

HEMPFORTEX INDUSTRIES LIMITED

# Sustainability

## 2019 Report

A person is standing on a rocky outcrop in the foreground, looking out over a large, dark blue lake. The lake is surrounded by green, grassy slopes and rocky terrain. In the background, there are large, rugged mountains with patches of snow and a cloudy sky. The overall scene is a scenic, natural landscape.

HEMP  
FORTEX



## Reviews

Should there be any discrepancy between the Chinese and the English versions, the Chinese version shall prevail. If you have any questions or suggestions on the contents of this report, please contact us by phone or email. The contact details are as follows:

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Tel: 86 0532-85736680  
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# About This Report

This is the first sustainability report for Hemp Fortex Industries Ltd. The purpose of the report is not only to convey the company's sustainability strategy, management policies and performance to the relevant business stakeholders, but also comprehensively introduce the company's continuous development of sustainable activities for the community and environment.

Hemp Fortex believes sustainability is the company's long-term direction. In accordance with the core of Global Reporting Initiative (GRI) Sustainability Reporting Standard, we adopt the principles of balance, comparability, accuracy, timeliness, clarity and reliability to define the content of this report. Unless otherwise noted, the scope of this report includes data and activities of Hemp Fortex Rushan Industrial Zone and Osung Textile Ltd in Shandong Province, China. This report summarizes the company's policies, activities in the sustainability during the year 2019 (January 1, 2019 to December 31, 2019).

## How to get the report

This report can be downloaded from Hemp Fortex official website :  
[www.Hempfortex.com](http://www.Hempfortex.com)

# CONTENTS

## content

About This Report  
 Chairman's Statement  
 About Hemp Fortex  
 Corporate governance and risk management  
 The way to sustainability  
 Corporate sustainability progress  
 Our main product  
 Our certification and certificate  
 Stakeholder Engagement  
 Substantive evaluation

### Product

- product quality
- Use sustainable raw materials
- Product Innovation
- Product responsibility

### Environment

- Environmentally friendly production
- Energy consumption
- Use of materials
- Greenhouse Gas
- Water Management
- Use of resources
- Waste Management

### Workplace and safety, occupational health and training

- Staff Structure
- Training and Development
- Staff health and Safety management
- Staff Benefits

### Supply Chain Management

- O-sung Textile
- Public welfare
- GRI Standard Content Index

## Pages

1  
 3  
 4 - 6  
 7  
 8  
 9  
 10 - 14  
 15 - 16  
 17  
 18  
  
 19 - 22  
  
  
 23 - 28  
  
  
  
 29 - 32  
  
  
  
 33  
 34 - 36  
  
 37 - 39

CONTENTS



## CHAIRMAN'S STATEMENT

The year 2019-20 marked the 20th anniversary of Hemp Fortex. Even though this year has been a challenging time for the world and for our company, we are continuing to grow and expand the business globally, while remaining focused and committed to the highest environmental, social, and ethical standards. Our vision is to design and produce innovative and high-quality products, while minimizing the impact on the environment and creating sustainable value for our business stakeholders and communities.

In the last few years we have developed our own sustainability management system and metrics in line with our own and our customers values. This involves conducting substantive evaluations, welcoming third party auditing organizations, and maintaining open communication with business stakeholders. To accomplish our goals we have committed to focusing on five main areas: product quality and innovation; environmental protection; sustainable operations; continuous training of our valuable employees, and giving back through our charitable foundation.

Hemp Fortex is committed to protecting the environment for the next generation. As the world's leading hemp textile and apparel manufacturer, we have focused on the development and supply of high-quality and innovative products. This includes growing, and encouraging our suppliers to grow, non-irrigated organic hemp textile fiber grown with only rainwater and with composted farm manure. Through increasing the efficiency of our production chain and with our green production plan, we have significantly reduced electrical consumption, thus greatly reducing our carbon emissions.

As a multinational company with around 300 employees, we are committed to them with a safe and comfortable working

environment. We seek to keep our corporate social responsibility at high international standards. As a socially responsible company, it is also very important for us to give back to the community. Through the Hemp Fortex Foundation, we have been supporting the following projects: congenital spina bifida relief for Yanan; the Sichuan Liangshan leprosy community, and the relief for the Nepalese earthquake. In addition, Hemp Fortex also actively participates in community and charity activities in the Rushan area, where our main factory is located. We also make an innovative condition for the younger generation through sponsorship programs.

Hemp Fortex's 20th anniversary is an important milestone for the company. As we are about to enter our third decade, we will continue to strive to integrate the concept of sustainability in all our company's strategies and innovations. We also seek to strike a balance between the impact of economic development, environmental protection, and social responsibility. In the coming years we plan to continue to create strategic business plans to create eco-friendly value for business stakeholders and our communities.

Mr. Ding Hongliang  
CHAIRMAN  
December 29, 2019

# About Hemp Fortex

HFX was founded in 1999 with the idea that fabrics can be environmentally friendly and still meet the strict requirements of the apparel industry; for fashion, innovation, performance, quality and delivery. We call it conscience without compromise.

Our unique position as a vertically integrated manufacturer and converter gives us stewardship over every part of the process. We source the best and most environmental fibers, spin the highest quality yarn and knit and weave fabrics that are both fashion right and eco friendly.

We work only with our own manufacturing facilities or facilities where careful audit, land standing relationships and our own QC staff insure that our strict standards are met. We use only EU approved dyes and chemicals in our dyeing and finishing and carefully monitor and control waste water.

Our new collections each season incorporate not only the latest trends but also the newest findings and innovations in low impact

manufacturing.

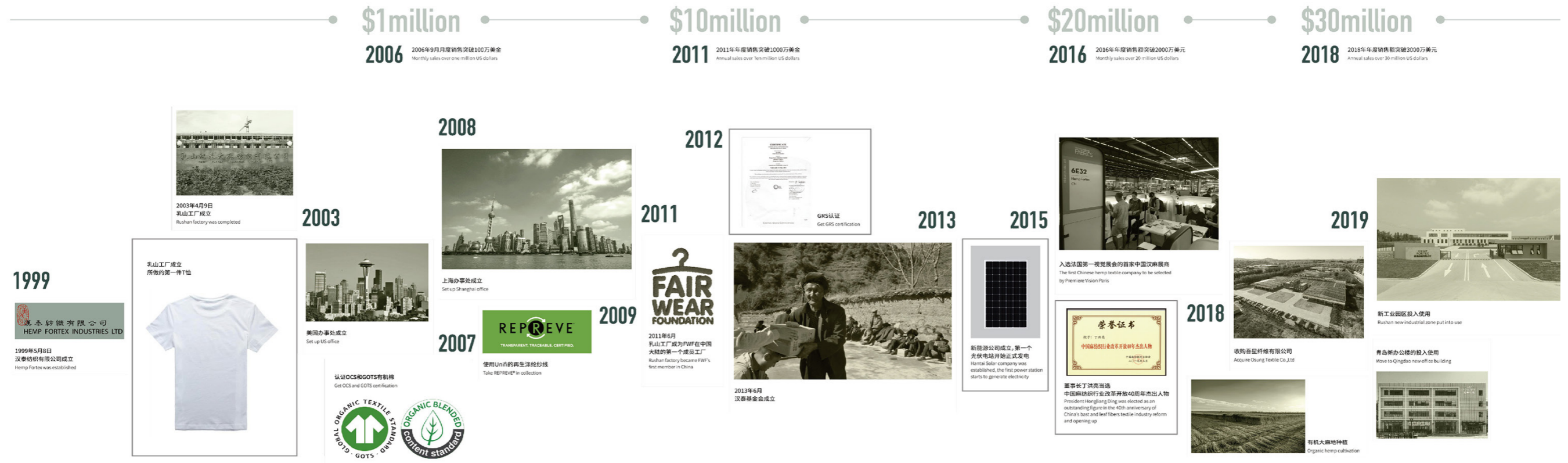
We are the group of people who never compromise and stick to their dreams. In the Chinese textile industry, which is undergoing dramatic changes today, we want to be the game changer and feel that the mission on our shoulders is more heavy, this industry has a long way to go.

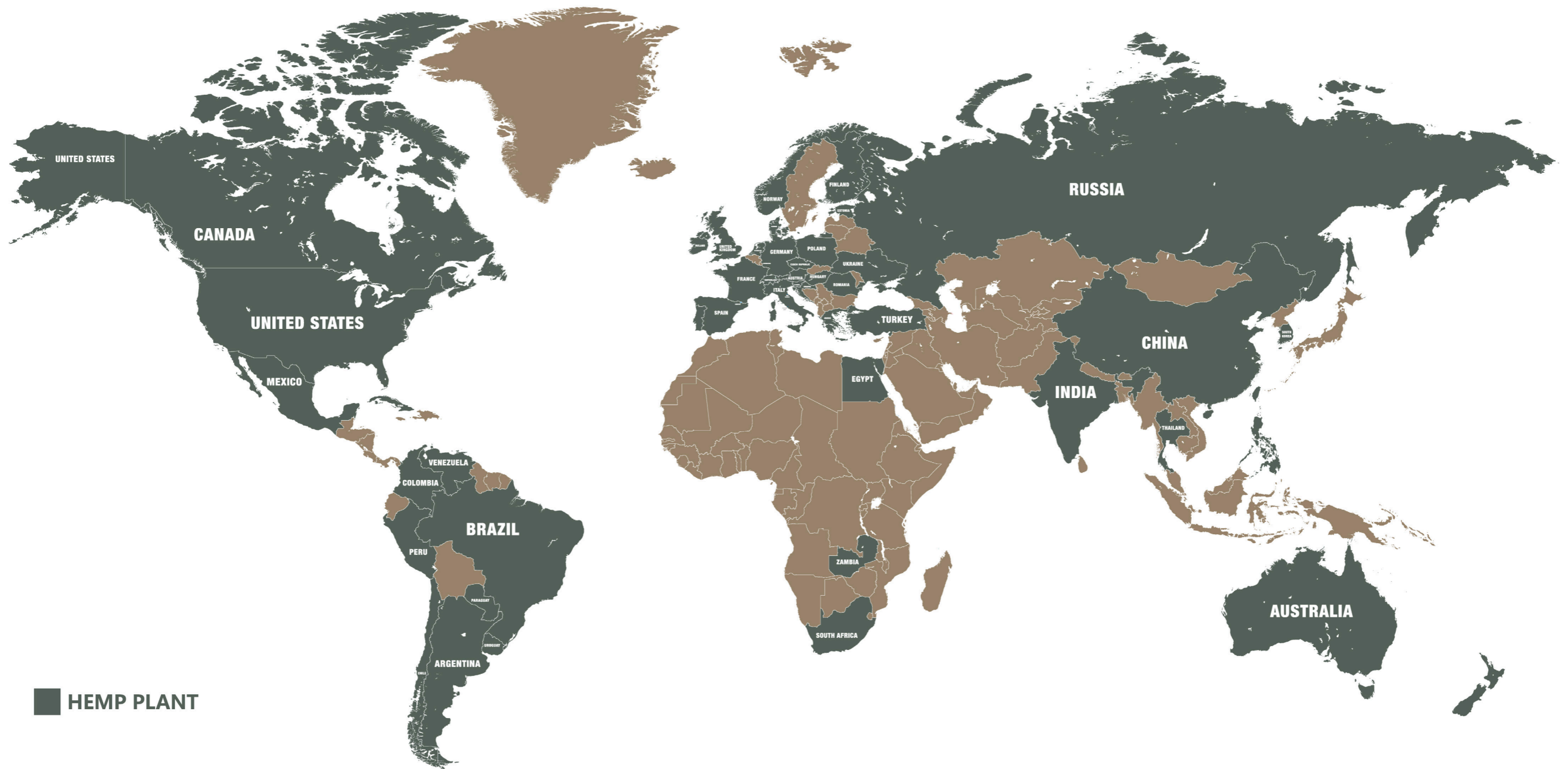
In the past two decades, we have grown together with many customers with the same dream. While creating customer value, we are proud of the passion and creative work environment built by all Hemp Fortex employees, and the unremitting efforts for the more cleaner water, air in future, and safe & comfortable clothing.

Not disappointing the historic opportunity given to us by the times, linking the world with hemp green ecological textiles, Hemp Fortex has always been on the road, keeping the initial belief, move forward courageously.



Hemp Fortex's Business map in the world







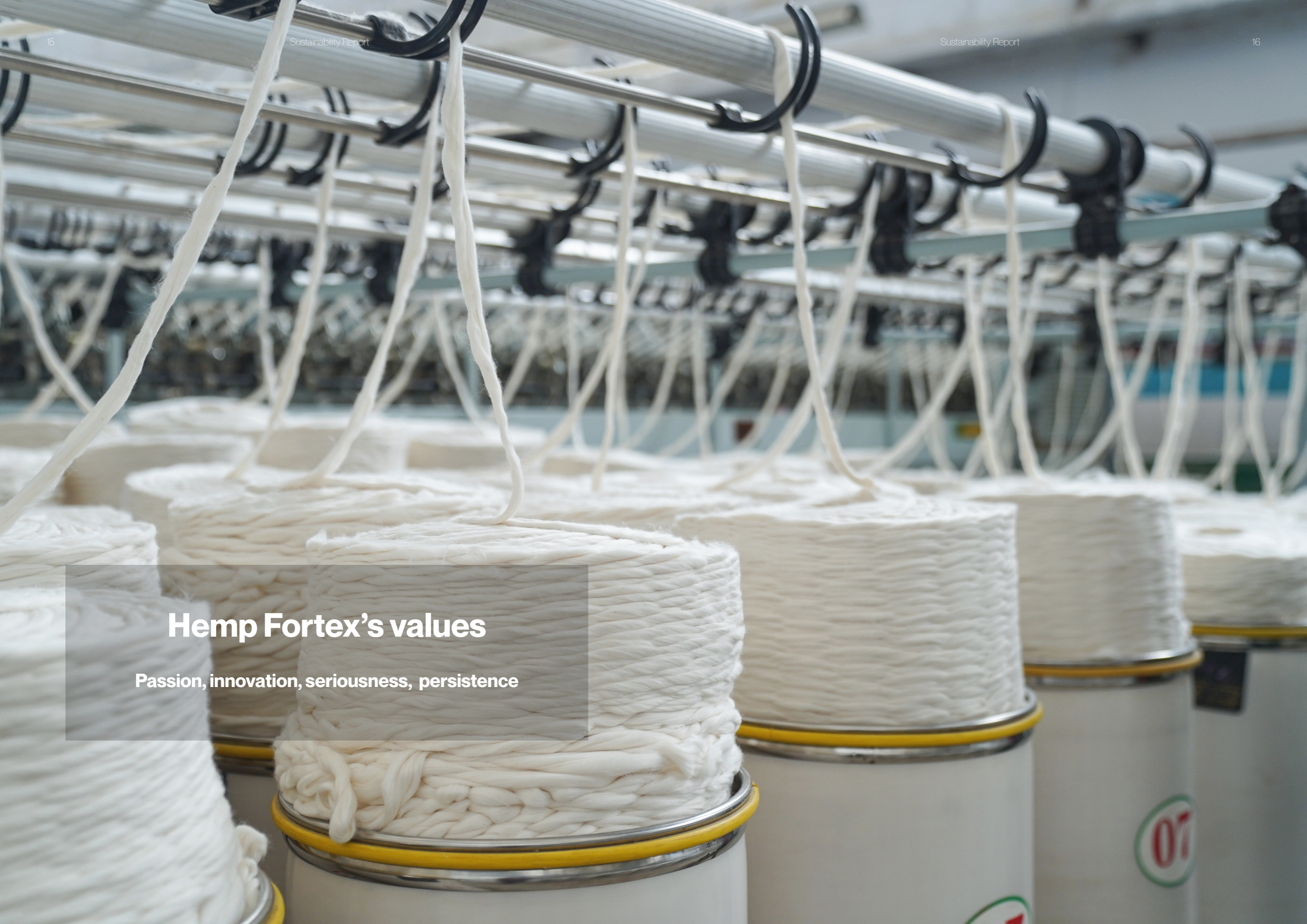
## Our vision

Design and produce world-class natural, organic and environmentally friendly textiles to make our life more natural, healthy and perfect.

## Our Mission

Create a whole new field of fabrics and clothing, develop and produce natural organic and recycled personalized products;  
Make a passionate and creative working environment, so that every employee can grow together with the company.

























## Hemp Fortex's values

Passion, innovation, seriousness, persistence



# Our client

- |   |   |   |
|---|---|---|
|    | LOEWE   |    |
|    |    | COS   |
|    |    |    |
| POETRY  | EILEEN FISHER   | patagonia   |
|   | Lafuma  | ARITZIA   |
|  | Jack Wolfskin   | ORVIS   |
| maloja  | TOAD&CO   | OSKA  |
|  | Afends.   |  |
| hessnatur   | Theory  | nomads  |
|  |  |  |
| 10tentree   | WRAP  | OUR LEGACY  |
| Marc O'Polo   | OUTERKNOWN  | VINCE.  |
|  |  |  |
|  |  |  |

# Corporate governance and risk management

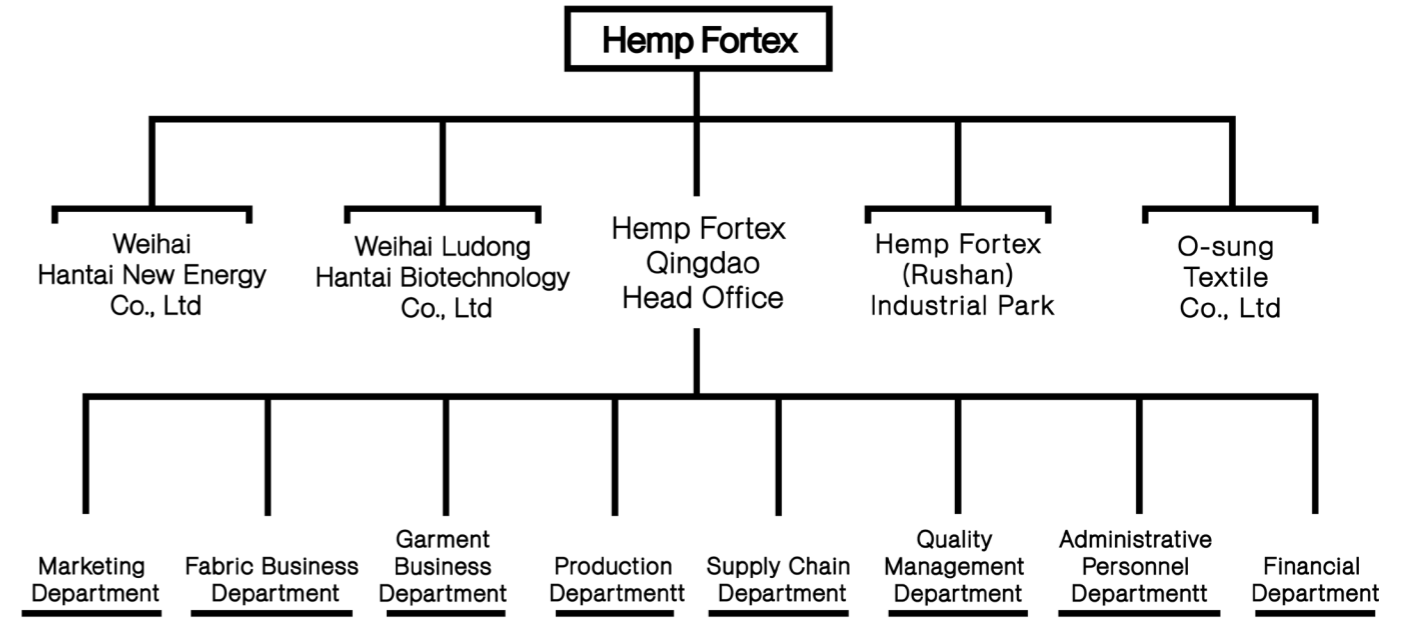
For many years, Hemp Fortex has developed a comprehensive management structure. We continuously improve the company's policies and procedures to ensure that the structure comply with regulations, while striving to be the best model in the industry. Achieving this requires, we need a broad and in-depth governance structure and risk management processes.

## Code of Conduct

Our code of conduct is the cornerstone of our governance and operation. It sets standards for employee behavior and requires them to act with high integrity. We also develop additional codes of conduct for employees in specific risk areas, covering conflict of interest, corruption, accounting standards and internal management. Employees are required to make sure that they understand the code of conduct applicable to their duties and positions and that compliance is signed every year to ensure that the company's policy for customers, business partners, shareholders, employees and the business community meet the highest standards of business conduct and ethics. Based on changing business environment, we will regularly assess the group's codes of conduct to ensure that they reflect current global best practices and meet the expectations of business stakeholders.



# Organizational Structure





## Corporate Expansion

O-sung Textile is a dyeing facility purchased by Hemp Fortex on 2019 Year. O-sung Textile has led the textile industry through quality improvement and technical development since 1958 as a factory specialized in knitting, dyeing, finishing and manufacturing of nylon and polyester tricot/ circular goods. The annual production capacity can reach 1000 tons.

The plant is equipped with all sorts of related machines from knitting to inspection process. O-sung are concentrating the effort on the development of new materials to satisfy the tastes and values of our customers with automated lines and computer system based on long experience and technique.

O-sung pushed on with our long-term plan on the development of new materials every season and finally succeeded in developing high value added goods such as Span Velvet, Suede, Soft Boa, EF-Velboa and PPT(SORONA)2-way that brought about a reformation in light weight tricot pile.

We only use dyes that have been certified by Oeko-tex and GRS, and all chemicals and waste water are under strict control. All recycled polyester meets GRS standards, and the entire production process is supervised by Ecocert certification.

Nowdays, Osung has developed over 15 recycled products, including rabbit hair / PV velvet and some long-staple fabrics, with the same color and quality as ordinary polyester. After that, Osung will gradually replace all products with environmentally friendly recycled polyester.

# Exhibitions



Picture of Zhang Haibo, former mayor and current Secretary of Weihai

On November 16, 2019, Zhang Haibo, former mayor of Weihai and current Secretary of Weihai, went to Rushan Hemp Fortex hemp textile Co., Ltd. to have a detailed understanding of the company's production and operation, and exchanged and discussed with the person in charge on how to deal with international trade frictions, develop diversified markets, and enhance enterprise competitiveness.

He encouraged enterprises to continue to work hard to highlight their characteristics, identify the breakthrough point of high-quality development, consolidate and enhance their comparative advantages, and strive to become the invisible champion; he also continued to work hard on intelligent transformation, optimized production process with artificial intelligence, and improved the level of industrial intelligence, etc. which pointed out the direction of our company in the future.

**HEMP FORTEX**

Discover our seasonal and permanent collections at this year's Première Vision Paris.



**PREMIÈREVISION**


SEP 17-19th, 2019  
Booth #6E32

PARC D'EXPOSITIONS PARIS NORD VILLEPINTE

1688 CREATIVE INDUSTRY PARK, BUILDING C4, 3RD FLOOR,  
1022 BELILO ROAD, QINGDAO, SHANDONG 26619, CHINA.  
TEL: 86 532 8573-6660. FAX: 86 532 8573-3880. MAIL: INFO@HEMPFORTEX.COM

**HEMP FORTEX**

Sustainable fabrics designed for longevity, comfort, and style. Discover our extensive selection at the Outdoor Retailer Summer Market.



**OUTDOOR  
RETAILER  
SUMMER MARKET**

June 18-20th, 2019  
Booth #9022-LL  
Colorado Convention Center, Denver, USA

1688 INDUSTRY PARK, BUILDING C4, 3RD FLOOR,  
1022 BELILO ROAD, QINGDAO, SHANDONG 26619, CHINA.  
TEL: 86 532 8573-6660. MAIL: INFO@HEMPFORTEX.COM

**HEMP FORTEX**

Discover our seasonal and permanent collections at this year's China Clothing Textile Accessories Expo



**CHINA  
CLOTHING  
TEXTILE  
ACCESSORIES  
EXPO**


NOV 12-14th, 2019  
Booth# V26&V28

Melbourne Exhibition & Convention Centre

1688 CREATIVE INDUSTRY PARK, BUILDING C4, 3RD FLOOR,  
1022 BELILO ROAD, QINGDAO, SHANDONG 26619, CHINA.  
TEL: 86 532 8573-6660. FAX: 86 532 8573-3880. MAIL: INFO@HEMPFORTEX.COM

**HEMP FORTEX**

Discover the finest functional fabrics available at this year's Performance Days, Munich



**PERFORMANCE DAYS  
FUNCTIONAL FABRIC FAIR**

NOV 13-14th, 2019  
Booth# Hall C1-K01

MesseGalerie 81823 Munich Germany

1688 CREATIVE INDUSTRY PARK, BUILDING C4, 3RD FLOOR,  
1022 BELILO ROAD, QINGDAO, SHANDONG 26619, CHINA.  
TEL: 86 532 8573-6660. FAX: 86 532 8573-3880. MAIL: INFO@HEMPFORTEX.COM

**HEMP FORTEX**

Discover our seasonal and permanent collections at this year's Intertextile Shanghai apparel fabrics

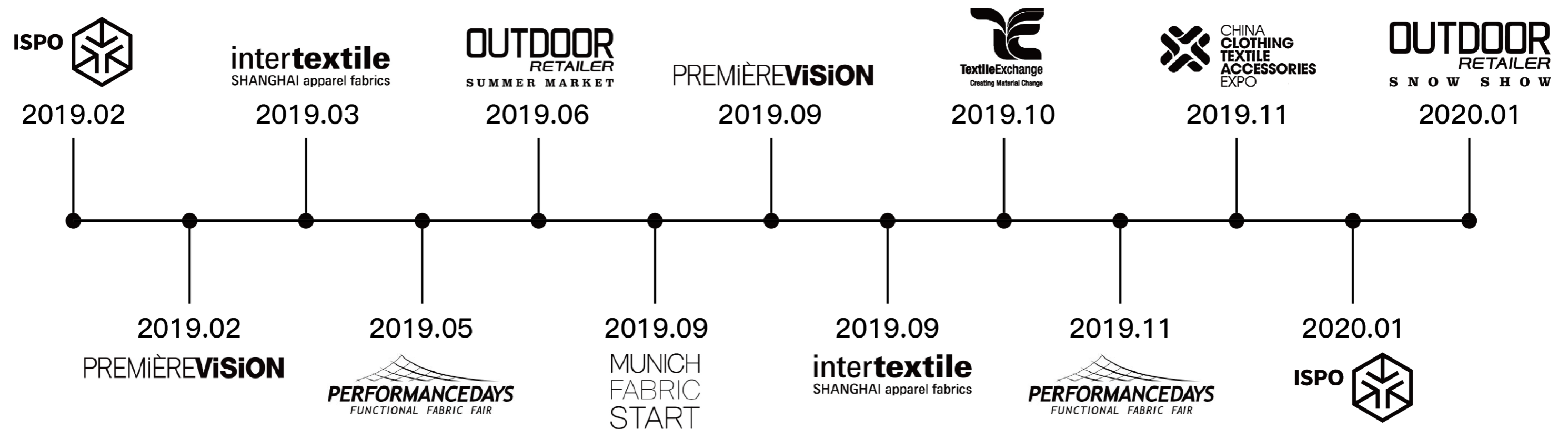


**intertextile  
SHANGHAI apparel fabrics**  
中國國際紡織品材料及輔料(秋冬)博覽會

SEP 25-27th, 2019  
Booth# 7.2Hall-A10

National Exhibition and Convention Center (Shanghai)  
國家會展中心(上海)

1688 CREATIVE INDUSTRY PARK, BUILDING C4, 3RD FLOOR,  
1022 BELILO ROAD, QINGDAO, SHANDONG 26619, CHINA.  
TEL: 86 532 8573-6660. FAX: 86 532 8573-3880. MAIL: INFO@HEMPFORTEX.COM

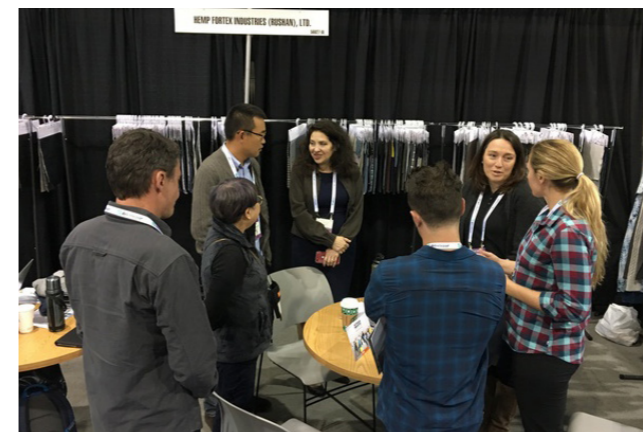


# MUNICH



# WELCOME

## Exhibition photos



## Risk management

Efficient risk management is essential for the company to maintain stable day-to-day operations and to respond to and adapt to changing environments. To reduce the possible impact of an emergency on the operation of our company, we must prepare for the emergency and build resilience. Hemp Fortex implement an organizational structure and establish formal and clearly defined rules on responsibility and delegation of authority for risk management.

At the management level, representatives of the main department maintain a risk information book that records the main risks and associated risk responses. Each year, departmental representatives review the risk register to determine whether it needs to be updated in response to emergencies or accidents.

## Anti-corruption

Hemp Fortex attaches great importance to the building of clean and anti-corruption work, we continue to improve the staff manual, strengthen clean policy, enhance staff integrity awareness. In supervision, focus on the review of material procurement, bidding, financial management, selection and employment and other areas and key links prone to corruption.

In promoting anti-corruption suppliers, we also developed a "Supplier Code of Conduct", the supplier shall not be required or any form of corruption, extortion, bribery, extortion, embezzlement and other acts involving improper benefits.

## Protection of intellectual property rights

Hemp Fortex is committed to protecting its own intellectual property rights while respecting the others. We have put in place appropriate policies and regulations to protect our own intellectual property rights, including but not limited to their patents, designs, technologies, trademarks, trade secrets, inventions and product information, etc. No third party shall use or display any relevant intellectual property without the permission of the company.



## Anti-corruption



# Business Sustainable Development

Hemp Fortex management leads the vision and strategic direction of the company's sustainability activities, ensuring that the company always balances the three elements of economic, environmental and social impact in the field of sustainable development.

Hemp Fortex management monitors compliance with sustainability standards. In order to ensure that the company can effectively implement the sustainability strategy, we divide the sustainability approach into five categories, covering all the company's product categories.



## Product Quality and Innovation

- Develop more eco-friendly hemp fabric and garment
- Integrating the concept of recycling into product development
- Ensure product quality meets high standards
- Find more new material and solution that reduce environmental impact



## Environmental protection

- Improving resource efficiency and productivity
- Green production through energy conservation and emission reduction



## Retaining talent

- Provide training and encourage employees to develop their careers
- Provide staff with support and a comfortable and safe working environment
- Strengthen good relations with employees through various employee activities



## Sustainable operations

- Improve the company's R & D capabilities and launch environmentally friendly products
- Ensure corporate compliance
- Improved resilience of companies



## PrCharity

- Working with local charities
- To respond to our country's call to actively participate in poverty alleviation
- Support persons in need

# Corporate sustainability Progress

Ever since our journey to sustainable development, we have successfully developed our vision for sustainable development, working to design, produce and supply innovative and quality products while minimizing environmental impacts and creating sustainable value for business stakeholders and communities where we operate.

2000- Develop social responsibility policies and establish four core areas of corporate social responsibility - environment, staff, safety and public interest.

2010- Improve corporate social responsibility management architecture as a comprehensive sustainability framework.

2013- Develop the company's environmental policy. The purpose of the policy is to formulate codes of conduct for energy conservation and environmental protection, to improve the regeneration and recycling of resources, to maintain and improve the office and operating environment of the company, to reduce the total amount of waste, to deal with waste effectively, to continuously raise the awareness of environmental protection

of employees, to promote the environmental construction of the company, and to strive to create an increasingly excellent environment.

2013- Development of the company's public welfare support policy and establishment of the Hemp Fortex Foundation. To support Ya Nan with congenital spina bifida.

2015- With the expansion of the weaving factory and equipment upgrading, enhance the staff's occupational and safety

equipment, strengthen this training, install solar power panels, use green clean energy to reduce greenhouse gas emissions.

2016- Policy on recycling of used batteries

2019- Organic hemp grown without irrigation, using natural rain, organic fertilizer.





# Our main product

# Our mainproduct



Hemp

Industrial cannabis refers to cannabis with THC content less than 0.3%. China calls industrial cannabis (hemp). Industrial hemp is the best textile raw material in bast fiber, and industrial hemp textile, will have a good market prospect. Hemp has the following advantages:

- Soft and comfortable
- Breathe fabric
- Heat resistance
- Anti-static
- Adsorption of carbon dioxide
- Adsorbed heavy metal
- Anti-UV radiation
- Antibacterial



Organic cotton

Organic cotton is made from a pure natural non-polluting cotton. Organic cotton are well known as ecological or biological cotton in other foreign languages.

In agricultural production, it has the characteristics of ecology, green and environmental protection.

Organic cotton woven fabric feel soft, excellent rebound, drape, wear resistance;

Organic cotton is of great significance to ecological environmental protection, human healthy development and green natural ecological clothing.



Recycled poly

REPREVE® is an essential ingredient sustainable products. Because REPREVE® contains recycled materials, including plastic bottles, it helps conserve precious natural resources. Making REPREVE® uses less petroleum and emits fewer greenhouse gases, so it helps us lighten our impact the planet.



Tencel

TENCEL™ fibers are the ingredient of choice for mills, designers and brands focused on a better approach to comfort. Born from nature with a silky-soft texture, TENCEL™ unveils a new standard of conscious fashion and interiors. A touch of TENCEL™ is as good as it makes you feel.

TENCEL™ fibers has the following advantages:

- Biodegradable
- Friendly skin
- Tactile smooth
- Moisture absorption management function
- Durable soft



Yak

Ninety percent of the world's yaks live in western China. Yak is the softest hair on the neck of the yak. It can be used to make the best yarn and fabric. Of all the hairs on a yak's body, only 100 grams can be defined as yak.

Through OCS certification, Hemp Fortex use European standard dyes and chemicals for fabric dyeing and finishing, and develops yak fabrics.

The soft and delicate nature of yak, warm and exotic, makes it an excellent substitute for cashmere. Yaks are found at high altitudes, where they forage in bushes rather than on herbivores. Yaks are animals that have less impact on the land, so their diet does not cause grassland desertification.

## Raw material usage

In 2019, Hemp Fortex textile used 520 tons of hemp fiber, 650 tons of organic cotton, 100 tons of recycled polyester and 25 tons of Tencel.



Organic cotton



Hemp



Tencel



recycled polyester



3.15 kg CO<sub>2</sub>  
equivalent for cotton  
kg CO<sub>2</sub>-eq GWP

Global warming  
potential of hemp is  
0.097 kg CO<sub>2</sub>-eq kg  
CO<sub>2</sub> equivalent

## HEMP

Hemp is originated in china, and as an annual herbaceous crop of the family Cannabis, the scientific name is Cannabis sativa and there are about 150 varieties, which can be generally divided into three categories: fiber, oil and medicinal.

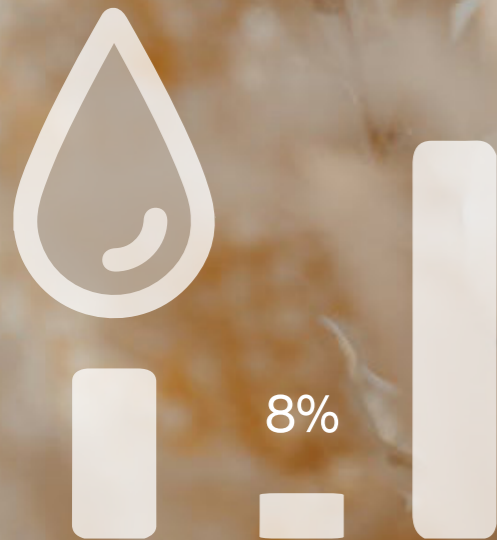
Hemp fiber is one of the earliest textile fibers used by humans. After entering the 1990s, with the improvement of people's awareness and the demand for "green" textiles, low-toxic hemp (THC content below 0.3%), as an ecological textile raw material,

once again attracted people's attention.

Various parts of hemp have important application value, especially bast fiber. It has great development and utilization value in the industry of textile, construction, chemical, transportation, national defense and also agriculture, animal husbandry, forestry, and sideline industries.

The yield of hemp  
stalk core is  
equivalent to that of  
fast-growing forest  
in one season, and  
its phloem fiber yield  
can reach more than  
100 kg per mu, which  
is **50%** higher  
than cotton yield





ORGANIC COTTON

# ORGANIC COTTON

It can take more than 10,000 liters of water to produce a kilogram of cotton. In addition, conventional cotton growing uses about 7% of the pesticides and 16% of the insecticides applied globally to agricultural production, posing risks to the environment and worker health.

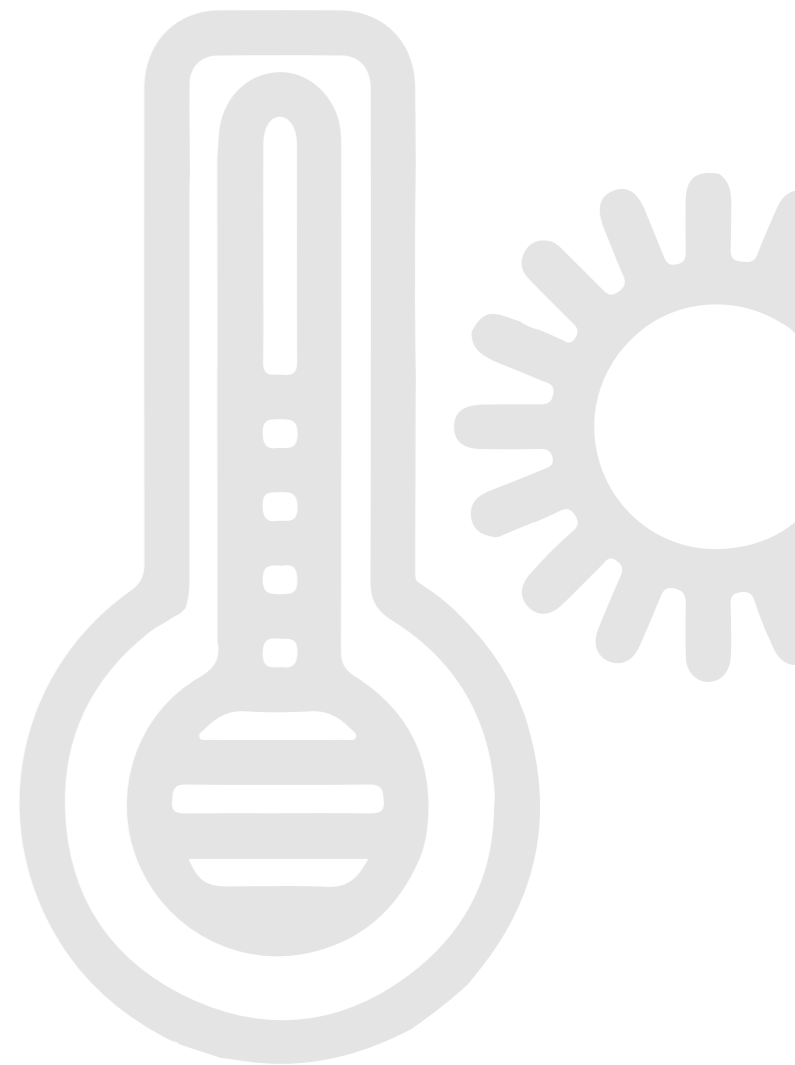
Organic cotton is grown using methods and materials that have a low impact on the environment. Organic production systems replenish and maintain soil fertility, reduce the use of toxic and

persistent pesticides and fertilizers, and build biologically diverse agriculture. Third-party certification organizations verify that organic producers use only methods and materials allowed in organic production. Organic cotton is only grown with organic fertilizers.

Characteristics of organic cotton from seeds to picking, all natural planting!

Organic cotton can reduce water consumption by **91%** compared with conventional cotton planting

Organic cotton has a global warming potential of less than **46** per cent compared to conventional cotton cultivation





## RECYCLED POLYESTER FIBRE

RPET fabric is a new type of green environmental protection recycled fabric, the source cause very low carbon emissions comparatively, we can make it create a new concept in the field of regeneration, textiles made from recycled fibers currently recycled from "plastic bottles", effectively reduce waste. "Plastic bottles" recycled filaments can be used to make T shirts, children's clothing, casual wear for men and women,

windbreaker, down (cold) clothing, work uniforms, gloves, scarves, towels, bath towels, pajamas, sportswear, jackets, handbags, blankets, hats, shoes, bags, umbrellas, curtains, etc. Recycled staple fibers can be twisted into yarn, then woven into fabric, made into a variety of other products.

if converted recycled polyester fibers we used on 2019 into plastic bottles, it means that **1.2** million plastic bottles are recycled, which can reduce waste for the planet.







# Yak

80% yak in the world grow in western china. Yak is the softest down on the neck of the yak and can be used to make the best quality textile.

Yak down is a luxury fiber that is relatively unknown to the fashion world. Each yak only produces about 100g fine downy fiber per year.

Hemp Fortex OCS certification, fabric dyeing and finishing using

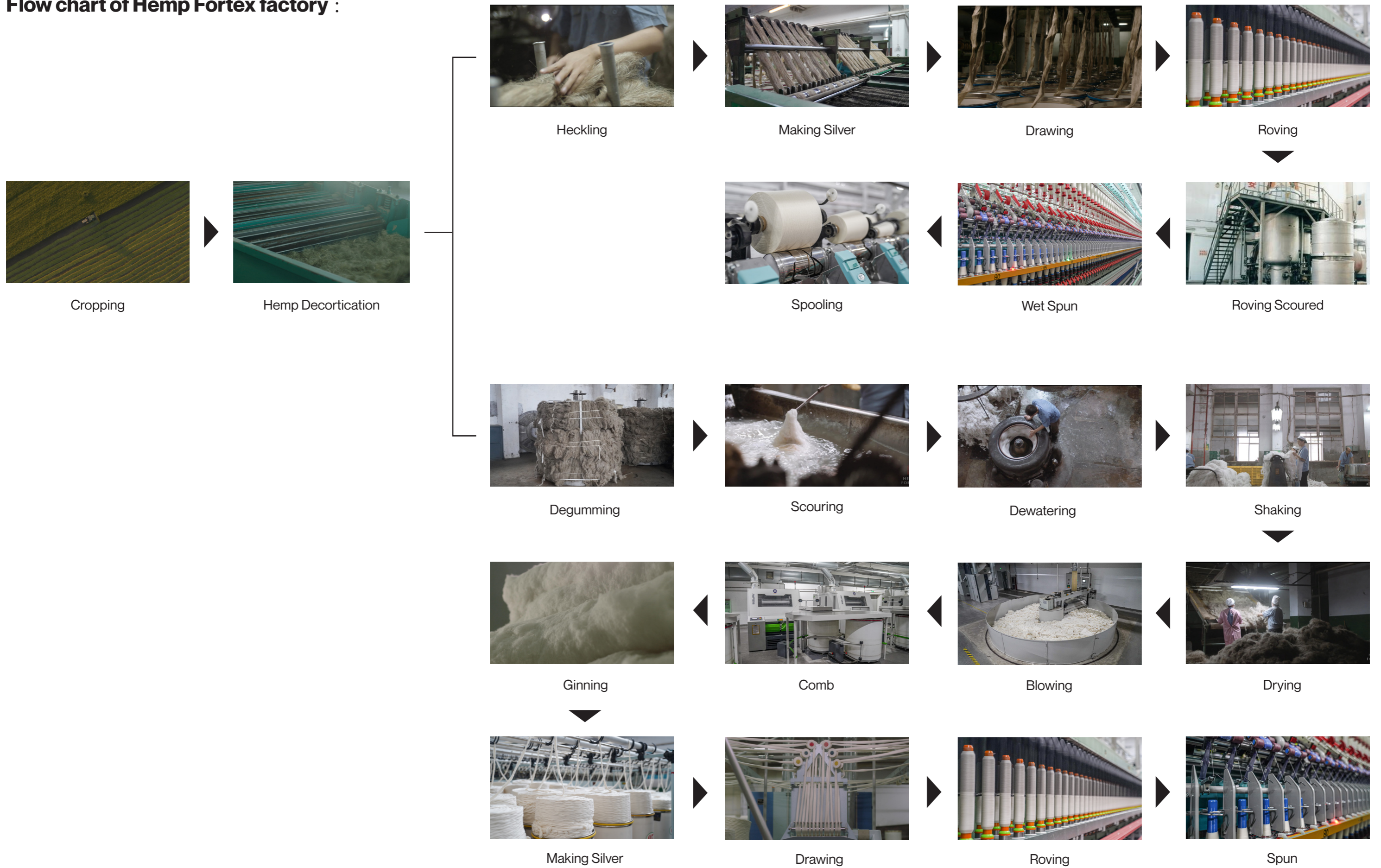
EU standard dyes and chemicals, development of yak fabric

Warmer than wool  
**30%**

The air permeability is **60%** higher than cashmere



### Flow chart of Hemp Fortex factory :



# Our certification and certificate

Based on our resources and efforts in sustainable development, Hemp Fortex have obtained the following certification and certificate. Based on our resources and efforts in sustainable

development, Hemp Fortex have obtained the following certification and certificate.



ORGANIC 100 content standard  
 ORGANIC BLENDED content standard  
 GLOBAL ORGANIC TEXTILE STANDARD · GOTS ·  
 TextileExchange  
 Creating Material Change  
 SUSTAINABLE APPAREL COALITION  
 Higg Index  
 2018 Higg Facility Environmental Module  
 VERIFIED MODULE  
 ECO CERT®  
 amfori @ BSCI  
 Trade with purpose  
 Global Recycled Standard  
 OEKO-TEX®  
 CONFIDENCE IN TEXTILES  
 STANDARD 100



<b>Organic 100Content Standard</b>	Products made of over 95% organic materials
<b>Organic Blended Content Standard</b>	Products made of 5%-95% organic materials
<b>GOTS (Global Organic Textile Standard)</b>	Aims to ensure the standardization of organic textiles from harvesting, to raw materials, to processing and to finalize product packaging in order to bring reliable products to the consumer.
<b>Higg Facility Verification</b>	An indicator-based tool in the garment industry that enables enterprises to evaluate the types of raw materials, products, production plants and processes within the range of environmental and product design choices
<b>BSCI</b>	A leading supply chain management system that helps companies promote social responsibility and improve the factory's working environment in their global supply chains. The audit content mainly includes: compliance with laws, freedom of association and collective bargaining rights, prohibition of discrimination, compensation, working hours, workplace safety, prohibition of child labor, prohibition of forced labor, environment and safety and other issues.
<b>Textile Exchange</b>	Through partnership, cooperation, knowledge to provide information and education to promote the entire supply chain of the textile industry

F028(OCS)v05en

ECOCERT GREENLIFE S.A.S.  
Lieu dit Lamothe Ouest  
32600 L'ISLE JOURDAIN - FRANCE



# CERTIFICATE OF COMPLIANCE

(Scope Certificate)

N° EGL/140081/878309/1

ECOCERT GREENLIFE SAS declares that

**HEMP FORTEX INDUSTRIES LTD.**  
211 Building C4, Zhongyi Industrial Park NO.1022 Beilao RD  
QINGDAO CHINA

has been inspected and assessed according to the

## ORGANIC CONTENT STANDARD (OCS) Version 2.0

and that products of the categories as mentioned below (and further specified in the annex) comply with this standard:

Product categories: **Fabrics, Garments, Yarns**

Processing steps / activities carried out under responsibility of the above mentioned company (by the operations as detailed in the annex) for the certified products:

### Trading

Claimed materials : **organic fibers**

This Certificate is valid until: **31/12/2019**

Place and Date of Issue :

L'Isle Jourdain, France 18/03/2019

Stamp of the issuing body :

**ECOCERT Greenlife**  
BP 47 - 32600 L'ISLE JOURDAIN  
Tél. 05 62 07 51 09  
Fax 05 62 07 74 96  
N° SIRET 509 534 095 0013



Valerie LEMAIRE

This Certificate of Compliance provides no proof that any goods delivered by its holder are certified to the listed standard. Proof of certification of goods delivered is provided by a valid Transaction Certificate (TC) covering them.

The issuing body can withdraw this certificate before it expires if the declared compliance is no longer guaranteed.

This certificate has been issued in compliance with « OCS scheme » and « the applicable audit plan » defined in ECOCERT Greenlife's OCS certification Process (versions in progress).

Accredited by: Cofrac, Accreditation N°: 5-0520, Products and Services certification, scope available on [www.cofrac.fr](http://www.cofrac.fr)

**This electronically issued document is the valid original version**

Certificate of Compliance, page 1 sur 3

ECOCERT Greenlife S.A.S. - Capital 50 000 € - BP 47 - 32600 L'ISLE JOURDAIN - FRANCE  
Capital 50 000 € - SIREN 509 534 095 RCS AUCH - [www.ecocert.com](http://www.ecocert.com)

F028(GT)en v08.3

ECOCERT GREENLIFE S.A.S.  
Lieu dit Lamothe Ouest  
32600 L'ISLE JOURDAIN - FRANCE



# CERTIFICATE OF COMPLIANCE

(Scope Certificate)

N° EGL/140081/877962/1

ECOCERT GREENLIFE SAS declares that

**HEMP FORTEX INDUSTRIES LTD.**  
211 Building C4, Zhongyi Industrial Park NO.1022 Beilao RD  
QINGDAO  
CHINA

has been inspected and assessed according to the

## Global Organic Textile Standard (GOTS) - Version 5.0 -

and that products of the categories as mentioned below (and further specified in the annex) comply with this standard:

Product categories: **Fabrics, Garments, Yarns**

Processing steps / activities carried out under responsibility of the above mentioned company (by the operations as detailed in the annex) for the certified products:

### Trading

This Certificate is valid until: **31/12/2019**

Place and Date of Issue :

L'Isle Jourdain, France 15/03/2019

Stamp of the issuing body :

**ECOCERT Greenlife**  
BP 47 - 32600 L'ISLE JOURDAIN  
Tél. 05 62 07 51 09  
Fax 05 62 07 74 96  
N° SIRET 509 534 095 0013



Valerie LEMAIRE

This Certificate of Compliance provides no proof that any goods delivered by its holder are GOTS certified. Proof of GOTS certification of goods delivered is provided by a valid Transaction Certificate (TC) covering them. The issuing body can withdraw this certificate before it expires if the declared compliance is no longer guaranteed. This certificate has been issued in compliance with « GOTS scheme » and « the applicable audit plan » defined in ECOCERT Greenlife's GOTS certification Process (versions in progress).

**This electronically issued document is the valid original version**

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Certificate of Compliance, page 1 sur 3

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# Stakeholder Engagement

Stakeholder communication refers to the process in which the company maintains contact with customers, employees, shareholders, investors, suppliers and the wider community where the business is located. We believe that the exchange of stakeholders is the basis for developing sustainability strategies and a prerequisite for the long-term sustainable growth of our company.

Hemp Fortex adopt an open policy to encourage stakeholders to make recommendations or express their views through various channels of communication. This year, we have developed a way of engaging stakeholders to help us identify which sustainability matters are most important to stakeholders and to report on our sustainability approach, performance and activities to address key issues and priorities of interest to stakeholders. Our aim is to connect stakeholders directly affected by our operations in economic, environmental or social terms and to ensure that our sustainability strategies, activities and reports meet and exceed their expectations.

This year, we selected representatives of customers and suppliers in different product categories of the company, a number of employees at different ranks, and the community people we actively contacted to communicate with. We conduct a substantive assessment survey through the communication channels of stakeholders' intention. Our Sub-Commission on sustainability has also developed a methodology to identify a wide range of issues of interest to stakeholders and to use substantive assessments to assess key issues identified by stakeholders in the participatory process.



Stakeholders	Issues of concern	Communication	Our response
<b>Client</b>	<ul style="list-style-type: none"> <li>- Product quality</li> <li>- Product safety</li> <li>- No toxic and harmful substances</li> <li>- compliance operations</li> <li>- After sale</li> <li>- R&amp;D and customization capabilities</li> <li>- sustainability plans</li> </ul>	<ul style="list-style-type: none"> <li>- Client meetings</li> <li>- Exhibition</li> <li>- Forums</li> <li>- Customer Plant Visit</li> <li>- Customer satisfaction surveys</li> </ul>	<ul style="list-style-type: none"> <li>- Strengthening our R&amp;D capabilities</li> <li>- Active participation in industry certification in environmental and social responsibility</li> <li>- Non-use of toxic and harmful substances</li> <li>- Testing reports</li> </ul>
<b>Staff</b>	<ul style="list-style-type: none"> <li>- Occupational health and safety</li> <li>- Working environment and welfare</li> <li>- Career development and training</li> <li>- compliance operations</li> <li>- Performance</li> </ul>	<ul style="list-style-type: none"> <li>- Meetings/interviews</li> <li>- Staff social activities</li> <li>- Internal communications</li> <li>- Performance evaluation</li> <li>- Notice boards</li> </ul>	<ul style="list-style-type: none"> <li>- Meetings/interviews</li> <li>- Staff social activities</li> <li>- Internal communications</li> <li>- Performance evaluation</li> <li>- Notice boards</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>- Plant environment</li> <li>- Product quality and safety</li> <li>- compliance operations</li> <li>- After sale</li> </ul>	<ul style="list-style-type: none"> <li>- Supplier audit</li> <li>- Operational meetings</li> </ul>	<ul style="list-style-type: none"> <li>- Identification of raw material requirements</li> <li>- Request testing reports for raw materials</li> <li>- Quality assurance letters to suppliers</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>- Public charity</li> <li>- Poverty alleviation</li> </ul>	<ul style="list-style-type: none"> <li>- Sponsorship</li> <li>- Participation in charitable activities in the region</li> </ul>	<ul style="list-style-type: none"> <li>- Active participation in charitable activities</li> <li>- Donations and donations to support people and regions in need</li> </ul>



# Pure hemp Series



# Hemp Tencel Series



# Pure Organic Cotton Series

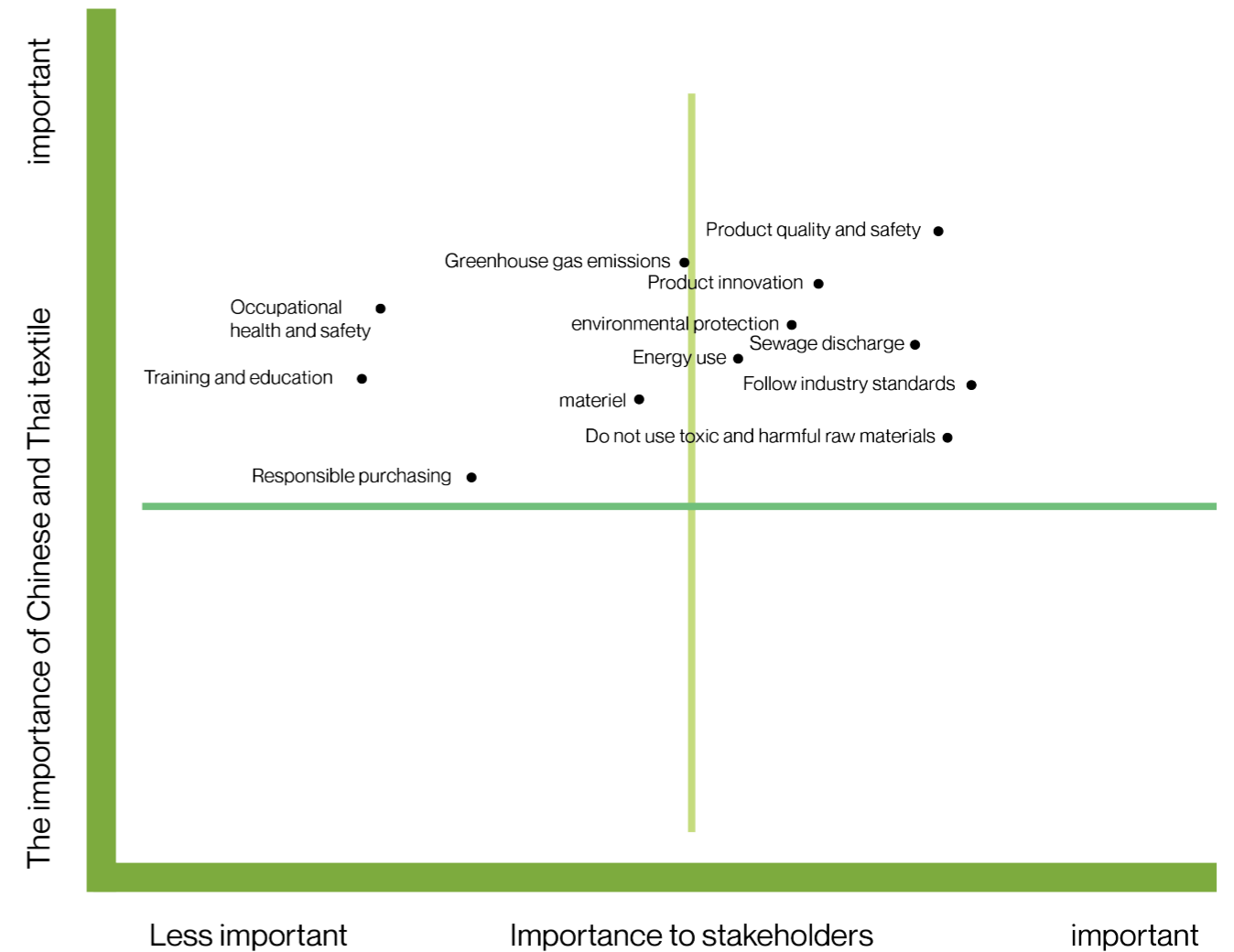
## Substantive evaluation

This year, we have engaged in stakeholder exchanges, based on the findings of the survey to identify major issues raised by stakeholders that have an impact on the company's sustainable development. Hemp Fortex our findings and key sustainability issues assessed by management, the following matrix is developed.

Hemp Fortex believe that by upgrading our operations, substantive assessment has a significant impact on improving the environment and enterprise sustainability, and therefore has

the importance of reporting.

According to our findings, several of these topics are most important to stakeholders and the company, including product quality and safety, innovation, energy, environmental protection, non-use of toxic and harmful chemicals and sewage discharge. Substantive assessments help us to set priorities for sustainability issues and monitor progress on these issues.



# Product

## Product quality

Hemp Fortex not only strive to provide quality products, but also adhere to the highest international and local quality and safety standards, but also integrate the concept of sustainability into fabric development, so that brands and retailers, downstream garment factories in the search for environmentally friendly products, more fabric options.

Hemp Fortex is in the middle of the textile industry value chain. In addition to its own organic hemp farm, it also buys the fiber needed for production from upstream farmers' cooperatives and trade suppliers, makes different fabrics through the Rushan factory, and dyes from our star dyeing factory, and then manufactures them for sale to various textiles through

downstream customers.

Hemp Fortex have been committed to the production of the best fabric, attach great importance to the quality and reputation of the product. Hemp Fortex provide customers with higher quality product guarantee from raw material purchasing, production process, finished product inspection and storage, management review and improvement. Hemp Fortex mainly use four kinds of fiber, they are hemp, organic cotton, recycled poly, tencel, yak.. etc.

By obtaining the global organic textile certification standard, EU organic certification and organic content standard product certification, to ensure that Hemp Fortex products meet the requirements of national and industry regulations and customer needs, the world's leading technical level. Hemp Fortex insists on implementing product internal control standards that are higher than national standards to ensure that customers are provided with best products.



# Use sustainable raw materials

## Organic hemp plant

In 2019, Hemp Fortex organic hemp cultivation area will reach 760 mu, with a yield of 99.2 kg per mu. The cultivated organic hemp does not need irrigation, uses natural rainwater, and in

terms of fertilization, Hemp Fortex uses farm cow dung as an organic fertilizer, and averagely the use 10 tons of cow dung organic fertilizer per mu.



hemp cultivation has much less environmental impact than cotton cultivation. In terms of climate change, acidification, eutrophication and various toxicity indicators, the impact of hemp is much lower than that of cotton.



## Product Innovation

Hemp Fortex to promote the fabric weaving industry product structure adjustment and upgrading as their own responsibility to speed up the spinning key technology and new products research, finally establish a technology research and development center.

The center mainly provides the product market information,

develops the new product, applies the new technology new craft, enhances the product quality and other system consummation and so on.

We continue research and development projects, actively create an innovative environment, encourage employees to achieve the value of innovation

## Patent

Hemp Fortex attach importance to technical research in textile industry related fields, promote industry innovation and development, and actively carry out intellectual property protection work. A total of 10 patents have been granted Hemp Fortex, of which 2 are invention patents and 8 are utility model patents. Here are the 10 patents

- Bleach for Flax Fabrics and Bleaching Method for Flax Fabrics
- A textile fabric washing device

- A textile waste collection unit
- A textile steam box
- A mixing device for textile dyeing with liquid
- A guide wire device for textile
- A textile machine wire expansion device
- A spinning device for textile
- A yarn coiling tensioning device for textile
- A third-order composite processing technology of hemp fiber



Patent Name	Patent Category	Patent Number	Benefits
A new kind of bleach liquid and a new bleach method for linen fabric	patent for invention	ZL201310051845.9	The bleaching liquid of the present invention is used to bleach the plant, the process is simple, it is suitable for large-scale production, the damage to the fabric is small, the bleaching effect is good, and the fabric damage can be effectively restrained.
A third-order composite processing process of hemp fiber	patent for invention	ZL201610726071.9	It provides a new composite processing process, and which can reduce energy consumption, reduce environmental pollution, protect environmental, low production cost, promote the industrial development of hemp fabric.
A washing device for textile fabric	patent for utility model	ZL201721824797.2	It is the design of a washing device for textile fabric, which not only guarantees synchronous rotation and saves kinetic energy, but also maintains the tension of textile fabric and prevents the fabric from breaking.
A textile waste collection device	patent for utility model	ZL201721824832.0	It relates to the design of a textile waste collection device, which utilizes the attraction of an induced fan to attract the thread or cotton fibre in the air to the aggregate port, and at the same time, water to feed the thread or cotton fibre into the collection pipe.
A textile steam box	patent for utility model	ZL201721825036.9	It relates to the design of a textile steam box, which can cool and liquefy the steam and then send it back to the box to generate steam, thus realizing the recycling of water resources.
A liquid dye mixing device for textile	patent for utility model	ZL201721825343.7	It relates to the design of a liquid dye mixing device for textile, which realizes the purpose of intermittent blanking and makes the raw materials mixed more evenly in the mixing box.
A wire guide device for textile	patent for utility model	ZL201721825338.6	It relates to the design of a wire guide device for textile, which can adjust the height of the wire to match different placement devices.
An expanding device for textile weaving machine	patent for utility model	ZL201721824956.9	It relates to the design of an expanding device for textile weaving machine, which can adjust the angle between the tension roller and the rotating roller, change the tension of the spinning wire and improve the breaking of the spinning wire.
A winding device for textile	patent for utility model	ZL201721825347.5	It relates to the design of a winding device for textile, which can wrap two sets of yarns in one rotation and increase the winding efficiency.
A yarn winding tensioning device for textile	patent for utility model	ZL201721825350.7	It relates to the design of a yarn winding tensioning device for textile, which can maintain the tension of the yarns and prevent the yarns from breaking during the winding process of yarns.

## Product responsibility

Hemp Fortex provide customers with a variety of customized, creative and value for money fabrics. Hemp Fortex has been working to ensure good quality and safety. In the production process, we adhere to strict product quality control, the product has always won a good reputation. our product quality control is mainly carried out according to the relevant requirements of the ISO9001 quality management system. The company from the purchase of raw materials to the finished product inspection and shipping, product quality control and strict inspection.

During the review period, there Hemp Fortex no significant recall due to product quality problems.

In order to improve the quality of service, the company has developed a customer complaint handling process, and has a customer service department to handle general inquiries, complaints and other matters, to give customers patient explanation and response, in case of product complaints will be immediately investigated and properly handled.

## Environmentally friendly production

Hemp Fortex main environmental impacts are related to energy, water use in dyeing plants, emissions and waste generation. We are committed to implementing the following principles to minimize environmental impacts

- Comply with all relevant environmental, legal and other statutory requirements
- Ensure that the environmental management system is functioning smoothly
- Quantify and monitor the significant environmental impact

of plant activities, products and services, and develop and annually review specific improvement indicators

- Integrate environmental objectives into group business decisions in a cost-effective manner
- Require all employees to fulfill their environmental responsibilities in daily operating procedures
- Enhance customer, employee and stakeholder awareness of environmental and resource efficiency through relevant projects and programs.

## Environment

Innovation is the focus of Hemp Fortex business and we encourage innovation at every stage of production. Our aim is to build a culture of awareness that requires energy conservation throughout our business.

From 2013 Hemp Fortex an environmental and energy management system was established to comprehensively

manage performance indicators for plant environmental and energy systems and set performance targets. Company issued "Hemp Fortex limited company environmental policy", effectively control the daily energy loss, strengthen energy management.

## Energy consumption

Hemp Fortex adhere to the development direction of eco-friendly industry, advocate the extension of eco-friendly concept from leading enterprises to the whole industry, establish eco-friendly standards, adopt energy saving and emission reduction, low carbon and environmental protection methods to produce, ensure all kinds of wastes such as polyester scrap recycling, proper treatment of pollutants and discharge standards, create eco-friendly benchmark, drive all links in the industrial chain to

achieve sustainable green development. In order to deal with the emergency situation, Rushan factory and Osung dyeing factory have set up their own environmental protection emergency plan, set up emergency organization team and equipped with corresponding emergency resources to deal with the emergency situation, and make every effort to minimize the pollution of the enterprise to the environment.

## Use of materials

Hemp Fortex the continuous use of energy-saving technology, we have gradually replaced the lighting of Rushan factory and Osung dyeing factory with LED lighting equipment. The new industrial park factory in Rushan has installed automatic control system to save electricity.

The new industrial park plant in Rushan has optimized the frequency converter of the equipment, so as to accurately control the output power of the equipment to reduce the power consumption.





	Consumption	Density(consumption/number)
Electricity (kWh)	2157557 kWh	7623.87 kWh

Hemp Fortex Rushan Fabric Factory has a small transport fleet for textile products transportation.

transport as the second largest source of our emission portfolio.



	Consumption	Density(consumption/number)
Petrol (litres)	15,900 litres	56.18 litres
Diesel (litres)	3649 litres	12.89 litres

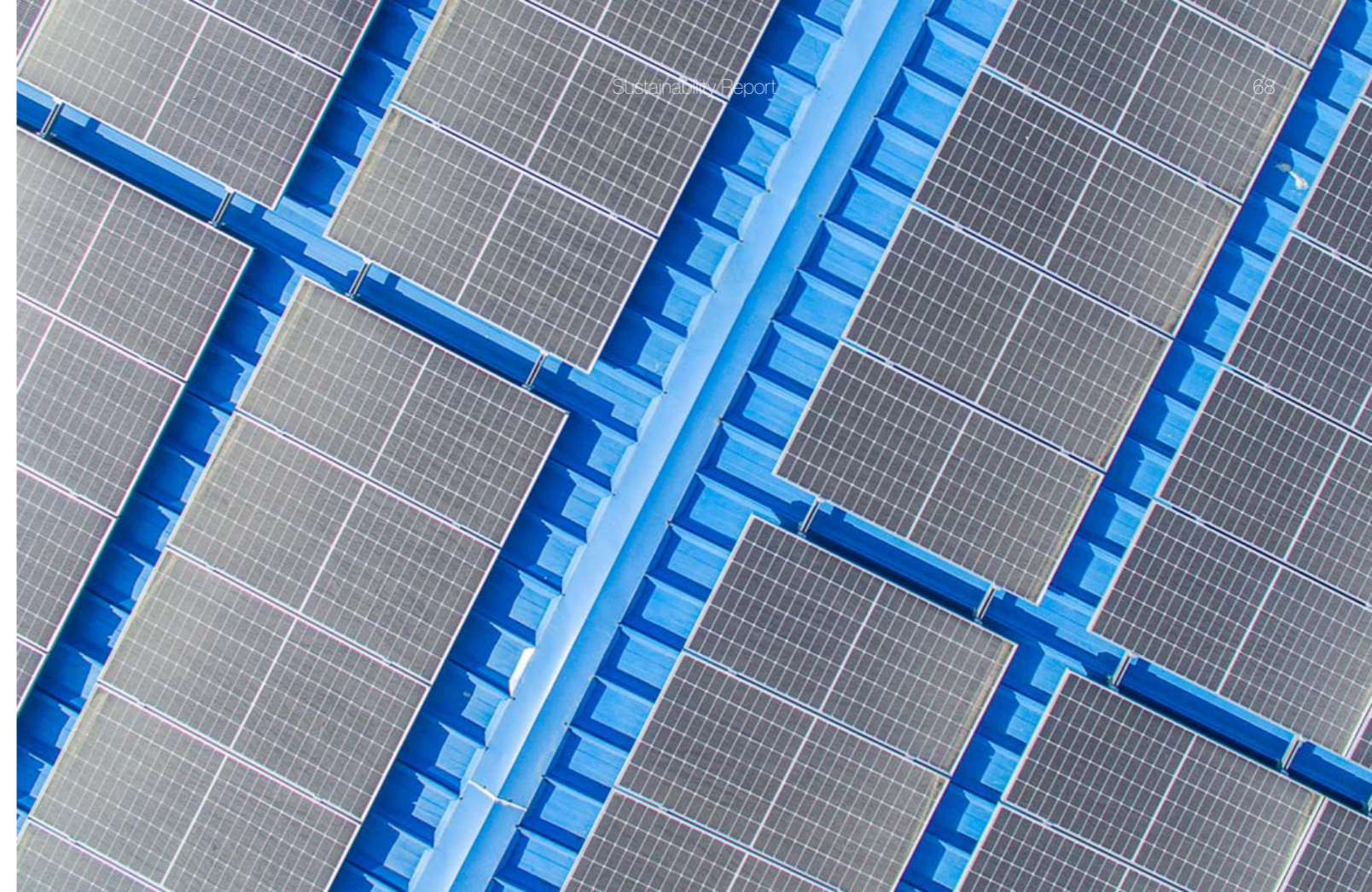
### Solar Power

We focus on waste reduction and energy saving. Through the laying of solar power equipment on the roof of the factory building, the replacement of advanced energy-saving equipment, the improvement of energy efficiency of motor system, the improvement of the efficiency of

facilities, the development of new energy-saving production technology, and the use of solar power green and clean energy, electricity generation has been able to provide 70% of the electricity in Rushan factory.



Electricity generation	
PV (kWh)	816 217 kWh



Solar power green clean energy generation has been able to provide 70% of Rushan plant electricity.



## Energy conservation

Hemp Fortex deeply realize that improving energy efficiency and reducing carbon emissions are important measures for companies to achieve sustainability and enhance their competitiveness, and consciously assume the responsibility of energy saving and emission reduction in order to deal with climate change.

We strictly implements the Law of the People's Republic of China

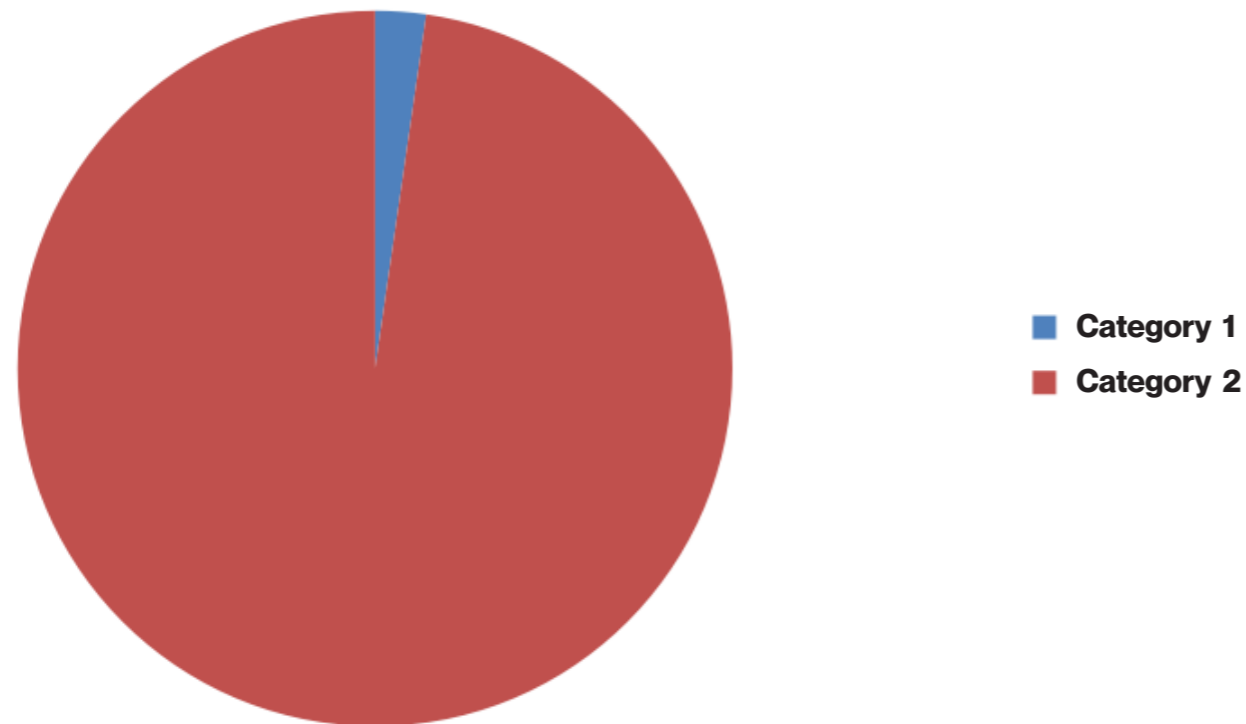
on the Prevention and Control of Air Pollution and formulates the Environmental Policy in the light of its own reality and other series of internal control systems to promote the implementation of the company's energy conservation and emission reduction work to minimize the impact on the environment.

## Greenhouse Gas

Through strengthening energy management, eliminating high-energy-consuming equipment, adjusting product structure and carrying out energy-saving technical reform, we have taken the lead in carrying out comprehensive carbon screening in

the industry, comprehensively accounting for greenhouse gas emissions in the production process, and actively looking for opportunities for carbon emission reduction, and striving to fulfill the social responsibility of energy-saving and emission reduction.

## Greenhouse gas emissions



	Number	Density(consumption/number)
Direct greenhouse gas emissions (category 1)	45.31 tonnes carbon dioxide equivalent	0.16 tonnes carbon dioxide equivalent
Indirect greenhouse gas emissions (category 2)	1932.95 tonnes carbon dioxide equivalent	6.83 tonnes carbon dioxide equivalent
<b>Total GHG emissions</b>	<b>1978.27 tonnes carbon dioxide equivalent</b>	<b>6.99 tonnes carbon dioxide equivalent</b>

## Water Management

In view of the nature of textile production, water is an important resource for our operation and textile production. We put effective water resources management in the first place and take all precautions to ensure that water resources can be used and reused effectively. Through the effective use of energy and water-saving technologies (e.g. improved dyeing procedures, collection and recycling techniques), we aim to maximize water efficiency and reduce waste.

For the control of water pollution, Hemp Fortex strictly abide by the national sewage discharge regulations, continuously strengthen sewage treatment, and measure the items required within the regulations to meet the sewage discharge standards.

Rushan factory sewage is mainly produced by the daily life of workers. In order to enhance employees' awareness of environmental protection of water resources, the company held various water-saving campaigns in dormitories and factories. The water-saving technology in our dyeing process is to reuse the light colored water and recycle the cooling and condensing hot water from the dyeing tanks, thus saving water



	Consumption	Density(consumption/number)
(kWh) Water consumption	82321 cubic metres	290.89 cubic metres

## Use of resources

Hemp Fortex minimize the use of materials in the production process, and improve the recovery and use of reusable materials, to maximize the efficiency of plant operations. We record the materials used to reduce unnecessary waste of materials in product design, such as fabric scrap used in garment production and then used for spinning and weaving.

The Rushan Factory and our Osung Dyeing Factory have

recycling centers where staff collect and arrange recyclable materials such as cardboard, plastic and polyester to improve recovery rate and achieve the highest resource efficiency. Reusable materials are recycled in the material recovery center. we also work closely with suppliers to deliver reusable plastic bottles to suppliers for sale. Therefore, we build a closed-loop recycling system by increasing the use of reusable materials.

## Waste Management

Our policy on hazardous waste management is to focus on reducing the use of hazardous chemicals, thereby reducing the impact on the environment, and to undertake the disposal of hazardous waste from legal channels. Therefore, we control the use of chemicals and strictly comply with the regulations on solid waste disposal issued by the government of the People's Republic of China.

According to the solid waste disposal regulations issued by the government of the people's republic of china, clearly define the list of hazardous wastes and chemical substances. in order to meet the expectations of stakeholders and the company's environmental protection objectives, we must ensure that strict safety measures are taken to deal with hazardous materials and

comply with local laws on the identification of hazardous wastes. We strive to achieve our objectives through the following best practices:

- Provide employees with clear working guidelines and protective equipment at all times
- Ensure employees receive training courses on hazardous waste and chemical management before they start employment
- Hazardous waste shall be stored with special storage devices to avoid exposure, leakage, fire and explosion
- Hazardous waste should be classified and stored in the plant quarantine area
- Disposal and disposal of hazardous waste by government-approved hazardous waste disposal companies





### Staff Structure

Until December 31, 2019, the total number of employees of Hemp Fortex Ruzhan factory and Osung factory is 283, including production, R&D, management team; 62% of female employees, because the production process needs to be more careful and finger dexterous, the majority of female employees, mostly distributed in the 35-50 age group. According to the operation strategy, employees Hemp Fortex be employed in compliance

with government labour regulations without discrimination on grounds of race, sex, age, religion and region. Due to the expansion of the company, the new factory started production in 2019 and formally recruited new workers to create jobs for the society, plus a series of training courses to enhance the value of employees themselves and society.

# Workplace and safety, occupational health and training

Hemp Fortex is committed to providing staff with adequate support, pleasant and healthy working environment and to creating a caring community in the working environment. Our caring and well-informed workforce and dedicated team are essential to the efficient operation of the company.

In order to ensure that the operation of the facility meets the highest international standards in social responsibility, health and safety, the company has obtained the BSCI certified labor code. The certification verified by a third-party audit agency proves that Hemp Fortex meets the requirements of local laws and standards for a high-quality working environment.

As the leading environmental protection material textile company

in the industry, we strictly follow the requirements of relevant laws and regulations when implementing human resources management policies, formulating and implementing human management systems. In terms of recruitment, promotion, remuneration, etc., strictly follow the principles of equality between men and women, equal pay for equal work, and no discrimination or unfair treatment on grounds of race, age, pregnancy or disability. Compulsory employment and child labor are Hemp Fortex explicitly prohibited, and relevant policies and preventive measures have been formulated in important areas such as recruitment, employment and separation. Also in practice, Hemp Fortex have never experienced forced labor or child labor.



**283**  
Total staff



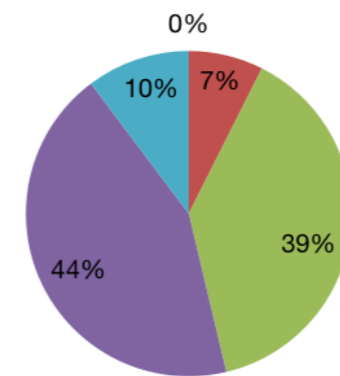
**107**  
Number of male employees



**176**  
Number of female employees

### Age

- Number of employees under 25
- Number of employees aged 25-34
- Number of employees aged 35-44
- Staff aged 45-54
- Number of employees over 55



**283**  
Full-time



**0**  
Part-time



**35**  
Management staff



**249**  
Non-management staff

## Training and Development

Hemp Fortex is always building a talent management mechanism for the company and its employees to grow together. New employees will have special induction training, so that new employees can better and faster familiar with the company environment, workflow. After entering the post also has the corresponding training study, fully stimulates the employee's potential, gives the employee more growth opportunity.

Hemp Fortex HR department actively encourages employees to develop their career within the company. We actively promote continuing education and organize various training courses for our staff. The Human Resources Department develops training courses that meet both our business needs and help enhance staff knowledge and skills.

Training courses to help employees express themselves, understand and respect colleagues. Through these training courses, employees have learned to work in a variety of ways

effectively express different and high quality opinions on the domain. We also fund staff participation in external professional courses and ensure that employees at all levels enjoy equal opportunities for development. We continue to implement succession plans at the production plant to tap potential talent and provide opportunities for staff to take specific management courses and to learn valuable technical and managerial skills from different departments and teams. These training courses ensure that future leaders of the company are well prepared for future promotion to leadership positions to meet the evolving needs of the company.

## Staff health and Safety management

Safety production is the key important for Hemp Fortex. Employee safety and awareness are also the focus. Hemp Fortex fire drills are conducted every year, and some position must get special personal protective equipment training, to ensure the safety of employees in the production process. The company also arranges some employees to participate in the training of first aid workers, if an accident occurs, the first time can take first aid measures to minimize the injury.

Apart from the above, we regularly conduct training courses on occupational injury prevention, workplace safety training courses, specific safety training workshops and tests, such as chemical use, mechanical safety, forklift operation, etc., so as to

enhance staff awareness and awareness of occupational safety.

We also conducts regular health and safety audits to analyze any potential work environment safety crisis and its possible consequences, and monitors the implementation of safety measures by cross-functional teams. There are no work injury or death was recorded in 2019.

## Staff Benefits

Hemp Fortex always believe that employees are the precious wealth of enterprises and an important force for enterprises to achieve sustainable development. Only in the actual action to care for employees, so that employees have a sense of belonging, so that each employee can grow together with the company, the enterprise can be full of vitality, harmonious and orderly sustainable development.

We established a perfect employee health protection system. In addition to the social security stipulated by the law, the company buys supplementary medical or personal accident insurance for employees, and one of the essential activities of the company every year is to organize the medical examination of employees, which effectively ensures the health of employees.

Monthly distribution of daily necessities (such as toilet paper, detergent, soap, etc.) to employees. In addition, in order to ensure that employees eat peace of mind, health, affordable, employees only spend 2 yuan for lunch, the rest of the company

will give corresponding subsidies.

Employees can take a shuttle bus to and from work, on the one hand to ensure the personal safety of employees to and from work, on the other hand, more low carbon environmental protection.

During the holidays, the company will also provide benefits, gifts and welfare holidays; during the holidays, the company will serve more than 10 years of old employees who have left the service.

It also organizes a staff tour and fun games every year; while enriching daily work life, it also makes the relationship between employees more harmonious.

The company attaches great importance to employees and the next generation of self-improvement and value realization. Employees' children are admitted to university, and Hemp Fortex grant grants to encourage them.



## Supply Chain Management

Good supply chain management and good purchasing management are essential to the sustainable operation of Hemp Fortex. We have a supply chain management system to understand supplier performance and their compliance performance in terms of corporate ethics.

We manage our supply chain with a socially and environmentally responsible attitude and purchase from suppliers that recognize and comply with our social responsibility requirements.

Hemp Fortex main suppliers include yarn spinning, weaving, knitting, dyeing and auxiliaries. More than 90% suppliers are located in China. Logistics supplier is the main link in the second half of supply chain. To reduce the potential risk of Hemp Fortex and customers, our supply chain management system follow up

on the supplier and product quality testing and their performance in terms of sustainable development, thereby eliminating possible impact on our supply chain efficiency potential interference.

We must have a sustainable supply chain to ensure the quality of the final product. In a spirit of mutual trust, the company aims to achieve these objectives through long-term cooperation with suppliers. All procurement work of the company is carried out by the procurement team to fair, objective and professional standards. The company's procurement guidelines depend on the supplier's price, quality, delivery capacity and reputation, and also take into account the supplier's integrity, social and environmental responsibilities.





# Public welfare and Charity

Only when enterprises fully consider the impact of their own operation on society and take active and effective measures to help local people solve livelihood problems, care for vulnerable groups, and support local education will they win the support and

respect of the public. As responsible corporate citizens, Hemp Fortex continued to carry out various public welfare activities and established Hemp Fortex foundations for charitable activities such as disaster relief, educational support and social welfare.

## Sichuan Leprosy Community:

From 2011, we began to pay attention to this project, because the hemp fabric has the function of anti-bacterial and disinfection, which is conducive to the recovery of leprosy patients. Hemp Fortex donated the first batch of hemp clothing. After that, in February 2014, we again donated Haier automatic washing machine for daily use by the leprosy prevention

project community. For local children to have a better reading environment, in May of the same year, we donated 404 sets of desks and chairs to poor children's families in Liangshan. In 2017, we also donated 11 air conditioning fans and 108 hot water pots to the leprosy community in Sichuan.

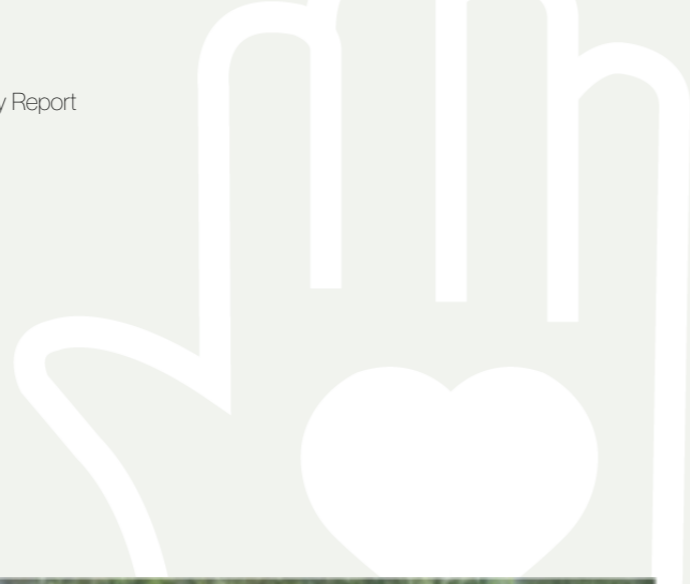


## Yanan Support Project :

Since childhood and grandfather dependent on the Yanan, suffering from congenital spina bifida and spinal membrane bulge, Yanan can only rely on grandpa's meager income and the help of good people to live. In 2013, Hemp Fortex funded

RMB 3000 to her; Hemp Fortex Foundation continued to follow up on her situation, including issues such as postoperative rehabilitation.





### Nepal earthquake contribution:

In 2015, the earthquake of magnitude 8.1 in Nepal caused great moral and property damage to the local population. Hemp Fortex fund to assist local victims of hemp clothing.



### Medical expenses of employees' families:

Hemp Fortex use their expertise and resources to serve a wide range of communities where they operate in a variety of ways. The main areas of service include supporting people in need, working with local charities to provide training opportunities for young people, foster an innovative environment and build healthy

and green communities.

Hemp Fortex contributed to the medical expenses of employee's fathers in March 2013.



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