

DAKOTA

SUSTAINABILITY REPORT

20 20

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

we love, we care, and we take responsibility.



Sustainability stands for everything we do. At Dakota we are always looking to build a better world that we all can cherish.”

DAKOTA





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ABOUT THE REPORT

This is the third sustainability report of Dakota Industrial Co., Limited (“Dakota” or the “Company”). The Board of Directors recognizes and confirms that the report reflects the Company’s social and environmental performance and its impacts of its operations in an accurate and balanced manner.

Scope of the Report

This sustainability report has been prepared in accordance with the Core option of the Global Reporting Initiative (“GRI”) Standards Sustainability Reporting Guidelines and follows an annual reporting cycle. The report covers sustainability performance of four of our manufacturing facilities, on which we have direct control, located in China, Myanmar, and Cambodia for the reporting period from 1 January to 31 December 2020. The new fabric mill in Cambodia is excluded from the report boundary as we are still preparing its data collection systems.

Feedback

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

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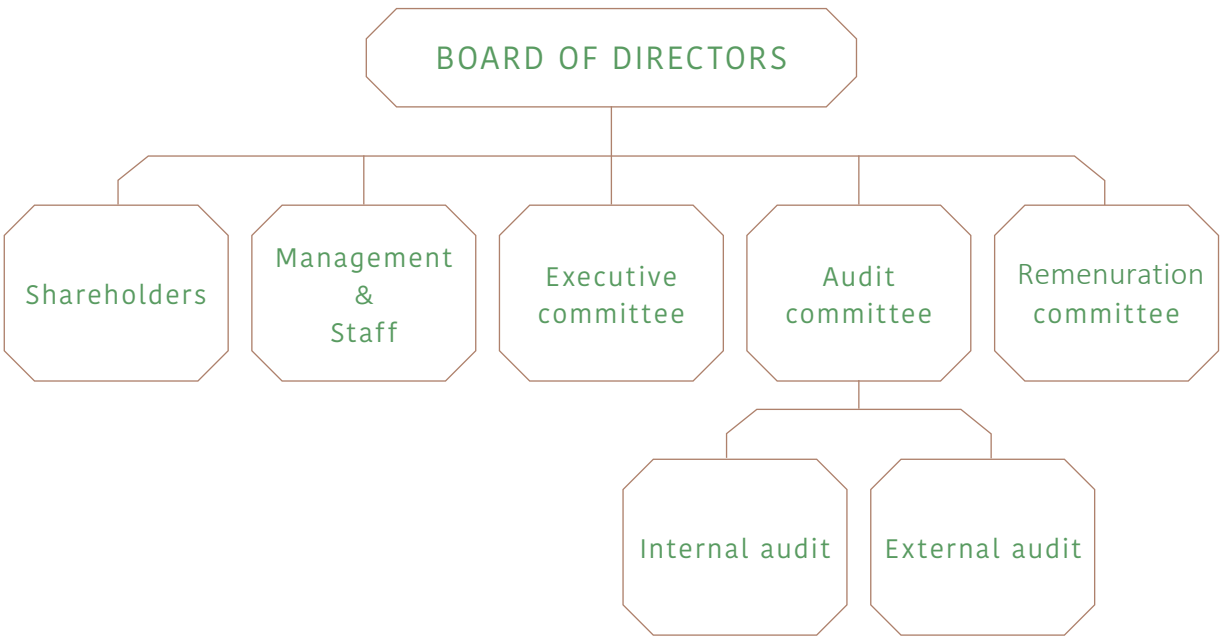
ABOUT DAKOTA

Dakota Industrial Co., Limited was established in 1979 in Hong Kong. With over 40 years of strong dedication to product excellence, customer services and craftsmanship, we have grown into a leading garment manufacturer. Our spirit of innovation drives us to constantly seek breakthroughs and become the game-changer in the industry.

Dakota now has 4 apparel manufacturing facilities and 1 textile mill in China, Cambodia and Myanmar, partnering with fashion retailers including well-known global brands, with products sold in Europe, the Americas and Asia.

Our core business is providing a one-stop solution from sourcing and development, fashion design, merchandising and production (including cut and sew, printing and embroidery) to industrial engineering, quality assurance and logistics for garment products as both Original Equipment Manufacturer (OEM) and Original Design Manufacturer (ODM). Our major products include ladieswear, menswear, childrenswear, babywear, sportswear, and swimwear.

Corporate Governance
Sound corporate governance is fundamental to our drive to take the Company forward. We safeguard interests of the Company’s shareholders and employees by having rigorous internal controls and risk management. Headed by the 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.



MESSAGE FROM CHAIRMAN

Dear stakeholders,

The COVID-19 pandemic brought disruption to our operations and also the entire value chain of the apparel industry. We took these unprecedented challenges as an opportunity to review our position and prepare ourselves in transforming into a more sustainable business. In 2020, we have formulated Dakota's own five-pillar sustainability framework which includes workforce, clean production, innovation, customers and community. The framework allows us to focus on implementing material environmental and social initiatives, mitigating the negative externalities of our operations and creating positive spill-overs that benefit the environment and the society.

Since the outbreak of the pandemic, the Group took all possible and appropriate measures to protect the health and well-being of employees and ensuring continuity of business operation. Measures includes periodic disinfection, hygiene inspection by medical professionals, access control at our facilities and educative campaigns on personal hygiene. In the current year we have continued to monitor the latest developments related to the epidemic, ensuring all our actions and programmes follow the highest safety standards and government regulations.

Moving towards smart manufacturing

While tackling global challenges unleashed by COVID-19, Dakota regards technology including 3D modelling and big data as an opportunity to raise production performance and sustainability together. We strengthened our smart manufacturing system for product development. 3D modelling was adopted for engaging customers with product sampling, improving manufacturing capabilities, offering alternative options to customers and achieving environmental sustainability.

Technology alone is not sufficient to make a business thrive. We are determined to maintain a capable workforce. In addition to providing a decent workplace and putting welfare and job satisfaction of employees at the top of priorities, we have strengthened communications with workers to better understand their needs, and collaborated with other stakeholders for protecting workers' basic rights, pushing for best practices to take root.

Dakota is committed to creating positive values for the environment by delivering innovative solutions for enhancing sustainability and working on recycling of resources and materials. This year, we have made inroads in the fabric recycling project, which aims to turn textile waste into new fabric. We have robust initiatives in place to ensure that all these items are manufactured sustainably, minimizing impacts on people and the environment. Another example is our collaboration with Circular System Inc. to develop a recycled cotton material made up of 50% organic cotton and 50% recycled cotton has yield positive results, bringing us a step closer to achieving circular economy with low carbon products.

Climate change is another global risk. Addressing the challenge requires the private sector to take radical action to reduce greenhouse gas emissions. To step up our ambitions in this area, we continue to make progress on improving energy efficiency by undertaking initiatives such as air compressor leakage check and ventilation system optimization. After previous energy audits and assessments, we planned to introduce renewable sources into the energy mix by gradually increase the share of solar power at facilities in Cambodia and Myanmar starting from 2021. Our performance indicators continue to show improvement as carbon intensity of our operations has declined by 20% from 2017.



Looking ahead

Dakota believes in creating value through collaborations. We are enthusiastic about taking part in and interacting with the fashion industry to expand sustainability initiatives and make a resounding impact on the causes we care about. We are striving to work with all components of the supply chain to ensure that the entire value chain keeps moving toward sustainability. Finally, I would like to take this opportunity to thank all Dakota employees who have contributed to the Company's achievements this year. I am confident about our ability to continue delivering value to all our stakeholders.



Philip Tsang
Chairman
31/12/2020



SUSTAINABILITY AT DAKOTA

The unprecedented upheavals in 2020 did not stop us from playing our part in sustainability, as we believe that persistent efforts at managing environmental and social impacts is the key to address global challenges effectively and achieve long-term growth. Dakota aspires to be at the forefront of promoting sustainable garment manufacturing and a circular economy. With less than 10 years to achieve the United Nations Sustainable Development Goals (SDGs), we have formulated a strategic framework that should become the blueprint for sustainability-related plans and actions. As an integral part of our business objectives, sustainability strategy strives to create value for the Company and its stakeholders through embracing innovation and partnerships. With five major priorities identified, we are devoted to mitigating related risks and seizing opportunities to contribute positively to global sustainability issues with solid targets and action plans.

Dakota's Sustainability Framework



Partnering for Sustainable Industry and Community

- Strengthen community resilience against unprecedented risks
- Contribute to collective efforts in promoting sustainable fashion industry



Exceed Customers' Expectations

- Comply with relevant regulatory and customer requirements
- Minimise environmental and social risks along supply chain



Growth Through Innovation

Boost production efficiency and product quality through automation and digitalisation

- Promote circular economy through material recycling



Decent Workforce Along Value Chain and Community

- Manage labour risks within business and supply chain
- Promote women welfare and empowerment
- Protect worker well-being



Advance Towards Clean Production

- Use renewable energy
- Promote water recycling

Sustainability has been fully integrated into our decision-making process. Led 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. The top management reviews the strategy and progress regularly and take appropriate decisions for managing sustainability risks and opportunities. We are striving to build a business that can contribute towards sustainability and this would not have been possible without the support at all levels.

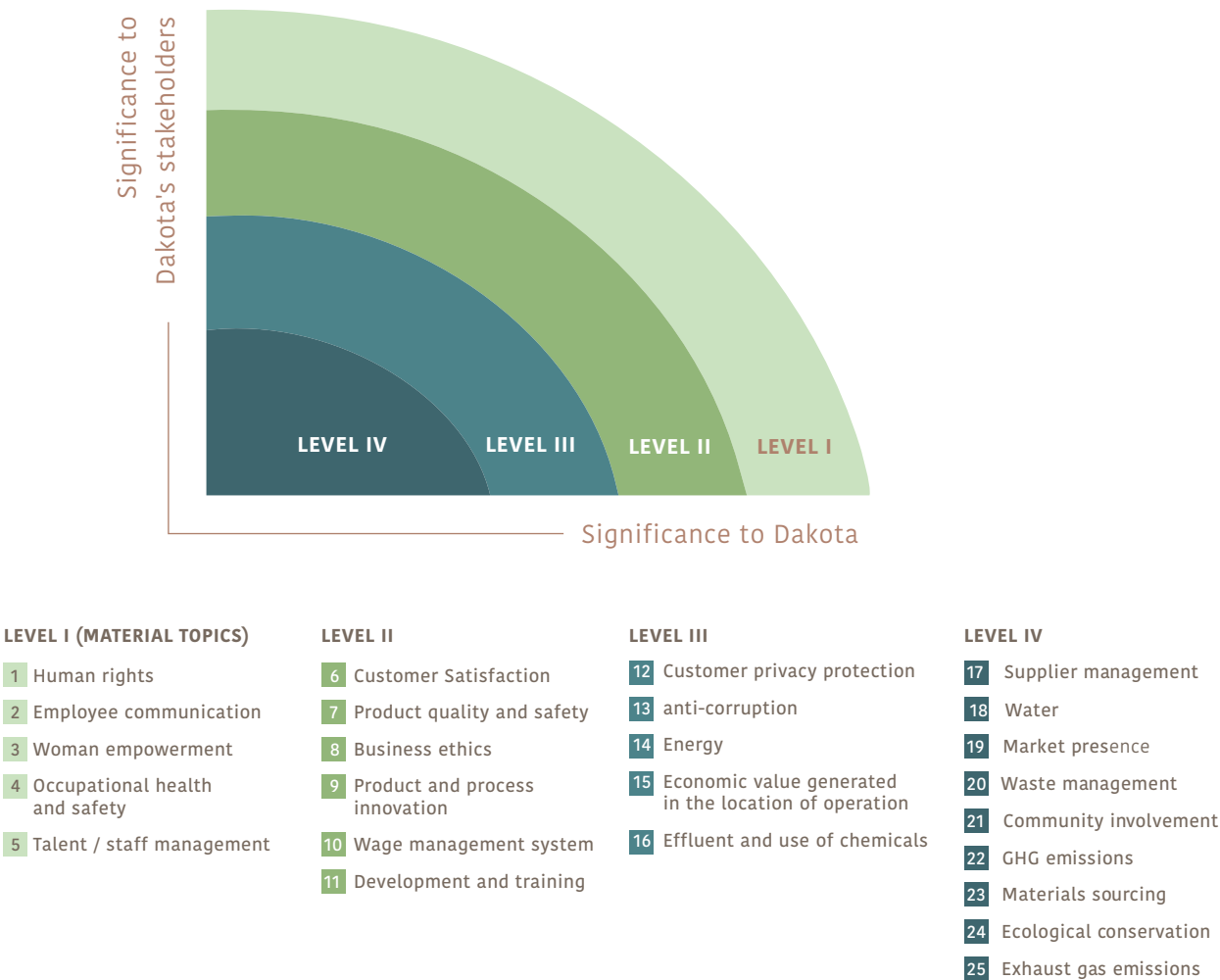
We are constantly building capacity to improve our sustainability performance. With the sustainability framework established, we have further analyzed the risks and opportunities along the value chain to identify areas where we can take action for contributing to the SDGs. This has resulted in a series of measurable targets and action plans for each focus area, from carbon reduction to developing recycled raw materials. The table below shows the alignment of the targets and action plans with the five sustainability priorities and the corresponding SDGs.

The Five Sustainability Priorities	Material Topics	Targets	Future Plans	SDG	Report Section
Decent workforce along value chain	<ul style="list-style-type: none"> Human rights Employee communication Women empowerment Occupational health and safety Talent management 	Percentage of Cambodia workers using bank transfer for salary payment to increase to 50% by 2021, and 100% in 2025	Digitalisation of employee communication channels	  	OUR PEOPLE
Advance towards clean production	<ul style="list-style-type: none"> Energy Effluents and use of chemicals 	By 2030: <ul style="list-style-type: none"> Reduce carbon intensity by 60% (2017 baseline) Reduce Scope 1 and 2 GHG emissions by 40% (2017 baseline) Reduce electricity intensity (kWh/pcs) by 30%- Source 50% renewable electricity. 	<ul style="list-style-type: none"> Install PV in Cambodia Explore the possibility of adopting biomass 	  	OUR ENVIRONMENT
Growth through innovation	<ul style="list-style-type: none"> Product and process innovation 	By 2025: <ul style="list-style-type: none"> Use 60% recycled or other sustainably-sourced material 	<ul style="list-style-type: none"> Expand collaborations with partners on sustainable materials R&D 3D model 	 	INNOVATION
Exceed customers' expectations	<ul style="list-style-type: none"> Customer satisfaction Product quality and safety Supplier management 	<ul style="list-style-type: none"> Annual customer complaints less than 3 cases Product testing passing rate ≥ 97% 85% of key suppliers signed sustainability commitment 	<ul style="list-style-type: none"> Push Tier 2 suppliers to adopt Higg Index 		STRIVING TOWARDS OPERATIONAL EXCELLENCE
Partnering for sustainable industry and community	<ul style="list-style-type: none"> Community involvement 	<ul style="list-style-type: none"> Increase investment in supporting community development in the long-term Increase number of partnerships in promoting sustainable apparel industry 	<ul style="list-style-type: none"> Continue our volunteering programs as the pandemic subsides Closer engagement with industry partners through research projects and events 	 	WORKING WITH OUR PARTNERS

FOCUS ON MATERIAL TOPICS

A materiality assessment enables us to understand the topics that are relatively more important to us and our stakeholders. After identification, prioritization, validation and review, a list of sustainability topics was evaluated on the impact to the Company’s business, as well as its significance to stakeholders.

The top five topics material to the Company concern our social performance. This report fully discloses the related management approach and performance metrics required by the GRI Standards. In addition to the Level I material topics, the report also outlines our management approach for Level II topics and major environmental topics.



ENGAGING STAKEHOLDERS

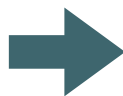
We maintain effective communications with stakeholders on sustainability issues and strive to respond to their needs and concerns. Below are key communication channels and engagement initiatives during the year.

STAKEHOLDER	ENGAGEMENT APPROACH	TOPIC BOUNDARY		Actions in 2020
		INTERNAL	EXTERNAL	
EMPLOYEES	<ul style="list-style-type: none"> • Training • Employee feedback • Women Safety & empowerment • Corporate activities and events • Employee grievance mechanism • Collective bargaining agreement (Cambodia) • Workplace Coordinating Committees (Myanmar) • Sustainability report 	√	√	OUR PEOPLE
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 • Public Disclosure & Transparency 		√	STRIVING TOWARDS OPERATIONAL EXCELLENCE
EMPLOYEES	<ul style="list-style-type: none"> • Site visits and assessments • Interviews and appraisals • Supplier relation meetings 		√	STRIVING TOWARDS OPERATIONAL EXCELLENCE
COMMUNITY	<ul style="list-style-type: none"> • Volunteering • Donations • Sustainability report • External Collaboration 		√	WORKING WITH OUR PARTNERS
NGOs	<ul style="list-style-type: none"> • Fair wages approach • Sustainability report • Site visits by international organisations and academia • Conference and forums 		√	WORKING WITH OUR PARTNERS
MEDIA	<ul style="list-style-type: none"> • Site visits by media • Interviews 		√	WORKING WITH OUR PARTNERS



OUR PEOPLE

38%



50%

Percentage of Cambodian workers using bank transfer for salary payment to be increased to 50% in 2021, and 100% in 2025.

33

Social compliance audits from customers

- Target 3.6 - Reduce number of global deaths and injuries from road traffic accidents
- Target 3.7 - Ensure universal access to sexual and reproductive health-care services
- Target 8.7 - Take immediate and effective measures to eradicate forced labour and end child labour in all its forms
- Target 8.8 - Protect labour rights and promote safe and secure working environments for all workers
- Target 8.10 - Encourage and expand access to financial services for all

3 GOOD HEALTH AND WELL-BEING

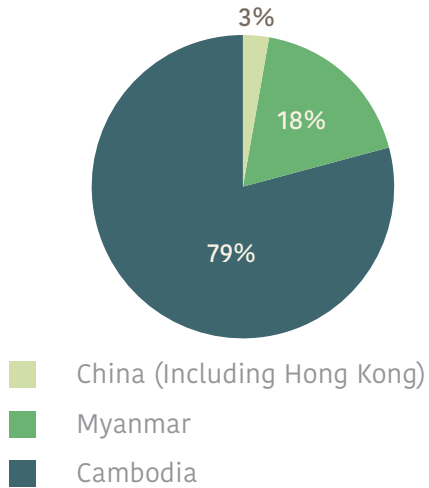


8 GOOD JOBS AND ECONOMIC GROWTH

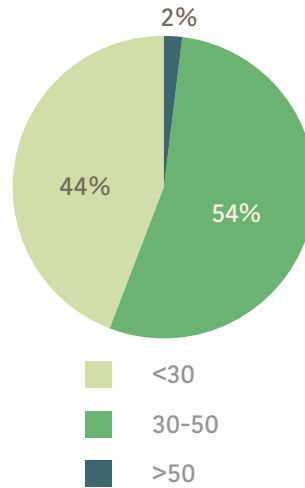


EMPLOYEE PROFILE

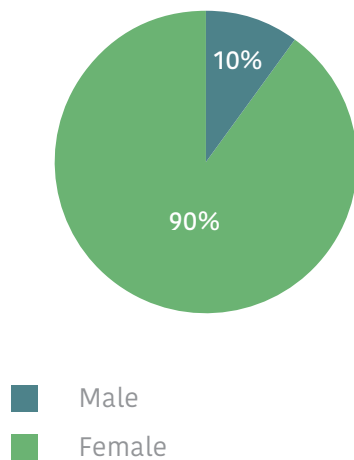
Geographical profile



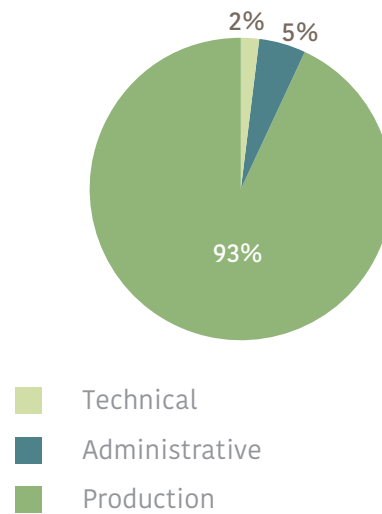
Age profile



Gender profile



Functional profile



HEALTH AND SAFETY

Combating COVID-19

In view of global outbreak of the COVID-19 pandemic, the Group strictly follows the World Health Organization (WHO) guidelines and implemented a number of safety measures to safeguard the health and well-being of employees. Mandatory temperature check was required for entering work premises. At our workplaces, we also carried out periodic disinfection and hygiene inspection by doctors. Educational posters were also posted at the facilities to raise awareness on maintaining personal hygiene. In 2021, we would continue closely monitor to the latest development of the pandemic and take appropriate and swift responses following our safety standards and government regulations.

Risk assessment

Providing a healthy and safety workplace is fundamental in securing a sustainable workforce. We regularly assess and monitor safety hazards through the occupational health and safety management system. Safety aspects assessed includes but not limited to the use of cutting and sewing machines, welding, electricity and mechanic operations, which are prioritised according to their severity and probability of occurrence. Targeted improvement plans established and implemented for high-risk work activities, with progress reviewed in collaboration with Better Factories Cambodia (BFC).

Concerning electrical safety, pre-service trainings for newcomers are offered to familiarise them with the appropriate procedure of using the equipment. Electricians are also assigned to maintain electrical safety, conducted checks on equipment and wires monthly. For fire safety, permanent locking devices are installed to ensure exit doors are kept accessible in case of fire emergencies. For machinery safety, the manager regularly checks and remind workers to use personal protective equipment (PPE) to avoid injury from cuts and burns. Injury reporting mechanism is reinforced to carry out first aid when injury occurs. Investigation is conducted to identify and eliminate the causes of accidents through corrective actions.





Health And Safety Trainings

Continuous education and training is vital in maintaining safety awareness and prevent accidents. We offer safety trainings for newcomers and refresher trainings for all employees on a regular basis, covering first aid, use of PPE, chemical management, emergency response procedures and fire safety etc. Training on family planning, reproductive health and general health was offered to women workers as part of our health programme. To ensure safety journey when commuting to work, we planned to organize safety training and related promotional campaign in 2021.

PROTECTING WORKERS' RIGHTS

Our Policy

Protecting the rights and well-being of workers has always been our top priority. Through our internal management system and collaborations with third parties, we strive to provide a satisfactory working environment and improve workers livelihood. Our management approach is governed by HR related policies including a code of conduct, recruitment management system, child and forced labour prevention policy, wage policy and anti-harassment policy. The Human resources department and sustainability team ensure that all policies are implemented in compliance with relevant laws and regulations, and furthermore, promote a culture of care and mutual respect within the workplace.

Child Labour

We strictly prohibit any hiring of child labour. Candidates' identification documents are checked and verified, with suspected cases investigated. We conduct regular patrols at the factories. Remedial procedures are carried out according to the law for any discovered cases of child labour, in which the children's rights and welfare is protected until they reach legal age.

Young Labour

Young labour aged between 16 to 18 should work with permission of their guardians. We ensure that they are not assigned hazardous tasks or overtime work.

Forced Labour

Multiple measures are implemented to secure basic rights of workers, including but not limited to prohibiting confiscation of workers ID documents, prohibiting requirement to pay deposits for employment and prohibiting any forms of coercion to work

Anti-discrimination and anti-harassment

We do not tolerate discrimination on race, social class, nationality, disability and sexual orientation etc. as well as any abusive behaviour against employees. Workers are encouraged to report any unethical behaviour through our grievances system. Managers are trained maintaining smooth relations with workers based on mutual respect. Anti-harassment training is provided to employees to build awareness on acceptable behaviour at the workplace.

Welfare and benefits

Overtime work is on a voluntary basis. All wages including OT compensation, bonuses and allowance are paid according to local laws and regulations. Under the fair wage management system, we have established a wage grid to reward workers with different skills. Wage calculations are clearly communicated to employees through meetings and training sessions.

Freedom of association

Dakota respects the freedom of association of its workers and does not allow any discrimination against employee who exercise their rights to unionise. Collective Bargaining Agreements (CBA) have been signed with the most representative union in two of our factories in Cambodia, in accordance with the Trade Union Law. In Myanmar, Workplace Coordinating Committees (WCC) is in place, with worker representatives elected. We cooperate closely with the elected delegates and union leaders to solve workplace issues.



Assessment And Improvement

We evaluate our labour risks through internal risk assessment twice a year to better manage labour related issues. The assessment areas include child and forced labour, health and safety, wages, working hours, employment contracts and freedom of association etc., with key issues and related documents reviewed in accordance with the relevant legal and customer requirements. We have passed 33 social compliance audits required by our customers. Labour related risks remained at a low level. There were no reported cases of child and forced labour, nor cases of harassment and abuse during the year.

We collaborate closely with third parties such as International Labour Organization (ILO), Better Factories Cambodia (BFC) and Business Social Compliance Initiative (BSCI) in monitoring and improving working conditions, strengthening safety inspections and maintaining basic sanitary facilities. Continuous discussions with them through the Better Work Program enable us to identify areas of improvement, which are transformed into action plans and solid improvement measures. Progress is monitored by the management and worker representative at Performance Improvement Consultative Committee (PICC), ensuring workers needs are effectively addressed.

ENHANCING WORKER WELL-BEING

Better than cash

A large proportion our workforce comprises women, who often have less access to financial services than men. Salary payment in cash remains common in some regions which often leads to safety risks and lower household savings. We are keen to empower women workers economically and improve their livelihoods by promoting digital payments. At Cambodian facilities percentage of workers using digital bank transfer for salary payment is relatively low but we are trying to push it and have set a target to increase the percentage from 38% in 2020 to 50% in 2021. We engage with workers to understand the challenges in using digital payments before drawing action plans. We work with local banks to raise accessibility to digital financial services. Each factory now has two ATM machines. Workers who switch to digital payment are invited to disseminate the idea of digital payment to their colleagues.

Building stronger industrial relationships

Effective and transparent communication with workers is essential for enhancing employee work experience. Since 2014, we have been focusing on strengthening capabilities of factory managers, worker representatives and union leaders for building positive relations with the workers. In collaboration with the ILO and BFC, we continue to provide industrial relations (IR) training to managers with guidance on tackling communication issues in daily operations. Training courses in 2020 covered grievance handling, labour dispute resolution and negotiation skills. 30 participants received the training during the year, to explore ways to improve existing communication practices and grievance redressal systems, as well as preparing to take up key roles in resolving workplace conflicts fairly and respectfully.

We encourage workers to communicate their feedback and complaints through the grievance redressal system. Managers who speak the local language are actively involved in handling and settling the issues raised within a given timeframe. The resolved cases are communicated to the workers via the factory information board, while unresolved cases are transferred to relevant local authorities for further action. The next step is to develop more communication channels, other than receiving oral and written feedback. The plan is to open online or mobile channels to enable complaints to be handled in an efficient and cost-effective manner.

WORKING WITH OUR PARTNERS

Awards and achievements:

The Most Outstanding Garment Manufacturing Award at Hong Kong's Most Outstanding Business (HKMOS) Award

Best Sustainability Report for Non-Listed Company (Commendation) at the Hong Kong ESG Reporting Awards (HERA)



Target 17.16 - Enhance the global multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the SDGs

Dakota believes in creating value through partnerships and collaborations. We are enthusiastic about taking part in and interacting with the fashion industry to promote sustainability initiatives and make a resounding impact on the causes we care about.



Nasdaq X Alaya X Dakota Case Competition

In collaboration with Nasdaq and Alaya Consulting, our operation case in Cambodia became the business case for the ESG Case Competition in Hong Kong. Engaging with our young generations, the event provided an interactive platform for us to learn from global universities' inspirational ideas towards sustainable future.



Thompson Center for
Business Case Studies
康信商業案例研究中心

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MELODY MAN CHI CHAO
EDITH TERRY

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Dakota Industrial Co. Ltd: Sustainable Garment Manufacturing in
a Fast-Fashion World



Papers Published on Harvard Business Review and HKUST Thomson Center

We partnered with HKUST in presenting academic paper about Fashion Sustainability based on our business operations. It has been published in Harvard Business Review and HKUST Thomson Center for Business Case Studies. We hope contribute to academic research on corporate sustainability especially for textile manufacturers operating in Southeast Asia.



Future supply chain relations: Production countries' perspectives and expectations

Panel Discussion – 25 November 2020, 11:00-13:00 (CET)

COVID-19 has destabilised the garment industry at an unforeseen scale and has brought to light vulnerabilities across all players in the supply chain. Beyond navigating the immediate impacts of the pandemic, the industry faces tough decisions on how to shape future supply chain relations. A strong collaboration from all stakeholders is imperative if the industry wishes to use the current crisis as a catalyst for change to become more resilient and to transform itself towards a more digital and sustainable future. In this panel discussion we want to provide a platform for different actors from production countries to voice their perspectives and expectations on what a "new normal" can and should look like.



Dakota Initiatives in Collaboration with Industry Partners

We are always eager to share our experience in sustainability operations and initiatives through webinars and industry programmes.

We engaged and exchanged ideas with stakeholders and other industry partners through webinars organised by German Corporation for International Cooperation GmbH (GIZ) and Partnership for Sustainable Textiles. Dialogues were established on topics including but not limited to green procurement, COVID-19 responses and value chain.

HKMOS Award

We are committed to make concerted efforts to achieve sustainability in our future business operations. In 2020, we were bestowed Hong Kong's Most Outstanding Services (HKMOS) Award and won the Most Outstanding Business Award.

Recycling of Fabric Waste with HKRITA

In view of the need for driving public awareness of environmental protection, we took the recycling initiative for supporting the local recycling industry during the pandemic. We donated unsold garment samples to Hong Kong Research Institute of Textiles and Apparel (HKRITA), to support recycling technology development.



INVOLVING IN THE SWITCH GARMENT PROJECT

To put sustainability initiatives into action, we participated in the SWITCH GARMENT project supported by the European Union, aiming to cut energy consumption and emissions.

"Getting through the crisis together"

Asian Dialogues on Sustainability in the Textile and Garment Industry
Online Seminar Series

Online Seminar 10:

How is COVID-19 changing the Digital Landscape for the Textile and Garment Industry?

Tuesday, 27 October 2020 at 10 AM (Berlin) / 4 PM (Bangkok) / 5 PM (Beijing) – 90 Minutes

COVID-19 has created a number of sustainability problems for brands and suppliers in the textile and garment industry, not the least of which is maintaining oversight of existing social and environmental programs. In response to this, many companies have reduced or suspended worker training programs, supply chain audits, or other initiatives. In the absence of physical management, companies are examining the possibilities with greater urgency of handling tasks remotely, resulting in the acceleration in the adoption of digital tools. What options are there when it comes to digital oversight?

In the tenth online seminar, jointly organized by GIZ FABRIC and ILO's Decent Work in Garment Supply Chains Asia project, we will hear about two digital solutions, one related to workplace training and the other to chemical management, as well as from a manufacturer on how they use digital tools. What has changed in times of COVID-19, and how can companies best manage the fast acceleration of those changes?

The online seminar is open for all industry practitioners and free to attend. To register, please [click here](#).

GETTING THROUGH THE CRISIS USING TECHNOLOGY

Adjusting to the new normal has been challenging for the textile industry, especially managing sustainability remotely. At the online seminar organized by the ILO and GIZ, we shared our digital solutions that facilitate swift responses to crisis. We are glad to have discussions from industry leaders on accelerating change in managing operations.



Ms. Sofie Nordström, Co-founder and Deputy CEO, **Quartz**. Sofie co-founded Quartz in 2013, an ed-tech company that develops digital training platforms that advance corporate responsibility in global supply chains through worker education. Quartz's engaging trainings use a gamified approach coupled with live-action films and quizzes to build knowledge. Sofie has more than 15 years of experience working within corporate responsibility and worker engagement in markets across the globe, including Bangladesh. Sofie is a creative visionary who brings stakeholders from all tiers together to create impact, leveraging her in-depth knowledge of how to create content that sticks - to drive fair and equal working conditions in supply chains.



Mr. Herman Leung, Head of Operations, **Dakota Garment Group**. Herman has been at DAKOTA, a one-stop solution in garment design and manufacturing company with facilities in China, Cambodia, and Myanmar, for more than ten years. He leads the creation, execution, and achievement of ambitious enterprise goals, and is responsible for the central functions on-site that support the group's development. Herman has been responsible for leading the group through different transitions, positioning DAKOTA with technology and high efficiency in the fashion industry. Over the years, he has continued to explore disruptive changes to the Group, such as collaborating with a university on using Big Data to pursue smart AI-decisions in the supply chain.



Mr. Lars Doerner, Co-Founder, **GoBlu**. Lars Doerner is the Managing Director of GoBlu International Ltd. GoBlu provides sustainability solutions to brands and retailers from the apparel and textile industry. Their digital platform **The BlueCode** aims to revolutionize chemical management across the global supply chain, contributing to a clean and transparent industry. With more than 20 years' international experience in the industry, Lars brings a unique perspective, with a wide spectrum of experience from production and supply chain consultancy to brand-level work. In Hong Kong, he headed up global sustainability supply chain programs for Lindex and was driving the environmental supply chain program H&M. By now, Lars has returned to Germany to grow the service portfolio GoBlu to European brands and retailers and to accelerate The BlueCode further.

Welcome by **Alexandra Behns**, Coordinator Regional Cooperation, GIZ FABRIC and **David Williams**, Project Manager, ILO Decent Work in the Garment Sector Supply Chains in Asia. Moderated by **Just Wagner**, *The Change Initiative*. Comment by **Dr. Stephan Freist**, Editor, *The Fashion Sustainability Week in Review*. & Director, **GoBlu**. For any questions, please contact alexandra.behns@giz.de.



Implemented by



INNOVATION

- Target 12.2 - Achieve the sustainable management and efficient use of natural resources
- Target 12.5 - Reduce waste generation through prevention, reduction, recycling and reuse
- Target 9.5 - Encouraging innovation and research, and upgrade the technological capabilities of industrial sectors substantially



By 2025:

Use 60% recycled or other sustainably-sourced material



Innovation on sustainable materials

Dakota is committed to make a positive impact on the environment through delivering innovative solutions for sustainable materials. We have been collaborating with Circular System Inc, a material technology company to develop recycled cotton material made up of 50% organic cotton and 50% recycled cotton. The process of transforming fabric waste into fibres and then into yarn creates lower environmental impacts. It consumes less water, less energy and generates less emissions compared to conventional methods. Garment products made from this fibres have been launched and are available in the market, which is a significant step toward reducing environmental footprint of our products.

Recycled Cotton Reduces:

84% Water Use
72% Energy Use
51% CO₂ emissions



INVITATION TO THE PRESENTATION OF THE REPORT:

HOW INDUSTRY 4.0 CAN BOOST CAMBODIA'S ECONOMY AFTER COVID-19:

Opportunities for industrial upgrading and equitable development

16 MARCH 2021 | 14:00 - 15:30

AIMS OF THE STUDY

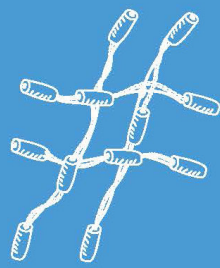
- Provide sector- and firm-level evidence on Industry 4.0 readiness and the key constraints faced by businesses in Cambodia.
- Examine specific opportunities and challenges in Cambodia for firms operating in key manufacturing sectors, including: garment, textile, footwear, agro-processing and emerging industries.
- Inform policy thinking to facilitate the adoption of new technologies in Cambodia.

WHY PARTICIPATE?

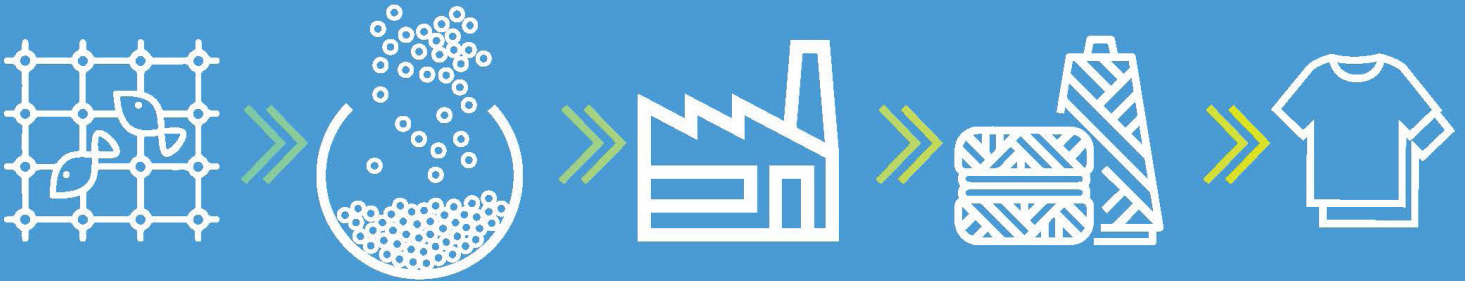
- Participants will have the opportunity to inform the thinking of UNDP and relevant government agencies.
- Gain insights on the impacts of COVID-19 on the manufacturing sector in Cambodia and opportunities offered by Industry 4.0 technologies.
- Ensure that your organisation perspectives and activities are reflected in the investigation.

Dakota's Contribution to Research on Industry 4.0

Industry 4.0 brings tremendous opportunities to the textile industry to optimize manufacture efficiency through big data and Internet of Things. Dakota has been at the frontier of upgrading its technology towards automation, business intelligence, AI decision and prediction model. Valuable experiences were gained and we do not hesitate to share them with our peers. With the participation of a research conducted by UNDP and University of Cambridge, Dakota's case provides insights on adoption of new technologies in Cambodia, especially in the light of COVID-19. The research aims to investigate the technological readiness as a key driver of Cambodia's economic growth.



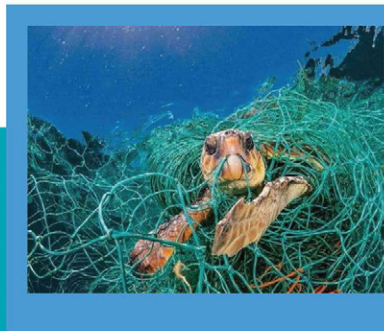
OCEAN
BREATH
DAKOTA



From Fishing Net to a Garment



Ghost fishing nets trap turtles
and suffocate corals.



We love, we care and we take responsibility.

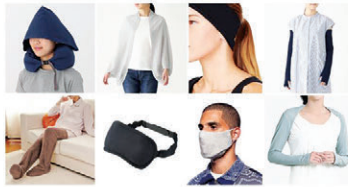


After this initial success in developing sustainable materials, we have kicked-off DAKOTA's OCEAN BREATH project on using **ghost fishing nets** recycled from deep-sea fishing activities as the raw material of garment manufacturing. The fishing nets are turned into nylon fibres and eventually transformed into new garment products. Working closely with our partners, we strive to promote a circular economy through eliminating fishing net waste which is otherwise left on the sea bed and jeopardize the health of the ecosystem.

Product possibilities:



- 1) Apparel
- 2) Personal protective product
- 3) Others
(shopping bag/ cothover, cushion)



Antiviral Fabric

Taking up our role in fighting the battle against COVID-19, Dakota has developed a new product line using antiviral fabric technologies. Partnering with The Open University of Hong Kong and various prestigious testing authorities, this material is proven to cause zero harm to human body and reaches 95% effectiveness in killing virus and bacteria including COVID-19. The new material is also proven to prevent the risk of secondary infection which ordinary surgical masks are susceptible to. With its durable and washable characteristics, it can withstand up to 40 times of washing and still maintain 90% efficiency, making it definitely a sustainable choice and a perfect fit for personal protection and fashion.

Moving Towards Smart Manufacturing



Dakota regards technology as an opportunity to enhance sustainable manufacturing performance. During the year, 3D modeling was adopted for engaging customers with product sampling. 3D technology not only enables visualization of the product but also allows flexibility in modifying designs efficiently. Digitalized information can be directly adopted when entering manufacturing stage which increases efficiency and reduces carbon footprint of the entire product design and development process.



Our smart manufacturing system was enhanced with production data analysis and predictive modeling. By monitoring order capacity we are able to manage and improve our production line at a lower operational cost. Real time efficiency is visualized to achieve a more efficient resource allocation. With better control of the manufacturing system, economic productivity when handling new orders is significantly raised. In future, Dakota is looking forward to driving positive changes in the industry towards sustainability goals.



OUR ENVIRONMENT

By 2030:

- Reduce carbon intensity by 60% (2017 baseline)
- Reduce Scope 1 and 2 GHG emissions by 40% (2017 baseline)
- Reduce electricity intensity (kWh/pcs) by 30% (2017 baseline)
- Source 50% electricity from renewable sources



- Target 6.3 Improve water quality by reducing pollution, minimising release of hazardous chemicals and untreated wastewater
- Target 7.2 - Increase substantially the share of renewable energy in the global energy mix
- Target 13.1 - Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters

MANAGING ENVIRONMENTAL RISKS

Spearheaded by the top management, an Environmental Management Committee oversees the implementation of our Environmental Management System (EMS). Robust and clear delegation of responsibilities ensures that we are in full compliance. The factory manager and representatives from human resources and EHS are responsible for policy implementation, as key committee members. The EMS keeps us abreast of the latest local and international environmental laws and provides guidance for managing our environmental impacts. Through conducting various environmental assessments and evaluation, we continuously improve the effectiveness of the EMS and ensure we are on track in achieving the environmental targets. To ensure resilience capabilities against climate-related incidents such as floods brought by extreme weather, an emergency response plan is in place, providing guidance for resuming operations as well as keeping the facilities and workers safe.

During the reporting year, we were not aware of any significant environmental non-compliance.

CONSERVING ENERGY

Dakota spares no effort to realise energy conservation. To ensure every part of our operations saves energy as much as possible and minimises unnecessary energy lost, we have established an Energy Management System and implement a range of actions to enhance energy efficiency that aligns with departmental KPIs and direct towards our 2030 targets of addressing climate change. The actions are outlined below.



LIGHT MANAGEMENT	VENTILATION	MANAGEMENT OF EQUIPMENT	BOILERS
<ul style="list-style-type: none"> • LED LIGHTS INSTALLED ACROSS ALL PRODUCTION FACILITIES • TURN OFF LIGHTS WHEN PREMISES NOT IN USE OR DAYLIGHT IS SUFFICIENT 	<ul style="list-style-type: none"> • OPTIMISING VENTILATION SYSTEMS TO SAVE ELECTRICITY • REDUCE VENTILATION TO 50% DURING NON-PEAK HOURS • CLEAN VENTILATION FANS MONTHLY TO MAINTAIN EFFICIENCY 	<ul style="list-style-type: none"> • REPLACING AGING EQUIPMENT • MONITOR ENERGY CONTROL FACILITIES • AIR COMPRESSOR LEAKAGE CHECK • INSTALL METERS TO TRACK ELECTRICITY USAGE • ENHANCE THE USE OF SERVO MOTORS 	<ul style="list-style-type: none"> • BOILER GAS EMISSION MONITORING • EXPANDING THE COVERAGE OF REPLACEMENT OF WOOD BOILERS TO DIESEL BOILERS AT ALL FACILITIES

To strengthen the environmental awareness of our employees, we continue to integrate energy saving and emissions reduction concept in induction training. In this regard, we also set up a team to cultivate an environmentally friendly culture of workers across all factory levels and departments through promoting various environmental strategies. Electricity consumption per garment piece is at 0.22 kWh/pc, a 7.5% decrease from the 2017 baseline, which is on track in achieving the 2030 target.



However, our work does not just stop here. Besides all regular practices, this year we have set out a series of action plans to be launched in 2021 to better direct us towards achieving our future targets for 2030. For the past few years, we had been commissioning third-party consultancies to conduct energy audits. Together with our engagement in Transfer of Environmentally Sound Technology Methodology (TEST)' led by United Nations Industrial

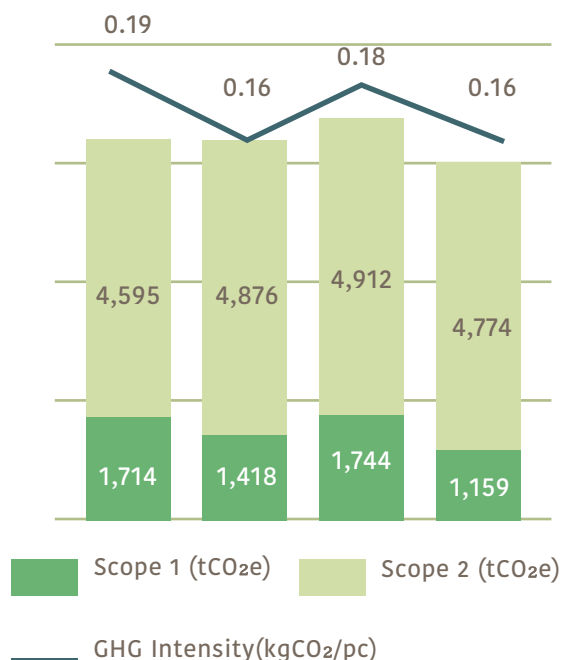
Development Organization (UNIDO), energy saving opportunities are being identified to reduce Greenhouse gas emissions and operational costs. These efforts form a basis from which our environmental targets and customised action plans are derived and formulated.

Embarking on sourcing more renewable energy, we propose to construct solar panels in some Myanmar factories and Cambodia factories in 2021 and 2022 respectively. All production facilities have installed LED lights. We are also actively exploring the development of energy generation technology from biomass resources. With all these actions taken towards improving energy efficiency, it is estimated to save a significant amount of electricity and GHG reduce emissions to 96.5 tCO₂e per year.

TYPE OF ENERGY	2020 CONSUMPTION (MJ)	PERCENTAGE (%)
ELECTRICITY PURCHASED	29,547,061	45.34
DIESEL	15,601,348	23.94
PETROL	477,253	0.73
LPG	483,942	0.74
BIOMASS (WOOD)	7,889,129	12.10
WASTE	11,175,645	17.15

OUR CARBON FOOTPRINT

The Greenhouse Gas emissions and energy consumption have generally decreased due to lower production volume under the COVID-19 pandemic. By continuously putting in efforts in improving our operational efficiency, our carbon intensity stands at 0.16 kgCO₂e/pc, which is a 20% decrease from 2017. Biogenic emission, calculated separately from Scope 1 and Scope 2 emissions, was amounted to 1983 tCO₂e. It is mainly from the combustion of wood fuel and waste . [graph changed]



MANAGING WASTES

Dakota's solid waste management framework guides us to handle our waste properly. We identify the source of which waste is generated and classify them following our waste classification policy. We formulate a universal tool and policies for all departments in waste data collection for analysis and comparison. To reduce waste through continuous monitoring, we work with qualified waste recycling company to trace disposal. At the same time, we collaborate with partners to develop methods to reduce solid waste and improve waste treatment in the long-term.



To ensure compliance, all non-hazardous waste and hazardous waste are handled by licensed recycling enterprises. Major non-hazardous waste generated by our operations is further classified into 6 main categories including textile, paper, metal, plastic boiler ash and others while hazardous waste are mainly light tubes, oil/lubricants and sludge. We are actively exploring approaches on waste diversion. Our plants in Cambodia have been deploying waste incinerators to convert waste into heat energy. This has contributed to reducing 73% of non-hazardous waste to landfill and 93% of wood fuel consumption.

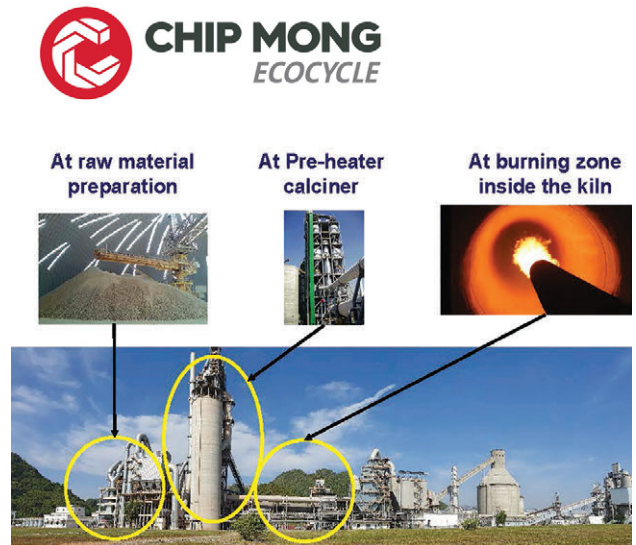
Starting from 2021, we will work with Chip Monk, our waste management partner aimed to feed 100% boiler ash into cement manufacturing process. Chip Monk has been at the fore-front of sustainable waste treatment and recovery in Cambodia, and is internationally recognised for its advanced technological expertise. With a common vision of achieving circular economy through recycling and upcycling, the partnership enables better waste management for Dakota internally and also contribute our part in recovering industrial waste for sustainable manufacturing.

¹The GHG emissions and intensity from 2017 to 2019 have been restated due to the adoption of updated emission factors. Biogenic emissions have been reported separately from Scope 1 and Scope 2 emissions.

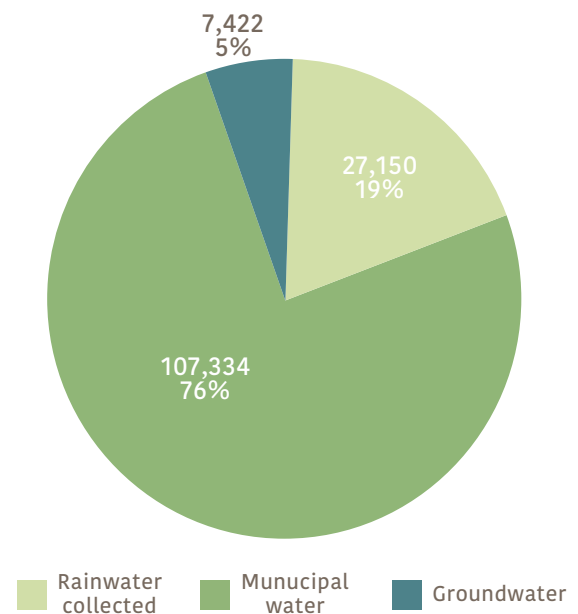
WATER AND EFFLUENTS

Our water consumption is mostly for domestic use, as the manufacturing process does not involve washing process. More water was consumed for cleaning and sanitizing purposes during COVID-19 pandemic. Dakota strives to upgrade wastewater management systems that are capable of delivering treated water of quality beyond regulatory compliance.

One of the plants in Cambodia that has a printing process maintains a 100% recycled wastewater system to lower the unit water consumption and water footprint for ETP. The plants also continue to adopt rainwater harvesting for toilet flushing and cleaning purposes so that water saving is enhanced. Wastewater receives proper treatment before it is discharged into municipal sewer system. Monitoring tests are conducted by an approved third party to ensure different water quality parameters including pH, temperature, smell, colour, Biological Oxygen Demand and Chemical Oxygen Demand meet the ever-increasing demands from customers. through our re-designed effluent treatment plant. As a by-product of wastewater treatment process, sludge is collected and handled by a licensed service provider.



Source of Water Withdrawals (m³)



CONTROLLING AIR EMISSIONS

Through maintaining an inventory of sources of air emissions, covering boilers, generators and manufacturing processes including fabric relaxing and printing, we monitor air emissions in accordance with the licensed air emission and smoke permits. Furthermore, an air quality test is conducted to ensure that all our facilities and offices are in full compliance with air quality standards.

GREENING OUR CHEMICAL INVENTORY

We continue to maintain transparency and reliability of chemicals handling and management by deploying the BVE3 tool for reporting chemical inventory. It is an environmental emission evaluator that allows analysis of chemicals data and discharge quantities estimation. This enables customers to ascertain the quality and safety level of our chemicals. In addition, this platform helps us to better comply with Zero Discharge of Hazardous Chemicals (ZDHC) for our Cambodian factories and restrict the use of chemicals. As part of our commitment in ZDHC, chemical suppliers are required to keep a documented process to systematically monitor, update and demonstrate compliance with Manufacturing Restricted Substances List (MRSL). To prevent chemical pollution and contamination, stringent controls and procedures are set up to ensure safe and proper handling of chemicals.





CHEMICALS PURCHASE AND STORAGE

- Ensure suppliers are qualified with valid MSDS (material safety data sheet)
- Store chemicals under controlled conditions and in proper containers with adequate information labelled

CHEMICAL HANDLING AND USAGE

- Keep a Chemical Inventory List and training record
- Ensure sufficient training and communication for workers who handle chemicals to ensure safety

RESPONSE TO CHEMICAL EMERGENCY

- Dispose spillage and leakage in accordance with MSDS
- Carry out first aid to victims and notify OHS to conduct investigation

SUSTAINABLE PROCUREMENT

We are committed to embedding sustainable procurement in our practices. With concerted efforts along with our suppliers and contractors, we strive to provide decent and safe working conditions to workers at all our manufacturing facilities.

Dakota has an on-going compliance with the Better Cotton Initiatives (BCI) and this has helped achieve the 2020 target of sourcing 100% sustainable cotton for garment manufacturing. Besides, we continue to ensure compliance by commissioning third party organic and recycled verification agencies including Global Organic Textile Standard (GOTS), Global Recycled Standard (GRS) and Organic Content Standard (OCS). Currently, we are moving toward our 2025 target of using 60% recycled or other sustainably-sourced materials in garment manufacturing.



STRIVING TOWARDS OPERATIONAL EXCELLENCE

85%

**KEY SUPPLIERS
SIGNED
SUSTAINABILITY
COMMITMENT**



Target 12.7 -
Promote public
procurement
practices that
are sustainable

6

**KEY FABRIC
SUPPLIERS
AUDITED**

ACHIEVING CUSTOMER SATISFACTION

Dakota has been engaging with its customers to ensure products and business operations meet their expectations. Aligning ourselves with customers' sustainability vision, we adhere to the latest sustainability index grading and standards from customers in improving our performance on sustainability, product quality, production management and other aspects. Through communication channels including meetings and collaboration projects, we work closely together with customers to achieve the common goal of promoting sustainable fashion, developing sustainable materials and promoting better working conditions for workers.

ASSURING PRODUCT QUALITY AND SAFETY

To maintain the highest level of product quality and ensure product safety, we comply with all relevant standards and certifications. We have formulated quality management strategies and periodically review systems and routines. We also engage our customers for feedback with regard to their product requirements. Investigations are carried out to prevent quality issues from recurring and to plan appropriate actions. We continued to strive for a low number of complaints relating to product quality.

ENSURING PRODUCT QUALITY



IMPLEMENTATION

- Maintain communication with all employees regarding quality improvement strategies and production processes



PRODUCTION

- Undergo regular maintenance and calibration of machinery
- Perform sharp object and needle control
- Make sure our production line free from mould and insects



PACKING

- Keep products protected from humidity, dirt and rain in storage



INSPECTION

- Provide inspection reports for all orders
- Keep record at each production stage



FOLLOW-UP

- Make corrective and preventive actions based on inspection reports

2020	TARGET	PERFORMANCE
NUMBER OF COMPLAINTS ON PRODUCT QUALITY	≤3	ACHIEVED
PRODUCT TEST PASSING RATE	≥97%	ACHIEVED
PACKAGING QUALITY PASSING RATE	≥98%	ACHIEVED

SUPPLY CHAIN MANAGEMENT

Incorporating high ethical and commercial standards in our operations is a central part of our sustainability commitments. Our business partners are encouraged to take up social responsibilities and operate in accordance with our commitments. Suppliers are subjected to sustainability assessment based on issues including but not limited to price, quality, business practices, social and environmental responsibility. Employee rights, lawful employment and occupational safety are the indicators to reflect social sustainability of the supplier.

We identify key suppliers according to the order volume and potential sustainability risks. In 2020, 85% of our suppliers were identified as key suppliers. All of them have completed the Social Responsibility Questionnaire and signed the Sustainability Commitment as part of our procurement requirements. Evaluations and audits are conducted to ensure they are aligned with our sustainability requirements, including but not limited to child and forced labour prohibition, discrimination, and freedom of association. Our top 6 key fabric suppliers were all evaluated and audited. We also began managing Tier 2 suppliers since 2019 through proposing improvement plans for key issues identified. Looking ahead, we will commence initiatives to help Tier 2 suppliers to comply with Higg Index requirements.

Code of conduct is highly valued in our business operations when collaborating with our suppliers and other business partners. To guarantee all business partners follow our anti-corruption policies, we encourage reporting of corruption cases through the whistleblowing mechanism. Usage of Undeclared Unit (UUU) are strictly prohibited in corporation with our partners, ensuring production quality as well as efficiency. Follow-up actions are taken against any form of violations, including reporting to relevant authorities and termination of business relationship.



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.

		2020	2019
SCALE OF ORGANISATION	SALES OF ORGANISATION		
	By Region		
	China (including Hong Kong)	2%	2%
	Cambodia	80%	80%
	Myanmar	18%	18%
	Total (Approx. million HKD)	960	1,158
	CAPITALISATION		
	Total Debt-to-Capitalisation ratio	44.1%	46.4%
	PRODUCTION VOLUME		
	No. of garment pieces manufactured (Approx. million)	41	39

		2020	2019
TOTAL HEADCOUNT			
By Region			
China*		3%	5%
Cambodia		79%	76%
Myanmar		18%	19%
By Age Group			
<30		44%	58%
30-50		55%	40%
>50		2%	2%
By Gender (permanent and temporary)			
Male	permanent	10%	10%
	temporary	0%	0%
Female	permanent	90%	90%
	temporary	0%	0%
By Gender (part-time and full-time)			
Male	part-time	0%	0%
	full-time	10%	10%
Female	part-time	0%	0%
	full-time	90%	90%
By Function			
Technical		2%	2%
Administrative		5%	6%
Production		93%	92%
Total (Approx)		7,700	9,000
TURNOVER RATE [#]			
By Region			
China*		28%	4%
Cambodia		13%	9%
Myanmar		12%	7%
By Age Group			
China*		17%	4%
Cambodia		10%	9%
Myanmar		5%	13%
By Gender			
Male		11%	6%
Female		13%	6%

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

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

[#]Due to the decrease in production volume under COVID-19, we recorded less new hires than employees left.

		2020	2019
HEALTH AND SAFETY	OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE		
	By Region		
	Recordable work-related injuries rate	0.33	0.3
	High-consequence work-related injuries rate (excluding fatalities)	0.01	0.03
	Work-related fatalities (per 100 full-time equivalent (FTE) workers)	0	0
Injury rate: no. of injuries/total hours worked x 200,000			

DIVERSITY AND EQUAL OPPORTUNITY	2020			2019			
	RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN						
	By Function and Region	China#	Cambodia	Myanmar	China#	Cambodia	Myanmar
	Technical	1.01	0.93	0.99	0.97	0.97	0.95
	Administrative	1.01	0.93	0.96	1.02	0.98	0.94
	Production	1.03	1.01	0.98	0.98	0.97	0.94

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

		2020	2019	
ENERGY ²	ENERGY CONSUMPTION WITHIN THE ORGANISATION			
	Units			
	Electricity purchased	MJ	29,547,061	30,805,906
	Diesel	MJ	15,601,348	23,782,386
	LPG	MJ	483,942	535,722
	Petrol	MJ	477,253	574,697
	Biomass(wood)	MJ	7,889,129	47,964,831
	Waste	MJ	11,175,645	-
	Total	MJ	65,174,378	103,663,541
	ENERGY INTENSITY			
ENERGY CONSUMPTION PER GARMENT PIECE	MJ/pc	1.71	2.77	
ELECTRICITY CONSUMPTION PER GARMENT PIECE	kWh/pc	0.22	0.23	

		2020	2019	
WATER	BY SOURCE OF WITHDRAWAL			
	Units			
	Rainwater	m ³	27,150	32,118
	Groundwater	m ³	7,422	4,025
	Municipal water supplies	m ³	107,334	83,011
	Total	m ³	141,906	119,154
	WATER RECYCLED AND REUSED	m ³	9,029	8,231

		2020	2019	
EMISSION ³	BY SCOPE			
	Units			
	Scope I	tCO ₂ e	1,159	1,744
	Scope II	tCO ₂ e	4,774	4,912
	Total	tCO ₂ e	5,933	6,656
	GHG INTENSITY			
	GHG emissions per garment piece	kgCO ₂ e/pc	0.16	0.18
	BIOGENIC EMISSIONS			
	Emissions from biomass combustion (Counted as zero and reported separately)	tCO ₂ e	1,983	4,317

² The energy consumption (MJ) of Diesel, Petrol, LPG and biomass, and total energy intensity from 2017 to 2019 have been restated due to the adoption of updated heating values.

³ Environmental KPI calculation methodology GHG emission factors and heating values of energy sources are referenced from the Higg Facility Environmental Module (FEM). For the emission factors of purchased electricity, they are referenced from the “2019 Emission Reduction Project China Regional Grid Baseline Emissions Factor” and the “List of Grid Emission Factors (Version 10.10)” published by the Institute for Global Environmental Strategies (IGES).

		2020	2019	
WASTE#	HAZARDOUS WASTE BY DISPOSAL METHOD			
	Units			
	Recycling	kg	1,217	2,827
	Licensed waste collector		6,321	7,314
	NON-HAZARDOUS WASTE BY DISPOSAL METHOD			
	Recycling	kg	86,094	183,458
	Municipal waste collector#	kg	37,600	124,756

Data of municipal waste collector for Myanmar and Cambodia only

GRI CONTENT INDEX

MATERIAL ASPECTS	DESCRIPTION	PARAGRAPH TITLE	PAGE	DIRECT ANSWER/ REASONS FOR OMISSION
GRI 101 FOUNDATION 2016				
GRI 102: GENERAL DISCLOSURES 2016				
ORGANIZATIONAL PROFILE				
102-1	Name of the organization	About Dakota	05	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.
102-2	Activities, brands, products and services	About Dakota	05	
102-3	Location of headquarters	Hong Kong	N/A	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%).
102-4	Location of operations	About Dakota		
102-5	Ownership and legal form	Private Limited Company	N/A	
102-6	Markets served	About Dakota; Performance Data Summary	05 36	
102-7	Scale of the organization	Our People; Performance Data Summary	13 36	
102-8	Information on employees and other workers	Our People; Performance Data Summary	13 36	There are no significant changes to the organization and its supply chain during the year.
102-9	Supply chain	Striving Towards Operational Excellence	33	
102-10	Significant changes to the organization and its supply chain		N/A	
102-11	Precautionary principle or approach	Sustainability at Dakota	08	
102-12	External initiatives	Working with Our Partners; Our People	19 13	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
102-13	Membership of associations	About Dakota	05	

MATERIAL ASPECTS	DESCRIPTION	PARAGRAPH TITLE	PAGE	DIRECT ANSWER/ REASONS FOR OMISSION
STRATEGY				
102-14	Statement from senior decision-maker	Message from Chairman	06	
ETHICS AND INTEGRITY				
102-16	Values, principles, standards, and norms of behaviour	About Dakota; Sustainability at Dakota	05 08	
GOVERNANCE				
102-18	Governance structure	About Dakota; Sustainability at Dakota	05 08	
STAKEHOLDER ENGAGEMENT				
102-40	List of stakeholder groups	Engaging Stakeholders	12	
102-41	Collective bargaining agreements		N/A	All workers in Cambodia (76%) are covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	Focus on Material Topics; Engaging Stakeholders	11	
102-43	Approach to stakeholder engagement		12	
102-44	Key topics and concerns raised			
REPORTING PRACTICE				
102-45	Entities included in the consolidated financial statements		N/A	<p>A total of six entities are included in the consolidated financial statements</p> <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 <p>Texson and Ricotex are out of our report scope this year.</p>
102-46	Defining report content and topic boundaries	About the Report; Focus on Material Topics	04 11	
102-47	List of material topics			
102-48	Restatements of information		N/A	There are no restatements of information.
102-49	Changes in reporting		N/A	There are no significant changes from previous reporting periods in the list of material topics and topic Boundaries.

MATERIAL ASPECTS	DESCRIPTION	PARAGRAPH TITLE	PAGE	DIRECT ANSWER/ REASONS FOR OMISSION
102-50	Reporting period	About the Report	04	
102-51	Date of most recent report		N/A	March, 2020
102-52	Reporting cycle	About the Report	04	
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	41	
102-56	External assurance		N/A	We have not sought external assurance.

MATERIAL TOPICS

GRI 401: EMPLOYMENT 2016

GRI 103: MANAGEMENT APPROACH 2016

103-1	Explanation of the material topic and its Boundary	Our People	13	
103-2	The management approach and its components			
103-3	Evaluation of the management approach			

TOPIC-SPECIFIC DISCLOSURES

401-1	New employee hires and employee turnover	Our People; Performance Data Summary	13 36	
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GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018

GRI 103: MANAGEMENT APPROACH 2016

103-1	Explanation of the material topic and its Boundary	Our People	13	
103-2	The management approach and its components			
103-3	Evaluation of the management approach			

GRI 103: MANAGEMENT APPROACH 2016

103-1	Explanation of the material topic and its Boundary	Our People	13	
103-2	The management approach and its components			
103-3	Evaluation of the management approach			

MATERIAL ASPECTS	DESCRIPTION	PARAGRAPH TITLE	PAGE	DIRECT ANSWER/ REASONS FOR OMISSION
MANAGEMENT APPROACH DISCLOSURES				
403-1	Occupational health and safety management system	Health and Safety	15	
403-2	Hazard identification, risk assessment, and incident investigation			
403-3	Occupational health services			
403-4	Worker participation, consultation, and communication on occupational health and safety			
403-5	Worker training on occupational health and safety			
403-6	Promotion of worker health			
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships			
403-8	Workers covered by an occupational health and safety management system			
403-9	Work-related injuries	Performance Data Summary	36	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016				
GRI 103: MANAGEMENT APPROACH 2016				
103-1	Explanation of the material topic and its Boundary	Our People	13	
103-2	The management approach and its components			
103-3	Evaluation of the management approach			
TOPIC-SPECIFIC DISCLOSURES				
405-2	Ratio of basic salary and remuneration of women to men	Our People; Performance Data Summary	13 36	

MATERIAL ASPECTS	DESCRIPTION	PARAGRAPH TITLE	PAGE	DIRECT ANSWER/ REASONS FOR OMISSION
GRI 406: NON-DISCRIMINATION 2016				
GRI 103: MANAGEMENT APPROACH 2016				
103-1	Explanation of the material topic and its Boundary	Our People	13	
103-2	The management approach and its components			
103-3	Evaluation of the management approach			
TOPIC-SPECIFIC DISCLOSURES				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Our People	13	
GRI 408: CHILD LABOUR 2016				
GRI 103: MANAGEMENT APPROACH 2016				
103-1	Explanation of the material topic and its Boundary	Our People	13	
103-2	The management approach and its components			
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305-1	Direct (Scope 1) GHG emissions	Our Environment; Performance Data Summary	27 36	
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GRI 307: ENVIRONMENTAL COMPLIANCE				
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