



FORWARD FASHION  
HOLDINGS

Forward Fashion (International) Holdings Company Limited  
尚晉(國際)控股有限公司

*(incorporated in the Cayman Islands with limited liability)*

Stock Code : 2528



**Environmental, Social and  
Governance Report 2020**

# CONTENTS

	Page
ABOUT THIS REPORT	2
Scope of the ESG Report	2
Reporting Standard	2
Contact & Feedback	2
STAKEHOLDER ENGAGEMENT	3
MATERIALITY ASSESSMENT	4
CUSTOMER SATISFACTION	7
Services/Product Excellence	7
Supply Chain Management	9
RESPONSIBLE EMPLOYMENT	11
Employment Conditions	12
Anti-Discrimination and Fair Workplace	14
Healthy and Safe Workplace	14
Development and Training	16
OPERATIONAL SUSTAINABILITY	17
Business Integrity	17
Environmental Protection	18
COMMUNITY ENGAGEMENT	21
HKEx ESG REPORTING GUIDE INDEX	22

## **ABOUT THIS REPORT**

Forward Fashion (International) Holdings Company Limited (the “Company”) with its subsidiaries (hereafter the “Group” or “we”) has engaged in the fashion apparel retailing industry for over 10 years. With the provision of a wide range of products of international brands ranging from established designer label brands, popular global brands and up-and-coming brands, we have successfully established our business that includes over 200 self-operated stores and managed stores and a talent force of over 1500 throughout Mainland China, Macau, Hong Kong and Taiwan. To stand out among our competitors in the industry, the Group not only builds up a strong reputation on its brand and store quality, we also commits to integrating sustainability principles into the Group’s strategic planning and daily operation through transparent measures, so as to deliver enduring value to the Group’s major stakeholders.

Having a burning ambition to construct long-term trusted ties with our stakeholders in the community, the Group is pleased to publish its second environmental, social and governance (“ESG”) report (the “ESG Report”) summarising the Group’s ESG performance and initiatives.

### *Scope of the ESG Report*

This ESG Report examines only the ESG management approaches, environmental and social performance and material topics of the following core operations of the Group during the period from 1 January 2020 to 31 December 2020 (the “Reporting Period” or “FY2020”):

- the Company (office in Hong Kong);
- World First Holdings Limited (office in Hong Kong);
- Macau Ieng Nam Limited (office and retail stores operation in Macau); and
- Ieng Leong Company Limited (office and retail stores operation in Macau).

This reporting boundary is determined by the materiality of the businesses to the Group. Based on the fact that our operations in Macau have been and will continue to be a significant part of the Group’s total revenue and have more brands overall, the Group selects operations which principally engage in the Macau-based fashion apparel retail operation with back offices located in Macau and Hong Kong.

### *Reporting Standard*

This ESG Report has been prepared in accordance with the “Comply or Explain” provisions and the “Recommended Disclosure” of the Environmental, Social and Governance Reporting Guide under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “HKEx ESG Reporting Guide”). Should there be any discrepancy between the English and Chinese versions, the English version shall prevail. This ESG Report has been reviewed and approved by the Board of Directors of the Company.

### *Contact & Feedback*

The Group believes a strong trusted relationship with the community is critical for its business sustainability. The Group strives to manage its affairs for the best interests of its stakeholders; therefore, the Group treasures your feedback on this ESG report and our sustainability performance. If you have any comments or suggestions, please feel free to contact the Group via [ir@forward-fashion.com](mailto:ir@forward-fashion.com).

## STAKEHOLDER ENGAGEMENT

The Group highly values stakeholders' interests and views in its sustainable development. For stakeholders that have concern about issues that may have a significant impact on the Group's business or those who could be significantly affected by the Group's operations, we have established suitable communication channels, details are as follows. By regularly engaging a broad group of key stakeholders, we are able to capture their views and then formulate appropriate strategies and plans to satisfy their needs.

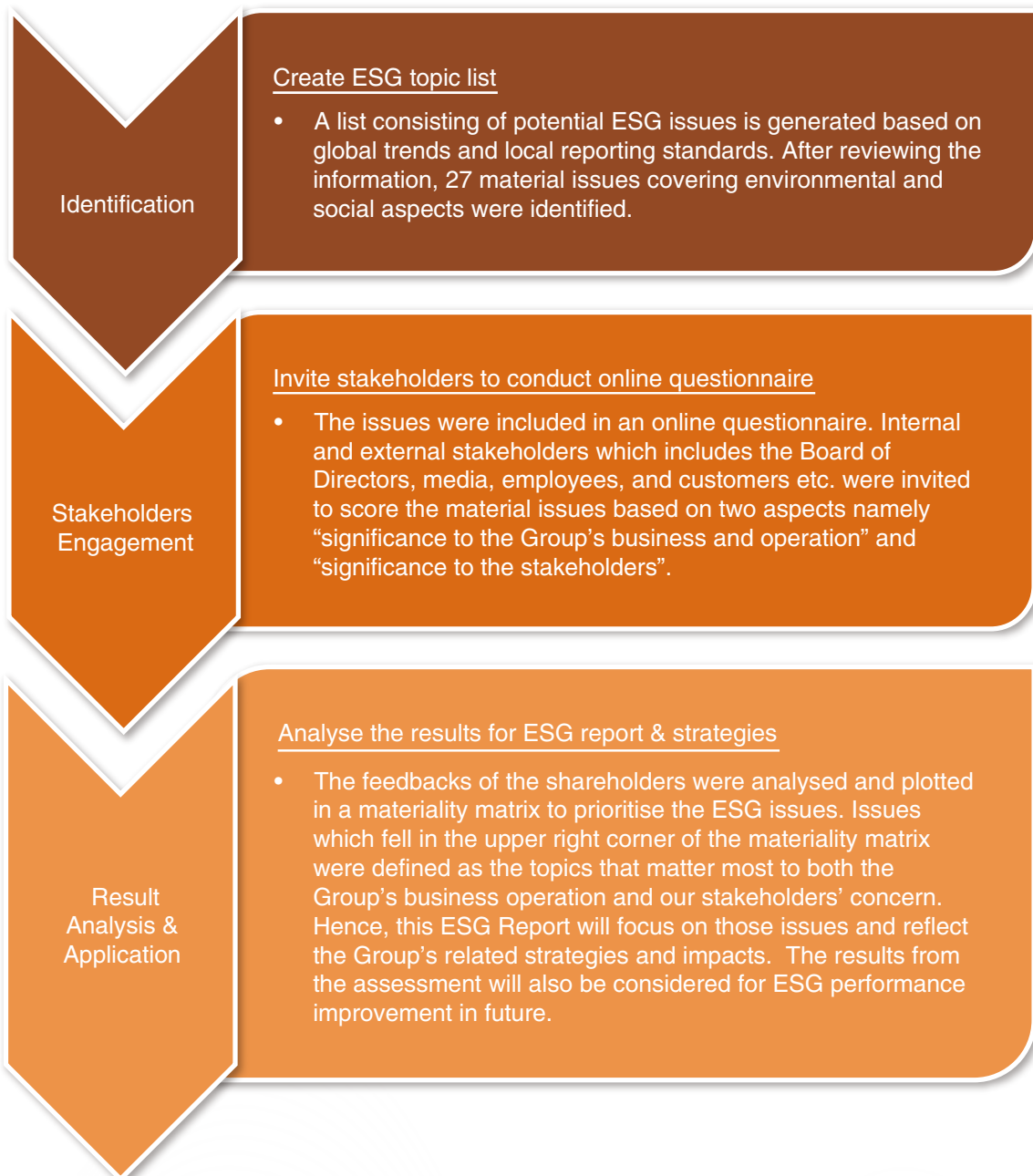
The key stakeholder groups and communication channels are illustrated in the table below:

<b>Stakeholder groups</b>	<b>Communication channels</b>
Investors and shareholders	<ul style="list-style-type: none"> <li>• Company website</li> <li>• Company's announcements</li> <li>• Annual general meetings and special general meetings</li> <li>• Annual and interim reports</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Company website</li> <li>• Customer direct communication</li> <li>• Customer feedback and complaints</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Training and orientation</li> <li>• Email and opinion box</li> <li>• Regular meetings</li> <li>• Employee performance evaluation</li> <li>• Employee activities</li> </ul>
Suppliers and business partners	<ul style="list-style-type: none"> <li>• Selection assessment</li> <li>• Procurement process</li> <li>• Performance assessment</li> <li>• Regular communication with business partners (e.g. email, meetings, on-site visits etc.)</li> </ul>
Government authorities and regulators	<ul style="list-style-type: none"> <li>• Documented information submission</li> <li>• Compliance inspections and checks</li> <li>• Forums, conferences and workshops</li> </ul>
Non-governmental organisations	<ul style="list-style-type: none"> <li>• Email</li> <li>• Phones</li> <li>• Charity donations</li> </ul>
Communities	<ul style="list-style-type: none"> <li>• Company website</li> <li>• Community activities</li> </ul>
Media	<ul style="list-style-type: none"> <li>• Company website</li> <li>• Company's announcements</li> </ul>

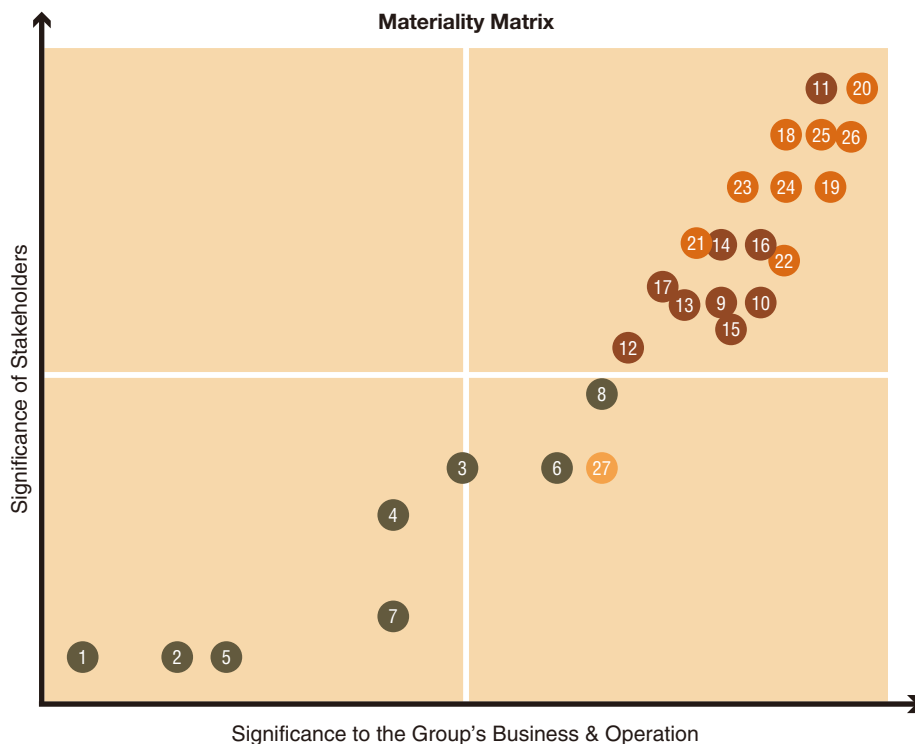
Moving forward, the Group will continuously explore new communication channels to engage its internal and external stakeholders in order to comprehensively understand their needs and concerns.

## MATERIALITY ASSESSMENT

To facilitate the formulation of the Group's strategies and the adoption and implementation of the ESG management approach, the Group has entrusted an independent consultant to conduct a materiality assessment to identify the material ESG issues that directly affect its business operations and development.



Based on the scores of each of the ESG issues expressed by the stakeholders, ESG issues are prioritised and shown in the materiality matrix below.



Environment		Employment	Social	Operation
1. Air emission	2. Greenhouse gas emission	3. Climate change	4. Energy efficiency	5. Water and effluents
6. Use of materials	7. Waste management	8. Environmental compliance	9. Labour rights	10. Labour-management relations
			11. Employee retention	12. Diversity and equal opportunity
			13. Non-discrimination	14. Occupational health and safety
			15. Employee training	16. Employee development
			17. Prevention of child and forced labour	18. Customer satisfaction
				19. Customer service quality and complaints handling
				20. Customer health and safety
				21. Marketing and product and service labelling compliance
				22. Intellectual property
				23. Customer privacy and data protection
				24. Responsible supply chain management
				25. Business ethics
				26. Socio-economic compliance
				<i>Community</i>
				27. Community investment

To systematically manage its business development and operation, a three-pillar approach has been adopted to lead the Group towards a more sustainable direction. With the determination to stand out among our competitors and become one of the leaders in the fashion apparel retail industry, we put extra attention on fulfilling customer satisfaction, responsible employment and operational sustainability.



**A three-pillar approach**

According to the results of the materiality matrix illustrated above, the Group should focus on customer health and safety, employee retention, socio-economic compliance, business ethics, customer satisfaction, customer service quality and complaints handling, responsible supply chain management, customer privacy and data protection, intellectual property, employee development, occupational health and safety, marketing and product and service labelling compliance, labour-management relations, employee training, labour rights, non-discrimination, prevention of child and forced labour and diversity and equal opportunity issues. Looking forward, the Group will continue to review and develop appropriate ESG policies and targets, as well as optimising the ESG reporting disclosure in order to pursue continuous improvement in its ESG performance in future.

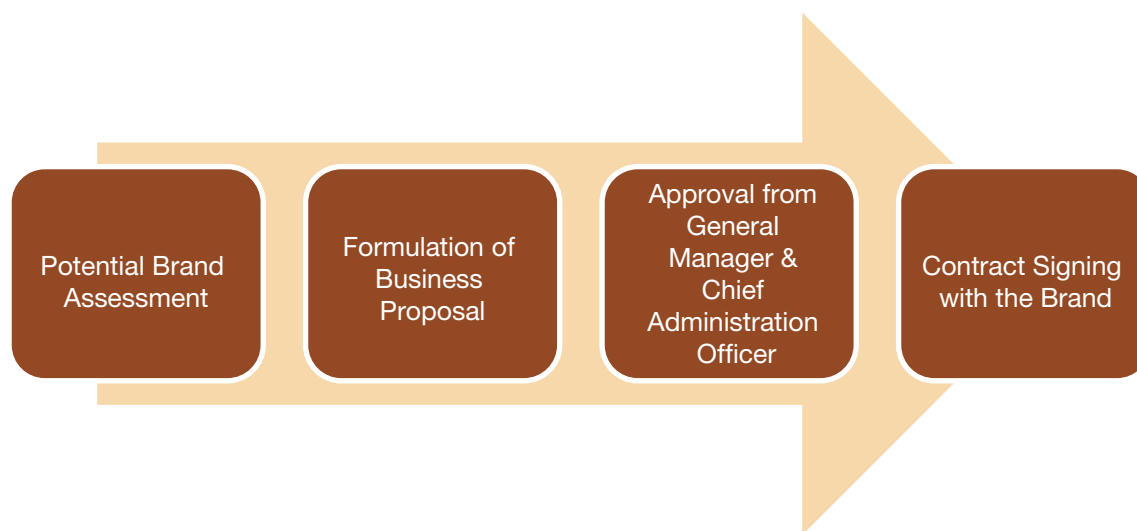
## CUSTOMER SATISFACTION

### *Services/Product Excellence*

It is pivotal to gain customer loyalty in such a competitive industry so that the Group can maintain its sustainable business development. Product and service quality is no doubt the most significant factor affecting customers' trust towards a retail company. The Group has therefore imposed a stringent product and service quality standard ranging from supplier engagement to product sale.

### Optimising Shopping Choices and Convenience for Consumers

To build its fashion empire, the Group is dedicated to collaborating with established and up-and-coming luxury and contemporary brands in order to offer a wide range of trendy fashion and lifestyle options to fashion lovers. Aiming at developing a comprehensive brand management system, we have endorsed an operation manual for standardising the Group's assessment procedures for potential brands. The management system and the operation model of the potential brands are evaluated before establishing a formal business relationship with the Group. To firmly uphold the Anti-Unfair Competition Law of the People's Republic of China and the Competition Ordinance of Hong Kong, brands with anti-competitive practices and potential conflicts with its existing partnered brands will definitely not be considered by the Group.



Apart from the above, the Group pays the same level of attention to increase its customer convenience. As such, our multi-brand and multi-store business model allows us to establish an extensive business network with more than 200 self-operated retail stores of which more than half are mono-brand stores operated for international brands in Mainland China, Macau and Hong Kong during the Reporting Period. To continuously improve our product and service quality, we have incorporated three key indicators (i.e. turnover rate of business and sales, number of new brands and number of new stores) into our internal assessment.



### Retail Store Management

It is essential to develop a set of systematic requirements for proper managing our widely spread retail stores. In view of that, we have enacted a Retail Store Inspection Checklist for our store inspectors to conduct assessment for each store based on six aspects, which includes display management, demonstration of team spirit, service quality, data operation management, staff training, and product management. Issues observed during the inspection must be rectified within the suggested timeframe. To further ensure the quality of our product, a list with standardised product quality issues has been provided to staff for carrying out visual inspection of all of the products prior to sales. Nonconforming products will be sent back to the Group's suppliers for handling.

### Confidentiality Management

Proper management of privacy data plays a significant role in gaining customer trust and maintaining the Group's reputation. Fully aware of the value of data security to our customers, we have taken stringent measures to protect their sensitive data which includes their company information and intellectual properties.

The Group strictly abides by the relevant laws and regulations, such as the Personal Data Protection Act in Macau, and the Personal Data (Privacy) Ordinance in Hong Kong. As governed by the legal-binding employee contract and Employee Handbook, employees are prohibited from disclosing or divulging confidential information to unauthorised parties without prior consent from the Group. Violation of the policy will lead to disciplinary actions such as warning letters, dismissal, or even prosecution. During the Reporting Period, there is no breach of relevant laws and regulations related to privacy matters in the Group.

### Product Responsibility

Regarding the business nature of the fashion apparel retailing industry, issues relating to product responsibility generally lay on the supply side. Hence, there are no laws and regulations pertaining to health and safety, advertising and labelling relating to products and services that have a direct and significant impact on the Group. Yet, we have gone the extra mile to ensure the quality and safety standards of our suppliers throughout the whole supply chain, which will be further explained in the following section.

During the Reporting Period, the Group has not identified any breach of relevant laws and regulations pertaining to product responsibility among suppliers. Besides, no products sold or shipped were subject to recalls for safety and health reasons and no complaints relating to safety and health issues arising from products and services provided by the Group were received during the Reporting Period.

### *Supply Chain Management*

A thorough supply chain management is fundamental to secure product quality and business operation. For this reason, the Group is dedicated to selecting trustworthy and qualified suppliers to achieve sustainable business development. We spare no efforts in maintaining our reputation by keeping up with the highest standards in the industry to become a reliable and dependable fashion retailer.

In order to select suppliers who share the same values as the Group, a new supplier evaluation system has been implemented before establishing official collaboration relationship with potential suppliers. The performance regarding supply and production capability, product quality and delivery, intelligent property management, and service quality are scored during the evaluation and those with lower than 60 marks out of 100 marks will be rejected.

Apart from the production performances of the suppliers, the Group also values their social responsibility fulfilment. The environmental, workplace safety and social compliance statuses of the suppliers will also be taken into consideration during our due diligence process. The Group strictly avoids establishing partnership in any form with suppliers which will/have severe environmental pollution, produce products with potential serious health issues, or involve in employee deprivation practices such as hiring child or forced labour. In contrast, those fulfilling the Group's requirements and obtaining accreditations from international standards such as ISO9001, ISO14001, ISO18001, and so on are highly prioritised during our assessment process.

#### **ESG Criteria for Suppliers**

- No severe environmental pollution
- No serious potential health issues
- Respect and safeguard labour rights
- Compliance with international standards and requirements
- Protect intellectual property rights

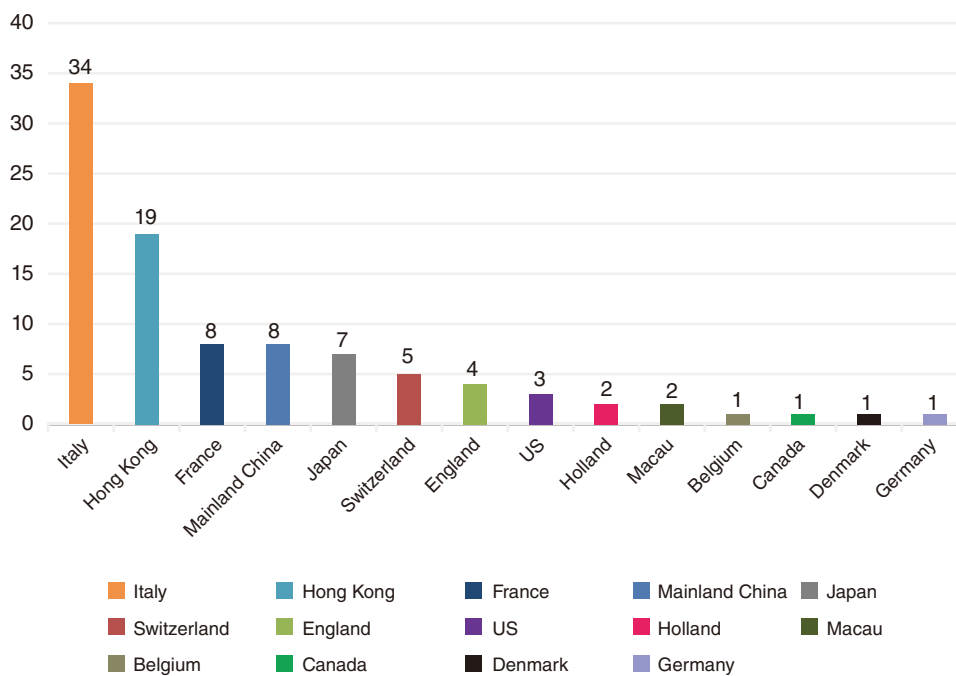
For our existing suppliers, annual performance review will be conducted to evaluate their product and service quality. In order to standardise the Group's supplier assessment system, the review make use of similar criteria as for the new supplier evaluation. The suppliers are expected to fulfil a certain level of production performance such as equipping with sufficient production facilities and technologies, delivering product on time, and proper handling of nonconforming products, while being able to possess a high level of environmental and safety awareness and management at the same time. We encourage our suppliers to establish internal safety system and emergency contingency plan as well as providing safety training to their employees. Their effort in organising training and adoption of related measures for protecting intellectual property rights throughout their operation is also highly valued. We require suppliers with unsatisfactory performance to rectify their defects within our suggested timeframe; otherwise, the Group will terminate our business contract.

**Forward Fashion (International) Holdings Company Limited**

As of 31 December 2020, the Group had a total of 96 suppliers globally, which includes those from Europe, the Americas and Asia, all of which are under the policies of supplier management mentioned above. Distribution of suppliers by geographical region is illustrated below:

**Number of Suppliers by Geographical Region**

Italy	34	United States	3
Hong Kong	19	Holland	2
France	8	Macau	2
Mainland China	8	Belgium	1
Japan	7	Canada	1
Switzerland	5	Denmark	1
England	4	Germany	1



## RESPONSIBLE EMPLOYMENT

Employees are essential to our long-term business development as their hard work and insights determine the success of the Group; thus, employment conditions and standards have always been on the top of our list. Deeply acknowledging the growing concern on labour standards and rights as demonstrated in the materiality assessment, the Group endeavours to promote its “WORLD First” corporate culture so as to operate a harmonious and diversity workplace.

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<b>W</b> isdom	<ul style="list-style-type: none"><li>• Motivate employees to use critical thinking and receive ideas and opinions from others during decision-making process</li></ul>
<b>O</b> wnership	<ul style="list-style-type: none"><li>• Promote a united spirit to create a sense of belonging for employees while motivating them to make valuable contributions at the same time</li></ul>
<b>R</b> eadiness	<ul style="list-style-type: none"><li>• Prepare employees to be mentally ready to accept new challenges in daily working duties</li></ul>
<b>L</b> earning	<ul style="list-style-type: none"><li>• Allow employees to enhance their competencies and gain personal growth through various training programmes</li></ul>
<b>D</b> irectness	<ul style="list-style-type: none"><li>• Encourage employees to embrace a candid attitude and dare to say "I don't know" when facing unfamiliar situations or issues</li></ul>

**First**

**Our “WORLD First” Corporate Culture**

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### *Employment Conditions*

With the full awareness on how employee remuneration and benefits could influence staff's productivity and engagement, the Group is dedicated to offering attractive and market-competitive remuneration packages in accordance with employees' experience, qualification and responsibilities. As mentioned in the "WORLD First" concept, the Group hopes to enhance employees' sense of ownership; thus, annual salary review and year-end bonus are in place to promote a virtuous competition among employees and award those with satisfactory contributions and conduct. By doing so, the Group hopes to show gratitude to employees who meet longevity milestones and encourage employees who did not perform satisfactory to raise their performance to meet the business goals.

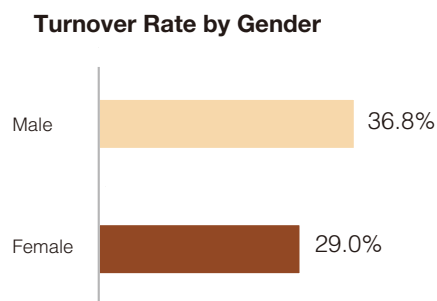
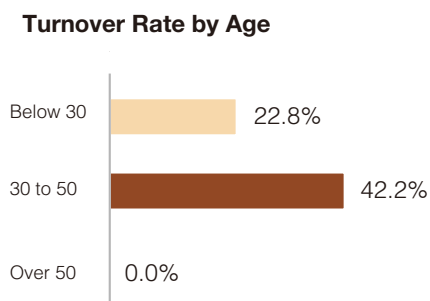
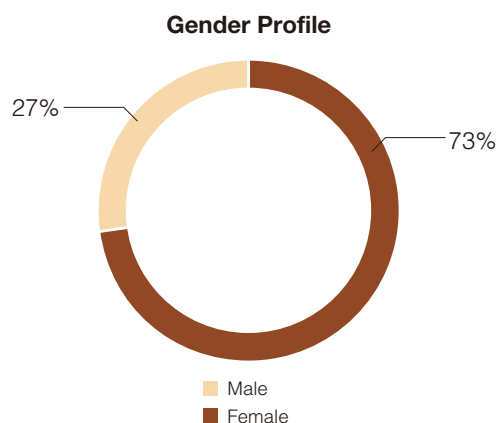
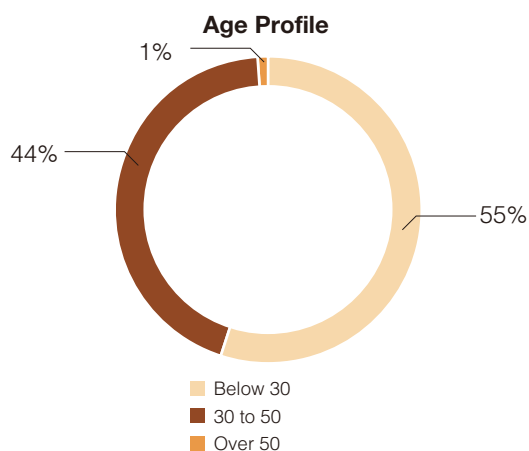
Apart from salary and bonus, all eligible staff are entitled to paid leaves (which include statutory public holidays, annual leave, sick leave, maternity leave, paternity leave, compassionate leave, marriage leave, compensation leave, and jury duty leave) and additional benefits (which include medical insurance, travel insurance, employees' compensation insurance, social security insurance, travel and meal allowances, clothing and staff discount benefits). In addition, the Group regularly reviews the remuneration packages by conducting benchmarking with regional and local employment practices, and in accordance with applicable regulations to safeguard employees' rights. For example, the Group has implemented fixed working hours and discourages unnecessary working overtime practice in view of the raising concern towards work-life balance culture in Macau.

The Group emphasises on employee retention as well as the career development of our employees. Hence, individual performance goals which are consistent with the Group's business development strategies are set out with the joint effort of the employees and their supervisors. To achieve these goals, employees are encouraged to adopt critical thinking for development and implementation of their performance plan. A bi-annual performance review is then conducted to constantly provide guidance on their working progress while assessing their work performance at the same time. Staff with excellent and outstanding performance will be considered for job promotion.



**Bi-annual performance review**

As of 31 December 2020, a total number of 424<sup>1</sup> employee was hired by the Group for the operation of a retail business in Macau. With retail fashion apparels being the Group's principal business activities, our workforce is dominated by the younger generation. 44.1% of the employees is between the age of 30 to 50 and 54.7% is below 30. The ratio of male and female employees is 27:73.



<sup>1</sup> Total number covers the Company, World First Holdings Limited, Macau Ieng Nam Limited and Ieng Leong Company Limited of the Group as of 31 December 2020.

### *Anti-Discrimination and Fair Workplace*

It is the Group's ultimate goal to foster a diverse, open, and equal working environment for its employees. Hence, any forms of discrimination or harassment based on age, gender, race, disability, marital status or other non-work related reasons is strictly prohibited. All candidates are hired, remunerated and evaluated solely based on their education qualifications, abilities, knowledge and experience. It is committed that all employees are provided with equal opportunities for career and personal development including training, promotion and internal transfer.

Mutual respect is crucial for establishing a harmonious working atmosphere as it helps reduce workplace conflict as well as improving communication between employees. As stipulated in our Employee Handbook, we encourage our employees to be polite with each other and remind them of avoiding the use of offensive language. Employees are welcome to reflect their opinions and feelings to their immediate supervisors, department heads of the Human Resources and Administration Manager in any event of experiencing unfair or offensive treatment. All grievances and complaints received will be thoroughly discussed and investigated before reporting to the senior management. We will then take disciplinary actions from warning to instant dismissal for those who misconducted.

As a social responsible corporate, the Group firmly upholds the principle of labour rights protection. A zero tolerance approach is adopted that any forms of child or forced labour is forbidden in the Group's business operation. It is necessary for job applicants to reach the statutory required age and show their valid identification and qualification documents at the recruitment stage for background check. Meanwhile, qualified candidates are required to enter into labour contracts one week prior to starting their work to ensure they are hired on a voluntary and fair basis.

During the Reporting Period, the Group had no material non-compliance of Labour Relations Law in Macau and the Employment Ordinance in Hong Kong relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare, and child and forced labour.

### *Healthy and Safe Workplace*

When it comes to workplace safety, the fashion apparel retail industry is comparatively low risk due to its business nature. However, the Group still strives to eliminate any possible safety issues for its employees. Workplace hygiene and tidiness is one of the Group's main concerns as chaotic and disorganised environment will potentially lead to tripping hazard. The Group therefore has incorporated store hygiene and product management into the Retail Store Inspection Checklist to properly manage the issue. It is also specified in our Employee Handbook that employees are responsible to maintain an organised workplace, otherwise disciplinary actions will be taken.

Considering the fact that our employees spend most of their days in an indoor environment, the Group decides to focus on enhancing indoor air quality to protect their health. Every year, thousands of fire incidents are caused by cigarettes and other smoking materials. Fully aware of the health and safety risks of smoking, a policy has been implemented to ban such behaviour within all of the Group's premises to avoid any chance of fire outbreak. In addition, eye-catching exit signs and evacuation plan have been displayed at prominent positions to provide the safest route for efficient evacuation during emergency situations. Firefighting equipment such as fire extinguishers have been provided in accordance with relevant laws and regulations, such as the General Regulations on Work Health and Safety for Commercial, Office and Labor Service in Macau and the Occupational Safety and Health Ordinance in Hong Kong.

During the early stage of COVID-19 pandemic, it was difficult to obtain personal protection equipment such as face masks due to the drastic increase in demand; thus, we provided face masks and sanitary gel to our employees. At the same time, policies regarding practice of home office and flexible working hours have been endorsed to safeguard employees' health.

The Group's effort on workplace safety has also been extended to its suppliers, who are required to carry out a series of safety management measures as mentioned in the section headed "Supply Chain Management" in this ESG Report. During the past two Reporting Periods (i.e. from 1 January 2019 to 31 December 2020), the Group had zero case of work-related fatality and lost days due to work injury. Also, the Group had no material non-compliance of laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards that had a significant impacts on the Group.

Cohesive and sincere labour and management relationship is the foundation for a successful business. Aiming at fostering a stress-free and trustful working atmosphere, the Group organised various festive gatherings and employee dinner for general and management staff to communicate and develop bonding while practicing the spirit of work-life balance.



Festive gatherings



Employee dinner



### *Development and Training*

Enhancing employees' professional competency is beneficial not only to their career development, but also the Group's competitiveness which highly relates to its sustainable business growth. Under the Group's proactive learning culture, employees are encouraged to obtain useful skills and updated knowledge from internal and external training.

Induction training is provided for all new comers to get them prepared for performing best at work. Information about workplace culture, in-house rules, labour rights and benefits is stipulated in the Employee Handbook for introduction during the training. To further sharpen their skills, an Employee Coaching and Mentoring Scheme is in place. The managers will take up the responsibility to guide the new employee through the working procedures as well as evaluating their training outcomes.

With regard to the ever-changing industry standard and statutory requirements attributed to the dynamic market, the Group organises formal training sessions to deliver information on the latest trend and practices in the fashion apparel retail industry to facilitate employees' readiness for their daily works. We also offer subsidies to our employees to participate in industry conferences and seminars so as to exchange insights with the industry professionals. For the same reason, the Group motivates employees to join job-related professional bodies and chartered institutes by providing financial sponsorship.

#### **Formal training sessions**

- Induction training
- Job-related skills
- Corporate system & in-house rules update
- Corporate governance training

#### **On-the-job training**

- Employee coaching & mentoring scheme

#### **External training**

- Industry conferences or seminars
- Learning materials & journals from professional bodies & chartered institutes

During the Reporting Period, the Group invited internal trainers and external experts to organise training sessions covering a wide range of topics from product knowledge, retail platform operation and management, the latest regulatory requirements, carbon auditing, and corporate governance and compliance in accordance with the job nature of the employees. In FY2020, a total number of 134 staff members received training with an average training hour of 12.24 per employee. The staff training profile is divided by gender and employee category as of 31 December 2020 and is illustrated in the table below:

<b>Training Profile</b>	<b>FY2020</b>	<b>FY2019</b>
Annual average hours of training per employee and percentage (%) of employees who received training <sup>2</sup>	12.24 (31.6%)	9.39 (12.2%)
By gender		
Male	11.53 (26.3%)	8.85 (11.0%)
Female	12.51 (33.6%)	9.64 (12.8%)
By employee category		
Management	14.05 (40.6%)	11.81 (14.4%)
General staff	12.10 (30.9%)	9.37 (11.9%)

## **OPERATIONAL SUSTAINABILITY**

### *Business Integrity*

Reputation of a corporation builds on its business ethics which determines its business development; thus, the Group has embedded integrity as one of its core values by firmly upholding the applicable laws and regulations. A zero-tolerance approach has been adopted against acts of corruption, bribery, extortion and fraud.

During the Reporting Period, there is no breach of the relevant laws and regulations relating to bribery, extortion, fraud and money laundering, including Anti-Money Laundering and Combating the Financing of Terrorism Notice of Macau and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance in Hong Kong. Besides, the Group and our employees have not been involved in any legal cases related to corruption in Macau and Hong Kong.

### Anti-corruption

As stipulated in the Employee Handbook and the employee contract, employees are strictly prohibited from offering or accepting any forms of advantages such as gifts, entertainment, rewards and commission under any circumstances. Other infringement of the Group's policy is subject to summary dismissal or other disciplinary actions such as warning and suspension. Other behaviours relating to abuse of power for personal gain and with potential consequence in damaging the Group's reputation and benefits are also forbidden.

<sup>2</sup> Percentage of employees who received training is calculated by dividing the number of trained employees of each category by total employees of that category.

### Conflict of Interests

Employees are not allowed to maintain or involve in a relationship directly or indirectly with another business concern or organisation when such relationship may affect their accountability to carry out their duties and affect the Group's best interests. In the event of encountering relationship with possible conflict of interest, employees are required to contact his/her shop manager or the Human Resources and Administration Department to declare their interest, otherwise disciplinary action will be taken.





### Whistle-blowing System

To maintain business ethics at the highest level, an internal whistle-blowing system is in place to provide channels, such as mail box and email for internal stakeholders to report suspected misconducts in the form of verbal communication, writing or anonymity. To protect the complainant from retaliation, all case-related information is kept confidential. All suspected cases on bribery, extortion, fraud, money-laundering, conflict of interest, competitive behaviour will be investigated promptly and reported to the relevant authorities (e.g. The Commission Against Corruption in Macau and the Independent Commission Against Corruption (ICAC) in Hong Kong) for further handling under any necessary circumstances. Disciplinary actions including summary dismissal will be taken for confirmed offenses.

### *Environmental Protection*

Acknowledging the significant and irreplaceable role of the environment, the Group has incorporated environmental principles into our business operation and supply chain management. Due to the fact that the Group's environmental impacts are mainly generated from suppliers and their goods and services, a set of environmental criteria on supplier selection has been implemented as mentioned in the section headed "Supply Chain Management" in this ESG Report.

To promote environmental and resource saving practices, the Group engaged employees in a green journey by introducing the following measures to the workplace. Through proper control on the consumption of electricity and water, the Group's greenhouse gas ("GHG") emission and environmental footprint have been reduced.

 <b>Electricity</b>	<ul style="list-style-type: none"><li>- Procure energy-saving equipment</li><li>- Switch off all electrical appliances when not in use</li><li>- Set automatic energy-saving mode on applicable electronics</li></ul>
 <b>Water</b>	<ul style="list-style-type: none"><li>- Report timely when there's irregularities of water facilities</li><li>- Remind employees to turn off water facilities after use</li><li>- Install water flow restrictors</li></ul>
 <b>Paper</b>	<ul style="list-style-type: none"><li>- Encourage use of recycled paper &amp; double sided printing practice</li><li>- Optimise information circulation by using e-platform</li></ul>
 <b>Office Supplies</b>	<ul style="list-style-type: none"><li>- Procure supplies that are refillable, reusable &amp; recyclable</li><li>- Proper storage management to keep resources in good condition</li><li>- Incorporate indoor plants in office design</li></ul>

The Group's environmental performance, including energy and water consumption and GHG emission during the Reporting Period are summarised in the table below. For data of non-hazardous waste, it is unavailable as the process of waste disposal is operated by the building management and no record can be obtained by individual occupants. In FY2020, some of the retail stores were temporary closed due to the COVID-19 pandemic; therefore, the electricity consumption is 15% less than that of the period from 1 January 2019 to 31 December 2019 ("FY2019"), leading to the 24% reduction in Scope 2 GHG emission.

**Forward Fashion (International) Holdings Company Limited**

<b>Environmental Performance</b>	<b>Unit</b>	<b>FY2020</b>	<b>FY2019</b>
<b>GHG Emission<sup>3</sup></b>			
Scope 1 <sup>4</sup>	Tonne of carbon	4.48	–
Scope 2 <sup>5</sup>	dioxide equivalent	1,471.98	1,938.55
Scope 3 <sup>6</sup>	("tCO <sub>2</sub> e")	43.99	–
Intensity	tCO <sub>2</sub> e per Full-time employee ("FTE")	3.59	4.69
<b>Resource Consumption</b>			
Electricity <sup>7</sup>	MWh	1,860.91	2,195.41
	GJ <sup>8</sup>	6,699.26	7,903.48
Intensity	MWh per FTE	4.39	5.32
Mobile Fuel <sup>9</sup>	L	1,670.00	–
Unleaded petrol	L	960.00	–
Diesel	L	710.00	–
Intensity	L per FTE	3.94	–
Paper <sup>10</sup>	Tonne	0.66	–
Water <sup>11</sup>	m <sup>3</sup>	–	23.00
Intensity	m <sup>3</sup> per FTE	–	0.06

During the Reporting Period, the Group had no material non-compliance of laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous waste and use of resources in Macau and Hong Kong that had a significant impact on the Group during the Reporting Period.

<sup>3</sup> For FY2019, information about direct and indirect GHG emission (Scope 1 and 3) is not available due to technical issue.

<sup>4</sup> Scope 1 represents direct GHG emissions generated by the use of fuels for mobile sources. In FY2020, the fuel consumption is attributed to the vehicles of Macau subsidiaries and is calculation based on the Methodology of GHG Emissions Calculation from Combustion issued by the IPCC.

<sup>5</sup> Scope 2 represents energy indirect GHG emissions generated by the use of purchased electricity from local power companies. Due to the insignificant electricity usage in the HK offices, only data of subsidiaries in Macau is disclosed. The calculation is based on the published emission factors of the 2019 Sustainability Report of CEM (Companhia de Electricidade de Macau), a public utility company in Macau.

<sup>6</sup> Scope 3 covers energy indirect GHG emissions generated by paper disposal (HK offices) and business trips. The calculation is based on the 2010 Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) of Environmental Protection Department in HK and the GHG Conversion Factors for Company Reporting from the UK government.

<sup>7</sup> Due to the insignificant electricity usage in the HK offices, it only covers the electricity consumption of the office and most of the retail stores of the Macau subsidiaries, as electricity consumption of some of the retail stores is controlled by the casino management and no sub-metering for individual occupants.

<sup>8</sup> The conversion factors from volumetric units of unleaded petrol and diesel oil consumption to energy units are in reference to CDP Technical note: Conversion of fuel data to MWh.

<sup>9</sup> The data of mobile fuel consumption in FY2019 is unavailable due to technical issue.

<sup>10</sup> The data of paper consumption in FY2019 is unavailable due to technical issue.

<sup>11</sup> In FY2020, the supply and discharge of water are controlled by the building management and no sub-metering is installed for individual occupants. Therefore, the data is unavailable. There was no issue in sourcing water during the Reporting Period.

## COMMUNITY ENGAGEMENT

As a social responsible enterprise, the Group cares for the community where it operates. We understand that large corporations can exert much influence during the COVID-19 pandemic. Therefore, we partnered with Under Armour, one of our collaborated brands, to organise a Hand Sanitiser Giveaways in March 2020 when anti-epidemic products were in short supply in the community. Through this event, we expressed our concern about public health by delivering personal health information and hand sanitiser to the public to remind them the importance of maintaining personal hygiene.



Meanwhile, we are thrilled to be recognised by the Community Chest for our contribution and donation. In the coming years, the Group will continue to bring positive and practical contributions to the community in which it operates.



**HKEx ESG REPORTING GUIDE INDEX**

<b>HKEx ESG Reporting Guide General Disclosures &amp; KPIs</b>		<b>Explanation/Reference Section</b>
<b>Aspect A Environmental</b>		
A1 Emission	Information on: – the policies; and – compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes.	Operational Sustainability – Environmental Protection
KPI A1.1	The types of emissions and respective emissions data.	The Group's operation does not have significant emission due to its business nature
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Operational Sustainability – Environmental Protection
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	The Group's operation does not involve disposal of hazardous waste due to its business nature
KPI A1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	Information not available since disposal of waste is controlled by the building management
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Operational Sustainability – Environmental Protection
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Operational Sustainability – Environmental Protection
<b>A2 Use of Resource</b>	Policies on efficient use of resources including energy, water and other raw materials.	Operational Sustainability – Environmental Protection
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Operational Sustainability – Environmental Protection
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Operational Sustainability – Environmental Protection
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Operational Sustainability – Environmental Protection
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Operational Sustainability – Environmental Protection
KPI A2.5	Total packaging material used for finished products (in tonnes), and, if applicable, with reference to per unit produced.	The Group's operation does not directly involve the use of packaging materials

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
<b>A3 The Environment and Natural Resources</b>	Policies on minimising the issuer's significant impact on the environment and natural resources.	Operational Sustainability – Environmental Protection
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Operational Sustainability – Environmental Protection
<b>Aspect B Social</b>		
<b>B1 Employment</b>	Information on: <ul style="list-style-type: none"> <li>– the policies; and</li> <li>– compliance with relevant laws and regulations that have a significant impact on the issuer</li> </ul> relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Responsible Employment – Employment Conditions
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Responsible Employment – Employment Conditions
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Responsible Employment – Employment Conditions
<b>B2 Health and Safety</b>	Information on: <ul style="list-style-type: none"> <li>– the policies; and</li> <li>– compliance with relevant laws and regulations that have a significant impacts on the issuer</li> </ul> relating to providing a safe working environment and protecting employees from occupational hazards.	Responsible Employment – Healthy and Safe Workplace
KPI B2.1	Number and rate of work-related fatalities.	Responsible Employment – Healthy and Safe Workplace
KPI B2.2	Lost days due to work injury.	Responsible Employment – Healthy and Safe Workplace
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Responsible Employment – Healthy and Safe Workplace



**Forward Fashion (International) Holdings Company Limited**

<b>HKEx ESG Reporting Guide General Disclosures &amp; KPIs</b>		<b>Explanation/Reference Section</b>
<b>B3 Development and Training</b>	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Responsible Employment – Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Responsible Employment – Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Responsible Employment – Development and Training
<b>B4 Labour Standard</b>	Information on: <ul style="list-style-type: none"> <li>– the policies; and</li> <li>– compliance with relevant laws and regulations that have a significant impact on the issuer</li> </ul> relating to preventing child and forced labour.	Responsible Employment – Anti-Discrimination and Fair Workplace
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Responsible Employment – Anti-Discrimination and Fair Workplace
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Responsible Employment – Anti-Discrimination and Fair Workplace
<b>B5 Supply Chain Management</b>	Policies on managing environmental and social risks of supply chain.	Customer Satisfaction – Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Customer Satisfaction – Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Customer Satisfaction – Supply Chain Management
<b>B6 Product Responsibility</b>	Information on: <ul style="list-style-type: none"> <li>– the policies; and</li> <li>– compliance with relevant laws and regulations that have a significant impact on the issuer</li> </ul> relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Customer Satisfaction – Services/Product Excellence
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Customer Satisfaction – Services/Product Excellence
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Customer Satisfaction – Services/Product Excellence

<b>HKEx ESG Reporting Guide General Disclosures &amp; KPIs</b>		<b>Explanation/Reference Section</b>
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Customer Satisfaction – Services/ Product Excellence
KPI B6.4	Description of quality assurance process and recall procedures.	Customer Satisfaction – Services/ Product Excellence
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Customer Satisfaction – Services/ Product Excellence
<b>B7 Anti-corruption</b>	Information on: <ul style="list-style-type: none"> <li>– the policies; and</li> <li>– compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.</li> </ul>	Operational Sustainability – Business Integrity
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Operational Sustainability – Business Integrity
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Operational Sustainability – Business Integrity
<b>B8 Community Investment</b>	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Engagement
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Engagement
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Engagement