



High Fashion International Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 608)




2020
Environmental,
Social and
Governance Report




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ABOUT HIGH FASHION

High Fashion International Limited (“High Fashion” or the “Company” or “We” or “Our”) and its subsidiaries (collectively, the “Group”) are pleased to present this Environmental, Social, and Governance (“ESG”) Report 2020 (the “Report”) which covers our sustainability vision, initiatives, achievements and approach to managing ESG-related impacts across our branding, administrative and manufacturing operations.

WHO WE ARE AND WHAT WE BELIEVE

Founded in 1978, High Fashion International Group is supported by three core pillars, namely advanced manufacturing, brand retailing and industrial platforms. We endeavour to shape High Fashion as a modern and innovative silk fashion enterprise focusing and promoting the green and sustainable production integrating research and development (“R&D”) on recycled and cellulosic fibres and silk. Although High Fashion is headquartered in Hong Kong, we have been expanding our businesses to overseas markets such as Southeast Asia, the United States and the United Kingdom. We have also established manufacturing plants in China including Hangzhou, Dongguan Xinchang and the Southeast Asian region including Cambodia in accordance with the industry characteristics in the locations.

As a company with a long history in the fashion and textile industry, we have been continuously upholding our core values: “Put the Needs of Others before Your Own”, “Quality is Our Priority”, and “Consciousness of an Entrepreneurship”. We believe this philosophy provides the foundation necessary for our business to achieve sustainable growth as we continuously strive to evolve as a sustainability conscious organisation.



OUR SUSTAINABILITY GOALS

Being a leader in the textile industry, we view energy-saving and environmental protection initiatives as indispensable as we face the impacts of global climate change. Echoing China's target to attain carbon neutrality by 2060, we play our part in contributing to sustainability and mitigating climate change through deploying principles of resource conservation, resource utilization improvement and energy consumption reduction, whilst vigorously cultivating a sustainability-conscious culture. Built green infrastructure including wastewater treatment systems and solar power systems are installed to minimise environmental impacts induced during our manufacturing processes.

Regarding China's policy orientation to modernise and upgrade manufacturing, High Fashion has been investigating new technologies and innovations to develop a modern silk industry. During this transformation, time and resources were invested to develop sustainable business practices which demonstrate our commitment to reduce carbon emissions and fulfil corporate social responsibility ("CSR").

With our concerted efforts, we have achieved great success in our last four-year sustainability goals. Moving one step forward, we are in the process of developing another long-term roadmap to responsibly manage our impacts and deliver positive value to our stakeholders.





About High Fashion

2020-2024 5-YEAR SUSTAINABILITY GOALS



	Better Products	Lower Impact	More Admirable Workplace	Our Community
Description	<p>We aim to apply more sustainable and recyclable materials in new products for performance enhancement.</p>	<p>We aim to reduce natural resource consumption and emissions of pollutants and waste arising from our operations.</p> <ul style="list-style-type: none"> • Reduce carbon footprint by 15%* • Reduce water intensity by 15%* • Achieve water reuse efficiency rate by 35%* • Reduce total waste generation by 30%* 	<p>We aim to create a safe and supportive workplace which promotes personal development and protects the well-being of our staff.</p> <ul style="list-style-type: none"> • Maintain record of zero work-related fatalities • Deliver at least 4 training hours/employee annually 	<p>We aim to contribute positively to the communities in which we operate.</p> <ul style="list-style-type: none"> • Contribute at least 500 volunteering hours/year • Provide educational support through student aid and school-enterprise collaboration

* Base year of carbon, water and waste targets: 2019





AWARDS AND ACHIEVEMENTS

In 2020, High Fashion was awarded labels and certificates which recognise our efforts in advocating sustainability, production safety, occupational safety and training and social contributions. For more information on our efforts in these aspects, please refer to the sections of “Lower Impact”, “More Admirable Workplace” and “Our Community”.

Awards/Certifications	
International Level	Bluesign Recognition
	Global Recycle Standard (“GRS”) Certification
	Global Security Verification
	Gold Label of Low Carbon Manufacturing Programme (“LCMP”) Certification
	MADE IN GREEN by OEKO-TEX®
	STANDARD 100 by OEKO-TEX®
	Social and Labor Convergence Program (“SLCP”) Signatory
	The Higg Index – verified Facility Environmental Module (“vFEM”)
	Worldwide Responsible Accredited Production (“WRAP”) Certification



About High Fashion

Awards/Certifications

National Level

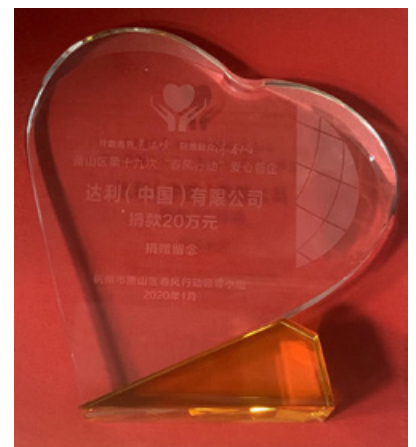
Fabrics China – Finalist Certificate for Enterprise* (中國流行面料入圍企業證書)
ISO 9001 Quality Management System Certification
ISO 14001 Environmental Management System Certification
ISO 45001 Occupational Health and Safety Certification
ISO 50001 Energy Management Certification
National Vocational Teacher Practice Base* (全國職業教育教師實踐基地)
Occupational Health and Safety Management System Certificate* (職業健康安全管理體系認證證書)
Safety Production Standardisation Level-3 Enterprise* (安全生產標準化三級企業證書)
The Second National Silk Industry Standardisation Work – Advanced Unit* (第二屆全國絲綢標準化工作先進單位)





Awards/Certifications

Provincial Level	2020 Provincial Mulberry Silk Industry Advanced Enterprise Certificate* (2020年度全省蠶絲綢行業先進集體證書)
	Advanced Enterprise in the Silk Industry in Fighting COVID-19* (絲綢行業抗擊新冠疫情先進單位)
Municipal Level	Hangzhou – “Fighting COVID-19, Promoting Development, Stabilizing Employment, Discharging Social Responsibilities” Excellent Enterprise* (杭州市戰疫情促發展穩就業履行社會責任優秀企業)
District Level	Advanced Enterprise in Production Safety in 2020* (2020年度安全生產先進單位)
	Harmonious Labour Relations Enterprise Certification* (和諧勞動關係企業認證證書)
	Pilot Unit for Skill Level Certification in Xiaoshan District, Hangzhou* (杭州市蕭山區技能等級認定試點單位)
	Spring Action 20th Anniversary Compassion Award Excellent Enterprise* (春風行動20周年愛心獎優秀單位)



* For identification purpose only





OUR HIGHLIGHTS

Our Four-in-one Creation Centre

- R&D Centre
- Design Centre
- Technology Centre
- Testing Centre

Attainment of Internationally Recognised Labels/Awards/Certifications

- GRS Certification
- Gold Label of LCMP Certification
- MADE IN GREEN by OEKO-TEX®
- STANDARD 100 by OEKO-TEX®
- WRAP Certification

Solar Coverage

>40,000m²

Percentage of Carbon Reduction

29%

21,298

Employee Training Hours

66%

Percentage of Female Employees

Community Donations

>HK\$3,000,000

>98%

Employment Rate of Graduates





ABOUT THIS REPORT

REPORTING STANDARD AND SCOPE

This annual ESG Report has been prepared in accordance with the requirements of the ESG Reporting Guide (the “ESG Guide”) listed in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKEx”). Contained within is an overview of the Company’s ESG management approach as well as sustainability strategies and performance for the period from 1 January 2020 to 31 December 2020 (the “Reporting Period”). The scope of this ESG Report is comprised of our manufacturing and branding business which have the most significant impact on the Company’s environmental and social performance. The Report has been reviewed and approved by the Board of Directors of the Company. Any enquiries regarding this Report may be directed to the following email address: esg@highfashion.com.hk.

To better navigate and reveal and disclose relevant ESG topics, disclosures and key performance indicators (“KPIs”), an ESG Guide content index is attached on pages 41 to 45 of this ESG Report.

STAKEHOLDER ENGAGEMENT

An independent consultant was appointed to complete a comprehensive stakeholder engagement exercise to better understand stakeholders’ views on the Group’s ESG-related issues, initiatives, performance and management approaches. Internal stakeholders of the Group were invited to respond to an online survey. The collected feedback helps us identify High Fashion’s material ESG topics, determine ESG risks and opportunities and define our future sustainability direction. Assessing stakeholder expectations towards the Group’s ESG performance is valuable for the long-term development of our sustainability journey.





About This Report

MATERIALITY ANALYSIS

To determine the most relevant and vital aspects to the Group, a three-step materiality assessment was conducted to determine the aspects material for disclosure in this ESG Report.

The stakeholder engagement and materiality assessment were structured as follows:

Step 1

Identification

- Conducted industry peer benchmarking to identify industry trends and practices.
- Invited High Fashion's key stakeholders to rate the importance of ESG topics in relation to our business operations.

Step 2

Prioritisation

- Consolidated, analysed and assessed results from Step 1 to identify a prioritised list of ESG issues of varying materiality levels.
- A materiality level was assigned to each issue based on the importance to High Fashion and internal stakeholders.

Step 3

Validation

- The prioritised list of material issues was presented to High Fashion's Management for discussion and validation.





The following topics are identified as “high” and “medium” materiality to our business and sustainability and will be addressed in detail throughout the Report:

- Carbon Emissions
- Energy Usage
- Working Conditions
- Community Investment
- Supply Chain Management





BETTER PRODUCTS

The Group has long been working in application of green production processes through sustainable use of silk and recycled fibres. High Fashion promotes the adoption of the latest technologies through our extensive R&D efforts as we demonstrate our dedication to incorporating innovation into modern production processes.

In light of our recent industry trends and customer demand in the use of sustainable materials and product traceability and transparency, we believe the establishment of vertically integrated supply chain is vital in maintaining product quality, brand reputation and integrity. This structure allows us to provide comprehensive end-to-end solutions for our clients while exerting full control over the materials and employment conditions in our production chain.

Our four-in-one creation centres combine R&D, Design, Technology and Testing in a single complete silk supply chain ecosystem with well-coordinated manufacturing capacities and manufacturing resources. We aspire to uphold the philosophy of innovation-driven and quality first, and create better products for our customers.

R&D CENTRE



High Fashion consistently emphasises innovation development and established our R&D Centre in 2006. We cooperated with Zhejiang Sci-tech University on research for silk technology, testing, management and analysis. More than 20 specialists in dyeing and finishing engineering, textile engineering and fabric design are housed at the R&D centre. Since then, more than 60 R&D projects, including autonomous R&D, industry-university-research cooperation and digestion and absorption of imported technology, have been implemented in a variety of ways.



To date, our R&D Centres in Hangzhou and Xinchang have totally obtained 35 invention patents, 75 utility model patents, 15 design patents and 2 software copyrights. We have also participated in the formulation of industry and national standards.





Biodegradable Materials

Currently we are producing with degradable and renewable fibres such as sustainable viscose, organic cotton and recycled fibres. Moving forward, we intend to partner with education institutions to innovate new bio-based degradable materials from different plant waste, including coconut shells and pineapple skins.

Plant-Dyed Technology

The use of natural dyes – those derive from plant sources such as roots, berries and leaves – has long been considered more eco-friendly compared to chemical ones. As such, High Fashion continues to strengthen our R&D efforts with an aim to better integrate plant dyeing into modern production processes.

DESIGN CENTRE

High Fashion is committed to fashionable, high-end, and original product design. This is best exemplified by our Design Centre which enables collaboration between professional designers and foreign design studios. To fulfil customer needs, we utilise intelligent technical support and combine recent fashion trends and design blueprints to deliver precise and efficient services through 3D design and cut-to-fit tailoring technology. Regarding environmental protection, we have also developed sustainable fibre products to reduce the impacts on the environment.

TECHNOLOGY CENTRE

Since its establishment in February 2009, the Technology Centre of High Fashion Group has played a central role offering the ideal environment for research, development and testing.





Better Products

TESTING CENTRE



The Group's Textile Testing Centre was the first textile testing laboratory in Hangzhou to receive accreditation by the China National Accreditation Service ("CNAS") for Conformity Assessment. We use advanced and precise equipment to provide scientific and accurate testing services for domestic and foreign customers.

Our testing services cover textile performance, textile appearance and durability, and eco-textile and safety performance. They are conducted based on various international standards like ISO (International Organization for Standardisation), EN (European Standards Association), ASTM (American Society for Testing and Materials). The comprehensiveness of our Testing Centre has positioned us as a trustworthy partner in the industry.



Our High Fashion Silk (Zhejiang) Co., Ltd. serves as our manufacturing arm to advance sericulture. Owned and operated a silkworm breeding base with farmers and a 160,000-square-metre textile production base in Zhejiang, this subsidiary works with different education institutes to innovate sustainable silk products. For instance, through mixing silk fibres with resin, we successfully produce silk-based leather.



Silk and Mulberry Field in Xinchang



(Acceptable Quality Level = 2.5)

As part of our quality assurance procedures, we conduct inspections throughout the production process from raw materials to semi-finished and finished products. We align with customer designated Acceptable Quality Level (“AQL”) standards and have standardised control procedures to recall any products that do not meet our high quality expectations. Substandard products will be returned to the factories with full evaluation and follow-up actions implemented as appropriate. We also utilise advanced textile production equipment throughout our manufacturing process and operate in compliance with the international quality management system standard ISO 9001.



LOWER IMPACT

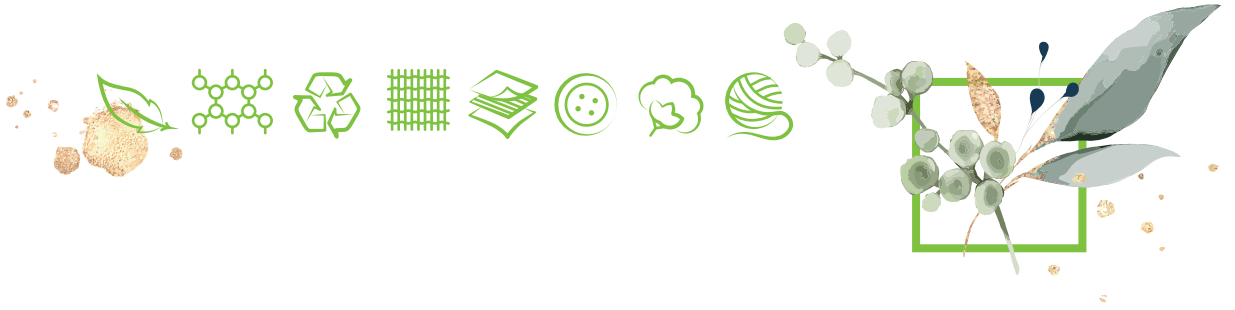
ENERGY AND CLIMATE CHANGE

High Fashion is proactively improving environmental performance within our business. In line with our development strategy, we strive to sharpen our greenhouse gas management strategies and demonstrate corporate social responsibility.

To control greenhouse gas emissions, we are dedicated to stringent monitoring and formulation of emissions control objectives and management plans. The establishment of the Group's sustainable management team oversees our energy consumption to reduce our emissions. We aim to reduce our carbon emissions each year and deploy energy-efficient equipment to help achieve our targets. In 2020, the Group received the Gold Label of Low Carbon Manufacturing Programme Certification from World Wildlife Fund.

In response to low-carbon development trends, the Group has implemented initiatives to advocate for more sustainable travel and conservation of natural resources in daily life by training our staff to cultivate a green workplace.

In 2020, there were no non-compliance cases with laws and regulations related to greenhouse gas emissions, discharges into water and land, and disposal of hazardous and non-hazardous waste.



Our Sustainable Modern Factories

Along our way to modernise our factories, we explore different opportunities to make renewable energy more viable in our operations. Aside from purchasing new energy vehicles as company fleets, we have invested heavily in solar power to meet our energy needs.

- *Photovoltaic Power Generation System*



High Fashion has installed more than 3,600 crystal silicon solar panels since 2016 on five buildings. In 2020, we undertook an extension project to further enhance our solar coverage. Spanning a total area of approximately 40,000 m², this solar system can generate 2,700,000 kWh of clean energy per year, which is estimated to avoid 2,228 tonnes of carbon dioxide emissions and 891 tonnes of coal consumption. It provides not only great support to the electricity use of our factories but also extra electricity to the State Grid.

- *Solar Water Heaters*

Solar water heaters provide hot water for our employee dormitory. The solar water heater features automatic static operation which serves energy saving and environmental protection purposes. These water heaters also fill an essential role in heat insulation to further reduce power consumption for indoor cooling. The system effectively reduces power consumption by 5% per annum.

- *Air-to-water Heat Pumps*

Our automatic air-to-water heat pumps extract heat energy from ambient air to provide hot water for our employee dormitory. These can supplement the solar water heaters especially during the wintertime and are more energy efficient compared to oil-fired boilers, gas-fired boilers and other electric water heaters.



Lower Impact

We adopt advanced lighting control systems which controls precise illumination zones, reducing unnecessary energy consumption. We also encourage the practice of turning off all lights when they are not in use or if no production work is taking place. Additionally, to further reduce energy consumption, we have replaced our factory lights with more efficient LED lights such as T5 high-efficiency tube lighting systems. Our efforts in carbon reduction and renewable energy usage enable us to lower the overall carbon intensity and emissions by 9 and 29% respectively as compared to 2019 levels.

Year	Scope 1				Scope 2			Scope 3	
	Boiler (Stationary Fuel)	Mobile Fuel (Vehicles)	Purchased Town gas	Refrigerants	Electricity	Steam	Water	Industrial Wastewater	Domestic Wastewater
2016	957	1,233	2,642	318	14,358	62,557	186	346	0
2017	1,067	1,250	2,827	434	16,114	60,301	161	264	2
2018	886	834	3,470	1,349	17,716	67,406	223	439	2
2019	849	504	4,016	685	17,366	66,656	251	482	1
2020	506	282	3,003	259	12,415	47,203	161	320	0

Table 1: Breakdown of Carbon Emissions (in tonnes of CO₂e)

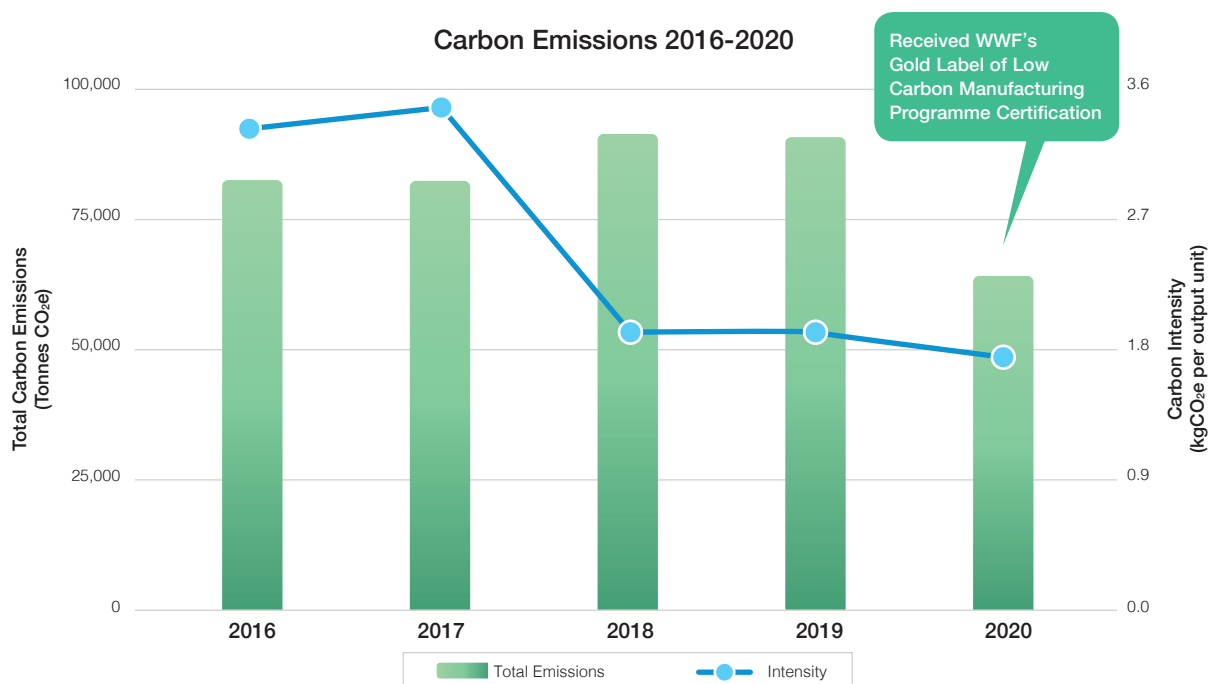


Figure 1: Carbon Emissions in Total and Intensity



Compared to 2019, the use of clean energy is greatly advocated to reduce the energy generated from diesel and town gas, reaching the reduction rate in energy consumption of approximately 47.7% and 25.2% respectively.

Year	Type	Total	Intensity
2020	Purchased electricity	15,596 MWh	0.42 kWh/output unit
	Diesel	33,978 Litres	0.013 Litre/output unit
	Petrol	69,200 Litres	0.004 Litre/output unit
	Natural gas	192,952 GJ	0.15 GJ/output unit
	Town gas	1,176,100 Unit	0.079 Unit/output unit

Table 2: Breakdown of Energy Consumption

During the reporting period, our production-related activities emitted around 624.0 kg of nitrogen oxides (“NOx”), 2.7 kg of sulphur dioxide (“SOx”), and 37.3 kg of particulate matter (“PM”).

To further reduce the air pollutants emitted from our productions, additional facilities are installed to address exhaust generated from production equipment including singeing machine, printing machine, steaming machine to reduce the emissions of PM, volatile organic compounds and ozone.



Lower Impact

WATER USE AND WASTEWATER DISCHARGE

As a responsible company, we endeavour to conserve water by promoting the careful use of water resources to reduce wastage and avoid water pollution. We conduct real-time monitoring and maintenance of our pipes and valves to reduce water leakage.

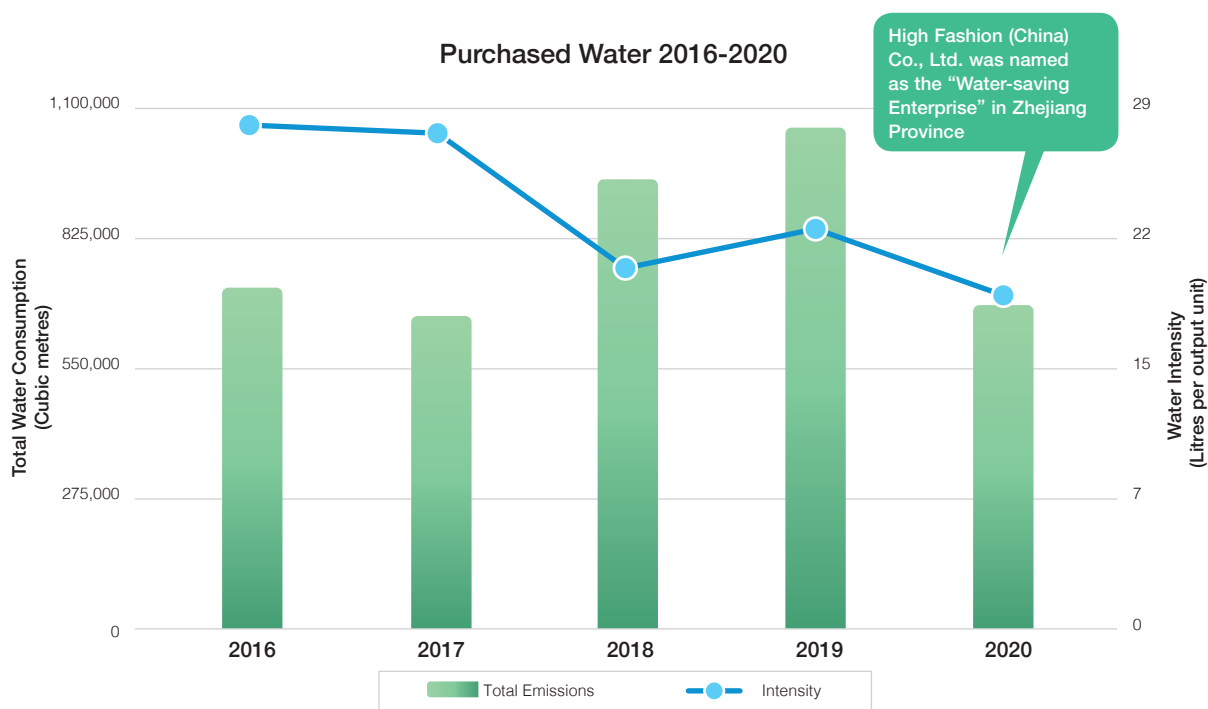


Figure 2: Purchased Water in Total and Intensity



To improve our sewage treatment capabilities, High Fashion has renovated wastewater treatment facilities for printing and dyeing, increasing our treatment capacity to 4,000 tonnes per day. Furthermore, the Group adopted cutting-edge ultrafiltration and reverse osmosis membrane (“RO”) treatment technology to reuse biochemical wastewater in the production chain, achieving reuse efficiency rates of 50% and saving 250,000 tonnes of water per year.

Sericin Recovery from Silk Degumming

During the silk degumming processes, sericin discharge in wastewater has long been a challenge for the industry. To better retain this valuable protein resource, High Fashion Silk (Zhejiang) Co., Ltd. has partnered with the Zhejiang Sci-Tech University to conduct research on sericin recovery, with great progress made in 2021. Upon industrialisation, we can extract a great deal of sericin powder for cosmetics, pharmaceutical and biomedical use.

Airflow Dyeing Machines

To date, we installed eleven airflow dyeing machines to reduce water consumption. The application of airflow dyeing technologies in place of traditional dyeing machines reduced water by 37,000 tonnes and steam consumption by 4,100 tonnes annually.



Energy-saving and environmentally-friendly dyeing machine replaces traditional dyeing machine to reduce water consumption



Sewage treatment system effectively reduces wastewater and increases the use of recycling wastewater

Separate Stormwater and Sewerage System

To better control our wastewater discharge, we are working to separate pipes conveying rainwater and sewage in our Dongguan operation. Upon completion, this system can effectively control the potential sewage overflow while enabling surface runoff to be collected and treated separately for reuse.





Lower Impact



Reclaimed water reuse project uses double membrane treatment process to deeply treat the biochemical sewage which is directly reused in the production workshop

Our water conservation efforts enables one of our subsidiaries – High Fashion (China) Co., Ltd. to award the “Water-saving Enterprise” in Zhejiang Province (浙江省節水型企業).



Figure 3: Total Wastewater Discharge



WASTE AND RESOURCE MANAGEMENT

The Group is determined to identify, explore, and adopt new strategies to reduce waste generation and improve resource management. To achieve our objectives, we have established a Waste Management System to sort and manage waste disposal. The recyclable rate of silk scraps and silk waste generated from production reached nearly 100%. We also appoint licensed operators to transport and handle hazardous waste in strict accordance with the local laws and regulations.

To provide precise and accurate measurements during production, we deploy 3D cut-to-fit tailoring technology which also helps reduce excess material consumption and minimise mistakes. We also utilise an Advanced Planning and Scheduling (“APS”) System to optimise our production efficiency and reduce waste generation. The APS System plans and schedules our production based on material availability and factory capacity, resulting in the most efficient allocation of raw materials. Moreover, any waste fabric and packaging materials are handled by qualified external vendors for recycling.



Apart from upgrading our facilities, we aspire to strengthen our employees’ awareness of environmental protection. We host waste classification games for our staff to enhance their awareness and enthusiasm for waste reduction. We also remind our staff to conserve natural resources through posting notices throughout our premises. To integrate recycling initiative in our workplace, recycling bins for plastic, paper, tins are placed in office building. Garbage

classification is also encouraged through placing collection bins in respect of hazardous waste, food waste and residual waste to reduce waste and enhance their highest re-usable value. During the year, we achieved a significant reduction of around 62% non-hazardous waste production as compared to 2019.





Lower Impact

Washable Silk Mask

We care for the sustainable future while upholding the creation of quality products that fit seamlessly into daily life. Our luxurious brand, Silkism, has offered washable and reusable silk masks to not only provide protection to people's health and bring elegance and comfort into daily life but also reduce the daily disposal of face masks and thus the waste to landfills.

Putting Waste Back into Wardrobes

In support of a circular fashion system, we partner with The R Collective to repurpose fashion waste. Through reusing and upcycling high-quality rescued silks, we transform these materials into sustainable ready-to-wear products. This circular approach also addresses the resource-intensive process required to produce new silks, supporting the green transition of the fashion industry. Furthermore, High Fashion is undertaking two projects with The Hong Kong Research Institute of Textiles and Apparel (the "HKRITA") on the development of innovative eco-friendly yarns and fabric for sporty fashion and recycling of silk. Wasted silk fabric is turned back into fabric with the help of HKRITA's professional technological knowhow and finally be transformed into new clothes. High Fashion supports the sustainable goals through monetary support and sponsorship of venue for the projects.





New Life of Silk Scraps

We have been co-operating with Zhejiang Sci-Tech University on the recycling of silk scraps since 2019. Through integrating silk scraps into non-woven products, not only production cost and process on spinning and weaving are reduced, the uniqueness and quality of the products are also greatly enhanced, which shows the long-term sustainable benefits achieved by High Fashion from environmental conservation.

	2019	2020
Total non-hazardous waste (including silk fabrics, papers, cardboards, paper straws, cloths and sludge) (Tonnes)	2,061.2	778.15
Total hazardous waste (including acetone) (Tonnes)	3.8	0.3

Table 3: Total Production of Non-hazardous and Hazardous Waste



MORE ADMIRABLE WORKPLACE

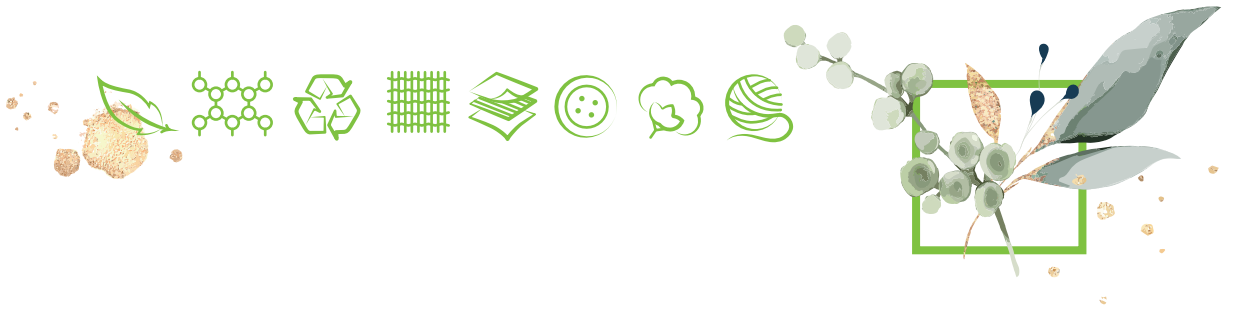
In the face of demographic challenges such as labour shortages in the textile and apparel manufacturing sector, High Fashion strives to position itself as a desirable employer to attract and retain the best talent through comprehensive training and competitive benefits. We value labour rights, equal opportunities and diversity which is demonstrated by our efforts to cultivate an open and inclusive workplace. Stocking our talent pipeline is vitally important to the Group if we are to continue to establish and push our “brand-leading, quality-based, innovation-driven and culturally-rooted” corporate values.

In line with relevant legal requirements, our Code of Conduct and Staff Handbook express our commitment to uphold the principles of equal opportunity, human and labour rights throughout the Group’s operations and supply chain. We embrace the principle of equal opportunities and assure fair talent attraction and promotion procedures based on individual merits, experience, and qualifications regardless of gender, age, nationality, ethnicity, religion, and disability.

High Fashion strictly forbids child and forced labour and relevant staff members are trained on prevention of such labour practices. During the recruitment process, we conduct background screening checks on ID card authenticity and on whether the employee has reached the legal age to work as required by the law. The Group does not appoint a third party to recruit employees; all employees are recruited solely within the organisation to ensure we conduct due diligence. Regular internal audits are conducted to ensure full compliance within our operations. A confidential grievance mechanism is in place for employees to raise and report concerns in relation to labour practices. In case of any irregularity, we will immediately terminate the employment contract and report to the government department for appropriate settlement.

Open and two-way communication with employees at different levels is important. In our Mainland China business, a designated trade union and employee association has been established in accordance with the Trade Union Law of The People’s Republic of China (“PRC”). While there are no official labour unions currently representing our Hong Kong and overseas staff, they are encouraged to raise their concerns through different engagement channels.





In 2020, no non-compliance cases with laws and regulations related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, labour practices and anti-discrimination were found.

A RESPECTFUL WORKPLACE

As of 31 December 2020, the Group has a competent team of 3,869 employees, 99% of whom are employed on a full-time basis with female employees representing 66% of our total workforce. Among our staff, 2% are from Hong Kong, 82% are from Mainland China, and 16% are from overseas regions.

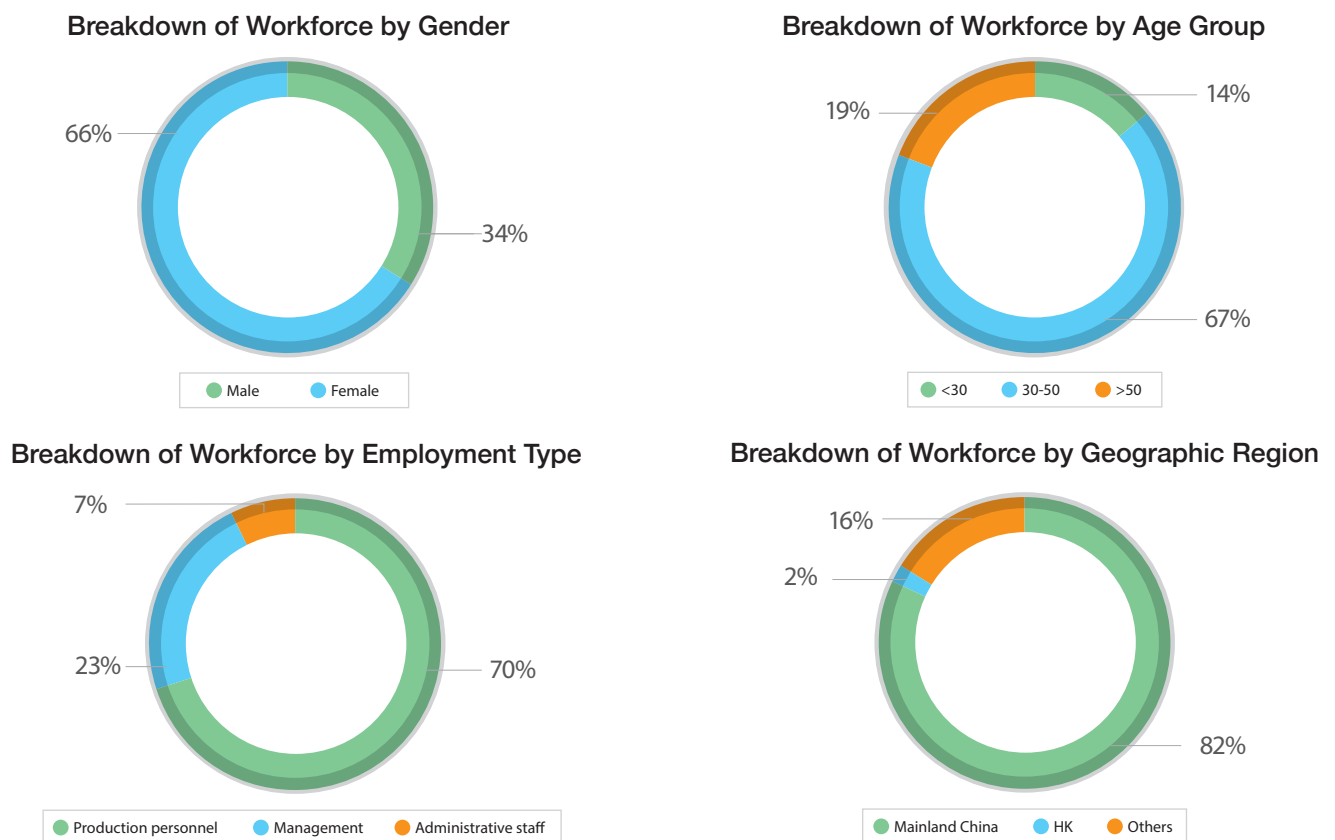
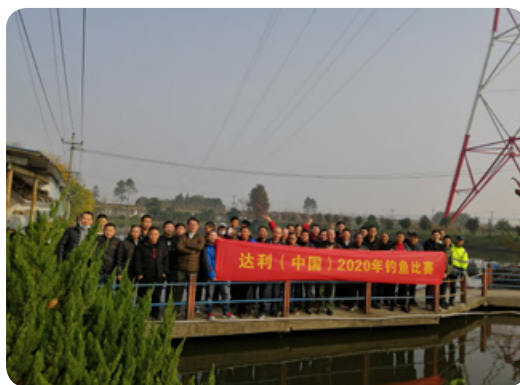


Figure 4: Breakdown of Workforce by Gender, Age Group, Employment Type and Geographical Region



More Admirable Workplace

To further perpetuate our status as an employer of choice within the industry, we reward staff with attractive remuneration packages and benefits, including discretionary bonus, medical care, overtime compensation, meal allowance and a range of leave entitlements. Regular talks and briefings on topics such as insurance and retirement schemes are arranged for both new joiners and existing staff to promote greater understanding of the benefits and welfare they entitle.



Mid-Autumn Festival Party

We organised 11 activities, including those related to COVID-19 prevention, which were attended by more than 500 employees. In 2020, we have hosted five large-scale events and our staff participated in 13 cultural and sports activities organised by governmental departments in which our staff members achieved great results in friendly competition. We also organise 6 employee clubs, namely Photography, Hiking, Jogging, Basketball, Table Tennis, and Fishing Club, allowing employees to socialise with their colleagues through sports and activities outside of the workplace. We also initiate

a series of family-friendly activities such as family trips during the summer to better engage our employees together with their family members. Additionally, we provide gifts for our staff members and hold themed parties to celebrate holidays and festive seasons such as the Lunar New Year, Dragon Boat Festival, and Mid-Autumn Festival.





Female Empowerment

As part of its commitment to sustainable development, High Fashion attaches great importance to equality, tolerance and diversity, especially gender equality issues. As of 31 December 2020, the proportion of female employees reached 66%, a much higher rate than that of male employees.

Female employees are respected and provided room for development in High Fashion. Caring for women's health has always been our focus. We formulate various medical examinations to publicize the health knowledge, and provide physical examinations specifically for women's health projects. In addition, High Fashion provides insurance and welfare supplies on International Women's Day to send the holiday blessings to each female employee.





More Admirable Workplace

Advancing Sustainable Coworking in Our Renovated Workplace

The revitalization work of High Fashion Centre has been completed in August 2020, transforming the building into a A Grade commercial building with modern design, high-tech facilities and innovative shared-space concept.



The design concept of the building is to embody simplicity in modern style. Aside from applying smart building technologies, this newly renovated headquarters features a two-storey stairway which facilitates internal connectivity and cross-departmental collaboration. Meanwhile, we installed full-view glass windows across the office to better preserve natural lighting and views.

Considering sustainable coworking as a trend to encourage innovation and create added value, we have launched a new initiative called WL District (Hong Kong). Through the provision of modern and well-equipped shared space to tenants and other business partners in the fashion and creative industry, we aim to bring in like-minded people together with new business opportunities. The spacious area and high-tech facilities also provides a relaxing workplace to our staff which stimulates their creative minds.





Occupational Health and Safety

Employees are the most valuable assets of the Company. Therefore, we have set out occupational health and safety policies and implemented several layers of regulatory protections to ensure their occupational health and safety. We engage external professionals to carry out periodic inspections of potential occupational hazards at the workplace where potential incidents may occur. Relevant findings will be consolidated and reported to our top management for further review. To mitigate these occupational hazards, we set up warning signs, alarm facilities, and first aid kits in the workplace. We also provide protective equipment for all relevant staff members. In addition to equipment provision, we conduct regular health checks and apply for work-related injury insurance for our employees. Furthermore, we organise regular fire drills to alert our staff about fire prevention and proper evacuation practices.

To measure and evaluate whether our safety initiatives are implemented effectively, our safety administrator conducts weekly inspections on the occupational health protection equipment and safety warning signs. They are also responsible for assessing proper usage of the protective equipment. Factory supervisors are responsible for promoting and educating occupational health to the staff, as well as identifying occupational hazards. Furthermore, our factories are equipped with adequate protective equipment such as rubber gloves and masks. To keep our employees' up to date on the latest safety knowledge and to raise awareness towards occupational health, we invite experts annually in June, which is the Company's Safety Month, to give lectures on health knowledge and to conduct regular safety inspections in the factories. Our comprehensive practices on safety measures practices were evaluated and awarded the "Occupational Health and Safety Management System Certificate" (職業健康安全管理體系認證證書) by the China Quality Certification Centre.





More Admirable Workplace

Fighting the Virus Together

To protect our staff against COVID-19, we adopted flexible work arrangements and arranged regular disinfection across all operations and premises. Employees are also required to check their body temperature when entering the factories offices and dormitories. Meanwhile, the Company protects the employees by providing disposable protective masks and sanitizers to each employee. We also train all security to properly record employee body temperatures and on contingency processes. Moreover, we delivered training on the effective use of personal protective equipment and disinfection measures.

For lowering the long-term impacts of COVID-19 brought to our economy and society, we encourage our employees to have vaccination. To date, more than 80% of our employees were vaccinated already for supporting this global measure.



Our anti-pandemic efforts were recognised by the local government. High Fashion (China) Co., Ltd. was named as the “Advanced Enterprise in the Silk Industry in Fighting COVID-19” (絲綢行業抗擊新冠病毒疫情先進單位) in Hangzhou.

High Fashion recorded no workplace fatalities consecutively for four years and incurred 8 lost man-days due to work injury. Our safety dedication has been well received and we were awarded the “Advanced Enterprises in Production Safety in 2020” (2020年度安全生產先進單位) in Hangzhou. We also obtained the “Safety Production Standardisation Level-3 Enterprise” (安全生產標準化三級企業證書) from the China Quality Certification Centre.



STAFF TRAINING AND DEVELOPMENT

We recognise that our skilled workforce and in-house technological innovation are the essential motivators of the Group's business sustainability. Therefore, we initiate comprehensive training programmes on management skills, quality control, and sales techniques, which help our employees increase their competence and add value to our technological innovation and R&D processes. We continuously strengthen our staff training system and formulate extensive staff training plans every year. Our Human Resource Department validates the plan execution and conducts evaluation after training programmes. In 2020, we hosted more than 100 training sessions and attracted more than 2,000 participation. The average training hours completed per employee is 5.5 hours.



Regular technical skills test of our employees

We offer new joiners induction training, covering diverse topics such as workplace safety and product knowledge. We also partner with external institutions to arrange performance management and skill development programmes for designated staff.

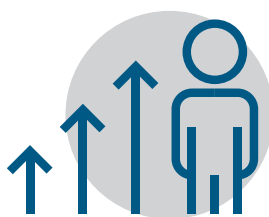
In facilitating cross departmental communication and to provide constructive opinions regarding daily operations and strategic formulation, we conduct case analysis and seminars so employees can learn more about the operations in other departments. To facilitate a smooth knowledge transition within High Fashion, succession programmes are taken place where young talents and senior leaders participate in a series of staged training in a collaborative manner.



More Admirable Workplace



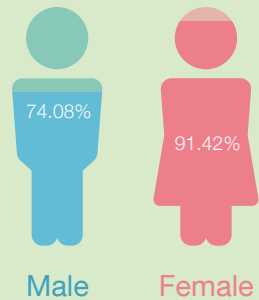
Total training hours
21,298



Average training hours
per employee
5.5

2020

Percentage of employees trained by gender



Percentage of employees trained by employee category

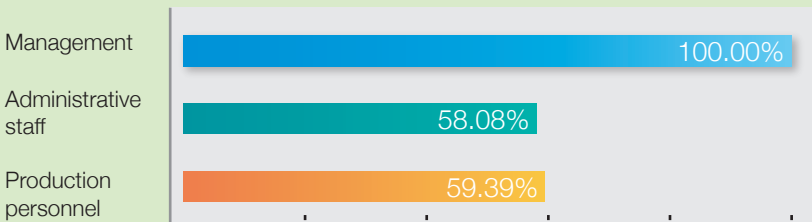
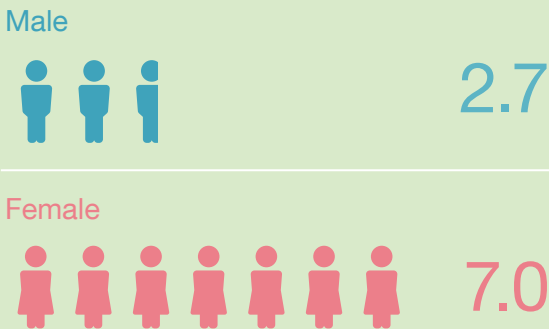


Table 4: Percentage of Employees Trained by Gender and Employee Category

2020

Average training hours by gender



Average training hours by employee category



Table 5: Average Training Hours by Gender and Employee Category





OUR COMMUNITY

High Fashion is dedicated to making a positive impact in the areas we serve. Through staff volunteering, our long-standing charity

foundation, and proactive school-enterprise engagement, we help to create a more connected and vibrant society. We continue to assist a wide range of social segments by making financial and in-kind contributions to charitable organisations and individuals in need. In 2020, we donated RMB200,000 during a charity event hosted by the Xiao Shan Federation of Trade Union and more than HK\$3,000,000 for different community programmes.

Over **HK\$3,000,000** for
different community programmes



THE HIGH FASHION CHARITABLE FOUNDATION

The High Fashion Group established a charitable foundation in 1992 based on the spirit of “giving back to society”. Its aims are advocating poverty alleviation and providing educational, medical, and emergency assistance funds for employees and children in need. We believe engaging in charitable activities is the way for plentiful social responsibility.

STUDENT AID

We believe every child should have the same access to education which is vital in eliminating poverty. To assist mainland Chinese university students with financial difficulties to complete their university degree, we have established grants to alleviate their financial burden. Furthermore, the Group has set up a scholarship to encourage and motivate outstanding students.

EMPLOYEE ASSISTANCE

The Group’s charity fund has expanded the scope of its services to provide monetary contributions to educational funds which provides academic support for the children of low-income families. We also offer medical financial support to assist employees with serious illnesses. The Group also established an emergency assistance fund designed to help employees and their family members who are suffer from natural or man-made disasters and sudden accidents. During the reporting period, we donated over RMB63,000 to colleagues with financial difficulties.





Our Community

SCHOOL-ENTERPRISE COLLABORATION

In response to the 13th National Five-Year Plan, we collaborate with various education institutions in mainland China and around the world. We have founded a school-enterprise community, namely the High Fashion Womenswear Institute, with the Hangzhou Vocational and Technical College in 2009. This institute aims to cultivate high-quality and high-capacity talent for the Chinese silk industry and enterprises through four professional areas, namely, fashion design, knitting technology and knitwear, fashion retail and management, and decorative textile art design.

There is a number of 1,513 students in 2020, with an increase of 177 students (approximately 13.24%) compared with 2019. The employment rate of our graduates in 2020 reached more than 98%.

Through in-depth strategic cooperation and strong alliances, we offer practical opportunities and help students plan their future career prospects. We have currently built up strategic partnerships with more than 30 universities, including China Academy Of Art and Hong Kong Polytechnic University. To further strengthen our competitive edge, High Fashion Womenswear Institute partnered with Jiaxing University to launch the Fashion Design and Crafts (服裝設計與工程) and Visual Communication Design (視覺傳達設計) Programmes. Moving forward, we will explore opportunities to set up a dedicated research institute to nurture talents in advanced manufacturing and 3D digitalisation.



High Fashion Womenswear Institute

The Group is pleased to receive different community awards in recognition of our significant community contributions. For example, we were named the “National Vocational Teacher Practice Base” by the Ministry of Human Resources and Social Security of the PRC.





VOLUNTEERING WORK

To build a better local community promoting love and harmony, our running club held an event with a theme to build neighbourhood harmony in May 2020, which attracted more than 30 volunteers to participate in.

In response to the announcement in blood shortage, our Group co-ordinated the blood donation of our staff in December 2020 and received enthusiastic response and support from our staff in Hangzhou.

Supporting the Disadvantaged Amid the Pandemic

As the fight against COVID-19 persists, many individuals and organisations encounter difficulties in acquiring enough face masks for a sustained

period of time. As a responsible corporate citizen, High Fashion donated over 9,000 metres of woven fabrics, which can produce approximately 55,000 washable masks, to Blessing Farm and Tzu Chi Foundation Hong Kong through which we hope to support the vulnerable members of the community amidst the pandemic.



Showing Love and Care in Festive Seasons

In 2020, our fashion lifestyle brand, Silkism, collaborated with the Chi Heng Foundation to launch the Mid-Autumn Charity Sale in which the gift packs with Silkism's reusable silk masks were featured. Chi Heng Foundation is a Hong Kong registered charity promoting equal opportunity and elimination of discrimination against minority groups and under-privileged members of the society. All funds raised from the charity sale were donated to Chi Heng Foundation to provide long-term support to AIDS-impacted children.





BUSINESS ETHICS

High Fashion strictly upholds the highest ethical standards and accountability throughout our operations. We do not tolerate any forms of corruption and bribery. We have updated our Anti-corruption Policy in 2020 and it states the required standards that employees must uphold when interacting with customers, suppliers, contractors, and business partners. Employees are prohibited from receiving any gifts from internal and external parties. Letters outlining our expectations on responsible business conduct are circulated to our business partners on a regular basis to remind them of best ethics practices. Any violation of the Anti-corruption Policy may result in termination of employment.

The Group has also established a complaint channel for customers and value chain partners to raise their concerns if they have any suspicions of misconduct, malpractice, or irregularities in our operations. To encourage staff to report suspicious activities to the Company, we have established a reward system for reporting. All complaints reported through these official channels are handled by the Corporate Ethics Team.

In 2020, there were no non-compliance cases with laws and regulations related to bribery, extortion, fraud, and money laundering.



OUR WORLD

SUPPLY CHAIN MANAGEMENT

Continuous and dynamic communication with our value chain partners is critical for establishing effective long-term partnerships and holistically managing the sustainability-related impacts of our operations. We are dedicated to advancing our sustainability considerations to our suppliers and brand clients as part of our corporate responsibility and to support ecologically and socially responsible behaviours beyond regulatory compliance.

The Group has established a supplier management system to monitor their compliance with environmental and social responsibilities. This strategy effectively strengthens the standardisation of business and supply chain management processes. We endeavour to systematise our supply chain operations to enable us to better manage our value chain impacts. Initial and regular assessments are carried out to evaluate the performance of existing suppliers against our guidelines contained in the Code of Conduct. Risk identification is an initial step in supply chain management, we entrust third-party organisations to evaluate supplier performance in terms of safety quality, environment, and society regularly. Once the evaluation process is complete, we will review the results which serve as important criteria for supplier selection and order allocation. All approved suppliers are named within the approved suppliers list. Should the risk affecting business relations be uncovered, we would support them in working out a solution for improvement.

Facing the rapidly evolving market situation, High Fashion communicates with our downstream stakeholders to share market information and compile sales forecasts with business partners. We proactively conduct market research to minimise order processing time, procurement errors and product defects. We ascertain that our suppliers comply with the ISO Environmental Management System, OHSAS18000 Occupational Health Management System or have implemented Environmental, Health, and Safety (“EHS”) management.

Only suppliers reach 60% or more of the overall standard are picked.

60%



Our World

High Fashion also promotes green sourcing the selecting raw materials suppliers for promotion of environmentally preferable products. In the adoption of grey in our production process, only those made up of degradable slurry and without the addition of chemicals which violate the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) and Bluesign Recognition is selected. The restriction use of polluted or harmful materials at the initial stage of supply chain leads to a better control of the whole productive process and the biochemical oxygen demand (“BOD”) and chemical oxygen demand (“COD”) of wastewater.

CUSTOMER SATISFACTION

Understanding and fulfilling expectations of customers are always our top priority in our agenda. Customer satisfaction

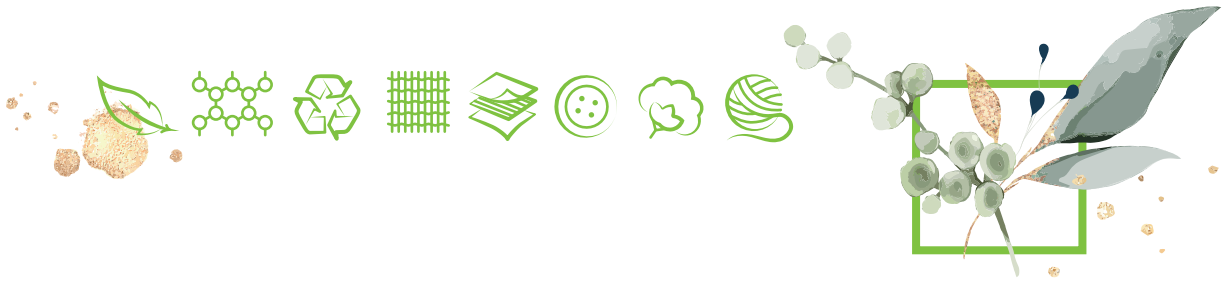
>98% of customer satisfaction on product quality and services in 2020



survey is carried out semi-annually and complaints are evaluated, analysed and appropriately handled by respective department once received. Proper solutions are implemented and reverted to the customers. In order to further improve our product and service quality, regular review and evaluations are carried out after the conclusion of complaints.

In 2020, there were no complaints related to the provision of our products and services received.





HKEx ESG REPORTING GUIDE CONTENT INDEX

Aspect	HKEx KPI	Description	Page Number/Remarks
A. Environmental			
A1 Emissions	A1	General Disclosure	Pages 16-25
	A1.1	The types of emissions and respective emissions data	Page 19
	A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	Page 18
	A1.3	Total hazardous waste produced and, where appropriate, intensity	Page 25
	A1.4	Total non-hazardous waste produced and, where appropriate, intensity	Page 25
	A1.5	Measures to mitigate emissions and results achieved	Pages 16-19
	A1.6	How hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Pages 23-25
A2 Use of Resources	A2	General Disclosure	Pages 16-25
	A2.1	Direct and/or indirect energy consumption by type in total and intensity	Page 19
	A2.2	Water consumption in total and intensity	Page 20
	A2.3	Energy use efficiency initiatives and results achieved	Pages 16-19
	A2.4	Issue in sourcing water, water efficiency initiatives and results achieved	Pages 20-21
	A2.5	Total packaging material used for finished products	Considering the scope of this ESG Report, this KPI is considered not material.





HKEx ESG Reporting Guide Content Index

Aspect	HKEx KPI	Description	Page Number/Remarks
A. Environmental			
A3 The Environment and Natural Resources	A3	General Disclosure	Pages 16-25
	A3.1	Significant impacts of activities on the environment and natural resources and the actions taken to manage them	Pages 16-25
B. Social			
B1 Employment	B1	General Disclosure	Pages 26-29
	B1.1	Total workforce by gender, employment type, age group and geographical region	Page 27
	B1.2	Employee turnover rate by gender, age group and geographical region	N/A
B2 Health and Safety	B2	General Disclosure	Page 31
	B2.1	Number and rate of work-related fatalities	Year 2018: 0 Year 2019: 0 Year 2020: 0
	B2.2	Lost days due to work injury	Page 32
	B2.3	Occupational health and safety measures adopted, how they are implemented and monitored	Pages 31-32





Aspect	HKEx KPI	Description	Page Number/Remarks
B. Social			
B3 Development and Training	B3	General Disclosure	Page 33
	B3.1	Percentage of employees trained by gender and employee category	Page 34
	B3.2	Average training hours completed per employee by gender and employee category	Page 34
B4 Labour Standards	B4	General Disclosure	Page 26
	B4.1	Measures to review employment practices to avoid child and forced labour	Page 26
	B4.2	Steps taken to eliminate such practices when discovered	Page 26
B5 Supply Chain Management	B5	General Disclosure	Pages 39-40
	B5.1	Number of suppliers by geographical region	N/A
	B5.2	Practices relating to engaging suppliers, number of suppliers where and how the practices are being implemented and monitored	Pages 39-40





HKEx ESG Reporting Guide Content Index

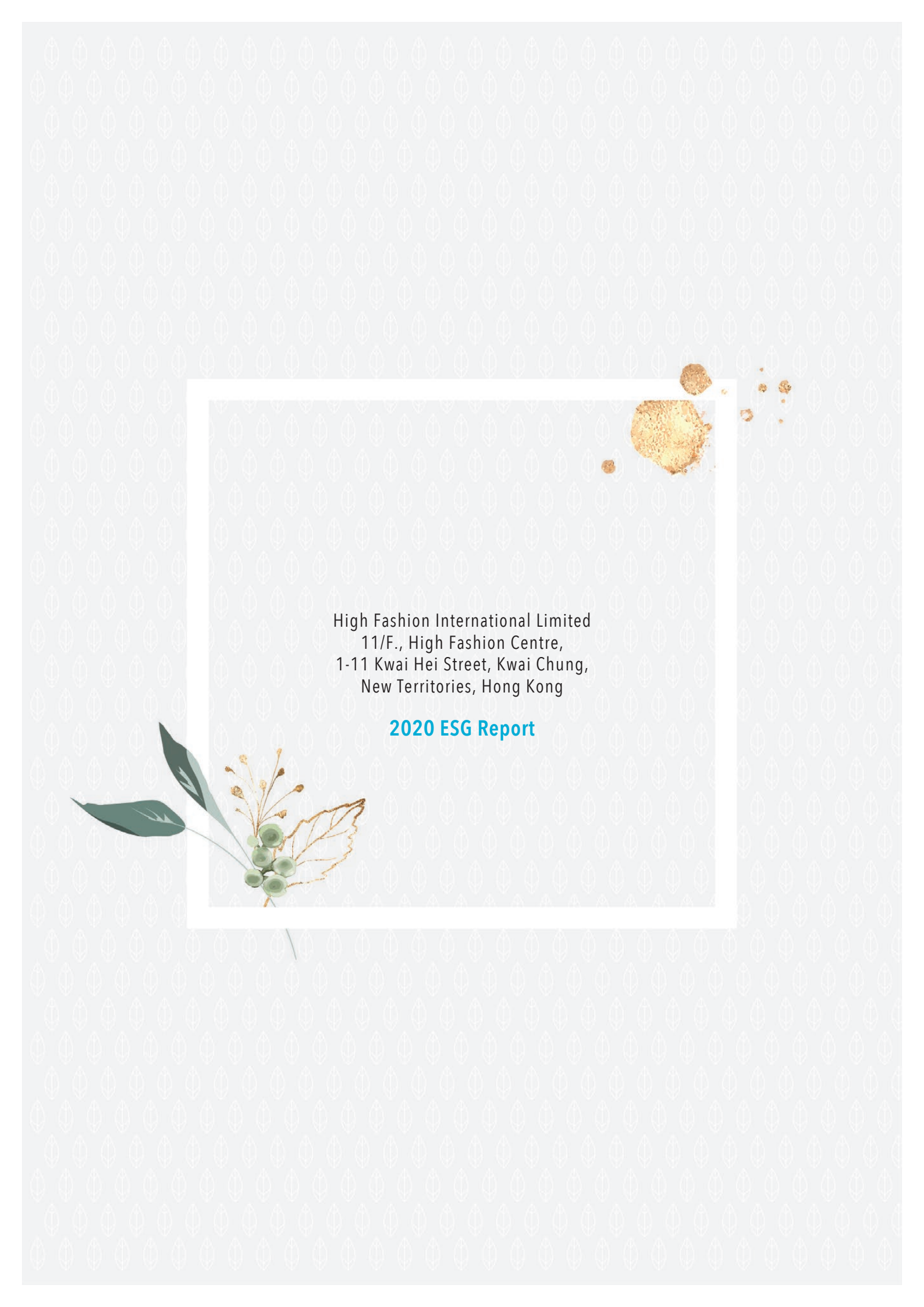
Aspect	HKEx KPI	Description	Page Number/Remarks
B. Social			
B6 Product Responsibility	B6	General Disclosure	Pages 12-15, 40
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	During the reporting period, no products sold or shipped were subjected to recalls for safety and health reasons.
	B6.2	Number of products and service related complaints received and how they are dealt with	Page 40
	B6.3	Practices relating to observing and protecting intellectual property rights	Intellectual property protection is an integral part of our business. We sign confidentiality agreements with our customers and adhere to our stringent policies to protect all intellectual property-related materials, internal R&D projects, design drawings and professional technology from customers. We do not disclose any confidential information to other parties.
	B6.4	Quality assurance process and recall procedures	Pages 12-15
	B6.5	Consumer data protection and privacy policies, how they are implemented and monitored	We respect customer privacy and set out clear guidelines and procedures in accordance with relevant laws and regulations. Relevant data is only accessible by authorised personnel on a need-to-know and need-to-use basis.





Aspect	HKEx KPI	Description	Page Number/Remarks
B. Social			
B7 Anti-corruption	B7	General Disclosure	Page 38
	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	Page 38
	B7.2	Preventive measures and whistle-blowing procedures, how they are implemented and monitored	Page 38
B8 Community Investment	B8	General Disclosure	Pages 35-37
	B8.1	Focus areas of contribution	Pages 35-37
	B8.2	Resources contributed (e.g. money or time) to the focus area	Pages 35-37





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2020 ESG Report