

DAKOTA

SUSTAINABILITY REPORT

WE DO IT IN THE
RIGHT WAY TO DRIVE A
BETTER WORLD.

we love, we care, and we take responsibility.

2018

OPERATIONAL HIGHLIGHTS

1,210,000,000 HKD

39,000,000 PCS

9,000 EMPLOYEES

NET SALES:
APPROX. HKD 1,210 M

GARMENTS PRODUCED:
APPROX. 39 M PCS

EMPLOYEES:
APPROX. 9,000

SUSTAINABILITY PERFORMANCE HIGHLIGHTS

Participation in
ACT initiative to
ensure living wage level

Raised productivity
via automation

New product certification
under OEKO-TEX 100
Standard

40% of water sourced
from rainwater

Reduced energy
consumption

Performance Improvement
Consultative Committees
established to address labour
and ethics issues

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Dakota makes ceaseless efforts to improve its sustainability performance.

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ABOUT DAKOTA

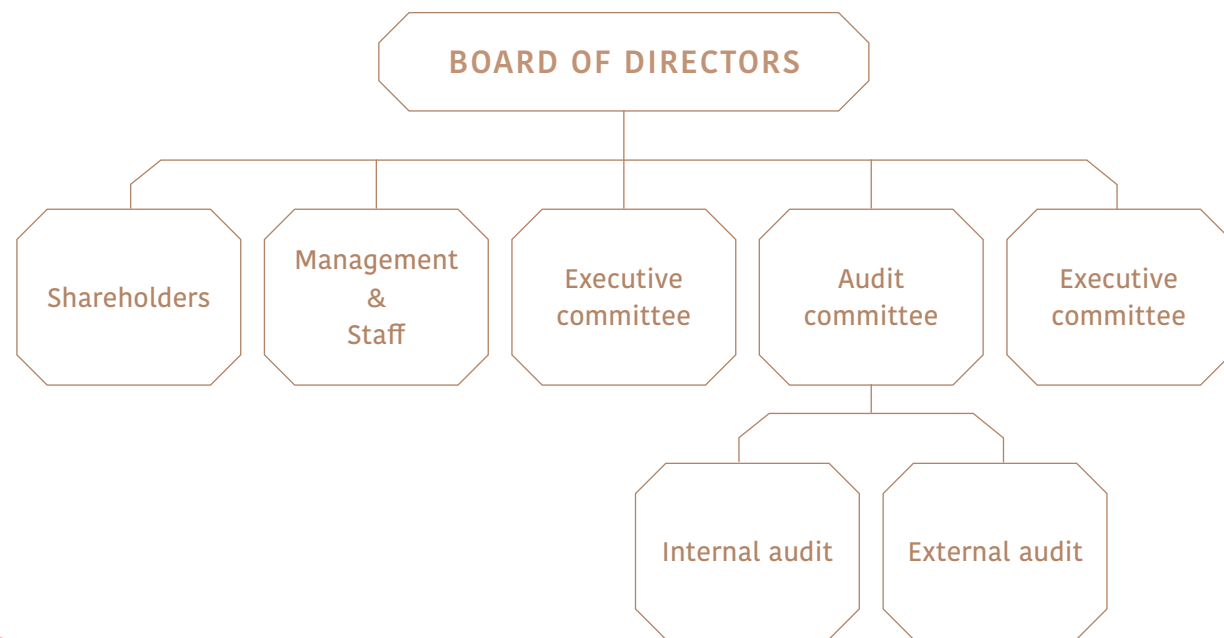
Our successes rest on pioneering spirit of innovation. We do not shy away from uncharted waters and embrace change and challenges.

Be it investments in the latest automation technology or getting on board the Fair Wage Programme, Dakota always strives to drive change that furthers its move towards sustainability.

Headquartered in Hong Kong, we are now well established with 5 apparel manufacturing facilities in China, Cambodia and Myanmar. Recognised for its superior ability to meet client needs, Dakota has formed business partnerships with such well known global brand names as H&M and NEXT.

Our core business is garment manufacturing, providing a one-stop solution from sourcing and development, fashion design, merchandising and production to industrial engineering, quality assurance and logistics for garment products as both Original Equipment Manufacturer (OEM) and Original Design Manufacturer (ODM).

Since a humble beginning with a mere 20 sewing machines in 1989, Dakota Industrial Co., Limited (“Dakota” or the “Company”) has grown to be a reputable major industry player.



CORPORATE GOVERNANCE

Sound corporate governance is fundamental to our drive to take the Company forward. We safeguard the interests of the Company’s shareholders and employees by having rigorous internal controls and risk management. Headed by Board of Directors, three board committees ensure not only financial capital but also social, natural, human and intellectual capital. These committees help us manage our working responsibly and effectively and to address risks and opportunities appropriately.

ABOUT THE REPORT

With sustainability high on our agenda, the Board of Directors confirms that the report reflects our social and environmental performance and its impacts in an accurate and balanced manner.

SCOPE OF THE REPORT

The report covers sustainability performance of four of our manufacturing facilities in China, Myanmar and Cambodia for the reporting period from 1 January to 31 December 2018. This year, a new Cambodian facility has commenced operation, and it shall be included in the report boundary in the following year after data collection systems are properly established. We have excluded another facility because it is under joint control with another entity.

This sustainability report has been prepared in accordance with the Core option of the Global Reporting Initiative (“GRI”) Standards Sustainability Reporting Guidelines, and is subject to an annual reporting cycle. Due to differences in legal requirements across regions where the Company operates, certain quantitative indicators have not been stated for some of the subsidiaries.

FEEDBACK

We have done our utmost to reflect the interests of diverse stakeholder groups in this sustainability report. We recognise there is always room for improvement and highly value any feedback from readers of the report. The Company is also continuously looking out for opportunities to further sustainability in the apparel industry and is open to working with any potential collaborators.

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MESSAGE FROM THE CHAIRMAN

Dear stakeholders,

We are proud to present the second Sustainability Report of Dakota. Since our first report last year, we have continued to strengthen the sustainability practices including ensuring wage security, mitigating environmental impacts and striving for operational excellence. We will continue to listen to voices of different stakeholders, such as customers, employees, the local community and our partners.

The year 2018 was a year of change at Dakota. While the garment industry has been picking up pace in transforming itself, we have adopted a series of strategic initiatives to embrace these changes which will help us move forward on the sustainability journey.

In addition to our investment in automation and digitalisation technologies such as radio-frequency identification (RFID) chips and automatic cutters in its factories, we have kickstarted a project in cooperation with the Hong Kong University of Science and Technology for using AI to predict and monitor movement of our products. First of its kinds in our industry, it helps us gain a better understanding of the production data, enabling us to better predict the efficiencies we need for our products and production processes in the future. These technology upgrades enable us to accelerate the process of producing fashion designs for our clients.

People are the assets of our business. We believe changes in industry practices allow both increase in productivity and empowerment of workers. This year, we participated in ACT, or Action, Collaboration, Transformation, a multi-stakeholder initiative that brings together manufacturers, brands, trade unions and governments, aiming to ensure living wage through adjusting prices. It is also critical to ensure the communication channel with employees is open, especially for safeguarding occupational health and safety. Over 40% of our OHS committee is composed of worker representatives which helps ensure concerns and opinions of those directly involved are reflected.

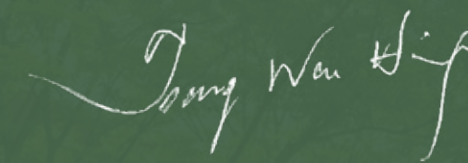
This year, we are committed to taking part in the Global Change Award – an H&M Foundation initiative to drive innovation towards a circular fashion industry. We have embarked on collaborations with this year's Award winners on developing sustainable technology for eco-friendly fashion production, believing such partnerships have been beneficial in spreading the sustainability spirit throughout the industry.

In 2018, we continued to strengthen our environmental management initiatives, with an aim to achieve closed-loop operations eventually. As a first step, one of our sites in Cambodia is able to meet its entire water consumption by using our rainwater harvesting system. This is the sort of opportunity that we will continue to explore at other sites. Regarding effluent treatment, we go beyond regulatory compliance. This year, Dakota re-designed its industrial effluent treatment plant to fulfil the updated requirements of our customers. We have purchased new devices to monitor newly-requested parameters and provided necessary training to our lab staff. With these upgrades, the treatment plant has been able to achieve the best assessment level.

LOOKING FORWARD

We now stand at a critical juncture in our journey toward becoming a leading sustainable garment manufacturer. With the establishment of in-house design capability and a fabric mill, we continue to move toward being a vertically integrated manufacturer.

While we celebrate our 30th anniversary at Dakota in 2019, we realise that it is the deeply-ingrained innovative and fearless culture that has taken us from 20 sewing machines back in 1989 to our existing scale. Our team will continue to rely on the same values to guide in the future. I would like to take this opportunity to extend my heart-felt thanks to all of our stakeholders. As we move forward, we will continue to devote ourselves to pursuing shared values with local communities where we operate. We look forward to your continued support in our future endeavors.



Philip Tsang
Chairman
24-12-2018



SUSTAINABILITY AT DAKOTA

Sustainability is not just an after-thought or peripheral aspect of our business operations. This year, we have articulated our vision, mission and strategies that ingrain sustainability as a major component.

Our vision is to be one of the world's leading garment manufacturers and serve and improve the industry, as summarised in three strategy themes. We recognise that to exceed customer expectations and remain in the industry's forefront, we have to operate in a sustainable manner.

STRATEGY THEMES



STRATEGY THEMES



CUSTOMER PERSPECTIVE



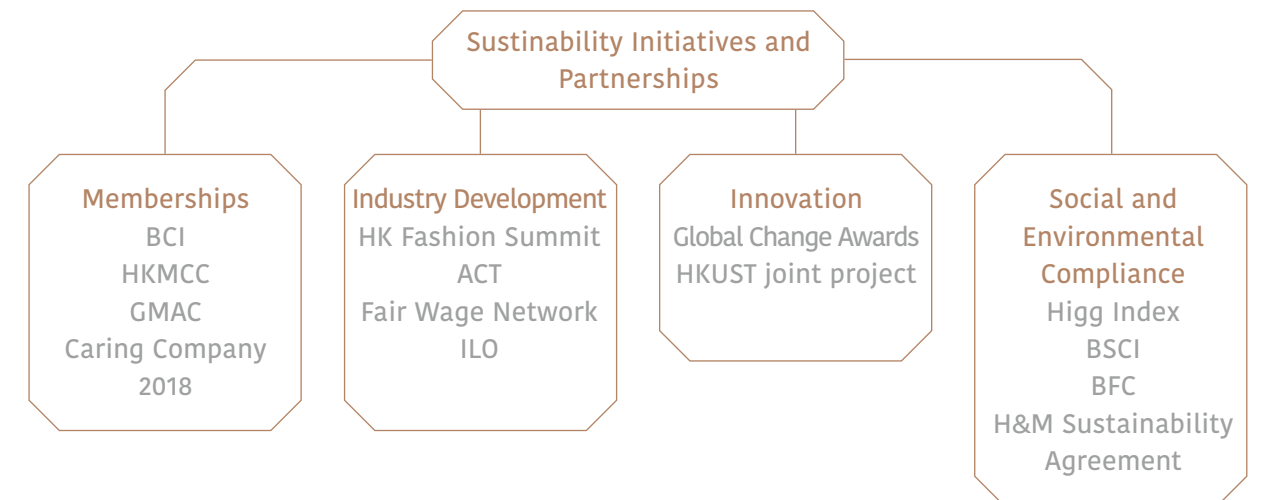
Our business model now strives to absorb the negative externalities of our operations and instead generate positive spill-overs that benefit our environment and society.

At Dakota, sustainability functions are spearheaded by the Head of Operations, supported by the regional sustainability manager. Each of our factory sites has representative personnel who lead and assist execution of all sustainability-related measures. We want sustainability to permeate all levels of our decision-making to build a business that can be part of the solution.



OUR SUSTAINABILITY INITIATIVES AND MEMBERSHIPS

With sustainability at the helm of its operations, Dakota has not spared efforts in engaging with those who have walked the path first. Over the past few years, we have whole-heartedly thrown ourselves into committing to a wealth of sustainability initiatives and partnerships. Below is an overview of the current engagements, and this is further elaborated throughout the report.



MEMBERSHIPS

Our memberships in BCI (Better Cotton Initiatives), HKMCC (Hong Kong Myanmar Chamber of Commerce (HKMCC), GMAC (Garment Manufacturers Association in Cambodia) ensure we are in the loop of the latest industry updates.

SOCIAL AND ENVIRONMENTAL COMPLIANCE

Our sustainability compliance is monitored against standards of the Higg Index, BSCI (Business Social Compliance Initiative), Better Factories Cambodia (BFC) and H&M Sustainability Agreement.

INDUSTRY DEVELOPMENT

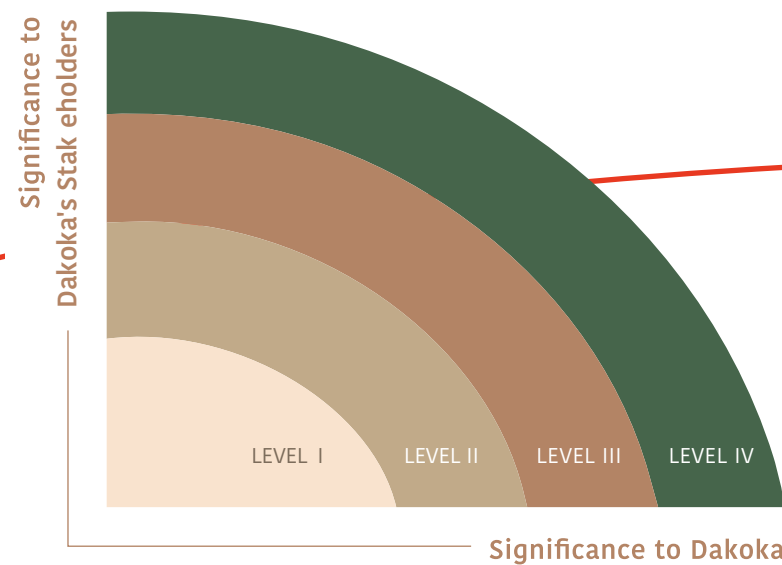
We further positive industry development by engaging with ILO (International Labour Organisation), Fair Wage Network, ACT (Action, Collaboration, Transformation) and the HK Fashion Summit.

INNOVATION

We drive innovation forward through collaboration with academia and global competition.

FOCUS ON MATERIAL TOPIC

Businesses face a plethora of economic, environmental and social issues. It is, therefore, crucial for the Company to focus on those that have significant impact on Dakota's business longevity and on the agenda of its stakeholder groups. While we kick-started our first materiality assessment, the management reviewed and validated the top 5 material topics remain the most material to the Company and its stakeholders.



LEVEL I (MATERIAL TOPICS)

- 1 Human right
- 2 Employee communication
- 3 Woman empowerment
- 4 Occupational health and safety
- 5 Talent / staff management

LEVEL II

- 6 Customer Satisfaction
- 7 Product quality and safety
- 8 Business ethics
- 9 Product and process innovation
- 10 Wage management system
- 11 Development and training

LEVEL III





- 12 Customer privacy protection
- 13 anti-corruption
- 14 Energy
- 15 Economic value generated in the location of operation
- 16 Effluent and use of chemicals

LEVEL IV

- 17 supplier management
- 18 Water
- 19 Market pressure
- 20 Waste management
- 21 Community involvement
- 22 GHG emission
- 23 Materials sourcing
- 24 Ecological conservation
- 25 Exhaust gas emission

RESPONDING TO IDENTIFIED MATERIAL TOPICS

Sustainability is about listening and responding to the needs and interests of diverse stakeholder groups. Throughout the year, Dakota engages with its stakeholders through a multitude of channels. Our mechanisms for two-way dialogue ensure we are abreast with the latest topics and concerns of our stakeholder representatives. Below we summarize our engagement approach and key topics raised, and how our 2018 actions have contributed to the UN Sustainable Development Goals (SDG).

STAKEHOLDER	ENGAGEMENT APPROACH	KEY TOPICS AND CONCERNS RAISED (MATERIAL TOPICS BOLDED)	TOPIC BOUNDARY		2018 ACTIONS AND THEIR RELATIONS TO FULFIL SUSTAINABLE DEVELOPMENT GOALS
			INTERNAL	EXTERNAL	
EMPLOYEES	<ul style="list-style-type: none"> • Training • Corporate activities and events • Employee grievance mechanism • Collective bargaining agreement (Cambodia only) • Sustainability report 	<ul style="list-style-type: none"> • Occupational health and safety • Talent/staff management • Employee communication • Training and development • Welfare and benefits 	✓		<ul style="list-style-type: none"> • Fair Wage Remediation • Continuous improvement through working with BFC  
CUSTOMERS	<ul style="list-style-type: none"> • Customer grievance mechanism • Website • Sustainability report • Meetings and communication regarding quality management, business ethics, labour rights and ethics, environmental performance, responsible sourcing 	<ul style="list-style-type: none"> • Human rights • Quality management • Business ethics • Environmental performance • Responsible sourcing 		✓	<ul style="list-style-type: none"> • Product certification for organic and recycled content standards • Upgrade of effluent treatment plant • Wood-substitution strategy • Energy and water conservation programme  

STAKEHOLDER	ENGAGEMENT APPROACH	KEY TOPICS AND CONCERNS RAISED (MATERIAL TOPICS BOLDED)	TOPIC BOUNDARY		2018 ACTIONS AND THEIR RELATIONS TO FULFIL SUSTAINABLE DEVELOPMENT GOALS
			INTERNAL	EXTERNAL	
SUPPLIERS	<ul style="list-style-type: none"> • Site visits and assessments • Interviews and appraisals • Meetings 	<ul style="list-style-type: none"> • Occupational health and safety • Corporate reputation • Responsible sourcing 		✓	<ul style="list-style-type: none"> • Require suppliers to sign the suppliers' commitment on social responsibility  
COMMUNITY	<ul style="list-style-type: none"> • Volunteerism • Donations • Sustainability report 	<ul style="list-style-type: none"> • Community investment 		✓	<ul style="list-style-type: none"> • Charitable activities for orphans and elderly • Research project with Yunnan University  
NGOS	<ul style="list-style-type: none"> • Fair wages approach • Sustainability report • Site visits • Conference and forums 	<ul style="list-style-type: none"> • Human rights • Employee communication • Women Empowerment • Environmental performance 		✓	<ul style="list-style-type: none"> • Participation in ACT • Sponsor of HK Fashion Summit • Collaboration with Global Change Awards winners  
MEDIA	<ul style="list-style-type: none"> • Site visits by media • Interviews 	<ul style="list-style-type: none"> • Human rights • Industry innovation and development 		✓	<ul style="list-style-type: none"> • Introduction of our sustainability initiatives to media  





OUR PEOPLE

EMPLOYEE PROFILE

Our People

We highly value our employees who have dedicated themselves to our business. As a responsible corporate citizen, Dakota commits itself to provide a decent and healthy workplace. Through supporting Fair Wage and ACT initiatives, we are a part of the driving force pushing the industry towards better worker well-being and job satisfaction.

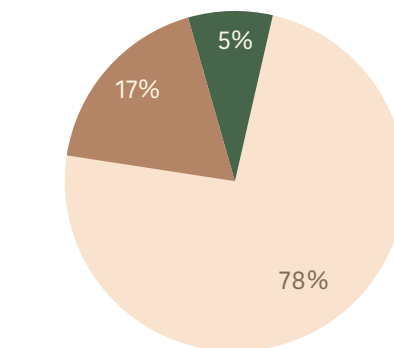


As at 31 December 2018, the Company has approximately 9,000 employees. To protect basic labour rights and provide decent working conditions for employees, our human resources department and sustainability executive have been made responsible for overseeing the labour practices. We ensure policy and procedures on recruitment, contract termination, welfare, wage calculation and overtime management are strictly followed. Welfare including OT allowance, seniority bonus, annual leave, maternity leave, severance, meal, housing and transportation allowance are provided according to relevant labour standards, laws and regulations.

OT work is on voluntary basis, the company continues to improve the OT recording and alarm system to minimize excessive OT. We recognize the need for maintaining high level of awareness among employees about our labour policies. All human resources related information is communicated to managers and supervisors through management training, and to workers through induction training and refresher training.

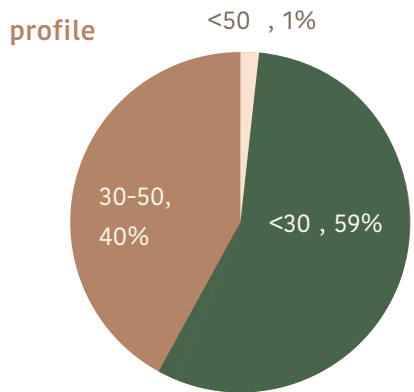
Employee Profile

Geographical profile



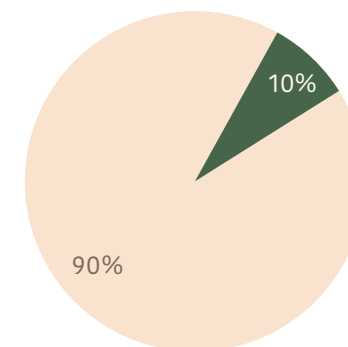
- China (Including Hong Kong)
- Cambodia
- Myanmar

Age profile



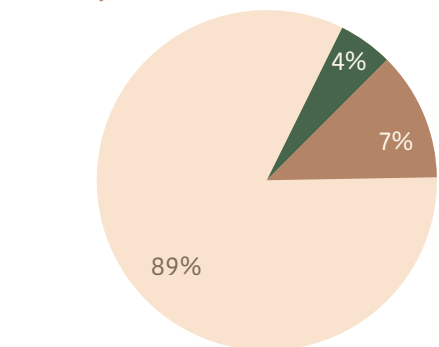
- <30, 59%
- 30-50, 40%
- <50, 1%

Gender profile



- Male
- Female

Functional profile



- Technical
- Administrative
- Production

PROTECTING WORKER RIGHTS

Dakota believes in the importance of safeguarding and promoting respect for fundamental human and labour rights within our operations. We are committed to prevent and eliminate child labour and forced labour through thorough document checks and regular patrols within the facilities. Recruitment policy have been revised with stricter measures on discovering counterfeit ID. The human resources department are trained to identify potential labour risks, familiarize with relevant laws, and handled any discovered cases of child labour, adhering to the principles of protecting human rights and well-being.

Our workers' basic rights management system protects workers from any physical and mental violence and threats. Abuse, harassment and discriminations of any form, including discrimination on pregnancy, childbirth and HIV infections are not tolerated. The management and sustainability executive scrutinize the operations to prevent unreasonable deduction of workers' wages, confiscation of workers' travelling documents, or acts of harassment. Workers are encouraged to seek assistance from the management through the grievance system in case of any unethical behaviour. To arouse awareness among workers, we have partnered with the ILO on organizing trainings on non-discrimination and prevention of sexual harassment etc., covering the management, human resources department and workers. There are no reported cases of child and force labour during the year.



ADDRESSING INDUSTRIAL RELATIONSHIP

Dakota recognizes the potential labour risks at the production plants. To protect the rights of our workers, we comply with relevant laws and regulations and meet our customers' requirements, working closely with Better Factories Cambodia (BFC) and monitor our performance on labour aspect. Performance Improvement Consultative Committees (PICC) are established in two Cambodian factories in which workers are consulted on improving labour and ethics issues. Regular advisory meetings, training and assessments from BFC advisors contribute to improvement processes of human resources management system, and occupational health and safety etc. We take reference from audit results from BSCI¹, Higg Index and customers when evaluating our management approach. Plans and progress of improvement actions are monitored by PICC members.



¹Business Social Compliance Initiative



TRAINING AND DEVELOPMENT

We believe that training and education are vital for utilizing human resources and boosting motivation of the workforce, raise productivity and product quality. Human resources department manages the training management system and coordinates with responsible departments for organizing internal and external training events. Training needs are evaluated annually for formulating training plans and contents. Five types of trainings are provided including induction training, rights-related training, safety training, skills training and career training. Employees' learning progress and feedback are recorded and collected in order to better equip employees with the necessary skills, and eventually supporting their career advancement.



Our PICC members attend training provided by ILO.

TYPES OF TRAINING OFFERED

Induction training	Introduction to welfare system, code of conduct, environmental, health and safety, and product quality
Rights-related training	Build workers' awareness about labour rights, fair wage and grievance system
Safety training	First aid, fire safety and chemical safety are the focuses
Skills training	Upgrading machine operation skills and special skills training before putting on duty and job transfer
Career training	Collaborations with BFC and GMAC ² training programs in supporting employees' development in the garment industry

EFFECTIVE COMMUNICATIONS

A healthy and satisfactory working environment could not be maintained without the participation and support of our workers. We therefore strive to construct effective two-way communications between the management and employees. In addition to the PICC in which worker representatives directly participates in improvement process of labour issues, our grievance system also aims to provide a channel for workers and the management to resolve labour issues and disputes in a proper and timely manner under mutual respect and confidentiality. Workers also have the right to seek assistance from worker representatives and interpreters in order to ensure the complaint is clearly communicated.

FREEDOM OF ASSOCIATION

Dakota respects the freedom of association of workers. Work representatives who are directly elected by workers, act as their delegates to reflect opinions and feedback to the company. Collective Bargaining Agreements (CBA) have been signed with the most representative union in two of our factories in Cambodia according to the Trade Union Law. The company respects the union membership of the workers and shall not discriminate or retaliate against them for exercising their given rights. We maintain continuous dialogue with the union and actively respond on topics concerned.

FAIR WAGE REMEDIATION

As a participant of the fair wage remediation scheme lead by the Fair Wage Network (FWN), we seek ways to improve communications on wage calculation and eventually minimise gaps between current wage and living wage. Through modification process of assessment, training, discussion and evaluation in 12 fair wage dimensions, carried out in the span of five years, workers show high awareness on wage-related issues. The completion of setting wage grid attached wages to workers' skills, bringing better career opportunities, and most importantly, raising satisfaction of workers on wages.

In the past few years, Dakota has been putting effort in upgrading our wage management system in order to enable our workers to continue to improve their standard of living.

Fair wage initiatives completed in 2018:

- Biannual internal living wage surveys
- Annual wage cost analysis
- Added skill, efficiency and full attendance bonus
- Communications between workers and management
- Established comprehensive wage structure
- Completed wage grid
- Developed job classification and training
- Timely and correct payment



BETTER THAN CASH

To ensure secure salary payment and improve admin efficiency, we have also collaborated with banks in setting up digital payments with workers and installing ATM machines at our facilities.





EXTERNAL ENGAGEMENT ON SOCIAL ASPECT

Dakota advocates the change of the garment industry towards better labour practices that benefits the

workers and corporations in the long run. We participated in ACT (or Action, Collaboration, Transformation), a multi-stakeholder initiative that brings together manufacturers, brands, trade unions and governments in collaboration on ensuring living wage through adjusting purchasing prices. Dakota also attended the ACT Summit in support of the initiative. We believe changes in industry practices will enable increase in productivity with the empowerment of the workforce. It is still challenging to obtain an industrial wide CBA by ACT in Cambodia. We continue to play a significant role in GMAC in driving this forward.

We showed our progress on labour management and communication to representatives from the International Labour Organization (ILO) and United Nations Development Programme (UNDP) during their visits to our facilities and received positive feedbacks. During the year, we also welcomed journalists to our facilities to introduce our living wages initiatives. With recognitions by visitors, we will continue our work and promotion of industry best practices.



JEDER ARBEITSSCHRITT WIRD OPTIMIERT



David Sävman, H & M-Chefeinkäufer in Hongkong, will weiter die Kosten drücken



Dakota-Manager Herman Leung setzt auf gute Bezahlung - und mehr Maschinen

Loo macht eine lange Pause. Man wartet auf ein „Aber“.
 Es kommt: „Aber wir wollen Garantien haben.“
 Loo verlangt, dass H & M und Co. nicht in wenigen Jahren weiterziehen, weil die Löhne gestiegen sind und Fabriken in anderen Ländern billiger anbieten.
 Ken Loo sagt: „Die Fabriken in Kambodscha machen mit, aber die Fabriken in Vietnam, Bangladesch und Pakistan müssen in absehbarer Zeit auch dabei sein.“
 Und dann folgt die Drohung: „Wenn das nicht passiert, bin ich nicht optimistisch.“
 Loo steht auf und tritt ans Fenster, er muss rauchen. Letzte Frage: Wer hat Sie davon überzeugt, bei ACT mitzumachen?
 Er bläst eine Ladung Zigarettenqualm zum Fenster hinaus. Seine Antwort: „Ich selbst. Mein Aufsichtsrat ist skeptisch. Die Mitglieder in meiner Organisation sind es noch mehr. Ich persönlich glaube daran. Wenn es gelingt, ist es toll. Ein Fortschritt. Ich bin deshalb dafür, dass die Fabriken frei entscheiden können, ob sie bei ACT mitmachen oder nicht. Ich sage: Packt den Fisch auf den Tisch; wenn er lecker ist, wird er gegessen, wenn er stinkt, bleibt er liegen.“
 Er muss jetzt los. Im „Cambodiana“ wartet sie auf ihn. Dort erfährt Loo, dass die Modeunternehmen bereits sind die Garanz-

Herman Leung aus Hongkong leitet das Geschäft. Er führt durch die Fabrik bei Phnom Penh. Im Erdgeschoss wird noch traditionell gearbeitet: Nähmaschine hinter Nähmaschine. Im ersten Stock steuert ein Computer die Produktion. Halbfertige Kleidungsstücke ziehen an Bügeln von einer Nähstation zur anderen. Wie am Fließband in einer Autofabrik. Bei Dakota können sie sogar feststellen, welche Näherin ein bestimmtes Kleidungsstück gefertigt hat. Sie könnten den Namen ins Etikett drucken.
Digitalisierung statt Lohndrückerei
 Drei Näherinnen zeigen dem stern ihre Lohnabrechnungen. Sie verdienen zwischen 300 und 400 Dollar - deutlich mehr als der Mindestlohn von 170 Dollar. Die Firma zahlt Zulagen für gute Leistung, gibt Zuschüsse für die Krankenversicherung und übernimmt einen Teil der Fahrtkosten. Sogar für die Betreuung von Kleinkindern gibt es ein paar Dollar.
 Der Lohn wird in den Fabriken üblicherweise am Ende der Woche barausbezahlt. Bei Dakota können Arbeiterinnen ihren Lohn am Geldautomaten auf eine Kreditkarte laden. Sie haben ihr Geld unter Kontrolle, nicht ihr Ehemann.
 Macht Dakota Gewinn?

Punkt sechs am Abend stehen aber auch bei Dakota Nähmaschinen und Computer still. Leung würde die teuren Anlagen gern im Schichtbetrieb laufen lassen. Aber das klappt nicht. Die Wege zur Arbeit sind nachts für die Näherinnen zu gefährlich, und die Fehlerquoten bei der Produktion waren zu hoch.
 Am Ende bestimmen die Einkäufer der Modekonzerne, welche Fabriken den Zuschlag bekommen. Sie haben es in der Hand, ob die Lohn-Revolution gelingt.
 Die Einkäufer von H & M sitzen im Zentrum von Hongkong in einem anonymen Büroturm. Einkaufschef David Sävman dirigiert weltweit 3300 Mitarbeiter, die für den Nachschub für die 4800 Filialen und 200 Onlineshops des Moderiesen sorgen. Sävman zählt sich zu den Revolutionären. Er sagt: „Wir kaufen nicht mehr bei den Billigsten. Das ist vorbei.“ Mit den höheren Löhnen für die Näherinnen habe er kein Problem. Denn die Löhne und damit die Kosten jedes einzelnen T-Shirts steigen ja auch für die Konkurrenten bei Zara und C & A. Damit hat keiner einen Wettbewerbsvorteil. Aber der dauernde Druck nach unten auf die Schwächsten in der Kette nehme ab. Das sei gut, findet er.
 Für alle anderen gilt der Wettbewerb. Sävman und seine Leute arbeiten verbissen daran, die Kosten niedrig zu halten, das Tempo in der Lieferkette weiter zu erhöhen und die Profitabilität zu steigern. Bei H & M haben sie dafür eine Methode entwickelt, sie nennen es Scientific Pricing - wissenschaftliche Preisfindung. Jeder Knopf, jede Verpackung wird optimiert. Sie helfen auch den Fabriken dabei, die Abläufe effizienter zu machen.
 Das Rennen geht also weiter, aber vielleicht mit ein paar neuen Spielregeln: im Interesse der Frauen in den Fabriken. Erst in Kambodscha, dann hoffentlich bald überall.
 Die Näherin Phorn sagte zum Abschied: „Wenn Sie wieder zu Hause sind und auf dem Etikett im Laden Made in Cambodia lesen, dann denken Sie vielleicht daran, dass jedes Kleidungsstück von Hand gemacht wurde. Vielleicht von mir und den



HEALTH AND SAFETY

Nothing is of paramount importance than ensuring the health and safety of our employees. We believe all incidents are preventable and take a proactive approach through risk identification and mitigation. Our comprehensive occupational health and safety (OHS) management system is tailored to the legal requirements at each of our operating regions. To ensure a safe workplace for all, our OHS system is also applicable to activities performed by workers employed by third-party hiring companies.

We believe a positive safety culture needs the direct involvement of our workers. Instead of a traditional top-down approach, our safety system is led by joint management-worker OHS committees. Over 40% of our OHS committees is composed by worker representatives. Such approach ensures the direct concerns and opinions of those directly involved on-site are reflected. The committee meetings are held on a regular schedule, seeking to continually improve the OHS system.

Our safety performance is kept in check by the sustainability executive. Employee is responsible for conducting daily safety checks and the preparation of monthly audits. Our employees undergo the necessary OHS training as arranged by the HR department. Our Myanmar facility actively participated in OHS trainings offered by ASEAN-OSHNET³.The following table outlines the measures in place to ensure the highest safety and health standards at our factory sites.



³ ASEAN-Occupational Safety and Health Network

To ensure the basic welfare of our workers, we provide

- Health care allowances
- Child day care services
- Clinical service with certified medical practitioners
- First-aid kit and training at each department
- Well-maintained dining, break areas, lighting, ventilation and toilets
- Facilities for clean potable water

To respond swiftly to emergency events, we

- Install fire prevention facilities that go beyond requirements of local laws
- Establish response plan during events of fires, natural disasters, industrial accidents and disease outbreaks

To ensure safety in all machine operations, we require

- Qualified mechanics to maintain machines in top condition, including the safety gear
- Lock-out/tag-out procedures to fully disable machinery during maintenance activities
- All machinery purchases consider and prioritise safety
- Workers to wear personal protective equipment (PPE), such as eye and hearing protection gear

We provide safety training in the following

- Evacuation procedures
- Fire-fighting procedures
- Chemicals management
- Machinery operations
- First-aid training
- Action plans of risk assessment and incident investigation processes





HAZARD IDENTIFICATION AND RISK ASSESSMENT

Hazard Identification And Risk Assessment

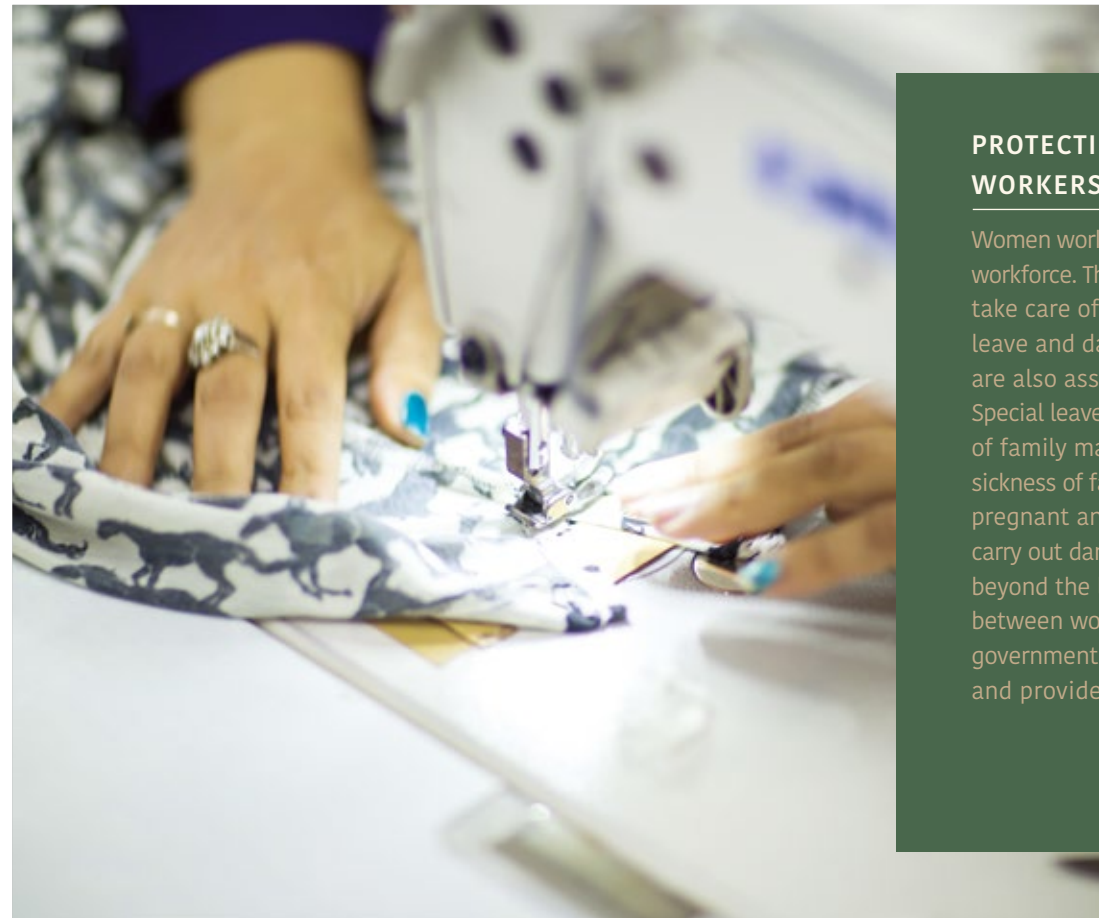
We strive to eliminate and mitigate all hazardous risks identified at factory sites. At all factory sites, we have established a Risk Management Policy which ensures cross- departmental collaboration to address safety risks. The factory manager is in-charge of the risk assessment process, while the sustainability executive coordinates the resultant action plans with strong support from department heads. The following are details of our annual risk assessment process, consisting of three major steps.

- | | |
|-----------------------|--|
| Identify risks | <ul style="list-style-type: none"> • Conduct a factory-wide inspection for physical, mechanical, chemical, biological, ergonomic, psycho-social hazards |
| Analyze risks | <ul style="list-style-type: none"> • Perform Bow-tie Analysis to find out root causes, and how to mitigate both cause and impact • Assess the likelihood and consequences of hazards identified to determine risk rating |
| Manage risks | <ul style="list-style-type: none"> • Develop and implement action plans • Apply the hierarchy of controls, prioritising elimination, substitution over engineering, administrative controls and PPE |

INCIDENT INVESTIGATION

Big or small, we take every incident of work injury and accident seriously. Our Accident Management and Investigation policy outlines the procedures to be followed in the unfortunate event of an accident. The factory manager leads the entire accident investigation process, while the HR and sustainability teams are responsible for keeping and monitoring safety record.

Our accident report procedure requires the injured or witness to report immediately to the departmental head or factory manager. Immediate action should be taken to prevent escalation and greater consequences. An investigation team is formed as soon as possible, consisting of experienced members that have no direct relations or interests with the incident on hand. Thorough analysis of the cause and liability of the accident is conducted, and subsequent corrective actions are communicated to respective departments. If necessary, disciplinary actions are taken against individuals who have violated the safety policies.



PROTECTING WORKERS' HEALTH

Women workers account for a large proportion of our workforce. The company has established policies that take care of their well-being. Apart from maternity leave and day care allowance, breastfeeding hours are also assigned to those with new born children. Special leaves are granted for all workers to take care of family matters such as marriage, child birth and sickness of family members. Women workers who are pregnant and have given birth are not assigned to carry out dangerous operations. Such policies are set beyond the legal requirements, facilitating balance between work and family life. We have also invited government institutions to deliver health care talks and provide free health checks to workers.

Dakota invests and strives to bring positive social impact to the community



OUR COMMUNITY

Dakota invests and strives to bring positive social impact to the community, especially those underprivileged families and the elderly.

The company has been awarded the Caring Company in 2018 for its efforts in engaging with the community. We will continue to pay attention to the community and support the development of it with practical actions.

In Cambodia, we continued to support the children's development by paying school visits and donations. While in Myanmar, our employees actively volunteered to show care and support to the orphans and the elderly. In Hong Kong, paying visits and donating rice to the singleton elderly has become our annual charity event. Our volunteers actively participated with a mission to share the joy and a sense of caring to the elderly.



Our employees actively volunteered to show care and support to the orphans and the elderly



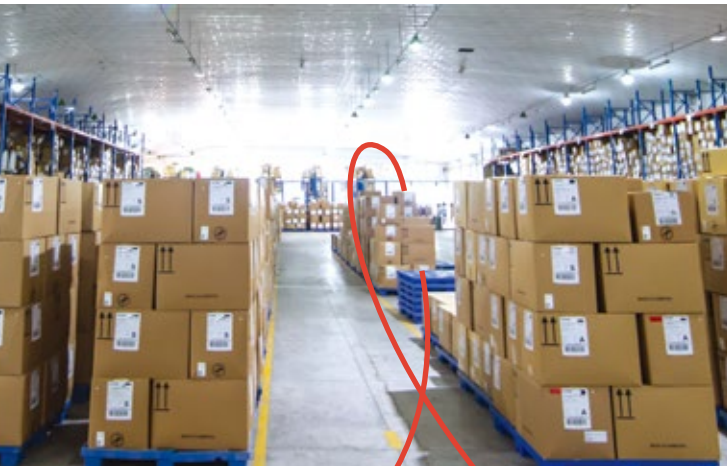
STRIVING FOR OPERATIONAL EXCELLENCE

It is our mission to provide high quality products that meet customers' expectations. At the same time, we have always been innovating towards a more efficient and cost-effective product manufacturing, keeping pace with the latest industrial evolution.

PRODUCT RESPONSIBILITY

Ensuring product quality and safety is a crucial part of our operations. Our quality control (QC) department follows strict quality procedures at all stages of production, from design, raw materials, manufacturing and packaging to storage. Specific QC procedures are designed and implemented based on product testing standards including ISO and AATCC⁴ standards, customer requirements and relevant laws and regulations. We have embedded the Six Sigma and other problem-solving tools in management of product quality and improvement processes, discovering and solving quality issues at the early stages of production.

We identify and assess product risks twice a year, and also on all new materials used. Risk control measures are implemented according to different types and levels of risks identified. For raw materials, semi-finished and finished products provided by subcontractors, random inspection and testing are carried out by in-house laboratories. Defective products are stored separately and sent to the production line or subcontractor for rework.



⁴ The American Association of Textile Chemists and Colorists



PROUDUCT RISKS CONTROL

- Physical Risk**
 - Inspections of raw materials and finished products to check if it contains any sharp-edged items such as needles and accessories
 - Employees at the production line are not allowed to wear accessories
- Microbial Risk**
 - Inspections and anti-mold measures based on pest control procedures and warehouse management procedures
- Chemical Risk**
 - Require chemical suppliers to provide relevant compliance documents before procurement
 - Sending samples of raw materials to third-party for testing to prevent chemical contamination



ROAD TOWARDS SMART TECHNOLOGIES

Dakota sees technology as an opportunity to optimise production performance.

We employ Radio Frequency Identification (RFID) technology for tracking each production process in real-time, and computer hanger system for managing transportation of products within the factory. We also adopted auto-cutting machine and electronic warehouse system (EWMS). As a result, we have achieved more efficient resources allocation and raised productivity with overall output increased by 60%.

The recent industrial evolution is set to change the mode of manufacturing with the use of AI and big data. During the year, we began collaboration with the Hong Kong University of Science and Technology, the department of Industrial Engineering & Decision Analytics for exploring use of big data models in predicting and monitoring manufacturing efficiency. Through a production data analysis and predictive modeling, we aim to make a better planning on production. Our production lines and working schedules can be better managed, eventually lowering production cost and enhancing efficiency of manpower.

Dakota recognises the impact and risks brought by technological transformation and we actively participate in discussions on Industrial 4.0 with key actors in the garment industry. We exchanged views and experiences at business forums and workshops in Hong Kong and Cambodia, organised by the Better Work, ILO and United Nations Development Programme (UNDP). We continue to engage with stakeholders in the industry regarding technology and sustainability, exploring ways to respond to challenges and opportunities ahead.





SUPPLY CHAIN MANAGEMENT

Supply Chain Management

Our procurement mainly includes production equipment, textiles, accessories and chemicals, and services such as logistics and software systems. During the year, Dakota was not involved with any raw material sourcing of cotton or other raw fibres.

Dakota ensures its suppliers and subcontractors take up their social responsibilities. We require suppliers to sign our suppliers' commitment on social responsibility, which is based on SA8000 Social Accountability standards. Terms include commitments on labour standards, health and safety and human rights, etc. They also need to sign commitments on quality requirements based on the quality standards agreed with our customers.

Suppliers' Commitment On Social Responsibility

- Must not employ child and forced labour
- Must not force employees to work overtime
- Must not discriminate and abuse employees in any form
- Provide healthy and safe working environment
- Respect employees' right to access to associations and labour unions
- Follow relevant laws and stipulations on working hours, wages and OT payments

Annual evaluations are conducted for each supplier and subcontractor on social compliance, price, delivery and quality. Regular and surprise on-site inspections are carried out for assessing the quality and labour management at the facilities. A grading system is adopted in which procurement is suspended for suppliers scoring the lowest grade.

We uphold the highest ethical standards as we conduct business with our suppliers and subcontractors. Outsourcing is done under the approval of the factory manager. To minimize labour risks in the supply chain and maintain product quality, the factory manager and sustainability team closely monitor and control the production capacity of our factories and subcontractors, ensuring there is no outsourcing of orders to undeclared units.

Commercial bribery is prevented through close supervision of the procurement and outsourcing process, with a Commercial bribery agreement signed with business partners. Employees must also sign honest self-discipline pledge before they are granted the right to sign contracts on behalf of the Company. Whistleblowing mechanism is established to handle any reported cases of corruption under confidential investigation. Terms for rewarding whistleblowers and disciplinary actions against violators are laid out in our anti-bribery policy.

ENGAGING WITH CUSTOMERS

Dakota maintains long-term and healthy relations with customers through various communication channels. Regular meetings and site visits are held regarding various sustainability issues such as fair wage and environmental initiatives. We are committed to the principles and terms in the sustainability code of conduct established by our customers and integrated in our operations. We take suggestions and feedback from customers through audits, trainings and workshops as an important part of our improvement process and strive to improve our sustainability performance.

*we love, we
care, and
we take
responsibility.*



OUR ENVIRONMENT

Our environmental management systems (EMS) ensure we comply with all applicable environmental laws of the respective operating regions. During the reporting year, we did not encounter any incident of environmental non-compliance, nor were subject to any significant fines for non-compliance. This year, after expansion of our Myanmar factory, we commissioned specialist consultants to ensure our EMS fully complies with local laws. Our sustainability governance structure, led by the Head of Operations, ensures our environmental policies are reviewed and up-to-date to reflect the latest requirements and trends.

At each of our factory sites, Factory manager and Sustainability manager are accountable to the Head of Operations regarding the site's EMS implementation. The Sustainability manager responsible takes charge of environmental projects execution, maintains environmental records, and conducts internal environmental evaluation. Environmental projects implementation is assisted by the factory's environmental engineer, while training provision is taken up by the HR department. Members of the environmental committee together drive continuous improvement in our operations.

Dakota does not spare efforts in minimising its environmental impacts. We approach environmental management in a systematic and comprehensive manner.



CONTRIBUTING TO FASHION CIRCULARITY

Driven to change for the better, Dakota is keen to contribute to sustainable development. We want to learn more and gain greater exposure. Asia's top sustainable fashion event, Fashion Summit 2018, was the opportunity for us to get in touch with the latest thoughts and developments in closed-loop fashion. It was also an honour for us to sponsor the event which brought together leaders across industry and academia working towards sustainable fashion in Asia.

Albeit new to the sustainability landscape, this year we participated in the Global Change Award – an H&M Foundation initiative to drive innovation towards a circular fashion industry. Dubbed as the “Nobel Prize of Fashion”, every year it gathers innovative submissions from over 150 countries. We have embarked on collaborations with this year's Award winners on developing sustainable technology for eco-friendly fashion production. Dakota believes such partnerships have been beneficial in spreading the sustainability spirit throughout the industry.



USING OUR RESOURCES CONSERVATIVELY

Recognising the importance of resource conservation, Dakota has commissioned third-party energy and water audits since 2011. All our factory sites were subjected to such audits in 2017, and customized action plans were implemented. We have seized the easy targets with minimal investments, such as introducing an air compressor leakage check program and optimizing ventilation system. As for investments with longer payback periods, we are reaping greater savings. This year, it is estimated that more than 300,000kWh of energy was saved due to investments in new sewing machines and conversion to LED tubes. Follow-up site visits are conducted by the third-party agency for an independent review of the implementation of our energy programme.



OUR COMPREHENSIVE ENERGY PROGRAMME

Continuous Maintenance

Regular air compressor leakage check program

Optimise ventilation system

Optimize compressed air pressure set points

Improve compressor efficiency by reducing air intake temperature

Reasonable adjustment of driving belts for all motors

Minor Investments

Replaced T5/T8 lamps with LED tubes

Optimise lighting system

Proper insulation for valves and flanges

Major Investments

Replaced sewing machine induction motors with servo motors

Purchased 2 waste-to-energy incinerators

Conceptualised by H&M's wood substitution strategy, the Company has been actively exploring ways to reduce its reliance on woody biomass for boiler operation. Our final decision was to purchase two incinerators for one of our Cambodian facilities this year. Not only is almost 100% of the wood converted into useful heat energy, but the incinerators also convert a portion of our waste into energy. Our energy profile consists of the following fuels, and for the reporting year we recorded total energy consumption close to 160,000,000 MJ. We are proud to find our energy use per garment piece manufactured has dropped as much as 36% to 4.10MJ/pc – a testament to our energy-saving efforts.

Type of Energy	2018 consumption (MJ)	Percentage(%)
Biomass (wood)	109,738,032	69%
Electricity purchased	30,243,697	19%
Diesel	19,629,129	12%
Petrol	355,488	Negligible
LPG	13.46	Negligible

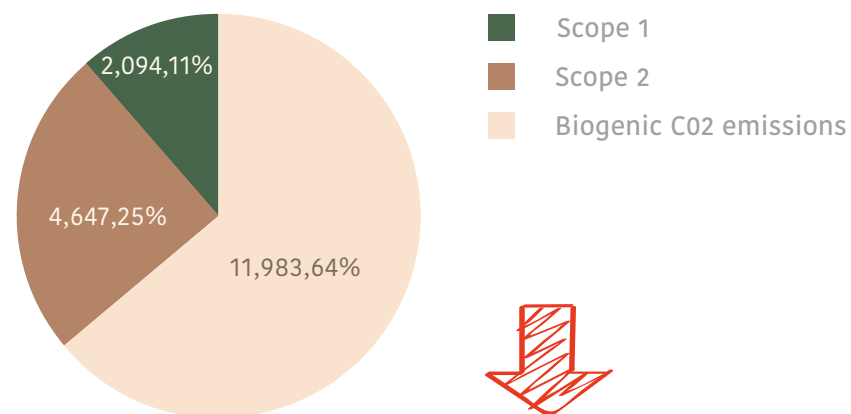


OUR CARBON FOOTPRINT

Our Carbon Footprint

Our carbon footprint is solely from energy consumption. Scope 1 emissions are our direct carbon emissions from fuel usage at our factory sites, while Scope 2 emissions represent indirect carbon emissions from purchased electricity. With continuous investment in efficient operations, our carbon intensity has fallen by as much as 20% to 0.48 tCO₂e/pc.

Carbon Footprint (tCO₂e)



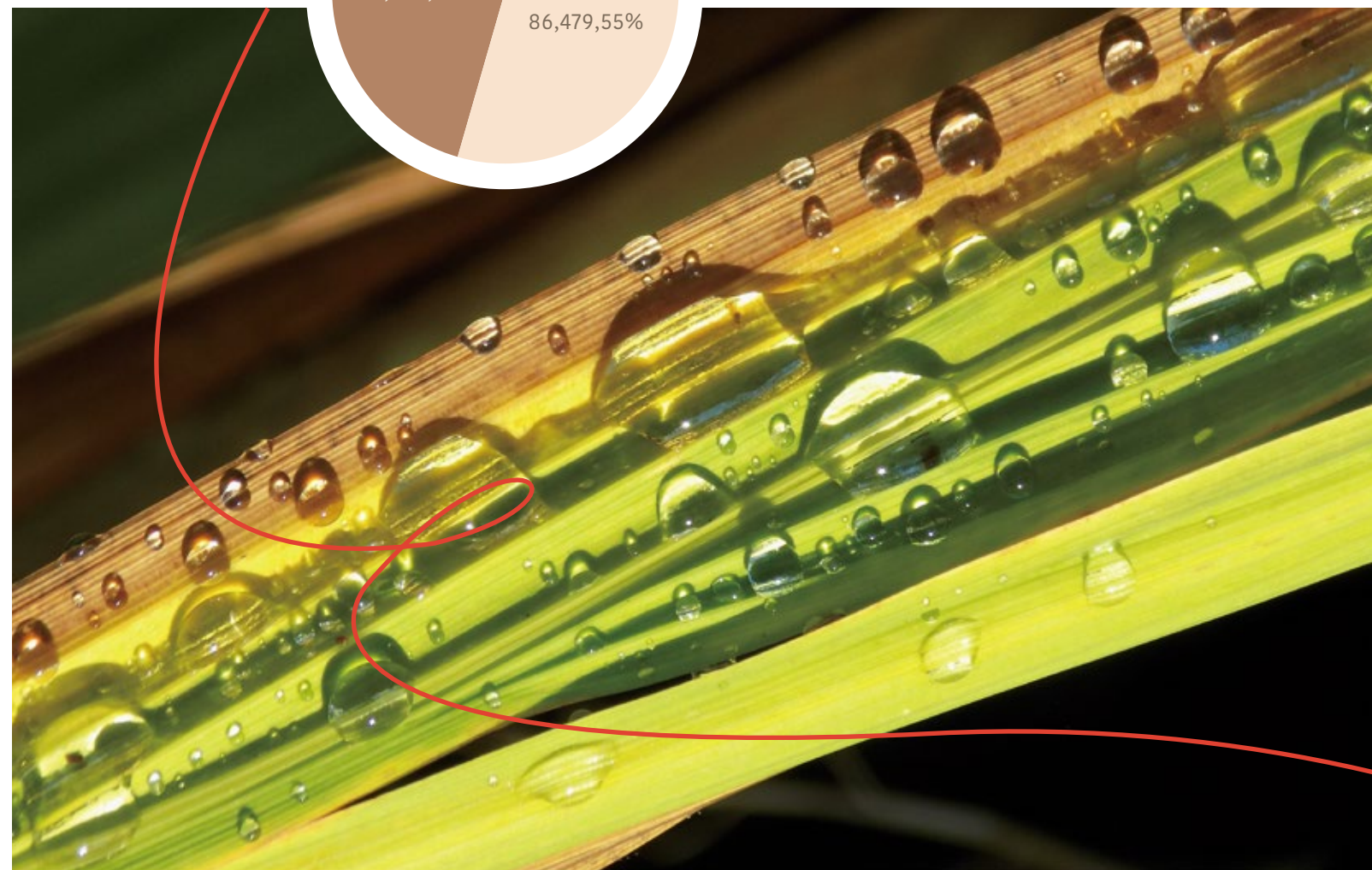
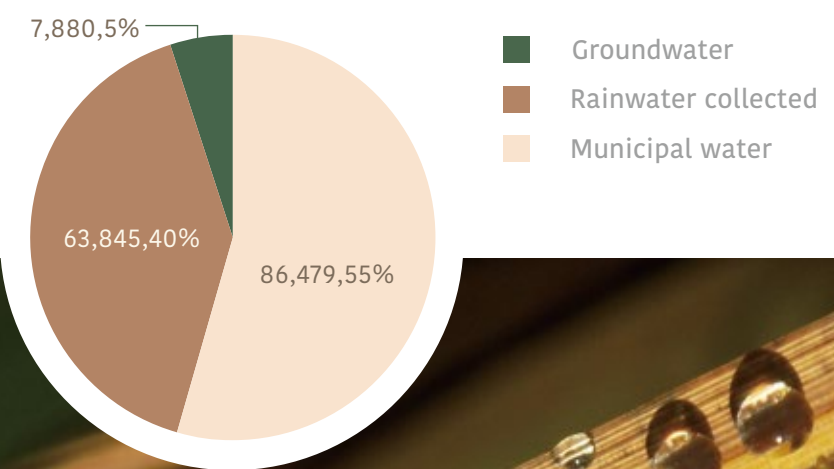
OUR WATER FOOTPRINT

Our Water Footprint

We do not take water as a granted or entitled resource. Our EMS ensures we are sourcing water from sustainable sources. At one of our Cambodian sites, our rainwater harvesting system is able to fulfil the factory's entire needs, that is two-fifths of the company-wide needs. This year we have become less dependent on direct extraction from natural reserves (groundwater), reducing withdrawals by 80%. Dakota keeps up to date with the latest news regarding water stress in all regions where it has operations.

We operate water recycling systems at a number of our operating sites. Wastewater is treated on-site and re-used as flush and cooling water at one of our Cambodian facilities, which amounted close to one-fifth of the site's water withdrawals this year. The effluent treatment plant for our printing screens also has recycling systems in place that reuse approximately 1% of the site's water withdrawals. Dakota will continue to explore ways in which the burden on water resources can be alleviated.

Source of Water Withdrawals (m³)



CONTROLLING AIR EMISSIONS

With our new waste incinerators on board in Cambodia, we conduct robust air emissions control compliant to local regulations. Choosing models of high combustion efficiency, the discharge of soot and other air pollutants are minimized.

The nature of our operations is such that we do not rely on heavy-duty machinery and equipment that typically emit concentrated amounts of a range of air pollutants.

At our Cambodian and China factories, we maintain an inventory of sources of air emissions, which cover our boilers, generators and manufacturing processes including fabric relaxing and printing. We conduct routine tests to ensure emissions are within regulation limits, and equipment are functioning properly.

SUSTAINABLE PROCUREMENT

Dakota is dedicated to offer products that are grounded on sustainable procurement values. All our four factories offer garments manufactured from sustainably grown cotton which complies with the Better Cotton Initiative⁵ that stipulates responsible farming practices. Several of our factories also procure natural and synthetic fibres from organic and recycled sources, duly certified under the Global Organic Textile Standard⁶ (GOTS), Organic Content Standard⁷ (OCS) and Global Recycled Standard⁸ (GRS). Third-party agencies verify our operations chain has transparent systems in place to trace the use of eco-friendly fibres.

⁵ Better Cotton Initiative, launched in 2005, is a non-profit that aims to promote better labour and environmental standards in cotton farming and practices worldwide.

⁶ Global Organic Textile Standard, launched in 2006, is an established standard for 'full product claim' using a minimum of 70% organic fibres and responsible manufacturing practices.

⁷ Organic Content Standard, developed in 2013 by the non-profit organisation Textile Exchange, is an international standard that sets requirements for third-party certification of organic content in products.

⁸ Global Recycled Standard, developed in 2008 and owned by Textile Exchange, is an international standard that sets requirements for third-party certification of recycled content in products.



We conduct routine tests to ensure emissions are within regulation limits, and equipment are functioning properly.

GREENING OUR CHEMICAL INVENTORY

Dakota is contributing towards the goal of “Zero Discharge of Hazardous Chemicals” (ZDHC)⁹ to eliminate 16 kinds of restricted chemicals, through business partnerships with its clients. This year in Cambodia, we have set up a new chemical inventory platform aligned with ZDHC standards. All chemical restrictions are observed through tailor-made BCMP (Best Chemical Management Practices) training programmes. Under the guidance of such programmes, we apply the precautionary principle and eliminate the use of questionable substances. Moreover, we contribute to industry efforts by submitting our chemical discharge data to the Institute of Public & Environmental (IPE) platform, a non-profit environmental research organisation.

Each of our factory sites complies with local laws and regulations regarding handling and disposal of hazardous materials. Our purchase department in China is the gatekeeper to ensure all new additions to the chemical inventory are subject to the RSL (Restricted Substances List) Compliance Procedure as described below. This year, all 4 factories have applied for OEKO-TEX Standard 100 certification, which assures our customers fulfilment of certain requirements, such as the use of azo colorants, nickel release, etc.

- Triple-check procedure**
 - All reagents undergo MSDS (Material Safety Data Sheet) checking, internal hazards assessment against our environmental criteria, and chemical testing.
- Training and Communication**
 - Training content includes safety measures regarding chemical risk and impact, emergency procedures, fire prevention, spill control, chemicals storage and disposal.
- Record-keeping**
 - We maintain training records and monthly chemical usage via our Chemical Inventory List.

⁹ ZDHC Programme is a collaboration among 23 signatory brands and other value chain affiliates, helping to lead the apparel industry towards complete elimination of hazardous chemical discharges.

MANAGING OUR EFFLUENTS

We do not allow any untreated effluents to be discharged into any body of water. The major wastewater discharges at our sites are from domestic uses. Wastewater from our canteens, dormitories and washrooms are treated via primary and secondary treatment systems compliant with local regulations. All treatment sludge by-products are collected and handled by government-approved third parties. At one of our Cambodian facilities, the industrial processes produce discharges that require a greater level of management as shown below. We also utilize the BVE3 tool that records monthly and yearly chemical discharge analysis, enabling full visibility into discharge scenarios and optimization pathways.



Industrial effluent management

Multi-step treatment	Wastewater testing	Water recycling
Anaerobic pool	Daily testing of pH temperature	90% of printing screen washing water is reused
Contact-oxidation pool	Periodic third-party tests	

MANAGING OUR WASTE

With a closed-loop mindset, Dakota prioritises re-use and recovery of waste generated by its operations. Our EMS and Waste Classification management policy and training ensures all staff are well-informed of the waste disposal protocol. All solid waste generated on-site is handled according to local legislations. Hazardous waste includes chemicals, sludge, welding metals and oil/lubricants, which are securely stored and transported to licensed third-party agents. Security measures ensure all operations proceed without underhanded shortcuts.

Our non-hazardous waste includes fabric, paper, cardboard, plastic – which are collected for recycling. In addition to recycling our fabric debris, newly purchased incinerators convert the excess into useful heat energy. We shared our waste management practices at “Meeting for Circular Economy” forum, co-organised by UNDP and H&M.



EFFLUENT TREATMENT - GOING BEYOND REGULATORY COMPLIANCE

Dakota never stops at the minimum. In line with our pledge to our customers’ sustainability commitments, we go beyond regulatory compliance. This year, Dakota re-designed its industrial effluent treatment plant to fulfil the updated requirements of customers. Monitoring BOD (Biochemical Oxygen Demand) and COD (Chemical Oxygen Demand) parameters, we ensure our recycled water is up-to-standard. With the upgrades, the treatment plant has been evaluated to have achieved the best assessment level. Dakota makes ceaseless efforts to improve its sustainability performance.

PERFORMANCE DATA SUMMARY

This section provides statistical information on the Company's sustainability performance. To facilitate stakeholders' understanding and benchmarking of our corporate responsibility performance, our reporting follows Global Reporting Initiative's (GRI) disclosure framework, which is an internationally recognised set of indicators for economic, environmental and social aspects of business performance.

2018	
NET SALES	
By Regions	
China (including Hong Kong)	2%
Cambodia	87%
Myanmar	11%
Total (Approx. million HKD)	approx. HKD 1,210,000,000
CAPITALISATION	
Total Debt-to-Capitalisation ratio	42.8%
PRODUCTION VOLUME	
No. of garment pieces manufactured (Approx. million)	39

2018	
TOTAL HEADCOUNT	
By Regions	
China*	5%
Cambodia	78%
Myanmar	17%
By Age Group	
<30	59%
30-50	40%
>50	1%
By Gender (permanent and temporary)	
Male	permanent 10.3%
	temporary 0%
Female	permanent 89.7%
	temporary 0.01%
By Gender (part-time and full-time)	
Male	part-time 0%
	full-time 10.3%
Female	part-time 0%
	full-time 89.7%
By Function	
Technical	4.0%
Administrative	6.6%
Production	89.4%
Total (Approx)	9,000

2018

WORKFORCE DEMOGRAPHICS

TURNOVER RATE^

By Regions	
China*	3.7%
Cambodia	4.8%
Myanmar	47.4%
By Age Group	
<30	6.7%
30-50	4.5%
>50	- 17.8%
By Gender (permanent and temporary)	
Male	2.5%
Female	10.6%

*The China data for workforce demographics has included the Hong Kong data.

^The following formula is used to calculate employee turnover: (Employees hired - Employees left) / [(No. of employees at year begin + No. of employees at year end) / 2]

HEALTH AND SAFETY

OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE

Recordable work-related injuries (rate)	0.4
High-consequence work-related injuries (excluding fatalities) (rate)	0
Work-related fatalities	0

2018

DIVERSITY AND EQUAL OPPORTUNITY

RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN

By Function and Region	China	Cambodia	Myanmar
Technical	/	0.89	/
Administrative	1	0.88	0.86
Production	1.01	0.96	1

The China data for health and safety and diversity has excluded Hong Kong.

ENERGY

ENERGY CONSUMPTION WITHIN THE ORGANISATION

Non-renewable fuel consumed	Units	
Diesel	MJ	19,629,129
Natural gas	MJ	0
LPG	MJ	13.46
Petrol	MJ	355,488
Renewable fuel consumed	Units	
Biomass (wood)	MJ	109,738,032
Electricity and steam purchased	Units	
Electricity purchased	MJ	30,243,697
Total	MJ	159,966,360
Energy intensit	Units	
Energy consumption per garment piece	MJ/pc	4.10

2018

WATER CONSUMPTION WITHIN THE ORGANISATION		
By source of withdrawal	Units	
Rainwater	m ³	63,845
Groundwater	m ³	7,880
Municipal water supplies	m ³	86,479
TOTAL		158,204
Renewable fuel consumed		
	Units	
Biomass (wood)	m ³	11,198

GREENHOUSE GAS EMISSIONS		
By scope	Units	
Scope I	tCO _{2e}	2,094
Scope II	tCO _{2e}	4,647
Biogenic (from combustion of biomass)	tCO _{2e}	11,983
TOTAL	tCO_{2e}	18,724
Energy intensity		
	Units	
GHG emissions per garment piece	kgCO _{2e} / pc	0.48

2018

HAZARDOUS AND NON-HAZARDOUS WASTE#		
Hazardous waste by disposal method	Units	
Recycling	kg	3,336
Licensed waste collector	kg	10,045
Non-hazardous waste by disposal method		
	Units	
Recycling	kg	125,258
Municipal waste collector #	kg	670,949

Data of municipal waste collector for Myanmar and Cambodia only

GRI CONTENT INDEX

GRI INDICATOR	DESCRIPTION	REPORT SECTION	PAGE
GRI 102: GENERAL DISCLOSURES			
ORGANIZATIONAL PROFILE			
102-1	Name of the organisation	About Dakota; Our major operational activities include sewing, cutting, embroidery, printing, ironing, pre-shrinking, washing, drying, trading and purchasing of garments, and as well as inspection and warehousing. Our R&D team is also involved in	08
102-2	Activities, brands, products and services	About Dakota	08
102-3	Location of headquarters	About the Report	11
102-4	Location of operations	Private Limited Company	N/A
102-5	Ownership and legal form	About Dakota; We operate in apparel and textile manufacturing, and supply to fashion retailers and garment suppliers located in Europe (65%), North America (18%), Asia (10%) and South America (7%).	08
102-6	Markets served	About Dakota; Our People; Performance Data Summary	08 22 58
102-7	Scale of the organisation	Performance Data Summary; Only a small portion of our activities are performed by workers who are employed by third-party hiring companies.	58
102-8	Information on employees and other workers	Striving for Operational Excellence	38
102-9	Supply chain	In June 2018, we opened our first fabric mill, Texson. It shall be included in the report scope from next year.	42
102-10	Significant changes to the organisation and its supply chain	Greening our Chemical Inventory	55
102-11	Precautionary Principle or approach	Sustainability at Dakota	15
102-12	External initiatives		

GRI INDICATOR	DESCRIPTION	REPORT SECTION	PAGE
GRI 102: GENERAL DISCLOSURES			
102-13	Membership of associations	About Dakota; Our major operational activities include sewing, cutting, embroidery, printing, ironing, pre-shrinking, washing, drying, trading and purchasing of garments, and as well as inspection and warehousing. Our R&D team is also involved in the design of garments.	17
STRATEGY			
102-14	Statement from senior decision-maker	Message from the chairman	12
ETHICS AND INTEGRITY			
102-16	Values, principles, standards and norms of behaviour	About Dakota; Sustainability at Dakota	15
GOVERNANCE			
102-18	Governance structure	About Dakota; Sustainability at Dakota	15
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	Stakeholder Engagement	19
102-41	Collective bargaining agreements	Our People All workers in Cambodia (77%) are covered by collective bargaining agreements.	22
102-42	Identifying and selecting stakeholders	Focus on Material Topics; Stakeholder Engagement	18 19
102-43	Approach to stakeholder engagement		
102-44	Key topics and concerns raised		

GRI INDICATOR	DESCRIPTION	REPORT SECTION	PAGE
GRI 102: GENERAL DISCLOSURES			
REPORTING PRACTICE			
102-45	Entities included in the consolidated financial statements	A total of six entities are included in the consolidated financial statements <ul style="list-style-type: none"> • Dong Guan Dong Ming Garment Limited • Eastex Garment Co. Limited • Vanco Industrial Co. Limited • PCI Industrial Co. Limited • Texson (Cambodia) Knitting Washing Dyeing & Printing Co., Ltd • Ricotex Industrial Co. Limited Texson and Ricotex are out of our report scope this year.	N/A
102-46	Defining report content and topic Boundaries	About the Report; Focus on Material Topics	10 18
102-47	List of material topics		18
102-48	Restatements of information	There are no restatements of information.	N/A
102-49	Changes in reporting	There are no significant changes from previous reporting periods in the list of material topics and topic Boundaries.	N/A
102-50	Reporting period	About the Report	10
102-51	Date of most recent report	15th April, 2018	N/A
102-52	Reporting cycle	About the Report	N/A
102-53	Contact point for questions regarding the report		
102-54	Claims of reporting in accordance with the GRI Standards		
102-55	GRI content index	GRI Content Index	66
102-56	External assurance	We have not sought external assurance.	N/A

GRI INDICATOR	DESCRIPTION	REPORT SECTION	PAGE
MATERIAL TOPICS			
103	Explanation of the material topic and its Boundary	Our People; Performance Data Summary	22 58
401-1	New employee hires and employee turnover		
GRI 403 : OCCUPATIONAL HEALTH AND SAFETY			
103	Explanation of the material topic and its Boundary	Health and Safety	32
401-1	Occupational health and safety management system		
401-2	Hazard identification, risk assessment, and incident investigation		
401-3	Occupational health services		
401-4	Worker participation, consultation, and communication on occupational health and safety		
401-5	Worker training on occupational health and safety		
401-6	Promotion of worker health		
401-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
401-8	Workers covered by an occupational health and safety management system		
401-9	Work-related injuries	Performance Data Summary	58
GRI 405 : NON-DISCRIMINATION			
103	Explanation of the material topic and its Boundary	Our People; Performance Data Summary	22 58
405-2	Ratio of basic salary and remuneration of women to men		
GRI 406 : NON-DISCRIMINATION			
103	Explanation of the material topic and its Boundary	Our People; Performance Data Summary	22 58
406-1	Ratio of basic salary and remuneration of women to men		

GRI INDICATOR	DESCRIPTION	REPORT SECTION	PAGE
GRI 407 : FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
103	Explanation of the material topic and its Boundary	Our People	22
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining		
GRI 408 : CHILD LABOUR			
103	Explanation of the material topic and its Boundary	Our People There were no incidents of child labour reported.	22
408-1	Operations and suppliers at significant risk for incidents of child labour		
GRI 409 : FORCED OR COMPULSORY LABOUR			
103	Explanation of the material topic and its Boundary	Our People There were no incidents of forced labour reported.	22
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour		
GRI 412 : HUMAN RIGHTS ASSESSMENT			
103	Explanation of the material topic and its Boundary	Our People	22
412-1	Operations that have been subject to human rights reviews or impact assessments		

GRI INDICATOR	DESCRIPTION	REPORT SECTION	PAGE
OTHER TOPICS			
GRI 302 : ENERGY			
302-1	Energy consumption within the organisation	Environmental Management; Performance Data Summary	61
302-3	Energy intensity		
GRI 303 : WATER			
302-1	Water withdrawal by source	Environmental Management; Performance Data Summary	62
302-3	Water recycled and reused		
GRI 305 : EMISSIONS			
305-2	Direct (Scope 1) GHG emissions	Environmental Management; Performance Data Summary	62
302-3	Energy indirect (Scope 2) GHG emissions		
302-4	GHG emissions intensity		
GRI 306 : EFFLUENTS AND WASTE			
305-2	Waste by type and disposal method	Environmental Management; Performance Data Summary	63
GRI 306 : ENVIRONMENTAL COMPLIANCE			
307-1	Non-compliance with environmental laws and regulations	Environmental Management There were no incidents of non-compliance reported.	69



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