

The background of the top half of the page is a dark green, textured pattern of overlapping banana leaves. The leaves are oriented diagonally, creating a sense of depth and movement. The color is a rich, slightly muted green.

DYKOTA

SUSTAINABILITY
REPORT
2017

“SUSTAINABILITY
stands for everything
we do it in the right way to
drive a better world. ”

“we love, we care,
and we take
responsibility”

Operations highlights

35M pcs

1,328,000,000

9,000

- Garments produced:
approx. 35M pcs
- Net sale: approx.
HKD 1,328,000,000
- Employees: approx.
9,000

Sustaina- bility

Sustainability performance highlights

30% water reuse rate at one factory
Electricity savings from conversion to LED
Fair wage remediation scheme
Grade A in BSCI audit

30%
water reuse rate
at one factory



Electricity
savings from
conversion to
LED



Fair
wage
remediation
scheme

Grade **A**
in BSCI audit





Looking ahead, we are committed to improving measurement and management of various material topics on an ongoing basis.

Our
values

Leadership
and excellence
in performance
are sought and
rewarded.

We treat one
another with
respect, promote
teamwork and
encourage
personal freedom
and growth.

Customers are the
reason we exist.
They are assured
of our strongest
commitment to
meet their needs.

Our products and
services reflect
dedication to
quality, innovation
and value.

Our conduct
demonstrates integrity
and commitment to
ethics, safety, health
and the environment.



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“The principles
of all beings
be dedicated,
be determined,
be the best,
be congruence of
mind and
of behavior”

by Mencius

孟子
思誠者，人之道也

About the report

The Board of Directors acknowledges its responsibility for ensuring integrity of the sustainability report and to the best of its knowledge this report addresses all relevant material issues and fairly presents sustainability performance of the organisation and its impacts.

Scope of the report

This is the first sustainability report of Dakota Industrial Co., Limited (“Dakota” or the “Company”). It reports on sustainability performance and initiatives of 4 manufacturing facilities located in China, Myanmar and Cambodia, unless otherwise stated. We have chosen to place one facility out-of-scope as it is under joint control with another entity.

This report discloses progress on environmental, social and governance issues for the period from 1 January to 31 December 2017. Due to differences in legal requirements across regions where the Company operates, certain quantitative indicators have not been stated for some of the subsidiaries.

This sustainability reporting is subject to an annual reporting cycle and is prepared in accordance with the Core option of the Global Reporting Initiative (“GRI”) Standards Sustainability Reporting Guidelines.

Feedback

The report is presented in a plain, clear and easy-to-read manner. While we have taken into consideration the interests and requirements of different stakeholders to the extent possible in compilation of this report, the Company shall in the future continue to improve on the content and delivery of information disclosed in the report.

We welcome your feedback on the 2017 sustainability report and any suggestions you may have in terms of what more you would like us to incorporate in our future reports. Please contact us at:

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How to obtain report

The report is published in English and Chinese. In case of any conflicts between the two versions, the English version shall prevail. PDF version of this report is available on our website.

Message from Chairman

We are proud to present the first Sustainability Report of Dakota. To address the increasing concerns about workers' rights, environment protection and community investment, we aim to build a business that can be a part of the solution and see sustainability as a key to stay competitive in the future. The first Sustainability Report is being published in conjunction with our 40th anniversary in 2018, in order to demonstrate our commitment to disclose and improve our environmental and social performance on an ongoing basis.

Dakota is no stranger to sustainability. Previous initiatives include, BSCI audits and ILO compliance, etc., implemented in different business units. In particular, we have been acting proactively in areas of fair wage, environmental compliance, employee communications, health and safety, etc. This year, we believe it is a good time to consolidate the work done and to report our sustainability performance according to the latest GRI Standards. To kick-start the process, we have strengthened further our stakeholder engagement process, identifying and prioritizing the material topics. Without much of surprises, workers-related topics are among the top-ranking ones. These areas are the focus from both the Company and stakeholders' perspectives.

One of our factories in Cambodia participated in the Business Social Compliance Initiative ("BSCI") this year. Through third-party audits

and measures for improvement of social compliance, including human rights, our plant has successfully achieved Grade A, paving the way for application of the same measures at our other factories. We also collaborate closely with International Labour Organisation ("ILO") by joining Better Factories Cambodia ("BFC") to assist the industry to improve working conditions. Last but not the least, we actively engage with Marie Stopes, an international NGO, to promote maternal health, boost workers' self-esteem, ultimately empowering them to take control of their work life and family.

Dakota recognises workers' basic rights, does not hire child or forced labour and believes in freedom of association. Since 2016, we have started going one step further by working with Fair Wage Network to remediate our wage management system. I am glad to announce that confirming that our efforts have yielded the desired results, our factories in Cambodia have applied the Fair Wage Model, bettering our wage management system. As the next step, we aim to evaluate the effectiveness of our current wage policy and minimise the gap between current wage and living wage, subsequently raising workers' satisfaction with wages and working conditions. Besides, in order to ensure the implementation of the system, we believe it is critical to not just provide training to our employees, but also offer training to those who are responsible for implementing the policies.

"Dakota aims to build a business that can be part of the solution, and see sustainability as a key to stay competitive in the future."

On the environmental front, we are aware of the impact of our businesses and have been exploring various ways to mitigate it to the furthest extent possible. For example, one of our factories in Cambodia significantly contributes to water conservation by supporting its entire water usage via our rainwater harvesting facility, as well as by reusing the water to wash its printing screens multiple times. In addition, this year we conducted energy and water audits for all factories, through which we implemented resources conservation initiatives such as a solar panel roof which will be completed in the third quarter in 2018.

It is just the beginning for us to take on sustainability issues. Looking ahead, we are committed to improving measurement and management of various material topics on an ongoing basis. On a personal note, I am happy to see how the awareness about sustainability issues is influencing the entire organisation and how it has become a value-creating part of our daily operations, especially promoting the idea of sustainability among employees, who become important facilitators of change.



Philip Tsang

Chairman

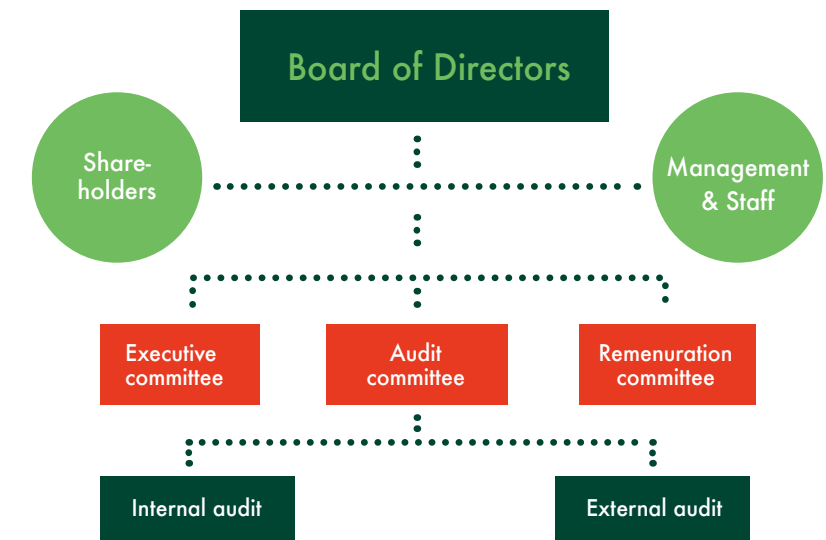
19/12/2017

About Dakota

Headquartered in Hong Kong, Dakota is a leading manufacturer of apparel products founded in 1979. With beginnings at our operation arm in China, over the decades, we have firmly established ourselves in Cambodia and Myanmar of the south-east Asian region. Our major clients are globally famous fashion brands, including H&M, with around 65% and 18% of our products exported to Europe and North America respectively. We are growing our business in Asia and South America as well, which currently accounts for 10% and 7% of our exported products correspondingly. We are committed to creating value for our customers through dedication to quality and innovation.

Our major operational activities cover the manufacture of garments (sewing, cutting, embroidery, printing, ironing, pre-shrinking, washing, drying, trading, purchasing) as well as inspection and warehousing. We have our own Research & Development office that drives continuous innovation in sourcing the right materials and delivering fashionable garment designs. Currently, Dakota has approximately 9000 staff worldwide.

Seeking to drive responsible consumption and production in the industry, the Group strives to ingrain sustainability matters into all its decision-makings. We place paramount importance in addressing the needs and rights of our people, as well as the environmental impact of our operations.



Corporate governance

Strong governance is the cornerstone that allows the Group to harness our financial, human and the natural capital to contribute to the economy and greater society. As a private company, we have in place a sound corporate governance structure, headed by a qualified Board of Directors which oversee our rigorous internal controls and risk management. Our three Board committees serve as systematic bodies that work to identify and mitigate key business risks as well as ensuring senior executive remuneration arrangements support our strategic aims.

"Headquartered in Hong Kong, Dakota Industrial Company Limited is a leading manufacturer of apparel products founded in 1979."

"Sustainability is viewed as a core value of the daily business at Dakota."

Sustainability at Dakota

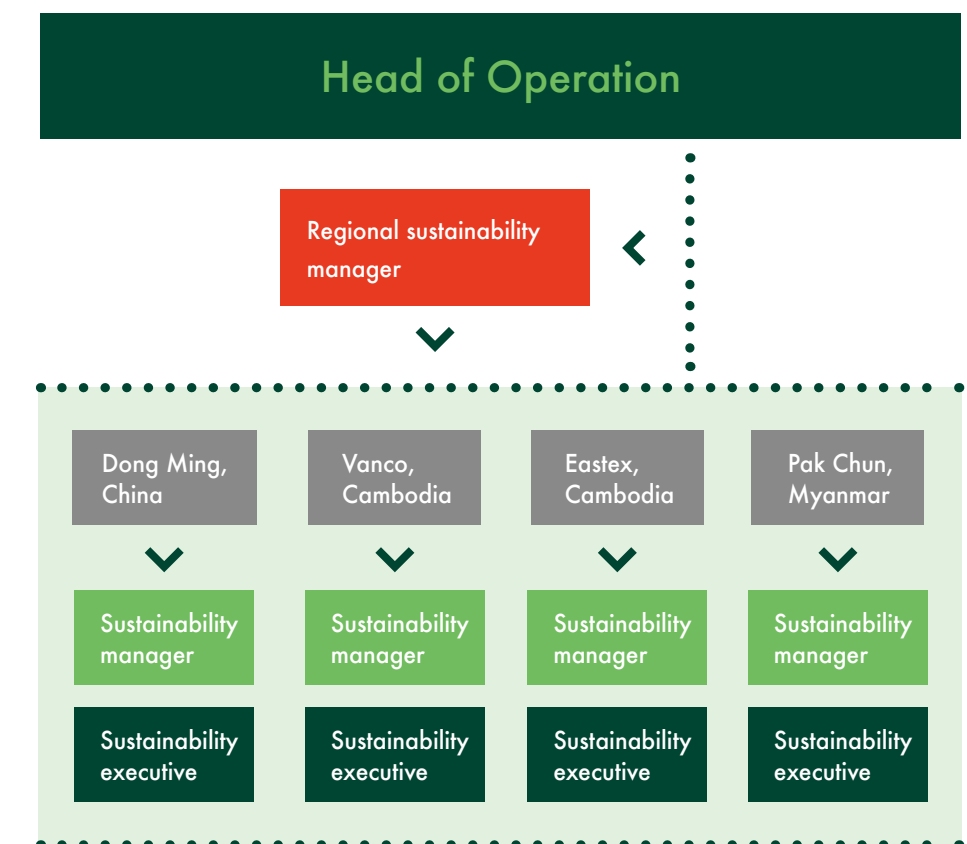
Sustainability is viewed as a core value of the daily business at Dakota. We have been striving hard to incorporate sustainability related factors as strategic considerations in our business model and daily operations, creating value for our customers, employees, business partners and suppliers, as well as for the communities in which we operate.

At Dakota, sustainability functions are directed by the Head of Operations, assisted by the regional sustainability manager. Each of our four factory sites have delegated sustainability-

related functions to personnel who lead and assist in all executions. We want to contribute to a better world for future generations and aspire to build a business that can be part of the solution.

Our memberships

- Better Cotton Initiatives membership (BCI)
- Hong Kong Myanmar Chamber of Commerce (HKMCC)
- Garment Manufacturers Association in Cambodia (GMAC)



External initiatives

Higg Index

Launched in 2012, the Higg Index is a suite of unified assessment tools developed by the Sustainable Apparel Coalition (SAC), a trade association which represents more than a third of the global apparel industry.

Dakota scores and drives improvements in sustainability performance of each of its individual manufacturing facilities via the Higg Facility Tool, consisting of an environmental and a social (labour) module.

Upholding transparency, all our facilities conduct annual assessments which are then verified by SAC-approved on-site assessors.

Business Social Compliance Initiative

Business Social Compliance Initiative (BSCI) is a global initiative promoting sustainable trade. One of our factories in Cambodia participated in the BSCI auditing wherein two audits were conducted by an independent third party during the year. Areas of assessment covered human rights, labour practices, occupational health and safety, social management as well as business ethics.

The results and feedback are considered when formulating improvement measures. Grade A is received as the overall audit grade of our factory in Cambodia. We are exploring ways to fill the remaining gaps on sustainability issues concerning all our facilities in the near future.

H&M sustainability commitment

As a proud supplier to one of the largest fast fashion brands, the H&M Group, we pledge full commitment to their code of conduct:

H&M Business Partner Sustainability Commitment. We are expected to fundamentally meet and aspirationally go beyond the law to advance healthy workplaces, healthy ecosystems and animal welfare.

Healthy workplaces are about providing sustainable employment enabling communities to flourish. For a healthy ecosystem we consider the impact of our business on natural resources, in the context of use of chemicals, waste management and ecological conservation. Animal welfare is kept in view when sourcing materials of animal origin by procuring from partners with good animal husbandry practices.

Better Factories Cambodia

Better Factories Cambodia (BFC) is initiated by the International Labour Organisation (ILO) for monitoring and assisting the Cambodian garment industry to improve working conditions. Our two factories in Cambodia are registered members of the project.

Assessments conducted on both factories during the year found no non-compliance on the 21 critical issues including child and forced labour, wages, working hours, discrimination and union membership, etc.. Through participating in the advisory and training programs, we have strengthened our labour practices and talent management.

As a garment manufacturer operating in Cambodia, Dakota continues to maintain communication with the ILO in achieving best practices within the industry.

Focus on material topics

This report focuses on the key sustainability challenges and opportunities the Group faces and explores the many ways we are responding. We have continuously strived to deepen the relationship with our key stakeholders through regular engagement, to understand their views and concerns regarding Dakota's sustainability performance and reporting. Details of stakeholders' concerns are set out in the Stakeholder Engagement section of this report.

Identification: During the year, we adopted a structured process to select the report's content and confirm its validity. In addition to benchmarking against industry peers, we have identified the relevant sustainability topics by considering the GRI topics list.

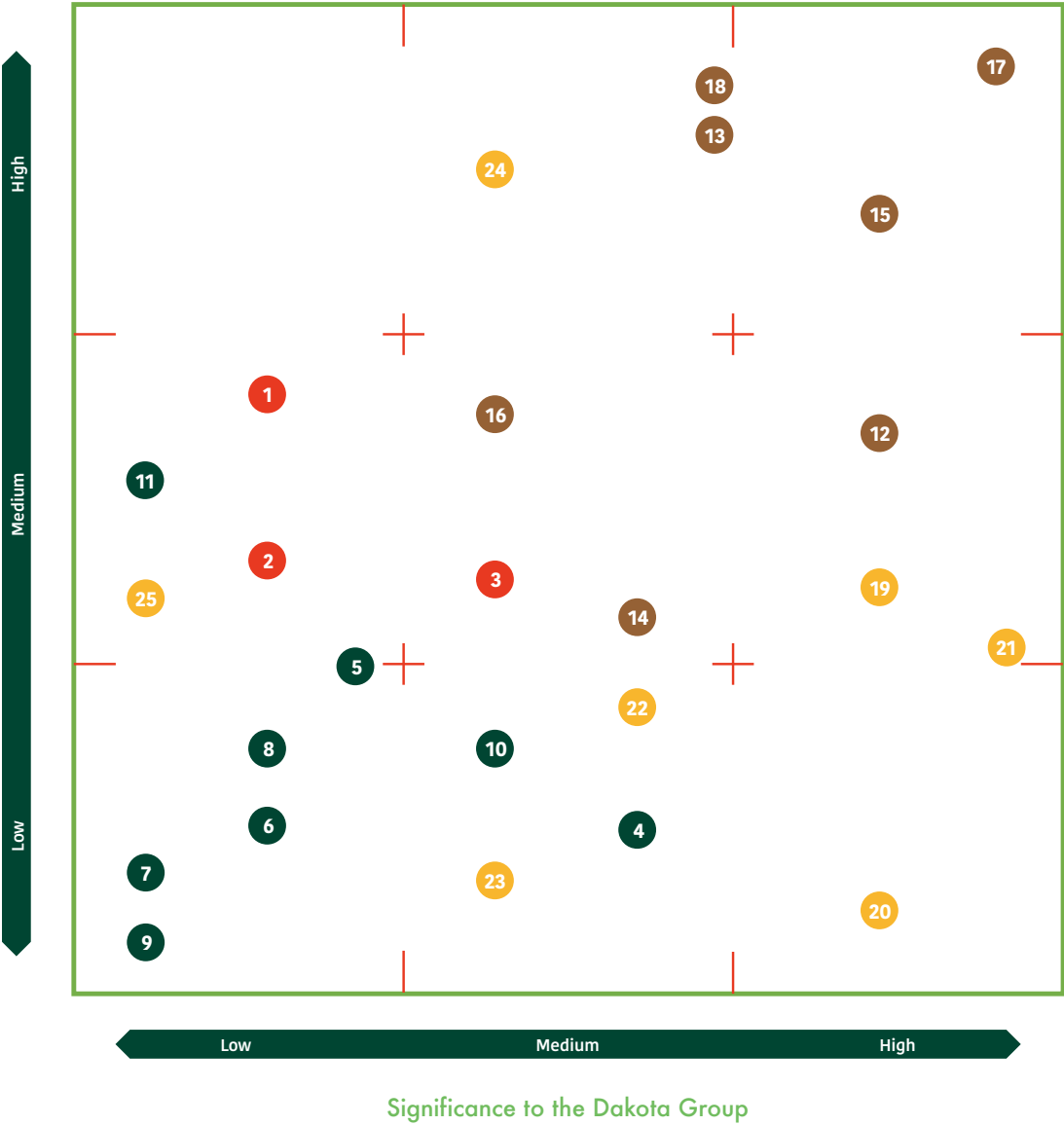
Prioritization: During the year, we commissioned an independent third-party consultant to conduct the stakeholder engagement exercise. This included engaging business partners, non-governmental organisations, employees and suppliers.

We gathered opinions and advice in various ways including telephone interviews and online surveys. Stakeholders were asked to assess the importance of each issue and to assess the importance of each issue from the perspective of Dakota's business in terms of sustainable development. The results were then prioritized according to the level of impact on the Group and its stakeholders.

Validation and review: Data and information regarding the identified material topics were reviewed and approved internally. Further improvement points were identified for the next reporting cycle.

Our materiality matrix

The average score is represented on the y-axis of the materiality matrix “Significance to stakeholders”. A group of senior management responses were also collected – the average score is plotted on the x axis of the matrix “Significance to Dakota Group”



- 1

Economic value generated in the location of operation
- 2

Market presence
- 3

Anti-corruption
- 4

Energy
- 5

Water
- 6

Materials sourcing
- 7

Ecological conservation
- 8

Greenhouse gas emissions
- 9

Exhaust gas emissions
- 10

Effluents and use of chemicals
- 11

Waste management
- 12

Talent / Staff management
- 13

Occupational health and safety
- 14

Development and training
- 15

Employee communication
- 16

Wage management system
- 17

Human rights
- 18

Women empowerment
- 19

Product quality and safety
- 20

Product and process innovation
- 21

Customer satisfaction
- 22

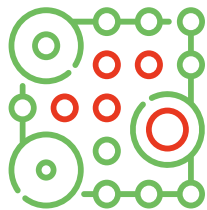
Customer privacy protection
- 23

Supplier management
- 24

Business ethics
- 25

Community involvement

"We have continuously strived to deepen the relationship with our key stakeholders through regular engagement."



The top five material topics and the corresponding aspect boundary are outlined as below:

Material Topics	Internal	External	Corresponding section
1. Human rights	√	Suppliers; NGOs	Human rights
2. Employee communication	√	-	Freedom of association; Grievance systems
3. Women empowerment	√	Suppliers; NGOs	Welfare
4. Occupational health and safety	√	Suppliers	Putting safety first
5. Talent/staff management	√	-	Our people

Stakeholder engagement

Dakota has embarked on its stakeholder engagement journey regarding sustainability issues. We have been able to conduct phone call interviews with two external stakeholder groups (suppliers and NGO), to understand how they view Dakota's sustainability performance. Stakeholder group concerns and sharing are reflected in the stakeholder engagement table below, while our responses are detailed in the rest of the report.

Stakeholder groups	Engagement approach	Key topics and concerns raised
Employees	<div>We treat each other with mutual respect and provide equal opportunities in a healthy, safe and creative working environment.</div>	<div><div><ul style="list-style-type: none">• Training• Corporate activities and events• Employee grievance mechanism• Collective bargaining agreement (Cambodia only)• Sustainability report</div><div><ul style="list-style-type: none">• Occupational health and safety• Raining and development• Welfare and benefits</div></div>
Customers	<div>We believe in transparency, respectful and supportive communication. Our customers can always trust our products are safe and responsibly produced.</div>	<div><div><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</div><div><ul style="list-style-type: none">• Quality management• Business ethics• Labour rights and ethics• Environmental performance• Responsible sourcing</div></div>
Suppliers	<div>We expect our suppliers and business partners to share our views about business ethics, human rights, fair working conditions and the environment.</div>	<div><div><ul style="list-style-type: none">• Site visits and assessments• Interviews and appraisals• Meetings and communication regarding corporate reputation, responsible sourcing</div><div><ul style="list-style-type: none">• Corporate reputation• Responsible sourcing</div></div>
Community	<div>We want to make a positive contribution to the communities where we operate.</div>	<div><div><ul style="list-style-type: none">• Volunteerism• Donations• Sustainability report</div><div><ul style="list-style-type: none">• Community investment</div></div>
NGOs	<div>We strive to contribute to a sustainable future by engaging with organisations promoting healthy social and environmental values.</div>	<div><div><ul style="list-style-type: none">• Labour's health plan• Fair wages approach• Sustainability report</div><div><ul style="list-style-type: none">• Community investment• Labour rights• Environmental protection</div></div>



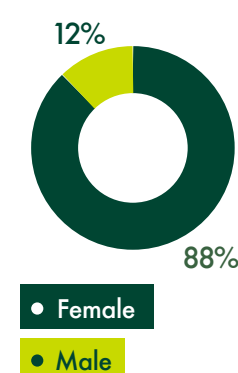


Our people

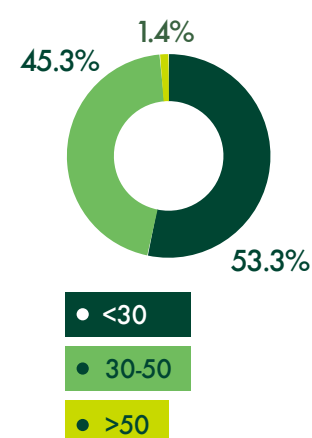
Dakota firmly believes that our business success lies in the valuable contribution of our employees. Upholding the principle of respecting basic human rights, we endeavour to maintain a safe and satisfactory working environment and to empower employees to excel in their career.

Dakota employs approximately 9,000 staff mainly in China, Cambodia and Myanmar. We make every effort to ensure ethical labour practices. All recruitment and resignation procedures, wages, working hours and welfare are in compliance with local labour laws and regulations. Our recruitment policy forbids discrimination against applicants and employees on account of nationality, race, gender, religion, political views, origin, pregnancy and HIV infections, etc. Our human resources staffs are trained for recruitment management systems, labour laws, wage calculation and employment contracts, and are required to implement the policies promptly and effectively.

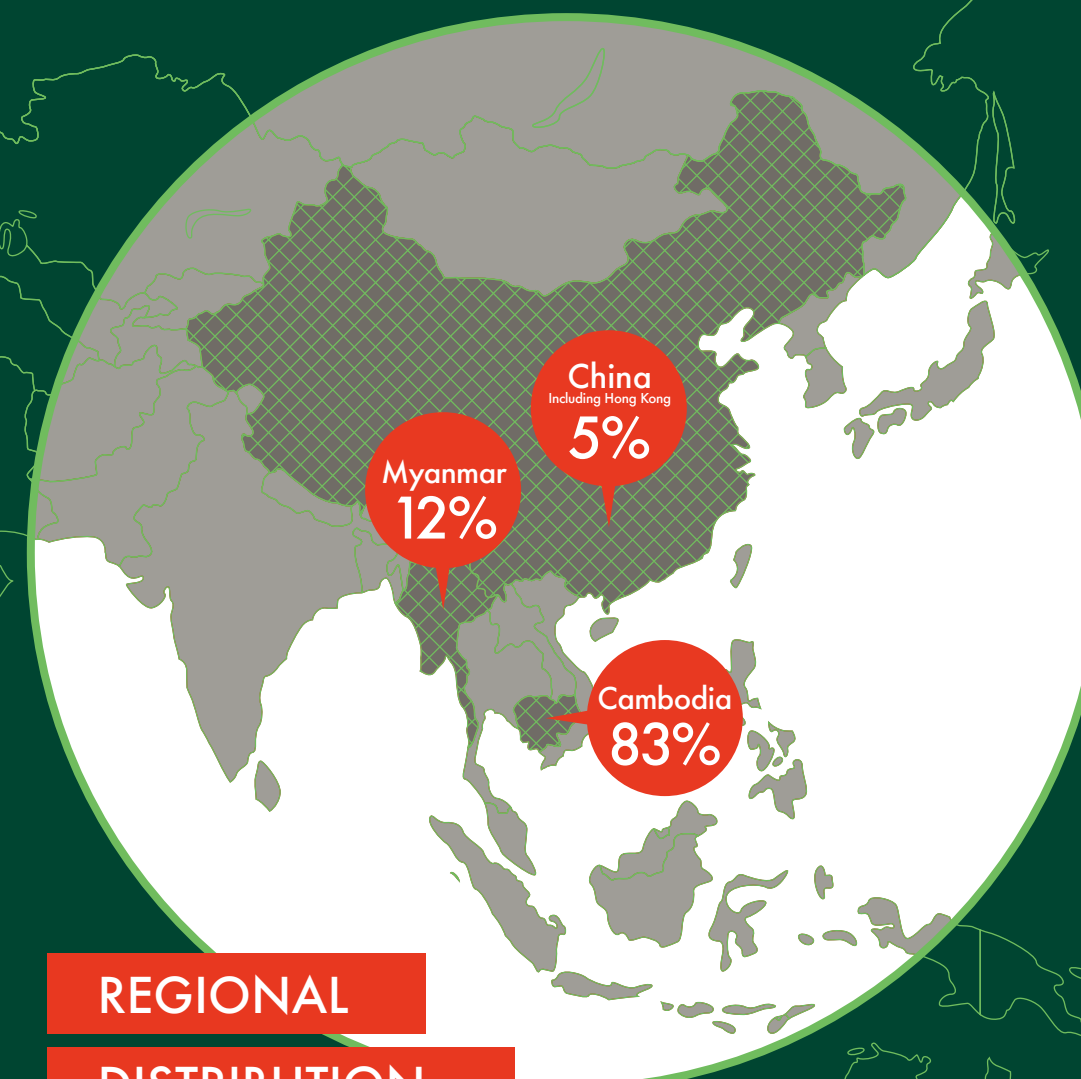
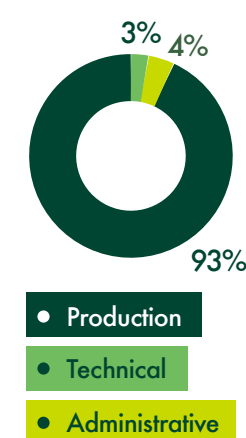
Gender profile



Age profile



Functional profile



REGIONAL DISTRIBUTION

"Dakota agrees that the protection of human rights is the fundamental principle businesses should uphold. "



Human rights

Dakota agrees that the protection of human rights is the fundamental principle businesses should uphold. No one should be deprived of human rights. We are committed to eliminate human rights abuse as well as any discriminatory behaviour from our operations, through stringent management and monitoring procedures.

Child and forced labour

Hiring of child labour is strictly prohibited in Dakota's factories. We rigorously implement child labour prevention policy in line with the minimum legal working age stipulated by local labour laws. The human resources department must verify each applicant's identity by checking and reviewing identity cards and necessary documents. If a child labourer is found, the case is immediately reported to the local labour authorities. The child is stopped from working and is sent to hospital for health check. The child's parents are notified and invited to take the child home after the verification process is completed. Wages, allowances and other related payments required by the law must be paid. Investigation is conducted where disciplinary or legal action is to be taken against any personnel who violated the labour laws. The management ensures adherence to the relevant Code of Conduct and the full procedure to preclude child labour is followed and any suspecting cases with respect of human dignity are dealt with adequately.

We forbid any form of forced labour and hiring of victims of human trafficking. Any discovered cases are reported immediately to the police. Dakota's workers' basic rights management system lays out measures for protecting employees' fundamental human rights. Employees cannot be coerced to work under threat of violence, identity documents cannot be confiscated and wages can't be withheld. We do not encourage recruitment through third parties but if such practices are unavoidable, stringent contractual terms are applied. The hiring company must possess a license and is not allowed to charge employment fees from workers. Employees' right to access their travelling documents and freedom of movement must not be infringed.

Managing labour risks

We recognize that our two factories in Cambodia are at higher risks in the context of human rights and labour issues, including child and forced labour, freedom of association and collective bargaining, due to the local culture. To mitigate the risks, systematic procedures and policies are in place for each of the issues concerned. With reference to the BSCI auditing results, BFC assessment and clients' requirements, we have strengthened the management in specific areas such as fair wages and working hours, which have achieved substantive results during the year.



Workers' rights

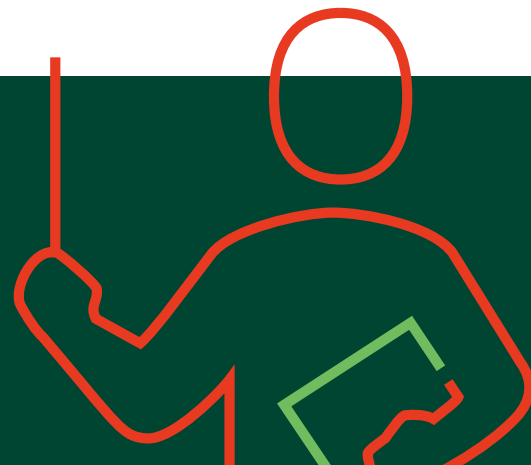
At Dakota, policies are in place to protect employees' rights and working conditions. The factory managers are required to make feasible arrangements on working shifts to avoid excessive overtime (OT) work. All OT is voluntary, where employees have the right to choose to or refuse overtime work and they are not discriminated for their decisions. An OT alarm system has been established to record and monitor the working hours of employees. They are not allowed to work more than the maximum legal working hours. Any urgent OT cases must be approved and recorded by the factory manager. Remuneration and allowances for overtime work are provided according to local legislation, ILO conventions and client requirements. The OT and wage policies are communicated to employees during induction training and regular meetings, with detailed total wage calculation method explained.

Decent workplace

Discriminative and abusive behaviours only bring harm to employees and the company and therefore should be strongly discouraged. We believe that education is crucial in raising employees' awareness about their rights. Regular training on anti-abuse and anti-harassment are held, to explain the definition, company policies and preventive measures of harassment and abusive behaviour, including verbal, physical and sexual violence. To maintain a decent and peaceful workplace for our employees, a complaint system has been established, allowing employees to report any cases of harassment or abuse to the management anonymously. The management also receives training in handling harassment cases in a victim-centred approach, comforting the victim before conducting investigations and making appropriate decisions. There were no discrimination and harassment cases reported during the reporting year.

Rights-related training

- ✓ Workers' basic rights
- ✓ Wage calculation and OT compensation
- ✓ Grievance mechanism
- ✓ Child and forced labour
- ✓ Anti-discrimination and anti-harassment
- ✓ CBA and freedom of association



Workers' rights training

Continuous communication with employees on labour rights and human rights issues through training and education is the only way to ensure effective implementation of our policies. Besides, we hold regular training sessions and meetings to educate employees on their basic rights and duties, with monthly refresher training to remind employees of any updates on company policies. Extra sessions are also conducted for employees from human resources, finance department and the management, who are responsible for executing the policies. Contents of rights-related training include:



"Dakota recognizes every employee's right to unionisation and collective bargaining."

Freedom of association

We understand that maintaining positive relationship with employees requires continuous communication which is important for protecting their rights as well as understanding and responding to their needs. With communication channels established through labour unions and grievance systems, we aim to build long-term trust with our employees.

Dakota recognizes every employee's right to unionisation and collective bargaining. It is our policy to respect their choices and not to discriminate or punish for association with labour unions. Collective Bargaining Agreements (CBA) have been signed with the most representative union in our sites in Cambodia according to the Trade Union Law. Worker representatives are elected at all of our sites, who participate in monthly meetings with the management to discuss any labour matters or grievances. They also have the right to attend OHS and HIV committee meetings to put forth opinions on health and safety issues. These meetings have become a platform for us to work closely with the unions and worker representatives to ensure a smooth and effective communication channel, where employees' voices are heard and our responses are delivered efficiently. Adhering to relevant laws and regulations, we do not interfere with workers representatives elections and union affairs.

Employee communication

As a member of the BFC program, Performance Improvement Consultative Committees (PICC) has been established in factories in Cambodia. Joined by the management, workers and union representatives, the committee deliberates and coordinates action plans for improving the workplace with more efficient and effective consultation, forging consensus through mutual understanding.

Our grievance mechanism offers another channel for two-way communication with employees. They are encouraged to express their concerns and provide feedback to the management, oral or written, including supervisors, production manager, human resources manager, sustainability responsible and factory manager. The managers are required to handle the complaint by facilitating discussions before resolving the issues within a certain time limit. Employees may appeal if they are not satisfied with the results. Any unresolved cases are referred to the local labour department for settlement. The union and worker representatives are constantly informed on the progress and asked to provide assistance when necessary. Solutions to the issues raised are posted on the information board to increase transparency of communication.



Fair wage

Dakota participated in the fair wage remediation scheme initiated by the Fair Wage Network (FWN) which aims to better monitor the wage management system and raise workers’ satisfaction about wages and working conditions. Professor Daniel Vaughan-Whitehead, Founder and co-Chair of the FWN, has acknowledged our successes in implementing the fair wage remediation scheme. Such achievements has been reflected and recognized in the BSCI audit. With enhanced communication channels such as training and meetings on wages and internal monitoring system, we also saw increased awareness of workers on wage calculation and grievance system.

Wages are an issue that Dakota tried to improve over last few years. In particular its company VANCO based in Phnom Penh, Cambodia, carried out a full Fair Wage approach exercise, that consisted in an initial Fair Wage assessment that allowed to identify wage issues and root causes. VANCO represented one of the few role model factories selected by H&M before its large scale implementation of the Fair Wage Method among all its first tier suppliers. On this basis, a one year Fair Wage remediation plan was implemented at VANCO which led to a number of improvements in wage practices: a decrease in the number of overtime hours while maintaining and even slightly improving total wages of the workers, the Implementation -through an agreement between the management and workers’ representatives- of a wage grid to more closely relate wages to skills, better career progression opportunities, enhanced communication channels on wages to workers and a social dialogue of better quality. These changes have shown to improve workers’ satisfaction about wages and working conditions with also some good results on the economic performance. Such efforts to improve wage practices should of course continue, and eventually be extended to more Dakota factories, to demonstrate that improvements of wage practices do not systematically lead to higher wage costs but can instead place the factories that invest in this area on the way to sustainable and socially responsible business.



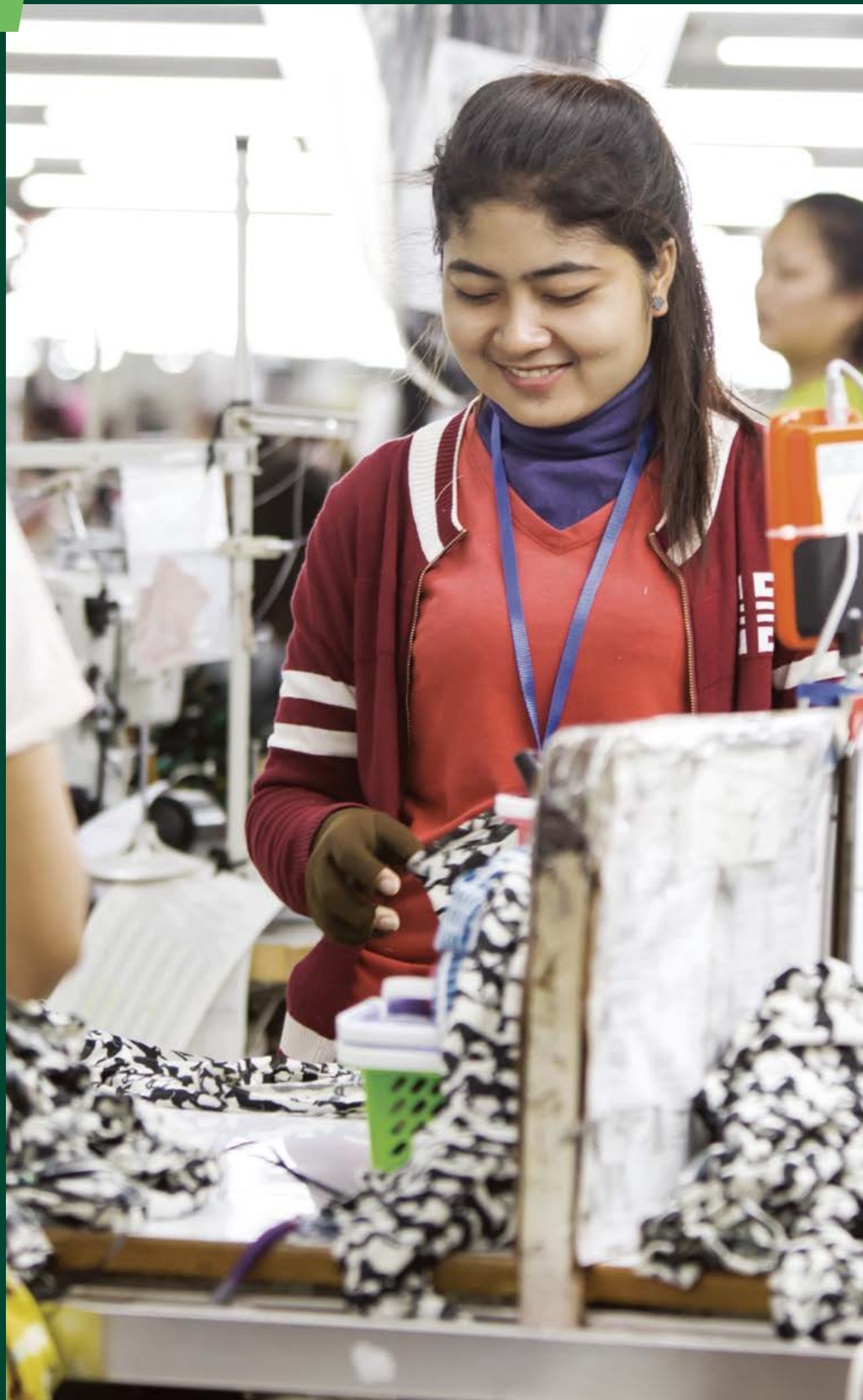
Prof. Daniel Vaughan–Whitehead,
Founder and co-Chair of the Fair Wage Network,
Geneva, 22 November 2017



Plan & progress

Our two factories in Cambodia joined the initiative to apply the Fair Wage Methodology and this is being extended to our other factories. Dakota will further review wage practices and listen to employees’ feedbacks regarding wage arrangements, through continuous partnership with FWN and H&M. The table below shows the progress and plans for fair wage remediation:

	2016 Assess	2017 Implement	2018 Remediate
Internal monitoring system	Monitor errors on payment and wage calculation Wage grid developed to monitor bonus system based on skills	Internal monitoring system reviewed and finalized	Evaluate effectiveness of the wage policy
Understanding on living wage	Survey conducted, analyzed and published on: <ul style="list-style-type: none">workers’ prioritization of expenditures and basic needslocal inflationprevailing wages	Review the wage structure to identify opportunities for modification in consultation of the workers Surveys on wages issues conducted	Minimize gaps between current wage and living wage survey
Worker awareness	Collect data on worker awareness on fair wage and OT hours	Conducted training and refresher training on minimum wage, financial literacy and basic needs	Incorporate opinions of workers into the wage management system
Communication	Communication mechanism built on wage and OT issues with workers	Fair wage implementation team set up consisting the management and worker representatives Regular half-year meetings held	Discuss possibilities of communicating with the factory’s workers on its economic performance



"We are looking forward to more opportunities to promote maternal health, boosting workers' self-esteem and empowering them to take control of their family and work life."

Welfare

It is Dakota's aim to provide a fair and equitable work environment to its employees. We maintain equal pay for men and women. Skills and production bonus are paid solely based on experience and performance. Our welfare system is established according to legal requirements of the locations where we operate, which includes health care, housing and transportation allowance, insurance, attendance bonus, meal allowance for working overtime, annual leave and maternity leave etc. Dorms and canteens are also managed through communication with workers representatives. In 2017, ATM machines have been installed at our factories in Cambodia to ensure secure payment of wages and facilitate better financial management of employees.

Since females account the majority of employees in our factories, we initiate extra welfare arrangements to accommodate their needs. A daycare centre is set up for workers' children with daycare allowance provided. Flexible breastfeeding hours and bonus are given to mothers, enabling them to balance between family and work.

Health care for women workers

Marie Stopes is an International non-governmental organization providing access to high quality reproductive health and voluntary family planning services. It launched a year-long worker health projects in our two factories in Cambodia, educating and raising awareness of women workers on reproductive health.

The project delivers educational messages through SMS, social media and announcement systems in factories, and sometimes in the form of music and entertainment. Marie Stopes provides simple contraceptive services in factory infirmaries. A referral system is built for workers in need of family planning counselling and services. To enhance the impact of the initiative, worker volunteers are invited to receive training who then become ambassadors to promote health-related knowledge among their colleagues and families.

Dakota actively cooperates with Marie Stopes in providing necessary assistance and support on the project. We are looking forward to more opportunities to promote maternal health, boosting workers' self-esteem and empowering them to take control of their family and work life.



Training and development

Training and education is not only an important tool ensuring smooth operations but also enable employees to develop their careers and achieve personal goals. Apart from basic induction training, our training system allows employees to build skills and knowledge related to their positions, especially for employees who are promoted or has special duties. Training plans are drafted annually to address new technologies, production requirements, demands from customers and industry as well as employee performance.

"We support employees in continuous learning which not only contribute to the company's development but their personal growth as well."

To maintain and develop competitive workforce with a team of talented employees, especially in matching our business needs, Dakota actively engages in industry institutions. We open up training opportunities for employees to equip themselves for their future advancement in the garment and textile industry.

During the reporting year, we also provided training sessions on interpersonal skills development, communication skills and financial planning, offering employees advice on managing relationships with colleagues as well as their personal finances. The human resources department collects feedback from employees regarding the content and quality of training as reference for customising to suit specific needs.



BFC training program

As a participant of the BFC, we are able to offer employees training provided by external specialist from the organisation. Training sessions are set to enhance practical skills in performing daily duties, which include machinery safety, workplace cooperation, human resource management, supervisory and leadership skills as well as labour law training. The programs suits our employees from positions such as HR, compliance, mechanics and line leaders etc., whom we provide opportunities to cultivate management skills.



GMAC training program

As a member of the Garment Manufacturing Association in Cambodia (GMAC). Employees selected from different positions are sponsored to attend short courses or diplomas offered by the institution. Programs focus on apparel design, apparel merchandising and industrial engineering, with courses ranging from product development, quality control to compliance. We support employees in continuous learning which not only contribute to the company's development but their personal growth as well.

Safety

Ensuring the health and safety of all employees is our top priority. We have established a comprehensive management system in all of our operating facilities that complies with all local laws. It is only when a safe and secure environment is provided to employees that our staff can fully unleash their potential.

At each of our factories, OHS management system is spearheaded by the OHS committee leading the continuous improvement of the safety policies and mechanisms. These committees are established on a joint management-worker basis. Worker representatives represent over 40% in the composition of our OHS committees. We believe by involving workers in OHS committees can help facilitate a positive health and safety culture and drive the improvement of occupational health and safety in our factory sites.

The sustainability executive is responsible for checking the safety and health facilities and performing monthly audits to ensure daily operations of the site adhere to the policies set out. The HR department is responsible for arranging the OHS training to all workers.



Our safety policies and measures include but not limited to

- ✓ Emergency response plan policy
- ✓ Accident management
- ✓ Investigation policy
- ✓ Machinery safety policy
- ✓ Lock-out/Tag-out procedure
- ✓ Structural safety assessments
- ✓ Risk Assessment policy
- ✓ Chemical management system (elaborated under our environment)

Working environment

At our Cambodian sites, we have conducted structural safety assessments as to ensure the structural integrity of our factory buildings, providing a safe and secure workplace. Moreover, as the nature of the job for most workers is highly repetitive, it is important to offer a comfortable working environment. Dakota fully invests in the necessary systems in order to maintain an optimum level of temperature, and ventilation at all areas of significant operations.

To ensure the basic welfare of our workers, we maintain the strictest hygiene standards. We provide potable water and handy bottles, first aid kits, dining and break areas and toilets which are properly maintained and sanitized. Moreover, medical needs of the staff are taken care of at our clinic ward.

Machinery and equipment

In order to mitigate against accidents, machines are selected with safety considerations as top priority. We have established a Machinery Safety policy which specifies that qualified mechanics are to keep record of the condition of the machinery and are responsible for prompt repairs. In particular, machine guards are maintained in best conditions to ensure workers are not exposed to hazards. Moreover, workers are required to further protect themselves with appropriate Personal Protective Equipment (PPE) such as ear protection in case of embroidery workers and steel mesh gloves for cutting workers. In addition, workers are trained and reminded of correct lifting postures at appropriate sites throughout the accessory and garment warehouse areas.

Our Accident Management and Investigation policy ensures that the OSH committee effectively executes accident investigations and follow-up action plans. A Lock-out/Tag-out procedure sets out details of the protocol to fully disable machinery during maintenance activities, which prevents many deaths and injuries from unexpected releases of hazardous energy.

"In order to mitigate against accidents, machines are selected with safety considerations as top priority."



Emergency procedures

Our factory sites are prone to be densely populated areas and thus the establishment of fool-proof emergency procedures are of paramount importance. The HR department organises evacuation training sessions at least twice a year, which requires full attendance rate to prepare for worst-case scenarios. Our Emergency Response Plan policy details the protocols to be followed in scenarios such as natural disasters, riots and disease outbreaks. Moreover, each department must nominate at least one person to undergo comprehensive first-aid training and be able to respond to any sudden medical emergencies.

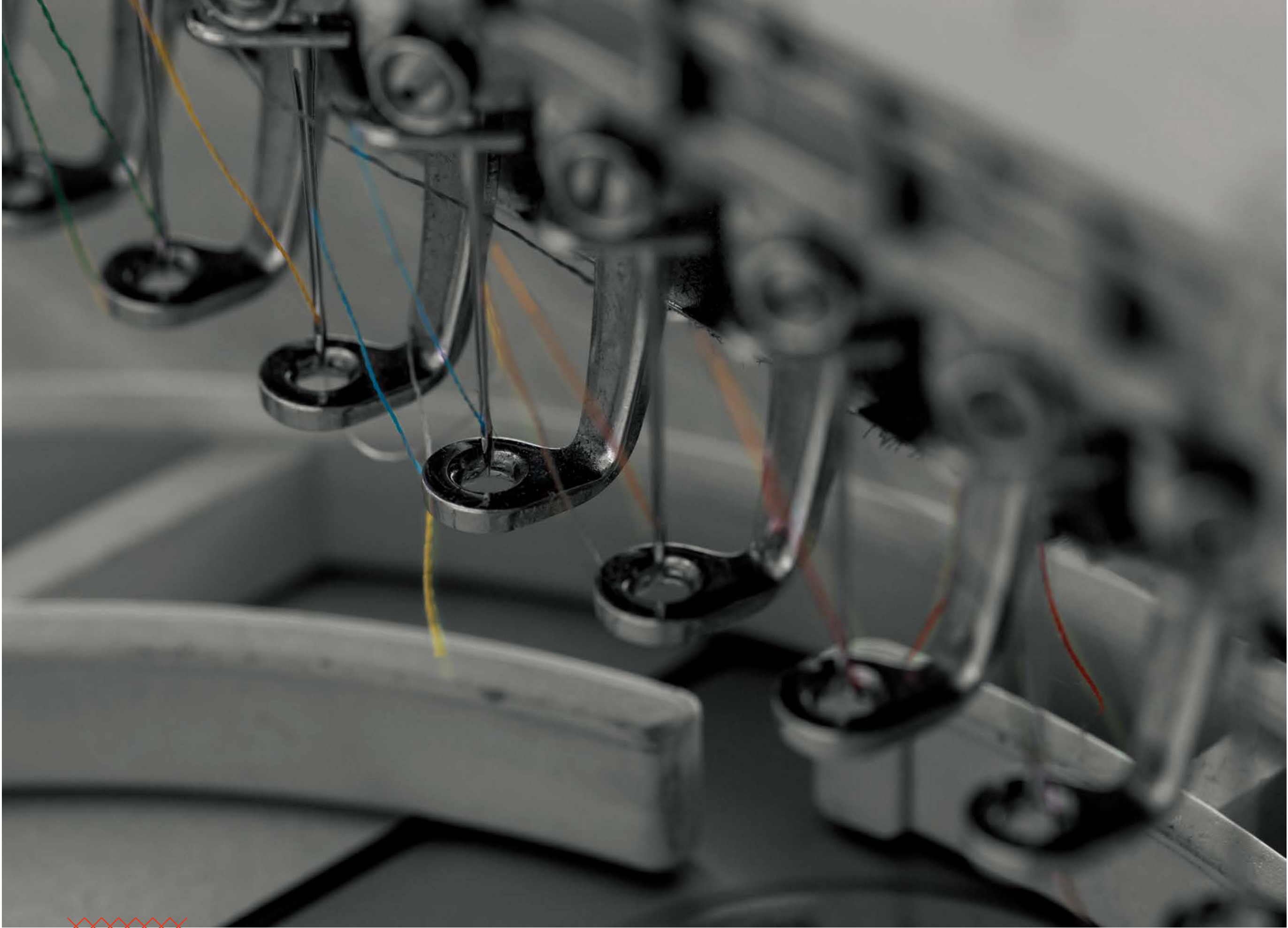
Fire safety at our facilities are also of utmost priority; at each department, fire alarms with panic buttons and emergency lighting are subject to routine checks, while extinguishers and hydrants are replaced once past their lifetime. Moreover, at least one staff from each department is fully trained in fire-fighting measures so as to function as leaders during fire emergencies. We go beyond local laws in installing fire prevention facilities in protecting employees and the facilities in case of emergencies. We have installed advanced automatic fire alarm systems with intelligent smoke detectors in a factory and warehouse in Cambodia. All production units in Myanmar are equipped with trusty fire sprinkler systems and smoke detectors, which are above the required standards.

Risk assessment

At Cambodian and Myanmar factories, our Risk Management policy is implemented to take a preventive approach when designing new operational activities as well as to eliminate risks in existing procedures. The sustainability responsible for each factory site is constantly on the look-out for potentially hazardous situations so as to eliminate the risks present.

The risk assessment conducted follows a 3-step framework: identify, analyse and treat the risks. The results of all hazard identification and assessments must be documented and communicated to workers. Complete factory-wide risk assessments are held annually and strong management support is demanded with proactive cooperation from the department heads.



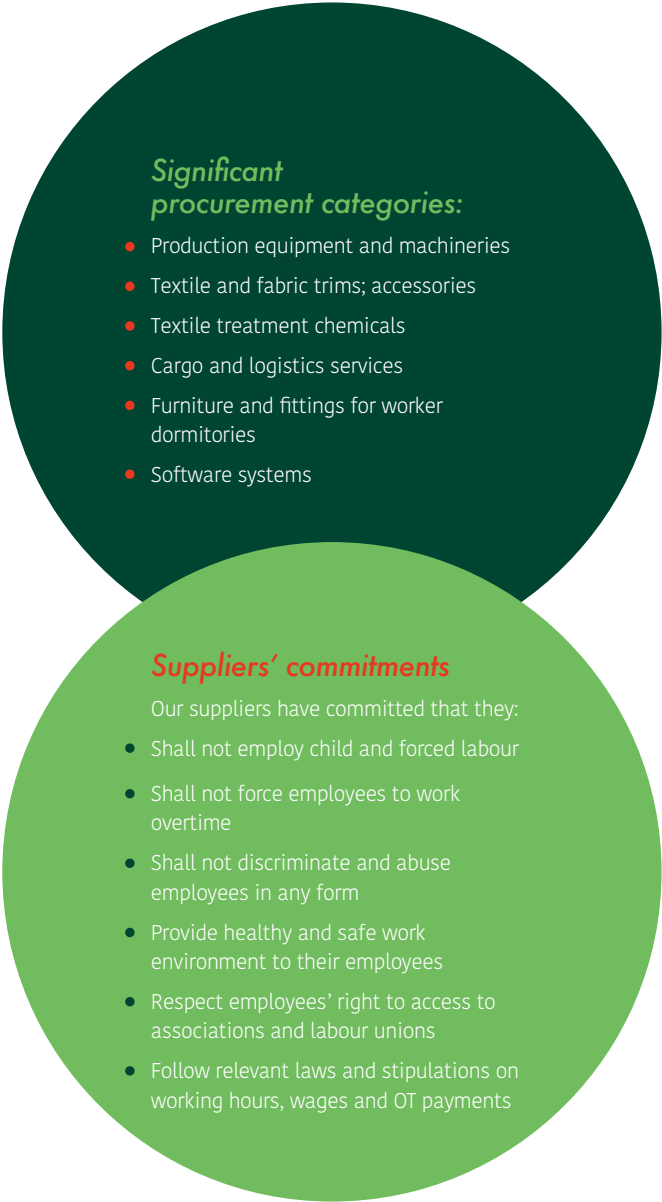


Our operations

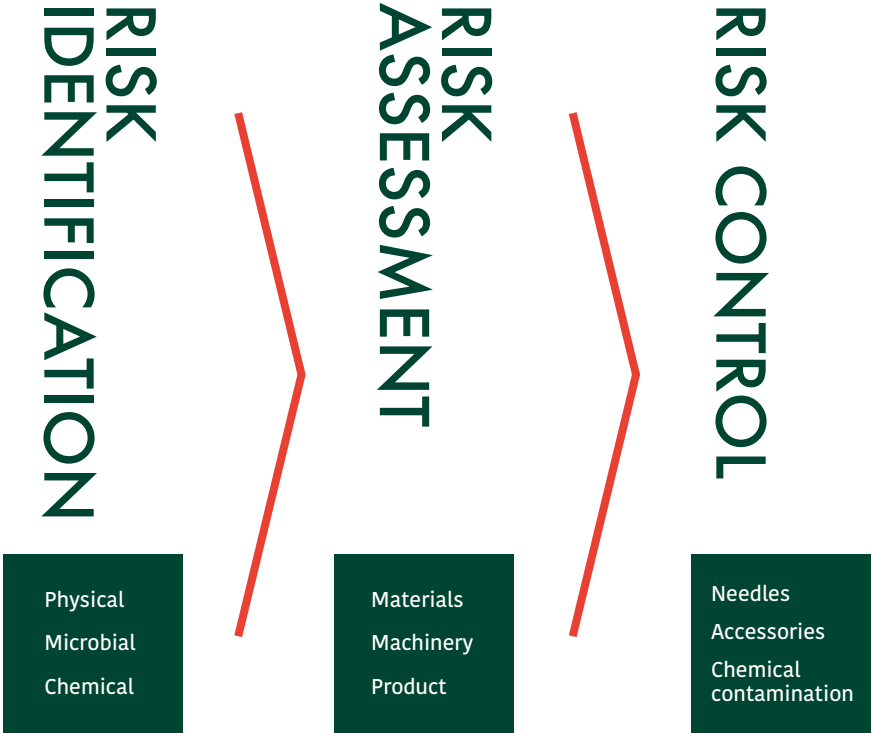
Supply chain management

Dakota works with suppliers and subcontractors that align with the social responsibility principles that we uphold. A social responsibility commitment has been drafted with reference to SA8000 Social Accountability standards. The company identifies and selects suppliers based on these commitments. Potential suppliers are assessed on specific social requirements such as labour, human rights practices as well as social responsibility management system. Qualified suppliers are then required to sign and confirm fulfilment of the commitments. Dakota is not involved with any raw material sourcing, cotton or other raw fibres, as of end of the reporting period.

The Company manages the supply chain through well-established procedures. Suppliers are evaluated through site visits and assessments on quality, price, delivery time and social requirements. Qualified suppliers must also sign a commitment regarding quality standards and use of chemicals. A quality evaluation is conducted after the supplier and subcontractor have completed an order, while auditing of production management and social requirements is conducted annually, with records kept. Appropriate actions are taken according to the auditing and grading results. Through on-site checking, we oversee the suppliers' and subcontractors' performance on compliance with the code of conduct and quality requirements.



GRADE	AA	A	B	C
ACTIONS	First priority of procurement	Procure at a steady pace	Procurement depending on quality and seasonality	Procurement is not allowed



Product responsibility

As a responsible manufacturer, Dakota strives to provide high-quality garment products to customers. To guarantee product safety, we conduct risk assessments and control throughout the process of design, procurement, manufacturing and storage. Product risks are identified and assessed twice a year. The process includes examination of materials procured, machinery used and final products for any hazardous substances or impurities. Specific steps have been laid out to control risks, for example performing needle checks and anti-mould measures to prevent the contamination of fabrics. It is our aim to minimize risks from the early stage of product design to prevent non-compliance of the final product. Product hazards discovered are handled by the quality control (QC) department according to our QC procedures and standards.

Products manufactured by us and our subcontractors must undergo quality inspection procedures. Our QC team inspects raw materials, semi-finished and finished products. Specifically, Following the pledge of Zero Discharge of Hazardous Chemicals (ZDHC), we inspect our products on harmful chemicals which are prohibited from our agreements with clients. Any unqualified products are recorded and separately stored before sending back to the production lines or subcontractors for corrections.

"As a responsible manufacturer, Dakota strives to provide high-quality garment products to customers."

Customer satisfaction

Meeting customer expectation is one of the main missions of Dakota. We strive to forge a long-term and stable partnership with our clients. We maintain regular communication through meetings and site-visits to ensure fulfilment of sustainability standards of our clients, including sustainability, product safety and quality requirements. We appreciate the feedback from our customers which helps us enhance our products and operations and maintain competitiveness.

"Meeting customer expectation is one of the main missions of Dakota."



Business ethics

Dakota remains committed to uphold ethical standards and operate with honesty and integrity. Our anti-bribery policy is set to reinforce internal controls, promote ethical behaviour and protect the interests of the Company as well as its stakeholders. To prevent bribery and fraud, employees in important positions must sign an honest self-discipline pledge before they are granted the right to sign contracts on behalf of the Company. All individuals who conduct business with Dakota must also sign a Commercial Bribery Agreement. Our audit and supervision centre is responsible for monitoring and implementing the policy and agreements, scrutinizing to ensure they are in accord with the relevant laws and handling any corruption cases discovered. Employees are encouraged to report any unethical business behaviours to the Company. The whistle-blowers are rewarded after approval. Contents and investigation of the cases are kept confidential. Appropriate actions are taken for any confirmed cases of corruption, including confiscation of illegal income, charging of fines, dismissal and referral to judicial authorities if necessary.



Our community



With factories operating in developing countries, Dakota seeks opportunities to serve the community, especially those suffering from poverty and poor living conditions. The whole Dakota group is awarded as the Caring Company

Cambodia:

During the reporting period, our factory in Cambodia donated 500 pieces of clothing which were delivered to remote villages and communities of Kampot Province.

Our employees in Cambodia also organized a visiting trip to school and bringing all the students with clothes and backpacks. Their voluntary participation in the visit and donation showed the best of us in helping the needed.

Myanmar:

Employees in Myanmar made donations to an orphanage, hospital and nursing home, supporting their operations and people in need. We organised a donation trip with the Change Foundation. Our employees volunteered to make visits to schools, showing their love and care to underprivileged children. We plan to further strengthen our engagement with local communities through future charitable initiatives.

Hong Kong:

Hong Kong is a well-developed city but with a wide wealth gap. Therefore we are committed in contributing to improving the livelihood of the grassroots. We have made a donation of HKD240,000 to charities and organised visits and rice giving to singleton elderly. Our volunteers actively participated with a mission to cheer up the elderly. With the success of the event, we will continue our effort in fulfilling our social responsibility.

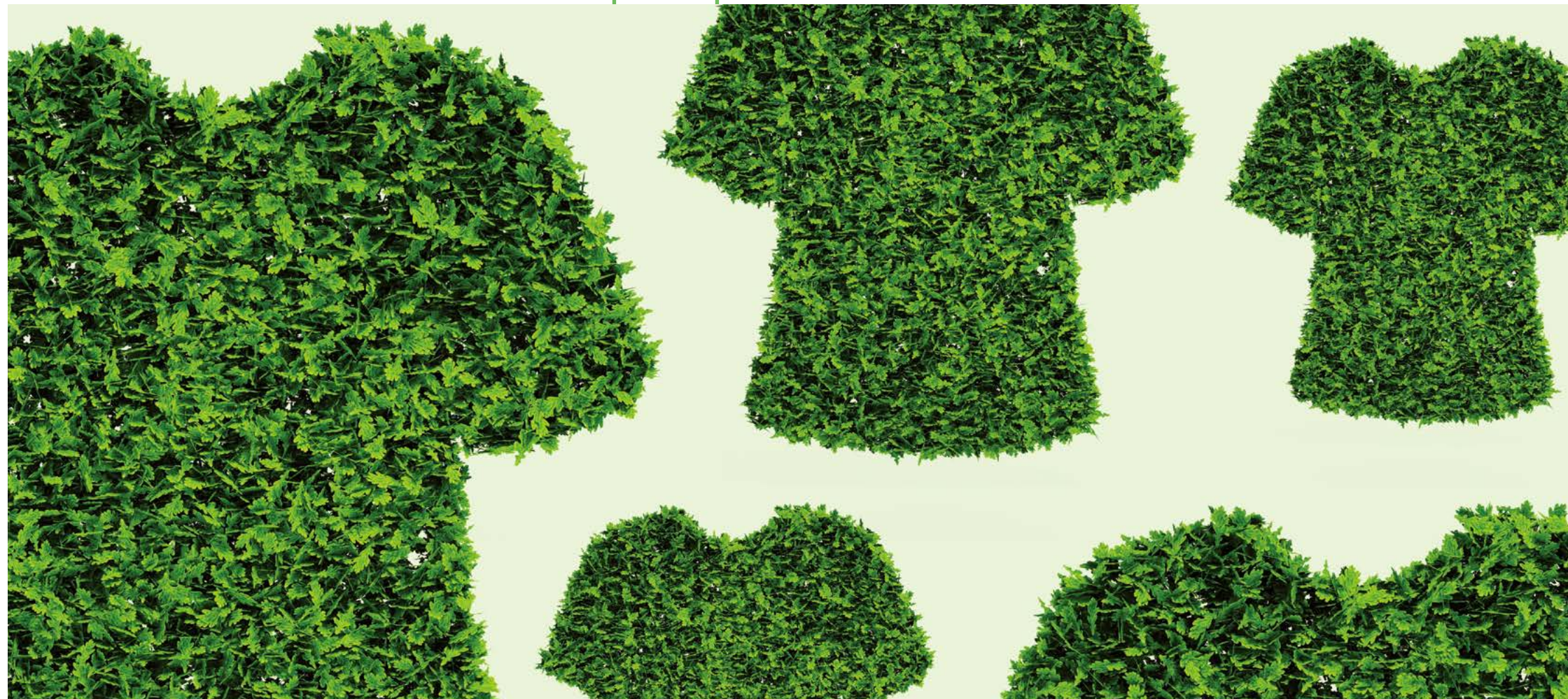


**we love,
we care,**
and we take responsibility.

SUSTAINABILITY stands for
everything we do it in the right
way to drive a better world.

Our environment

Throughout the entire cycle of garment manufacturing, Dakota devotes efforts to ensure the environmental impacts of every stage are addressed and minimized. From consumption of water and raw materials to the management of wastewater discharge, every step requires robust systems and procedures in place.



Environmental management

The environmental management systems established at each of Dakota's factories are designed to comply with all relevant local and international laws pertaining to the environment. There were no incidents of environmental non-compliance during reporting year. Our sustainability governance structure, spearheaded by the Head of Operations, ensures necessary environmental policy is established, implemented and monitored.

At each of our factory sites, the Factory manager and sustainability responsible reports directly to the Head of Operations and is responsible for execution of all of Dakota's environmental policies with the environment coordinator, engineer and assistant. Together, the environmental committee ensures the establishment of relevant environmental policies, regular review of environmental targets and progress, and necessary training are provided to relevant departments and individuals.

Using our resources wisely

Dakota constantly strives to streamline its processes so as to minimize consumption of resources. Since 2011, the Company has been regularly commissioning third-party consultancies to conduct energy and water audits to assess and identify opportunities for enhancing resource efficiency at its factories. This year, all our factories have undergone complete energy and water audits providing customized action plans for each. Moreover, green procurement is another avenue in which we practice our sustainability values.

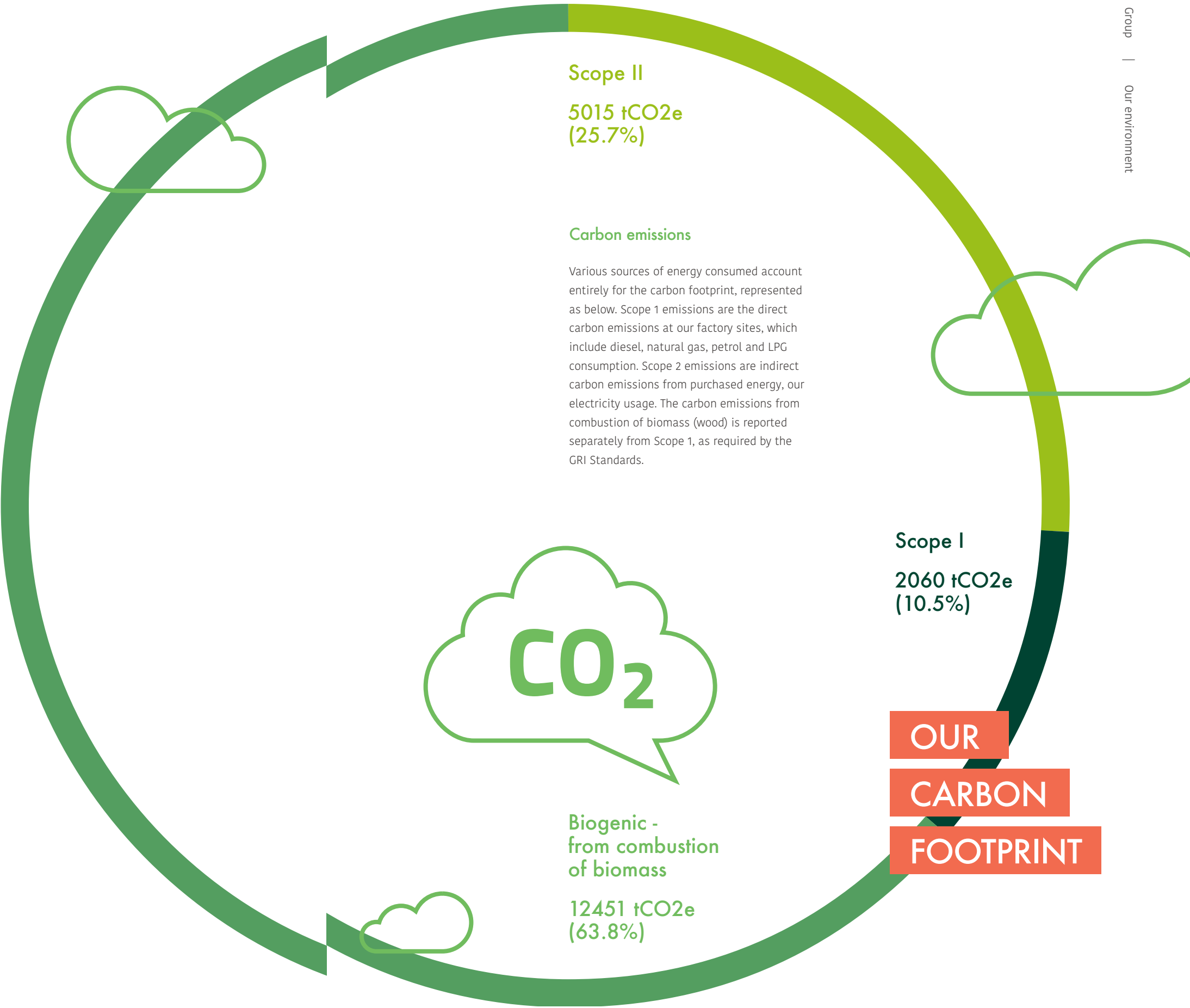
Energy consumption

Our operations make use of a range of energy sources, as presented by the table below. The major form of energy consumption is biomass in the form of wood fuel, which constitutes three-quarters of our total energy consumption.

"Our total energy consumption for the reporting year amounted to approximately 200,000,000 MJ."



Type of energy	2017 consumption (MJ)	Percentage
Biomass(wood)	156,020,512	75%
Electricity purchased	27,223,056	13%
Diesel	23,885,862	12%
LPG	284,690	Negligible
Petrol	264,256	Negligible
Natural gas	20,748	Negligible



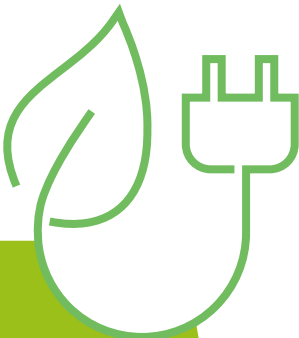
Energy conservation

According to the customized action plans recommended in this year's audits, all our factories have taken to investing both money and personnel to enhance energy efficiency performance and consequently to abate carbon emissions.

Each factory has taken to coordinate all actions requiring no or minimal investments such as introducing a regular electricity and steam leakage check program or optimizing the compressed air pressure set-point.

All our factories in Cambodia and China have now replaced T5/T8 light lamps with LED lamps, and factory in Myanmar has installed LED tubes at the beginning. The higher energy efficiency at our three factories in Cambodia and China is estimated to reduce electricity consumption by 220,000kWh per year, which is equivalent to reduction of 138 tonnes of carbon emissions. Of our two Cambodian factories, one took a step further and fully replaced workhouse sewing machines that operate with greater efficiency, which is estimated to have resulted in energy savings of 83,000kWh.

Our 2017 investments in enhancing energy performance



"In 2017,
Dakota made
a full conversion to
LED tubes at three
of our factories."



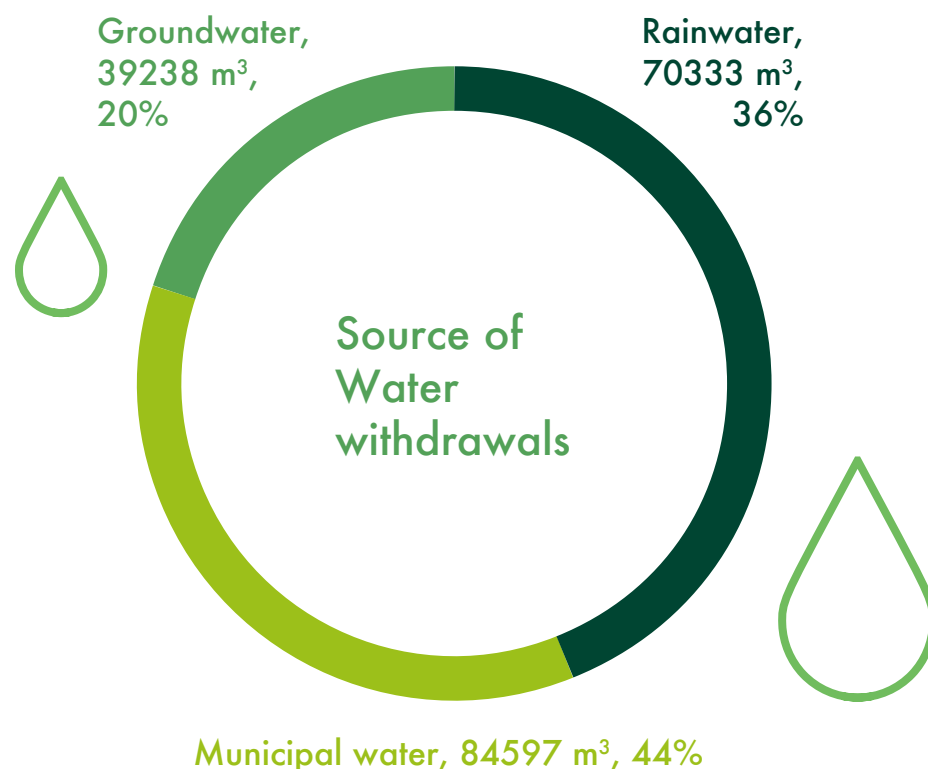
Water consumption & conservation

Another significant resource consumed at Dakota is water. Monitoring water usage is viewed as important so as to ensure we are not depleting any natural water body or reserve. In fact, a profile of our water sourcing indicates only 20% of Dakota's water withdrawals are from a natural water reserve (groundwater), while more than 35% is derived from rainwater. Rainwater accounts for such a significant proportion of our water sourcing profile because one of our factory sites is able to meet its entire water needs through on-site rainwater collection.

Besides the source and consumption of water, we are always looking for opportunities to reuse and recycle water so as to abate the volume of water withdrawals. At one of our Cambodian factories, we treat and reuse the water used to wash our printing screens multiple times, which is estimated to amount to approximately 1% of the site's water withdrawals. Water recycling is also practised at the other of our Cambodian factories, where wastewater is treated and entirely channelled to toilets for reuse, after which most of it returns to the deposition pool to restart the cycle. This system has allowed reuse of approximately 30% of water withdrawals at the site.

Moreover, as recommended by the audits conducted, our factory in China has decided to install low-flow aerators on our faucets to meet the guidelines of LEED (Leadership in Energy and Environmental Design) - a widely used green building system rating worldwide. As a result, flow rates of some faucet points have been cut by as much as half of its original rate, preventing excessive water usage.

"Approximately 30% of our water withdrawals at one site has been reused."



Environmental stewardship in Cambodia

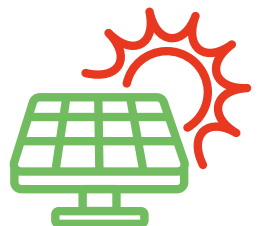
Vanco, situated in Cambodia, is one of our largest factories with an annual production of close to 15 million garment pieces. As much as it is a powerhouse of Dakota's entire operations, we are also placing great importance on its environmental performance.

Solar power roof

Our Vanco site is to be furnished with a Grid-Tied Solar System by May 2018, which is a system that is connected to the utility power grid. It is projected to generate 113MWh per month, which will reduce CO2 emissions by 1530 tonnes a year. All installation and maintenance is to be carried out by a specialist solar power company to ensure our operations incur minimal disturbance. Diesel generators are to serve as trustworthy back-up for power failures.

100% rainwater source

To save municipal water consumption, 100% of the water used at the site is sourced from on-site rainwater collection. Appropriate filtering systems with proper maintenance ensure water quality is suitable for different purposes, including human consumption.



Sustainable procurement

We are proud to be espousing commitment to the sourcing of raw materials from partners of sustainable farming practices as well as reducing use of virgin raw materials. We pledge to the commitments under the Better Cotton Initiative¹ membership, and the sourcing and specifics of the eco-friendly cotton is kept traceable via a transparent system. At one of our factories in Cambodia, we have taken a proactive stance since 2009 and sourced portions of supply of natural and synthetic fibres from organic and recycled sources. We are third-party verified in compliance with the Organic Content Standard² and Global Recycled Standard.³ Our products with such eco-friendly content are clearly distinguished throughout the entire process so as to meet the requirements of our customers.



¹ 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.

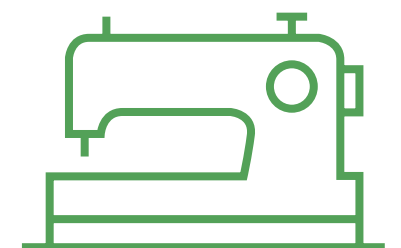
² Organic Content Standard, developed in 2013 by the non-profit organisation Textile Exchange, is an international standard that sets requirements for third-party certification of organic content in products.

³ 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.



Monitoring our air emissions

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. Our boilers are also checked bi-annually to ensure proper functioning.



Greening our chemical inventory

For recreating the brilliant hue of marigold yellow to achieving the washed-out indigo blue of your favourite pair of pants, top quality reagents and chemical substances are used daily at our facilities. The chemical inventory at Dakota takes into account the potential environmental impact of each reagent, as stipulated in the sustainability commitment with our clients. We apply the precautionary principle and eliminate the use of questionable substances.

Striving towards “Zero Discharge of Hazardous Chemicals”

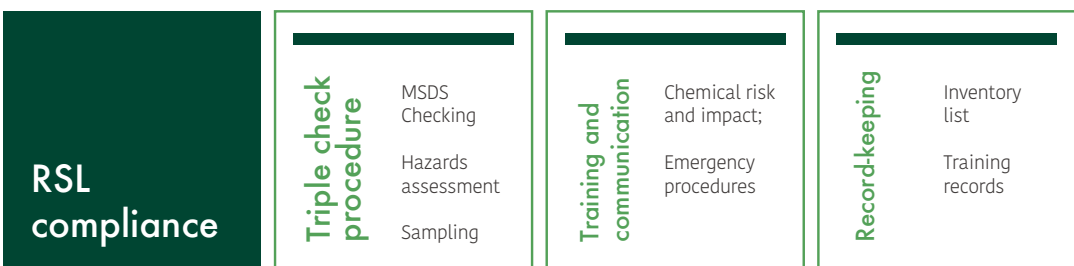
The ZDHC (Zero Discharge of Hazardous Chemicals) Programme is a collaboration of 23 signatory brands and other value chain affiliates, helping to lead the apparel industry towards the complete elimination of hazardous chemical discharges. As business partners to clients pledging the ZDHC commitment, the Dakota Group fully observes all requested chemical restrictions which is subject to progressive updates. To aid this, we implement BCMP (Best Chemical Management Practices) training which is customized to ZDHC requirements, as well as disclose our chemical discharge reports to the Institute of Public & Environmental (IPE) platform, a non-profit environmental research organisation.

zer



Restricted substances list

At all our factories, we have systematic procedures in place to ensure the use of chemicals is well-documented and handled under proper controls. All chemicals and reagents enter our operations chain through the purchase department in China, where they are all subject to each factory's RSL (Restricted Substances List) Compliance Procedure – the most comprehensive of them implemented at our Cambodian factories outlined below:



"Prior to collection, the waste chemical must be stored securely."

All proposed additions to the chemical inventory undergo a triple check prior to purchasing. The initial point for checking compliance to RSL is checking of the MSDS (Material Safety Data Sheet), which details all ingredient components as well as hazards related. Next, hazards assessment is conducted – an internal analysis of the substance against our environmental criteria. Finally, both internal and external chemical testing are conducted on samples and their reports are retained.

Our training content for RSL Compliance includes chemical risk and impact, emergency procedures, fire prevention, spill control and chemicals transport. Training records as kept as well as our Chemical Inventory List where the usage is updated monthly.

Our Chemicals Control Policy also stipulates clear requirements on the storage, handling and disposal of chemical inventory. At storage points, all chemicals are stored in containers of good condition with labels and MSDS in all applicable languages. The conditions of the chemicals are routinely checked, and stored in an environment where temperature and humidity are controlled.

The handling of chemicals is only allowed with use of PPE (personal protective equipment) as specified on the chemical's MSDS. Moreover, cross-contamination is averted by thorough cleaning of apparatus. All incidents of emergency scenarios of spillage and leakage are subject to investigation by the site's OSH committee, and is subject to our Chemical and Wastewater emergency response policy.

To ensure proper disposal, authorized third parties safely collect and dispose of waste chemical according to the local laws and regulations. Prior to collection, the waste chemical must be stored securely.

Managing our effluents

All of our facilities wastewater from our canteens, dormitories and washrooms is treated with standard primary and secondary treatment methods and discharged according to local wastewater discharge laws. Our well-governed wastewater management systems ensure no untreated effluents are discharged into any body of water.

The sludge produced as by-product of wastewater treatment systems is collected and treated by government-approved third parties. Prior to the collection, our factories ensure the sludge do not contain concentrations of hazardous substances such as heavy metals, APEO (Alkylphenol Ethoxylates), phthalates and banned azo dyes, particularly facilities generating industrial effluents.

Managing our waste

Besides effluents, solid waste is also handled properly according to the solid waste discharge permits licensed to all of our operational facilities. Our management system classifies solid waste into three categories: recyclable waste, kitchen (biodegradable) waste, and hazardous waste. All hazardous waste is safely transferred to licensed third-parties for correct disposal methods, while recyclable waste is handed over to recycling companies.

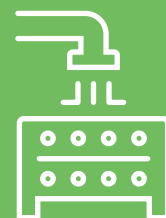
From the cleaning department to the security personnel, our team ensures classified waste materials are stored and delivered to the certified recycling company as categorized. Moreover, security measures such as camera systems have been installed to ensure no other waste are dumped or hidden in the mounds. The HR department ensures detailed waste classification training is conducted for our cleaning workers. We are currently establishing robust record systems for waste generation so that monthly analysis and tracking can enable better management.

Recyclable waste	fabric waste paper cardboard plastic
Hazardous waste	chemicals and their containers sludge welding metals oil/lubricants
Biodegradable waste	leftover food kitchen remains

Managing our industrial wastewater

Only one site of Dakota gives rise to industrial wastewater such as effluents from printing processes. Our industrial wastewater passes through a multi-step wastewater treatment system, which includes an anaerobic pool and contact-oxidation pool. Responsible personnel maintain records of effluent inflows and outflows which helps identify any significant inconsistencies in which case, leakage may be suspected. Moreover, we treat and reuse our printing screen washing water multiple times to reduce our water withdrawals.

Wastewater tests are conducted on a daily basis for indicators such as pH, temperature, colour and smell which are to flag any significant system malfunctioning. Third parties are commissioned periodically throughout the year to carry out tests that require more detailed and lengthy procedures such as tests for turbidity and organic content.



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 recognized set of indicators for economic, environmental and social aspects of business performance.

GRI indicator 2017	
Scale of organisation	Net sales
	By Regions
	China (including Hong Kong) 6%
	Cambodia 86%
	Myanmar 8%
	Total Approx. HKD 1,328,000,000
	Capitalization
	Total Debt-to-Capitalization ratio 47%
	Production volume
	No. of garment pieces manufactured Approx. 35,000,000

Performance data summary / Total headcount

Total headcount		
Workforce demographics	By regions	
	China*	5%
	Cambodia	83%
	Myanmar	12%
	By age group	
	<30	53.3%
	30-50	45.3%
	>50	1.4%
	By gender (permanent and temporary)	
	Male permanent	1%
	temporary	11%
	Female permanent	11%
	temporary	77%
	By gender (part-time and full-time)	
	Male part-time	0.2%
	full-time	11.8%
	Female part-time	0.3%
	full-time	87.7%
	By function	
	Technical	3%
	Administrative	4%
	Production	93%
	Total	Approx. 9000

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



Performance data summary /
Total rate of employee turnover /
Occupational health and safety performance

Total rate of employee turnover^		
Workforce demographics	By regions	
	China	10%
	Cambodia	6%
	Myanmar	34%
	By age group	
	<30	4%
	30-50	14%
	>50	25%
	By gender (permanent and temporary)	
	Male	13%
	Female	8%

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

Occupational health and safety performance		
Health and safety	Injury rate	1.2
	Occupational disease rate	1.1
	Work-related fatalities	0

The following formulas are used to derive the OHS data:
Injury rate: Number of injuries/total hours worked x 200,000
Occupational disease rate: Number of occupational diseases cases/total hours worked x 200,000



Performance data summary /
Ratio of basic salary and remuneration of women to men /
Energy consumption within the organisation

Ratio of basic salary and remuneration of women to men				
Diversity and equal opportunity	By function and region	China [#]	Cambodia	Myanmar
	Technical	/	0.85	/
	Administrative	0.76	0.75	0.77
	Production	1.14	1.03	0.88

The China data for diversity excludes Hong Kong.

	Energy consumption within the organisation		
Energy	Non-renewable fuel consumed		Units
	Diesel	MJ	23,885,862
	Natural gas	MJ	20,748
	LPG	MJ	284,690
	Petrol	MJ	264,256
	Renewable fuel consumed		Units
	Biomass (wood)	MJ	156,020,512
	Electricity and steam purchased		Units
	Electricity purchased	MJ	27,223,056
	Total		51,834,633
	Energy intensity		Units
	Energy consumption per garment piece	MJ/ pc	6.39



Performance data summary /

Water consumption within the organisation

Water consumption within the organisation			
Water	By source of withdrawal		Units
	Rainwater	m ³	70,333
	Groundwater	m ³	39,238
	Municipal water supplies	m ³	84,597
	Total	m ³	194,168
	Water recycled and reused		Units
		m ³	11,419



Performance data summary /

Greenhouse gas emissions /
Hazardous and non-hazardous waste

Greenhouse gas emissions			
Emissions	By scope		Units
	Scope I	tCO ₂ e	2,060
	Scope II	tCO ₂ e	5,015
	Biogenic (from combustion of biomass)	tCO ₂ e	12,451
	Total	tCO ₂ e	19,526
	GHG emissions intensity		Units
	GHG emissions per garment piece	kg CO ₂ e / pc	0.60

Hazardous and non-hazardous waste			
Waste	Hazardous waste by disposal method		Units
	Recycling company	kg	16,663
	Licensed waste company	kg	2,989
	Return to supplier	kg	2,371
	Non-hazardous waste by disposal method		Units
	Recycling company	kg	322,414
	Municipal waste collector #	kg	113,900

Data of municipal waste includes our factories in Myanmar and Cambodia.



GRI content index

GRI indicator	Description	Report section	Page
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102-1	Name of the organisation	About Dakota	16
102-2	Activities, brands, products and services	About Dakota; Our major operational activities include sewing, cutting, ironing, pre-shrinking, washing & drying of garments, and as well as inspection and warehousing.	16
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102-4	Location of operations	About the report	13
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102-8	Information on employees and other workers	Performance data summary; Only a small portion of our activities are performed by workers who are employed by third-party hiring companies.	69
102-9	Supply chain	Our operations	46
102-10	Significant changes to the organisation and its supply chain	In 2017, our Myanmar facility area has expanded 70%, accommodating new embroidery departments and sewing lines.	-
102-11	Precautionary principle or approach	Greening our chemical inventory	64-65
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102-15	Key impacts, risks, and opportunities	Message from Chairman; Sustainability at Dakota	14-15 19,24
102-16	Values, principles, standards and norms of behaviour	Our values; Sustainability at Dakota	8 19-20,24
102-18	Governance structure	About Dakota; Sustainability at Dakota	17 19
102-40	List of stakeholder groups	Stakeholder engagement	24
102-41	Collective bargaining agreements	Our people All workers in Cambodia (83%) are covered by collective bargaining agreements.	28
102-42	Identifying and selecting stakeholders	Focusing on material topics; Stakeholder engagement	21 23
102-43	Approach to stakeholder engagement	Focusing on material topics; Stakeholder engagement	21 23
102-44	Key topics and concerns raised	Stakeholder engagement	23
102-45	Entities included in the consolidated financial statements	A total of five entities are included in the consolidated financial statements Dong Guan Dong Ming Garment Limited Eastex Garment Co. Limited Vanco Industrial Co. Limited PCI Industrial Co. Limited Ricotex Industrial Co. Limited Ricotex is out of scope of this sustainability report as it operates under joint control.	-
102-46	Defining report content and topic boundaries	About the report; Sustainability at Dakota	13 19
102-47	List of material topics	Focusing on material topics	21-23
102-48	Restatements of information	This report is our first sustainability report.	13
102-49	Changes in reporting	This report is our first sustainability report.	13
102-50	Reporting period	About the report	13

GRI indicator	Description	Report section	Page
General disclosures			
102-51	Date of most recent report	This report is our first sustainability report.	-
102-52	Reporting cycle	About the report	13
102-53	Contact point for questions regarding the report	About the report	13
102-54	Claims of reporting in accordance with the GRI Standards	About the report	13
102-55	GRI content index	GRI content index	74-77
102-56	External assurance	We have not sought external assurance for our first sustainability report.	-
Energy			
302-1	Energy consumption within the organisation	Our environment; Performance data summary	56 57
302-3	Energy intensity	Performance data summary	71
Water			
303-1	Water withdrawal by source	Our environment; Performance data summary	60-61 72
303-3	Water recycled and reused	Our environment; Performance data summary	60-61 72
Emissions			
305-1	Direct (Scope 1) GHG emissions	Our environment; Performance data summary	57 73
305-2	Energy indirect (Scope 2) GHG emissions	Our environment; Performance data summary	57 73
305-4	GHG emissions intensity	Performance data summary	73
Effluents and waste			
306-2	Waste by type and disposal method	Our environment; Performance data summary	66-67 73
Environmental compliance			
307-1	Non-compliance with environmental laws and regulations	Our environment There were no incidents of non-compliance reported.	55

GRI indicator	Description	Report section	Page
Employment			
401-1	New employee hires and employee turnover	Our people; Performance data summary	31 70
Occupational health and safety			
403-1	Workers representation in formal joint management-worker health and safety committees	Putting Safety first; Performance data summary	40 70
Diversity and equal opportunity			
405-2	Ratio of basic salary and remuneration of women to men	Our people; Performance data summary	32,37 71
Non-discrimination			
406-1	Incidents of discrimination and corrective actions taken	Our people; There were no incidents of discrimination reported.	32
Freedom of association and collective bargaining			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining is allowed	Our people;	33
Child labour			
408-1	Operations and suppliers at significant risk of incidents of child labour	Our people There were no incidents of child labour reported.	31
Forced or compulsory labour			
409-1	Operations and suppliers at significant risk of incidents of forced or compulsory labour	Our people There were no incidents of forced labour reported.	31
Human rights assessment			
412-1	Operations that have been subject to human rights reviews or impact assessments	Our people	31-43



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