STAKEHOLDER ENGAGEMENT PLAN

Shanghai Captain Industries Co., Ltd

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1. PURPOSE

The purpose of this stakeholder engagement plan (hereinafter "Plan") is to establish a general framework for Shanghai Captain Industries Co., Ltd. (hereinafter "Captain", "Company") to effectively engage its stakeholders in all of its activities and operations, in order to:

i. continue encouraging the engagement of the stakeholders in the Company's business enterprise through a strategy of strong involvement in the communities in which it operates and the creation of shared sustainable value for all of them;

ii. continue responding to the legitimate interests of the stakeholders with which the Company interacts;

iii. continue building trust among the stakeholders in order to build long-lasting, stable and robust relationships;

iv. encourage the recognition by all of its stakeholders of the Company's commitment to diversity in the broad sense; and

v. contribute through all of the above to maintaining the corporate reputation in the various areas in which the Company does business.

2. KEY STANDARDS GUIDING STAKEHOLDER ENGAGEMENT

The Plan has been prepared with reference to the following international standards and guidance:

- GRI[1] Standards - 2021
- IFC[2] *Performance Standards on Environmental and Social Sustainability 2012*
- Hong Kong Stock Exchange: *HOW TO PREPARE AN ESG REPORT-A Step by Step Guide to ESG Reporting*
- ESG Rating standards: B Corp, MSCI, Sustainalytics
- SASAC[3]: *Guiding Opinions on Better Fulfilling Social Responsibilities of State-Owned Enterprises*

3. STAKEHOLDERS

Stakeholder identification and analysis is an essential step of effective and meaningful stakeholder engagement activities. The objective of this step is to provide a general overview of all stakeholders that are of Captain's interest.

Stakeholders are those who can reasonably be expected to:

[1] GRI: Global Reporting Initiative
[2] IFC: International Finance Corporation
[3] SASAC: State-owned Assets Supervision and Administration Commission of the State Council

- be significantly affected by the Company's activities, products and services; and/or
- whose decisions and opinions have an influence on the Company, and whose actions can reasonably be expected to affect the ability of the Company to successfully implement its strategies and achieve its objectives.

Captain's key stakeholders that were preliminary identified are grouped into the following categories:

Stakeholder Group	
Workers of the company or its subsidiaries	Directors
	Senior leadership
	Regional manager / Middle leadership
	Employees
Investors / Shareholders	
Customers	
Suppliers and Contractors	
Government / Regulator	
Community	
Competitors (Peer)	
Business Partners	
Media	
The local or global environment	

Strong and meaningful engagements with key stakeholders are essential for a successful and sustainable business. Proactive engagements with Captain's stakeholders as identified above will be carried out regularly to ensure long term interest.

4. GOVERNANCE STRUCTURE AND RESPONSIBILITIES IN STAKEHOLDER ENGAGEMENT

From the corporate governance standpoint, the Board of Directors is vested with the authority to approve and supervise the general strategy on engagement with the Company's Stakeholders.

The Vice President, who also acts as ESG Committee Chair, is responsible for annual review of the Plan, coordination of the ESG issues across the Company, and ensuring the implementation of the Plan as supported by the Stakeholder Owners (as defined below) and subordinate teams, which are detailed as below:

Pursuant to the Company's organisational structure, the heads of departments ("Stakeholder Owners"), within their purviews, are responsible for implementing the Plan and the Stakeholder Engagement Model as described under Section 5, as well as maintaining direct discussions and dialogues with various stakeholders. The Stakeholder Owner could delegate a work group ("Engagement Work Group") to carry out the specific engagements. The Engagement Work Group shall be responsible for the following:

- Define the subject matter;
- Identify the stakeholders and purpose, scope of the target engagement;
- Develop a special engagement plan detailing the activities, channels, logistics etc. for the proposed engagement;
- Execution of the plan after approval of the Stakeholder Owner and competent approvers;
- Analyse the outcome of the engagement and develop/implement an action plan to respond to the stakeholder's concerns and expectations; and
- Report and information management throughout the engagement.

5. HOW TO ENGAGE STAKEHOLDERS

5.1. Executive Summary

Below is an executive summary of how specific stakeholders will be engaged when managing pertaining material issues of Captain. The nature, frequency, and level of effort for each stakeholder group may vary and will be commensurate with the topic/initiative's impacts (particularly risks and adverse impacts), and the phase of the initiative.

Stakeholder	Type	Relevant topics	Communication			Engagement Owner
			Frequency	Channel	Examples of activities	
Workers of the Company	• Medium influence • Medium dependence	• Labour Rights • Equality, Inclusion and Diversity • Employee Compensation and Welfare • Employee Training and Development • Occupational Health and Safety • Anti-Corruption	Constant	• Employee handbook	• Communicate with employees when onboarding, and upon any updates	Human Resource
			Periodic	• Employee satisfaction surveys	• Conduct employee satisfaction survey and feedback	
			Constant	• Grievance channel	• Establish effective feedback and complaint mechanisms	
			Constant	• Employee communication meetings	• Meetings with CEO and management team	
			Constant	• Employee education and training	• Organize training on various topics (including anti-corruption, equality, inclusion and diversity, health and safety, supplier environmental and social performance management)	
			Constant	• Email • Internal data platform	• Compliance requirements, training/instruction on new procedures	
Investors / Shareholders *Note: The two shareholders of Captain are the sole directors*	• High influence • High dependence	• Climate Change Adaptation • Environmental Compliance • Ethical Behaviour and Governance • Risk Management and Control Systems • Capital Allocation	Semi-annually	• Board meetings	• Review financial, operational and ESG performance	CEO
			As required	• Shareholder unanimous written resolution of shareholders	• Approval of annual accounts and profit distribution • amendments to the Articles of Association	

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Stakeholder	Type	Relevant topics	Communication			Engagement Owner
			Frequency	Channel	Examples of activities	
Customers	• High influence • Medium dependence	• Product Quality and Safety • Marketing and Labelling • Green Packaging • Customer Experience • After-Sales Service • Innovation Management	Constant	• Digital channels (public website and social media, e.g. WeChat)	• Establish effective feedback and complaint mechanisms • Review customer feedback from online shopping website	Business Department / Deputy General Manager of the corresponding business
			Constant	• Communication and dissemination campaigns • External marketing events	• Organize customer communication and dissemination event	
Suppliers & Contractors	• High-Medium influence • Medium dependence	• Supplier Diversity • Responsible Sourcing • Supply Chain Transparency and Traceability • Anti-Corruption	Periodic	• Supplier/Contractor Conference/email communication	• Communicate the requirements of Captain's Supplier ESG Policy • Provide training on various topics (including anti-corruption, health and safety, environmental and social performance management)	Corresponding demand department (e.g. Business Department, Admin Department, Logistic Department)
			Periodic	• On-site review	• Special audits for suppliers/contractor • On-site quality audits of suppliers/contractor	

Stakeholder	Type	Relevant topics	Communication			Engagement Owner
			Frequency	Channel	Examples of activities	
			Periodic	• Supplier/Contractor assessment	• Key supplier/contractor ESG data collection, performance review, etc.	
Competitors (Peer) & Business Partners	• Medium influence • Low dependence	• Innovation Management • ESG Management • Product Quality and Safety • Green Product	Periodic	• Industry network conferences	• Engage in industry network/communication conferences	Business Department
Government / Regulator	• High influence • Low dependence	• Environmental Compliance • GHG Emissions • Ethical Behaviour and Governance • Innovation Management • Anti-Corruption	Constant	• Official regulatory documents	• Review and implement the latest applicable regulatory requirements	ESG Office
Community & Media	• Medium-low influence • Low dependence	• Ethical Behaviour and Governance • Innovation Management	Constant	• Social media releases	• Conveyed the company's ideas and activities to the public	ESG Office

Stakeholder	Type	Relevant topics	Communication			Engagement Owner
			Frequency	Channel	Examples of activities	
		• Community Investment	Constant	• Participation in philanthropic • Public welfare activities	• Volunteer services, poverty alleviation and education support	
The Local or Global Environment (Silent Stakeholder)	• Medium influence • Medium dependence	• GHG Emissions & Climate Change Adaptation • Life Cycle Assessment (LCA) & Green Packaging • Chemicals & Waste Management • Resource & Energy Efficiency	Periodic	• Scientific environmental data • Consultations with external environmental experts/NGOs • Third-party LCA verification	• Conduct Scope 1, 2, and 3 GHG accounting and tracking • Integrate scientific data and expert audit recommendations into the Board's strategic decision-making to mitigate environmental impacts • Commission external experts to conduct LCA for key textile products to scientifically measure environmental footprints	ESG Office

5.2. Stakeholder Engagement Model

A specific stakeholder engagement plan ("**SEP**") shall be prepared throughout the management of material topics. Below stakeholder engagement model provides open and transparent channels for stakeholder input, and a review and consideration process where concerns about Captain's business are responded to in a timely manner. It includes the following 7 steps:

Step 1: Define the purpose of engagement

Stakeholder engagement must have a purpose. It is essential to first think about why the Company is engaging and what needs to be achieved. No stakeholder engagement should be initiated without defining an objective. The objectives of engaging stakeholders throughout an ESG topic include:

- **Ensuring Understanding**: An open, inclusive and transparent process of engagement and communication will help to ensure that stakeholders are well informed about the proposed initiative/project.

- **Involving Stakeholders in the Assessment**: Stakeholders will be included in the scoping of issues, the assessment of impacts, and management/mitigation measures definition. They also played an important role in providing local knowledge and information for certain topics such as social impact assessment.

- **Building Relationships**: Through supporting open dialogue, engagement will help to establish and maintain a productive relationship between the Captain team and its stakeholders.

- **Managing Expectations**: The engagement process could also serve as a mechanism for understanding and managing stakeholder expectations, by disseminating accurate information in an easily understandable manner.

- **Ensuring Compliance**: The process is designed to ensure compliance with both local regulatory requirements and international best practice.

The objective may be associated with ongoing activities, or it may be associated with a specific project or need, such as to inform a materiality-determination process. Those initiating the stakeholder engagement should involve stakeholders in defining the purpose of the engagement. During the engagement, the purpose should be reviewed and adjusted based on the input received from stakeholders.

Step 2: Establish the scope of the engagement

The scope of the engagement shall be defined by determining:

- The subject matter the engagement will address;
- The parts of the organisation (e.g. regions, divisions, etc.) and associated activities, products and services the engagement will address; and
- The time frame the engagement will address.

The subject matter is the set of material issues that are relevant to the purpose of the engagement. An issue should be considered material if it influences or is likely to influence the decisions, actions and behaviour of one or more stakeholders and/or the organisation itself.

When defining what parts of the organisation or what geographical regions to include, it should be considered whether the engagement will address the whole organisation or a single business unit or a single area.

When considering what activities, products or services to include, it should be considered whether the engagement will address everything the organisation produces and does, or specific activities, products and services.

When deciding the time frame the engagement will address, it should be considered whether the engagement will look at long-term strategic issues, current concerns or both.

Step 3: Identify and categorize stakeholders

Identification and categorization of stakeholders determines the likely relationship between stakeholders and the ESG topics and helps to identify the level of engagement and appropriate consultation methods for each stakeholder group during the life of the ESG topics.

The initial identification and selection of stakeholders can be carried out through processes of internal consulting conducted by the designated initiative owner or topic owner, considering the following points:

- What are the various interests and concerns of ESG topic stakeholders and what influence might this have on the ESG topics;
- Which stakeholders can best assist with the early scoping of issues and impacts;
- Which stakeholders might help to enhance the ESG topics design or reduce ESG topics costs;
- Who strongly supports or opposes the changes that the ESG topics will bring and why;
- Whose opposition could be detrimental to the success of the ESG topics;
- Who is critical to engage with first, and why; and what is the optimal time schedule of actions: the range of stakeholders that may be interested in being involved and how external communications might facilitate a dialog with all stakeholders.

When all stakeholders relevant to the ESG topics have been thoroughly and exhaustively identified, they should be properly categorized. Categorizing stakeholders can help to develop the stakeholder management strategy related to three areas:

1) how much time to be spent with each stakeholder;
2) the most important issues for each stakeholder;
3) the level of importance of each stakeholder's concerns.

Generally, different types of stakeholders can be classified in four different categories:

1) **Internal or external**
   Internal stakeholders are those partners who have internal existence in business, and they are able to play a decision-making role in each stage of the ESG topics. External stakeholders have an interest in the achievement, success, and growth of a business; however, they have no decision-making power over the ESG topics.

2) **Primary or secondary**
   Primary stakeholders comprise the most elevated level of enthusiasm for the result of a particular ESG topic since the result straightforwardly influences them. While secondary stakeholders additionally help to finish a ESG topic, however, they do this on a lower and more general level.

3) **Direct or indirect**
   Direct stakeholders are engaged with the specific tasks related to the ESG topics. On the other hand, indirect stakeholders focus on the result of the completed tasks instead of the way toward finishing it.

4) **Vulnerable and Underserved Stakeholders** Captain specifically identifies and prioritizes stakeholders who may be marginalized, vulnerable, or lack adequate support (e.g., frontline supply chain workers, female laborers, and underserved local communities). Distinct engagement approaches are tailored to eliminate barriers to their participation, ensuring their voices are equitably heard and accounted for

Step 4: Decide on the most effective approach to stakeholder engagement

Develop proactive and effective communication approaches for each stakeholder to fulfil and manage their engagement. More than one method may be selected for any given engagement. Different methods may be used concurrently or sequentially. In this process, the following points may be considered:

1) Objective of the engagement
2) Engagement level (information, consultation, interaction, or collaboration)
3) Communication channels
4) Frequency of communication
5) Communication activities

In the case of employees, effective ways of communicating with them can include employee handbook, communication meetings, email announcements and newsletters, employee satisfaction surveys, internal website or portal, ethics hotline, education and training, etc. The frequency of communication with employees is usually high, which can be monthly or even weekly. The channels will be constantly adjusted to the needs and realities of each moment and to maximise their effectiveness in establishing close, robust and long-lasting relationships.

As for the communication activities, take communicating changes to the employee handbook for an example, the initiative owner can consider employee satisfaction survey if the objective is to seek feedback and assess impacts thereon, or organize trainings on various sub-topics thereunder (including anti-corruption, equality, inclusion and diversity, health and safety, supplier environmental and social performance management, etc.), if the objective is to ensure understanding and compliance.

Step 5: Conduct stakeholder engagement activities and capture feedback

Once the stakeholders and the communication activities are identified, these actions need to be planned, prepared, implemented and documented.

- Accountabilities in terms of an engagement plan should be assigned to a specific person/team to ensure the necessary attention and resource is placed on the engagement process
- Information should be disclosed as early and as comprehensively as possible
- Two-way communication and methods will be ensured
- Timely feedback and regular updates to the Stakeholder Owner and CSO (if the Stakeholder Owner deem necessary) to enable the process and create the necessary visibility; and
- Feedback on the outcome of the engagement process to stakeholders with whom Captain has engaged as transparent as possible, as long as such information is not confidential or the disclosure will have material adverse impact on the business.

The Engagement Work Group shall also document the engagement and its outputs. The documentations should capture:

- the purpose and aims of the engagement
- the methods used
- who participated and who did not
- the time frame
- a verbatim record (not always necessary, but may be useful; permission may be required)
- a summary of stakeholder concerns, expectations and perceptions
- a summary of key discussions and interventions
- outputs (e.g. queries, proposals, recommendations, agreed decisions and actions).

Step 6: Develop an action plan

The engagement and its outputs shall be analysed to develop an action plan that articulates how the Company will respond to the outputs of the engagement. The action plan shall provide a response to all outputs. The action plan shall be developed in consultation with those who will have responsibility for implementing it.

Generally the action plan will be developed by the Engagement Work Group led by the Stakeholder Owner. In case where multi-stakeholder groups are involved and cross-departmental coordination is required, it will be escalated to the ESG Committee chair, who will then take the lead in compiling the action plan and assign the responsible owners to implement the plan as well as monitoring the overall progress.

The owners of the engagement should respond to every output, giving reasons for the chosen decisions and actions. The action plan should:

- ensure that current and future decisions and actions take into account stakeholder concerns, expectations and perceptions, as well as key discussions and interventions;
- ensure that roles and responsibilities are well-defined; and
- offer realistic time frames for completion.

Actions may include the development of or changes to:

- governance;
- relevant policies;
- strategies, objectives, targets and performance indicators;
- operational practices;
- clear assignment of responsibility and the necessary competencies; and
- review, learning and improvement processes.

Balancing Stakeholder Trade-offs: In cases where stakeholder interests conflict (e.g., environmental footprint vs. aggressive production targets), the ESG Committee and the Board will balance the trade-offs based on the company's legal purpose, ensuring short-term financial gains do not override long-term social and environmental wellbeing.

Step 7: Monitoring and reporting

Stakeholder engagement should be monitored and reported by the Stakeholder Owner and Engagement Work Group on a regular basis, or when it comes to a specific engagement, throughout the entire life cycle of the initiative, which will involve:

1) Updates of the stakeholder list;
2) Records of all consultations held; and
3) Records of all grievances received and dealt with (Grievance Log).

The summary of stakeholder engagement outcomes and the grievance logs will be reported to the Board of Directors annually. The highest governing body oversees these dialogues and uses these inputs to inform and adjust company strategies and goals.

INFORMATION MANAGEMENT

Every meeting and interaction related to the engagement should be recorded by the Engagement Work Group through the following:

- Updated stakeholder list (if possible);
- Grievance Mechanism Log;
- Minutes of all meetings; and
- Meeting attendance registers;

6. APPENDIX

6.1. Specific Stakeholder Engagement Plan

Below is an indicative SEP for Captain's 2023 materiality assessment, which was carried out with the help of a third party consulting company as retained by Captain. The materiality topics were reviewed and updated as necessary by external experts during the subsequent years.

As there has been no significant changes with Captain's operation in the subsequent years, the material topics remain the same during 2025 annual review.

Stakeholder Engagement Plan		
Overview		
Subject/scope of engagement	Materiality Assessment	
Strategic objectives/ intended outcomes	Identify material topics of Captain, seek stakeholders' inputs re impacts of selected topics on the business	
Engagement approaches/methods (e.g. via telephone, meetings, online engagement mechanism, etc.)	Online survey	
Preparation Plan		
	Details	**Timeframe**
Identify stakeholders	Captain representative (Alita Ji): identify and validate stakeholder groups with the help of the consulting firm	By April 06-07th 2023

Send invitations and follow up with invitees	Captain representative (Alita Ji): invite representatives of stakeholder groups and brief them the background and requirements of the survey	By April 11th 2023
Prepare materials for stakeholders (e.g. presentation materials, survey questions, etc.)	Consulting company: prepare a potential material ESG topics list, a questionnaire and topic brief description	April 06-11th 2023
Decide agenda/plan for each engagement activity	Alita Ji: send survey QR code to representatives of the identified stakeholder groups	April 12- 14th 2023
Confirm details of logistics (e.g. transport, refreshment, participant reimbursement, etc.)	N/A	N/A
Set ground rules and terms of reference	1. At least one representative shall be engaged for each stakeholder group 2. Directors, shareholders and senior management are mandatory to take the survey 3. At least 60 valid responses shall be received 4. Explanation to each ESG topic shall be provided to facilitate stakeholders' understanding 5. Assessment is independent without undue influence of Captain 6. When engaging vulnerable or frontline stakeholders (e.g., supply chain workers), Captain respects their time by ensuring surveys/interviews do not disrupt their earnings, and provides appropriate compensation or incentives for their feedback	No later than April 16th 2023
Determine roles for conducting each engagement activity (e.g. a person as meeting facilitator, another for recording stakeholders' input, etc.)	• Alita Ji: owner of the survey and contact-to-person of the stakeholders • Consulting company: special matter expert and analysis of questionnaire results	April 11th-April 19th 2023

Risk Assessment		
Risks:	• Lack of representative of important stakeholder groups • Not-well-informed assessment • Late submission of questionnaires	N/A
Contingency plan:	• Check response status every day and communicate with stakeholders if any rep thereof is missing or the total number of responses fall short of 60 • Disseminate topic descriptions and explain, answer queries	Till April 16th 2023

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