



# High Fashion International limited

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



**2021**  
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 2021 (the “Report”) which covers our sustainability vision, initiatives, achievements and approach to managing ESG-related impacts across our branding, administrative and manufacturing operations. We believe the transparency provided through our disclosures would allow our stakeholders to monitor and gain a deeper understanding of our ESG performance, current sustainability efforts and future ambitions.

## WHO WE ARE AND WHAT WE BELIEVE

Founded in 1978, High Fashion International Group is a modern fashion enterprise embracing innovative and sustainability manufacturing in the entire fashion supply chain. With our continuous investment in new technology and equipment, we endeavour to promote green and sustainable supply chain by integrating and embedding extensive research and development (“R&D”) into the garment industry. Over the years, the Group has vigorously adopted the concept of sustainable development and environmental conservation, from procurement, production processes, product research and development, centered on the environmental and green enterprise.

High Fashion is headquartered in Hong Kong and our business footprint has been expanded to overseas markets including Southeast Asia, the United States and the United Kingdom. We have also established manufacturing plants in China including Hangzhou, Dongguan, and Xinchang as well as the Southeast Asian region including Cambodia.



As a company with a long history in the fashion and textile industry, we have been continuously upholding our core values.



We believe this philosophy provides the foundation and attitude necessary for our business to achieve robust growth as we continuously strive to evolve as a leading sustainability-and-innovation-oriented fashion enterprise.

# About High Fashion














## OUR SUSTAINABILITY GOALS

Being a leader in the textile industry, we work unwaveringly to incorporate environmental protection initiatives into our business operations as we are well aware of the potential impacts global climate change could bring to us. In response to China's target to attain carbon neutrality by 2060, we are committed to lower our carbon footprint, hoping to contribute our part to this national plan. We step up our efforts in mitigating climate change and advancing sustainability performance through deploying principles of resource conservation in our operations, reducing our consumption on resource and energy, as well as vigorously cultivating a sustainability-conscious culture among our board members, management teams, as well as all our staff. In our production facilities, we procure energy and water efficient machineries and invest in green infrastructure such as solar power systems and wastewater treatment systems to minimise our environmental impacts associated with the manufacturing processes. In our procurement process, we also look for green materials and make use of recycled and cellulosic fibres and silk to reduce waste in our production and enhance product traceability.



High Fashion invests heavily in modernising and upgrading our manufacturing facilities to develop a modern and innovative silk fashion enterprise with environmental sustainability in mind. In the meantime, we are also dedicated to providing a safe and supportive workplace to approximately 4,000 staff member who are the most valuable assets in our organisation. Moreover, with a strong sense of commitment to corporate social responsibility (“CSR”), we initiate various kinds of volunteering activities and partnership with non-profit organisations to create positive change in our neighbourhood where we operate.

## 2020 – 2024 5-YEAR SUSTAINABILITY GOALS

Areas	Targets and Description	Performance in 2021
<b>Better Products</b>	We aim to apply more sustainable and recyclable materials in new products for performance enhancement.	 In progress
<b>Lower Impact</b>	 We aim to reduce carbon footprint by 15%*	<b>-18.51%</b>
	 We aim to reduce natural resource consumption and emissions of pollutants and waste arising from our operations.	<b>-31.14%</b>
	 Achieve water reuse efficiency rate by 35%	<b>44.15%</b>
	 Reduce total waste generation by 30%*	<b>-62.49%</b>
<b>More Admirable Workplace</b>	We aim to create a safe and supportive workplace which promotes personal development and protects the well-being of our staff.	 Maintain record of zero work-related fatalities  Achieved
	 Deliver at least 4 training hours/ employee annually	 In progress
<b>Our Community</b>	We aim to contribute positively to the communities in which we operate.	 Contribute at least 500 volunteering hours/year  In progress
	 Provide educational support through student	 Achieved

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

# About High Fashion

## AWARDS AND ACHIEVEMENTS AT INTERNATIONAL LEVEL



Bluesign APPROVED



The mark of responsible forestry  
FSC® A000523

FSC Chain of Custody



Global Recycle Standard  
("GRS") Certification



GLOBAL SECURITY VERIFICATION

Global Security Verification



Gold Label of Low Carbon Manufacturing Programme  
("LCMP") Certification



MADE IN GREEN by  
OEKO-TEX®



Organic Content Standard  
(OCS)



Social and Labor Convergence Program  
("SLCP") Signatory



STANDARD 100 by  
OEKO-TEX®



STeP by OEKO-TEX®



Supplier Ethical Data Exchange ("SEDEX")



The Higg Index – verified Facility Environmental Module  
("vFEM")



The Higg Index – verified Social & Labor Module  
("vSLM")



Worldwide Responsible Accredited Production  
("WRAP") Certification

# OUR HIGHLIGHTS

## Our Four-in-one Creation Centre

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

## Community Donations

>HK\$1,130,000

## Percentage of Female Employees

68%

## Solar Coverage

>70,000m<sup>2</sup>

## Full Vaccination Rate

96%

## Water Reuse Efficiency Rate

44.15%

## Attainment of Internationally Recognised Labels/Awards/Certifications

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

## Employment Rate of Graduates

98%





# ABOUT THIS REPORT

## REPORTING STANDARD AND SCOPE

This annual ESG Report has been prepared in accordance with the latest requirements of the ESG Reporting Guide (the “ESG Guide”) listed in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited issued by Hong Kong Exchanges and Clearing Limited (“HKEX”). Contained within is an overview of the Group’s ESG management approach as well as sustainability strategies and performance for the period from 1 January 2021 to 31 December 2021 (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 Group’s environmental and social performance. The Report mainly focuses on our manufacturing facilities and branding business in China and Cambodia. It also summarises the positive impacts brought by our green initiatives to achieve sustainability as well as our continuous efforts in fulfilling corporate social responsibility.

The Report has been reviewed and approved by the Board of Directors of the Company (the “Board”). Any enquiries regarding this Report may be directed to the following email address: [esg@highfashion.com.hk](mailto:esg@highfashion.com.hk).

To better aid readers in navigating the relevant ESG issues, disclosures and key performance indicators (“KPIs”), a HKEX ESG Guide Content Index is attached on pages 60 to 64 of this ESG Report.

# SUSTAINABILITY GOVERNANCE

## BOARD STATEMENT

The Board holds the overall accountability for the Group's ESG management approach, strategy and performance. The Board's responsibilities include assessing and identifying the Group's potential ESG impacts, opportunities, as well as related risks in relation to the operations. Upon enforcing the materiality assessment and endorsing the ESG-related goal formulation, the Board integrates ESG risk management into business strategy to ensure that our ESG approaches are well aligned with the overall direction and objectives of the Group. Moreover, the Risk Management Committee is responsible to oversee the risk management framework and report to the Board on the sustainability risks and opportunities through evaluating the Group's sustainability performance regularly.

To support the Board's oversight and systematic management of the ESG issues, we have set up an ESG Committee comprising members of senior management from various business divisions. Chaired by the Managing Director, the ESG Committee meets at least twice a year to formulate the ESG goals, policies and strategies for alignment with the ESG direction set by the Board. While our comprehensive risk management framework combines a top-down strategic view with a bottom-up process, the ESG Committee monitors and reports the ESG performance of the Group against the goals and key performance indicators to the Risk Management Committee. On an operational level, the ESG Working Group is responsible for executing the ESG projects accordingly and reporting the progress of project and any potential frauds and risks identified from the execution process to the ESG Committee on a quarterly basis.

Moving forward, the Board will continue our commitment to driving sustainability in all aspects of our operations as we integrate sustainability into our daily operations of every location we conduct business.



# Sustainability Governance

## STAKEHOLDER COMMUNICATIONS



### Suppliers

#### Stakeholder Groups

Companies who provide goods, services and materials as part of our supply chain

#### Frequency

Quarterly to annually

#### Engagement Channels

- Regular meetings
- Annual supplier evaluation and corrective actions follow up
- Social Media
- Company website
- Press release



### Customers

#### Stakeholder Groups

People who buy our products

#### Frequency

Daily to annually

#### Engagement Channels

- Sales relationship
- Factory visit
- Shows and exhibitions
- Shopping experience (stores and internet platform)
- Social Media
- Company website
- Press release
- Surveys



### Employees

#### Stakeholder Groups

People who work directly for High Fashion

#### Frequency

Daily to annually

#### Engagement Channels

- Annual staff meeting
- Training
- Department meeting
- Suggestion box
- Newsletters
- Regular site visits made by senior management
- Intranet
- Direct mail



### Shareholders

#### Stakeholder Groups

People who have a financial investment in our business

#### Frequency

Regularly

#### Engagement Channels

- Company Website
- Announcement
- Corporate communication materials
- Annual general meeting
- Social Media
- Press release

## STAKEHOLDER ENGAGEMENT

We appointed an independent consultant to complete a comprehensive stakeholder engagement exercise through an online survey. This enables us to better understand stakeholders' views on the Group's ESG-related issues, performance and management approaches. The collected feedback helped us to identify High Fashion's material ESG issues, determine ESG risks and opportunities.

## 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 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 issues in relation to its business operations.

### Step 2 Prioritisation

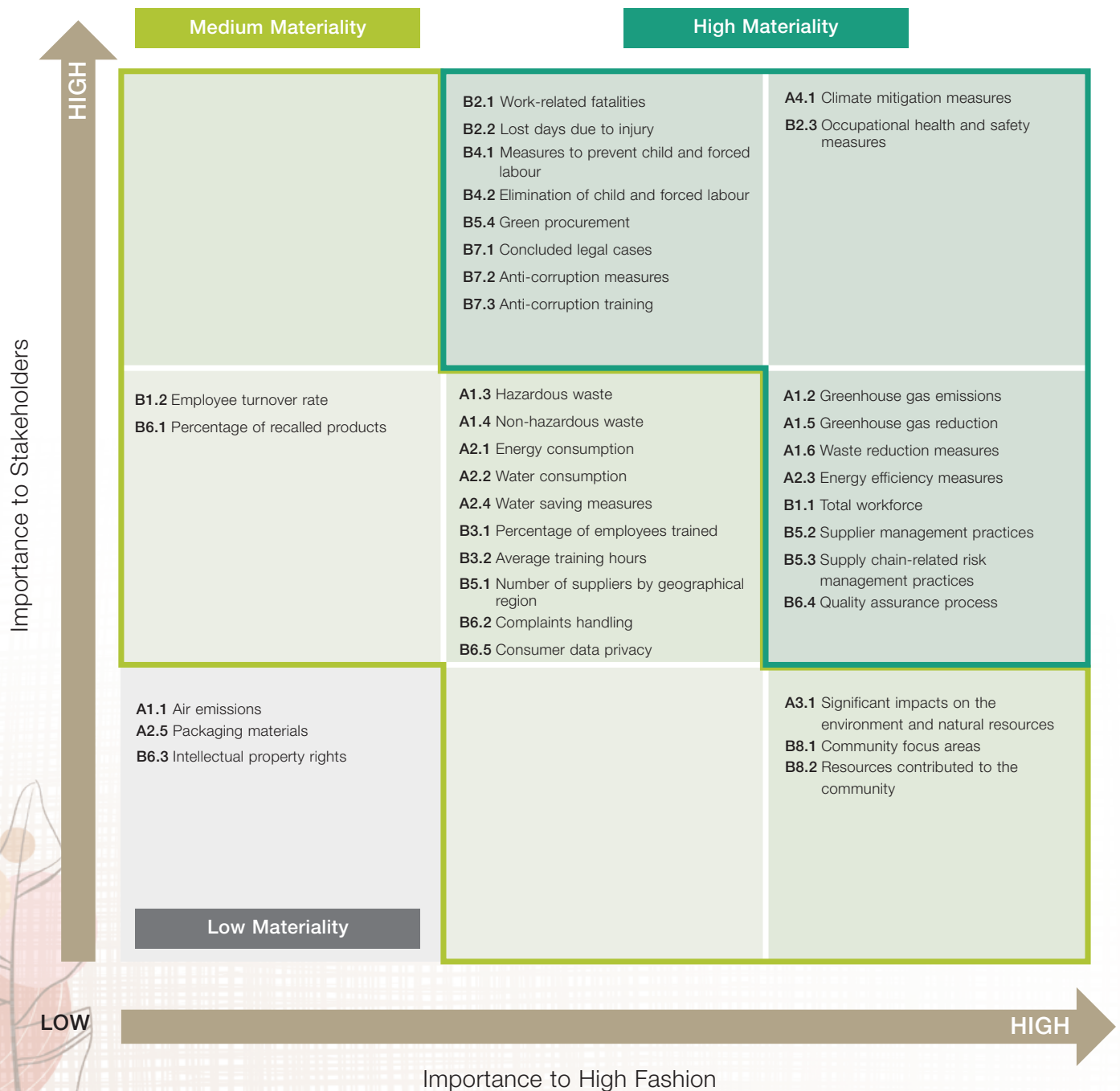
- Consolidated, analysed and assessed results from Step 1 to identify a prioritised list of ESG issues of varying materiality levels.
- A materiality level was assigned to each issue based on the importance to High Fashion and internal stakeholders.

### Step 3 Validation

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

# Sustainability Governance

The Materiality Matrix below visualises the relative importance of the HKEX KPIs to the Group and our stakeholders. Sustainability issues which were identified as “high” and “medium” materiality will be addressed in detail throughout this Report.



# SUPPLY CHAIN MANAGEMENT

We adopt stringent control and management on supply chain for the benefits of environmental conservation and the lowering of environmental risks. Our perseverance is recognised and awarded as the “Top 10 Supply Chain Enterprise of China (Hangzhou) International Fashion Fair” (中國(杭州)國際服裝產業交易會十佳供應鏈企業).



## REQUIREMENTS ON SUPPLIERS

Our diverse sports and apparel business connects us with a wide range of partners along the supply chain. In our endeavour to promote environmentally and socially responsible practices beyond our own operations, we advocate sustainability by inviting our supplier and brand clients to support pro-environmental and socially responsible behaviour beyond regulatory compliance. We communicate our expectations on suppliers' environmental and social responsibilities performance, through a management system with a set of relevant standards of business and supply chain management processes and Code of Conduct. The three-in-one system strictly monitors the supplier selection process, entry evaluation, and supplier periodic evaluation. The Code of Conduct includes initial and regular assessments to evaluate the performance of existing suppliers against guidelines. Once the suppliers are certified, they must be reassessed for continued compliance once per annum. Our sourcing team performs the initial supplier assessments and conducts the annual reassessments. Suppliers who previously committed to environmental protection shall comply with the national textile standards, STAND100 by OEKO-TEX®, STeP by OEKO-TEX® minimum standards, EU REACH regulations, ZDHC Manufacturing Restricted Substance, etc. The Group gives priority to the suppliers who have passed GRS and STeP by OEKO-TEX®.

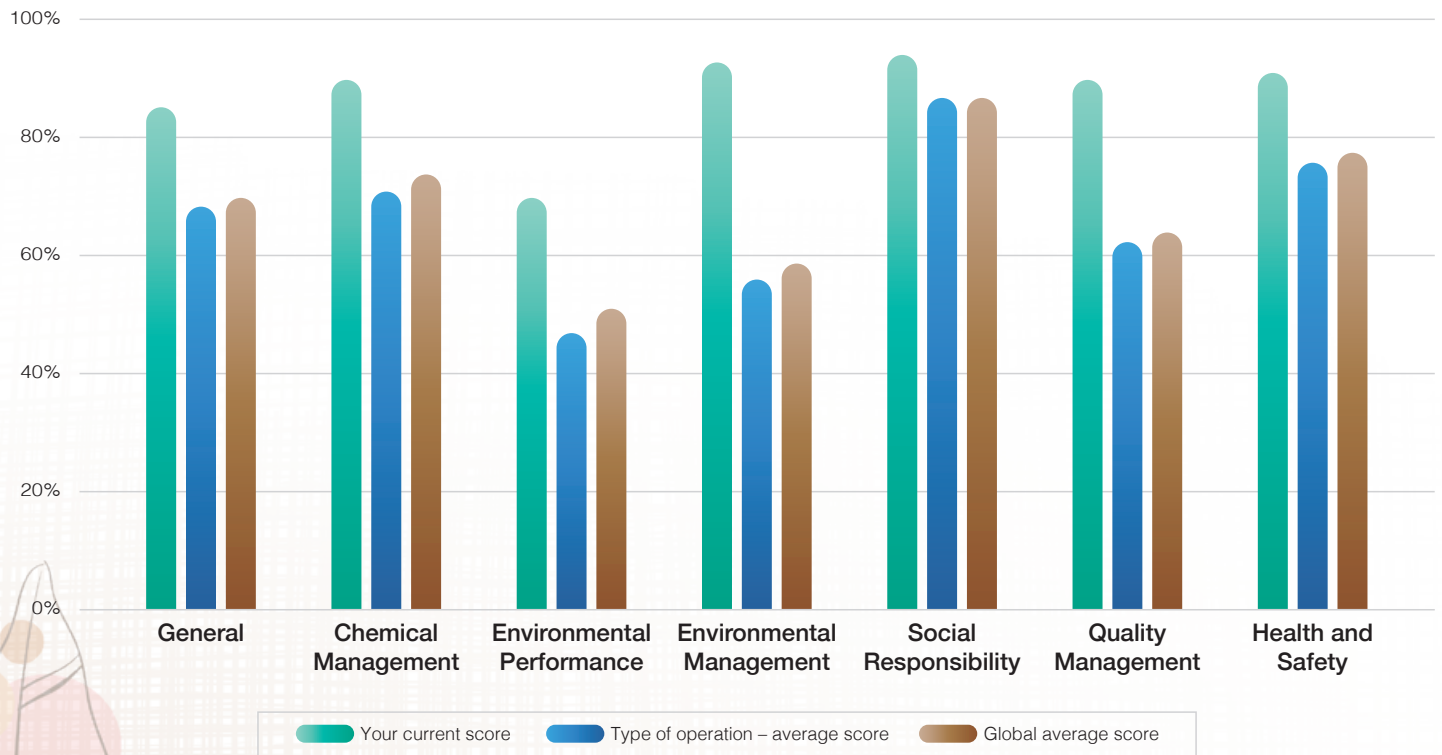
# Supply Chain Management

## STeP by OEKO-TEX® certification


STeP by OEKO-TEX® certification requires effective resource utilisation of our Group, including wastewater, heat, and surplus materials. The comprehensive and meticulous assessment serves as an effective chain of custody, inspecting from upstream suppliers to end customers.

Our Hangzhou Branch, High Fashion (China) Co., Ltd. (“High Fashion (China)”) has successfully received the certification.

The six major modules, chemical management, environmental performance, environmental management, quality management, social responsibility and health and safety management, of High Fashion (China) Co., Ltd. in the 2021 STeP certification assessment all achieved results far exceeding the industry and global average.



In the coming years, we will continue to strictly adhere to STeP standards for green manufacturing and sustainable development, aiming to better provide consumers with environmentally-friendly and green products.



To cause minimal adverse environmental impacts, High Fashion strives to support green procurement by selecting suppliers that offer environmentally preferable raw materials. In the adoption of grey in our production process, only those made up of degradable slurry and without the addition of chemicals that violate the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) and Bluesign® Recognition is selected.

Suppliers are strongly encouraged to assess environmental performance and social impact with The Higg Facility Environmental Module (Higg FEM) and The Higg Facility Social & Labor Module (Higg FSLM) respectively in order to meet customer needs and relevant legal and regulatory requirements. The restriction of the use of polluted or harmful materials at the initial stage of the supply chain leads to better control of the whole production process and the biochemical oxygen demand (“BOD”) and chemical oxygen demand (“COD”) of wastewater.

## RISK IDENTIFICATION ALONG OUR SUPPLY CHAIN

Risk identification is an initial step in supply chain management, we entrust third-party organisations to evaluate supplier performance in terms of product quality and safety, employees’ working condition, 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 on the approved suppliers list. Should the risk affecting business relations be uncovered, we would support them in working out a solution for improvement.

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

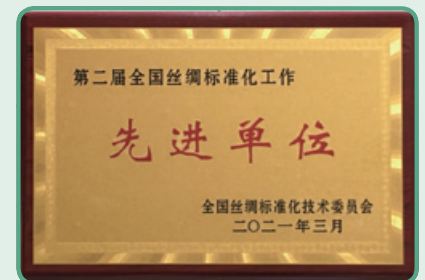
Facing the rapidly evolving market situation, High Fashion shares market information and compiles sales forecasts with our downstream stakeholders and business partners respectively. We proactively conduct market research to minimise order processing time, procurement errors and product defects. We ensure that our suppliers follow our internal tender requirement, the ISO Environmental Management System, the OHSAS18000 Occupational Health Management System, or have implemented Environment, Health, Safety (EHS) management.



# BETTER PRODUCTS

As a responsible textile and fashion enterprise, maintaining the highest quality standards of our products has always been at the heart of High Fashion. We proactively promote the adoption of the latest technologies through our extensive R&D efforts as we demonstrate our dedication to incorporating innovation into modern production processes. Going beyond the assurance of innovative and high-quality products, the Group has long been working in the application of green production processes through sustainable use of silk and recycled fibres. We view advancing our sustainable products and keeping our business thriving as indispensable as we step into the era of sustainable development. High Fashion aspires to become a more agile business in face of the rapid change in market preference towards products of lower environmental footprint. As such, we actively obtain certifications and seek partnership with global sustainability standards, especially to those relevant to the fashion industry such as the Global Recycled Standard, Bluesign® system, OEKO-TEX®, and TENCEL™. In addition, we have been undergoing research with education institutions on new bio-based degradable materials from plant waste and the plant-dyed technology to eliminate the use of chemical ones gradually.

Our dedicated efforts in the application of quality and sustainable garments and the production of outstanding products in the industry have been recognised with various awards at different levels. High Fashion (China) has been awarded the 2021 Excellent Fabric in China Dyeing and Printing (2021年度中國印染行業優秀面料) by the China Dyeing and Printing Association (中國印染行業協會) and The Second National Silk Industry Standardization Work – Advanced Unit (第二屆全國絲綢標準化工作先進單位).



Our efforts in establishing vertically integrated supply chain are crucial to maintaining product quality, brand reputation and integrity. It also enables us to offer comprehensive end-to-end solutions for our clients while exerting full control over the materials and employment conditions along our production chain.

To maintain our position at the forefront of the industry, we combined our four pillars of facilitates – R&D, 3D Fashion Design, Technology, and Testing in a single complete silk supply chain ecosystem with well-coordinated manufacturing capacities and resources.

- >20 specialists in dyeing and finishing engineering, textile engineering and fabric design
- >80 R&D projects have been implemented
- obtained: 36 (1 in 2021) invention patents  
81 (6 in 2021) utility model patents  
19 (4 in 2021) design patents  
2 software copyrights

- first textile testing laboratory in Hangzhou
- receives accreditation by the China National Accreditation Service for Conformity Assessment (CNAS)
- testing services based on international standards:
  - ISO (International Organisation for Standardisation)
  - EN (European Standards Association)
  - ASTM (American Society for Testing and Materials)
  - AATCC (American Association of Textile Chemists and Colorists)



- provides clients with efficient one-to-one service experience
- incorporates trendy and accurate design concepts through 3D design
- develops sustainable fibre products to protect environment

- offers the ideal environment for research, development and testing
- High Fashion (China) has been recognised
  - (a) the National High-Tech Enterprise (國家高新技術企業)
  - (b) 2021 Zhejiang Enterprise Technology Centre (2021年浙江省企業技術中心)



# LOWER IMPACT

## ENERGY USE AND EMISSION CONTROL

High Fashion demonstrated a firm commitment to proactively improving its environmental performance. 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 also proactively deploy energy-efficient equipment to help achieve our reduction target on our carbon footprint.

**15%** reduction in carbon footprint  
by the end of 2024 as compared to 2019 level

To support this group-level carbon reduction target, as well as echoing with the industry trend and the policy direction of Zhejiang Provincial Government and Hangzhou Municipal People's Government, High Fashion (China) laid out a "Sustainable Development Plan for High Fashion (China)" in 2021 which set their sights on achieving carbon peaking in 2025. Six focus areas have been established to guide this sustainable development plan, namely green factory, green product, green promotion, green labelling, green energy, and green supply chain.

Our efforts in transiting to a low carbon operation have been recognised by the authority as well as the international green group. In 2021, the operation of High Fashion (China) has been listed as "Green Factory in Low Carbon Emission" (浙江省級綠色低碳工廠) by the Zhejiang Provincial Government. Following our Dongguan Branch, Dongguan Dalisheng Fashion Co., Ltd., High Fashion (China) also received the gold label of "Low Carbon Manufacturing Programme" from WWF Hong Kong in 2021.

Premised on our achievements on environmental sustainability, High Fashion (China). recently formulated a new Safety and Environment Department (安環部) to support our implementation of green initiatives and to continue to manage our environmental impacts responsibly by executing sound environmental management approaches and actions.

In 2021, there were 0 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

Being one of the industry pioneers in sustainable fashion in China, High Fashion Silk (Zhejiang) Co., Ltd. was honored to be invited to participate in the launching ceremony of “30.60 Innovative Climate Action and Carbon Neutrality Acceleration Initiative by Chinese Fashion Brands” at The Fourth World Textile Merchandising Conference. In recognition of our efforts of promoting carbon reduction, High Fashion Silk (Zhejiang) Co., Ltd. was awarded as the “30.60 China Fashion Brand Carbon Neutral Acceleration Plan Enterprise” in the conference.



## Lower Impact

- *Photovoltaic Power Generation System*

High Fashion's commitment in incorporating solar power into our energy profile has begun since 2015. At that point, more than 3,600 crystal silicon solar panels have been installed on our five buildings. Spanning a total area of approximately 70,000 m<sup>2</sup>, this solar system generated 6,347,600 kWh of clean energy in 2021, which is estimated to avoid 5,100 tonnes of carbon dioxide emissions and 2,000 tonnes of coal consumption. Our on-site solar facilities provide not only great support to the electricity use of our factories but also extra electricity to the State Grid.



- *Solar Water Heaters*

The provision of hot water for our employee dormitory relies mainly on the solar water heaters. The solar water heater features automatic static operation which serves energy saving and environmental protection purposes. The solar panels of 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.

Aside from a great outpouring of investment on solar energy, we seek to employ equipment with higher energy efficiency in our factories. Our automatic air-to-water heat pumps extract heat from ambient air to provide hot water for our employee dormitory. They are more energy efficient compared to oil-fired boilers, gas-fired boilers and other electric water heaters. Another energy-saving investment is our waste heat recovery system which harvests and transfers the heat from the production boilers to our dormitory's water system, allowing utilisation of our precious energy resource as well as resulting in less unwanted heat dissipation. Both systems can supplement the solar water heaters especially during the wintertime in an energy-efficient manner. In our production lines, we replace the old motors (200W) of our production equipment into new, low-voltage, more efficient, and more durable motors (110W).

We are also aware that lighting comprises a considerable portion of our energy consumption. As such, we are dedicated to lowering our energy usage by stepping up efforts in lighting retrofit in workplace. At our factories, we adopt advanced lighting control systems which control precise illumination zones, hence reducing unnecessary energy consumption. We have also replaced our lights with more efficient LED lights such as T5 high-efficiency tube lighting systems in our Hangzhou factories, contributing to a reduction of 600,000 kWh energy in 2021.

## Employees' Engagement in Decarbonisation

Our efforts in reducing energy consumption do not stop here. We are firmly convinced that another key to meaningful energy saving lies on the environmental awareness of our staff. To this end, we proactively encourage the practice of turning off all non-essential lights in the office and factory when they are not in use or if no production work is taking place. Through providing verbal reminders regularly and affixing signages in key areas, we ensure that all staff of High Fashion are staying engaged with our energy saving initiatives.



High Fashion recognises the importance of low-carbon development trends and have taken it upon ourselves to promote a sustainable lifestyle among our employees. The Group has implemented initiatives to advocate for more sustainable travel by encouraging the use of public transit system. Wherever possible, we explore opportunities to plant additional trees in our factories which are well-suited to the area and to raise awareness of the benefits of tree-planting. In 2021, we planted over 45 trees in China.



Our Xinchang branch, High Fashion Silk (Zhejiang) Co., Ltd. embedded sustainability elements in the design of Geopark.

# Lower Impact

## Carbon Emission and Energy Consumption

As the production unit in 2021 increased for our operations in China approximately 30%, a rise in the total carbon emission of 15.35% was recorded as compared to 2020 levels. However, our efforts in carbon reduction enable us to lower the overall carbon intensity by approximately 10.44% as compared to 2020 levels. Looking forward, High Fashion will continue to invest resources and enhance our efforts in energy conservation and renewable energy usage.

Year	Scope 1				Electricity	Scope 2		Scope 3	
	Boiler (Stationary Fuel)	Mobile Fuel (Vehicles)	Purchased Town gas	Refrigerants		Steam	Water	Industrial Wastewater	Domestic Wastewater*
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
2021	487	272	3,613	2,214	12,118	54,713	175	386	23

Table 1: Breakdown of Carbon Emissions (in tonnes of CO<sub>2</sub>e)

\* The whole Hangzhou operation is included in the scope for 2021 domestic wastewater data.

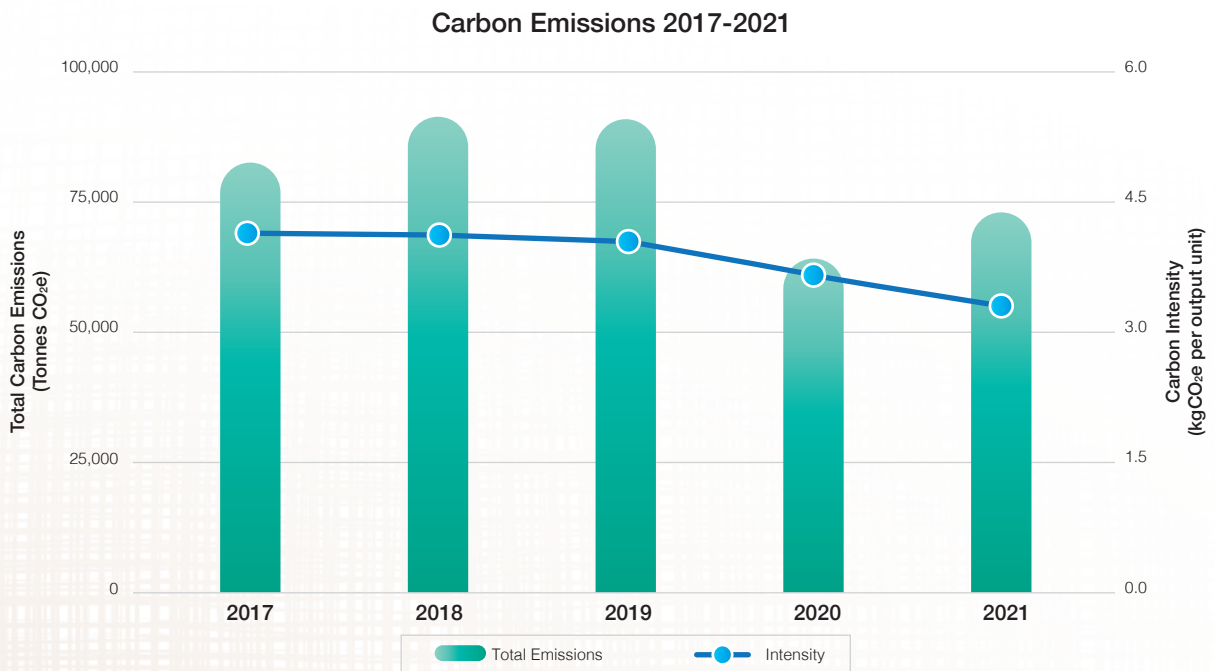


Figure 1: Carbon Emissions in Total and Intensity

Note: Following an internal review of the database, the carbon intensity figures for 2017 to 2020 have been restated.

In order to curb our direct emissions, we have installed a series of pollution abatement equipment to treat the pollutants before they enter the environment. All oil-fired boilers are no longer in use in our production lines attributing to our continuous investment in natural gas boilers, which reduces both carbon and pollutant emissions. Electric steam boilers are even more preferable when it comes to environmental consideration, of which we are seeking to further increase their proportion in our production equipment.

Albeit our great advocacy on the use of clean energy over diesel and town gas, we recorded an increase in energy consumption of approximately 25.43% as compared to 2020 levels. The relevant intensity reduced approximately 2.62%. These are similar to the trend of carbon emission as discussed above.



Year	Type	Total	Intensity
2021	Purchased electricity	15,254 MWh	0.68 kWh/output unit
	Diesel	31,523 Litres	1.40 Litre/'000 output unit
	Petrol	72,382 Litres	3.21 Litre/'000 output unit
	Natural gas	4,905 GJ	0.22 GJ/'000 output unit
	Town gas	1,415,000 Unit	0.063 Unit/output unit

Table 2: Breakdown of Energy Consumption

During the reporting period, our production-related activities emitted around 363 kg of nitrogen oxides (“NOx”), 1.51 kg of sulphur dioxide (“SOx”), and 34 kg of particulate matter (“PM”).





## Lower Impact

### CLIMATE CHANGE MITIGATION



Among the ESG risks we identified in our materiality analysis, climate change is top-of-mind for us as this presents risks to our business and our staff. We are also aware that the fashion and textile market is demanding products with lower environmental footprint. Our response to climate change weighs significantly on our customer decisions and have profound impact to our reputation. In face of the climate-related issues, we have stepped up our efforts in preparing for and addressing the anticipated physical risks and transition risks posed by climate change. At the same time, we also see this as a chance for transiting to a low carbon business and grasping the business opportunity of the thriving sustainable fashion market.

In looking to accelerate our transition to a low carbon business for a climate-resilient future, we have initiated technological research on better and more sustainable products, invested in the extensive use of renewable energy, as well as equipped heavily with more energy and water efficient machineries. Apart from mitigating our longer-term climate-related risk through research and investment, we also stepped up efforts in addressing the more immediate climate-related risk posed on our facilities and our staff, such as floods, heatwave, and extreme cold. These extreme weather events may impact our business significantly and compromise the safety of our staff. Therefore, the Extreme Weather Emergency Response Plan has been put in place to direct our staff's responses in the event of extreme weather and to make sure that informed decisions are made. Through constant communication and careful planning, our Group has implemented a series of preventive measures to strengthen our preparedness for more frequent extreme weather conditions.

To enhance our drainage capacity, we have stepped up inspections and clearance of drainage and inlets. During June and July 2021, we appointed a consultant to conduct a detailed inspection of our rainwater and sewage pipes in Hangzhou operation for better preparation of the rainy season ahead. Assisted by the use of Pipe CCTV Robot, a total length of approximately 5,600 metres have been inspected and rectification works were undertaken with reference to the consultant's recommendations.



The following table briefly summarises our responses to the actual and potential impacts of climate-related risks and opportunities on our business.

Relevant climate-related risks/opportunities	Description of climate-related risks/opportunities	Our responses
<p><b>Physical Risks</b></p>  <p>Higher frequency and severity of extreme weather – Our properties</p>	<p>The higher frequency and severity of extreme weather may cause damage to our properties and manufacturing facilities and equipment, hence increasing the cost of maintenance and depreciation of our assets.</p>	<p>We have implemented a series of preventive measures to strengthen our preparedness for more frequent extreme weather conditions, including but not limited to:</p> <ul style="list-style-type: none"> <li>– Reinforcing the windows and doors of our operations; and</li> <li>– Insulating pipes in cold temperatures</li> </ul> <p>We have also put in place the Extreme Weather Emergency Response Plan to direct our staff's responses and informed decisions – so as to minimise damage and injury.</p>
 <p>Higher frequency and severity of extreme weather – Our supply chain</p>	<p>Our supply chain may be disrupted due to forced closure of highway, railroad, and waterway, leading to delay in delivery, shortage of raw material supply, and blockage of product distribution network. Additional air freight charge may be incurred.</p>	<p>We monitor closely the weather condition of the locations where we operate and along our supply chain in order to plan ahead with reference to the relevant weather information.</p>

# Lower Impact

## Relevant climate-related risks/opportunities



Water stress

## Description of climate-related risks/opportunities

Climate change causes disruption in weather patterns, resulting in unpredictable water availability as well as exacerbating water scarcity. Such impacts can potentially affect the quantity and quality of water that our production relies on heavily.

## Our responses

We invested heavily on water-efficient machineries as well as water recovery infrastructure to alleviate our water demand in this water intensive industry.



Heatwave

Our staff may not be able to work efficiently during the event of heatwaves. Malfunction of production equipment is also a potential issue, thus jeopardising production efficiency and delivery schedule.

A warning system has been established together with a dedicated production plan for the occurrence of heatwave. Ventilation has been improved at our production areas to keep our staff comfortable at work during hot days. In response to power suspension, we adjust the production period to avoid a complete halt of operation.

**Relevant climate-related risks/opportunities**



Flooding

**Description of climate-related risks/opportunities**

The occurrence of flooding may halt our operations and cause damage to our properties and equipment. Overflow of wastewater may occur of which the authority may impose fine or order restriction on production. The safety of our staff may also be put at risk.

**Our responses**

Preventive measures have been implemented to strength our preparedness, for instance, elevating the inventory and using pumps and barriers for protection in our properties. We also regularly clear sewerage ahead of flood season. Low water level of wastewater stabilisation ponds is also maintained to prevent overflow. We have also put in place the Extreme Weather Emergency Response Plan to direct our staff’s responses and educated decisions – so as to minimise damage and injury.

**Transition risks**

Policy changes and legal compliance

With reference to the Chinese government’s commitment to carbon neutrality by 2060, more stringent climate policy and regulations may be introduced of which more resources on environmental protection, clean energy and efficient machinery have to be invested for compliance.

We have formulated our “2020 – 2024 5-Year Sustainability Goals” on areas of sustainable products and reduction on carbon footprint, water use, and waste generation. We will continue to monitor the policy trend and momentum and are in the process of developing another long-term roadmap on sustainable development.

# Lower Impact

Relevant climate-related risks/opportunities	Description of climate-related risks/opportunities	Our responses
Technology advancement	As new technologies on more efficient machineries and cleaner energy emerge, we may need to keep up with the latest development of technologies and trend in order to meet higher expectations and standards of efficiency in this competing industry.	<p>We have been expanding our reliance on renewable energy and substituting more energy efficient/less emitting machineries for the less efficient equipment.</p> <p>We are conscious that a substantial part of the customers is seeking for more environmentally-friendly products. It is vital for High Fashion to capture this demand for a promising business growth. As such, we have established the department for Sustainable Development as well as Safety and Environment to guide us in this rapid-changing market environment. Through our extensive in-house R&amp;D efforts as well as collaboration with education institutions, we proactively promote the adoption of the green technologies in our production processes and development of sustainable products as our long-term direction.</p>
Shifts in market preference	The rapid shift in market preference may lead to more consumers demanding environmentally-friendly products. This may increase the cost of our production process as well as raw materials used. Lagging behind peers in capturing the shift in market preference may lead to a loss of market share.	<p>We are conscious that a substantial part of the customers is seeking for more environmentally-friendly products. It is vital for High Fashion to capture this demand for a promising business growth. As such, we have established the department for Sustainable Development as well as Safety and Environment to guide us in this rapid-changing market environment. Through our extensive in-house R&amp;D efforts as well as collaboration with education institutions, we proactively promote the adoption of the green technologies in our production processes and development of sustainable products as our long-term direction.</p>

**Relevant  
climate-related  
risks/opportunities**

**Description of climate-related risks/opportunities and our responses**

**Opportunities**

Capturing market share in sustainable products

We view advancing our sustainable products and keeping our business thriving as indispensable as we step into the era of sustainable development. With our efforts in developing more sustainable products, this allows us to remain agile in face of the rapid change in market preference towards sustainable products. For more in-depth understanding on our advancement in sustainable product development as well as international recognition, please refer to the sections of “Better Products” and “About High Fashion”.

Taking the lead in technology advancement

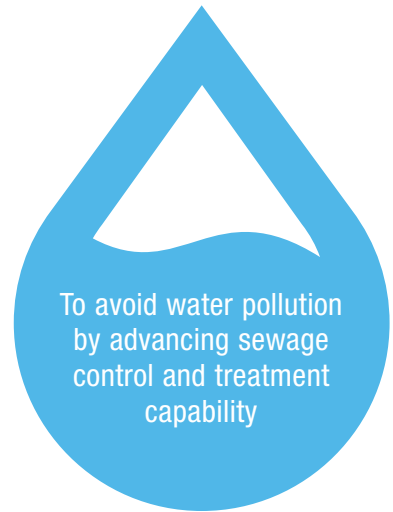
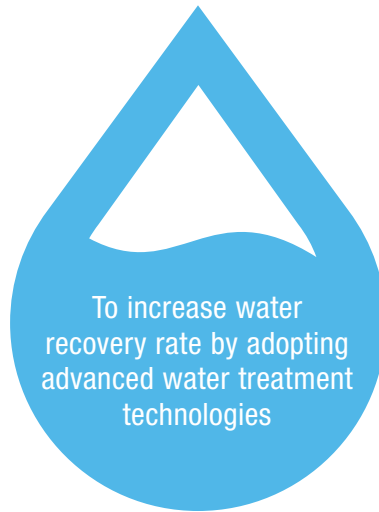
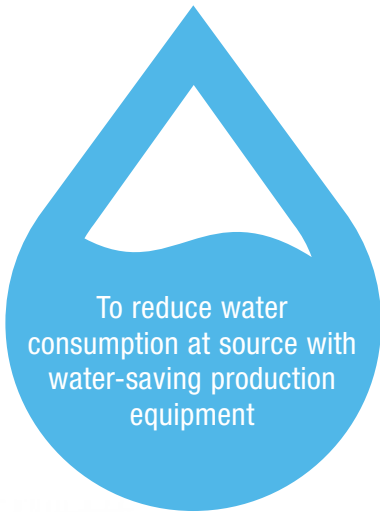
Our dedication in advancing our equipment and energy source has converted risks into winning opportunities to stay ahead of our peers on the transition to a low-carbon business. Please refer to the section of “Lower Impact” to learn more about our continuous investment in clean energy and efficient machinery.



## Lower Impact

# WATER USE AND WASTEWATER DISCHARGE

As a responsible company, we endeavour to lower our water footprint by promoting the careful use of water resources with the below three strategic pillars.

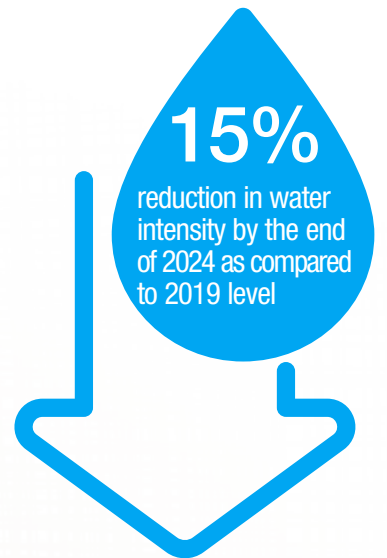


## Reduce water consumption at source

Source reduction is the most environmentally preferred strategy as this allows us to eliminate water wastage before it is created. Apart from the following initiatives, we also conduct regular inspections and maintenance of our pipes and valves to minimise water leakage.

- Airflow Dyeing Machines*

To date, we installed eleven airflow dyeing machines in Hangzhou operation to reduce water consumption. In 2021, the application of airflow dyeing technologies in place of traditional dyeing machines helped us to reduce water by over 62,000 tonnes and steam consumption by over 2,900 tonnes compared to 2020.



- *Enclosed Flat Knitting Washing Machines*

We introduced the use of the enclosed flat knitting washing machines in Hangzhou operation which is relatively water efficient. A total of 12,000 tonnes of water has been saved in 2021 with the employment of this production equipment.

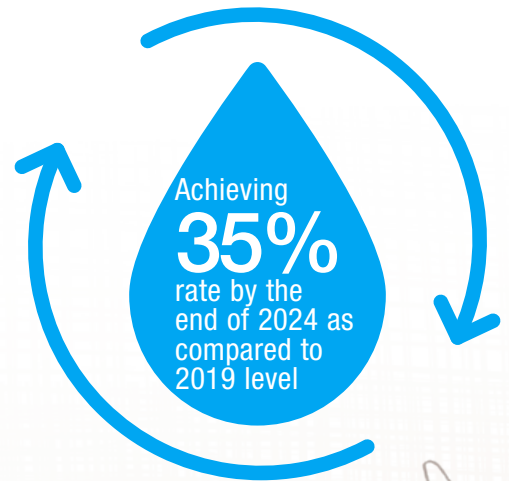


- *Continuous Desizing and Bleaching Washing Machine*

In late-2021, we introduced the use of a water-and-energy saving machine – continuous desizing and bleaching washing machine for the early processing of woven fabric. In comparison with its traditional counterpart, more than 750 tonnes of water have been saved in just 2 months during 2021.

## Increase water recovery rate for reuse

Reusing wastewater for beneficial purposes is another key water-saving initiative that High Fashion treats seriously. Not only does this present an opportunity to save water by reducing water consumption, but also enhances our resilience in the face of potential water scarcity risk.



- *Ultrafiltration and Reverse Osmosis (“RO”) Membrane Treatment Technology*

For the sake of recovering wastewater for on-site reuse purpose, the Group adopted cutting-edge ultrafiltration and RO membrane treatment technology to reuse biochemical wastewater in our production chain. With the application of such technologies, our Dongguan operation is able to achieve a reuse rate of 50% and helps to save approximately 250,000 tonnes of water per year. In 2021, our Hangzhou operation also reused around 75,000 tonnes of reclaimed water for the usage of production lines.



# Lower Impact

Despite our concerted efforts in water saving and reusing, we consumed 7.52% more water in 2021 comparing to 2020 levels as our manufacturing activities in China regained speed. Nevertheless, the purchased water intensity decreased by 16.53% compared to 2020 Levels.

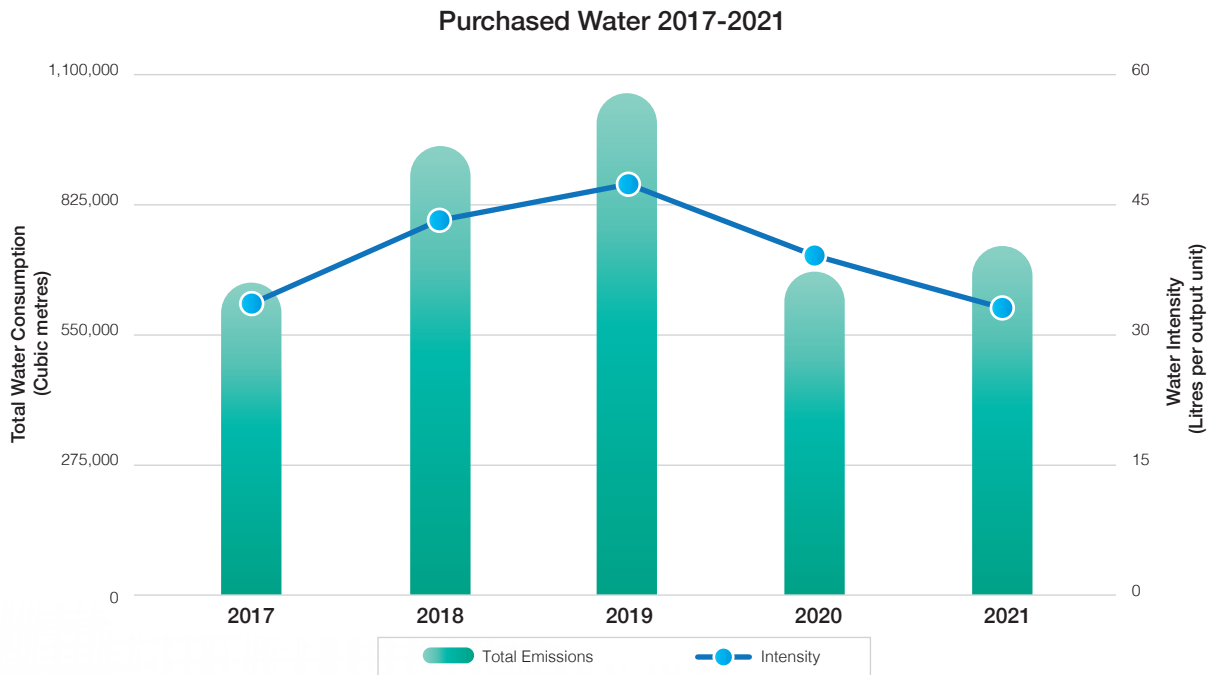


Figure 2: Purchased Water in Total and Intensity

Note: Following an internal review of the database, the purchased water intensity figures for 2017 to 2020 have been restated.

## Avoid water pollution

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.



- *Separate Stormwater and Sewerage System*

To better control our wastewater discharge, we have been working to separate pipes conveying rainwater and sewage in our Dongguan operation. While part of the improvement works has been completed in 2021, this system is effective in controlling the potential sewage overflow while enabling surface runoff to be collected and treated separately for reuse.

In 2021, 31.04% more industrial wastewater was treated and discharged subsequently in 2021 when comparing to 2020 levels given the growth of production activities.

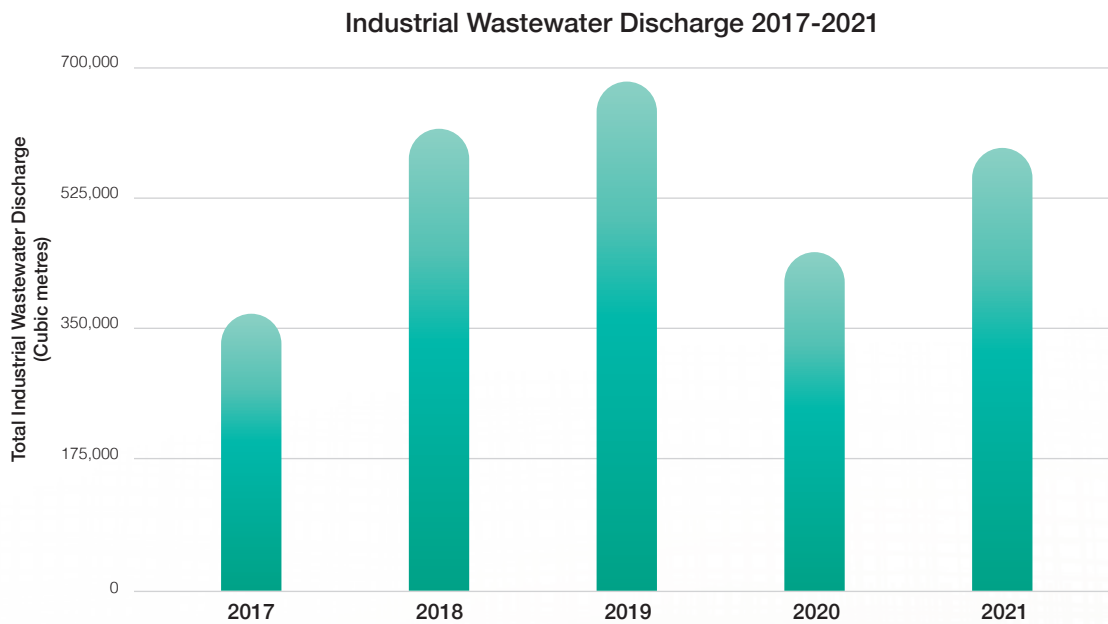
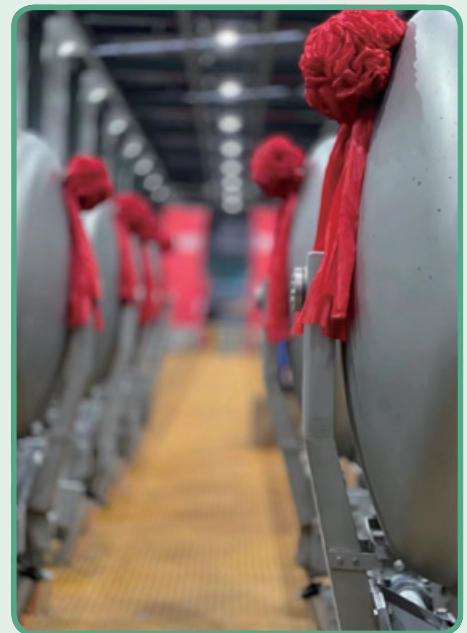


Figure 3: Total Industrial Wastewater Discharge

## Lower Impact

### *From Waste to Resources – Sericin Recovery from Silk Degumming*

During the silk degumming processes, sericin discharge in wastewater has long been a challenge for the industry. Yet, sericin could be a valuable protein resource if we can set up an economically efficient system to retain them. Being a leader in the textile industry, we take up the mission to leverage our production facilities and experience in supporting this meaningful initiative. Our subsidiary – 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 thank to the valuable technical support offered by the University. It is expected that the research shall be completed in 2023.



## 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. As for hazardous waste generated from our manufacturing activities and in our offices such as batteries and toner cartridges, we also appoint licensed operators or item suppliers to collect and handle them in strict accordance with the local laws and regulations.

**30%** reduction in total waste generation by the end of 2024 as compared to 2019 level



To optimise our production efficiency and reduce waste generation, we utilise an Advanced Planning and Scheduling (“APS”) System. The APS System plans and schedules our production based on material availability and factory capacity, resulting in the most efficient allocation of raw materials. To provide precise and accurate measurements during production, we deploy 3D cut-to-fit tailoring technology which helps reduce excess material consumption at source and minimise mistakes. While we work to avoid excessive consumption of fabric and other materials as far as practicable, we make sure the waste fabric and packaging materials which are inevitably generated in our production processes to be handled by qualified external vendors for recycling. The recyclable rate of silk scraps and silk waste generated from production reached nearly 100%. In 2021, our Hangzhou branch reached recycling of silk scraps amounting to 140 tonnes and paper tubes amounting to 150 tonnes.

## Lower Impact

Apart from upgrading our factory facilities to minimise wastage at source and to recover useful resources from waste otherwise destined for disposal, we also work to utilise paperless workflow as part of our office-level waste reduction measure.

We promote the use of laptops and mobile devices for meetings and document handling to reduce consumption of office paper. Moreover, we aspire to strengthen our employees' awareness of environmental protection. As such, we remind our staff to conserve natural resources through posting waste reduction and recycling notices at 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 reusable value.



## Washable Silk Mask

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. With over 170,000 pieces of Silkism masks being sold to our retail and branded customers as well as donated to DBS Bank in 2021, we are proud to be contributing to resource circularity with our expertise in silk fashion.

## 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. In 2021, the R Collective achieved great progress by introducing their recycled silk knit capsule, RECIRCLE, into the market.



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. While the recycling project was still at the development stage in 2021, High Fashion plans to donate 100-150kg of wasted silk fabric per month upon stepping into the production stage to support their sustainable goals. Apart from monetary support, High Fashion also supports HKRITA through sponsorship of venue. An area of 5,000 sq ft at our headquarter – High Fashion Centre, has been provided to HKRITA to place their recycling machineries and for educational use.

## 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.

During the year, we achieved a slight reduction of total non-hazardous waste production as compared to 2020.

		2020	2021
Non-hazardous waste (including silk fabrics, papers, cardboards, paper straws, cloths, and sludge)	Total (Tonnes)	778.15	<b>773.88</b>
	Intensity (Tonnes/’000 output unit)	0.04	<b>0.03</b>
Hazardous waste (including acetone)	Total (Tonnes)	0.3	<b>0.75</b>
	Intensity (Tonnes/’000 output unit)	–	–

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

# MORE ADMIRABLE WORKPLACE

Employee retention is one of the challenges facing the textile and apparel manufacturing industry. High Fashion strives to put employees first, attracting and investing the best talents through comprehensive training and competitive benefits. In addition, we endeavour to cultivate an open and inclusive workplace by treating our staff regardless of their age, race, nationality, ethnicity, religion, gender, and disability. Upholding our “brand-leading, quality-based, innovation-driven, and culturally-rooted” corporate values, we believe that putting employees first is a force behind every successful corporation.

As of 31 December 2021, the Group has a competent team of approximately 4,000 employees including 99% of whom are full-time employees. Among our staff, 2% are from Hong Kong, 80% are from Mainland China, and 18% are from overseas regions.

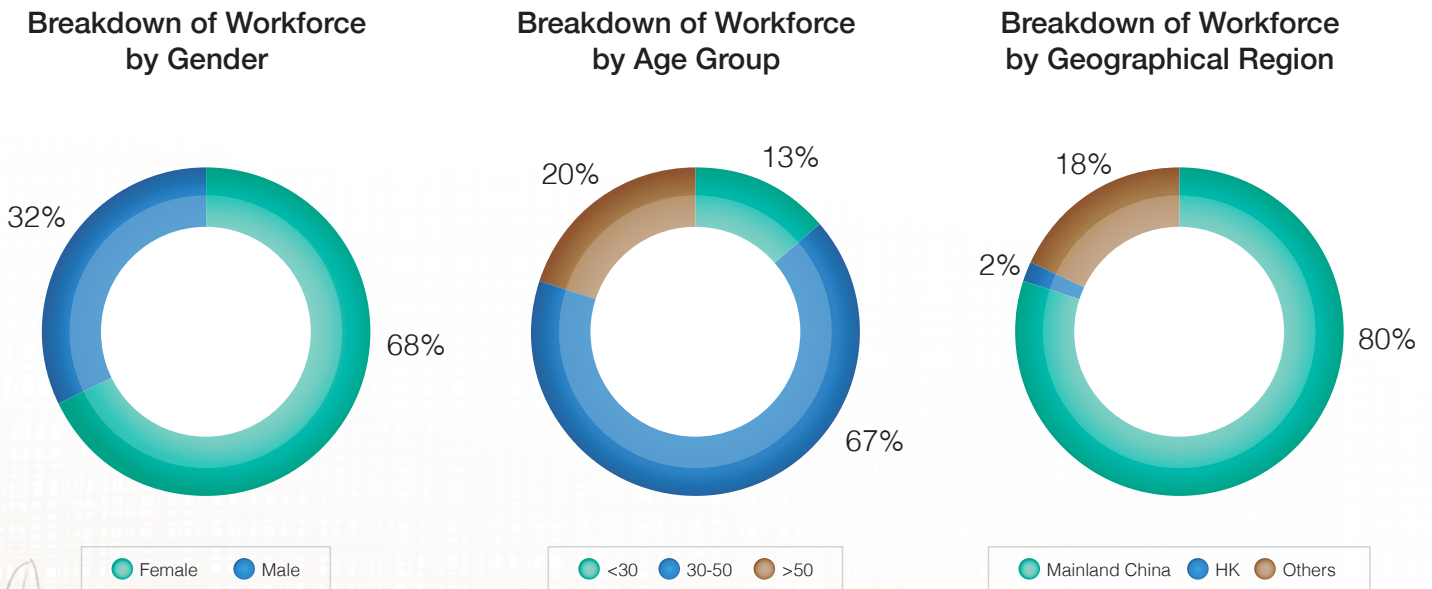


Figure 4: Breakdown of Workforce by Gender, Age Group, and Geographical Region

## CODE OF CONDUCT AND EMPLOYMENT COMPLIANCE

Our Code of Conduct and Staff Handbook, in accordance with relevant legal requirements, express our commitment to establishing and promoting our ideals of equal opportunity with human and labour rights throughout the Group's operation and supply chain. We believe in equal opportunity and ensure that talent is attracted and promoted fairly, based on individual merits, experience, and qualifications.

High Fashion prohibits the employment of any child labour or forced labour. All employees within High Fashion are recruited solely, but never appoint a third party to hire. All local candidates and expatriates are subject to background screenings through conducting interviews, checking legal documents, inspecting family books, etc. Internal audits are conducted twice a year to double-check the adequacy of child prevention and forced labour protocols.

Ethical behaviour is vital for the health and strength of a company. To encourage employees to raise concerns about internal malpractice without hesitation, the Group has established a confidential grievance mechanism. Cases reported will be internally directed to a designated committee, who will review the reported complaint and decide how the investigation should be conducted. A summary of the reported cases and relevant investigation results will be provided to the Audit Committee of the Company regularly, if any. Opinion collection boxes are also installed in the factories for the workers. Immediate termination of employment will take place and reports will be filed to the governmental bodies for appropriate settlement if necessary.

During the reporting year, there were **0** non-compliance cases with the relevant laws and regulations relating to recruitment and employment practices, anti-discrimination, diversity, and other benefits and welfare.



In our Mainland China operation, 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"). In the meantime, our staff from Hong Kong and overseas staff are encouraged to raise their concerns through different engagement channels.



## More Admirable Workplace

### ENHANCEMENT OF EMPLOYEE UNITY AND SENSE OF BELONGING

Employee satisfaction is key to a more sustainable business. We reward our employees with attractive remuneration packages and benefits, including discretionary bonuses, overtime compensation, meal allowance and a range of leave entitlements. Promoting a better understanding of the benefits our talents are entitled to and healthy workplace culture, our human resources department consistently arranged educational events ranging from retirement schemes to anti-drug seminars, making certain they keep pace with the latest trends. Recognising our constant care for employees and the community, the Hangzhou Xiao Shan Government had awarded us the “Harmonious Labour Relations Enterprise Certification” (和諧勞動關係企業認證證書) and “Spring Action 20th Anniversary Compassion Award Excellent Enterprise” (春風行動20周年愛心獎優秀單位).



Employee engagement is so important to our Group because having effective strategies in place helps create a better work culture. In 2021, we hosted 19 large-scale events and our staff participated in 22 cultural and sports activities including a martial art competition, photography competition, fishing activity and staff Olympics.

In order to foster inclusiveness and wellness in organisations and drive forward the diversity goals, we run 6 employee clubs, namely Photography, Hiking, Jogging, Basketball, Table Tennis & Badminton, and Fishing Club, allowing employees to socialise with their colleagues through sports



As trailwalkers, we celebrated the holding of Asian Games in Hangzhou in 2022.

and activities outside of the workplace and increase belongingness amongst the employees. 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.

Chinese New Year's significance is rooted deeply in history as it allows families to reunite and spend time together. Unfortunately, more than 700 of our employees had to stay in Hangzhou to cross cities travelling during the 2021 Lunar New Year in response to the government's call for epidemic prevention. As a way to compromise, High fashion celebrated this joyful festival together by preparing various warming gift packages for our staff.



# More Admirable Workplace

## Case study

### Diversity & Inclusion



High Fashion makes tangible contributions to equality, tolerance, and diversity, especially gender equality issues. Our Hangzhou Branch and Dongguan Branch have set out the customised policies for the protection of workplace rights and interests of female workers with its labour association. It covers subjects including equal wages, parental & menstrual leave policy, offering sanitary supplies at work as well as diversity & inclusion schemes. Together with the gender equality act, gender-responsive business practices cut across our Group, from the human resources department, marketing to communication.

Our female employees took up to **68%** of our workforce and accounted for approximately **60.3%** of all managerial positions. In High Fashion, our equal opportunities policy ensures respect and equal career development opportunities for all genders.



We also support breastfeeding through providing extra breastfeeding time and facilities at the office. A formal policy has been established to protect breastfeeding females and no night duties are allowed.

We formulate various medical examinations to publicise health knowledge and provide physical examinations with a focus on women's health. Our group celebrated International Women's Day by providing insurance and welfare supplies and sending holiday blessings to every female talent.

Disability inclusion is one of our key diversity areas. Across our operations, we have continued to invest in fostering workplace diversity and inclusion. We have been devoting great efforts to promoting full and equal participation of persons with disabilities and taking actions for inclusion in all aspects of society and development. Under our diversity and inclusion framework, we also provide special working arrangements and accommodation and working assistance at any time for employees in need.

Every year, we celebrate the International Day of People with Disabilities with all our special-need employees in an interactive gathering, affirming their tenacious perseverance, exceptional performances, and incredibly dedicated spirits working at our company. Every active participant is rewarded with a red packet after the event as our way of distributing the High Fashion Caring allowance.

## Case study

### Advancing Sustainable Coworking in Our Renovated Workplace

An enterprise workplace is where innovation and collaboration happen. To get our Group adapting to the new era of fashion and textile industry, the New High Fashion Centre, our Hong Kong Headquarter, serves as a co-working hub cultivating creativity and accelerating innovations, especially sustainability by gathering leading designers, retailers, creative thinkers and technology and AI enthusiasts into one space.



Virtual background used in meeting

We practise flexible working with work-from-home arrangement during the COVID-19 pandemic for ensuring the health of our employees while maintaining the unity of our work spirit. We adopted customised virtual background for all staff in meetings internally and externally. This reveals our professionalism and our sense of belonging to the Company. The spacious and co-working design style of our headquarter facilitates our staff working at office to maintain an appropriate personal distance with each other during pandemic.

## More Admirable Workplace

### ADVOCATING HEALTH AND SAFETY

Maintaining a healthy and safe working environment for our staff is our duty of care. To minimise work-related hazards across our operations, we have set out occupational health and safety protocols and implemented precautionary measures including “Occupational Health Accident Management System” (職業健康事故管理制度), “Safety Production Accident and Health Implementation System” (安全生產事故和健康執行制度) in accordance with ISO 45001. Our Hangzhou and Dongguan branches have successfully been certified to ISO 45001.

Furthermore, our safety dedication has been well received and awarded with multiple recognitions at various levels.



We conducted competition on firefighting skills to enhance and test the knowledge levels of our staff.

**0** workplace fatalities have caused at High Fashion for five consecutive years and has lost 69 man-days due to work injury this year.

We 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.

Internally, we have implemented a series of measures to protect the health and safety of our employees which includes:

- Conducting regular workplace inspections for potential occupational hazards by external professionals;
- Installing warning signs, alarm systems, and first-aid kits at the workplace;
- Providing personal protective equipment to all appropriate staff members; and
- Providing regular health checks and work-related injury insurance for our employees, especially the ones exposed to occupational hazards.



To measure and evaluate the effectiveness of our safety initiatives, our safety administrator conducts weekly assessments on occupational health protection equipment and safety warning signs. They are also responsible for assessing proper usage of the protective equipment. Our Hangzhou Branch also plans to have an assessment on occupational risks and hazards for every three years for a better understanding on the current safety conditions and a better planning on safety measures.

To reinforce our safety-first culture, we continue to organise periodic events promoting and educating occupational health and safety topics. In Company's Safety Month, which normally takes place in every June, we invite experts to give lectures on health knowledge and to conduct regular safety examinations in the factories. We also hold regular fire drills to educate our employees on fire safety and correct evacuation procedures.



Regular seminars are held on safety knowledge enhancement.



Our employees in Cambodia participated in fire drill exercise.

# More Admirable Workplace

## Case study

### Response to COVID-19

In 2021, we once again faced up to multiple challenges due to the ongoing COVID-19 pandemic. Despite all the short-term disruption, the Group has remained committed to protecting our staff against COVID-19. Aside from adopting flexible work arrangements and arranging regular disinfection across all operations and premises, we have implemented a series of measures at our operations:

- Checking staff's body temperature when entering the factories offices and dormitories
- Providing every employee with medical supplies such as disposable protective masks and sanitisers
- Encouraging our employees to have vaccination
- Delivering training on the effective use of personal protective equipment and disinfection measures
- Organising group COVID-19 vaccination by providing transportation
- Arranging rapid test or nucleic acid testing for the whole factory if there is any reported case in the neighbourhood unit



To assist the community in the fight against the COVID-19 pandemic, High Fashion Silk (Zhejiang) Co., Ltd. donated a total number of 200,000 protective masks to both Zhejiang Sci-Tech University and the Red Cross Society of Xinchang, demonstrating social responsibility with practical actions and love. Our anti-pandemic efforts were recognised by the local government, which we are 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. To date, more than 96% of employees are fully vaccinated.





## NURTURING TALENTS

We recognise the importance of ensuring that our workforce is equipped with all the necessary knowledge and skills they need to deliver their daily duties effectively. We have hereby launched a comprehensive training programme in management skills, quality control and sales skills to help our employees improve their capabilities 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 2021, we hosted more than 100 training sessions and attracted more than 3,000 participants. The average training hours completed per employee is 2.28 hours.

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.

To communicate departmental daily operations and strategic formulation smoothly, we conduct case analyses and seminars so employees can learn more about the operations in other departments.

In order to transfer extensive industry knowledge, we have advanced succession planning for youth, where senior leaders are also involved in a collaborative approach to progressive training regarding the industry sector. Our Future Craftsman Training Practice Base (未來工匠培育實踐基地) passes on extraordinary skills to potential talents, training them to produce and design exquisite fabrics. We are proud to be appointed as “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) and the recognition affirms our enterprise qualification and strength and foster the elevations of our skilled talents.



# More Admirable Workplace

## Case study

### 3D Design Training to Designers

To equip our designers with the updated software skills and technology, High Fashion sponsored their participation in an interactive course training for a 3D software system “CLO” in the development process of fashion garments organised by the Clothing Industry Training Authority. During the course, our designers learnt the latest 3D CAD software through lecture, demonstration and practice and were able to practice and work on projects at their own pace. It is expected that they would apply this latest technology and the relevant skills in designing virtual fashion garment and bring innovative ideas to the Company.



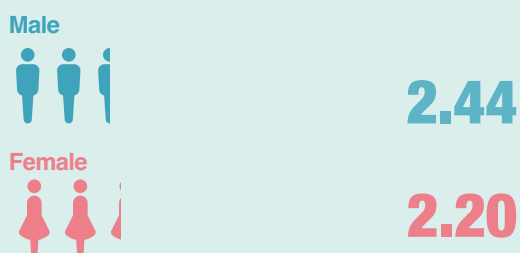
### Compliance Training

High Fashion upholds the highest corporate governance and compliance standard for being a listed company. We put primary concern on the compliance awareness of our relevant staff and sponsored their participation in the course related to Hong Kong Listed Company Knowledge. Through the course, our staff got more familiar with the listing requirements and listing market structure as well as the listing obligations of a company, in which facilitating the enhancement of corporate governance and legal compliance of High Fashion.

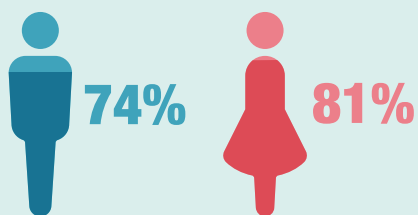
# Total training hours 8,808

Average training hours per employee **2.28**

## Average Training Hours by Gender



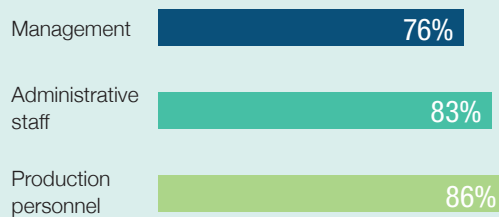
## Percentage of Employees Trained by Gender



## Average Training Hours by Employee Category



## Percentage of Employees Trained by Employee Category



# OUR COMMUNITY

High Fashion is committed to creating a societal positive difference. We contribute to a more connected and vibrant society through employee volunteerism, long-standing charity foundation, and proactive school-enterprise engagement. We continue to support a wide range of social initiatives by making financial and in-kind contributions to different vulnerable groups. In 2021, we made charitable and other donations of over HK\$1.13 million.

## Blood Donation for the Needs

In response to the blood shortage, High Fashion coordinated the group blood donation in August 2021, helping people who are confined in hospitals suffering from accidents, cancer treatments, and blood diseases.



## Assistance to Migrant Workers

In 2021, we donated RMB200,000 in “Spring Action” (春風行動). It is a charitable initiative that supports migrant workers through a series of activities such as providing employment opportunities, protecting their legitimate rights and interests and rectifying labour intermediaries.

## Supporting Local Charity in Festive Seasons

We highly resonate with the values of a local charity in terms of promoting a harmonious, inclusive, and healthy community. This year, our silk product lifestyle arm, Silkism, collaborated with the Chi Heng Foundation and Amazing Kitchen to launch its edition of Vegetarian Mid-Autumn Mooncakes gift boxes with Silkism's reusable silk Tote bag. Chi Heng Foundation is a Hong Kong-registered charity



promoting equal opportunity and elimination of discrimination against minority groups and underprivileged members of society. All proceeds were donated to Chi Heng Foundation to support education and charity projects for AIDS-impacted and underprivileged children.

## Community Involvement and Public Education

Today's students are our country's future leaders and innovators. We are always relentlessly and willingly passing on our knowledge in the fashion and garment industry to the next generation.



During the reporting year, more than 1,600 kindergarten and primary students had the opportunity to join the High Fashion Xinchang Silk Culture Industrial Park and Silk Museum Tours hosted by High Fashion Silk (Zhejiang) Co., Ltd..

Through an entertaining and interactive setting, participants learnt about silk production, especially silk weaving with experiencing the marvels of nature.

## Our Community

### Care to Mental Health of Hong Kong People in Pandemic

In 2021, High Fashion supported local charity 'Pause & Breathe' launched by Changlin Fashi and Ms. Florence Hui Hiu-fai who was the former Under Secretary for Home Affairs, Pause & Breathe is a government-approved charity organisation with a goal to tailor a simple and easy way for people in Hong Kong to pause and relax in the busy life, feel your breath by heart and relieve the stressful mood. High Fashion donated approximately HK\$340,000 to 'Pause & Breathe', including the material and production cost of the tailor-designed disposable masks and reusable fabric masks, as well as the sales income of the masks, hoping to support the charity to promote the importance of pause and relax and to fill positivity to the society.



### Showing Love to the Disadvantaged

As a socially responsible citizen, we embrace everyone in need in the society, especially the disadvantaged. During the year, we not only provided subsidies and necessities but also paid visits to the disadvantaged to send our love, care and blessings, through communication, we understand their needs and firmly believe our responsibility in helping them to integrate into the society.



The Group is pleased to receive recognition from different communities for our significant contribution to the community. In particular, we are named as one of the Enterprise Excellence in Corporate Social Responsibility by the Mirror Post this year. On top of that, we have gained the 2021 Hangzhou “Implementing New development Concept” Corporate Social Responsibility B-level Enterprise (2021年杭州市「貫徹新發展理念」企業社會責任建設B級企業). As a responsible business, we are glad to see that our effort to accelerate social inclusion, environmental protection, and advocacy among the industry has been recognised and this award motivated us to achieve more in coming years.

## The High Fashion Charitable Foundation

In the spirit of “giving back to society,” the High Fashion Group established a charity foundation in 1992. Its goals include fighting against poverty and funding for employees and children in need of educational, medical, and emergency support. We feel that participating in philanthropic activities is the best approach to demonstrate abundant social responsibility.



## Our Community

### Student Aid

We believe every child should have the same access to education which is vital in eliminating poverty. The Group's charitable fund has expanded its services to provide educational funds for mainland Chinese university students with financial difficulties to complete their university degrees. Specifically, we have established grants to alleviate their financial burden and scholarship to encourage and motivate outstanding students.

### Employee Assistance

Our employees are our most valued asset in High Fashion. Our Group offers medical financial support to assist employees with serious illnesses. A medical fund was designated to provide financial assistance to employees who are suffering from natural or man-made disasters and sudden accidents. During the reporting period, we donated over RMB33,000 to colleagues with financial difficulties. Our senior management also sent their blessings and aids on behalf of the Group to the colleagues suffered from typhoon in July 2021.

### Youth Empowerment

In order to transfer extensive industry knowledge, we have advanced succession planning for youth, where senior leaders are also involved in a collaborative approach to progressive training regarding the industry sector.

Youth is the hope for the future. To ensure a consistent talent pipeline and a sustainable future for the textile and apparel manufacturing industry, we offer practical opportunities to enhance young people's employability. We have built-up strategic partnerships with more than 30 universities across Greater China.

## High Fashion Womenswear Institute

The 13th National Five-Year Plan has outlined the Chinese government's vision to build Hangzhou as a "Silk House" and "Women's Clothing Capital". Foreseeing the future demand for technical and skilled talents in the development of Hangzhou's women's clothing industry, we co-established the "High Fashion Womenswear Institute" with the Hangzhou Vocational and Technical College



in 2009. The school-enterprise community aims to cultivate high-capacity talents for the garment manufacturing industry across four professional areas, namely, fashion design, knitting technology and knitwear, fashion retail and management, and decorative textile art design. Since the school was founded, High Fashion Womenswear Institute has gained an excellent social reputation and won many honours. The Institute has also been listed as a Hangzhou Public Training Base Sub-Centre.

We have won the National Textile Industry Federation Teaching Achievement First Prize for **6** consecutive years.



There are a number of 1,657 students in 2021, with an increase of 144 students (approximately 9.5%) compared with 2020. The employment rate of our graduates in 2021 reached more than 98%.



## Our Community

In recent years, High Fashion Womenswear Institute has co-operated with Zhejiang Sci-Tech University and Jiangnan University in the development and research of new materials, new processes, and other ways, increased the strength, breadth and depth of the Company's research and development and scientific research results, and improved the Company's performance in scientific research results through multi-party alliance.

Moving forward, we are currently exploring opportunities to set up a dedicated research institute to nurture talents in advanced manufacturing and 3D digitalisation.

### School Enterprise Cooperation

This year, the High Fashion Group team joined hands with Commercial Banking Academy which is an initiative to nurture future business leaders within the industry by providing on-job training and industry exposure to top-notch university students. Being one of the corporate partners, we hosted an office tour, welcoming students from the University of Science and Technology of Hong Kong to have an authentic conversation with our Managing Director (China), Mr. Well Lam, on global fashion, innovation, and sustainability trends.



Besides, our member company High Fashion Silk (Zhejiang) Co., Ltd. has given full support to the Beijing Institute of Fashion Technology (BIFT) during Tokyo 2020 Summer Olympics in providing high-quality fabrics. This school-enterprise cooperation has yielded fruitful results.



# BUSINESS ETHICS & ANTI-CORRUPTION POLICIES

To further perpetuate our status as an ethical and responsible business within the industry, High Fashion strictly prohibits any form of corruption or bribery and is committed to the prevention, deterrence, detection, and investigation of all forms of corruption and bribery with reference to the Hong Kong Prevention of Bribery Ordinance. Employees are prohibited from accepting any type of advantage as an inducement, reward, or reason from both internal and external parties. Periodic letters and staff handbooks are distributed to our business partners and employees respectively outlining our code of Business Conduct to remind them of best ethical practices. To ensure our staff understand the company's rules and expectations around bribery and corruption, High Fashion provides bespoke training to directors and employees regularly to maintain awareness. Any violation of the Policy may result in termination of employment.

In support of our policies on ethical behaviours, customers and value chain partners are welcome to raise their concerns regarding any misconduct, malpractice, or irregularities in our operations through whistle-blowing policy and grievance mechanisms. Employees will be rewarded for every effective complaint. All cases are strictly treated with confidentiality by the Corporate Ethics Team for concurrent investigations. During the reporting year, no violation of laws and regulations related to bribery, extortion, fraud, and money laundering was noted.



# OUR WORLD

## PRODUCT RESPONSIBILITY & COMPLAINTS HANDLING PROCEDURES

To guarantee we deliver excellent products and services, we communicated with our customers by giving customer satisfaction surveys semi-annually. There is a strict protocol that we followed for every complaint filed. The respective department makes sure the complaints are evaluated and analysed once received. Proper solutions are implemented and reverted to the customers. Regular reviews and evaluations are carried out after the conclusion of complaints. 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.

In 2021, there were no complaints related to the provision of our products and services received.



Quality Assurance

**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 of which our operation is certified to the international quality management system standard ISO 9001. We have been awarded as the “Hangzhou Excellent Quality Management Team Second Prize” (杭州市優秀質量管理小組二等獎) for outstanding quality products.



**0 PRODUCTS** sold or shipped were subjected to recalls for safety and health reasons during the reporting period.



## PRODUCT SAFETY

High Fashion assures safer and more reliable products by requiring suppliers or in-house business units to provide third party testing certification. An independent organisation has reviewed the manufacturing process of a product and has independently determined that the final product complies with specific standards for safety, quality, or performance in line with laws and regulations.

Failure to do so will be dealt with in accordance with laws, regulations, and contractual agreements.

## INTELLECTUAL PROPERTY

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 will not disclose any confidential information to other parties.



During the reporting period, there were

**0 non-compliance cases**

related to intellectual property rights regarding our products and services.

# HKEX ESG GUIDE CONTENT INDEX

Aspect	HKEx KPI	Description	Page Number/Remarks
<b>A. Environmental</b>			
A1 Emissions	A1	General Disclosure	Pages 18–23
	A1.1	The types of emissions and respective emissions data	Pages 23
	A1.2	Greenhouse gas emissions in total and intensity	Pages 22
	A1.3	Total hazardous waste produced and intensity	Pages 37
	A1.4	Total non-hazardous waste produced and intensity	Pages 37
	A1.5	Emissions target(s) set and steps taken to achieve them	Pages 18–23
	A1.6	How hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	Pages 35–37
A2 Use of Resources	A2	General Disclosure	Pages 18–23, 30–37
	A2.1	Direct and/or indirect energy consumption by type in total and intensity	Page 23
	A2.2	Water consumption in total and intensity	Page 32
	A2.3	Energy use efficiency target(s) set and steps taken to achieve them	Pages 18–23
	A2.4	Whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	Pages 30–34
	A2.5	Total packaging material used for finished products	Considering the scope of this ESG Report, this KPI is considered not material.

Aspect	HKEx KPI	Description	Page Number/Remarks
<b>A. Environmental</b>			
A3 The Environment and Natural Resources	A3	General Disclosure	Pages 18–37
	A3.1	Significant impacts of activities on the environment and natural resources and actions taken to manage them	Pages 18–37
A4 Climate Change	A4	General Disclosure	Page 24
	A4.1	Significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Pages 24–29
<b>B. Social</b>			
B1 Employment	B1	General Disclosure	Pages 38–43
	B1.1	Total workforce by gender, employment type, age group and geographical region	Page 38
	B1.2	Employee turnover rate by gender, age group and geographical region	The data is not yet available.
B2 Health and Safety	B2	General Disclosure	Pages 44–46
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	2019: 0 2020: 0 2021: 0
	B2.2	Lost days due to work injury	Page 44
	B2.3	Occupational health and safety measures adopted, and how they are implemented and monitored	Pages 44–46

# HKEX ESG Guide Content Index

Aspect	HKEx KPI	Description	Page Number/Remarks
<b>B. Social</b>			
B3 Development and Training	B3	General Disclosure	Pages 47–48
	B3.1	Percentage of employees trained by gender and employee category	Page 49
	B3.2	Average training hours completed per employee by gender and employee category	Page 49
B4 Labour Standards	B4	General Disclosure	Page 39
	B4.1	Measures to review employment practices to avoid child and forced labour	Page 39
	B4.2	Steps taken to eliminate such practices when discovered	Page 39
B5 Supply Chain Management	B5	General Disclosure	Pages 13–15
	B5.1	Number of suppliers by geographical region	The data is not yet available.
	B5.2	Practices relating to engaging suppliers, no. of suppliers where and how the practices are being implemented and monitored	Pages 13, 15
	B5.3	Practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Page 15
	B5.4	Practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Page 15



Aspect	HKEx KPI	Description	Page Number/Remarks
<b>B. Social</b>			
B6 Product Responsibility	B6	General Disclosure	Pages 16–17, 58–59
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Page 58
	B6.2	Number of products and services related complaints received and how they are dealt with	Page 58
	B6.3	Practices relating to observing and protecting intellectual property rights	Page 59
	B6.4	Quality assurance process and recall procedures	Page 58
	B6.5	Consumer data protection and privacy policies, and how they are implemented and monitored	Page 58





# HKEX ESG Guide Content Index

Aspect	HKEx KPI	Description	Page Number/Remarks
<b>B. Social</b>			
B7 Anti-corruption	B7	General Disclosure	Page 57
	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 57
	B7.2	Preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Page 57
	B7.3	Anti-corruption training provided to directors and staff	Page 57
B8 Community Investment	B8	General Disclosure	Pages 50–56
	B8.1	Focus areas of contribution	Pages 50–56
	B8.2	Resources contributed (e.g. money or time) to the focus area	Pages 50–56

# 2021 ESG Report

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