



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 2021**

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ABOUT THIS REPORT

Forward Fashion (International) Holdings Company Limited (the “Company”) with its subsidiaries (hereafter the “Group”, “we” or “our”) has engaged in the fashion apparel retailing industry for over 10 years and provide our customers 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 sales network which covers Mainland China, Macau, Hong Kong and Taiwan with more than 200 self-operated and managed stores and a talent force of over 1,500. The Group builds up a strong reputation on its brand and store quality as well as committing to integrating sustainability principles into its strategic planning and daily operation through transparent measures, so as to deliver enduring good value to its major stakeholders.

Having an ambition to construct long-term trusted ties with our stakeholders in the community, the Group is pleased to publish its third 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 2021 to 31 December 2021 (the “Reporting Period” or “FY2021”):

- the Company (office located in Hong Kong);
- World First Holdings Limited (office located 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 the same as the 2020 ESG Report and 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 of the Environmental, Social and Governance Reporting Guide (“ESG Reporting Guide”), under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “HKEx”). 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 (the “Board”) of the Company.

Reporting Principle

In developing the content of this ESG Report, the Group adheres to the fundamental reporting principles, namely materiality, quantitative, balance and consistency, as outlined in the ESG Reporting Guide.

Materiality: A materiality assessment has been conducted to determine the material ESG aspects to the Group. The materiality matrix and details of stakeholder engagement are illustrated in the later sections of this ESG Report.

Quantitative: The disclosed data, environmental and social key performance indicators (“KPIs”) in this ESG Report are organised and calculated in accordance with a series of standardised methodologies, which are illustrated in the relevant sections.

Balance: The Board has acknowledged its responsibility to oversee the Company’s sustainable development and review the truthfulness, accuracy and completeness of this ESG Report. This ESG Report provides an unbiased picture of the Group’s performance.

Consistency: This ESG Report has been prepared in the same reporting scope and methodologies when compared with those for the previous years. A consistent environmental and social data management approach has been adopted to allow a fair comparison of our performance over time.

Contact & Feedback

A strong trusted relationship with the community is critical for the Group’s business sustainability. The Group strives to manage its affairs for the best interests of its stakeholders. Therefore, we treasure your feedback on this ESG Report and our sustainability performance. If you have any comments or suggestions, please feel free to contact us via ir@forward-fashion.com.

MANAGING OUR SUSTAINABILITY

As a responsible fashion apparel retailer, we endeavour to promote sustainability in our operations. A three-pillar approach has been adopted to systematically manage our business development and operations towards a more sustainable direction. In order to achieve our vision, we provide quality products for our customers as well as a fair and open work environment to our employees. Additionally, we uphold the highest standard of business ethics to become a trustworthy business partner and strive to go beyond the national and local environmental and social regulations whenever possible to achieve operational sustainability.



The Group’s three-pillar approach

Sustainability Governance

Our ESG governance structure is constructed under a top-down management approach, where the Board has the overall responsibility for the Group's ESG governance. Powers and authority to supervise day-to-day ESG matters are delegated by the Board to the Audit Committee and supported by head of each business unit. We are going to establish an ESG Board Committee next year to enhance the management the Group's ESG issues in the next financial year. The current governance body and their responsibility are as below:

The Board

- Evaluate and determine the Group's ESG-related risks and opportunities
- Ensure that appropriate and effective ESG risk management and internal control systems are in place
- Set the Group's ESG management approach, strategy, priorities and objectives
- Establish, monitor and review the Group's ESG-related goals and target for continuous improvement
- Approve ESG-related disclosures which include ESG reports
- Review the Group's performance periodically against ESG-related goals and targets

Audit Committee

- Monitor the Group's organisational environmental performance through environmental related meeting and approve related environmental documents
- Manage the overall operation of each department
- Ensure that all work-related programs and guidelines have been set, controlled, implemented and familiarised by the employees; related documents should be easily retrieved
- Reporting to the Board on its work performed

Functional Managers

- Communicate with staff about information on environmental policies from management
- Contact government departments to coordinate safety regulations
- Monitor the progress of environmental targets set for the department
- Conduct trainings for the employees

We strive to create better business performance by demonstrating a strong ESG strategy. The key ESG topics and opportunities that most likely affect the Group's business performance, our stakeholders as well as the environment and community have been identified by a Materiality Assessment, to enable us to understand the relative materiality of each topic to the Group and the stakeholders. The result of the Materiality Assessment is set out in the section headed "MATERIALITY ASSESSMENT". The relevant ESG approaches have been adopted in our programs, policies, metrics and engagement. For example, the ESG Policy, the Climate Change Policy and the Community Engagement Policy, through the principles of maintaining good practices, have improved our system and optimised the use of resources. We have also engaged with the stakeholders to understand their expectations, perceptions and priorities regarding ESG issues which are the backbones of improvement of our ESG performance.

ESG Risk Management

The Group places a great emphasis on the identification, assessment and management of ESG-related risks which include climate physical and transition risks. We have incorporated ESG-related risks into our corporate risk management framework and internal control system to fulfil the strategic objectives of the Group as well as safeguarding stakeholders' interests.



To achieve our strategic goals, an annual corporate risk assessment is has been conducted to examine the nature and scope of the risks that the Group is able to undertake. A number of risks that have posed/may pose an impact on the Group's strategic objectives in responding to changes in the business and external environment have been identified. The Board, top management and the Finance Officer have been invited to evaluate the risks based on the likelihood of occurrence and the magnitude of their impacts on the business of the Group in the form of questionnaire. The risks are then prioritised before formulating suitable response plans. Significant risks are reported to the Board in a regular manner as a risk monitoring practice.

STAKEHOLDER ENGAGEMENT

Stakeholders’ interests and insights are of vital importance to our sustainable development. A number of communication channels have been established for stakeholders or those who could be significantly affected by the Group’s operations to express their concerns and suggestions. To satisfy their needs, the opinions received will be incorporated into our strategies and plans, if feasible. Below is the full account of our key stakeholder groups and communication channels for our stakeholders:

Stakeholder groups

Communication channels

Investors and shareholders

- Company website
- Company’s announcements and circulars
- Annual and extraordinary general meetings
- Annual and interim reports
- Email

Customers

- Company website
- Customer direct communication
- Customer feedback and complaints

Employees

- Training and orientation
- Email and opinion box
- Regular meetings
- Employee performance evaluation
- Employee activities

Suppliers and business partners

- Selection assessment
- Procurement process
- Performance assessment
- Regular communication with business partners (e.g. email, meetings, on-site visits etc.)

Government authorities and regulators

- Documented information submission
- Compliance inspections and checks
- Forums, conferences and workshops

Non-governmental organisations

- Email
- Phones
- Charity donations

Communities

- Company website
- Community activities

Media

- Company website
- Company’s announcements

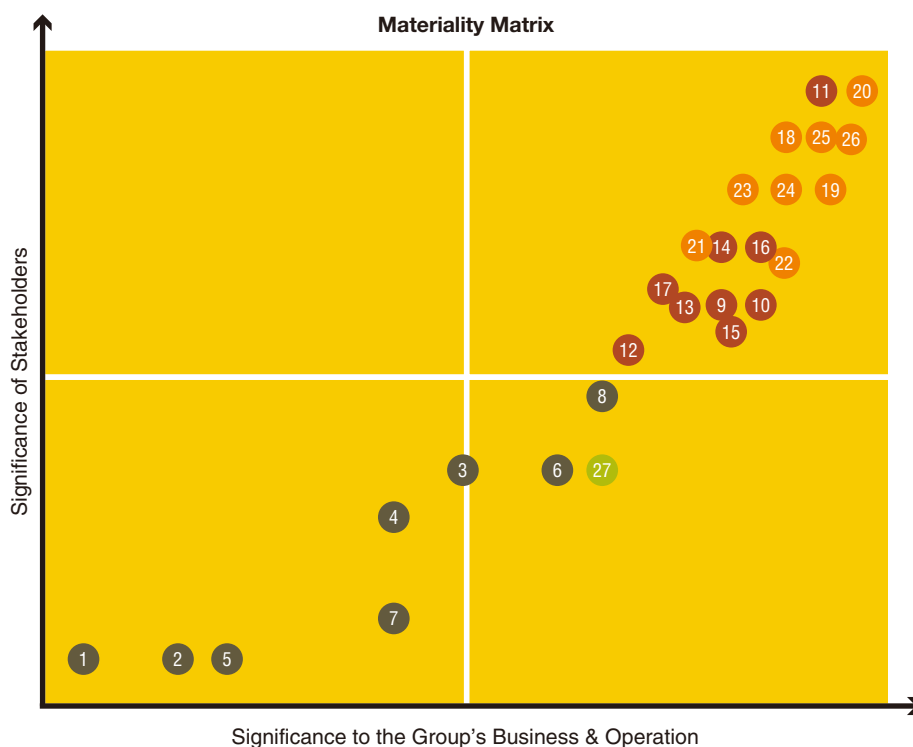
MATERIALITY ASSESSMENT

During the Reporting Period, we have commissioned a third-party consultant to gain insight into stakeholders' priorities, so as to identify material ESG topics to the Group. The result will be used to facilitate the formulation of the Group's strategies and the adoption and implementation of our ESG management approach.



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Based on the scores of each of the ESG issues identified by the stakeholders, ESG issues are prioritised and shown in the Materiality Matrix below. Issues which fell in the upper right corner of the Materiality Matrix are defined as the topics that matter most to both the Group’s business operation and our stakeholders’ concern.



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

According to the results of the Materiality Matrix illustrated above, the top five material topics of the Group are customer health and safety, customer satisfaction, employee retention, business ethics and socio-economic compliance. 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.

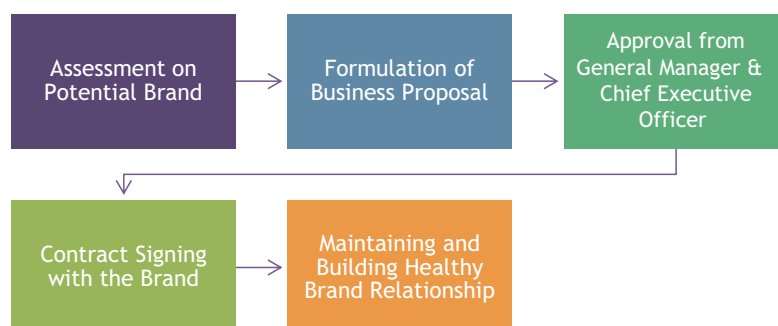
SATISFYING OUR CUSTOMERS

In such a highly competitive market, customer loyalty is crucial for the Group to sustain its long-term business prosperity. Doubtlessly, product and service quality is the most vital piece to gain customers' trust. The Group has established a series of rigorous product and service quality standards and guidelines, which cover our operations, supplier management, product sales and product return. These standards have been formulated in accordance with relevant laws and regulations, such as the Trade Descriptions Ordinance in Hong Kong, Law of the People's Republic of China ("PRC") on the Protection of Consumer Rights and Interests and the Product Quality Law of the PRC.

During the Reporting Period, the Group did not recognise any breach of relevant laws and regulations pertaining to product responsibility. 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 in FY2021.

Product and Service Excellence

Fashion allows individuals to express their creativity as well as beliefs to the world. In respect of the various demands from different types of customers, we cooperate with a number of world renowned and emerging brands to offer our valuable customers diverse choices ranging from luxury clothing to activewear. An operational manual has been endorsed as a framework to manage the process of introducing new brands to our retail stores. Various aspects which include the management system, operation model, target market and products of potential brands are assessed to analyse their suitability for collaboration. To comply with the Anti-Unfair Competition Law of the PRC and the Competition Ordinance in Hong Kong, the Group will not consider brands with anti-competitive practices or potential conflicts with its existing associated brands.



The Group places equal emphasis on our products and services with the aim to make them more accessible to our customers. To enhance our customers' satisfaction, we have adopted a multi-brand and multi-store business model and have established more than 200 self-operated and managed retail stores in Hong Kong, Mainland China and Macau.

Retail Store Management

The Branding Department of the Group is responsible for overseeing the quality assurance issues of our products. With the purpose to properly manage our extensive sales network, it is fundamental to develop a set of retail store assessment standards. A Retail Store Inspection Checklist containing assessment items on six aspects has been adopted for store inspections. Issues being discovered during the inspection will be rectified within the specified timeframe.

For fashion apparels sold at retail stores, a standardised list of product quality issues has been formulated to educate sales staff on identification of unsatisfactory products. When products are delivered to the retail shops, visual inspection of the product by Store Managers must be performed prior to sales to guarantee the quality of our products. All unsatisfactory items will be recorded and reported to the Branding Department for follow up with the suppliers for further processing.



Six Aspects of the Retail Store Inspection Checklist

Handling Complaints

Upon receiving customer complaints about unsatisfactory products, the Store Manager will examine the products or forward it to the Branding Department to determine whether it fails to meet the relevant quality standards. We will then notify the customers of the results and arrange for them to collect a replacement.

During the Reporting Period, the Group had not received products and service related complaint. No product sold or shipped by the Group was recalled for safety and health reasons.

Supply Chain Management

Due to the nature of the apparel retailing industry, product responsibility concerns are typically associated with the supplier side. Hence, we have gone extra miles to make sure that no irresponsible production practice occurs in our supply chain. We strive to protect our reputation by adhering to the industry's top standards in supplier selection and management in order to establish ourselves as a trustworthy and dependable fashion retailer.

All of our suppliers are subject to an annual evaluation to assess their performance in terms of supply and manufacturing capabilities, product quality and delivery, intellectual property management, service quality, environmental and safety management and social responsibility. Among these criteria, we place more emphasis on social responsibility and the following table sets out our Social Responsibility Criteria for Suppliers. We will not purchase from suppliers who failed to meet any one of these Criteria. We will require under-performing suppliers to remedy the defective products and/or unsatisfactory services within the prescribed timeframe. Otherwise, we will terminate their supplier qualifications. To promote environmentally and socially preferable products and services, those suppliers who meet the Group's requirements and criteria and those who have gained accreditation from international standards such as ISO9001, ISO14001 and ISO18001 will be given higher score in our annual evaluation and top priority during the procurement process.

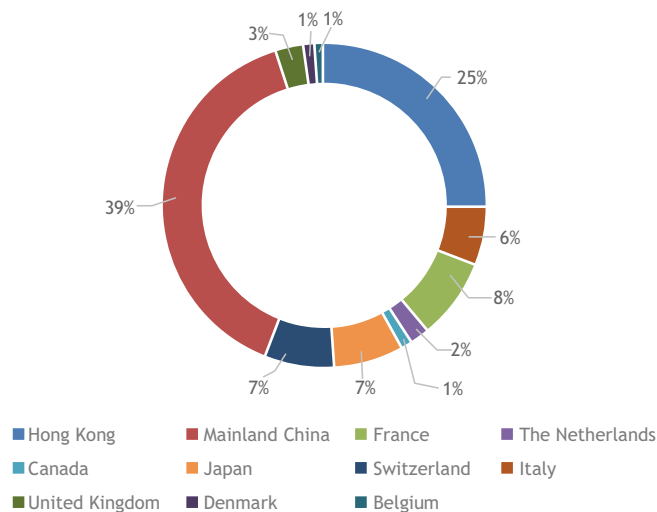
Social Responsibility Criteria for Suppliers

- No child labour
- No forced labour
- No critical environmental pollution(s)
- No serious health hazard(s)
- Establish and implement transparent working hours policy
- Purchase work-related injury insurance for all employees

As at 31 December 2021, the Group had a total of 88 suppliers globally, which includes those from Asia, Europe and North America, all of which are under the abovementioned policies of supplier management. Distribution of suppliers by geographical region is illustrated below:

Number of Suppliers by Geographical Region		
Asia	Hong Kong	22
	Mainland China	5
	Japan	6
Europe	Belgium	1
	Denmark	1
	France	7
	Italy	34
	Switzerland	6
	The Netherlands	2
	United Kingdom	3
North America	Canada	1

Distribution of Suppliers by Geographical Region



Confidentiality Management

Effective privacy information management has always been critical for the long-term and stable relationships with our customers and business partners. In order to keep their sensitive data, which includes their identities, company information and intellectual properties, as safe as possible, we have implemented severe precautionary measures. The Group strictly complies with all the applicable laws and regulations which include the Personal Data Protection Act in Macau and the Personal Data (Privacy) Ordinance in Hong Kong. As stipulated in the Employee Handbook and the Employment Contracts, employees are forbidden to release or divulge confidential information to unauthorised persons without our prior consent. Violation of the Data Protection Policy will result in disciplinary actions, such as warning letters, immediate dismissal, or even lawsuit.

In addition, we also extend the confidentiality requirements to our suppliers. The annual evaluation assesses their intellectual properties protective measures. Credits will be given to those suppliers who provide related training to their employees and implement data protection system. During the Reporting Period, the Group has not violated any relevant laws or regulations relating to privacy issues.

RESPONSIBLE EMPLOYMENT

Our staff lays the foundation for our long-term business development as well as defining the Group's success with their productivity and innovations. We recognise their efforts by providing them with a safe work environment and market-competitive remunerations. Profoundly recognising the growing interest in working conditions and labour standards, as evidenced by the materiality assessment, the Group strives to promote its "WORLD First" corporate culture to maintain a peaceful and diversified workplace. The culture is supported with elements as demonstrated below:

WORLD First

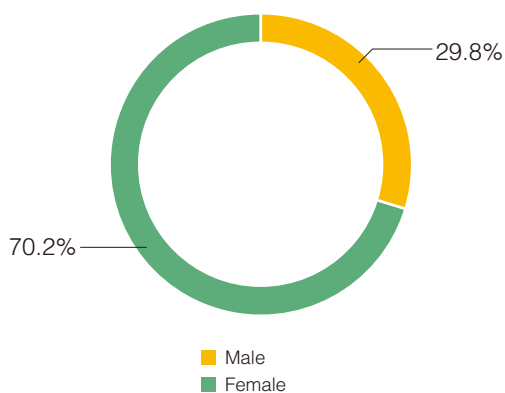
W isdom	<ul style="list-style-type: none">• Motivate employees to use critical thinking and listen to and accept ideas and opinions from others during the decision-making process
O wnership	<ul style="list-style-type: none">• Promote a sense of belonging for the employees while motivating them to make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

"WORLD First" Corporate Culture

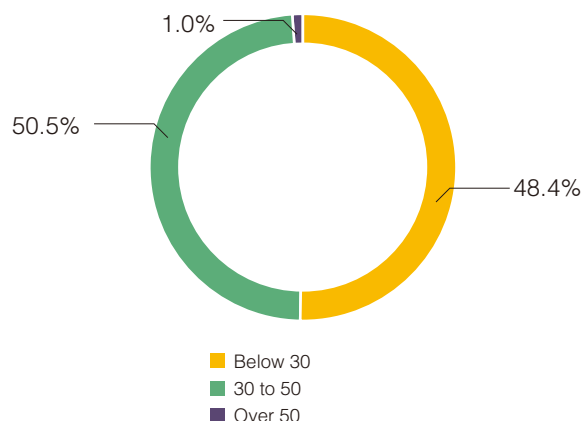
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As at 31 December 2021, a total number of 386¹ employees was hired by the Group. With retail fashion apparels being the Group’s principal business activities, our workforce is dominated by the younger generation. 48.4% of the employees is between the age of 30 to 50 and 50.5% is below 30. The ratio of male to female employees is 3:7.

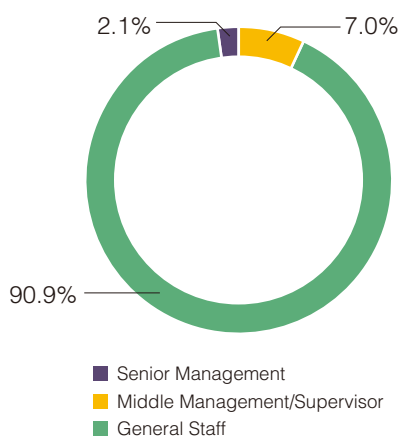
Total Workforce by Gender in 2021



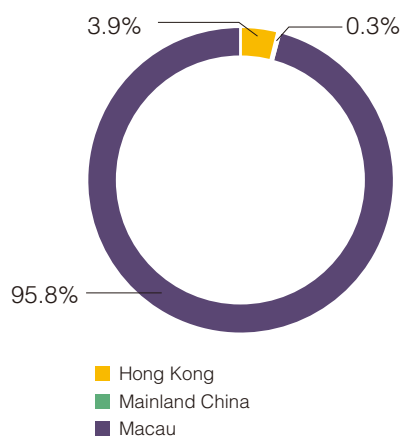
Total Workforce by Age in 2021



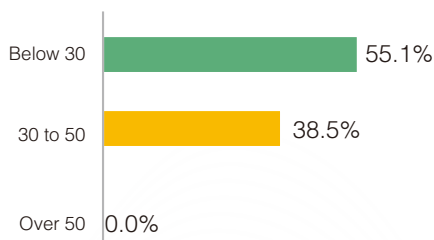
Total Workforce by Position in 2021



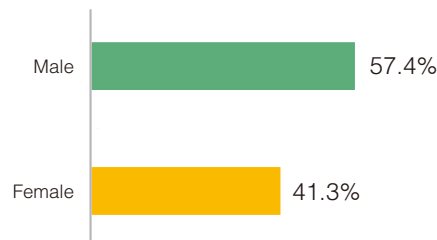
Total Workforce by Geographical Region in 2021



Turnover Rate by Age



Turnover Rate by Gender

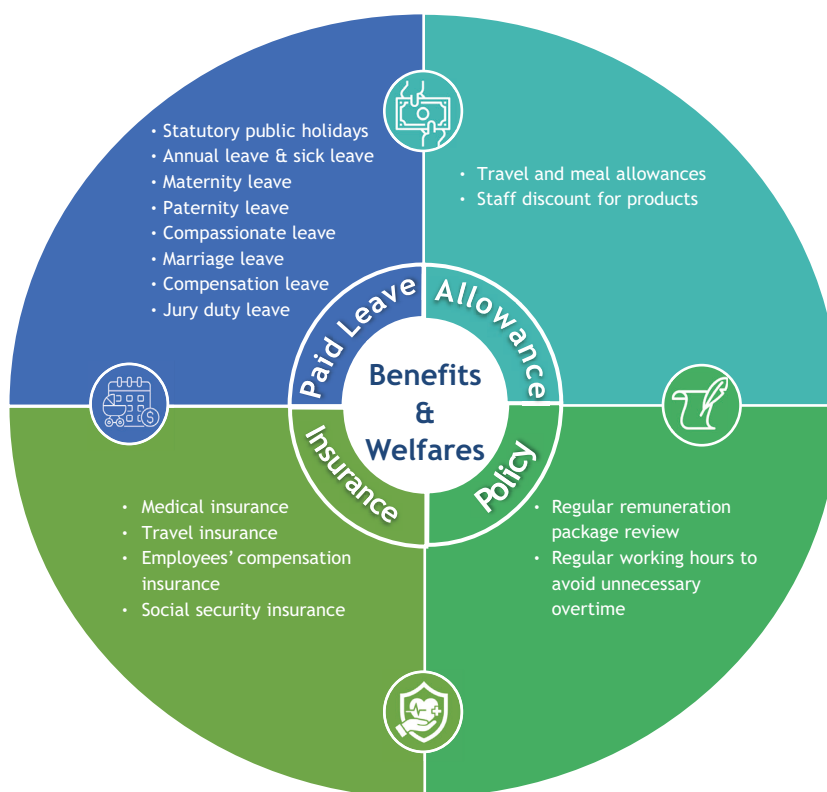


¹ The scope of the total number covers the Company, World First Holdings Limited, Macau Ieng Nam Limited and Ieng Leong Company Limited of the Group as at 31 December 2021. The total number of employees covers the full time and part time staff of 4 core businesses as per the section headed “Scope of the ESG Report”.

Employee Remuneration and Welfare

As stipulated in the Group’s “WORLD First” corporate culture, we seek to increase employees’ sense of ownership. Acknowledging the correlation between employee remuneration and staff productivity and retention, we offer attractive and market-competitive salary packages which are based on the employees’ experience, qualification, and job duties. Annual compensation reviews and year-end bonuses will be granted to employees who have demonstrated their competence and responsibilities well or make contributions to the Group. This not only encourages virtuous competitions among the employees, but also strengthens employee loyalty and motivates under-performing employees to improve.

Aside from salary and bonus, all the eligible employees are entitled to paid leaves, insurance, and allowance as shown in the diagram below. The Group also evaluates remuneration packages on a regular basis by comparing them to the prevailing industry, regional benchmarks and applicable regulations in order to protect the rights of the employees. Furthermore, unnecessary overtime is discouraged and regular working hours have been established to safeguard the work-life balance life style of our employees.



Anti-Discrimination and Fair Workplace

All the employees in the Group are entitled to an inclusive, diverse, and fair work environment where everyone is treated with respect and in accordance with our policies, of which are elaborated in the table below:

Area(s) Related	Goal	How It Helps to Achieve the Goal
<i>Fair Nomination, Hiring and Evaluation Policy</i>		
Equal opportunity Anti-discrimination Diversity	This Policy seeks to prevent any forms of discrimination and harassment based on race, gender, age, cultural, disability, marital status or other non-work-related factors in the training, promotion and internal transfer to foster an agile and sustainable workplace. We also encourage Board diversity to merge different perspectives in the management styles.	This Policy is integrated in our Directors' Nomination Policy, Remuneration Policy and Employee Handbook that our Directors, employees or potential candidates are hired, remunerated, and evaluated solely based on their academic and professional qualifications, abilities, knowledge and experience.
<i>Child & Forced Labour Prevention Policy</i>		
Labour standards	Being a socially responsible body corporate, we are committed to supporting ethical hiring practices. With that in mind, any form of child or forced labor is prohibited in the Group's business operations in accordance with this Policy.	All job applicants must have reached the statutory age and possesses valid identification and qualification documents for background checks during the initial recruitment stage. Qualified candidates are required to sign Employment Contracts that are formulated based on the relevant laws and regulations before the commencement of work to prevent forced labor. Meanwhile, we will continue to monitor, investigate and remediate any suspected cases of child labor or forced labor.

Area(s) Related	Goal	How It Helps to Achieve the Goal
<i>Code of Professional Ethics</i>		
Equal opportunity Anti-discrimination Diversity	The purpose of this Policy is to maintain a harmonious work environment which is free from acts of harassment as well as fostering effective communications between the employees and the customers.	This Policy is included in our Employee Handbook. Employees are encouraged and required to be courteous to one another and avoid using offensive language in order to maintain a peaceful work atmosphere. Disciplinary actions, ranging from warning to immediate dismissal, will be taken against any misconduct cases.
<i>Grievance Policy</i>		
Equal opportunity Anti-discrimination Diversity	Our Grievance Policy strives to provide all the employees with an effective method for dealing with cases of violations of our social policies.	Employees are urged to air their grievances to the attention of their immediate supervisors, the Head of the Human Resources Department, and the Administration Manager as soon as possible by providing all the relevant information. An open door practice is also in place to resolve work-related issues through an informal, open and straightforward dialogue. To help us to continuously improve as an employer, all grievances received must be reported to the senior management within 7 days of the occurrence. Disciplinary actions will be taken against any misconduct case.

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

In comparison to many other businesses, the risks of major occupational health and safety are considered minimal in retail. Nothing, nevertheless, can diminish the tragedy of every workplace injury and fatality. Hence, the Group has focused on maintaining a safe work environment for the employees and creating a safety culture. We firmly believe that most risks could be reduced by taking practical efforts to manage and eliminate harmful behaviours and conditions.

The Group strictly abides by the laws and regulations on occupational health and safety applicable in the relevant regions, for instance, the General Regulations on Work Health and Safety for Commercial, Office and Labour service in Macau and the Occupational Safety and Health Ordinance in Hong Kong. Workplace safety & emergency procedures have been established to provide the appropriate procedures and guidelines for all the employees to handle unexpected situations in a calm and well-prepared manner.

Slips, trips and falls are the most commonly seen accidents in the retail industry. By putting a strong focus on maintaining the workplace hygiene and tidiness, the risks of the accidents are expected to be greatly reduced. We require our salespersons to keep each store, including the inventory, tidy and well-organised. Retail store inspections are conducted regularly to evaluate the performance of each store. On top of that, as stipulated in our Employee Handbook, we encourage the employees to take responsibility to protect themselves, their colleagues and third parties from reckless behaviours resulting from the engagement of undesirable and unprofessional practices, such as alcohol consumption at work.

The Group has also implemented various preventive measures to minimise the employees' exposures to hazards under unforeseeable situations such as fire outbreaks. Exit signs and evacuation plan are displayed at prominent areas to provide guidance for the employees to escape by utilising the shortest and safest route during emergencies. In addition, firefighting equipment such as fire extinguishers have been placed in the workplace in accordance with the local regulations. A smoke-free policy is in place to prevent fire incident and protecting non-smokers from the side effects of second-hand smoke.

During the past three years (i.e. from 1 January 2019 to 31 December 2021), 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 work environment and protecting the employees from occupational hazards that had a significant impact on the Group.

Stay Healthy and Positive under Pandemic

In response to the COVID-19 pandemic ("Pandemic") across the globe, we have proactively followed the recommendations of the local authorities as well as those of the World Health Organisation to keep our colleagues and customers safe. Employee health and wellness are further strengthened through measures such as provision of personal protective supplies, regular workplace cleaning and disinfection and body temperature measurement before work. Flexible working arrangements supported with remote working equipment setups are in place to allow office staff in need to work from home while being able to maintain regular communications with their colleagues.

Activities, which include festive gatherings, sports day and team building day camp have been organised to soothe the nerves of our employees under the Pandemic. We have monitored and evaluated the seriousness of the Pandemic situation and organised social activities under a safe condition. All attended employees were required to be either vaccinated or conducted antigen test to secure their health. By putting tremendous effort in organising these team building and leisure activities, we hope to spread the positive message to our employees as well as inspiring them to participate in sports to embrace an active and healthy lifestyle.



The Group's commitment in workplace safety is extended to its suppliers. Please refer to the section headed "Supply Chain Management" in this ESG Report for the safety management procedures for our suppliers.

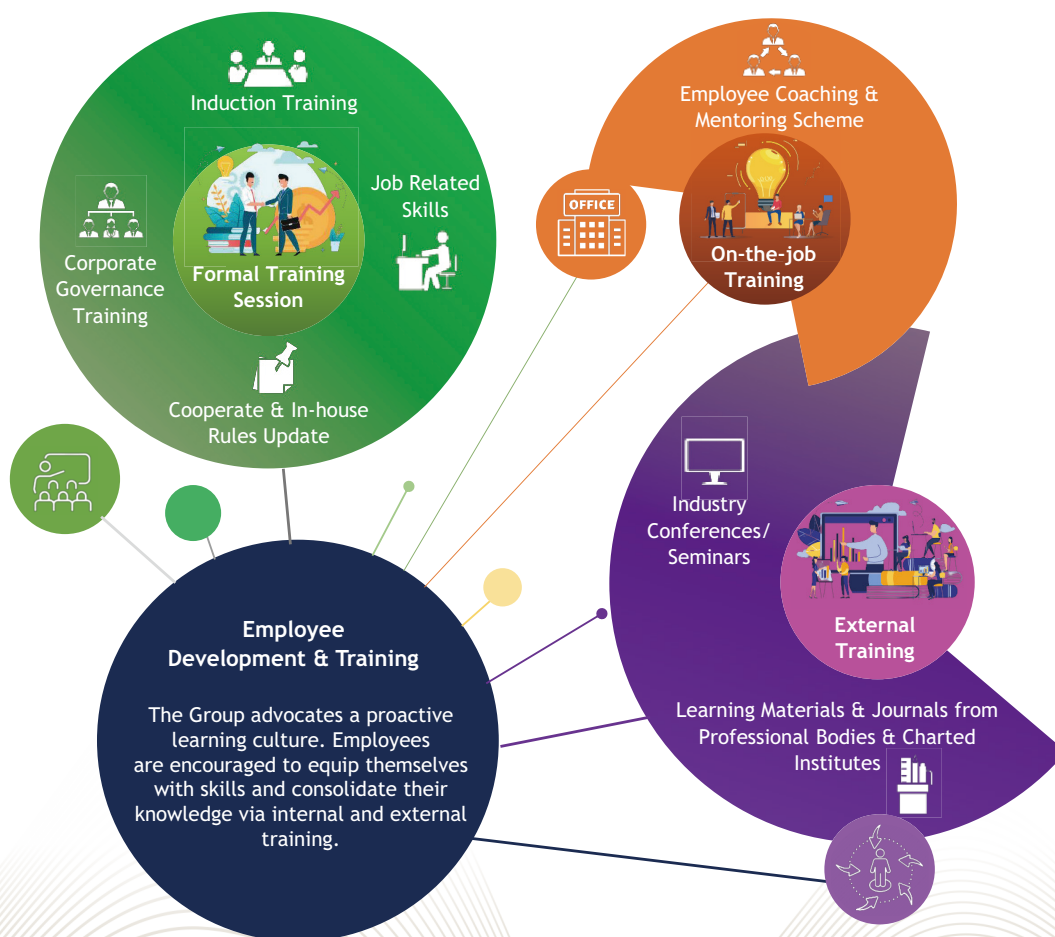
Training and Career Development

Adhering to the “WORLD First” corporate values, all of our staff are given the opportunity to learn and thrive. We lay the foundation for them to pursue career development, which is also essential for the Group’s sustainable business growth.

To ensure that the new employees are equipped with adequate knowledge and competencies for their duties, induction training is provided before the start of their works. Information from the Employee Handbook regarding workplace culture, internal rules, labour rights, and employee benefits is provided and explained throughout the training. Besides, an Employee Coaching and Mentoring Scheme is in place to help each new comer get familiar with the work environment and to seek advice from an experienced peer. Managers of each department is responsible for guiding the new joiners throughout their daily tasks as well as reviewing their training results.

In light of the ever-changing industry standard and statutory requirements, the Group regularly organises formal training sessions to deliver information on the latest trend and practices in the retail industry to facilitate employees’ readiness for their daily works. Subsidies are provided for our employees to participate in external training such as industry conferences and seminars to tap into the knowledge of industry experts.

During the Reporting Period, the Group has invited internal trainers and external experts to organise training sessions covering a wide range of topics in accordance with the job natures of the employees. ESG training has been organised for our senior management and the relevant employees to keep updated on the latest development of ESG-related topics, such as data privacy, ESG governance approach, ESG reporting. Examples of the training programmes provided to our employees during the Reporting Period are presented in the table below:



Staff Retention and Career Advancement

Since staff is our valuable asset, the Group therefore places a strong emphasis on retaining staff as well as advancing their career paths. Considering that, communication channels, such as opinion box and regular meetings between the employees and their supervisors, are in place to enhance employee engagement as well as allowing staff to express their opinions and suggestions regarding work condition, employment process, staff welfare.

To enhance management-labour relationship, individual performance targets which are aligned with the Group's business development strategies are defined through the sharing of thoughts, ideas, information and knowledge between employees and their supervisors. Employees are encouraged to use critical thinking in the target development and implementation of the performance plan. Bi-annual performance review is then undertaken to assess, track, monitor the performance of each employee, providing ongoing direction in their career while also evaluating their work performance. Employees with outstanding performance will be considered for promotion.

In FY2021, a total number of 176 staff members received training with an average training hour of 13.14 per employee. The staff training profile is categorised by gender and employee category as of 31 December 2021 and is illustrated in the table below:

Training Profile	FY2021	FY2020²
Annual average hours of training per employee and percentage (%) of employees who received training ³	13.14 (45.6%)	12.24 (31.6%)
By gender		
Male	7.43 (27.0%)	11.53 (26.3%)
Female	15.57 (53.5%)	12.51 (33.6%)
By employee category		
Senior Management	5.13 (62.5%)	2.75 (83.3%)
Middle Management/Supervisor	7.46 (51.9%)	16.65 (30.8%)
General staff	13.76 (44.7%)	12.10 (30.9%)

² "FY2020" represents the period from 1 January 2020 to 31 December 2020.

³ Percentage of employees who received training is calculated by dividing the number of trained employees of each category by total employees of that category.

Q FY2021 Staff Training Examples

Market & Industry Information	Global Investment Outlook 2021 and Strategic Positioning under Current Global Macro Trends
	Digital Transformation Trend for Retail Industry
Code & Guideline	Update on ESG Reporting Guidelines and Proper Sustainability Governance
	Financial Reporting Update 2021
	Data Privacy and Corporate Governance
Skill & Capability	Project Management Professional (PMP) Continuing Certification Requirements Program by PMI
	Oracle Cloud Infrastructure Foundations by Oracle University
	How to Attract Funding & Foster Stronger Investor Relations Capabilities (For the Board)

OPERATIONAL SUSTAINABILITY

Business integrity is doubtlessly the cornerstone of long-term business sustainability. The Group adheres to a strong set of moral values supported by ethical guidelines. In addition to business integrity, we are also committed to eliminate the adverse impacts on the environment and natural resources through various initiatives, so that the needs of future generations will not be compromised.

Business Integrity

The Group is dedicated to the highest level of transparency, integrity, and accountability, aiming to maintain our reputation as well as stakeholder loyalty. We make every effort to avoid any irregularities that could have negative ramifications for the Group or its personnel. We strictly abide by the relevant law which include the Prevention of Bribery Ordinance in Hong Kong, the Anti-Money Laundering Law of the PRC and the Criminal Law of the PRC.



Employees are strictly prohibited from offering or accepting any sort of advantages, such as gifts, entertainment, rewards, or commission, under any circumstances, as stated in the Employee Handbook and the Employment Contracts. Other unethical actions which include the abuse of power for personal gain with the potential to harm the Group's reputation and advantages, are also forbidden. We also pay extra attention to the issue of conflict of interest. No employee is permitted to maintain or engage in a relationship with another business or organisation, if such a relationship may affect their accountability to perform daily tasks to the best interests of the Group. All potential conflict of interest must be reported to the direct Store Managers, the Human Resources Department or the Administration Department. Violators will be subject to disciplinary actions, such as warnings and dismissal. Serious offenders will be handed over to the local authorities for proper investigations and legal actions.

To encourage the employees to report any misbehaviours or malpractices, we have incorporated a whistleblowing system in our Internal Control Policy. Employees may make use of the whistleblowing channels, such as hotline, email and written letter, to report suspected misconducts on bribery, extortion, fraud, money laundering, conflict of interest, competitive behaviour either verbally, non-verbally, or anonymously. All received cases will be investigated promptly by the Audit Committee of the Company and reported to the local authorities for further investigation, if necessary. All case-related information and the identity of the whistle-blower will be kept confidential to protect him/her from retaliation. To prevent false accusation, the Group treats every reported case seriously and disciplinary action will be taken against any employee making malicious report.

During the Reporting Period, the Group's latest policy and relevant materials were sent to the Board and all staff to enhance and update their knowledge of our business's ethics and standard. There is no breach of the relevant laws and regulations relating to bribery, extortion, fraud and money laundering, including Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) Notice and Guideline for Financial Institutions of Macau and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance in Hong Kong during the Reporting Period. Besides, the Group and our employees have not involved in any legal cases related to corruption in Macau and Hong Kong in FY2021.





Environmental Protection

We recognise that several environmental aspects are material to our business operations, such as energy use and carbon emission, wastewater and waste. An Environmental Policy has been implemented to illustrate the approaches and objectives of managing the key environmental aspects associated with the Group and its subsidiaries that may face or have faced.

Environmental Policy	
Energy Use and Carbon Emission	<ul style="list-style-type: none"> Promote the use of more energy efficient and energy saving equipment in our operation and value chain.
	<ul style="list-style-type: none"> Measure and monitor our GHG emissions, and ensure that these emissions align with the local or international standards and best practices.
	<ul style="list-style-type: none"> Set energy and GHG emission reduction targets and devise approaches to achieve the targeted reduction within the agreed timeframe.
Water	<ul style="list-style-type: none"> Reduce water consumption by encouraging the use of water saving equipment and water saving behaviours of our employees.
Waste	<ul style="list-style-type: none"> Monitor and review the waste management system continuously.
	<ul style="list-style-type: none"> Handle hazardous and hazardous waste separately by adopting specific procedure for disposal, storing and collection.
Resources	<ul style="list-style-type: none"> Encourage the reduction of plastic and paper consumption as far as possible in our operation and value chain.
	<ul style="list-style-type: none"> Prioritises the procurement of sustainable materials in the supply chain.

To minimise its environmental impacts, the Group has embedded environmental protection principles into its day-to-day operations and the supply chain management. A set of environmental criteria for supplier selection has been implemented as the Group's environmental footprint is mostly caused by suppliers and their goods and services. Please refer to the section headed "Supply Chain Management" of this ESG Report for more details.

Acknowledging the power of individuals, the Group has engaged all the employees to foster a green workplace by introducing multiple environmental and resource conservation initiatives. With everyone's effort in the sustainable journey, the Group has succeeded to lower its greenhouse gas ("GHG") emissions and environmental footprint during the Reporting Period.

 Electricity	<ul style="list-style-type: none">- Procure energy-saving equipment- Make good use of natural resources and sunlight- Switch off all electrical appliances when not in use- Install energy saving mode on electronic equipment
 Water	<ul style="list-style-type: none">- Report promptly when irregularities of water facilities are observed- Remind employees to shut off water facilities after use- Install water flow restrictors
 Paper	<ul style="list-style-type: none">- Promote the use of recycled paper and double-sided printing practice- Enforce printing quota- Optimise the use of electronic information and communication technologies
 Office Supplies	<ul style="list-style-type: none">- Replace supplies with refillables, reusables or recyclables- Implement proper storage practice to keep resources in good condition- Cultivate indoor plants in the office

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The Group's environmental performance, including energy and water consumption and GHG emissions 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 FY2021, the electricity consumption is 22.8% less than that of FY2020, leading to a reduction in Scope 2 GHG emission by a similar percentage.

Environmental Performance	Unit	FY2021	FY2020
GHG Emission			
Scope 1 ⁴	Tonne of carbon dioxide equivalent ("tCO ₂ e")	6.44	4.48
Scope 2 ⁵		1,177.67	1,471.98
Scope 3 ⁶		8.93	43.99
Intensity	tCO ₂ e per Full-time employee ("FTE")	3.09	3.59
Air Emissions⁷			
NOx	kg	1.21	–
SOx	kg	0.06	–
PM	kg	0.09	–
Resource Consumption			
Electricity ⁸	MWh	1,436.19	1,860.91
	GJ ⁹	5,170.27	6,699.26
Intensity	MWh per FTE	3.72	4.39
Mobile Fuel	L	4,320.00	1,670.00
Unleaded petrol ¹⁰	L	3,360.00	960.00
Diesel	L	960.00	710.00
Intensity	L per FTE	11.19	3.94
Paper	Tonne	3.75	0.66
Water ¹¹	m ³	–	–
Intensity	m ³ per FTE	–	–

⁴ Scope 1 represents direct GHG emissions generated by the use of fuels for mobile sources. 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.

⁵ 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 Hong Kong offices, only data of the subsidiaries in Macau is disclosed. The calculation is based on the published emission factors of the 2020 Sustainability Report of CEM (Companhia de Electricidade de Macau), a public utility company in Macau.

⁶ Scope 3 covers energy indirect GHG emissions generated by paper disposal (Hong Kong 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 Hong Kong and the GHG Conversion Factors for Company Reporting from the UK government. Due to traffic restriction under the Pandemic, the frequency of business trips in FY2021 was drastically reduced compared to FY2020.

⁷ The Group's air emissions in FY2021 were generated by mobile fuel consumption. There was no significant emissions in 2020 due to minimal travel under the Pandemic.

⁸ Due to the insignificant electricity usage in the Hong Kong 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.

⁹ 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.

¹⁰ In FY2021, the consumption of unleaded petrol increased due to the purchase of a company vehicle.

¹¹ In FY2020 and FY2021, 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.

During the Reporting Period, the Group had no material non-compliance of the 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.

Our Environmental Targets

We have established targets for our environmental performances, with reference to that of our peers in the industry, as the objective indicator of our progress towards a more sustainable and environmentally-friendly business model.

- | | |
|--------------|---|
| GHG Emission | <ul style="list-style-type: none">• Short term: Reduce GHG emission intensity by 15% by year 2025• Medium-long term: Reduce GHG emission intensity by 25% by year 2030 |
|--------------|---|

(compared with FY2020)

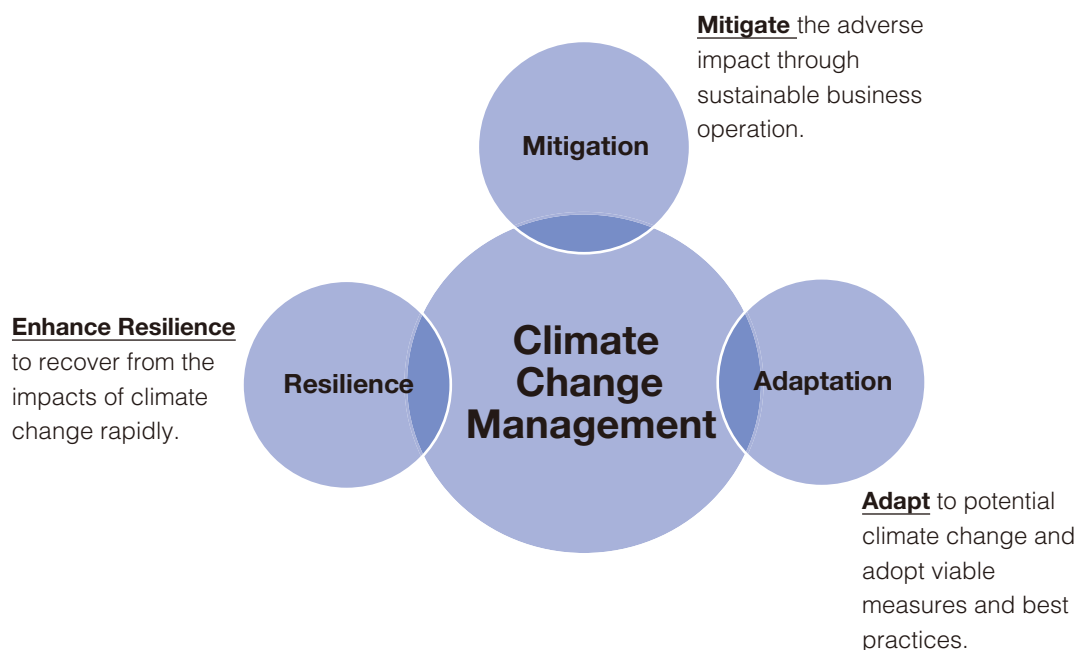
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|--------------------|--|
| Energy Consumption | <ul style="list-style-type: none">• Short term: Reduce energy consumption intensity by 8% by year 2025• Medium-long term: Reduce energy consumption intensity by 15% by year 2030 |
|--------------------|--|

(compared with FY2020)

Climate Change Resilience

The Group emphasises on enhancing its resilience towards climate-related risks. To indicate the impacts of climate change that give both risks and opportunities to the Group's long-term sustainable development, we have established a Climate Change Policy. We are committed to ensure that all the business activities fully complied with the relevant laws and regulations, as well as integrating best practices base on three core approaches which include mitigation, adaptation and resilience into our business operation.

Core Approaches of Climate Change Management



We have recognised the adverse impact of climate risks such as extreme weather, which may cause damage to the Group's facilities and affect the business activities. For example, extra expenditure on maintenance of the property and physical assets has to be allocated when floods and typhoons occur more frequently. The Procedure for Working During Extreme Weather has been outlined in the Employee Handbook which aims to provide a guideline to the employee to work under adverse weather by establishing the relevant safety plan and emergency plans. Informative materials and resources on climate change have also been offered to our employees to enhance their awareness of climate knowledge.

COMMUNITY ENGAGEMENT

The Group cares for the local communities at where it operates by supporting their development. To build long-term and sustainable relationships with the communities, we have established a Community Engagement Policy that outlines the principles and guidelines for the planning and execution of the community engagement. We have paid effort on community involvement in several approaches. For community investment, we include a specific charity budget in our business plan to ensure that the budget can be distributed to the best effect and to those charities that fit our purpose and values. We have actively engaged with all the stakeholders which include government and civil society at the local community and collecting their opinions through appropriate effective channels in a transparent way. The health and wellness, environment and education are the focused topics of the Group. However, due to the concerns under the Pandemic, no activities have been organised in 2021. The Group will continue to look for opportunities to contribute to the society.

ESG REPORTING GUIDE INDEX

ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
Aspect A Environmental		
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.	Operational Sustainability – Environmental Protection
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (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 emissions target(s) set and steps taken to achieve them.	Operational Sustainability – Environmental Protection Our Environmental Targets
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Operational Sustainability – Environmental Protection Reduction target has not been set due to insufficient data for target setting.
A2 Use of Resource	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 target(s) set and steps taken to achieve them.	Operational Sustainability – Environmental Protection
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Operational Sustainability – Environmental Protection Reduction target has not been set due to insufficient data for target setting.

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ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
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.
A3 The Environment and Natural Resources	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
A4 Climate Change	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Operational Sustainability – Climate Change Resilience
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Operational Sustainability – Climate Change Resilience
Aspect B Social		
B1 Employment	Information on: – the policies; and – compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Responsible Employment – Employee Remuneration and Welfare
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Responsible Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Responsible Employment
B2 Health and Safety	Information on: – the policies; and – compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Responsible Employment – Healthy and Safe Workplace

ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	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
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Responsible Employment – Training and Career Development – Staff Retention and Career Advancement
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Responsible Employment – Training and Career Development – Staff Retention and Career Advancement
KPI B3.2	The average training hours completed per employee by gender and employee category.	Responsible Employment – Training and Career Development – Staff Retention and Career Advancement
B4 Labour Standards	Information on: – the policies; and – compliance with relevant laws and regulations that have a significant impact on the issuer 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
B5 Supply Chain Management	Policies on managing environmental and social risks of supply chain.	Satisfying Our Customers – Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Satisfying Our Customers – 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.	Satisfying Our Customers – Supply Chain Management

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ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Satisfying Our Customers – Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Satisfying Our Customers – Supply Chain Management
B6 Product Responsibility	Information on: – the policies; and – compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Satisfying Our Customers – Product and Services Excellence
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Satisfying Our Customers – Product and Services Excellence
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Satisfying Our Customers – Handling Complaints
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Satisfying Our Customers – Product and Services Excellence
KPI B6.4	Description of quality assurance process and recall procedures.	Satisfying Our Customers – Product and Services Excellence
KPI B6.5	Description of consumer data protection and privacy policies and how they are implemented and monitored.	Satisfying Our Customers – Confidentiality Management
B7 Anti-corruption	Information on: – the policies; and – compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	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

ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
KPI B7.2	Description of preventive measures and whistle-blowing procedures and how they are implemented and monitored.	Operational Sustainability – Business Integrity
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Operational Sustainability – Business Integrity
B8 Community Investment	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