



High Fashion International limited

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

Environmental, Social and Governance Report

2023



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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 delighted to present this Environmental, Social, and Governance (“ESG”) Report 2023 (the “Report”). This comprehensive report outlines our sustainability vision, initiatives, achievements and business strategies for managing ESG-related impacts across our branding, administrative and manufacturing operations. Our robust corporate governance framework and structure place a strong emphasis on the role of the board of directors of the Company (the “Board”) in overseeing the ESG strategies and performance of the Group with timely ESG-related disclosure to our stakeholders. We believe that this enables stakeholders to better monitoring and understanding of our sustainability efforts and performance. As an industry leader in the fight against climate change, we are fully dedicated to our role in combating this global challenge.

Founded in 1978, High Fashion is a modern fashion enterprise embedding sustainability and green innovation into business strategies and daily operations in expanding its multi-national business footprints covering the entire fashion industry chain, including fashion design and production, printing and dyeing, brand business, innovation hub and industrial park. Headquartered in Hong Kong, High Fashion has been proactively imprinting global footprints over the years to overseas markets, including Southeast Asia, Japan, the United Kingdom, Europe, Australia and the United States. A number of production bases have been set up across China, such as Hangzhou, Xinchang, and Dongguan, and also Southeast Asia regions including Cambodia to maximise production flexibility and capacity. High Fashion would continue to look for more opportunities to expand its production chains in other parts of the world to achieve a competitive edge in supply chain.



About High Fashion

SUSTAINABLE STRATEGIES OF HIGH FASHION

Governance

- As an industry model, the Group embraced and integrated sustainable development and green supply chain into business strategies, as governed under corporate culture and the leadership of the Board. Our Board, management and employees, as a whole, committed to maintaining good corporate governance practices and procedures to maintain the oversight role of the Board in ESG and delight our customers with the long-term success and sustainability of the Company.
- Please refer to sections of “Sustainability Governance” and “Business Ethics & Anti-Corruption Policies” for details.

Research and Development (“R&D”) of Green Products

- To provide cutting-edge green products, we integrate and allocate resources to new technology and innovative, recycled, or biomass-based materials, and embed extensive R&D into the garment industry.
- Please refer to section of “Better Products” for more information.

Green Manufacturing

- Our production facilities have been equipped with energy- and water-efficient machinery and green infrastructure such as solar power systems and wastewater treatment systems, which significantly mitigate the environmental impacts involved in the manufacturing processes.
- Please refer to sections of “Better Products” and “Lower Impact” for more information.

People Management and Community








- To maximise our sustainability performance, we have been vigorously cultivating a sustainability-conscious culture among our staff. We are also always dedicated to supporting social welfare and youth education as a responsibility inherent in corporate development.
- Please refer to sections of “More Admirable Workplace” and “Our Community” for more information.

Green Supply Chain

- Green and low-carbon materials are at priority in procurement and natural dyeing is adopted. To enhance product traceability and maximize the use of materials, recycled and organic materials are deployed to achieve sustainable fashion.
- Please refer to section of “Supply Chain Management” for more information.

About High Fashion

OUR SUSTAINABILITY GOALS 2020–2024 5-YEAR SUSTAINABILITY GOALS

Areas	Targets and Description	Performance in 2023
Better Products	We aim to apply more sustainable and recyclable materials in new products for performance enhancement.	 ACHIEVED
Lower Impact	We aim to reduce natural resource consumption and emissions of pollutants and waste arising from our operations.	 Reduce carbon footprint by 15%* -29%
		 Reduce water intensity ¹ by 15%* -58%
		 Achieve water reuse efficiency rate ² by 35% 56%
		 Reduce total waste generation by 30%* -12% ³
More Admirable Workplace	We aim to create a safe and supportive workplace which promotes personal development and protects the well-being of our staff.	 Maintain a record of zero work-related fatalities ACHIEVED
		 Deliver at least 4 training hours/employee annually ACHIEVED
Our Community	We aim to contribute positively to the communities in which we operate.	 Contribute at least 500 volunteering hours/year ACHIEVED
		 Provide educational support through student ACHIEVED

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

¹ Water intensity = Fresh water consumption ÷ Output volume. Reused water has not been included in the target.

² Water reuse efficiency rate = Total volume of water reused ÷ Total volume of water purchased

³ In 2023, one of the factories in Hangzhou was relocated with spatial consolidation. While equipped with cutting-edge facilities, this also resulted in the dismantling of old equipment and plants. Both the relocation and layout optimisation contributed to an increase in waste.

OUR HIGHLIGHTS

HIGHLIGHTED SUSTAINABILITY AWARDS AND RECOGNITION OBTAINED OR VALID IN 2023

High Fashion (China) Co., Ltd. & Dongguan Dalisheng Fashion Co., Ltd.



Gold Label of Low Carbon Manufacturing Programme (“LCMP”) Certification awarded by WWF

High Fashion (China) Co., Ltd. & Dongguan Dalisheng Fashion Co., Ltd.



STeP by OEKO-TEX® Certification awarded by OEKO-TEX® Association

High Fashion (China) Co., Ltd. & Eminent Garment (Cambodia) Limited



Organic Content Standard (“OCS”) Certification award by Control Union Certifications B.V. & Intertek Group

High Fashion (China) Co., Ltd. & Eminent Garment (Cambodia) Limited



Recycled Claim Standard (“RCS”) Certification awarded by Control Union Certifications B.V. & Intertek Group

High Fashion (China) Co., Ltd., Dongguan Dalisheng Fashion Company Ltd. & Eminent Garment (Cambodia) Limited



Global Recycled Standard (“GRS”) Certification awarded by Control Union Certifications B.V. & SGS-CSTC Standards Technical Services Co., Ltd.

High Fashion (China) Co., Ltd.



Responsible Down Standard Certification awarded by USB Certification Denetim

High Fashion (China) Co., Ltd. & Dongguan Dalisheng Fashion Co., Ltd.



Responsible Wool Standard Certification awarded by USB Certification Denetim and Intertek Group

High Fashion (China) Co., Ltd. & Eminent Garment (Cambodia) Limited



Global Organic Textile Standard (“GOTS”) awarded by Control Union Certifications B.V. & Intertek Group

Our Highlights

High Fashion (China) Co., Ltd. &
Eminent Garment (Cambodia) Limited



Worldwide Responsible Accredited Production
("WRAP") Certification

High Fashion (China) Co., Ltd.



2023 China Dyeing and Printing Industry
Outstanding Fabrics First Class Prize
(中國印染行業優秀面料「一等獎」)
awarded by China Dyeing and Printing Association
(中國印染行業協會)

High Fashion (China) Co., Ltd.



Hangzhou Top 100 Manufacturing Enterprises
(杭州市製造業百強企業) awarded by
Hangzhou Federation of Industrial Economies,
Hangzhou Federation of Enterprises and
Hangzhou Entrepreneur Association
(杭州市工業經濟聯合會、杭州市企業聯合會及
杭州市企業家協會)

Eminent Garment (Cambodia) Limited



Global Security Verification
awarded by Intertek Group

High Fashion Silk (Zhejiang) Co., Ltd.



2022–2025 “Specialized and Innovative” Small and
Medium Enterprises in the Textile Industry
(2022–2025 紡織行業「專精特新」中小企業)
awarded by the China National Textile and
Apparel Council (中國紡織工業聯合會)

High Fashion (China) Co., Ltd.



China's Top Runner for Industrial Carbon Peaking (中國
工業碳達峰「領跑者」企業) awarded by
China Federation of Industrial Economies
(中國工業經濟聯合會)

Our Highlights

Better Products

Initiatives in 2023:

- Introduced washable Silk — SILKOLOGY®
- Developed WISE∞COSE® fabric using natural green wood-based fibres
- Invented innovative green material: “Rayon Eco Viscose Twill” (人絲環保人棉斜紋)
- Applied 5G⁺ industrial internet technology to deeply integrate the Manufacturing Execution System (MES) with the hanger system in factory

Recognition/Awards/Certifications:

- Exemplary Sustainability Award (可持續發展典範獎) and Best Quality Award (最佳品質獎) in 2023 ESA Supplier Annual Awards Conference (2023 ESA供應商年度頒獎大會) by ELLASSAY GROUP
- Being one of the top ten Industry Promotion Action Case Studies of Industry-Internet Integration and Innovation Applications in the 2023 5th Global Industrial Internet Conference (2023年第五屆全球工業互聯網大會暨工業互聯網融合創新應用 • 行業推廣行動案例發佈十大年度典型案例)
- Gold Label of LCMP Certification
- STeP by OEKO-TEX®
- GRS Certification
- MADE IN GREEN by OEKO-TEX®
- STANDARD 100 by OEKO-TEX®
- WRAP Certification

Key Performance Indicators:

- Research Projects: 23
- Number of New Patents:
 - ◆ 4 invention patents
 - ◆ 10 utility model patents
 - ◆ 8 design patents
 - ◆ 13 software copyrights

Lower Impact

Initiatives in 2023:

- Adopted a dual-carbon management system in Hangzhou operation
- Optimised the design of production plants, resulting in a 35% reduction in steam consumption per unit of product in a Hangzhou production plant
- Replaced traditional processes and equipment with advanced ones to reduce steam consumption and thus carbon emission:
 - ◆ Applied reactive dyeing with low-temperature soaping
 - ◆ Adopted gas overflow machines (氣溢流機) to scour cloth instead of the traditional sand washing process (砂洗工藝)
 - ◆ Replaced an air compressor by a new one with about 5kW lower power

Key Performance Indicators:

- Water Reuse Efficiency Rate: 56%
- Reduction of Water Intensity as compared to 2019: 58%
- Reduction of Carbon Footprint as compared to 2019: 29%
- Solar Coverage: >100,000 m²
- Carbon Reduction through Purchase of International-Renewable Energy Certificates (I-REC): 1,140.6 tonnes

Our Highlights

Our Community

Initiatives in 2023:

- Organised annual exchange with THEi students to provide career insights for students
- Supported the professional development of teachers through National Vocational Education Teachers' Corporate Practice Program (全國職業教育教師企業實踐項目培訓)
- Shared insights at Fashion Summit 2023 with industry peers
- Participated in a tree planting activity in our value chain

More Admirable Workplace

Initiatives in 2023:

- Our factory in Cambodia registered in ILO Better Factories Cambodia Project, committed to complying, monitoring legal requirements, and improving working conditions
- Organised Summer Care Programme and Summer School for the children of our employees
- Provided comprehensive safety training to all employees, including those with disabilities
- Organised several carbon training sessions covering the themes of carbon neutrality, green energy and green certificates etc.

Key Performance Indicators:

- Employment Rate of Graduates of High Fashion Womenswear Institute: >98%
- Workforce Composition: 66% females
- Managerial Positions: 60% females
- 0 workplace fatalities for 7 consecutive years
- Total Training Hours: 91,575

Our Highlights

Being Certified as One of the Sustainable Leaders Among Premiere Vision's Elite

At High Fashion, we attach great importance to sustainability, and we are dedicated to making a positive impact through our social investments and green initiatives. Our commitment to sustainability has been widely acknowledged within the industry. We are proud to be one of the 289 certified suppliers in the 'A Better Way' sustainable program, organised by Première Vision. This program selects suppliers based on five essential criteria: Social Initiatives, Impact of Production Sites, Traceability, Product Composition/Processes, and Product Life Cycle and End-of-Life. To reduce our environmental footprint, we have implemented solar-powered heat collection systems at our production sites. Additionally, we prioritise the use of eco-friendly, plant-based dyes and biodegradable fabrics throughout our production process. These efforts have been recognised for their contribution to environmental protection. Looking forward, we will continue to embrace green operations throughout our production process, striving for a sustainable future.

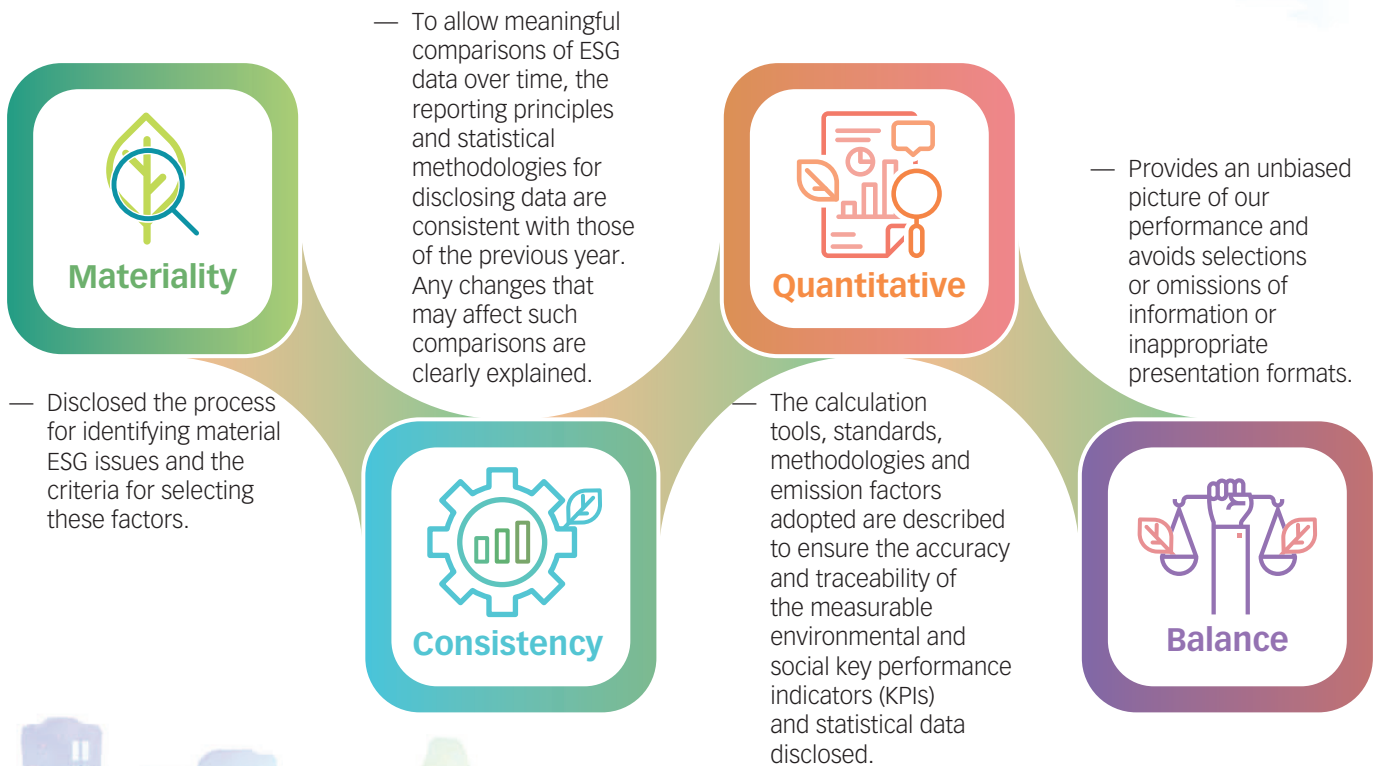


ABOUT THIS REPORT

This Report offers a comprehensive overview of our management approach and strategies in relation to sustainability. It emphasizes our sustainable performance and showcases our ongoing endeavours to make a positive impact on the community through a wide range of green initiatives, while also fulfilling our corporate social responsibility.

REPORTING STANDARD

The Report has been prepared in accordance with the latest requirements for mandatory disclosure and “comply or explain” provisions set out in Appendix C2 “Environmental, Social and Governance Reporting Guide (the “Guide”) of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Report has been prepared based on the following four reporting principles as set out in the Guide.



About This Report

REPORTING PERIOD AND REPORTING SCOPE

This Report contains an overview of the Group’s ESG management approach as well as sustainability strategies and performance for the period from 1 January 2023 to 31 December 2023 (the “Reporting Period”). Unless otherwise specified, the scope of this ESG Report covers our manufacturing and branding business in China, Cambodia and the USA, which are the most significant regarding the Group’s environmental and social performance.

APPROVAL, ACCESS & FEEDBACK

The Report has been reviewed by the ESG Committee of the Company and approved by the Board.

The electronic version of the Report is published on the websites of the Group and the Stock Exchange. Readers could view or download the Report on the Group’s website (<http://www.highfashion.com.hk>) or the HKEXnews website (<https://www.hkexnews.hk>).

We highly value your comments on the Report, if you have any queries or recommendations, please contact us via email (esg@highfashion.com.hk).

SUSTAINABILITY GOVERNANCE

BOARD STATEMENT

By establishing a robust sustainability governance structure, the Board has empowered our business and production to explore the full potential of sustainability. The Board holds overall accountability for the Group’s ESG management approach, performance and disclosure as well as decision-making and is devoted to leading the Group’s sustainability direction and monitoring the implementation of business strategies.

In a bid to keep our ESG approaches on track with the overall direction and objectives of the Group, the Board has identified, evaluated, prioritised and managed the material ESG issues and related risks and opportunities to integrate ESG risk management into our business strategy, with the assistance of the Risk Management Committee. The Board is fully aware of the proposed update on climate disclosure requirements by the Stock Exchange, and has been overseeing the enhancement efforts and outcomes in the assessment, management, and reporting of our climate-related risk and opportunities in recent years. The Group is planning for the tasks and actions needed in alignment with the anticipated requirements and provides updates to the Board from time to time for review and approval.

The Board also reviews the progress and makes adjustments for the sustainability-related goals and targets and evaluates the effectiveness of the ESG management systems with the assistance of the ESG Committee. In particular, the Group is approaching to an end of its 5-year sustainability goals in 2024, that we have made achievements in various aspects. The Board will decide the Group’s upcoming goals and targets with considerations in the latest international, regional and industrial trends, national and local regulations and the Group’s upcoming business strategies.



Sustainability Governance

SUSTAINABILITY STRUCTURE

We have established a comprehensive management framework not only based on a top-down strategic view but also with a bottom-up approach. The Board has established a clear and streamlined structure to manage ESG issues, securing a systematic development of ESG work. The responsibilities and functions of each structural level are listed as below:

The Board

Chairman

Provides leadership to the Board in forming business directions and sustainable strategies and culture

Responsibilities and Functions

- Oversees the Group's ESG issues, management approach and direction, strategy and reporting
- Reviews and approves the ESG goals, framework, strategies and policies proposed on an ongoing basis
- Conducts regular review and ensures the appropriateness and effectiveness of the Group's ESG management systems and sustainability initiatives
- Independent Non-executive Directors provide strong independent opinions to the Board from their profession, experience and expertise on the sustainability issues

Risk Management Committee

Members

Chaired by the Managing Director and consists of certain Board members

Responsibilities and Functions

- Supervises, reviews and approves risk management framework, policies and risk tolerances
- Identifies and evaluates the potential ESG risks and opportunities and reports the same to the Board
- Ensures the effectiveness and adequacy of robust risk management and internal control systems relating to ESG

Sustainability Governance



Members

Chaired by the Managing Director and consists of senior management from various business divisions

Responsibilities and Functions

- Oversees and reviews the ESG goals, strategies and policies proposed
- Researches, monitors and reviews current and rising ESG trends and issues in understanding emerging ESG issues that affect the Group’s operations
- Discusses with the ESG Steering Group over the implementation of the ESG policies and the potential frauds and risks identified from the execution of ESG policies
- Monitors and reports the ESG performance of the Group against the goals and key performance indicators to the Risk Management Committee and advises on actions needed to improve performance
- Oversees stakeholder engagement processes to ensure the effective communication with stakeholders on their interests, and assist the Board in conducting materiality assessment

Sustainability Governance

ESG Steering Group

Members

Consists of the Company Secretary and heads of profit centres, who manage the ESG Data Collection Team and ESG Working Group which consists of representatives from various business divisions of the profit centres

Responsibilities and Functions

- Reviews and confirms the information and data collected by the ESG Data Collection Team and ESG Working Group quarterly and annually before submitting to the headquarters
- Monitors the latest compliance requirements of various regions and headquarters in Hong Kong and implements measures to address specific compliance needs
- Co-organises quarterly ESG meetings and provides quarterly data and information to the headquarters for co-ordination
- Formulates regional strategies towards ESG targets for the Group, establishes related measures
- Reports regularly on the progress of the targets and related risks to the ESG Committee

Sustainability Governance

ESG Working Group

Members

Consists of the function head and Sustainability Team

Responsibilities and Functions

- Executes ESG projects and assigns related tasks to subordinates
- Reports to the ESG Steering Group about the progress of ESG projects and the potential frauds and risks identified during execution

During the Reporting Period, our ESG Committee meets with the ESG Working Group to perform the following tasks:

- (a) to review and monitor the progress in achieving the social and environmental targets of each regional profit centre;
- (b) to add the roles and functions of ESG Steering Group to the existing governance structure;
- (c) to discuss the formation and scope of the new sustainability goals and the latest local and international trends and regulations as well as business development of the Group; and
- (d) to identify the relevant ESG risks and opportunities and corresponding mitigation measures.

For more details on risk management and internal control systems, please refer to the “Corporate Governance Report” of our 2023 Annual Report.

Sustainability Governance

ESG Training for the Board and Employees

High Fashion recognises the importance of ESG as the core value of our long-term development. To uphold the highest standards of ethics, integrity, transparency, and accountability, regular ESG trainings have been organised for the Board. Additionally, we continuously distribute up-to-date ESG-related materials and information of ESG conferences to the Board, providing them with the latest trends and developments in ESG practices. These equip our Board members with the necessary knowledge and understanding to make informed decisions and promote responsible business conduct in line with our commitment to sustainable and ethical practices.

In order to raise our employees' awareness, as well as to equip them with basic knowledge of ESG, we have invited professional consultancy to organise an ESG training. This comprehensive training program covers key aspects of ESG, including the concepts and principles that underpin it. Moreover, it delves into the disclosure requirements of ESG reporting and highlights best practices from industry peers. By leveraging these insights, the representatives of our ESG Working Group are empowered to enhance our business operations and drive continuous improvement in our practices.



Sustainability Governance

UNSDGs AND OUR OPERATIONS

High Fashion recognises the growing global concern for sustainable development. The Central Government of China prioritises the 17 Sustainable Development Goals (SDGs) outlined by the United Nations (UN) and has issued the “China’s National Plan on Implementation of the 2030 Agenda for Sustainable Development” (《中國落實2030年可持續發展議程國別方案》) to underscore its commitment. As a prominent leader in the fashion and textile industry, High Fashion has been actively integrating the UNSDGs into our sustainability strategy. We proactively implement a series of measures in our daily operations to align with the UNSDGs and actively contribute to their achievement.

UNSDGs	Actions for Sustainable Development of the Group in 2023
 <p>SDG 3: Good Health and Well-Being</p> <p>Ensure healthy lives and promote well-being for all at all ages</p>	<ul style="list-style-type: none"> • Prioritise and choose raw materials that obtained OEKO-TEX® Standard 100 or the Bluesign® Recognition; and • Establish employee sports and activity clubs to enhance inclusivity and employees’ well-being; organise fitness activities and health talks to promote health knowledge and raise awareness of healthy lifestyles.

Sustainability Governance

UNSDGs	Actions for Sustainable Development of the Group in 2023
 <p>SDG 4: Quality Education</p> <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<ul style="list-style-type: none"> • Recognising the crucial role of youth in shaping a better future, we offer practical opportunities to young individuals, ensuring a sustainable talent pool for the textile and apparel manufacturing industry and act as a pilot unit for skill level certification within the industry; • Organise events to engage with students and support teachers' professional development, sharing our expertise, nurturing young talents and promote vocational trainings; • Provide our employees a range of diverse learning opportunities and a comprehensive training program. We place a strong emphasis on nurturing young talents through advanced succession planning; and • Cultivate potential young talents and leaders through professional and specific curriculum and school-enterprise cooperation at the High Fashion Womenswear Institute.
 <p>SDG 5: Gender Equality</p> <p>Achieve gender equality and empower all women and girls</p>	<ul style="list-style-type: none"> • Prioritise a responsible and harassment-free workplace, actively combating gender discrimination in all aspects of employment, and ensuring fairness in recruitment, salary, benefits and promotion; • Formulate customised policies, which safeguard the rights and interests of female employees at the workplace, such as equal wages, parental and maternity leave policies as well as special working arrangements for pregnancy, etc.; and • Provide summer care to children of our employees, so as to alleviate their barrier to employment.

Sustainability Governance

UNSDGs	Actions for Sustainable Development of the Group in 2023
<div data-bbox="129 526 333 730">  <p>6 CLEAN WATER AND SANITATION</p> </div> <p data-bbox="129 782 459 864">SDG 6: Clean Water and Sanitation</p> <p data-bbox="129 929 518 1058">Ensure availability and sustainable management of water and sanitation for all</p>	<ul data-bbox="576 534 1452 1429" style="list-style-type: none"> • Employ water-saving production equipment like airflow dyeing machines and enclosed flat knitting washing machines to reduce water consumption; • Since 2010, we have invested in wastewater treatment renovation and water reuse system, such as Ultrafiltration and Reverse Osmosis Membrane Treatment Technology, as well as a Condensed Water and Cooling Water Reuse System, etc.; • Control and manage wastewater discharge, adhering strictly to national and local standards. In our Hangzhou operation, we have established wastewater treatment facilities dedicated to printing and dyeing; and • Minimise the biochemical oxygen demand (BOD) and chemical oxygen demand (COD) of wastewater, the use of any polluted or harmful materials is strictly prohibited at the initial stage of our supply chain.
<div data-bbox="129 1453 333 1657">  <p>7 AFFORDABLE AND CLEAN ENERGY</p> </div> <p data-bbox="129 1709 523 1791">SDG 7: Affordable and Clean Energy</p> <p data-bbox="129 1856 523 1985">Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<ul data-bbox="576 1461 1452 2018" style="list-style-type: none"> • Promote energy-saving technological transformations, which involve upgrading equipment, phasing out outdated machinery, and optimising factory layout and design to enhance energy efficiency; • Integrated renewable energy into our energy profile since 2015 by implementing photovoltaic power generation systems covering an area of over 100,000 m², and generated over 10.8 million kWh of electricity in 2023; and • Purchase International–Renewable Energy Certificate (I-REC) for carbon reduction.


Sustainability Governance

UNSDGs	Actions for Sustainable Development of the Group in 2023
 <p>SDG 8: Decent Work and Economic Growth</p> <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<ul style="list-style-type: none"> • Ensure compliance with local legal requirements and promote ethical labour practices, we have established a comprehensive framework that guarantees employee rights, and a series of standard operating procedures based on relevant local regulations and the SA8000 standard. We strictly prohibit child labour, forced labour, discrimination, and harassment in all forms; • Facilitate knowledge transfer and personal growth for corporate workers, we offer skill enhancement courses to assist their career development through our Corporate Workers Academy (企業藍領學院); • Enhance the safety awareness of the working environment of the disabled through holding special safety training and education activity to enhance inclusivity; and • Integrate the use of advanced technologies and industrial processes, such as the MES system and 3D cut-to-fit tailoring, improving economic productivity and efficiency.
 <p>SDG 9: Industry, Innovation and Infrastructure</p> <p>Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation</p>	<ul style="list-style-type: none"> • Invest in green innovation, introduce clean and environmentally sound technologies to the industry, which helps us to optimise material usage and minimise waste generation, contributing to a more eco-friendly production process; • Establish school-enterprise collaboration and strategic cooperation with business partners to develop innovative green products for widening the choice of customers; and • Actively support industry development and shares expertise with peers. Our CEO, Mr. Will Lam, has been invited to share about our sustainability initiatives at various industrial events, with the aim to foster a sustainable transformation within the textile industry.

Sustainability Governance

UNSDGs	Actions for Sustainable Development of the Group in 2023
 <p>SDG 10: Reduced Inequalities</p> <p>Reduce inequality within and among countries</p>	<ul style="list-style-type: none"> • Strongly advocate for equal opportunity and prioritise attracting and promoting talent based on individual merits, experience, and credentials, regardless of gender, age, race, nationality, religion, or disability; and • Consider equality in our recruitment, training and promotion practices with a range of policies in place, such as our Code of Conduct and Employee Handbook.
 <p>SDG 12: Responsible Consumption and Production</p> <p>Ensure sustainable consumption and production patterns</p>	<ul style="list-style-type: none"> • Implement responsible and sustainable practices throughout our supply chain. We proactively pursue certifications of global sustainability standards, specifically those that are relevant to the fashion industry, including the Bluesign® system, OEKO-TEX® and Higg Index, and establish partnerships with those who did the same; • Invest in research and development to foster green materials innovation and introduce green products, such as natural green wood-based fibres WISE∞COSE®, Washable Silk SILKLOGY®, plant-based dyes and biodegradable fabrics; • Implement Waste Management Measures/Procedures that ensures proper waste sorting and management; and • Promote and adopt sustainable supply chain practice in green procurement with the selection of environmentally-friendly products and suppliers complying with various green management standards.


Sustainability Governance

UNSDGs	Actions for Sustainable Development of the Group in 2023
 <p>SDG 13: Climate Action</p> <p>Take urgent action to combat climate change and its impacts</p>	<ul style="list-style-type: none">• Align with our commitment to combating climate change, we have implemented various measures such as an Extreme Weather Emergency Response Plan, waste heat utilisation systems, and energy storage systems; and• Establish a carbon management mechanism and implement sustainability practices — High Fashion (China) Co., Ltd. in Hangzhou formulates a dual-carbon management system, establishing a PDCA cycle for carbon management, building a dual-carbon culture, nurturing talents and promoting participation by all.

Sustainability Governance

STAKEHOLDER COMMUNICATIONS

High Fashion identified the following key stakeholders that are highly related to our business decisions, activities and outcomes. Our engagement with the stakeholders through two-way communication channels are described below:

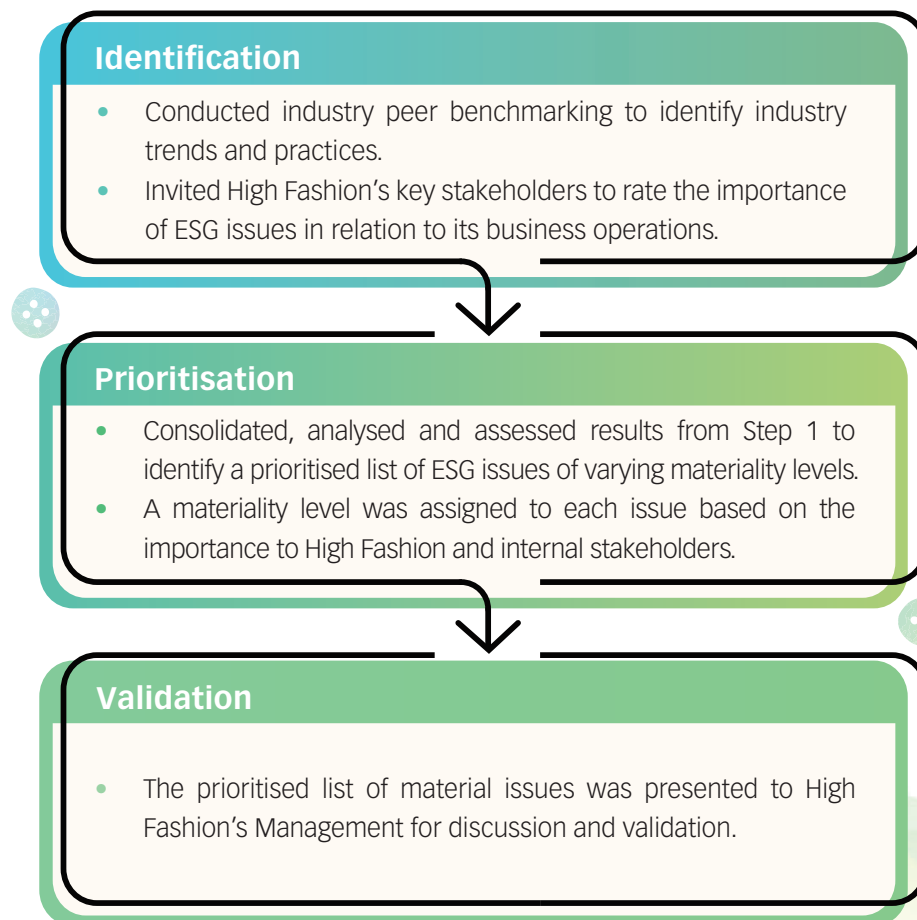
 Stakeholder Groups	 Area of interest	 Engagement Channels	 Frequency
Customers	<ul style="list-style-type: none"> • Customer Service • Customer Health and Safety • Customer Privacy Protection 	<ul style="list-style-type: none"> • Customers Satisfactory Survey and Opinion Collection Form • Social Media and Press Release • Company Website • Daily Operation/Communication • Factory Visit • Exhibition and Showcase 	Daily to Annually
Employees	<ul style="list-style-type: none"> • Career Development • Remuneration and Benefits • Working Environment • Equal Opportunities • Prohibition on Child Labour and Forced Labour 	<ul style="list-style-type: none"> • Employee Opinion Survey/ Communication channel (e.g. Feedback Form, Opinion Collection Box) • Factory Visit by Management • Annual Employee Meeting • Department Meeting • Training • Intranet and Direct Mail 	Daily to Annually
Shareholders	<ul style="list-style-type: none"> • Compliant Operations • Investment Returns • Business Strategies • Corporate Governance 	<ul style="list-style-type: none"> • Announcement • Corporate Communications • Company Website • General Meetings • Social Media and Press Release 	Regularly
Government and Authority	<ul style="list-style-type: none"> • Compliance with Regulations • Risk Management Strategy • Business Ethics 	<ul style="list-style-type: none"> • Meetings • Compliance Reporting 	Occasionally Regularly
Suppliers	<ul style="list-style-type: none"> • Procurement and Supply Chain Management • Fair and Equitable Procurement Practice • Business Ethics 	<ul style="list-style-type: none"> • Meetings • Annual Supplier Evaluation and Corrective Actions Follow-up • On-site Visit 	Quarterly to Annually

Sustainability Governance

MATERIALITY ANALYSIS

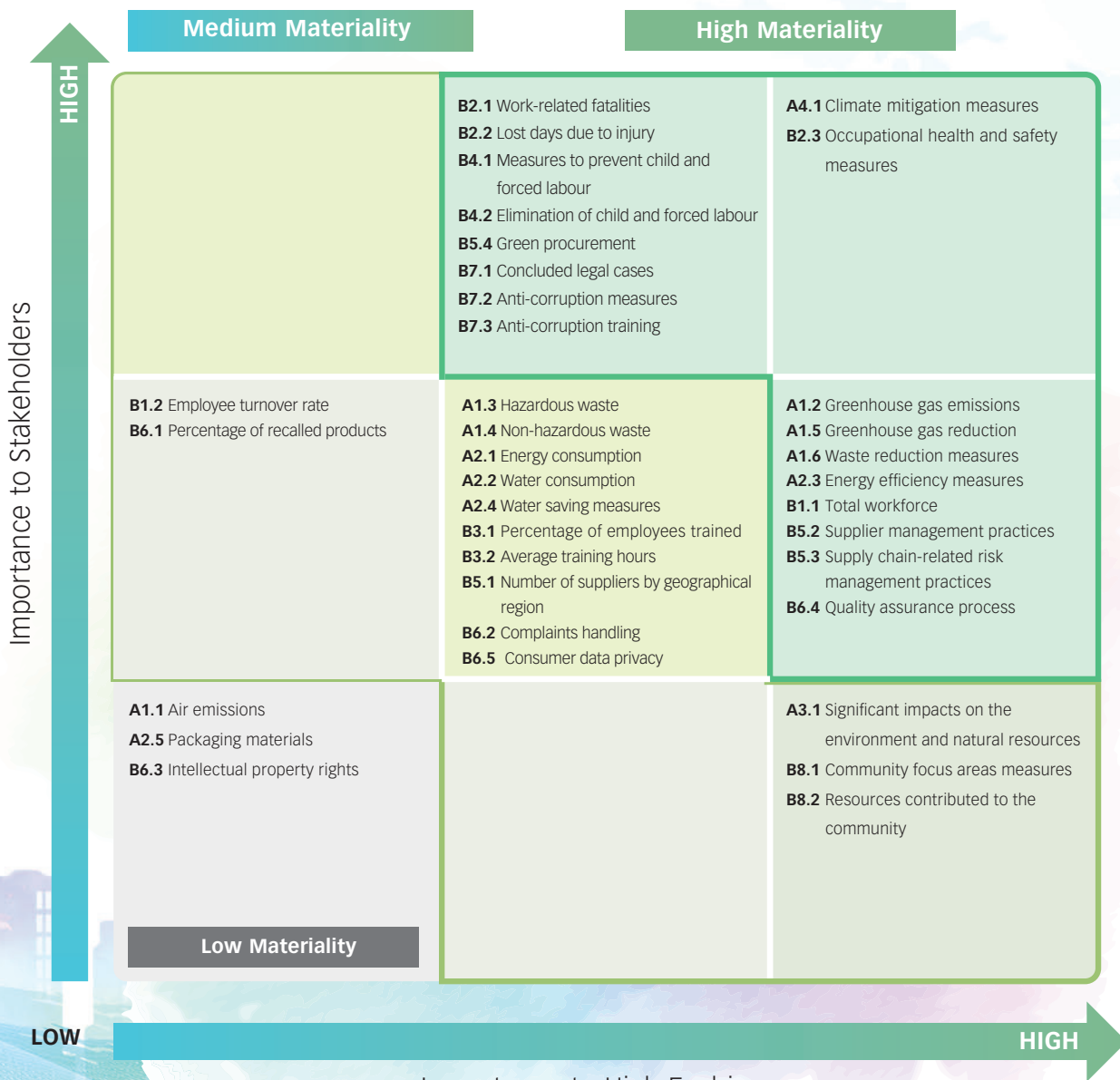
The Group actively engages with both internal and external stakeholders to gather feedback and suggestions, and incorporates them into a pool of material issues, as well as the design of our sustainability targets and plans. By considering the perspectives of our stakeholders, we identify and assess ESG risks and opportunities that are crucial to our long-term success.

A comprehensive stakeholder engagement exercise has been carried out by an independent consultant through an online survey in 2021. It was a three-step materiality assessment to determine the most relevant and vital ESG aspects to the Group, and thus the materiality of each topic for disclosure. This served as a comprehensive and trustworthy exercise for us to better understand stakeholders' opinions on the Group's ESG-related issues, management approaches, as well as ESG performance. The procedures are listed below:



Sustainability Governance

The list of issues concerning the stakeholders or related to the Group’s sustainability has been compiled with reference to the Guide, and the materiality of each issue is determined by the materiality assessment. Since there are no significant changes in our business, operational structure and system, we continue to adopt the material issues from 2021. The Group has 18 highly material issues covering the aspects of climate change, supply chain management, occupational safety and business ethics that are material to our business and sustainability and are also relevant with our stakeholders. The identified material topics were reviewed and endorsed by the ESG Committee. The Group confirmed that it has established appropriate and effective management policies for ESG issues, and an internal control system to ensure that the above material issues are properly addressed.



EFFORTS IN COMBATING CLIMATE CHANGE

Regarding the challenges brought by climate change, our business is undoubtedly facing both risks and opportunities resulting from it. Notably, the fashion and textile market has witnessed a remarkable surge in the demand for eco-friendly products with reduced environmental impact in recent years. In response to the global market's emphasis on environmental protection, we have put forward the development strategy of "culture, technology, fashion and green", integrating the concepts of green, health, low-carbon and environmental protection into every aspect of our business operations and industrial production.

We are fully committed to contributing to the goal of carbon neutrality. The Central Government of China has pledged to peak carbon emissions before 2030 and strive to achieve carbon neutrality before 2060. To demonstrate our support and commitment to carbon neutrality, our subsidiaries, High Fashion (China) Co., Ltd. and High Fashion Silk (Zhejiang) Co., Ltd. have joined the "China Fashion Brands Climate Innovation and Carbon Neutrality Accelerating Plan" (中國時尚品牌氣候創新碳中和加速計劃) (30·60 Carbon Neutral Accelerating Plan) initiated by China National Textile and Apparel Council (中國紡織工業聯合會) in 2021. We are dedicated to working together to achieve national emission reduction targets, exploring sustainable production and consumption patterns and experiences, and actively promoting the green transformation of the fashion industry.

Efforts in Combating Climate Change

Case study



In 2023, High Fashion (China) Co., Ltd. completed a high-level climate training camp activity and provided relevant data to the China National Textile and Apparel Council (中國紡織工業聯合會) for setting the baseline.



In line with our commitment to and management strategy for combating climate change, we have started to prepare for and address the anticipated physical risks and transition risks across our business operations in various regions. Extreme Weather Emergency Response Plan was introduced to guide our staff in handling extreme weather situations. Our preparedness for more frequent extreme weather conditions is strengthened through a series of preventive measures.

Furthermore, we have implemented a range of innovative green initiatives to minimise carbon emissions and thus mitigate climate change. These include the installation of rooftop photovoltaic power generation systems, energy storage systems, wastewater reuse systems, waste heat utilisation systems and silk glue recycling systems. Additionally, we have established an intelligent platform for energy data management and control, and have progressively transitioned to energy-saving transformers and motors.

Efforts in Combating Climate Change

OUR ACTION IN CLIMATE CHANGE

Governance



- The Board oversees the Group's ESG management approach, strategy, performance and reporting, including climate issues with the assistance from Risk Management Committee and ESG Committee;
- The dual-carbon management system formulated by High Fashion (China) Co., Ltd. manages carbon reduction and sustainability practices, ensuring timely compliance and information gathering, progress checking, and formulation of carbon management indicators, targets, and action plans.

Relevant Sections:

- Sustainability Governance
- Efforts in Combating Climate Change

Strategy



- Proactively identify major sources of greenhouse gas emissions;
- Adopt measures in resource conservation, emission reduction, etc., to reduce greenhouse gas emissions from energy use.

Relevant Sections:

- Efforts in Combating Climate Change
- Better Products
- Lower Impact

Risk Management



- Our Risk Management Committee identifies and evaluates the potential ESG risks and opportunities under the well-established risk management system;
- The Board oversees the relevant risks and opportunities and formulates relevant strategies.

Relevant Section:

- Lower Impact

Metrics and Targets





- Regularly compile and disclose statistics on greenhouse gas emissions and emission intensity to assess the Company's performance in managing climate change;
- Based on consecutive annual greenhouse gas emissions data, we have set a five-year target to continuously reduce the impact on the environment. The Group is in the process of formulating the new targets to further enhance the ESG efforts.

Relevant Section:




- Lower Impact

Efforts in Combating Climate Change


The following table provides a comprehensive summary of our proactive approach towards addressing both actual and potential impacts of climate-related risks and opportunities on our business.

Relevant climate-related risks/opportunities	Description of climate-related risks/opportunities	Potential Consequences	Our responses
 <p>Physical Risks</p>	<p>Extreme weather with higher frequency and severity, such as high temperatures, rainstorms, and floods, may cause damage to our properties and manufacturing facilities and equipment.</p>	<p>Extreme weather could potentially lead to substantial loss of company assets and pose a risk to the safety and well-being of our staff.</p>	<ul style="list-style-type: none"> • Establish emergency handling procedures for typhoons and flooding. • Enhance the climate resilience of the existing plants through regular inspection and infrastructure planning.
	<p>Extreme weather may also cause disruption in our supply chain due to traffic disruption, leading to delay in delivery on raw materials and products.</p>	<p>Our clients may suffer from the loss in properties and delay in shipping, which induce an extra cost.</p>	<ul style="list-style-type: none"> • Monitor the local weather forecast along the supply chain. • Reduce the reliance on single origin of raw materials through procurement in multi-origins.

Efforts in Combating Climate Change

Relevant climate-related risks/ opportunities	Description of climate-related risks/ opportunities	Potential Consequences	Our responses
	<p>Drought may cause scarce in water resources, and thus disrupt our production which relies heavily on water.</p>	<p>Production may be discontinued if government temporarily suspend water supply to manufacturing.</p>	<ul style="list-style-type: none"> • Invest in water-efficient machineries as well as water recovery infrastructure to reduce water demand. • Invest in sustainable products and technology to reduce lifecycle water consumption and recycle water for use.
	<p>Heatwave increases the indoor temperature of our workplace, which threatens the health of staff, as well as the functionality of the production equipment.</p>	<p>Production efficiency is reduced and the delivery schedule will be delayed.</p>	<ul style="list-style-type: none"> • Establish a dedicated production plan with a warning system for the occurrence of heatwave. • Improve ventilation at our production areas to keep our staff comfortable at work during hot days.
<p>Transition Risks</p> 	<p>While the Central Government of China is committed to reaching carbon neutrality by 2060, it is expected that more stringent climate policies and regulations may be introduced.</p>	<p>More resources on environmental protection, clean energy and efficient machinery have to be invested for compliance.</p>	<ul style="list-style-type: none"> • “2020–2024 5-Year Sustainability Goals” covers areas of sustainable products and reduction of carbon footprint, water use, and waste generation. • Regularly review the latest regulations.

Efforts in Combating Climate Change

Relevant climate-related risks/ opportunities	Description of climate-related risks/ opportunities	Potential Consequences	Our responses
	<p>The traditional textile industry faces a threat from the introduction of digitalised and advanced production technologies. Stricter environmental discharge and pollution standards, driven by concerns for environmental protection and climate change mitigation, may lead to the replacement of polluting production methods with advanced and cleaner alternatives, which may result in traditional equipment associated with pollution and high carbon emissions being eliminated from the market.</p>	<p>It is necessary to replace traditional equipment, which incur extra investment cost in equipment.</p>	<ul style="list-style-type: none"> • Apply the use of renewable energy and expand the reliance of renewable and clean energy in our energy profile. • Adopt more energy efficient/less emitting machineries to substitute the less efficient equipment.

Efforts in Combating Climate Change

Relevant climate-related risks/ opportunities	Description of climate-related risks/ opportunities	Potential Consequences	Our responses
	<p>Raising demands from customers for environmentally-friendly products shape the latest market landscape.</p>	<p>To produce green products, the cost spent on our production process and raw materials will inevitably increase. To prevent loss in market share, it is necessary to respond to the ever-changing market instantly.</p>	<ul style="list-style-type: none"> • Innovate sustainable green products as the important featured products for future production. • Adopt green technologies in our production processes through in-house R&D efforts. • Collaborate with education institutions and other external institutions in developing new products. • Sign strategic co-operation agreements with the customers.

Opportunities



As sustainability considerations become increasingly important, our ability to innovate in sustainable products becomes crucial for the continued success of our business. For a more in-depth understanding of our advancement in sustainable product development as well as international recognition, please refer to the sections of "Better Products" and "Our Highlights".

To learn more about our continuous investment in clean energy and efficient machinery, please refer to the section of "Lower Impact".

Efforts in Combating Climate Change

CARBON MANAGEMENT



We strive to adopt green operation model and minimise carbon emissions in our production. To facilitate the low-carbon transformation, our operation in Hangzhou has implemented a dual-carbon management system, i.e. carbon peak and carbon neutrality, fostering employee engagement in carbon reduction and sustainability practices. A dedicated department is appointed to monitor policies and trends, ensuring timely compliance and information gathering. Through the PDCA cycle, the subsidiary establishes carbon management indicators, targets, and action plans. Progress is tracked, variances analysed, and improvement measures implemented, with regular reporting to the management. Adaptations are made based on business strategies, policy changes, and stakeholder demands, ensuring an optimised and closed-loop carbon management process. Being a frontrunner in the textile industry and a trailblazer in green development, the Company remains dedicated to adhering to national and industry standards.

Looking forward, we will continue to explore and enhance our production practices, actively contributing to the sustainable development of China’s textile industry through innovative ideas and tangible actions. Our commitment to advancing sustainability will serve as a catalyst for positive change within the industry, promoting environmental responsibility and driving progress towards a greener future.

BETTER PRODUCTS

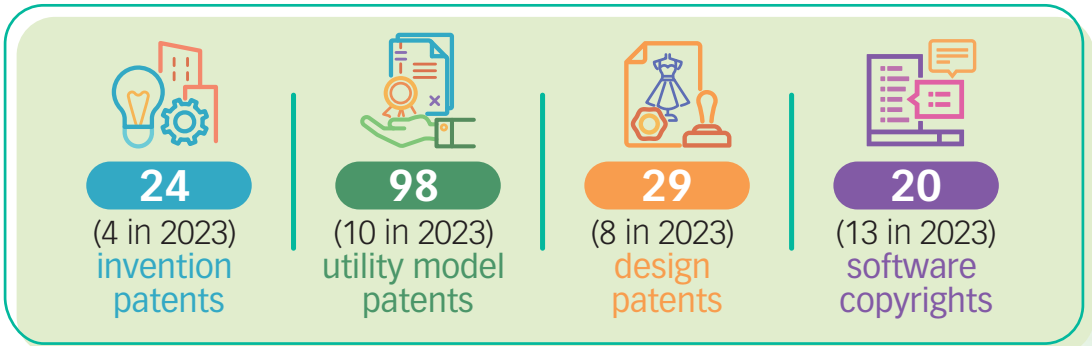
As a responsible corporate citizen, upholding the highest quality standards in all aspects of our business is our top priority. We are committed to promoting sustainable development through implementing smart production systems and leveraging international researchers. As the advancement of sustainable products and the prosperity of our business are indispensable in the age of sustainable development, we pursue to develop a more agile business in a rapidly changing market, in which the demand for eco-friendly products with a low environmental footprint is increasing. We proactively pursue certifications of global sustainability standards, specifically those that are relevant to the fashion industry, including the Bluesign® system, OEKO-TEX® and Higg Index. By acquiring these certifications and establishing partnerships with those who did the same, we demonstrate our commitment to responsible and sustainable practices throughout our supply chain.



GREEN PRODUCTS

We leverage real-time data analysis, artificial intelligence and machine learning throughout our manufacturing process to optimise operations and enhance efficiency.

Investment in research and development is enhanced to investigate new technologies, product designs and other inventive techniques. In 2023, we have obtained multiple patents and R&D projects:



Better Products

SILKOLOGY® — Embracing the Future of Sustainable Luxury with Washable Silk

High Fashion is committed to the environment and strives to minimise our ecological footprint. We know that a major drawback of silk is shrinkage, which can lead to unnecessary waste and resource consumption.

However, with SILKOLOGY®, we have not only addressed this issue by achieving a minimal shrink rate of just 2% lengthwise and widthwise, but also prioritising sustainability throughout our production process. Our Washable Silk is not only machine-friendly, but also boasts a high colour fastness, retaining its vibrant beauty even after 30 washes — as certified by SGS.

High Fashion Group is proud to have our own domestic silk industry chain, guaranteeing a seamless production cycle and stringent quality control. We believe in the power of collaboration and invite partners who share our vision for sustainable and innovative fashion.

SILKOLOGY® - WASHABLE SILK

- ✓ ORGANIC
- ✓ COMFORTABLE & BREATHABLE
- ✓ SKIN-FRIENDLY
- ✓ EASY-CARE
- ✓ FADE-RESISTANT
- ✓ SHRINK-PROOF

SGS PROVEN QUALITY INSPECTION REPORT

SILKOLOGY®	OTHER SILK
LAUNDERABLE Hand wash & Machine wash	Dry clean only
FADE RESISTANCY (AFTER 30 WASH CYCLES) High colour fastness; Degree of colour change reached level 4-5*	Low colour fastness; Turn grey easily; Degree of colour change reached level 2.5
SHRINK RESISTANCY (AFTER 30 WASH CYCLES) Lengthwise size change: -1.5%; Widthwise size change: -1.2%	Shrinkage rate between 5-15% on average

Better Products

Award-Winning Recognition for Our Innovative Green Products with Excellent Quality

In our continuous pursuit of introducing innovative green products with excellent quality, High Fashion has earned recognitions and acclaim from both our valued customers and esteemed business partners. High Fashion (China) Co., Ltd has been awarded with Exemplary Sustainability Award (可持續發展典範獎) and Best Quality Award (最佳品質獎) in 2023 ESA Supplier Annual Awards Conference (2023 ESA供應商年度頒獎大會) organised by our partner ELLASSAY GROUP.

We have also established a strategic partnership with ELLASSAY GROUP, reinforcing our commitment to progress. Together, we launched the first carbon footprint product in 2022, accompanied by a comprehensive carbon footprint report covering the entire life cycle including raw material procurement, production and sale of fabrics, usage and disposal of fabrics. Our continuous advancements and innovations in green products not only provide customers with a wide array of eco-friendly choices but also serve as a source of inspiration for our industry partners. With our dedication to sustainability, we will continue to invest in green products, actively contribute to the development of a green supply chain within the textile industry.

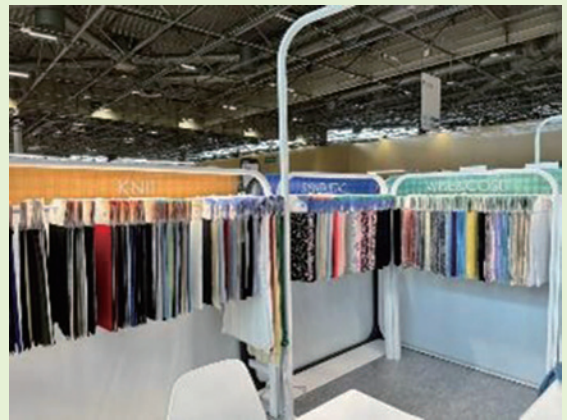


Better Products

GREEN INNOVATION

WISE∞COSE®: Innovative Cellulosic Fabric Enhancing Comfort and Sustainability

In the pursuit of sustainable fashion, High Fashion has been introducing various green materials. We have introduced the powerful WISE∞COSE® fabric, which uses natural green wood-based fibres with unique patented technology and innovative environmentally-friendly production processes. Compared with other fabrics, it is less prone to shrinkage. While the strength of the fabric has been improved, it is also breathable and comfortable, wrinkle-resistant and easier to take care of.



At the core of our product development, we prioritise quality, convenience, and sustainability. Through green innovation, we demonstrate our unwavering commitment to co-creating a sustainable future.

Recognised as a Model Enterprise for Green Design of Industrial Products (工業產品綠色設計示範企業) by Ministry of Industry and Information Technology (工業和信息化部) of The People's Republic of China

Acknowledging the environmental impact associated with traditional processes in the textile industry, we are committed to enhancing our textile technologies. Through actively adopting advanced equipment, we strive to minimise pollution and reduce carbon emissions, fostering a more sustainable and eco-conscious approach to our operations.

We are proud to announce that our efforts have received widespread recognition. The Ministry of Industry and Information Technology has announced the fifth batch of Model Enterprises for Green Design of Industrial Products and we are honoured that High Fashion Silk (Zhejiang) Co., Ltd. has been awarded the prestigious title for our silk and interwoven textiles. This recognition underscores our commitment to sustainable practices and showcases our dedication to environmental stewardship in the textile industry.

Better Products

GREEN MATERIALS

High Fashion is at the forefront of integrating the principles of environmental protection and sustainable development into our product development practices. With the aim to transform and replace traditional products with more innovative green products, we adopted green raw materials from our suppliers with recycled content in R&D projects to develop new sustainable products. With a foundation of scientific management and supported by cutting-edge technologies, we remain steadfast in our commitment to introducing diverse and innovative sustainable products to the world.

Contributing to Sustainable Fashion Through Green Materials Innovation

Driven by the public's pursuit of sustainable fashion and the environmentally-friendly textiles, we have been allocating our research efforts to green materials. Our innovative green material, "Rayon Eco Viscose Twill" (人絲環保人棉斜紋), demonstrates our dedication to fashion sustainability. This groundbreaking fabric incorporates the new raw material of FSC Eco Rayon. This extraordinary material offers a delicate, smooth, and soft texture, which feels luxurious against the skin. Not only is it environmentally-friendly, but also guarantees safety and exudes an elegant and timeless appeal.



Better Products

GREEN MANUFACTURING TECHNOLOGY AND DIGITAL TRANSFORMATION

We attach great importance to minimising pollution during the manufacturing process. We continuously explore new and clean technologies to reduce resource consumption. For example, we have introduced degradable, green and environmentally-friendly dyes and auxiliaries, including vegetable and fruit dyes, and biological enzyme auxiliaries which can greatly reduce the generation of hazardous printing and dyeing waste. Moreover, we actively embrace the latest advancements in technology and undergo digital transformation to align with the current trend of intelligent production and modernisation.

Being the Industry Leader in Industry-Internet Integration and Innovation Applications

High Fashion has always strived to construct a green and low-carbon supply chain and take this as one of our operation missions. High Fashion (China) Co., Ltd. has integrated the green concept into all aspects of product development, design, manufacturing, etc., with MES, ERP, APS and other systems as the core. We apply big data, cloud computing, edge computing, data centres and other new-generation information technology in innovative production methods, data-driven re-engineering of the production process, digital design, intelligent production as the basis for the network of collaboration, personalised customisation, shared manufacturing and other characteristics of the new model.

Our innovative production management model has been selected as one of the top ten Industry Promotion Action Case Studies of Industry-Internet Integration and Innovation Applications in the 2023 5th Global Industrial Internet Conference (2023年第五屆全球工業互聯網大會暨工業互聯網融合創新應用·行業推廣行動案例發佈十大年度典型案例). We are proud to be the only representative of the textile and garment industry being selected as a model case of the year and made a case sharing on site.

Looking forward, we will continue to explore new cutting-edge technologies and techniques, and produce innovative green products for our consumers.



Better Products

Pioneering Intelligent Transformation: Leading the Silk Industry as the First Model Enterprise

In recent years, High Fashion has been at the forefront of promoting comprehensive, end-to-end digital transformation, seamlessly integrating digital intelligence. Our intelligent workshops feature real-time data visualisation screens, showing parameters such as workshop output, energy consumption, and more. In the past, workers operated machines manually, with one person managed four sets; now, with the central control equipment commanding machines, one person can efficiently manage up to thirty sets, revolutionising our production process.

Besides, High Fashion Silk (Zhejiang) Co., Ltd. has applied 5Gⁿ+ industrial internet technology to deeply integrate the Manufacturing Execution System (MES) with the hanger system, incorporating the actual production data, and enabling the seamless connection of the integrated production process from design, weaving, cutting, sending and dispatching, sewing, ironing, labelling to inspection and packaging. Our productivity has vastly enhanced by 5-10 times, with the production cycle shortened from 30 days to 7 days.

Through the application of advanced technologies and the establishment of smart factories, we have been seamlessly integrating upstream and downstream supply chains through digitalisation. Moving forward, we will collaborate with our industrial partners in a concerted effort to drive high-quality development in the fashion and textile industry.



LOWER IMPACT

ENVIRONMENTAL MANAGEMENT

With the commitment to continuous improvement in environmental management, High Fashion strives to enhance our efforts, fulfilling our responsibility as a leading industry player. We have consistently adhered to various environment-related regulations, including “Environmental Protection Law of The People’s Republic of China (《中華人民共和國環境保護法》)”, “Law of The People’s Republic of China on Environmental Impact Assessment (《中華人民共和國環境影響評價法》)”, “Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》)”, “Water Pollution Prevention and Control Law of The People’s Republic of China (《中華人民共和國水污染防治法》)”, “Law of The People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》)”, “Law of The People’s Republic of China on Prevention and Control of Pollution From Environmental Noise (《中華人民共和國環境噪聲污染防治法》)” and “Measures for Pollutant Discharge Permitting Administration (For Trial Implementation) (《排污許可管理辦法(試行)》)”. Our subsidiaries have formulated environmental management plans or action plans accordingly to implement our environmental policy.



In 2023, 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.

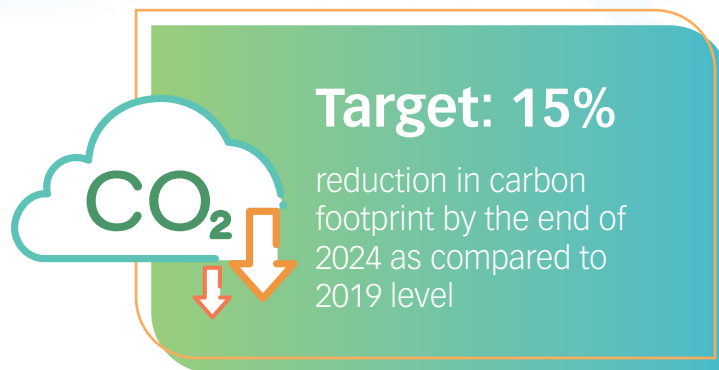


High Fashion adhered to the concept of green development. We have incorporated sustainability and green operation elements in our production chain, including the strategic concept of green R&D, green manufacturing, green operation and green products. The control and alleviation of environmental impacts is one of our main concerns throughout the entire production process. We identify environmental factors as well as assess environmental risks every year, allowing us to formulate different management strategies. We have obtained certifications on ISO 9001 Quality Management System, ISO 14001 Environmental Management System and ISO 50001 Energy Management System, which demonstrate our efforts in managing environmental impacts. Through clear operation guidelines, we minimise any pollution and waste of energy and resources. To ensure the incorporation and implementation of sustainability concepts in the whole operation process, trainings are provided to raise staff awareness on environmental friendly practices.

Lower Impact

ENERGY USE AND EMISSION CONTROL

In our journey of continuous pursuit of sustainability, we keep optimising our greenhouse gas management strategies in line with our development strategy, as well as to fulfil our corporate social responsibility. Through a comprehensive set of management plans and emissions control objectives, we rigorously monitor and manage our greenhouse gas emissions. A sustainability management team has been set up to oversee our energy consumption and encourage reduction on energy consumption. To achieve our reduction target on carbon footprint, various energy-efficient equipment has been deployed in our operation.



As early as in 2021, High Fashion (China) Co., Ltd. launched its sustainable development plan to set the goal of reaching carbon peak in 2025. This sustainable development plan consists of six focus areas, known as green factory, green product, green promotion, green labelling, green energy, and green supply chain. The plan not only aimed to achieve the Group-level carbon reduction target, but also in response to the industry trend and policy orientation of Zhejiang Provincial Government and Hangzhou Municipal People's Government.

Our designated Safety and Environment Department (安環部) of High Fashion (China) Co., Ltd. is responsible for the implementation of green initiatives, as well as the execution of environmental management approaches and actions to manage and minimise our environmental impacts.

Lower Impact

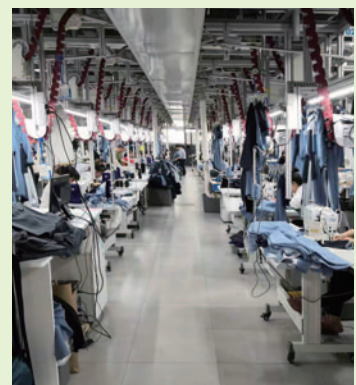
Energy Management

The concepts of carbon reduction and sustainability have been incorporated into our daily operations. We have formulated an internal “Energy-saving Management System (《節能管理制度》)” in Hangzhou in accordance with the relevant national energy-saving management regulations, requiring all departments to maintain energy-use metering devices according to the actual situation and to establish energy-use ledgers. The system also ensures regular inspections of the water supply network, steam supply network, and energy-use facilities, while promptly dealing with any problems found and formulating improvement measures. We have also strengthened the assessment of the planned energy consumption of each department with a system of energy-saving awards and penalties. We encourage energy-saving technological transformation, and reward the units and individuals who have made outstanding contributions to energy-saving.

To reduce energy consumption and enhance energy efficiency, we installed LED lights and replaced the air blower with a more advanced and energy efficient model. Installed with 10,000 LED lights in Hangzhou, we saved approximately 600,000 kWh of electricity and thus RMB\$480,000 of electricity fees annually. We have set up an energy saving plan to phase out certain old equipment by 2024, including 12 sets of transformers, 10 sets of motors, and replacing four energy-consuming ice thermal storage air-conditioning system units, with an estimated total investment over RMB\$5.8 million, which is estimated to save 750,000 kWh per annum after the completion of the programme.

Optimising Factory Layout and Design for Energy Efficiency Enhancement

We also continue to optimise the design of our plants. For example, one of our production plants in Hangzhou underwent consolidation during the Reporting Period, moving from a multi-storey workshop to a large flat storey with rearranged steam network, electrical circuits and workshop layout. Steam intelligent control and reuse devices were also added, which resulted in a reduction in the use of steam. Compared to last year, steam consumption per unit of product was reduced by around 35%.



Lower Impact



We are actively exploring ways to optimise existing processes and replace traditional processes with advanced ones. For example, we use reactive dyeing with low-temperature soaping to reduce the soaping temperature from 80°C to 65-70°C. This reduces steam consumption by nearly 1,200m³ per 10,000 metres of output, which translates to 0.95 tonnes of carbon per 10,000 metres. In addition, some products use gas overflow machines (氣溢流機) to scour cloth instead of the traditional sand washing process (砂洗工藝), reducing steam usage by nearly 800m³ and carbon emissions by 0.63 tonnes per 10,000 metres of output.

We also upgrade our equipment regularly. In 2023, we replaced an air compressor by a new one with about 5kW lower power, reducing about 5.7 tonnes of carbon per year. Our sewing machine is also upgraded. The maximum rotation speed of the new machine is faster than the old one while having the same power input, reducing about 11% carbon emissions on average per piece of garment during sewing.

Lower Impact

Installing Solar Panels for Carbon Emission Reduction

Since 2015, we have actively implemented photovoltaic power generation systems, integrating renewables into our energy profile. Solar panels have been installed onto our buildings in Hangzhou and Xinchang, with a total capacity of more than 10.7 MW and a total area of over 100,000 m². They generated over 10.8 million kWh of electricity in 2023, which reduces more than 6,160 tonnes of carbon emission.



Photovoltaic Power Generation System

Lower Impact

In addition to the energy consumption of equipment in our factories, we also concern about the energy efficiency of our employee dormitory. Automatic air-to-water heat pumps were installed to 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. To fully utilise our precious energy resource and minimise unwanted heat dissipation, we adopted a waste heat recovery system to harvest and transfer the heat from the production boilers to our dormitory's water system. These systems supplement the solar water heaters in an energy-efficient way, especially during winter.

Carbon Emission and Energy Consumption

High Fashion is committed to minimising our carbon footprint. As mentioned above, we have adopted a series of measures to reduce our carbon emissions. In 2023, our total greenhouse gas emissions were 64,068 tonnes⁴, which was a 16% reduction from 2022.

Year	Scope 1				Scope 2		Scope 3			Biomass Combustion
	Stationary Fuel	Mobile Fuel (Vehicles)	Purchased Town gas	Refrigerants	Electricity	Steam	Water	Industrial Wastewater	Domestic Wastewater ⁵	
2019	849	504	4,016	685	17,366	66,656	251	482	1	N/A
2020	506	282	3,003	259	12,415	47,203	161	320	0	N/A
2021	487	272	3,613	2,214	12,118	54,713	175	386	23	N/A
2022 ⁶	3,507	253	0	3,301	13,044	54,695	151	109	22	1,450
2023	3,891	270	0	186	9,534	48,892	133	103	21	1,039

Table 1: Breakdown of Greenhouse Gas Emissions (in tonnes of CO₂e)

⁴ Rounded to the nearest integer, which may appear not adding up from the breakdown below.

⁵ The whole Hangzhou operation is included in the scope for domestic wastewater data since 2021.

⁶ The Group has expanded the emissions boundary to include GHG emissions from wood combustion, and adjusted some data for 2022.

Lower Impact

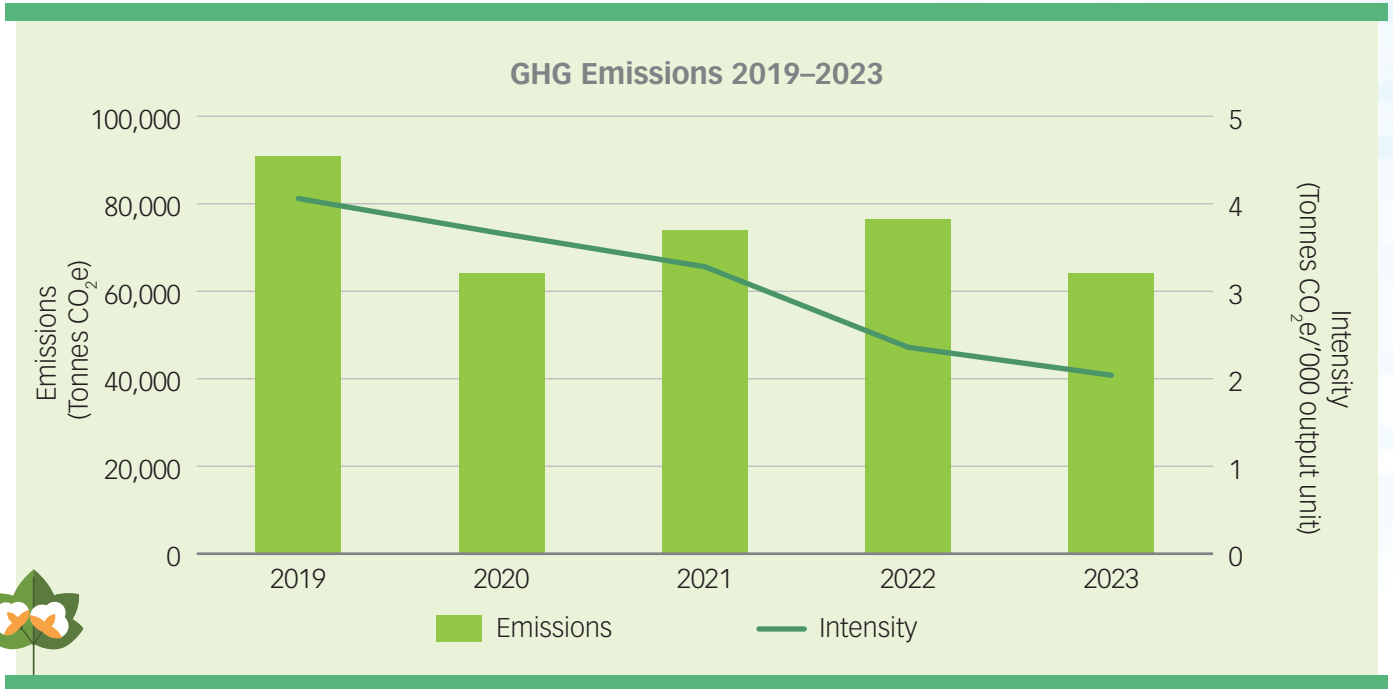


Figure 1: Greenhouse Gas (GHG) Emissions and Intensity

During the Reporting Period, our production-related activities emitted around 687 kg of nitrogen oxides (“NO_x”), 2 kg of sulphur oxides (“SO_x”), and 771 kg of particulate matter (“PM”).

We are fully aware of the potential air pollution from the manufacturing process. To curb our direct emissions, we installed various pollution abatement equipment to treat the gases before exhaust. Looking forward, we will gradually increase the usage of electric stream boilers in our production process.

We also encourage the use of new energy vehicles in our daily operations and have formulated an internal “Instructions for New Energy Vehicles Usage (《新能源汽车使用規範》)” to guide drivers on their proper usage and maintenance, which helps increase the utilisation and extend the lifespan of our hybrid electric vehicles (EVs). The Company has also installed EV chargers in designated areas and identified dedicated parking spaces for EVs.

Lower Impact

In addition to actively pursuing various green technologies to reduce carbon emissions, we also procure renewable energy certificates. In 2023, we bought 2,000 International-Renewable Energy Certificates (I-REC), which equals to 1,140.6 tonnes of carbon reduction.



Our Hangzhou and Dongguan operations have formulated energy efficiency targets respectively, covering electricity, natural gas and steam consumption intensity, with annual reduction targets of 3% to 5% in 2023. Our energy consumption and intensity are summarised in Table 2.

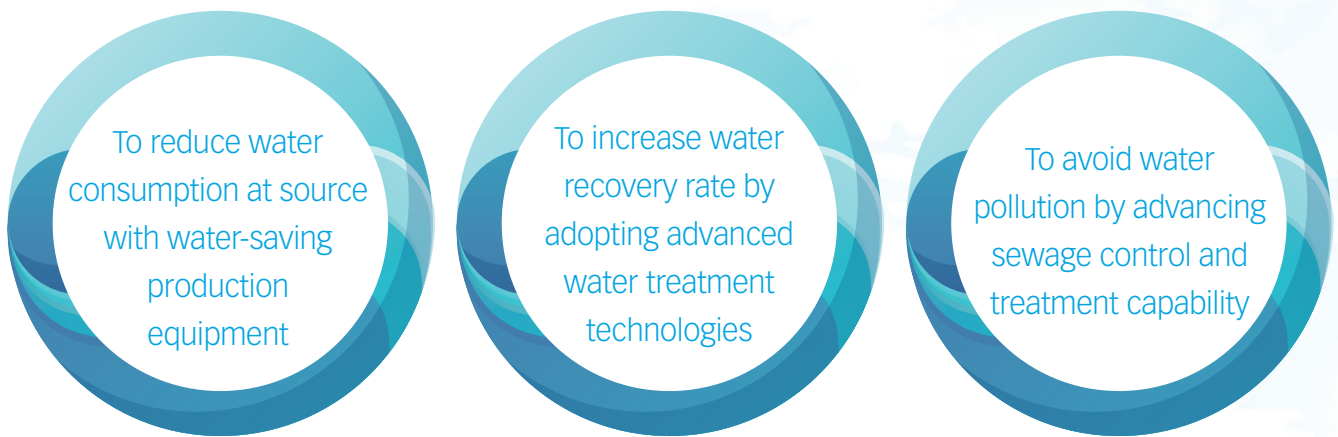
Type	Consumption	Intensity
Purchased electricity	16,871 MWh	0.54 MWh/'000 output unit
Diesel	43,857 Litres	1.40 Litres/'000 output unit
Petrol	65,220 Litres	2.08 Litres/'000 output unit
Natural gas	57,398 GJ	1.83 GJ/'000 output unit
Steam	59,085 tonnes	1.88 tonnes/'000 output unit

Table 2: Breakdown of Energy Consumption

Lower Impact

WATER USAGE AND WASTEWATER DISCHARGE

Water resource management forms an integral part of our environmental management approach. To minimise our water footprint, we adhere to the following three strategic pillars, promoting the responsible use of water resources:



Water used by the Group mostly comes from respective local municipal water supply networks. In the Reporting Period, we did not encounter any issues in water sourcing.

Saving Water at Source

One of the most effective ways to eliminate water wastage is saving at source. A series of water saving measures were adopted to reduce water consumption. Besides, we carry out inspections continuously and monitor the pipe condition to prevent water leakage.

Airflow Dyeing Machines

In order to minimise water consumption, airflow dyeing machines have been deployed in our Hangzhou operation. In 2023, the replacement of traditional dyeing machines with airflow dyeing technologies reduced water by 61,077 tonnes and steam consumption by 4,432 tonnes.

Lower Impact

Enclosed Flat Knitting Washing Machines

The more water-efficient enclosed flat knitting washing machines were introduced in Hangzhou operation. In 2023, around 5,029 tonnes of water have been saved with the application of this equipment.

Continuous Desizing and Bleaching Washing Machine

In order to substantially reduce water and energy consumption in the early processing of woven fabric, we have deployed the continuous desizing and bleaching washing machine. 24,655 tonnes of water have been saved in 2023.

Low Liquor Ratio Dyeing Machines and Water-Saving Washing Machines

We have deployed low liquor ratio dyeing machines, and washing machines which can recycle water for reuse, which increase the usage of recycled water and thus reduce the water consumption.

Increase Water Recovery Rate for Reuse

In addition to reducing water usage, an equally important water-saving strategy is the reuse of wastewater. This practice not only helps us conserve water, but also enhances our resilience by mitigating the risk of potential water scarcity. Since 2010, we have continuously invested in wastewater treatment renovation and water reuse systems to increase our treatment capacity and reduce sewage discharge.

Lower Impact

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

Within our production chain, we employ innovative ultrafiltration and RO membrane treatment technologies to effectively recycle and reuse biochemical wastewater on-site. This cutting-edge approach ensures sustainable water management while maximising water efficiency. In 2023, our Hangzhou operation reused around 350,520m³ of water in production lines.

To fully utilise our precious water resources, we have installed a Condensed Water and Cooling Water Reuse System. Rainwater is also collected and fills our ponds for landscaping purpose.



Ultrafiltration and RO Membrane Treatment Technology



Use Rainwater for Landscaping Purpose

Lower Impact

Smart Energy Management System

Our Smart Energy Management System in Hangzhou can record the real-time data of water and steam consumption. We use recycled water for washing and dyeing work. The track record also encourages water saving among staff as we have established an assessment system to create healthy competition among units for better water usage and management.

The fresh water consumption in 2023 was 625,565 m³, and fresh water intensity was 19.92 m³/’000 output unit.

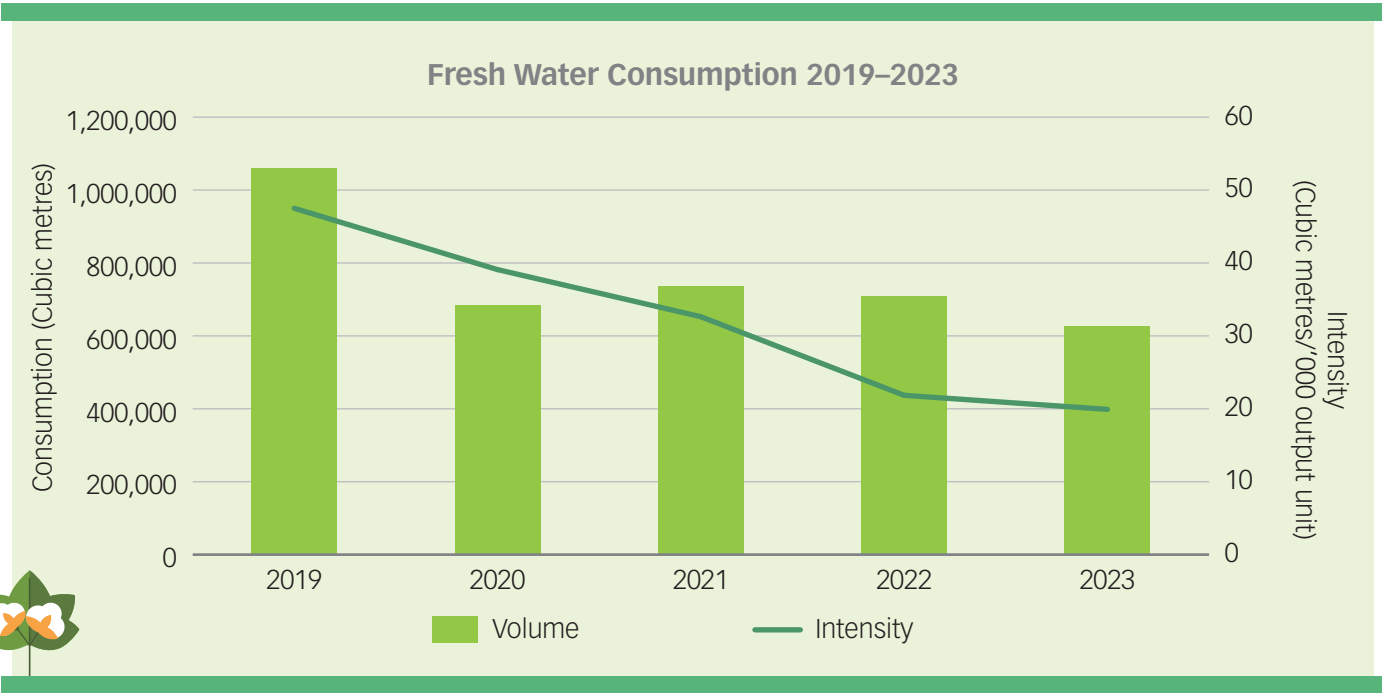


Figure 2: Fresh Water Consumption Volume and Intensity

Lower Impact

Avoid Water Pollution

We have implemented a series of measures to effectively control and manage wastewater discharge. We strictly abide by the national and provincial standards in wastewater discharge, including the “Discharge Standards of Water Pollutants for Dyeing and Finishing of Textile Industry (《紡織染整工業水污染物排放標準(GB 4287-2012)》)”, “Integrated Wastewater Discharge Standard GB 8978-1996 (《污水綜合排放標準(GB 8978-1996)》)” and the “Discharge Standard of Water Pollutants DB44 in Guangdong Province (《水污染物排放標準DB44》)”. We formulated relevant policies accordingly, such as the “Wastewater Discharge Management Procedures (《污水排放管理程序》)” in Dongguan. All wastewater is discharged to designated treatment devices or canals. Besides, we are devoted to preventing water pollution by maintaining wastewater treatment facilities for printing and dyeing in our factories with a treatment capacity at 4,000 tonnes per day in our Hangzhou operation. For waste oil and chemicals, we will arrange with qualified contractors to recycle them.

To facilitate the management of wastewater discharge, we have separated pipes in our Dongguan operation conveying rainwater and sewage. This system controls the potential sewage overflow while enabling surface runoff to be collected and treated separately for use. We have obtained the permit for discharging sewage to the town’s sewage network within the permissible limits.

In 2023, 514,616 tonnes of industrial wastewater was treated and discharged subsequently.

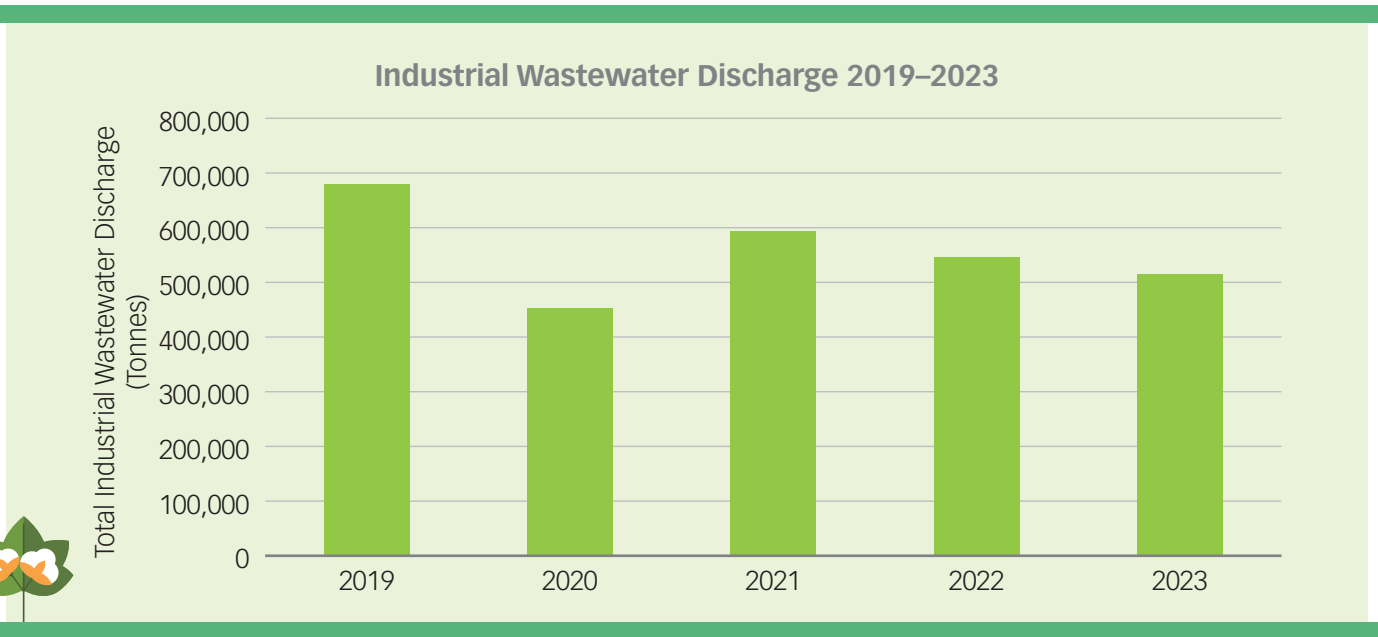


Figure 3: Total Industrial Wastewater Discharge

Lower Impact

WASTE AND RESOURCE MANAGEMENT

High Fashion recognizes the significance of waste and resource management. In our commitment to reducing waste generation and enhancing resource utilisation, we constantly explore, develop and implement innovative strategies. Our waste is sorted and properly managed through Waste Management Measures/Procedures of our subsidiaries. Most of our hazardous waste is generated from our manufacturing activities and in our offices such as batteries and toner cartridges. We have also appointed licensed operators or item suppliers to collect and handle the hazardous waste so as to ensure the hazardous waste is handled in strict accordance with local laws and regulations.



Optimising production efficiency is one of the most effective approaches to minimise waste generation. An MRP function is used to plan the quantity of materials to be procured according to the sales demand, and an MES system is used to control the production process and quality for better material usage and reducing waste. We have also deployed 3D cut-to-fit tailoring technology, which helps reduce excess material consumption at source and minimise mistakes, and provides precise and accurate measurements during production. Some waste fabric and packaging materials are often inevitably generated in our production processes. Hence, we not only avoid excessive consumption of fabric and other materials as far as practicable, but also make sure the waste is handled by qualified external vendors for recycling.

Lower Impact

We actively promote the 3R principles, namely Reduce, Reuse, and Recycle, among all employees in the office. To enhance the awareness of environmental protection among our employees, we have provided recycling bins for plastic, paper and tins in office buildings to cultivate employees' sense of recycling. Collection bins in respect of hazardous waste, food waste and residual waste are also placed in office buildings to encourage waste separation at source. We also utilise paperless workflow and encourage our employees to use electronic documents instead of physical printouts to reduce the use of paper.

The total amount of waste generation is summarised below:

		2022	2023
Non-hazardous waste (including silk fabrics, papers, cardboards, paper straws, cloths, and sludge)	Total (tonnes)	1,576	1,815
	Intensity (tonnes/'000 output unit)	0.049	0.058
Hazardous waste (including acetone)	Total (tonnes)	1.51 (restated)	2.94
	Intensity (tonnes/'000 output unit)	0.000047 (restated)	0.000094

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

SUPPLY CHAIN MANAGEMENT

With a steadfast commitment to environmental conservation and risk mitigation, the Group has implemented a rigorous approach to supply chain control and management. Our effort has been recognised. Our subsidiaries, High Fashion (China) Co., Limited and High Fashion Silk (Zhejiang) Co., Ltd. were awarded as the “National Green Supply Chain Management Enterprise”(國家綠色供應鏈管理企業) and “National Green Factory”(國家綠色工廠) respectively. These are authoritative certifications for green production in China. They require production to focus on environmental protection throughout the entire process, from raw material acquisition, processing, packaging, storage, transportation, use, to disposal. These certifications aim to promote the coordinated development of the economy and environment. The award of these certifications shows our success in embedding “Zero Waste, Zero Pollution,” “No Adverse Ingredients,” and “No Side Effects” elements into the entire supply chain.



STeP by OEKO-TEX® Certification

The STeP by OEKO-TEX® certification, considered the most prestigious certification for sustainable textile production, mandates the comprehensive utilisation of resources such as wastewater recycling, waste heat recovery, utilisation of production surplus materials, and energy reduction. This certification entails a meticulous and all-encompassing assessment that covers the entire textile and garment production chain, from upstream suppliers to end customers.

All production branches of High Fashion (China) Co., Ltd. and our Dongguan subsidiary, Dongguan Dalisheng Fashion Co., Ltd. have been awarded the STeP by OEKO-TEX® certification for the attainment of the high-standard assessment in all the six modules. Looking ahead, we are committed to upholding STeP standards for green manufacturing and sustainable development. Our unwavering dedication is focused on providing eco-friendly and green products to our valued customers. By adhering to these standards, we aim to contribute to a more sustainable future and meet the growing demand for environmentally conscious products.

Supply Chain Management

A SUSTAINABLE SUPPLY CHAIN

As a prominent modern fashion enterprise that encompasses a wide range of apparel and textile businesses, we have established a vast network of partners throughout our supply chain. They mainly supply us with fabrics, yarns and textile auxiliaries. The Group remains dedicated to upholding environmentally and socially responsible practices, not only in our daily business operations but also extending beyond our own physical operations. In order to communicate our expectations on suppliers' environmental and social responsibilities performance, we have formulated the Code of Conduct and established a management system based on relevant standards of business and supply chain management processes.

The supply chain procedures are subject to strict monitoring and control, as illustrated in the following:



Supply Chain Management

Suppliers are assessed with the following relevant green management standards in selection process, which include but not limited to



We are dedicated to building a sustainable supply chain characterised by low carbon emissions. Throughout the procurement process, we prioritise the selection of energy-saving, water-saving, and material-saving green products and equipment, as well as other environmentally-friendly alternatives. Most of the purchased raw materials are certified with environmental protection-related certificates, which does not contain any chemicals that violate the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) and Bluesign® Recognition. We strictly control the selection of materials to ensure that no harmful substances that affect human health or the environment are embedded in our products. All polluted or harmful materials are prohibited at the initial stage of supply chain to control the whole production process and the biochemical oxygen demand (“BOD”) and chemical oxygen demand (“COD”) of wastewater. Our ultimate goal is to establish a transparent and traceable IT system that ensures the traceability of raw material sources throughout the supply chain. This system will enable us to track and verify the origin of our raw materials, promoting transparency and responsible sourcing practices.

RISK IDENTIFICATION ALONG OUR SUPPLY CHAIN

We recognise risk identification as a fundamental aspect of supply chain management. To ensure comprehensive evaluation and minimise risks along the supply chain, our responsible staff or third-party organisations are appointed by the Group to regularly assess suppliers’ performance in areas such as product quality and safety, working conditions for employees, environmental impact, and social responsibility through on-site inspection to ensure that the suppliers comply with the local regulatory requirements, the Group’s relevant environmental and social responsibility as well as safety policies and the code of conduct on suppliers. The evaluation result will be reviewed and taken as a fundamental criterion in order allocation and supplier selection. The approved suppliers will be listed in the approved suppliers list. Once there is any risk revealed to be influential to our business relations, we will work with the suppliers in finding solutions to improve. By proactively monitoring these risk factors, we strive to maintain high standards and mitigate potential risks in our supply chain.

Supply Chain Management

Adapting to the dynamic industry and market landscape, the Group remains vigilant and pays close attention to market trends. We diligently compile pertinent information and generate sales forecasts to keep our downstream stakeholders and business partners informed. By sharing valuable insights, we foster collaborative relationships and enable strategic decision-making in response to market dynamics. In an attempt to diminish order processing time, procurement errors and product defects, in-depth market research has been carried out for such analysis. Our internal tender assessment on suppliers include the ISO Environmental Management System, the ISO 45001 Occupational Health and Safety Management System, or with Environment, Health, Safety (EHS) management in place. Suppliers should also prevent from adopting harmful substances and restricted substances through maintaining an updated chemical inventory list to prevent environmental risks along the supply chain.

In selecting suppliers and contractors, the Group is committed to adopting strict ethical standards. Decisions to purchase materials or hire services are based on price, quality and service to ensure the quality of the Group's products, and to maintain the confidence of customers and the public in the Group. Our purchasing department selects suppliers based on their social responsibility performance, and eliminate those underperforming ones. In case that a supplier is found to have intentionally employed child labour, forced labour, or have involved in other serious violations of labour laws and regulations, the contract will be terminated immediately.

All selected suppliers are required to sign a social responsibility commitment letter (社會責任承諾書) that they promise to abide by local labour laws and social responsibility standards, declaration on intellectual property for merchandising (採購協議知識產權聲明) to protect the customers' intellectual property, as well as the local environmental regulation and subject to the company's on-site audit. We also attach our Corporate Integrity Code in our letter to suppliers to emphasise our measures on bribery prevention, strict requirements on integrity and commitment to fair competition. We also provide the whistleblowing channels to our suppliers to make complaints to our Ethics Team. By imposing stringent social responsibility requirements on our suppliers, we are fully committed to minimising risks along our supply chain. Our aim is to prevent supply disruptions or abrupt terminations caused by severe incidents related to health and safety violations, environmental breaches, and other ethical and critical issues. This approach ensures the stability and integrity of our supply chain, protecting the interests of all stakeholders involved.

MORE ADMIRABLE WORKPLACE

Upholding the culture of “People-oriented and Joyful Mind”, “Put the Needs of Others before Your Own” and “One Heart One Power”, High Fashion always puts the well-being of our employees as the first priority to create an attractive and inclusive workplace and provide comprehensive training for our employees so as to fully reach their potential and capability.

We hire employees in accordance with the law and strictly comply with labour and employment related laws and regulations including the “Labour Law of The People’s Republic of China (《中華人民共和國勞動法》)”, “Labour Contract Law of The People’s Republic of China (《中華人民共和國勞動合同法》)”, “Law of The People’s Republic of China on the Protection of Minors (《中華人民共和國未成年人保護法》)” and “Provisions on the Prohibition of Using Child Labour (《禁止使用童工規定》)” according to the requirements of labour laws and local legislation.

As of 31 December 2023, the Group has a competent team of 4,034 employees including 4,028 of whom are full-time employees. Among our staff, 78 are in Hong Kong, 3,183 are in Mainland China, and 773 are in other regions.

CODE OF CONDUCT AND EMPLOYMENT COMPLIANCE

High Fashion has established the Code of Conduct, Staff Handbook and a series of standard operation procedures according to relevant local legal requirements and SA8000 standard on corporate social responsibility. The various aspects below are covered by our Group policies:

- Company culture
- Working hours and resting period
- Employee training system
- Holidays, benefits and remuneration package
- Attendance system
- No child labour and forced labour
- No discrimination and harassment
- Occupational health and safety
- Women empowerment
- Recruitment practices
- Promotion and dismissal

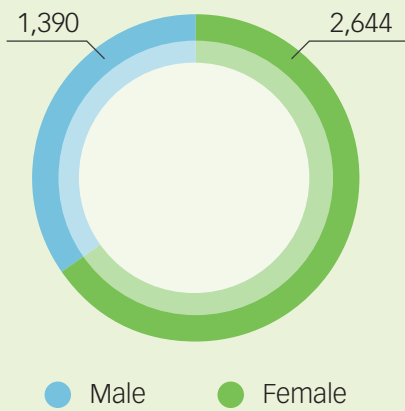
To ensure that the benefits offered to our employees and the human resources practices align with the current market practices and latest regulations, we regularly review the relevant employment policies to update the relevant practices and benefits when appropriate.

More Admirable Workplace

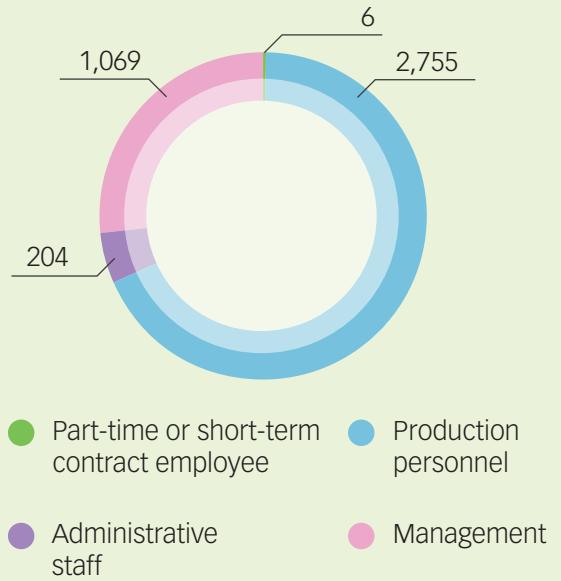
NUMBER OF EMPLOYEES

The figure below summarises our employment statistics:

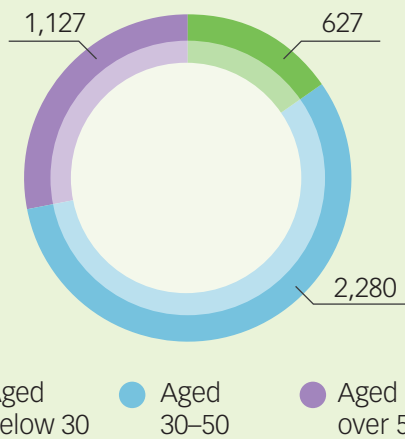
Number of Employees
(by Gender)



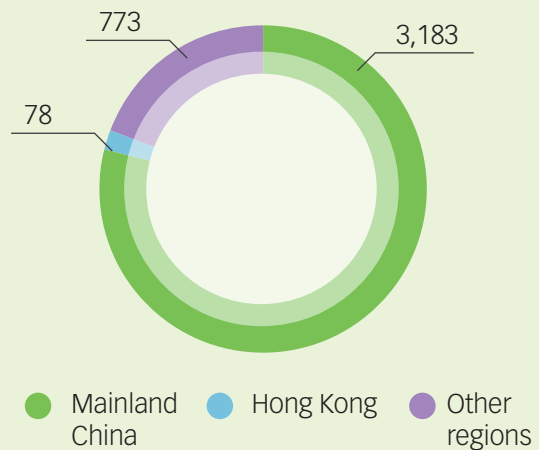
Number of Employees
(by Employee Category)



Number of Employees
(by Age Group)



Number of Employees
(by Geographical Region)



More Admirable Workplace

LABOUR STANDARD

High Fashion respects human rights and has zero-tolerance towards child labour or forced labour in accordance with our relevant recruitment policies in various regions, exemplifying our unwavering dedication to upholding social responsibility and ethical business practices. We have formulated the “Procedures for Control for Relief of Child Labour and Protection of Minors (《救濟童工及未成年保護控制程序》)” and “Procedures for Managing the Prohibition of Forced Labour (《禁止強迫勞動管理程序》)” as well as relevant labour standard procedures in our recruitment policies and Staff Handbook. All employees within High Fashion are recruited directly, instead of being appointed by any third party to hire.

Our recruitment staff are provided with professional training on awareness of no forced labour and child labour. Background checks are performed through interviews, examination of legal records, inspections of family records, and other applicable means. To ensure the adequacy of the protocols for preventing child labour and forced labour, internal audits are conducted regularly. If any reported cases of child labour are identified, we will handle it according to our internal policies.



Our factory in Cambodia is registered in the International Labour Organization Better Factories Cambodia Project and is devoted to complying with and monitoring the legal requirements and improving the working conditions. Our factories in Cambodia and Dongguan have also used the Higg Facility Social and Labor Module (“FSLM”) as the assessment tool to review and improve the working conditions.

More Admirable Workplace

Maintaining a high standard of ethical conduct is crucial for upholding the integrity and governance of the Group. A designated Corporate Ethics Team has been established to handle all complaints directly regarding any employee who is suspected of violating the Code of Conduct under an open, independent and well-established grievance mechanism including a designated email address. Cases reported by stakeholders, including shareholders, employees, suppliers and customers will be internally directed to the Corporate Ethics Team. All complaints including but not limited to bribery, corruption, fraud and discipline violation will be investigated and reviewed by the team in an efficient, impartial, confidential, and just manner. All complaint information will be kept strictly confidential. Opinion collection boxes are also provided at offices and factories for anonymous reflection of any comments. If any reported cases arise, the Audit Committee of the Company will receive regular updates, including summaries of the cases and relevant investigation outcomes.

During the Reporting Period, 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 compliance with the “Trade Union Law of The People’s Republic of China (《中華人民共和國工會法》)”, our Mainland China operation has established a designated trade union and employee association to facilitate the collection of opinions from employees. Our staff from Hong Kong and overseas are also encouraged to raise their concerns through direct communications with our senior management.

More Admirable Workplace

ENHANCEMENT OF EMPLOYEE UNITY AND SENSE OF BELONGING

We care the physical and mental well-being of our employees and believe that a healthy work-life balance is essential for them to achieve better performance.

We run a total of six employee clubs to promote inclusivity and wellness in organisations and advance diversity goals, including Photography, Hiking, Jogging, Basketball, Table Tennis and Badminton, and Fishing Clubs. Employees are able to socialise and interact through sports and activities outside of the workplace with other colleagues from different departments, thus fostering a stronger sense of belonging. We also celebrate holidays and important festive seasons and hold themed parties to relief stress and enhance team cohesion.



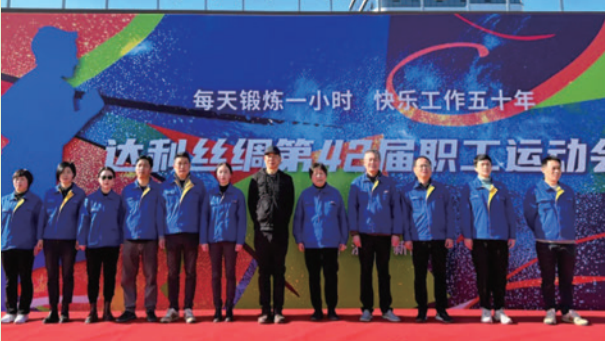
2023 "Welcome Asian Games Run for Life" Running Competition



More than 70 players participated in the staff badminton contest.



More Admirable Workplace



Sports Day



The Autumn Sports Day featured a variety of engaging sports activities, and contributed to physical well-being and a strong sense of team spirit among the participants.



Mid-Autumn Festival Gathering



Christmas Party



More Admirable Workplace

We believe that family engagement is another important aspect for our employees and therefore we also care for their family welfare.

Summer Care Programme — 2023 “Little High Fashioners” Happy Summer School



As a caring organisation, High Fashion is concerned to promote the well-being of employees who grow with the Company. We recognise the challenges encountered by employees in their daily lives. In order to address their needs for childcare and study support during the summer break, we organised a “Little High Fashioners (小達利人)” summer hosting program, ensuring that the children of our staff receive quality learning while enjoying a happy and safe vacation.

Since 2013, we have been engaging qualified schools in the neighbourhood to jointly organise fun and educational summer courses. This year, we offered four classes according to age groups. In addition to the conventional classes, we arranged featured courses with diverse topics such as safety, calligraphy, art, language, sport games, etc. These classes allow employees to focus on their work at ease without distractions from their children, while supporting the physical and mental development of these kids, demonstrating our care for employees and their families.




More Admirable Workplace


DIVERSITY & INCLUSION

High Fashion highly supports equal opportunity and ensures that talent is fairly attracted and promoted based on individual merits, experience, and credentials. High Fashion actively contributes to issues of equality, tolerance, non-discrimination, and diversity, with a particular focus on promoting gender equality. We strictly comply with all applicable labour laws and regulations regarding anti-discrimination and equal opportunity, including but not limited to the “Special Rules on the Labor Protection of Female Employees (《女職工勞動保護特別規定》)”, “Law of The People’s Republic of China on the Protection of Disabled Persons (《中華人民共和國殘疾人保障法》)” in the Mainland China, the “Sex Discrimination Ordinance” and the “Disability Discrimination Ordinance” in Hong Kong.

Gender-responsive business practices are ingrained in every aspect of the Group. Our subsidiaries located in Hangzhou and Dongguan have set out customised policies respectively to safeguard the rights and interests of female employees at the workplace in collaboration with their labour associations. Subjects including equal wages, parental & maternity leave policy, offering sanitary supplies at work with special working arrangements during menstruation period as well as diversity & inclusion schemes are covered. Designated breastfeeding time and private spaces are also provided within the office building to support working mothers.



At the end of the Reporting Period, **66%** of our workforce and **60%** of all managerial positions are females.



In line with our pursuit of diversity, we give priority to individuals with disabilities and encourage full and equal participation of people with disabilities and to take possible actions to ensure their inclusion in all aspects of society and development. We also offer unique working arrangements, accommodations, and working assistance to employees in need whenever necessary as part of our diversity and inclusion framework. We are dedicated to continually enhancing workplace diversity and inclusion throughout all our operations.

More Admirable Workplace

ADVOCATING HEALTH AND SAFETY

As a responsible corporate, it is our responsibility to provide a safe and healthy workplace for our employees. We strictly abide by relevant laws and regulations, including but not limited to “Production Safety Law of The People’s Republic of China (《中華人民共和國安全生產法》)”, “Law of The People’s Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》)”. We adhere to internationally recognised standards on occupational health and safety. Our Hangzhou and Dongguan subsidiaries have been certified to ISO 45001 and we have established occupational health and safety protocols and implemented preventative measures, including the “Occupational Health Accident Management System (《職業健康事故管理制度》)” and the “Safety Production Accident and Health Implementation System (《安全生產事故和健康執行制度》)”, to reduce work-related hazards across all operations.

Our Hangzhou subsidiary, High Fashion (China) Co., Ltd. also obtained the certificate of “Safety Production Standardisation Level-3 Enterprise (安全生產標準化三級企業證書)” from China Quality Certification Centre



By the end of the Reporting Period, **0** workplace fatalities have been caused at High Fashion for seven consecutive years. **67** man-days are lost due to work injury in this Reporting Period.



The Group has implemented a series of internal measures to protect the health and safety of our employees. In order to measure and evaluate the effectiveness of our safety initiatives, our safety administrator conducts assessments on the use of safety warning signs and occupational health and personal protective equipment (PPE) on a weekly basis. To better understand the current safety conditions and better plan for safety measures, our Hangzhou operation assesses occupational risks and hazards every three years.

More Admirable Workplace

With a firm dedication to safety, the Group consistently arranges events to foster a safety-first culture and educate our staff on a diverse range of occupational health and safety (OSH) topics. We also arrange fire drill training, first aid training and OSH and PPE training for employees.

To promote health knowledge, raise awareness of healthy lifestyles, and disseminate health concepts, we actively organise various initiatives. These include fitness activities such as “workplace exercises” as well as health talks. For instance, we have organised talks on common diseases like “hypertension, high blood cholesterol, and high blood sugar” to educate employees about these conditions and their associated concepts.

“Everyone Speaks Safety, Everyone Masters Emergency Response” — 2023 Annual Safety Production Month Series of Activities



We conducted distinctive safety activities, including drills for fire, explosion, and natural gas leakage. These efforts aimed at enhancing staff coordination and response capabilities, and improving emergency rescue response times. Our primary objective is to strengthen staff safety awareness and promote a safety culture, ultimately reducing the occurrence of accidents.

More Admirable Workplace

Empowering Employees with Disabilities: Building Safety Knowledge through Training

At High Fashion, we highly value the well-being and safety of all our employees, including those with disabilities. To enhance the safety awareness and emergency response capabilities of our employees with disabilities, High Fashion (China) Co., Ltd. organised a special safety education and training activity. To ensure effective communication, we hired a professional sign language instructor to facilitate the training, which was attended by a total of 30 participants. The training program encompassed various components, including real-life accident case studies and instructional videos, which taught disabled employees self-preservation techniques and how to seek assistance during emergencies. Additionally, the training covered crucial fire safety knowledge, such as the proper use of fire extinguishers and smoke masks, as well as fundamental first aid techniques.



At High Fashion, we prioritise the safety and well-being of every individual within our organisation. We aim to equip all our employees, including those with disabilities, with the necessary knowledge and skills to ensure their safety and preparedness in emergencies, and provide a safe and nurturing environment for them.

More Admirable Workplace

NURTURING TALENT

High Fashion recognises the importance of equipping our employees with the necessary knowledge and skills to excel in their roles and supports their professional development. In line with this commitment, we have implemented a comprehensive training program including management skills, quality control, and sales expertise. Each year, we develop comprehensive staff training plans and continually enhance our training system to ensure our employees are well-equipped to contribute to our technological innovation and research and development endeavours. Our Human Resources Department executes the plan and conducts evaluations following training sessions. In 2023, 94% of employees received training and the average training hours completed per employee is 22.7 hours.

To ensure a smooth onboarding of new staff members, the Group provides them with comprehensive induction training on topics such as workplace safety and product knowledge. We also engage external institutions to arrange performance management and skill development programs for specific staff.

We provide advanced succession planning for younger staff and involve senior leaders in a collaborative approach to progressive training regarding the industry. The Management Trainee Program (明日之星計劃) is one of the youth succession programs that recruits excellent graduate students and our program will provide job training where they will gain experience in different job functions and have a comprehensive understanding of the culture and operations of the Company.

Another program that facilitates the transfer of knowledge is the Corporate Workers Academy (企業藍領學院), which provides skill enhancement courses for blue-collar workers to ensure that they expand their skills, techniques and knowledge to improve the quality of the team. We are proud to be appointed as the “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). This recognition of our qualifications gives us a sense of accomplishment and strongly encourages us to continue cultivating our skilled talent.

More Admirable Workplace

Apart from the traditional skill training, we also organise skills competitions which not only provide our staff with the opportunity to practise practical skills but also encourage positive personal growth through healthy and fair competition among our employees.

Skills Competition

In 2023, we organised a forklift skills competition in which 21 forklift operators participated. This created a positive atmosphere of respect for skilled talent and tested the technical skills of forklift operators in safe driving and standardised operations.



Our Cambodian operation co-operated with High Fashion (China) Co., Ltd. to hold its first skills competition with 80 contestants. The competition allowed workers to demonstrate their skills through competitions such as "fitting collars", "fitting sleeves" and "fitting meshes" to improve their skills and learn from peers.



More Admirable Workplace

As a responsible industry leader who places great importance on sustainability, we have developed a regular training program to enhance employees' awareness of carbon management to promote their participation and support. During the Reporting Period, we conducted several training sessions. In March, we organised a carbon neutrality training to provide employees with a comprehensive understanding of the Company's efforts and plans for sustainable development. In July, we focused on carbon data collection, where we introduced High Fashion's plans and measures for carbon management to the designated carbon data collection personnel from various departments. In November, we conducted training exclusively for the business department and carbon management leaders on green energy and green certificates, explaining the current status and prospects of the Company's green energy initiatives.



These measures ensure that employees have a deep understanding of the importance of carbon management, enhance their sense of identification and involvement in the Company, and promote the dissemination and implementation of sustainable development principles within the organisation.

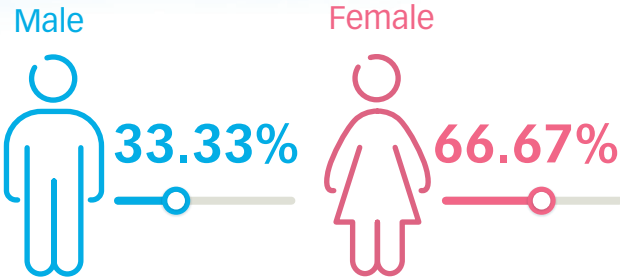


More Admirable Workplace

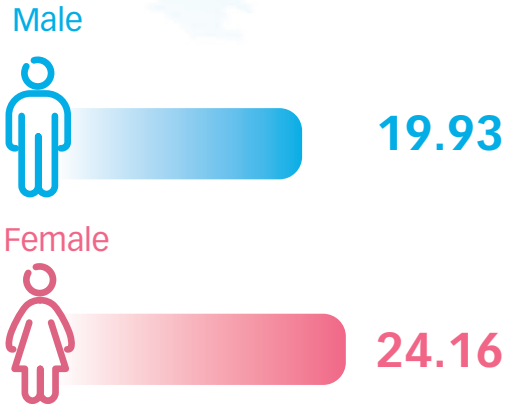
In 2023, the total number of training hours is 91,575. For the breakdown of training statistics, please refer to the following table:

Total Training Hours 91,575

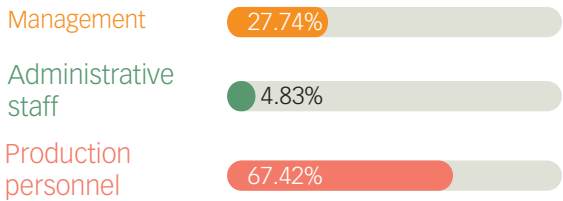
Percentage of Employees Trained by Gender⁷



Average Training Hours of Employees by Gender⁸



Percentage of Employees Trained by Employee Category⁷



Average Training Hours of Employees by Employee Category⁸



⁷ Percentage of employees trained in each category = Number of employees trained in each category ÷ Total number of trained employees x 100%
⁸ Average number of training hours in each category = Total number of training hours received by employees in each category by the end of the Reporting Period ÷ Number of employees in each category at the end of the Reporting Period

OUR COMMUNITY

High Fashion is committed to making a positive impact on the society. We actively engage with schools, support the industry development and encourage employees to volunteer, all with the aim of fostering a more connected and vibrant society.

DONATION

We continue to support a broad range of social initiatives through providing financial and in-kind support to various vulnerable groups. In 2023, we made charitable and other donations of HK\$255,000. We continue to support the legitimate interests of migrant workers through “Spring Action” (春風行動) donation.

YOUTH EMPOWERMENT

We believe the importance of nurturing the youth for the future prosperous development in our industry. We provide practical opportunities for young people to ensure a stable talent pool and a sustainable future for the textile and apparel manufacturing industry. The Group has co-operated with various tertiary institutions, including Zhejiang Sci-Tech University, China Academy of Art and The Hong Kong Polytechnic University.

High Fashion Womenswear Institute

Our High Fashion Womenswear Institute in Hangzhou cultivates high-capacity talents for the garment manufacturing industry across various professional fields and continues to foster school-enterprise cooperation and development and to build model schools and departments to achieve the “Double High” task (Construction Projects of High-Level Vocational Schools and High-Quality Specialties). Co-operated with Zhejiang Sci-Tech University and Jiangnan University in the development and research of new production technology, High Fashion Womenswear Institute improves the Company’s performance in scientific research results through a multilateral alliance. In the future, the Group will enhance the nurturing of talents in advanced manufacturing and 3D digitalisation for the cultivation of future business leaders.



Our Community

Cultivating Tomorrow's Fashion Leaders: An Annual Exchange with THEi Students



High fashion understands the importance of cultivating the youth as they will be the key to the future. In October 2023, we welcomed students from the Technological and Higher Education Institute of Hong Kong (THEi) for their second annual visit to High Fashion Centre. This tradition provided a platform for engaging discussions on fabric testing, marketing strategies, business models, and the use of 3D design in the fashion industry. Expert designers shared career advice to inspire students on their future paths. This exchange aimed to shape tomorrow's fashion leaders by providing practical insights. We believe this visit contributed to their learning journey and look forward to seeing their academic knowledge combined with experiential observations in their future endeavours.

Our Community

Support the Professional Development of Teachers



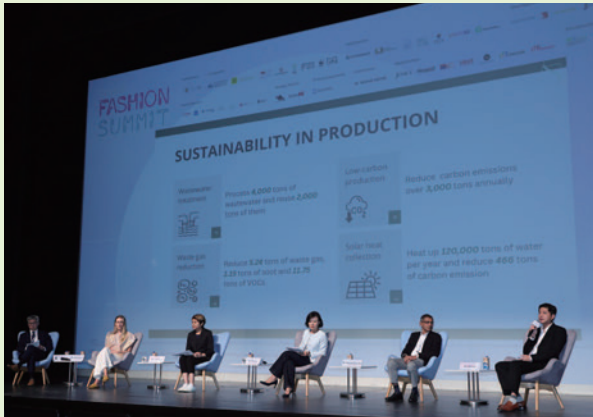
We recognise the importance of education and support the professional development of teachers. In the Reporting Period, our Corporate Workers Academy (企業藍領學院) was honoured to provide a venue for the inaugural session of the National Vocational Education Teachers' Corporate Practice Program (全國職業教育教師企業實踐項目培訓). The teachers had the opportunity to visit various departments including textile printing, knitting, garment technology research and development centre, core departments, and production facilities. This immersive experience allowed them to witness the transformation and upgrading of traditional manufacturing enterprises. It provided the participating teachers with in-depth insights into corporate organisation, production processes, and industry development trends.

SUPPORTING INDUSTRY DEVELOPMENT

As a prominent group in the fashion industry, we are deeply committed to fostering the long-term sustainable development of the industry. During this Reporting Period, senior management of High Fashion Silk (Zhejiang) Co., Ltd. visited Xi'an Polytechnic University to discuss industry-academia-research collaborations and sign important agreements. The project further facilitates the collaboration between academia and industry, and the implementation of industry-academia-research projects.

Our Community

Besides, we are eager to share our expertise with our peers. Our CEO, Mr. Will Lam, was invited to speak on our sustainability initiatives. As a manufacturing company, we demonstrate our strong commitment to sustainability in the textile industry by minimising our environmental impact. Our advanced manufacturing technologies increase efficiency and reduce energy consumption, while the development of innovative, eco-friendly fabrics help minimise our environmental footprint.



Environmental Conservation

We also recognise the importance of environmental conservation in our value chain. During the Reporting Period, we have participated in a tree planting activity in our value chain. The activity not only showcased our commitment and support for environmental protection, but also helped to increase employees' awareness.



BUSINESS ETHICS & ANTI-CORRUPTION POLICIES

We uphold integrity and honesty in business practices and adopt a zero-tolerance policy towards corruption and fraud. High Fashion is committed to the prevention, deterrence, detection, and investigation of all forms of corruption and bribery with reference to the “Prevention of Bribery Ordinance” in Hong Kong. The Code of Conduct on Integrity fully sets out the strict approach of the Group in handling cases related to corruption and conflicts of interests. Employees are prohibited from accepting any type of advantage as an inducement from internal and external parties and they must declare the gifts or advantages provided by the external parties under appropriate circumstances. Any business-related relationships which may lead to conflicts of interests must be declared to the supervisors timely for further considerations. The Code of Conduct on Integrity is reviewed regularly to ensure compliance with the latest regulations.

To raise the awareness within our Group, we consistently provide information on anti-corruption measures to all employees and directors, ensuring that they are well-informed and equipped with the necessary knowledge to prevent and combat corruption. During the Reporting Period, we organised an one-hour anti-corruption training session for our board of directors and colleagues. All directors of the board of the Company and employees from various departments such as sales and procurement department, finance and human resources and administration departments attended the training. Our team gained valuable insights into anti-corruption and anti-money laundering practices, while being reminded of prioritising ethical practices and embracing continuous learning.



Business Ethics & Anti-Corruption Policies

If there is any misconduct, malpractice, or irregularities in our operations, we welcome our customers, shareholders and value chain partners to raise their concerns through whistle-blowing policy and grievance mechanisms. All cases are treated with strict confidentiality and submitted to Corporate Ethics Team for further investigation. All the information of the whistle-blowers will be kept strictly confidential and we will protect their freedom to report grievances without fear of reprisal.



In 2023, **no** violation of laws and regulations related to bribery, extortion, fraud, and money laundering was noted nor concluded.



OUR WORLD

PRODUCT RESPONSIBILITY & COMPLAINTS HANDLING PROCEDURES

To guarantee the quality of our products and services, we have formulated a strict protocol to follow up all complaints. The respective department makes sure the complaints are evaluated and analysed once received. Proper solutions are implemented and reverted to the customers. In 2023, 2 complaints about product quality were received. Both were properly handled in accordance with established procedures. After the conclusion of complaints, we carry out regular reviews and evaluations to improve our products and services continuously. We also invite our customers to share their opinions on our services through biannual customer satisfaction surveys.

Besides, we concern about customer privacy. High Fashion complies with laws and regulations related to customer privacy protection and formulates various policies on internet security to ensure data of customers is well-protected. With clear guidelines and procedures, we handle the information of our customers in strict accordance with relevant laws and regulations. Only authorised personnel can access relevant data on a need-to-know and need-to-use basis.

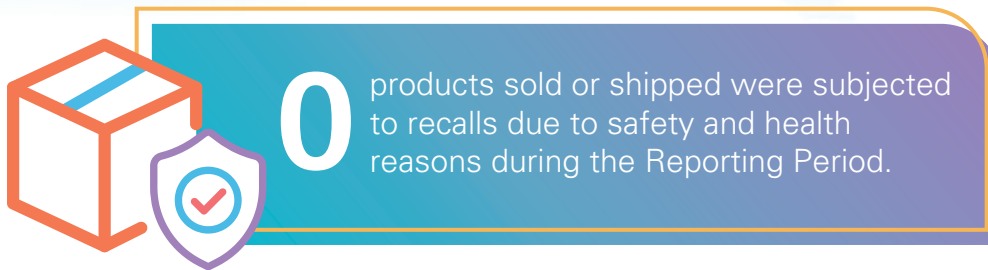
In order to maintain the excellent quality of our products, thorough inspections are conducted at every stage of the production process, starting from the assessment of raw materials and continuing through the examination of semi-finished and finished products. Aligned with customer designated Acceptable Quality Level (“AQL”) standards, we 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. If there is any complaint on unqualified products, we will carry out inspections on cloth and materials, and report the result of testing report to clients. Based on the client’s request, we will arrange the return of goods or other compensation.

Product advertising is not a material issue for our business. If necessary, we apply suitable labels to garment products on behalf of our clients, in order to provide fabric information and washing instructions.

Our World

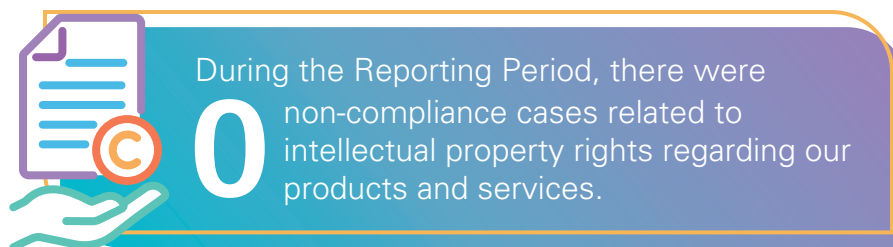
PRODUCT SAFETY

High Fashion places utmost importance on product safety, implementing stringent measures and rigorous testing protocols to ensure the well-being of consumers. We require suppliers or in-house business units to provide third party testing certification and we also update the restricted substance list against the requirements of customers and relevant regulations from time to time, so as to prove the quality of the products. With the review on manufacturing process by independent organisation, we can ensure that the final product complies with specific standards for safety, quality, or performance in line with laws and regulations.



INTELLECTUAL PROPERTY

We acknowledge our responsibility to protect intellectual property and adhere to laws and regulations related to intellectual property. We adopt various measures to protect intellectual property, including but not limited to proactively request the signing of confidentiality agreements with our customers, vendors and relevant stakeholders, as well as prohibiting photo-taking and setting up closed-circuit television monitoring in factories. This commitment safeguards valuable intellectual assets and fosters a culture that respects innovation and creativity. We have set stringent policies to prevent disclosing any confidential information to other parties to protect all intellectual property-related materials, internal R&D projects, design drawings and professional technology from customers. At regional level, the “Intellectual Property Right Working Group ” (知識產權領導小組) takes the lead on intellectual property right protection, including R&D project reviews, patent applications, implementation of security measures etc. Training is also provided to relevant employees to enhance their awareness and their knowledge on the latest Group measures.



APPENDIX I: SUSTAINABILITY DATA SUMMARY

Environmental Aspect	Unit	2023 Data
Air Pollutant Emissions⁹		
Nitrogen oxides	kg	687
Sulphur oxides	kg	2
Particulate matter	kg	771
Greenhouse Gas Emissions¹⁰		
Direct greenhouse gas emissions (Scope 1)	tonnes of CO ₂ e	4,347
Stationary Fuel	tonnes of CO ₂ e	3,891
Mobile Fuel (Vehicles)	tonnes of CO ₂ e	270
Refrigerants	tonnes of CO ₂ e	186
Energy indirect greenhouse gas emissions (Scope 2)	tonnes of CO ₂ e	58,425
Electricity	tonnes of CO ₂ e	9,534
Steam	tonnes of CO ₂ e	48,892
Other indirect greenhouse gas emissions (Scope 3)	tonnes of CO ₂ e	257
Water	tonnes of CO ₂ e	133
Industrial Wastewater	tonnes of CO ₂ e	103
Domestic Wastewater	tonnes of CO ₂ e	21
Biogenic carbon dioxide emissions	tonnes of CO ₂	1,039
Total greenhouse gas emissions	tonnes of CO ₂ e	64,068
Greenhouse gas emission intensity	tonnes CO ₂ e/'000 output unit	2.04

⁹ Air pollutant emissions, greenhouse gas emissions and energy consumption of the Group are calculated with reference to "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" of the Stock Exchange.

¹⁰ Rounded to the nearest integer, may appear not adding up from respective breakdowns.

Appendix I: Sustainability Data Summary

Environmental Aspect	Unit	2023 Data
Energy Consumption		
Purchased electricity	MWh	16,871
Purchased electricity consumption intensity	MWh/'000 output unit	0.54
Diesel	Litres	43,857
Diesel consumption intensity	Litres/'000 output unit	1.40
Petrol	Litres	65,220
Petrol consumption intensity	Litres/'000 output unit	2.08
Natural gas	GJ	57,398
Natural gas consumption intensity	GJ/'000 output unit	1.83
Steam	tonnes	59,085
Steam consumption intensity	tonnes/'000 output unit	1.88
Waste		
Total generated hazardous waste	tonnes	2.94
Hazardous waste intensity	tonnes/'000 output unit	0.000094
Total generated non-hazardous waste	tonnes	1,815
Non-hazardous waste intensity	tonnes/'000 output unit	0.058
Packaging Material		
Total packaging material used for finished products	tonnes	37,751
Packaging material consumption intensity	tonnes/'000 output unit	1.20
Water Consumption		
Fresh water consumption	m ³	625,565
Fresh water consumption intensity	m ³ '000 output unit	19.92
Reused water volume	m ³	350,520

Appendix I: Sustainability Data Summary

Social Aspect	Unit	2023 Data
Number of Employees		
Total number of employees	person	4,034
Number of Employees (by Gender)		
Female	person	2,644
Male	person	1,390
Number of Employees (by Employee Category)		
Part-time or short-term contract employee	person	6
Production personnel	person	2,755
Administrative staff	person	204
Management	person	1,069
Number of Employees (by Age Group)		
Aged below 30	person	627
Aged 30–50	person	2,280
Aged over 50	person	1,127
Number of Employees (by Geographical Region)		
Mainland China	person	3,183
Hong Kong	person	78
Other regions	person	773
Employee Turnover Rate¹¹		
Total turnover rate	%	21.84

¹¹ Category turnover rate = Number of departed employees in each category during the Reporting Period ÷ Number of employees in each category at the end of the Reporting Period x 100%

Appendix I: Sustainability Data Summary

Social Aspect	Unit	2023 Data
Employee Turnover Rate (by Gender)		
Female	%	19.18
Male	%	26.91
Employee Turnover Rate (by Age Group)		
Aged below 30	%	40.35
Aged 30–50	%	18.99
Aged over 50	%	17.30
Employee Turnover Rate (by Geographical Region)		
Mainland China	%	18.66
Hong Kong	%	32.05
Other regions	%	33.89
Development and Training		
Percentage of Employees Trained by Gender¹²		
Female	%	66.67
Male	%	33.33
Percentage of Employees Trained by Employee Category¹²		
Part-time or short-term contract employee	%	0
Production personnel	%	67.42
Administrative staff	%	4.83
Management	%	27.74

¹² Percentage of employees trained in each category = Number of employees trained in each category ÷ Total number of trained employees x 100%

Appendix I: Sustainability Data Summary

Social Aspect	Unit	2023 Data
Average Training Hours of Employees by Gender¹³		
Female	hour/person	24.16
Male	hour/person	19.93
Average Training Hours of Employees by Employee Category¹³		
Part-time or short-term contract employee	hour/person	0
Production personnel	hour/person	26.78
Administrative staff	hour/person	36.01
Management	hour/person	9.77
Occupational Health and Safety		
Work-related fatalities in the last 3 years (including the Reporting Period)	person	0
Rate of work-related fatalities	%	0
Lost days due to work-related injuries ¹⁴	day	67
Number of Suppliers		
Mainland China	–	1,048
Hong Kong, Macau and Taiwan	–	277
Other regions	–	178
Rate of suppliers with annual review conducted	%	86.63
Resources Contributed to the Community		
Amount of donation	HKD	255,000
Time contribution	hour	1,000

¹³ Average number of training hours in each category = Total number of training hours received by employees in each category by the end of the Reporting Period ÷ Number of employees in each category at the end of the Reporting Period

¹⁴ The Group records and reports work-related injuries in accordance with the definitions and requirements of local regulations where it operates.

APPENDIX II: HKEX ESG REPORTING GUIDE CONTENT INDEX

Aspects	Disclosure/ KPI	Description	Related section(s)
Mandatory Disclosure Requirements			
Governance Structure			Sustainability Governance
Reporting Principles			About This Report
Reporting Boundary			About This Report
“Comply or Explain” Provisions			
Subject Area A. Environmental			
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) 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 waste.	Lower Impact
	A1.1	The types of emissions and respective emissions data.	Lower Impact Appendix I: Sustainability Data Summary
	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).	Lower Impact Appendix I: Sustainability Data Summary

Appendix II: HKEX ESG Reporting Guide Content Index

Aspects	Disclosure/ KPI	Description	Related section(s)
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Lower Impact Appendix I: Sustainability Data Summary
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Lower Impact Appendix I: Sustainability Data Summary
	A1.5	Description of emission target(s) set and steps taken to achieve them.	Our Sustainability Goals Lower Impact
	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.	Our Sustainability Goals Lower Impact
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Lower Impact
	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).	Lower Impact Appendix I: Sustainability Data Summary

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Aspects	Disclosure/ KPI	Description	Related section(s)
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Lower Impact Appendix I: Sustainability Data Summary
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Our Sustainability Goals Lower Impact
	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.	Our Sustainability Goals Lower Impact
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Appendix I: Sustainability Data Summary
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Lower Impact
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Lower Impact

Appendix II: HKEX ESG Reporting Guide Content Index

Aspects	Disclosure/ KPI	Description	Related section(s)
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Efforts in Combating Climate Change
	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.	Efforts in Combating Climate Change
Subject Area B. Social			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) 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.	More Admirable Workplace
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	More Admirable Workplace Appendix I: Sustainability Data Summary

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Aspects	Disclosure/ KPI	Description	Related section(s)
	B1.2	Employee turnover rate by gender, age group and geographical region.	More Admirable Workplace Appendix I: Sustainability Data Summary
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) 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.	More Admirable Workplace
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	More Admirable Workplace Appendix I: Sustainability Data Summary
	B2.2	Lost days due to work injury.	More Admirable Workplace Appendix I: Sustainability Data Summary
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	More Admirable Workplace

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Aspects	Disclosure/ KPI	Description	Related section(s)
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	More Admirable Workplace
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	More Admirable Workplace Appendix I: Sustainability Data Summary
	B3.2	The average training hours completed per employee by gender and employee category.	More Admirable Workplace Appendix I: Sustainability Data Summary
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	More Admirable Workplace
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	More Admirable Workplace
	B4.2	Description of steps taken to eliminate such practices when discovered.	More Admirable Workplace

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Aspects	Disclosure/ KPI	Description	Related section(s)
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
	B5.1	Number of suppliers by geographical region.	Appendix I: Sustainability Data Summary
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management Appendix I: Sustainability Data Summary
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management

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Aspects	Disclosure/ KPI	Description	Related section(s)
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) 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.	Our World
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Our World
	B6.2	Number of products and service related complaints received and how they are dealt with.	Our World
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Our World
	B6.4	Description of quality assurance process and recall procedures.	Our World
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Our World

Appendix II: HKEX ESG Reporting Guide Content Index

Aspects	Disclosure/ KPI	Description	Related section(s)
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Business Ethics & Anti-Corruption Policies
	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.	Business Ethics & Anti-Corruption Policies
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Business Ethics & Anti-Corruption Policies
	B7.3	Description of anti-corruption training provided to directors and staff.	Business Ethics & Anti-Corruption Policies
B8: Community Investment	General Disclosure	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.	Our Community
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Our Community
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Our Community Appendix I: Sustainability Data Summary



2023 ESG Report

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