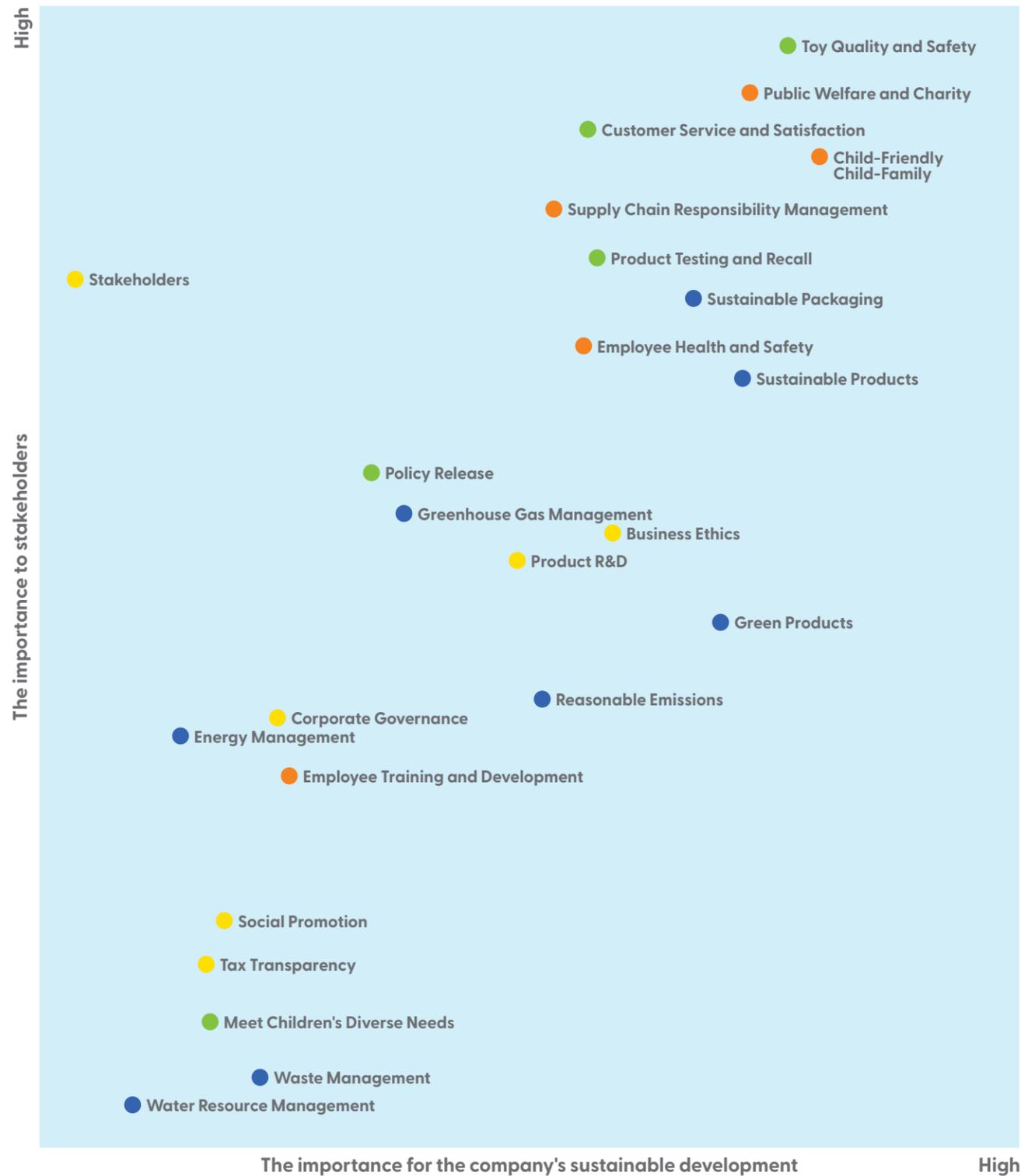
● Stakeholder Communication

Hape has identified key stakeholders—including customers, shareholders, regulators, employees, suppliers, communities, NGOs, and media—and established diverse communication channels to actively address their expectations and requirements.

Stakeholders	Areas of Concern	Communication Mechanisms	Response Measures
Customers	<ul style="list-style-type: none"> Product Quality and Safety Customer Service and Satisfaction Product Innovation and R&D 	<ul style="list-style-type: none"> Satisfaction Survey Complaint Mechanism Official Website 	<ul style="list-style-type: none"> A full-process quality control system covers raw material procurement, production, inspection, and warehousing. All toys comply with EN71 and other international safety standards, supported by a product recall mechanism. Customer feedback is collected through multiple channels (after-sales calls, social media, satisfaction surveys), with annual analysis to drive improvements and enhance satisfaction.
Shareholders	<ul style="list-style-type: none"> Compliance in Operations Transparency of Information Return on Investment 	<ul style="list-style-type: none"> Shareholders' Meetings Information Disclosure Receiving Inspections 	<ul style="list-style-type: none"> Appointed independent directors to strengthen Board structure and decision-making, adopting a "comply or explain" approach. Implemented anti-fraud reporting mechanisms and regular audits to ensure ethical operations.
Governments and Regulatory Authorities	<ul style="list-style-type: none"> Law Abiding National Strategies Response Compliant Emissions Resource Management Climate Change 	<ul style="list-style-type: none"> Policy Implementation Information Submission Environmental Monitoring Press Releases 	<ul style="list-style-type: none"> Ensure products meet regulatory standards in China and export markets, with timely disclosure of environmental and energy compliance data. Upgrade outdated, low-efficiency equipment. Enhance waste sorting and outsourced disposal, increasing resource recycling rates and submitting annual reports as required.
Employees	<ul style="list-style-type: none"> Salary and Benefits Health and Safety Training and Development 	<ul style="list-style-type: none"> Performance Reviews Health Check-ups Training & Activities Employee Representative Meetings Employee Satisfaction Surveys Staff Complaint Mailbox 	<ul style="list-style-type: none"> Implement annual training programs covering skills, management, and ESG awareness, with support for external learning. Enforce non-discrimination policies to ensure gender equality and cultural diversity, promoting women's advancement in technical and managerial roles. Maintain staff congresses, satisfaction surveys, and anonymous feedback channels to foster two-way communication on HR policies.
Suppliers	<ul style="list-style-type: none"> Responsible Procurement Supplier Management Business Ethics 	<ul style="list-style-type: none"> Code of Business Conduct Supplier Conferences Phone & Email 	<ul style="list-style-type: none"> Launched a Supplier Code of Conduct covering labor rights, environmental compliance, and business ethics, with regular on-site audits and corrective follow-ups. Partnered with key suppliers on energy efficiency improvements and joint carbon accounting pilots to enhance upstream decarbonization capabilities.
Communities organizations	<ul style="list-style-type: none"> Public welfare charity Community participation 	<ul style="list-style-type: none"> Press Release Charity Events 	<ul style="list-style-type: none"> Partner with educational and non-profit organizations on toy donations and community children's programs to support child development. Publish an annual sustainability report and participate in industry ESG forums and standard-setting to promote operational transparency.
Media	<ul style="list-style-type: none"> Information Disclosure Business Dynamics 	<ul style="list-style-type: none"> Press Release Official Website 	

Material Topic Analysis

Drawing on the GRI Standards' double materiality principle, we identified 28 material ESG topics relevant to our business and sustainability vision, including newly added topics for 2024 such as transparent internal policy communication and child/family-friendly practices. Through engagement and surveys with key stakeholders—including customers, suppliers, distributors, and employees—we prioritized the topics based on their significance to both our sustainable development and stakeholders' concerns. The final material topics were reviewed and approved by the Board and the Sustainability Management Committee.



● Environment ● Social ● Governance ● Toys

Compliant Operations

Hape strictly complies with Chinese laws, international standards, and prohibits unethical practices, ensuring all operations are lawful, transparent, and fair.

Tax Management

The company has established a sound financial management system covering auditing, capital operations, risk management, and reporting to ensure compliance and support sustainable strategy.

Financial Governance and Internal Control



The company has established a financial management body composed of seasoned experts and professionals, forming a clear and well-balanced governance structure. The internal control system covers key areas such as budgeting, payments, cost control, tax management, and investments, implementing segregation of duties, authorization protocols, and mutual oversight to prevent fraud and errors. Senior leadership rigorously fulfills operational, managerial, ethical, and legal responsibilities to ensure sound and prudent major financial decisions.

Tax Management



The company proactively improves its tax management system, handling daily tax matters, collecting and implementing tax policies, and coordinating with tax authorities. It systematically identifies, analyzes, and assesses tax risks across operations and business processes, adopting priority-based management strategies for mitigation. Regular professional tax risk assessments are conducted under dynamic oversight to ensure compliance with legal and treaty obligations, along with required tax disclosures.

Financial Risk Management



The company has established a comprehensive financial risk management framework covering exchange rate, interest rate, credit, and liquidity risks. Through market analysis, sensitivity assessments, and scenario modeling, potential impacts on operational goals are evaluated, with mitigation measures such as hedging, debt structure optimization, and receivable management implemented.

Financial Information Disclosure and Transparency



The company engages an independent external auditor annually to review its financial statements, ensuring objective presentation of financial status, performance, and tax compliance. Reports are prepared in strict accordance with applicable accounting standards and disclosed truthfully, accurately, completely, and timely, under oversight from regulators, investors, and the public.

Capital Operation and Resource Allocation



The company optimizes centralized fund management and allocation to enhance efficiency, and prepares annual budgets and mid-to-long-term financial plans to align resource allocation with corporate strategy. For financing, it selects diverse funding channels based on business needs while managing cost and risk. For investments, it applies a full-cycle management model from project evaluation to post-investment review, ensuring capital security and returns. Recognized with awards such as "Municipal Leader in Output Per-Mu in Sports Goods Industry" and "District-Level Excellence in Per-Mu Efficiency," the company maintains robust financial management and contributes consistently to local economic and social development.

● Business Ethics and Anti-Corruption

Integrity is one of our core values – defined as quality-based commitment, openness, inclusiveness, and mutual benefit – which we actively promote and practice. As a global company, we prioritize compliant operations, adhering to laws, regulations, and local customs worldwide. We also implement a "Human Model" integrity management system, led by top management with full employee participation, to foster an honest and lawful business environment. In recent years, Hape has been recognized as a Ningbo "Top 100 Integrity Enterprise" and "Integrity Star."

Employees

The company builds trust with employees by honoring commitments on critical matters, applying rules consistently, and acting with fairness. Corporate culture and ethical standards are part of mandatory onboarding, and "self-discipline" is a key performance metric, encouraging all staff to uphold honesty, respect, fairness, and integrity.

Customers

We maintain zero tolerance for quality and safety issues, embedding craftsmanship into our DNA. Throughout design, production, logistics, and service, we exceed global toy safety standards. Committed to integrity and truthfulness, we reject misleading claims and ensure every product is tested in-house and by third parties, meeting all applicable safety regulations so children can play safely and joyfully.

Suppliers

We have established Codes of Conduct for Business and Integrity, and recognize international standards such as ESCP, SAI, BSCI, ETI, and WRAP. Business ethics reviews are a mandatory step before partnerships. Regular supplier conferences communicate our expectations on ethics and sustainability, working together to foster a fair, transparent, and trustworthy business environment.

Hape Ethical Behavior Monitoring System

Object	Main Process	Monitoring Method	Measurement Indicators
Management Staff	Internal Supervision Evaluation	Company Assessment, Internal and External Audits	Asset Value Preservation and Appreciation Rate, Illegal Acts, Major Decision-Making Errors or Dereliction of Duty
All Employees	Compliance Evaluation	Supervision by Company Supervisory Department, Selection of Advanced Activities	Major Disciplinary and Illegal Acts
Key Positions (Procurement, Sales, etc.)	Supplier Selection Process, Procurement and Sales Process	Supplier and Customer Visit Surveys, Whistleblowing Hotline Complaint Frequency	Survey Results Showing Corruption Records, Whistleblowing Hotline Complaint Frequency
External Stakeholders	Cooperation Evaluation	Customer Satisfaction Surveys, Joint Evaluations, Financial Analysis, Complaint Handling	Customer Satisfaction, Complaint Handling Rate, Timely Settlement Rate of Payments

Integrity System Construction

The company operates in strict compliance with national and industry regulations, firmly rejecting any unethical conduct such as bribery, corruption, or fraud. It has established a credit management system and internal policies including the Employee Handbook and Anti-Corruption Policy to ensure lawful conduct by all employees and external parties. Regular integrity training is provided to staff and suppliers to strengthen legal awareness, ethical standards, and foster an environment resistant to corruption.

Establishment of Reporting Mechanism

We have established whistleblowing and protection mechanisms, encouraging employees, partners, and stakeholders to report violations through multiple channels to promote integrity. Individuals confirmed to have violated rules will face actions such as public notices, demotion, or termination; serious cases will be referred to judicial authorities.

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

Reporting Phone: +86(0)574 8688 1158
Reporting Email: internal.audit@hapetoys.eu
Mailing Address: #9-27 Nanhai Road, Beilun, Ningbo

● Enterprise Risk Management Mechanism

As a global children's toy company, Hape prioritizes systemic risk management as a core part of governance. Following ISO 31000, we have built an enterprise risk management framework covering strategy, operations, finance, legal, ESG, and sustainability to ensure resilient and aligned growth.

1 Risk Governance Structure

The company has established an Enterprise Risk Management Committee, led by the General Manager and composed of heads of key functions including finance, legal, quality, audit, and compliance, to oversee risk governance holistically. Each business and functional unit is responsible for identifying and managing its own risks, with all risk matters centrally consolidated by the risk control department. Internal audit and compliance jointly conduct oversight and evaluation to strengthen governance transparency.

2 Main Risk Types and Response Measures

Strategic Risks	We mitigate climate policy and trade friction impacts through multi-market expansion, green product transition, and flexible supply chain management.
Market Risks	Through ongoing market monitoring and consumer insight, we innovate in green and educational toys, optimize regional markets, expand into emerging regions, and strengthen omnichannel and cross-border e-commerce capabilities to enhance adaptability.
Operational Risk	We ensure resilience via a dual-supplier system, end-to-end quality control, green processes, and FMEA analysis to address material volatility and production bottlenecks.
Financial Risk	Budget reviews, financial risk assessments, currency hedging, and credit insurance protect against liquidity and payment risks in global operations.
Legal & Compliance Risk	A group compliance manual, rigorous reviews, and regular anti-corruption, AML, and anti-trust training help manage reputation and liability risks.
Environmental & Social Risk	Green manufacturing, energy-efficient upgrades, FSC materials, and ISO 45001 certification improve our environmental and social performance.

3 Risk Identification and Response Process

Annual Risk Identification	Each department conducts self-assessments based on strategic and operational plans, integrating external regulations and industry trends to develop department-level risk registers.
Quantitative Assessment	A risk matrix is used to evaluate probability and impact, identifying major risks and creating a corporate risk map.
Response Strategy Development	Dedicated action plans are established for major risks, specifying responsible persons, timelines, control metrics, and integration into performance evaluations.
Monitoring & Early Warning	ERP and BPM systems enable real-time monitoring of risk indicators, with automated alerts to enhance proactive prevention.
Post-Incident Review & Improvement	Root cause analysis is conducted for major risk events, processes are refined, and policies are updated to continuously strengthen organizational resilience.

4 Internal and External Supervision Mechanisms

The internal audit team develops annual risk-based plans covering environmental compliance, information security, and supplier codes, with results reported to management for corrective action. Externally, the company undergoes third-party financial audits, ESG verifications (e.g., BSCI, FSC, IETP), product safety tests, and customer compliance reviews, forming a multi-layered oversight system.

Guarding Our Green Home

“Creating a better world for the next generation” is a belief that Peter Handstein has always upheld, and it is also Hape’s original aspiration. We are grateful for the generous gifts of nature and understand that every act of taking should be repaid with a sense of responsibility rooted in gratitude.

2030 Action Goals

- Achieve FSC certification for all Hape wooden toys and the wood raw materials used in them
- Ensure 100% of Hape wooden toys use recyclable packaging materials, and fully eliminate plastic from packaging
- Secure 100% of electricity from renewable energy sources
- Build a second-hand recycling platform to promote recycling and reuse
- Achieve carbon neutrality in headquarters’ own operations (Scope 1 and Scope 2)
- Strive to develop a series of carbon-neutral wooden toys



Green Products

• Sustainable Design

We gather leading global toy designers who have built market strengths in durability, safety, and timeless design. Focusing on enhancing toy circularity, we aim to balance functionality with sustainability. By evaluating environmental and health impacts throughout the product lifecycle—from design and packaging to disposal—we embed recyclability, safe processing, or biodegradability into every stage, ensuring end-of-life solutions align with our sustainability commitment.

Hape’s Design Philosophy

Nurture Childhood with a Child’s Heart

We connect deeply with children’s inner worlds, bridging them with nature and society through thoughtful care and subtle guidance—extending innocence, joy, and happiness to create cherished moments.

Safety First

Every toy is designed to meet the highest international and national safety standards. Before reaching the market, each product undergoes comprehensive testing—covering mechanical, physical, flammability, chemical migration, and structural safety—ensuring children’s well-being.

Close to Nature

Nature is the everlasting inspiration in toy design. Its boundless charm offers rich educational value and design resources. Natural themes captivate children with their affinity and vitality, while also resonating with parents who value cultivating innocence, sincerity, and kindness.



We launched a solar-powered train set, enabling children to explore science and develop environmental awareness. Powered by clean, renewable solar energy, it eliminates battery safety risks and reduces environmental impact, encouraging early eco-consciousness and responsibility.

• Sustainable Development Classic Series

Green Planet Explorers

In 2023, we launched the Green Planet Explorers (GPE) series, an innovative sustainable toy line designed by the Italian team for ages 3–10. Made from eco-materials like bio-based plastics, bamboo, and FSC-certified wood, each set engages children with fun stories and characters to learn about endangered species and environmental care, building Eco Intelligence.



The series combines education and sustainability through:

Eco-friendly Materials

At least 80% of the materials used in the products are derived from renewable resources, such as green polyethylene (Green PE) made from sugarcane, fast-growing bamboo, and traceable FSC-certified paper and wood.

Educational content

Each pack includes character cards and booklets covering themes like ocean conservation, renewable energy, recycling, forest restoration, and organic food, supported by animated videos.

Five Guardian Themes



“More than a toy, GPE is a learning tool that empowers children to become young sustainability ambassadors—inspiring them to play, learn, and grow into little guardians of the planet.”

Sustainable Materials

We actively collaborate with material suppliers, labs, researchers, and designers to source new natural and sustainable materials suitable for toy production. FSC-certified wood, cork, bamboo, and bio-based plastics serve as core eco-materials in our products. Their use not only enriches our product portfolio but also brings greater diversity and innovation to our sustainability efforts.

1 FSC Certification

We actively use FSC-certified wood and paper to protect forests and promote sustainable forestry, reducing reliance on limited resources while meeting environmental standards. We commit to achieving FSC certification for all Hape wooden toys and wood-based materials by 2030.



During the reporting period, over 93% of wood used in branded products was FSC-certified.

2 Environmental Rating of Wood Panels

Hape has upgraded plywood and MDF to China's E0 emission standard as a baseline, widely adopted across product series. Our long-term practices include using FSC/PEFC-certified wood and over 90% water-based paints, creating a green loop from materials to finished toys.



3 Bamboo Eco-Demonstration Base

Fast-growing and highly renewable, bamboo offers excellent strength and durability, making it ideal for sustainable toys. We established a 400+ mu bamboo cultivation base to explore and develop bamboo materials for toy use.



4 Biobased Plastics

Hape actively explores bio-based plastics, including rice composite materials, FASAL wood composite, and Green PE made from 100% plant fibers. These reduce petroleum-based plastics, are biodegradable, lower carbon footprint, and exhibit safe, non-toxic properties suitable for children's products—some even carry a natural plant scent.



GOTS-Certified Products

Senger products are GOTS-certified, meeting global standards for organic textiles in both ecological and social responsibility. Their in-house sewing workshop in Latvia is recognized for craftsmanship, ensuring each handmade doll is unique in design and quality.

Eco-philosophy emphasizes natural, organic, and local materials (avoiding synthetics like polyester), all sewn by hand. Animal welfare is prioritized—wool comes from free-range organic sheep, supporting animal-friendly and natural ecosystems.

Sustainable Packaging

We are committed to ensuring that by 2030, 100% of the packaging materials used for Hape wooden toys will be recyclable, achieving full plastic-free packaging for our products.

Proportion of Various Material Types



We implement a four-pronged packaging strategy—Reduce, Recycle, Replace, and Reuse—to advance green transformation across our product packaging.

Reduce (Reducing Packaging Materials)

We minimize packaging by optimizing design, adjusting dimensions, and refining packaging processes while maintaining functionality, thereby reducing void space in boxes.

Replace (Reducing Virgin Plastics)

We substitute plastic with alternatives such as cardboard instead of plastic pads, kraft paper instead of foam, and honeycomb board in place of polystyrene, significantly cutting plastic usage.

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We substitute plastic with alternatives such as cardboard instead of plastic pads, Kraft paper instead of foam, and honeycomb board in place of polystyrene, significantly cutting plastic usage.

Reuse (Packaging Reuse)

Our cartons contain 70% recycled material and are sturdily designed for reuse. We're creating a "Packaging Reuse" guide with online tutorials to help families transform toy boxes into shelves, playsets, or theaters, extending their value through multi-use.



Carbon Footprint Certification

We reduce carbon emissions across the entire lifecycle from design, materials, and transport to production, packaging, and recycling. Following ISO 14067:2018, we calculated and obtained third-party certification for the cradle-to-gate carbon footprint of the KORKO 5-piece and 20-piece cork block sets. The results show:

- **5-piece set:** Carbon footprint: 0.09 kg CO₂e; after accounting for cork forest carbon sequestration, net balance reaches -4.81 kg CO₂e, achieving "climate-positive" impact.
- **20-piece set:** Carbon footprint: 0.27 kg CO₂e; net balance reaches -19.88 kg CO₂e, delivering even greater carbon reduction benefits.



Analysis shows that adhesives are the largest source of GHG emissions for both products, while the molding process represents the highest share of process emissions. To address these, we have implemented:

- **Formula optimization** Gradually switching to bio-based or low-VOC adhesives to reduce fossil-based carbon.
- **Cleaner production** Introducing high-efficiency equipment in molding and spraying, powered by renewable electricity.
- **Green packaging** Using FSC-certified recycled paper packaging and eliminating disposable plastic liners.
- **Low-carbon logistics & recycling** Promoting carbon-neutral transport and expanding used-toy recycling for closed-loop reuse.



Green Operations

We strictly comply with all applicable Chinese environmental laws and regulations. Effective management systems are implemented to control wastewater, exhaust gases, noise, and solid waste, with no major environmental incidents in the past three years.

Environmental investment during the reporting period reached RMB 3.78 million, a 51.4% increase compared to 2023.

Guided by green principles, our factories utilize clean production and resource recovery. Hape Toys holds a "Four-Star Green Factory" rating.

● Environmental Management System

To improve environmental management, we have established and continuously enhanced an environmental management system that complies with GB/T 24001-2016/ISO 14001:2015. The internally developed and updated Management System Manual (Fifth Edition) helps identify, assess, control, and manage the environmental impacts of our activities, products, and services, and has obtained third-party certification.



● Capacity Building for Environmental Management

Building on existing efforts, the company continuously advances environmental work by implementing the "Three Incorporations": integrating green, low-carbon, and circular development into corporate strategy; incorporating it into production scheduling to ensure synergy between environment and operations; and embedding it in departmental training and work plans to build a culture of full participation. Overseen by the Executive Vice President's office and led by Quality Assurance, environmental management is carried out through daily compliance supervision, capacity building, and external communication.

Daily Compliance

Strictly implement environmental impact assessment, "three simultaneities," and pollutant discharge permit systems. Optimize internal controls for source reduction, process improvement, and wastewater/waste/emissions management. Maintain logs and accept inspections by authorities.

Capacity Building

Enhance environmental staff's skills in laws, emergency response, and risk identification. Deliver 100% employee environmental training to raise awareness.

External Engagement

Collaborate closely with regulators, industry groups, communities, suppliers, and third parties. Monitor market trends, policies, and public input to reduce environmental risks and improve management effectiveness and foresight.



● Energy Management

Guided by principles of scientific energy management, Hape complies with ISO 50001 and relevant national standards, operating under a well-defined Energy Management Manual. Annually investing over RMB 5 million, the company focuses on optimizing energy structure, enhancing efficiency, upgrading equipment and processes, and actively exploring carbon-reduction potentials to promote green and sustainable development.

1 Optimizing Energy Structure

Hape promotes its low-carbon transition through rooftop solar PV and green certificate trading, optimizing clean energy use according to its operational context.

Approach 1

Distributed PV Projects

Guided by the principle of "maximizing installation," Hape has fully deployed rooftop distributed photovoltaics at its Ningbo headquarters. With a total installed capacity of 2.128 MW operating under the "self-consumption with grid feed-in" model,

the system supplied over 1.828 million kWh during the reporting period, meeting 19.55% of the site's electricity demand.

Approach 2

Green Certificate Trading

Hape continues to purchase International Renewable Energy Certificates (I-RECs) as a key measure to offset electricity-related carbon emissions, in response to the RE100 initiative.

During the reporting period, a total of 7,457 I-RECs were purchased, covering 100% of the purchased electricity for Hape's Ningbo headquarters.

2 Improving Energy Efficiency

Guided by the "Green, Low-Carbon, High-Efficiency" philosophy, Hape improves energy efficiency through equipment upgrades and production optimization, continuously advancing energy-saving and carbon-reduction in manufacturing.

Energy-Efficient Equipment Replacement

The company introduces and develops highly automated, low-energy equipment to enhance energy efficiency, quality, and safety. Key reporting period projects include:

- Lowering carbon emissions
- Phasing out all fuel-powered forklifts
- Reducing diesel consumption
- Purchasing electric forklifts and lifting equipment

Frequency Conversion Upgrade for UV Curing Equipment

Upgraded 20 UV curing units, reducing unit power from 15 kW to 13 kW. Based on 2,000 operating hours annually, this saves about 80,000 kWh, reducing emissions by approximately 42.928 tCO_{2e} (using a carbon factor of 0.5366 kg CO_{2e}/kWh), enhancing efficiency and demonstrating commitment to lean, green production.

Kitchen Fuel Electrification

In 2024, kitchen equipment was electrified, replacing paraffin oil burners. Based on quarterly paraffin oil use of 2,907 kg, this reduces GHG emissions by about 9.01 tCO_{2e} per quarter, cutting fossil fuel reliance and improving kitchen energy safety.

Phasing Out Outdated Capacity

While enhancing energy efficiency, the company systematically phases out outdated capacity and replaces high-energy processes. Key projects include:

Energy-Saving Transformation of Air Compressor Systems

A 2024 contract to replace 11 old air compressors (386 kW total) with a high-efficiency system in 2025 will yield an estimated 10% energy saving. Operating 2,000 hours annually, it will save about 77,200 kWh per year, reduce electricity costs by approximately RMB 62,000, and cut GHG emissions by about 41.426 tCO_{2e}, supporting the long-term "Energy Conservation and Consumption Reduction" strategy.



● Water Resource Management

Water for production and daily use is sourced from municipal supply. The company has a comprehensive Water Conservation Management System covering planning, statistics, project implementation, standardization, quotas, and awareness campaigns to promote rational use, conservation, reuse, and recycling.

Water curtain tables and spray towers are key industrial water consumers. By adopting a "circulate and replace periodically" model, we reduce fresh-water demand and lower wastewater discharge. Scrubber-driers are widely used for floor cleaning, ensuring effective results while enabling efficient water recycling.

Energy and Resource Usage

Indicator	2024 Data
Comprehensive Energy Consumption (MWh)	9,199
Energy Intensity (MWh/10,000 yuan)	0.045
Total Water Intake (ton)	28,651
Total Water Consumption (ton)	5,494
Water Intensity (ton/10,000 yuan)	0.111
Wood Usage (cubic meter)	32762.6
Paint Usage (ton)	402.482



● Pollutant Discharge Compliance

1 Wastewater Management

A separate stormwater and sewage system is implemented. Stormwater is discharged into the municipal stormwater network. Domestic sewage is treated in septic tanks before entering the municipal sewage network. Production wastewater, mainly from paint mist removal and spray towers, is collected and treated in an onsite wastewater treatment plant (50 t/d capacity) before discharge into the municipal sewage network. Standard discharge outlets are established, with daily logs maintained to strengthen monitoring and management. Annual third-party testing ensures compliance with GB 8978-1996 Integrated Wastewater Discharge Standard and DB33/887-2013 Indirect Discharge Limits for Nitrogen and Phosphorus Pollutants in Industrial Wastewater.

Discharge outlets follow the principle of "clear labeling, reasonable location and direction, and convenience for sampling, monitoring, and public supervision."

Environmental Pollutant Discharge Status (2024)

Indicator	Total Allowance (tons)	2024 Discharge (tons)
Wastewater Discharge Volume	33,476.5	28,651
Chemical Oxygen Demand (COD)	1.003	0.859 (Yandong WWTP)
Ammonia Nitrogen (NH3-N)	0.092	0.086 (Yandong WWTP)
Smoke & Dust	5.496	4.452
VOCs	12.310	0.156



Central Dust Removal System



Wastewater Treatment Station

2 Waste Gas Management

Waste gas pollutants mainly originate from wood processing dust, spraying, coloring, and printing. Guided by the principle of "collect everything possible and treat according to quality," gases are effectively collected and treated through central dust removal systems and spray towers before compliant discharge. Annual third-party testing ensures compliance with GB 16297-1996 Integrated Emission Standard of Air Pollutants and DB33/2146-2018 Emission Standard of Air Pollutants for Industrial Coating Processes.

3 Noise Management

Multiple measures are implemented to control noise at plant boundaries and workplaces, including introducing low-noise, low-vibration equipment to reduce source intensity; optimizing plant layout; and enhancing routine maintenance to ensure optimal operation and minimize environmental impact. Quarterly third-party testing ensures compliance with GB 12348-2008 Emission Standard for Industrial Enterprises Noise at Boundary.

4 Solid Waste Management

Adhering to the principles of "reduction, harmlessness, and resource recovery," solid waste is scientifically classified, stored, and disposed of in compliance with GB 18599-2020 and GB 18597-2023. Designated hazardous waste storage and general solid waste areas are established on-site, with clear labeling. Waste disposal contracts with qualified providers ensure compliant treatment. Records are maintained for types, quantities, flows, storage, and disposal, with full-process tracking reported to the provincial solid waste supervision system.

To advance sustainability, new recycling models are actively explored. In 2024, a partnership was formed to recycle wood powder and scraps, which are processed into products like wooden toilet seats, achieving full recycling. Total solid waste generated in 2024 was 2,317 tons; from June–December, 1,259 tons of wood powder/scraps were recycled (54% rate). The recyclable waste share rose from 47% (2023) to 85% and is expected to increase further in 2025.

General industrial solid waste (wood offcuts, sawdust, etc.) is entrusted to specialists for conversion into biomass fuel, replacing conventional fuels for power/heat and reducing GHG emissions.



Solid Waste Disposal Status (2024)

Indicator		2024 Data (tons)	Remarks
General Industrial Solid Waste Generated		57.43	/
General Industrial Solid Waste Disposed	Utilization	57.43	Sawdust, wood scraps, waste wood products/parts, waste paper products
Hazardous Waste Generated		186.004	/
Hazardous Waste Disposed	Incineration	185.984	Empty chemical drums, sewage treatment sludge, paint residue, waste paint, waste oil, paint-contaminated rags, etc.
	Utilization	0.02	Waste lamps

During the reporting period, comprehensive utilization of solid waste reached 100%, and the harmless treatment rate of hazardous waste achieved 100%.

Green Office Initiatives

Hape actively promotes green and low-carbon principles, integrating environmental awareness into employees' daily work and life to jointly advance sustainable practices.

Paperless Office

We fully implement digital document management, online approval, and remote meeting systems, enhancing efficiency while reducing paper use and conserving resources for smarter, greener operations.

Green Commuting

Employee shuttle services are provided to encourage eco-friendly travel, easing congestion and lowering carbon footprints.

Waste Sorting

Guided by local regulations, multiple sorting stations are set up in offices, canteens, and production areas, enabling accurate waste separation to support recycling and environmental protection.

Energy-Saving Measures

We gradually replace lighting with energy-efficient options, optimize HVAC operation, and encourage "switch-off when leaving" habits to reduce overall energy consumption and achieve low-carbon office environments.



Plant area (Four-color bins)



Office areas (Four-color bins)

Green Development Training

We actively communicate the principles of green manufacturing to all staff and provide regular training. This training covers management systems, production processes, eco-design, and green manufacturing, aimed at enhancing environmental awareness and professional capabilities. We also encourage employee participation in environmental activities, translating our sustainability strategy into concrete action.

Deepening Environmental Protection: Action Beyond Our Walls

On April 16, a team of seven volunteers from Hape Ningbo participated in a clean-up at a forest park in Beilun District. They cleared fallen leaves and collected litter, improving the park environment while strengthening their own sense of environmental responsibility. This serves as a practical extension of our green development training.

Moving forward, Hape will continue to promote daily actions such as reducing single-use items and improving waste sorting to jointly protect our planet.



Urban Green Space Clean-up

On June 16, twelve Hape volunteers partnered with a local marine conservation organization for a two-day beach clean-up on Qingbang Island.

They collected 130 kg of marine debris, which was then sorted and processed, with recyclables being properly reclaimed. The haul included 41.4 kg of floats, 19.3 kg of foam, 5 kg of plastic bottles, and 63 kg of other non-recyclable waste. This initiative heightened awareness of marine pollution and underscored the critical importance of reducing plastic use.



Qingbang Island Marine Conservation

Dual Carbon Action

Climate change is a shared global challenge. We fully align with national carbon peaking and carbon neutrality goals and actively respond to climate change.

Our Dual Carbon Goals & Strategy

- > Achieve carbon neutrality for our headquarters' operations (Scope 1 and Scope 2) by 2030.
- > Source 100% of our electricity from renewable energy by 2030.
- > Develop a line of carbon-neutral wooden toys by 2030.

Internally, we follow the MRV framework to enhance carbon management. By optimizing energy use and adopting energy-saving technologies, we maximize reductions, explore carbon credit trading, and support removal projects like forestry—applying a "reduce, offset, and remove" approach to build a "zero-carbon factory." Across the supply chain, we promote collaborative decarbonization from design to logistics, jointly developing zero-carbon products. Examples include using FSC-certified materials to curb deforestation, enhance carbon removal, and advance industry-wide sustainability.

Greenhouse Gas Management Framework

Hape has established a robust management framework to ensure the effective implementation of our dual-carbon goals, building upon our existing sustainable governance structure.

A Clear Management Structure

Layer	Composition	Key Responsibilities
Decision-Making	Board of Directors	<ul style="list-style-type: none"> Oversee dual-carbon management, risks, and opportunities. Approve dual-carbon strategies and plans.
Strategy Implementation	Executive VP Office	<ul style="list-style-type: none"> Develop and coordinate dual-carbon strategic goals and pathway plans Establish a dual-carbon team for cross-departmental team management Identify climate change risks and opportunities Strengthen external cooperation and communication
Execution and Monitoring	Led by the Quality Assurance Department, with cooperation from other functions.	<ul style="list-style-type: none"> Executing, monitoring, and reporting on dual-carbon tasks. Collecting and calculating carbon emission data. Organizing internal and external training and awareness-raising activities

Hape regularly monitors and calculates direct and indirect greenhouse gases (CO₂, CH₄, HFCs) at its headquarters production base following ISO 14064. Professional verification by accredited institutions strengthens and confirms our carbon reduction performance. Through the MRV framework, we accurately track factory emissions, providing clear guidance for carbon reduction strategies and action plans.

Greenhouse gas sources within Hape headquarters' operational control include fossil fuel combustion, fugitive emissions from wastewater treatment, refrigerant leakage, and indirect emissions from purchased electricity and heat.

During the reporting period, total Scope 1 and Scope 2 emissions were 6,397.71 tCO₂e, a 2.8% decrease from the 2021 baseline. Emissions of ozone-depleting substances (HFCs) were 228.28 tCO₂e.

Performance Overview

Indicator	Unit	2021 ³	2022	2023	2024
Scope 1 GHG Emissions	tCO ₂ e	158.26	75.31	67.11	412.07
Scope 2 GHG Emissions	tCO ₂ e	6,423.69	5,936.558	4,927.436	5985.64
Total GHG Emissions	tCO ₂ e	6,581.95	6,011.868	4,994.546	6397.71
GHG Emission Intensity	tCO ₂ e/10k CNY	0.032	0.031	0.025	0.025

● Risk Identification and Response

Guided by the TCFD recommendations, we regularly identify and assess climate-related risks and opportunities under various scenarios. Response strategies and action plans are developed to address both transition risks (e.g., low-carbon economy shifts) and physical risks (e.g., extreme weather).

Transition Risks

Risk Type	Description	Strategic Response
Legal & Policy	Tighter regulations (e.g., plastics, carbon pricing) may increase operational costs for products, packaging, and exports.	<ul style="list-style-type: none"> Continuously monitor policy trends and adjust operations proactively to align with sustainability goals.
Technology	The energy transition and phase-out of traditional technologies could raise costs for adopting low-carbon alternatives.	<ul style="list-style-type: none"> Optimize our internal energy structure and enhance efficiency to manage operational costs effectively.
Market	Growing consumer preference for green products intensifies market competition.	<ul style="list-style-type: none"> Integrate sustainable design and offer low-carbon, eco-friendly products with clear labeling. Proactively disclose climate-related information.
Reputation	Increasing stakeholder scrutiny of corporate climate action.	<ul style="list-style-type: none"> Embed climate response into our core sustainability strategy and daily management. Strengthen stakeholder communication.

Physical Risks

Risk Type	Description	Strategic Response
Acute Physical Risks	Increased frequency and intensity of extreme weather events (e.g., typhoons, floods) can disrupt production, supply chains, and logistics, leading to higher costs and reduced efficiency.	<ul style="list-style-type: none"> Developing detailed emergency plans for extreme weather and ensuring adequate resources and personnel are in place. We also monitor local weather alerts for proactive prevention.
Chronic Physical Risks	Long-term changes, such as rising temperatures and sea levels, could affect our operations and suppliers.	<ul style="list-style-type: none"> To build resilience, we are strengthening social responsibility assessments for our suppliers and collaborating with them on climate adaptation strategies.

Transition Opportunities

Opportunity Type	Description
Energy Sources	With growing emphasis on energy sustainability, the company actively optimizes its energy structure and adopts renewable energy alternatives, reducing both production and emission costs while delivering economic and environmental benefits.
Market	Designing and developing low-carbon technologies and products, using renewable and recycled materials, aligns with the growing market and consumer demand for green solutions, enhancing the company's competitive edge and opening new markets.

● Activating Bamboo Forest Resources

Since 2011, we have managed a 413-mu bamboo forest to enhance its economic, ecological, and social value.

- Scientific management improves growth and quality through structural adjustment, fertilization, and pest control.
- Daily protection ensures sustainable use by preventing illegal logging, controlling harvests, and patrolling during shoot season.
- Ecological restoration renews degraded areas, boosts biodiversity, and improves productivity.
- International bamboo design workshops gather global designers to create innovative bamboo prototypes.

“While making promises to our children, we must also promise the environment—because our children will inherit the world we leave behind.”

Co-creating a Harmonious Society

Co-creating a Harmonious Society: The Commitment of the Hape Family

Guided by the “People, Planet, Education” sustainability vision, Hape is committed to building the “Hape Family”—a platform of equality, fairness, and transparency where every employee feels the warmth of a “family culture” and their development and rights are fully supported.

On social responsibility, we actively respond to rural revitalization through diverse initiatives focused on elderly and child welfare, poverty alleviation, and educational support, promoting shared development opportunities. Aligned with our planetary goals, we integrate green principles into public welfare activities, translating commitments into tangible action.

Across the supply chain, we work with partners to enhance product and service quality, uphold responsible sourcing standards, and strengthen end-to-end risk management. By building a sustainable supply chain, we extend sustainability throughout the industry, contributing to a harmonious society and a sustainable future.

2030 Action Goals

- Boost employee well-being & satisfaction
- Explore diverse career development paths
- Achieve “zero” safety incidents
- Serve rural revitalization, give back to society
- Deepen university-enterprise cooperation, empower education
- Full supplier social responsibility audits
- Build a sustainable global supply chain



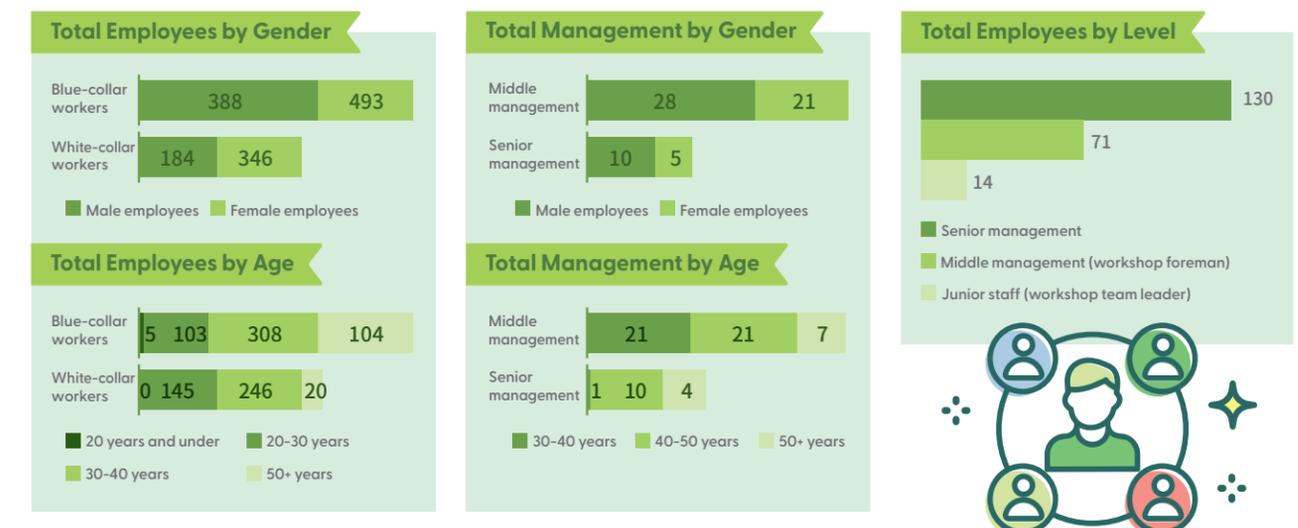
People-Oriented Approach

“Only happy employees lead to Hape's success”

This principle fuels our commitment to fostering a positive work environment, continuous learning platforms, and a strong corporate culture. Guided by a fair distribution model that balances the interests of the company, employees, and shareholders, and supported by a robust performance management system, we work together with every member of the Hape family to achieve our corporate vision.

● Protecting Employees' Rights and Interests

As of the end of the reporting period, Hape's China headquarters had 1,411 employees.



1 Compliant and Ethical Employment

We strictly comply with China's Labor Law, Labor Contract Law, and child labor regulations. Our systems govern recruitment, onboarding, promotion, and termination. We hire through diverse channels, sign compliant contracts, and continuously improve our employment practices to ensure a fair, inclusive, and discrimination-free workplace.

We maintain zero tolerance for child, forced, or bonded labor. Our internal policies include strict identity verification. If child labor is inadvertently hired, work ceases immediately, followed by health checks, reporting, guardian contact, and full wage payment. We also support school enrollment for those without compulsory education. Our policies protect employees' freedom and dignity throughout employment.

Employees may report concerns via suggestion boxes to departments or the union, or directly to senior management.

No incidents of child, forced, or bonded labor occurred during the reporting period.

2 Gender Equality

Hape's development is driven by the creativity and insight of every female manager and employee. We are committed to fostering a gender-equal workplace with equal pay for equal work, ensuring women have equal opportunities and treatment.

We have signed a Special Collective Agreement on the Rights and Interests of Female Employees with the labor union, providing specialized insurance through the Ningbo Female Employees' Health Mutual Protection Program. We organize health check-ups, offer cancer screening vouchers and gifts, and encourage participation in tailored activities to comprehensively safeguard and enhance the well-being of female staff.

We fully implement maternity leave, breastfeeding breaks, and Women's Day holidays, assign suitable roles to pregnant employees, provide nursing rooms, and support the specific needs of female employees.

During the reporting period, the signing rate for the Special Collective Agreement and the participation rate in the Ningbo Female Employees' Health Mutual Protection Program both reached 100%.



Community Activity - Female Craftsmen Making Brooches



Female Activity - Making Flower Baskets

3 Diversity & Inclusion

Hape's employees come from diverse backgrounds. We foster an inclusive culture through policies such as the Anti-Discrimination Policy and Anti-Harassment and Abuse Policy, ensuring every voice is heard and every individuality can thrive. At Hape, we embrace diversity, advocate equality and mutual respect, and encourage innovation and collaboration.

We firmly oppose discrimination in any form. In recruitment, compensation, training, promotion, termination, or retirement, we do not engage in or tolerate discrimination based on race, social class, age, pregnancy, marital status, nationality, religion, disability, gender, sexual orientation, union membership, or political affiliation. We promote an open and inclusive work environment.

● Caring for Employees and Listening to Their Voices

Hape provides all employees with statutory social insurance, housing fund, and comprehensive benefits including quarterly supplies, various allowances, and paid leave. To enhance well-being and teamwork, we actively organize team-building activities such as skills competitions and recreational sports events.

Family-Friendly Factory Initiatives

Hape actively participates in the Family-Friendly Factory initiative, focusing on work-life balance, family support, and health protection—particularly for female employees.

In July 2024, Hape launched a "Summer Class" to help employees with childcare during the holidays. Nine children of employees joined activities at the Hape Experience Center, enjoying a meaningful and joyful summer together.

Working Hours Requirements

- Weekly working hours do not exceed 60 hours
- Daily overtime does not exceed 3 hours
- Annual overtime does not exceed 432 hours
- A 15-minute break is required after every 5 consecutive working hours
- At least 10 consecutive hours of rest within any 24-hour period



Working Hours Management

We optimize work-life balance through flexible hours, versatile clock-in options, and extended annual leave. In addition to statutory holidays, we provide additional leave based on seniority, parenting leave, and family care leave, supporting employees in spending quality time with their families.

Family Care

We provide suitable roles and flexible hours for pregnant employees, conduct postnatal home visits with newborn gifts, and assist with maternity benefits. We also organize free summer classes for employees' children, led by professionals, to ensure a meaningful holiday experience.

Health Security

Beyond statutory social insurance and housing fund, the company provides commercial insurance covering accident, critical illness, and female employees' health protection, along with biennial health check-ups.

Compassionate Mutual Aid

Hape founded its "Staff Care Mutual Aid Association" in 2011 to support employees and their families facing serious illness, disability, or children's education challenges, enhancing their sense of belonging.

During the reporting period, we have supported to 4 employees and their families, with donations totaling 155,000 RMB.



In 2023, Hape organized a session for over 20 employees with Qing Yan, founder of Chuanghui Parenting and a national certified psychological counselor. The discussion covered topics such as "building harmonious family relationships" and "effective parent-child communication."

Hape implements family-friendly policies to create a supportive working environment for parents, enhancing employee satisfaction and belonging. We remain committed to fostering a family-friendly workplace and building a warmer corporate culture.

Diverse Communication Channels

We respect and protect employees' rights to freedom of association and collective bargaining. The employee labor union serves as a communication platform between staff and management, playing a key role in representing interests, safeguarding rights, and participating in decision-making. We encourage union membership to protect employee rights and jointly drive company development. Union coverage has reached 100%.

We emphasize two-way communication through multiple channels and have established systems such as the Quality Committee Management Measures, Employee Representative Procedure, and Grievance Procedure to address work and life-related issues. Employees may directly propose operational and welfare improvements to senior management. Adopted suggestions are managed, evaluated, and rewarded.

An annual staff congress is held, featuring union reports, financial reviews, employee proposals, and live Q&A. Suggestions are also collected via BPM workflows and shared drives. Responsible departments implement corrective measures and provide feedback to all employees for joint supervision.

During the reporting period, 139 proposals were received at the staff congress, with a 100% response rate.

Proposal Type	Quantity	Proposal Type	Quantity
Piece Rate, Wages, Bonuses	13	Travel & Activities	6
Welfare Benefits	20	Environment (Workspace, Function)	23
Canteen	43	Annual Leave	2
Office Software Improvement	2	Parking, E-bikes	10
Protective Equipment (Masks, Uniforms)	4	Health Check-ups	1
Others	15		



Talent-Driven Enterprise Development

Indicator	2023 Achievements	2025 Plan
Recruitment	<ul style="list-style-type: none"> Integrate, maintain, and utilize recruitment channels; Collaborate with departments on human resource planning and recruitment. 	<ul style="list-style-type: none"> Conduct in-depth recruitment needs analysis; expand use of STAR interview methodology; enhance interviewer skills through a certification system.
Training	<ul style="list-style-type: none"> Established an internal trainer team; implemented successful campus recruitment and management trainee programs. 	<ul style="list-style-type: none"> Strengthen training for key roles and new managers; develop new courses based on core competencies; foster a culture of independent innovation.
Compensation & Performance	<ul style="list-style-type: none"> Communicated and formulated new compensation policies; designed their application plan; Implemented the OKR+BSC performance system. 	<ul style="list-style-type: none"> Fully implement and refine compensation policies; enhance performance management to better support employee growth and strategic execution.
Career Development	<ul style="list-style-type: none"> Improved the identification of core organizational competencies; planned for employee development. 	<ul style="list-style-type: none"> Strengthen key position capabilities; build a group-wide HR system; implement a three-pillar HR framework; cultivate operational and innovative talent.

Strategic Talent Acquisition

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

Target Group	Channels & Methods
University Students & Skilled Technicians	<p>We recruit graduates through job fairs, campus events, university partnerships, online platforms, and executive meetings. Early contracts and training are offered to shorten onboarding time.</p> <p>We partner with 26 universities, including Ningbo University and the University of Nottingham Ningbo China, and run a Management Trainee Program. Recognized as a Ningbo Graduate Employment Practice (Demonstration) Base, we also collaborate with vocational schools for targeted technical training.</p>
Office Staff & Workshop Employees	<p>Office staff are recruited via job websites, talent markets, agencies, internal referrals, and social media. Workshop employees are sourced through labor markets, agencies, and staffing services, with selection based on resume screening, professional interviews, and competency assessments.</p>
Mid-Senior Management & Professional Designers	<p>We tap into internal potential, utilize headhunting services, and implement internal referral incentives to attract and recruit suitable talent.</p>

Career Development

We have established a "talent pool" to precisely position employees using a nine-grid model based on knowledge, skills, and competencies, creating clear career profiles for each individual. We collaborate with potential managers to develop personalized career development plans, paving diverse and broad growth paths for them.

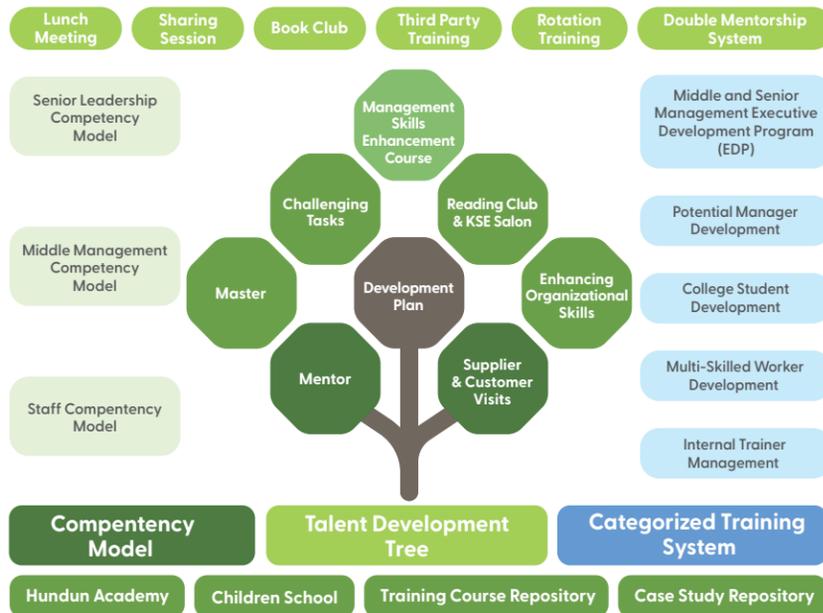
We continuously refine our internal Promotion Management Policy by establishing dual promotion channels, guiding and supporting employees in pursuing either management or professional technical career paths. Furthermore, we encourage managerial development of subordinates through the "Manager Cultivation Award," fostering a learning-oriented and growth-driven organizational culture.



Training System

Hape highly values employee training and development, promotes lifelong learning, and carries out various talent cultivation activities under its talent development tree model. For recent graduates and potential managers, we implement a dual mentorship system, organize reading salons, lunch talks, online/offline training, and job rotation programs to cultivate future leaders and strengthen the talent pipeline. We establish professional qualification tracks and conduct specialized training, workshops, external expert sessions, and off-site learning to enhance job-specific skills and develop technical talent. For mid- to senior-level managers, we provide leadership and mentoring programs to help them nurture talent, ensuring the company has capable personnel to support strategic growth and adapt to rapid market changes. By offering continuous training and development opportunities, we achieve mutual growth and create a win-win outcome for both the company and employees.

Hape's Tiered Classification Employee Training System



We have established a Human Resource Management Center to analyze and identify training needs for different talent levels through multiple channels. An annual training seminar is held to evaluate the effectiveness and suitability of educational methods based on employee performance, company results, and training outcomes, followed by implementing improvement measures. The center also responds appropriately based on factors such as enrollment numbers for mandatory courses, participant feedback, and attendance rates.

Stratified and Categorized Employee Development System

Target Group	Training Objectives	Key Training Content	Diverse Training Methods
Management Staff	Upgrade management skills	Senior Management: Leadership, Management Mindset, Innovation, Strategy, Capital Operations, E-commerce Management Middle Management: Execution, Innovation, Communication, HR, Finance, Quality Management Front-line Staff: Team Management, Production, Quality Tools Functional Management: Operations, Marketing, Office Software	<ul style="list-style-type: none"> A "Potential Manager/Director" program with mentorship components Challenging assignments, book clubs, management salons Executive Development Programs (EDP) in partnership with institutions like Zhejiang University
Technical Workers	Upgrade operational skills	Workplace skills, safety protocols	<ul style="list-style-type: none"> Skill certification programs, master-apprentice pairings, on-the-job training, and job rotation. -Hape also encourages employees to pursue and obtain Level 5 Carpentry Certification.
Professionals	Enhance design & technical skills	Designer qualifications, materials, structural design, process & toy safety	
Sales & Service Staff	Improve job skills	Business operations, trade knowledge, toy product knowledge, toy safety knowledge, business etiquette	
New/ Transferred Staff	Onboarding	Three-level training content (Company policies, employee handbook, safety production, job responsibilities, special post skills, etc.)	<ul style="list-style-type: none"> "New Graduate Transition" training, mentorship, internships, supplier visits



Training Summary

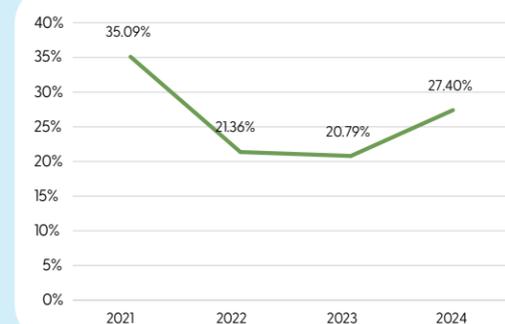
Total Sessions Organized	75
Compulsory / Elective Courses	13 / 53
Internal Trainers Developed	39
Sessions Led by Internal / External Instructors	66 / 9
Total Training Hours	157,660
Employee Participation Rate	68.84% <small>(900+ participants)</small>
Average Satisfaction Score	92.3 / 100

Talent Incentive

We have established a comprehensive compensation management system based primarily on piece-rate and position-based wages, supported by multiple distribution models. Non-production staff undergo regular role evaluations and are graded according to KPIs to determine salary, while production workers' wages are accurately calculated through a system that accounts for piecework and hourly rates.

We implement a diversified incentive strategy that combines tangible and intangible rewards. Performance pay is closely linked to job grade, and material incentives include year-end bonuses, performance commissions, and trainer fees, ensuring employees' efforts are substantially rewarded. Non-material recognition includes promotion pathways, awards for outstanding proposals, quality talent designations, and "Grade A Employee" honors, providing motivational recognition and enhancing professional fulfillment.

Additionally, tenure-based rewards are offered: employees with 5 years of service receive a 50% seniority bonus; those with 10 years receive stock options and cash awards; and those with 20 years are honored as "Meritorious Employees" with custom pure gold business cards and generous travel funds, acknowledging their long-term dedication and contribution.



During the reporting period, 17 Lunch Meetings were held with 203 participants.

Lunch & Learn Program



The company prioritizes employee growth and cross-department collaboration through a talent development mechanism centered on "Lunch Meetings." These meetings serve as a platform for mentorship and interdepartmental exchange. Founders, vice presidents, and directors act as mentors, while current managers guide potential managers and deputy managers.

Lunch Meetings are divided into thematic sessions (focused on best practices and proposals) and open-discussion sessions (emphasizing idea exchange and action learning). An incentive points system rewards active participation and problem-solving, influencing promotions. Mentors also earn points for guidance.

This approach strengthens professional skills, fosters innovation, and supports the company's goal of becoming a learning organization.

● Safeguarding Employee Health and Safety

1 Occupational Health and Safety Management System

We maintain an occupational health and safety management system certified to GB/T 45001-2020/ISO 45001:2018. Our internal Management System Manual is regularly updated to prevent accidents, protect employees' health, and ensure third-party compliance.



2 Occupational Health Management

Through hazard identification and risk assessment procedures, we identify key workplace risks and establish control measures. We improve workshop conditions by adopting advanced technologies, controlling hazardous substances, and maintaining dust-control systems. Annual third-party assessments ensure compliance with national standards such as GBZ/T 192.1-2017. Employees in high-risk areas receive protective equipment (e.g., masks, earplugs) and undergo regular health screenings.

Highlights (Reporting Period): Zero occupational disease cases; 100% health check-up and training coverage; 95/100 satisfaction score for protective equipment.

3 Emergency Management

We conduct risk assessments for potential emergencies—including fire, chemical leaks, equipment failure, and natural disasters—and develop corresponding response plans (e.g., Fire Emergency Response Plan, Chemical Spill Contingency Plan). Regular training and drills are conducted to enhance emergency preparedness and self-rescue capabilities. Designated emergency teams, equipped with maintained response equipment (e.g., emergency lighting, medical supplies), ensure a coordinated and rapid response under unified command to protect employees and maintain operations.

During the reporting period, 2 emergency drills were conducted, achieving *100% employee participation.

4 Safety in Production

As a Grade-3 Safety Production Standardized Enterprise, we implement a multi-layered safety supervision system with daily, weekly, and monthly inspections. Equipment is operated under defined safety procedures, and a "Safety Green Cross" alert system controls onsite risks.

Guided by the principle of "preventing risks, eliminating hazards, and curbing accidents," we enforce a safety responsibility system at all levels. A dual-prevention mechanism (risk classification control + hidden hazard investigation) reduces work-related injuries.

Reporting period highlights:

- Work-related injuries: 43 (34 onsite, 9 traffic-related)
- Fatalities: 0
- Injury rate decreased by 22% year-on-year



Social Contribution

While pursuing corporate value, Hape remains committed to giving back to society, embedding the philanthropic culture of "We Care, We Share" deeply into its corporate ethos. Hape volunteers can be seen everywhere, with every member contributing their unique strength to social charity and striving tirelessly to create a better world.

● Community Engagement and Public Service

We engage in deep collaboration with our community and actively respond to the government's "Support for the Elderly and Children" policy by continuously carrying out charitable activities that benefit seniors and children. We also provide support to the community and vulnerable groups, working together to build a better society.



Participating in the "Caring for the Elderly and Nurturing the Young" Social Welfare Project

On August 30th, 2024, Hape International (Ningbo) Ltd. reached a deep cooperation with the Beilun District Charity Federation on the "Caring for the Elderly and Nurturing the Young" social welfare project and solemnly signed a targeted donation agreement, contributing RMB 30,000 to fully support the daily operation of the project.

Over the past two years, Hape has witnessed and driven the continuous development of the "Caring for the Elderly and Nurturing the Young" charity initiative. Hape's volunteer team regularly visits nursing homes to interact with the elderly, bringing them joy during festive seasons and offering interest-based classes such as musical instruments and painting. At the same time, children are also invited to participate in these activities, fostering intergenerational communication and cultural exchange through the "Joy Across Generations" model. Activities have included Dragon Boat Festival crafts, Double Ninth Festival visits, music therapy sessions, and hands-on workshops, all designed to help more people experience care and social warmth.

Hape Employee Family Care Project

In the summer of 2024, Hape was honored to collaborate with renowned companies such as Mattel, LEGO, Sainsbury's, Disney, and Spin Master in participating in the "Family-Friendly Space (FFS)" charity initiative launched by the Ethical Supply Chain Program (ECSP). Through toy and financial donations, Hape helped create an entertaining and educational warm space for 2,037 children from 55 participating factories. Under this initiative, Hape donated a total of 2,040 toys and approximately RMB 400,000 in funds to support host factories and communities in providing safe activity areas and learning corners for children. These efforts help left-behind children experience family warmth, enabling them to find companionship and happiness in their parents' workplace.



● Promote the Prosperity and Development of Education

“The goal at Gongtong Village 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.”

Children are our future and hope, and education is the foundation of national prosperity and progress. Hape actively practices the sustainable development principle of “Learn”, focusing on the educational growth of children worldwide and striving to create a better world.

Interactive Learning Experience for Special Needs Children



Hape has always been committed to promoting the holistic development of children through the power of toys, paying close attention to the growth needs of every child. On March 29th, 2024, Hape International (Ningbo) Ltd., together with the Hape Experiential Learning Center, collaborated with Beilun Chenxi Education School to launch the “Starry Dreams” initiative – an interactive math learning experience designed for children with special needs. The activity provided an immersive learning environment for 12 children of different ages.

By integrating gamification and interactive teaching methods, the program helped the children learn mathematical knowledge in a relaxed and enjoyable atmosphere, stimulating their interest while enhancing logical thinking, spatial perception, self-confidence, and social integration.



Supporting Early Childhood Education in Remote Areas

Hape remains committed to children's healthy development, creating equal growth opportunities through education and companionship. In 2024, Hape continued its “Future Hope Early Childhood Class” charity initiative to improve preschool education conditions in remote mountainous areas, providing quality learning and development support for children aged 3–6.

Over the past year, Hape collaborated with nonprofit organizations to donate over 650,000 toys, valued at RMB 646,148.56, to 102 kindergartens. An additional RMB 1.04 million was invested in teaching support and educational resource enhancement. These efforts have benefited thousands of children in remote regions, significantly improving early education qual-

ity and stimulating learning interest.

Since its launch in 2021, the “Hape Future Hope Early Childhood Class” has reached multiple ethnic minority and remote mountain areas across China, benefiting over 30,000 children. The project has not only upgraded local educational infrastructure but also stimulated community economic development, helping children in underserved regions gain a more equitable educational foundation.

Moving forward, Hape will continue to center on the “learning through play” philosophy, integrate social resources, and expand educational partnerships to provide sustained support for children's growth.

Hape Child-friendly Experiential Learning Centre Brings Fun to Children

In 2024, Hape Math Museum continues to offer engaging and innovative math exploration activities, providing unique learning experiences for children. During the Aerospace-themed Magic Math Camp held in May 2024, instructors captivated young minds with lively explanations, launching their curiosity into the dynamic universe of mathematics and planting the seeds of mathematical discovery. After the sessions, children freely explored the museum, participated in fun math experiments, completed challenging builds, and investigated fascinating optical illusions—experiencing the wonders of mathematics through 118 interactive play-based activities.



● Spreading Compassion and Charity Worldwide

Since 2016, Hape has launched the “We Care We Share” initiative, donating toys to children in impoverished, disaster-affected, and war-torn areas across countries such as Syria, Zimbabwe, Afghanistan, Nepal, Greece, and China through a “Buy One, Give One” model.

In partnership with third-party non-profit organizations including the Beilun District Charity Federation and the China Toy & Juvenile Products Association, Hape provides toys to children in need worldwide—such as those in underprivileged regions, children's hospitals, autism centers, kindergartens, refugee camps, early childhood education centers, and public children's parks.

During the reporting period, Hape conducted 8 donation events, contributing toys and various products with a total charitable value of RMB 2.12 million.

A Toy Donation Campaign Warms DANA-Affected Children



Hape has always believed that love and care are the most profound and universal language in the world. Toynamics Iberia, in collaboration with influencers such as @nuriacasasc and @losmau, launched a toy donation campaign on Instagram for children impacted by DANA, a flash flood in Valencia triggered by an intense weather event. The initiative quickly gained traction – with the campaign reel going viral amassing 280,000 views and 2,300 likes.

Meanwhile, from December 12th to 18th, the Toynamics team, bolstered by the support from EurekaKids, embarked on a heartwarming mission to distribute more than 5,000 toys to children in need. Beyond mere material relief, this grand gesture of kindness played a pivotal role in rekindling a sense of normalcy and happiness amidst the challenging circumstances faced by these families.

Supplier Support

In management, we guide selected suppliers in optimizing processes and implementing systems like TOC and 5S. In business, we support promising small suppliers with orders and provide training on climate, environment, labor rights, and ethics to strengthen their capabilities and social responsibility.

We regularly hold supplier conferences to share experiences, address challenges, and improve collaboration, jointly promoting sustainable supply chain development.



During the reporting period, 36 suppliers participated, accounting for 53.04% of total procurement expenditure.

Supplier Support Programs	Supplier Types	Frequency
Toy Safety Standards & Recall Cases Training	All Suppliers	Quarterly
Product Inspection Standards & Case Training	All Suppliers	Quarterly
Supplier Evaluation Metrics & 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 Project	Strategic Suppliers	Annually
Product Defect Quality Improvement Project	All Suppliers	Annually
Chemical Risk Control Program	All Suppliers	Quarterly
TOC Production Management Program	Strategic Suppliers	Annually
Key Account Project Tracking Program	All Suppliers	Annually
Outsourced Material Reduction Program	Strategic Suppliers	Annually

Supplier Selection & Management

We have established a complete framework for supplier development, evaluation, selection, and management. Our self-developed SRM system digitizes ordering, delivery, and warehousing, enabling seamless data coordination with suppliers.

Sourcing Criteria

We prioritize suppliers with quality management and CCC certifications, assessing them on scale, social responsibility, quality management foundation, and R&D capabilities.

Supplier Evaluation

Suppliers are evaluated through samples, documents, and on-site inspections across five dimensions: leadership & HR, product development, production management, product safety, and quality management. Scores are categorized into four levels: Green (80–100), Yellow (70–79), Orange (60–69), and Red (<60).

During the reporting period, the overall weighted evaluation score for Hape suppliers was 7.8.

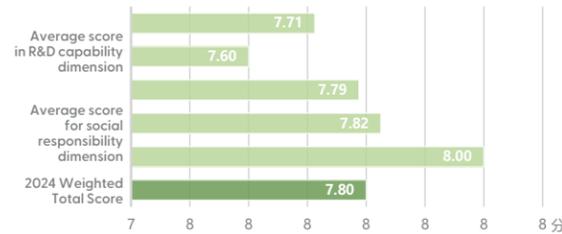


Figure: Average Supplier Evaluation Score During the Reporting Period

Supplier KPI & Tiered Management

After one year of collaboration, suppliers enter a tiered performance system, assessed on quality, delivery, social responsibility, and alignment. They are classified as strategic, potential strategic, at-risk, or general. Quarterly performance indicators are published with prompt feedback to drive systematic improvement.

Sustainable Procurement

We enforce strict procurement requirements, mandating the use of water-based paints and EPA/FSC-certified wood, and prioritize environmentally certified suppliers to strengthen supply chain responsibility and sustainability. Hazardous materials must meet rigorous environmental and quality standards, supported by third-party test reports (e.g., EN71, ASTM F963) prior to delivery.

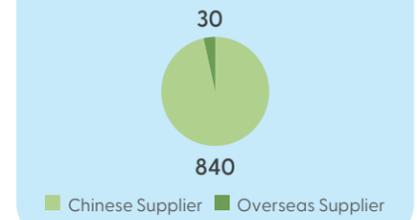
Win-win Cooperation

We work closely with partners through proactive collaboration to implement sustainable procurement, building an environmentally and socially responsible supply chain.

We are planning investments across Central and South America to strengthen brand presence, reduce costs, boost local employment, and achieve sustainable, win-win outcomes.

During the reporting period, we collaborated with 870 suppliers, including 302 finished goods suppliers, all fully meeting Hape's social responsibility requirements.

Number of Suppliers



Hape Code of Conduct

Hape places high importance on managing partnerships with suppliers and distributors. While recognizing international standards such as ESCP, SA8000, BSCI, and ETI, we have established our own Hape Code of Conduct. These regulations effectively manage and oversee suppliers across environmental, social, and governance dimensions to ensure sustainable and compliant cooperation.

Number	Behavior Category	Behavioral Requirements
1	Admission Requirements	<ul style="list-style-type: none"> Prohibition of child labor Protection of juvenile workers Prohibition of forced labor Anti-discrimination <ul style="list-style-type: none"> Anti-harassment and abuse Full coverage of work injury insurance Business ethics
2	Environment	<ul style="list-style-type: none"> Management of water pollutants Noise management <ul style="list-style-type: none"> Management of atmospheric pollutants Soil pollution prevention and control
3	Chemicals	<ul style="list-style-type: none"> List and MSDS Storage, use, and handling Identification <ul style="list-style-type: none"> Operating procedures Employee competence and training
4	Waste	<ul style="list-style-type: none"> List Storage, use, and handling Employee competence and training <ul style="list-style-type: none"> Qualification certification and processing records Operating procedures
5	Fire Control	<ul style="list-style-type: none"> Fire Firefighting equipment Emergency plan Fire escape <ul style="list-style-type: none"> Evacuation alarm Evacuation drill Employee competence and training
6	Employee Health and Safety	<ul style="list-style-type: none"> Work-related accidents and incidents Machine and equipment protection Special equipment Safety signs Safety hazards Drinking water Working environment Sanitary facilities <ul style="list-style-type: none"> Personal protective equipment First aid facilities and first aid personnel Safe operation procedures Employee capabilities and training Alcohol and medicines, drugs
7	Employee Engagement	<ul style="list-style-type: none"> Employee representation Freedom of association <ul style="list-style-type: none"> Collective bargaining Grievances
8	Recruitment, working hours	<ul style="list-style-type: none"> Employment contract Working and overtime hours <ul style="list-style-type: none"> Resting time Recruitment procedures and agencies
9	Salary, benefits	<ul style="list-style-type: none"> Salary Annual leave <ul style="list-style-type: none"> Social Insurance
10	Accommodation, canteen	<ul style="list-style-type: none"> Accommodation conditions and safety <ul style="list-style-type: none"> Canteen

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

- Ensure full-process quality & toy safety
- Achieve “zero defects” and “zero recalls” in product quality
- Attain “zero complaints” in customer service



End-to-End Management of R&D, Sourcing, Production, and Sales

We integrate R&D, sourcing, production, and sales into an end-to-end management flow driven by customer demand and focused on stable delivery and user experience. Clear standards and responsibilities ensure transparency, traceability, and verification at every stage from concept to market. Guided by “source control, managed process, verified outcome,” we embed safety and manufacturability early in R&D, ensure quality and timeliness in sourcing, maintain consistent production rhythm, and deliver accurately and intactly through logistics and sales. This builds a unified system with “one standard, one pace, one data language” that continuously improves efficiency, delivery, and satisfaction while upholding safety and quality.

We are committed to meeting global consumers' high expectations, providing children with safe, educational, and enjoyable play experiences from start to finish.

• New Quality Productive Forces

We adhere to “stable rhythm, reliable delivery, continuous improvement” as our core production principles. Through equipment upgrades and process optimization, we shift improvements to the frontline while ensuring safety and quality. We consistently introduce automated and digital equipment, along with self-developed tooling, to reduce reliance on heavy labor and high-skill tasks, enhancing consistency and operator comfort. Integrated with annual upgrade plans and maintenance mechanisms, we have established a closed-loop “initiation–review–implementation–evaluation” process, making continuous improvement a routine practice. In recent years, we have introduced and developed various efficient automated systems, driving productivity, optimizing workforce deployment, and strengthening quality stability and delivery capacity.

In 2024, two major production line upgrades were completed:

Intelligent Packaging Line: Introduced automated box forming, sealing, palletizing, and strapping to form a closed-loop automated process. Machine vision and IoT technologies ensure precision and stability, significantly reducing manual dependency and operating costs. The upgrade increased workshop capacity by over 30%, supporting stable delivery in a greener and more efficient manner.

Smart Woodworking Equipment: Integrated drilling, milling, and three-sided chamfering into a synchronized four-step process for box production. What previously required 3–4 operators was streamlined to one operator. Processing efficiency increased by over 60%, product consistency reached over 99%, and modular design enables batch processing of some-specification parts. The upgrade doubled capacity while reducing energy consumption by around 20%, achieving synergy in efficiency, quality, and energy performance.

• Product Research & Development

At Hape, toy R&D begins with the Hape Product Quality & Safety Manual, which sets standards higher than national regulations. Safety, manufacturability, and sustainability are integrated from the start. In the concept phase, designs are aligned with eight core child development areas (e.g., gross motor, fine motor, visual perception) to ensure both educational and playful value. Cross-departmental design reviews, supported by FMEA/DFX analysis, identify and mitigate potential risks early. Prototypes are rapidly iterated using 3D printing and digital modeling, allowing safety and structural verification at each stage. Packaging undergoes full testing for temperature, vibration, compression, and drop resistance. After samples meet specifications, a Product Approval (SPA) process requires 50 pilot units to validate production stability, followed by third-party lab tests against ISO 8124, EN 71, ASTM F963, and other standards. Before mass production, toys are tested by children at experience centers, partner kindergartens, and employee families, with feedback on grip, attention span, and usability collected. The entire process is documented via PDM/ERP and visualized through MES for traceability and carbon footprint tracking. Materials include FSC/PEFC-certified wood and >80% water-based paint, supplemented by bamboo sourced from Hape’s own 400-acre base to reduce carbon and cost. The team masters 10 core technologies—such as magnetic paint coating, conductive plastics, and wood-plastic-electronic integration—enabling innovative yet mass-producible features. With 37 interdisciplinary designers and global studios driving ongoing innovation, Hape also contributes to national toy safety standards (e.g., GB/T 41649, GB/T 39498), embedding industry-leading requirements into its internal baseline. This ensures every new product fully meets both global regulations and Hape’s higher internal standards before launch.

• Procurement and Supply Chain Management

Our procurement process is built on “clear requirements and closed-loop workflows”: from material requests to delivery scheduling, we monitor the entire procurement chain—including quantity, unit price, quality, and delivery timelines—before order approval and placement. Authorization-based multi-level reviews ensure data consistency and clear accountability.

In our own-brand supply chain, we operate on a demand-driven “pull-based” model, with target inventory and buffers set at each stage to manage fluctuations in supplier deliveries caused by seasonal cycles in the timber industry. Daily/weekly sales data trigger replenishment and production, reducing overall inventory while minimizing stock-outs and volatility, leading to more balanced and reliable manufacturing.

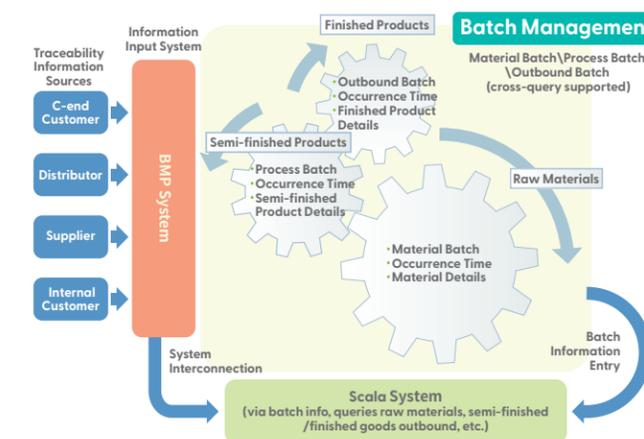
For international logistics, we prioritize standardization and on-time delivery, ensuring every step from warehousing to shipment is clear, controlled, and traceable. We maintain a reliable data platform and coordinate efficiently with relevant departments. Finished goods are shipped on a first-in-first-out basis, with abnormal batches clearly locked and controlled in the system to ensure stable outbound quality.

• Customer Feedback & Response

We prioritize the “voice of the customer” through an omni-channel feedback and rapid response system for both physical and online stores. Dedicated teams and standardized processes ensure all feedback is logged into a unified system for quality improvement. Using CRM and RFM analysis, we segment members to enable more targeted service and communication.

Our sales cycle operates as a closed loop: market research → insight generation → information sharing → lead incentive. We engage in international fairs, roadshows, and systematically gather customer input for product development. Market insights from e-commerce, social media, and external sources are shared company-wide. Leads are managed and tracked via CRM, with incentives encouraging frontline information sharing and conversion.

We conduct regular “external benchmarking + internal validation.” Through ERP, PDM, and BPM platforms, we maintain batch traceability and recall procedures, supported by annual drills to ensure swift identification and handling of affected batches.



During the reporting period, no product recalls occurred at Hape.

Customer First

“ A truly child-friendly toy should spark imagination and curiosity, be open-ended without predefined answers, and encourage children to explore and create independently. We strive to meet children's holistic needs and actively contribute to building child-friendly cities. ”

● **Meeting Diverse Needs**

Age-Appropriate Selection: From Toddlers to Runners

We refer to the ISO 8124-8 toy age classification guidelines, incorporate past experience and market-based age labeling of similar toys, consider the growth and developmental characteristics of different age groups, children's skill levels during play, and align with the eight core developmental abilities to design age-appropriate toys.

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.



Rattle Toys



Activity Gym

Active Stage

12-36 Months

Children aged 12–36 months are curious and active, learning to walk, climb, run, and jump. They enjoy exploring through music, movement, pretend play, and early social interaction.

Hape supports this development with push-pull toys, building blocks, stacking sets, sand toys, rocking horses, and puzzles.



Pound and Tap Bench



Jungle Puzzle

Social 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.



Smart Shop



Multi-Level Railway City Set



Taking musical toys as an example, for newborns we design gentle and soothing products to stimulate sensory development and provide a first musical experience. For toddlers, toys shift toward playful exploration, using high-quality rhythm and melody to spark curiosity and motor skills. Preschoolers can then use mini instruments to easily learn melodies and rhythms, taking an important step in their musical journey.

● **Combining Intelligence and Fun, Inspiring Future Stars**

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.

2024 Key Outdoor Product Line: LIBO Series

In 2024, we launched the LIBO series of outdoor toys. The mission of the LIBO series is to lead children and families into the outdoor world! By simply stepping outside, an exciting adventure begins. Here, you can breathe fresh air freely, enjoy the gentle touch of sunlight, and deeply explore the wonders of nature. With our innovative outdoor toys, new adventure opportunities emerge every day. Gather your friends or family and embark on this fun-filled journey! As long as you bravely step out and stay active, every day will be a unique new adventure!



Scientists

The Hape x Baby Einstein series combines wooden, plastic, electronic, and tech elements to spark children's natural curiosity. These toys encourage kids to explore and learn, while helping parents nurture that curiosity—growing together through play toward success.



Inventors

The Junior Inventor series empowers children's innate drive to explore and transform the world. Through hands-on materials for discovering physical phenomena and building simple machines, even four-year-olds can experience the joy of innovation.



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.



Explorers

The great outdoors holds precious childhood memories—freedom to roam, fresh air, and exciting outdoor toys that take children's adventures to new heights.



Dedicated Playmates, Caring for Special Needs Children

We believe every child has the right to learn and play freely, and every child with special needs has unique ways of perceiving, learning rhythms, and unlimited potential. Partnering with research institutions, we integrate academic insights and industry expertise, working alongside psychologists, educators, designers, and engineers to develop toys and educational products tailored for children with special needs, promoting their intellectual, physical, and emotional growth through play.

Additionally, we are compiling a detailed play guide or curriculum plan, including step-by-step instructions and tips, explaining how to use these toys effectively in therapeutic contexts, their therapeutic value, improvements and skill development supported by test results, and adaptable disability types. This will serve as a practical resource for therapists, teachers, and caregivers to better support children's development and learning.

● Delivering Quality Service

Hape consistently adheres to the business philosophy of "mutual benefit, mutual respect, learning from each other's strengths, and win-win cooperation," ensuring sustainable and positive customer relationships.

1 Understanding Customer Expectations Through Multiple Channels

We utilize various channels tailored to different customer segments to grasp their needs, expectations, and preferences. For overseas markets, we participate in international and regional toy fairs, establish overseas branches, conduct field visits with sales teams, and operate on platforms like Alibaba International and Amazon to understand client needs. Domestically, we engage in toy exhibitions, in-depth market research, and CRM systems to listen to every customer's voice. For business partners, we invite them to company visits, host distributor conferences, and attend maternal/child and toy fairs both domestically and abroad. For end consumers, we organize roadshows and leverage big data and social media platforms to study consumption habits and user profiles. We promptly translate customer insights into design, production, sales, and service processes.

2 Customer Complaint Management

The company has established a rapid response mechanism for customer complaints to ensure effective and timely resolution, continuously improving product and service quality while maintaining a strong reputation.

During the reporting period, there were 137 customer complaints, with a 100% satisfaction rate in resolving them.



3 Customer Satisfaction

At Hape, customer satisfaction is our core focus. We measure distributor and retailer satisfaction through conferences, interviews, and surveys. Consumer satisfaction is tracked via e-commerce metrics such as product accuracy, service attitude, and delivery speed.

Our tailored surveys cover 19 metrics, including responsiveness, complaint handling, product alignment, delivery punctuality, and repurchase likelihood. We also monitor quality through customer visits, complaint systems, professional reports, e-commerce analytics, and an 800 hotline. Feedback is actively collected and addressed to continuously enhance satisfaction and brand reputation.

Improvement Opportunities	Improvement Measures
Delivery	<ul style="list-style-type: none"> • Implement TOC • Integrate suppliers • Increase Logistics Dept. Weekly Meetings
Quality	<ul style="list-style-type: none"> • Reduce COPQ (Cost of Poor Quality) • Enhance QDN meetings and workflows
Pricing	<ul style="list-style-type: none"> • Integrate resource • Lower procurement costs and control expenses
After-sales	<ul style="list-style-type: none"> • Enhance training for customer service staff to boost product knowledge and reduce the time taken to address after-sales issues

Guarantee of superior quality

Driven by innovative production operations and grounded in quality, we integrate R&D, supply, production, and sales. Through standardization and traceability systems, we continuously improve process capability and delivery reliability, safeguarding children's safety and customer trust with high-quality products and lifecycle quality management.



● Quality Management System

The quality and safety of toys are vital to children's well-being and the "lifeline" of our brand and growth. We strictly comply with laws and regulations such as China's Product Quality Law, and have established a quality management system aligned with GB/T 19001-2016/ISO 9001:2015, which has been certified.

We actively support the "Same Quality, Same Line, Same Standards" initiative. Drawing from key international toy standards—including ISO 8124, EN 71, ASTM F963, SOR 2011, and GB 6675—we have developed the Hape Product Safety & Quality Manual, applying the strictest requirements. This commitment has earned wide market recognition and trust.

● Safety Performance Testing

Parents' concerns about toy safety mainly focus on chemical and physical risks. We have established a dedicated toy technology laboratory, equipped with advanced devices and skilled technicians, and maintain exchanges with internationally accredited external labs. The laboratory independently conducts mechanical and physical tests—such as torque, tension, drop, stability, sharp points/edges—as well as chemical analyses including color fastness, saliva/sweat resistance, and XRF heavy metal scanning.

To address chemical risks, we prioritize branded raw materials and verify safety through ingredient reports and sample testing, while actively reducing toxic substances in production. Physical risks are mitigated through early design evaluation to avoid choking, cutting, entanglement, and impact hazards, with toy dimensions tailored to children's age and development stage.

Our R&D process follows internal testing procedures that exceed international standards. Before mass production, samples are rigorously tested by accredited third-party laboratories against global safety standards. Clear warning labels, age markings, and detailed usage instructions are also provided to guide safe use.



Appendix 1 Data Summary

Social Performance indicators

Indicator	Unit	Data of 2024
Employee Information		
Total Number of Employees	People	1,411
Female Employees	People	839
Male Employees	People	572
Employees Aged 30 & Under	People	253
Employees Aged 30-40	People	554
Employees Aged 40-50	People	480
Employees Aged Over 50	People	125
Total Number of Middle and Senior Managers	People	85
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	%	27.4
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	95
Emergency Drills	Times	2
Number of work-related accidents	People	43
Work-related deaths	People	0
Work injury rate	%	3.04
Employee Training and Development		
Number of Training Sessions Organized	Times	69
Number of Course Categories	Sessions	38
Internal Trainers Developed	People	44
Total Training Hours	Hours	45,276.5
Employee Training Coverage Rate	%	70.45

Public Welfare and Charity

Total Donated Toys	Pieces	6,581
Children and Families Benefited	Individuals/Households	4,841
Total Value of Charitable Donations	10 Thousand RMB	3,384,928.15
Number of School-Enterprise Partnerships	Institutions	26
Supplier Management		
Number of Collaborating Suppliers in the Year	Suppliers	870
"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	592
Brand Customer Complaint Resolution Satisfaction Rate	%	100

Economic performance indicators

Indicator	Unit	Data of 2024
Operating Revenue	100 Million RMB	25.9
R&D Investment	10 Thousand RMB	1,304
Environmental Protection investment	10 Thousand RMB	378
Toy Production Volume	10 Thousand Pieces	5,000

Management Performance Indicators

Indicator	Unit	Data of 2024
Total Number of Board Members	People	9
Number of Female Board Members	People	2
Number of external independent directors	People	2
Business Ethics Training Coverage Rate	%	100
Annual Patent Applications	Items	23
Annual Design Patents	Items	10
Obtained Annual Utility Model Patents Granted	Items	13
Total Valid Patents	Items	271
Total Standards Led and Participated In	Items	10

Environmental Performance Indicators

Indicator	Unit	Data of 2024
Energy Usage		
Total Energy Consumption	MWh	9,199
Energy Intensity	MWh/10 Thousand RMB	0.045
Installed Capacity of Renewable Energy	MW	2,138
Renewable Energy Consumption	MWh	1,282
Global Sustainability Certifications Purchased	MWh	7,457
Water Usage		
Total Water Withdrawals	Tons	28,651
Total Water Consumption	Tons	5,494
Water Consumption Intensity	Tons/10 Thousand RMB	0.111
Pollution Emissions		
Wastewater Discharge	Tons	28,651
Chemical Oxygen Demand Emissions	Tons	0.859
Ammonia Nitrogen Emissions	Tons	0.086
Particulate Matter Emissions	Tons	4.452
VOCs Emissions	Tons	0.156
General industrial Solid Waste	Tons	57.43
Generated General Industrial Solid Waste Recycled	Tons	57.43
Hazardous Waste Generated	Tons	186.004
Hazardous Waste Incinerated	Tons	185.984
Hazardous Waste Recycled	Tons	0.02
Greenhouse Gas Emissions		
Scope 1 Greenhouse Gas Emissions	Tons CO ₂ e	412.07
Scope 2 Greenhouse Gas Emissions	Tons CO ₂ e	5,958.64
Total Greenhouse Gas Emissions	Tons CO ₂ e	6,397.71
Greenhouse Gas Emission Intensity	Tons CO ₂ e/ 10 Thousand RMB	0.025
Raw Material Usage		
Wood Usage	Cubic Meters	32,762.6
Paint Usage	Tons	402.482
Packaging Material Usage		
Paper Packaging Material Usage Share	%	95.999
Plastic Packaging Material Usage Share	%	3.218
Wooden Packaging Material Usage Share	%	0.616
Other Packaging Material Usage Share (Metal, Textile, Composite Materials, etc.)	%	0.166

Appendix 2 GRI

Usage Instructions Hape reported the information referenced in this GRI Content index according to the GRI Standards from January 1, 2024, to December 31, 2024

GRI 1 GRI 1: Foundation 2021

Disclosure Items	Relevant Sections
GRI 2: General Disclosures	
Organization and Reporting Practices	
2-1 Organization details	Company Profile
2-2 Entities included in the organization's sustainability report	About This Report
2-3 Reporting period, frequency, and contact	About This Report
2-4 Information restatements	About This Report
Activities and Workers	
2-6 Activities, value chain, and other business relationships	Company Profile
2-7 Employees	People-Oriented
2-8 Workers who are not employees	Win-Win Cooperation
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 Joint Development
2-20 Procedures for determining remuneration	Talent Drives Joint Development
Strategy, Policy, and Practices	
2-22 Statements about sustainability strategies	CEO Message
2-23 Policy commitments	Sustainable Development Strategy
2-24 Embedding policy commitments	Sustainable Development Strategy
2-25 Processes to remediate negative impacts	Full 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	Awards and Honors
Stakeholder Engagement	
2-29 Approach of stakeholder engagement	Stakeholder Communication
2-30 Collective bargaining agreements	Caring for Employees and Listening to Voices
GRI 3: Material Topics 2021	
3-1 Process to determine material topics	Material Topics Analysis

3-2 List of material topics	Material Topics Analysis
3-3 Management of material topics	Throughout the Text
GRI 201: Economic Performance 2016	
201-1 Direct economic value generated and distributed	Company Profile
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	Protecting Employees' Legal Rights and Interests
201-4 Financial assistance received from government	Company Profile
GRI 204: Procurement Practices 2016	
204-1 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	Energy Management
302-3 Energy intensity	Energy Management
302-4 Reduction of energy consumption	Energy Management
302-5 Reduction in energy requirements of products and services	Energy Management
GRI 303: Water and Effluents 2018	
303-1 Interactions with water as a shared resource	Water Resource Management
303-2 Management of water discharge-related impacts	Water Resource Management
303-3 Water withdrawal	Water Resource Management
303-4 Water discharge	Compliance with Pollutant Emission Standards
303-5 Water consumption	Water Resource Management
GRI 304: Biodiversity 2016	
304-2 Significant impacts of activities, products, and services on biodiversity	Dual Carbon 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	Compliance with Pollutant Emission Standards
GRI 306: Waste 2020	
306-1 Waste generated and significant waste-related impacts	Compliance with Pollutant Emission Standards
306-2 Management of significant waste-related impacts	Compliance with Pollutant Emission Standards
306-3 Waste generated	Compliance with Pollutant Emission Standards
306-4 Waste transferred for disposal	Compliance with Pollutant Emission Standards
306-5 Direct disposal of waste	Compliance with Pollutant Emission Standards
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	Protecting Employees' Legal Rights and Interests
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Caring for Employees and Listening to Voices
401-3 Parental leave	Caring for Employees and Listening to Voices
GRI 403: Occupational Health and Safety 2018	
403-1 Occupational health and safety management systems	Guarding Employee Health and Safety
403-2 Hazard identification, risk assessment, and incident investigation	Guarding Employee Health and Safety
403-3 Occupational health services	Guarding Employee Health and Safety
403-4 Worker participation, consultation, and communication on occupational health and safety	Guarding Employee Health and Safety
403-5 Worker training on occupational health and safety	Guarding Employee Health and Safety
403-6 Promoting worker health	Guarding Employee Health and Safety
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Guarding Employee Health and Safety
403-8 Workers covered by occupational health and safety management systems	Guarding Employee Health and Safety
403-9 Work-related injuries	Guarding Employee Health and Safety
403-10 Work-related ill health	Guarding Employee Health and Safety
GRI 404: Training and Education 2016	
404-1 Average hours of training per employee per year	Talent Drives Joint Development
404-2 Programs for upgrading employee skills and transition assistance programs	Talent Drives Joint Development
404-3 Percentage of employees receiving regular performance and career development reviews	Talent Drives Joint Development

GRI 405: Diversity and Equal Opportunity 2016		
405-1 Diversity of governance bodies and employees		Protecting Employees' Legal Rights and Interests
405-2 Ratio of basic salary and remuneration of women to men		Protecting Employees' Legal Rights and Interests
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		Protecting Employees' Legal Rights and Interests
GRI 409: Forced or Compulsory Labor 2016		
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor		Protecting Employees' Legal Rights and Interests
GRI 410: Security Practices 2016		
410-1 Security personnel trained in human rights policies or procedures		Guarding 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 Contribution
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 3SDGs Content Index

Sustainable Development Goals (SDGs)	Initiative Introduction	Relevant Sections
SDG1. No Poverty	End poverty in all its forms everywhere.	· Creating a Harmonious Society - Social Contribution
SDG2. Zero Hunger	End hunger, achieve food security and improved nutrition and promote sustainable agriculture.	· Creating a Harmonious Society - Social Contribution
SDG3. Good Health and Well-being	Ensure healthy lives and promote well-being for all at all ages.	· Guarding the Green Home - Green Operations · Creating a Harmonious Society - People Oriented, Social Contribution · Child Growth Partner - Customer First

SDG4. Quality Education	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	· Creating a Harmonious Society - Social Contribution · Child Growth Partner - Customer First
SDG5. Gender Equality	Achieve gender equality and empower all women and girls.	· Creating a Harmonious Society - People Oriented
SDG6. Clean Water and Sanitation	Ensure availability and sustainable management of water and sanitation for all.	· Guarding the Green Home - Green Operations
SDG7. Affordable and Clean Energy	Ensure access to affordable, reliable, sustainable and modern energy for all.	· Guarding the Green Home - Green Operations
SDG8. Decent Work and Economic Growth	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	· Creating a Harmonious Society - People Oriented
SDG9. Industry, Innovation and Infrastructure	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	· Sustainable Governance - Research and Innovation · Guarding the Green Home - Green Products, Green Operations
SDG10. Reduced Inequalities	Reduce income inequality within and among countries.	· Creating a Harmonious Society - Social Contribution
SDG11. Sustainable Cities and Communities	Make cities and human settlements inclusive, safe, resilient and sustainable.	· Guarding the Green Home - Green Operations · Creating a Harmonious Society - People Oriented
SDG12. Responsible Consumption and Production	Ensure sustainable consumption and production patterns.	· Sustainable Governance - Compliance Operations
SDG13. Climate Action	Take urgent action to combat climate change and its impacts	· Protecting Our Green Home - Dual Carbon Action
SDG14. Life Below Water	Conserve and sustainably use the oceans, seas and marine resources for sustainable development.	· Protecting our green home - Green operations and dual-carbon actions
SDG15. Life On Land	Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss.	· Protecting our green home - Green operations and dual-carbon actions
SDG16. Peace, Justice and Strong Institutions	Promote just, peaceful and inclusive societies.	· Sustainable Governance - Compliance Governance: Building a Harmonious Society - People-Centered Approach
SDG17. Partnerships for the Goals	Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.	· Sustainable governance - compliant operation; creating a harmonious society - win-win cooperation

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	Quantitative	Number	Excellence in Quality
	Total financial losses due to legal proceedings related to product safety	Quantitative	Currency	Excellence in Quality
	Process for assessing and managing the risks or hazards of chemicals used in products	Qualitative	/	Excellence in Quality
Labor Conditions in the Supply Chain	Number of suppliers audited for social responsibility behavior	Qualitative	Number	
	Non-compliance rate of direct suppliers in social responsibility audits; the rate of relevant corrective measures for priority non-conformities and other non-conformities	Qualitative	%	
Activity Metrics				
Activity Metrics	Annual production volume	Quantitative	Number	Company Profile
	Number of manufacturing facilities	Quantitative	Units	Company Profile

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