



FORWARD FASHION
HOLDINGS

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

(incorporated in the Cayman Islands with limited liability)

Stock Code : 2528



**Environmental, Social and
Governance Report 2022**

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ABOUT THIS REPORT

Forward Fashion (International) Holdings Company Limited (the “Company”) with its subsidiaries (hereafter the “Group”, “we” or “our”) engages in the fashion apparel retailing industry for over 10 years and provides our customers with various apparel products of international brands ranging from established designer label brands, popular global brands to up-and-coming brands. We have successfully established our sales network which covers Mainland China, Macau, Hong Kong and Taiwan with more than 180 self-operated and managed stores. To continue leading the fashion industry, the Group not only builds a strong reputation on its brands and store quality, but also is committed to integrating sustainability principles into the Group’s strategic planning and daily operation through transparent measures, so as to deliver enduring value to the Group’s major stakeholders.

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

Scope of the ESG Report

This ESG Report examines only the ESG management approaches, environmental and social performance and material topics of the following core operations of the Group during the period from 1 January 2022 to 31 December 2022 (the “Reporting Period” or “FY2022”):



Unless otherwise specified, the reporting boundary and the scope of data remain the same as the 2021 ESG report. The reporting boundary is determined by the materiality of the businesses to the Group. Since our operations in Macau have been and will continue to be a significant part of the Group’s total revenue and engage in the retail of more brands overall, the Group selects operations which principally engage in the Macau-based fashion apparel retail operation with back offices located in Macau and Hong Kong.

Reporting Standard

The ESG Report has been prepared in accordance with the “Comply or Explain” provisions of the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”), under Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “HKEx”). Should there be any discrepancy between the English and Chinese versions, the English version shall prevail. The ESG Report has been reviewed and approved by the board of directors (the “Board”) of the Company. Throughout the ESG Report, we adopt the reporting principles of materiality, quantitative, balance and consistency, as described below:

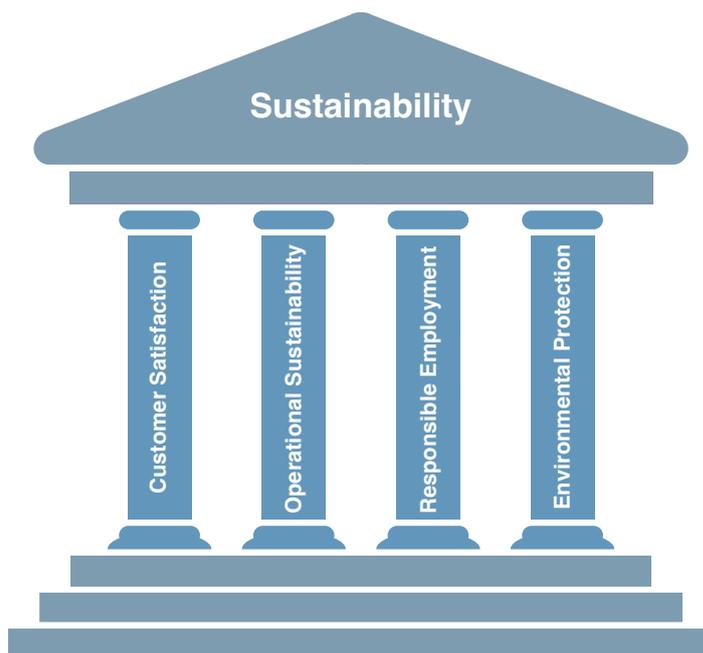
Reporting Principles	Description
Materiality	We have identified the material topics by means of internal discussion and engagement with the key stakeholders. The materiality matrix and details of stakeholder engagement are summarised in later sections.
Quantitative	The disclosed data, environmental and social key performance indicators (“KPIs”) in this ESG Report are organised and calculated in accordance with a series of standardised methodologies, which are illustrated in the relevant sections.
Balance	The Board has acknowledged its responsibility to oversee the Company’s sustainable development and review the truthfulness, accuracy and completeness of the Report. The Report provides an unbiased picture of the Group’s performance.
Consistency	The Report has been prepared in the same reporting scope and methodologies when compared with those for the previous years. A consistent environmental and social data management approach has been adopted to allow a fair comparison of our performance over time.

Contact & Feedback

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

SUSTAINABLE DEVELOPMENT

We believe it is vital to incorporate sustainability in our everyday operations to transit our business towards a more sustainable direction. We have made important progress this year through our ESG initiatives, a four-pillar approach has been adopted to systematically manage our sustainable development. We have established the ESG Policy, which lays the foundation for the Group's sustainability strategy, approach, and commitment to strike a balance between the aspects of ESG and efficiency of our daily operations. As a fashion apparel retailer, we strive to provide excellent products and services to our customers, establish long-term trustworthy relationships with our suppliers, and foster the well-being of stakeholders including our employees and the community. In FY2022, the Group pays extra attention to environmental protection, upholding the idea of "Meeting our own needs without compromising the ability of future generations to meet their own needs".



The Group's Four-pillar Approach

ESG Governance Structure

We have established an ESG governance structure covering all levels of the Group, including the decision-making level, organisational level and implementation level. It is constructed under a top-down management approach. The Board has the overall responsibility for the Group's ESG governance, and it regularly reviews the Group's performance on ESG-related goals and targets. Powers and authorities are delegated to the Audit Committee, which is responsible for supervising day-to-day ESG matters and managing the ESG risk management system.

The ESG governance structure and their responsibility are as follows:



Sustainability Governance Structure

The Board

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

Audit Committee

- Monitor the Group's organisational environmental performance through environmental related meetings and approve related environmental documents
- Manage the Group's ESG risk management system
- Monitor and assess ESG risks, advise on those of strategic significance to the Group
- Ensure all work-related programs and guidelines have been set, controlled, implemented and familiarised by employees; related documents should be easily retrieved
- Report to the Board on the work performed

Functional Managers

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

ESG Risk Management

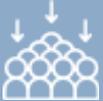
Environmental and social issues present some of the decade's most difficult challenges. Since ESG factors provide a more holistic view of a company's performance, investors and shareholders are now more interested in how the Group identifies and manages ESG risks. In light of this, the Group strives to build an effective ESG risk management framework and has formulated the ESG Risk Management Policy, which clearly stipulates the process to identify and manage such risks.



We conduct an annual corporate risk assessment to evaluate ESG risks based on the likelihood of occurrence and the magnitude of their impacts on the business of the Group, involving the participation of the Audit Committee, the top management and the functional managers. The identified risks will be recorded and reviewed at least once annually to consider if there are any new regulations, rules or procedures that need to be amended and reported to the Audit Committee. For the ESG risks that are prioritised and considered important, mitigation strategies will be developed in four directions: avoid, mitigate, accept, and transfer.

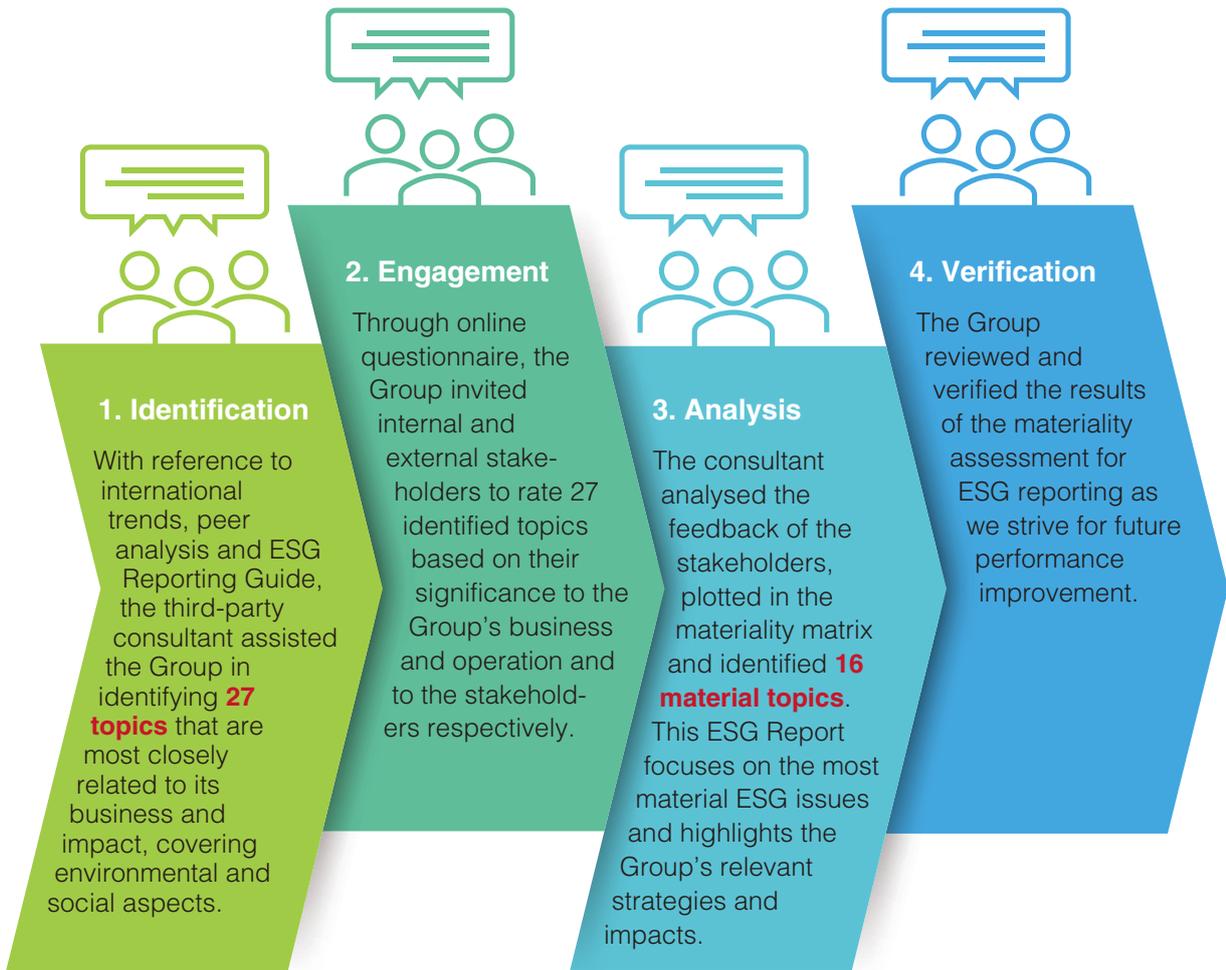
STAKEHOLDER ENGAGEMENT

We believe that maintaining a close relationship with key stakeholders is crucial to our sustainable development, including investors and shareholders, customers, employees, suppliers and business partners, government authorities and regulators, non-governmental organisations and communities. To better understand their expectations and opinions on our ESG performance, we have established various communication channels with them. The Group will refine its ESG strategies and approaches to address the concern of stakeholders as well as making continuous improvements on its ESG performance.

Stakeholder	Expectation & Focus	Communication Channels
 Investors and shareholders	<ul style="list-style-type: none"> • Returns • Stable operation to prevent and control risks • Transparency in information and effective communication 	<ul style="list-style-type: none"> • Company website • Company's announcements and circulars • Annual and extraordinary general meetings • Annual and interim reports • Email
 Customers	<ul style="list-style-type: none"> • Outstanding products • Customer privacy protection • Customer experience 	<ul style="list-style-type: none"> • Company website • Customer direct communication • Customer feedback and complaints
 Employees	<ul style="list-style-type: none"> • Remuneration and welfare • Diversity, Equity, and Inclusion • Career development 	<ul style="list-style-type: none"> • Training and orientation • Email and opinion box • Regular meetings • Employee performance evaluation • Employee activities
 Suppliers and business partners	<ul style="list-style-type: none"> • Business integrity • Win-win cooperation 	<ul style="list-style-type: none"> • Selection assessment • Procurement process • Performance assessment • Regular communication with business partners (e.g. email, meetings, on-site visits, etc.)
 Government authorities and regulators	<ul style="list-style-type: none"> • Compliance with laws and regulations • Pay taxes according to the law 	<ul style="list-style-type: none"> • Documented information submission • Compliance inspections and checks • Forums, conferences and workshops
 Non-governmental organisations	<ul style="list-style-type: none"> • Environmental protection • Human rights protection 	<ul style="list-style-type: none"> • Email • Phones • Charity Donations
 Communities	<ul style="list-style-type: none"> • Support local economic development • Participate in charity 	<ul style="list-style-type: none"> • Company website • Community activities

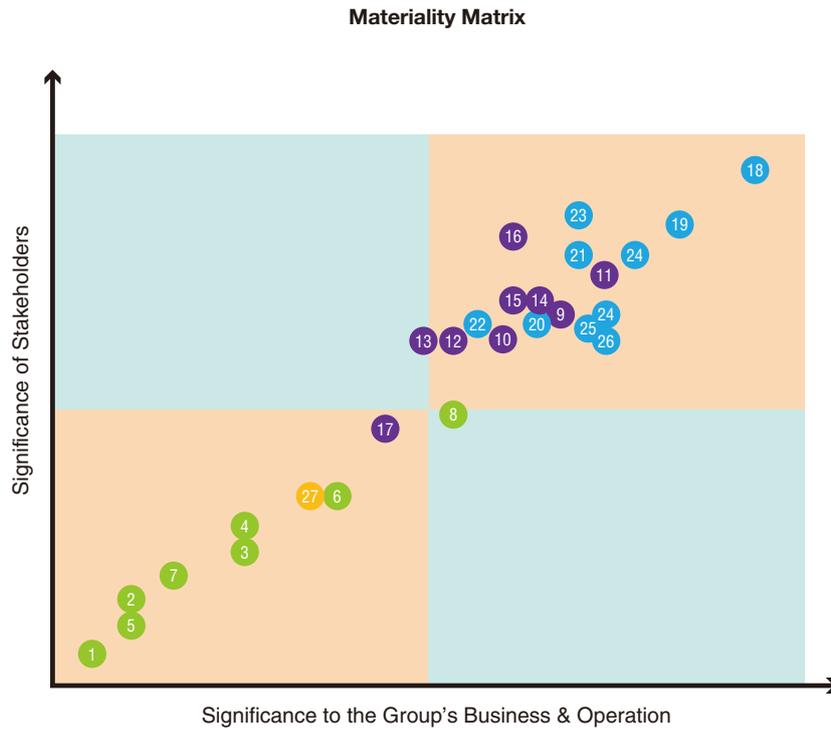
MATERIALITY ASSESSMENT

During the Reporting Period, we engaged a third-party consultant to conduct a materiality assessment and identify the material ESG-related issues to the Group. The result will be used to formulate suitable ESG management strategies and guide the direction of reporting disclosures.



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Based on the scores of each of the ESG issues identified by the stakeholders, the ESG issues are prioritised and shown in the materiality matrix below. Issues that fell in the upper right corner of the matrix were identified as the topics that matter most to the Group’s business operations and our stakeholders are most concerned about.



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

According to the results of the Materiality Matrix illustrated above, the top five material topics of the Group are customer satisfaction, customer service quality and complaints handling, customer privacy and data protection, marketing and product service labelling compliance, and employee retention. Looking forward, the Group will continue to review and develop appropriate ESG policies and targets, as well as optimising the ESG reporting disclosure in order to pursue continuous improvement in its ESG performance in the future.

CUSTOMER SATISFACTION

The Group always puts customers at the highest priority. We believe that customer loyalty is essential to maintain long-term business prosperity in a competitive market. Thus, we are dedicated to providing excellent product and service to customers in order to gain their trust. The Group has established a series of guidelines and standards on product and service according to the relevant laws and regulations, such as the Trade Descriptions Ordinance of Hong Kong, Law of the People's Republic of China ("PRC") on the Protection of Customer Rights and Interests and the Product Quality Law of the PRC, covering our operations, product sales and product return.

During the Reporting Period, the Group was not aware of any material non-compliance with the laws and regulations relating to product responsibility.

Product and Service Excellence

As a fashion apparel retailer, we collaborate with over 100 well-known and emerging brands to meet the demands of different types of customers. The Group has formulated an operational manual to manage the process of new brand introduction. We will conduct a comprehensive and detail review of the potential brands by evaluating the management system, operation model, target market and products to determine whether they are suitable for collaboration with the Group. The Group strictly complies with the Anti-unfair Competition Law of the PRC and the Competition Ordinance of Hong Kong, and we refuse to cooperate with the brands that are associated with potential conflicts on anti-competitive practices.



To enhance customer experience, we have also adopted a multi-brand and multi-store business model in Greater China, operating over 180 retail stores in Mainland China, Macau, Hong Kong and Taiwan, aiming to make our products and services more accessible to our customers. Besides, our Branding Department is responsible for overseeing the quality assurance issues of our products. Retail stores inspection will be conducted from time to time to evaluate the retail stores from six different aspects, including display management, product management, team vibe and energy, service quality, staff training, and data operational management. All unsatisfactory issues discovered during the inspection will be rectified within the specific timeframe.

In addition to that, the Group has implemented a standardised checklist for products to ensure high product quality for customers. We will provide training for employees to identify unsatisfactory products. Visual inspection of the product will also be performed by Store Managers before selling to customers. All unsatisfactory items will be recorded and reported to the Branding Department for follow-up actions with the suppliers for further handling.



Handling Complaints

We highly value the needs of customers and strive to solve their problems in a timely and professional manner. The Group formulated a standard operating procedure for product refund and replacement, after receiving customer complaints about unsatisfactory products, our Store Manager will either examine the product carefully or forward it to the Branding Department to determine whether it fails to meet the relevant quality standards. We will promptly notify customers if a product doesn't satisfy the quality standards and arrange replacement or refund.

During the Reporting Period, the Group did not receive any complaints relating to safety and health issues arising from the products and services provided by the Group. No products sold or shipped by the Group were subject to recalls for safety and health reasons.

OPERATIONAL SUSTAINABILITY

Sustainable Procurement

As a responsible fashion retailer, we believe that maintaining a long-term and close relationship with our suppliers and business partners can protect our reputation. As product responsibility concerns are typically associated with suppliers in the apparel retailing industry, we aim to reduce the environmental and social impacts throughout the supply chain by adhering to the highest standard in supplier selection and management.

We prioritise social responsibility and have established a comprehensive set of criteria for our suppliers to adhere to. These criteria include a strict prohibition on child labour and forced labour, a commitment to avoiding critical environmental pollution, and to ensuring that the health and safety of employees are not jeopardised. Additionally, our suppliers must establish and implement transparent working hours policies and purchase work-related injury insurance for all employees. We are committed to only sourcing from suppliers who meet all of these criteria, and will not engage with those who fail to comply. By prioritising social responsibility in our procurement practices, we hope to create a more sustainable and ethical supply chain.

In FY2022, the Group had a total of 90 suppliers globally, including those from Asia, Europe and North America. All of which are under the abovementioned policies of supplier management. The distribution of suppliers by geographical region is illustrated below:

Number of Suppliers by Geographical Region		
Asia	Hong Kong	19
	Japan	5
	Korea	2
	Macau	2
	Mainland China	5
	Singapore	1
	The Republic of Armenia	1
Europe	Belgium	2
	Denmark	1
	France	12
	Italy	28
	Switzerland	5
	The Netherlands	2
	The United Kingdom	3
North America	Canada	1
	The United States	1

Supplier Evaluation and Management

We will conduct an annual evaluation on the performance of all suppliers, including supply and manufacturing capabilities, product quality and delivery, intellectual property management, service quality, environmental and safety management, and social responsibility. Under-performing suppliers are required to remedy the defective products and/or unsatisfactory services within a prescribed timeframe. Otherwise, we will terminate the contract and remove them from the supplier list. In order to promote environmental-friendly and socially preferable products, priority will be given to suppliers who meet the Group's requirements and gain accreditation from international standards such as ISO9001, ISO14001, and ISO18001. The Group endeavours to build a sustainable supply chain; therefore, we require our suppliers to establish long-term sustainability goals and strategies, as well as a proper environmental protection principle, workplace safety and emergency procedures, and code of conduct.

Business Integrity

The Group strictly observes the ethical standards throughout the entire business operation in order to maintain our reputation as well as a good relationship with stakeholders. We strictly comply with the relevant laws and regulations, including but not limited to the Prevention of Bribery Ordinance of Hong Kong, the Anti-money Laundering Law of the PRC and the Criminal Law of the PRC. During the Reporting Period, the Group was not aware of any material non-compliance with the laws and regulations relating to bribery, extortion, fraud or money laundering. There was no concluded legal case regarding corrupt practices brought against the Group or our employees.

We established the Employee Handbook and Internal Control Policy to regulate the behaviours of our employees, all forms of fraud, bribery and misconduct are prohibited. Employees are expected not to solicit or receive any sort of advantages, such as gifts, entertainment, rewards, or commission. We also pay extra attention to the issue of conflict of interest, employees must not be involved in a relationship with another business or organisation when it may affect the best interests of the Company. All potential conflict of interest must be declared to the direct Store Managers, the Human Resources Department and the Administration Department. Violators will be subject to disciplinary actions, such as warnings, suspension or immediate dismissal. Serious offenders will be handed over to the local authorities for proper investigations and legal action.

Training to our senior management about insider dealing has been conducted during the Reporting Period. The Group's latest policy and relevant materials have also been sent to the Board and all staff to enhance and update their understanding of our business's ethics and standard.

Whistleblowing system

The Group has adopted a Whistleblowing Policy to encourage employees to report any misbehaviours or malpractices, in order to prevent and identify violations in a timely manner. Complaints can be reported through hotline, email or written letter. All cases will be investigated promptly by the Audit Committee of the Company and reported to local authorities for further investigation, if necessary. The identity of the whistleblowers and case-related information will be kept strictly confidential. Any form of retaliation against the whistleblowers is strictly prohibited. To avoid false accusations, the Group will investigate every case equally and seriously, and disciplinary actions will be taken against any employee filing malicious complaint.

Privacy and Security

In order to establish a long-term and mutual trust relationship with our customer and business partners, it is vital to establish effective privacy information management. As a fashion retailer, we will process and store our customer and supplier data on the server, which includes sensitive data such as identities, company information and intellectual properties. We strive to protect all sensitive information by implementing severe precautionary measures, and the Group strictly abides by all the applicable laws and regulations relating to privacy, including but not limited to the Personal Data Protection Act of Macau and the Personal Data (Privacy) Ordinance of Hong Kong. Our Employee Handbook and Employment Contract clearly state the guidelines of privacy protection, that our employees are forbidden to release or divulge confidential information to unauthorised persons without prior consent from the Company. We will take immediate disciplinary actions if any violation of the data protection guidelines is discovered, such as warning letters, immediate dismissal or even lawsuit. Furthermore, customers who signed the Personal Information Collection Statement acknowledge completely the proper use of personal data while reserving the right to refuse any unwanted uses at their will.

We also require our suppliers to follow the data protection guidelines and our confidentiality standards. By conducting annual evaluation, we will examine whether the suppliers adopt enough protective measures on intellectual properties. Suppliers who implement data protection system and provide related training to their employees will receive extra credits in the annual evaluation. During the Reporting Period, the Group was not aware of any breaches of laws and regulations relating to the privacy matters and confidentiality.

RESPONSIBLE EMPLOYMENT

We recognise employees as the cornerstone for the success of the Group. We are committed to attracting and retaining talents with a competitive remuneration package and safe working environment. As stipulated in the Employee Handbook, the Group strives to promote its “WORLD First” corporate culture with five elements: Wisdom, Ownership, Readiness, Learning, and Directness as demonstrated below:

WORLD First

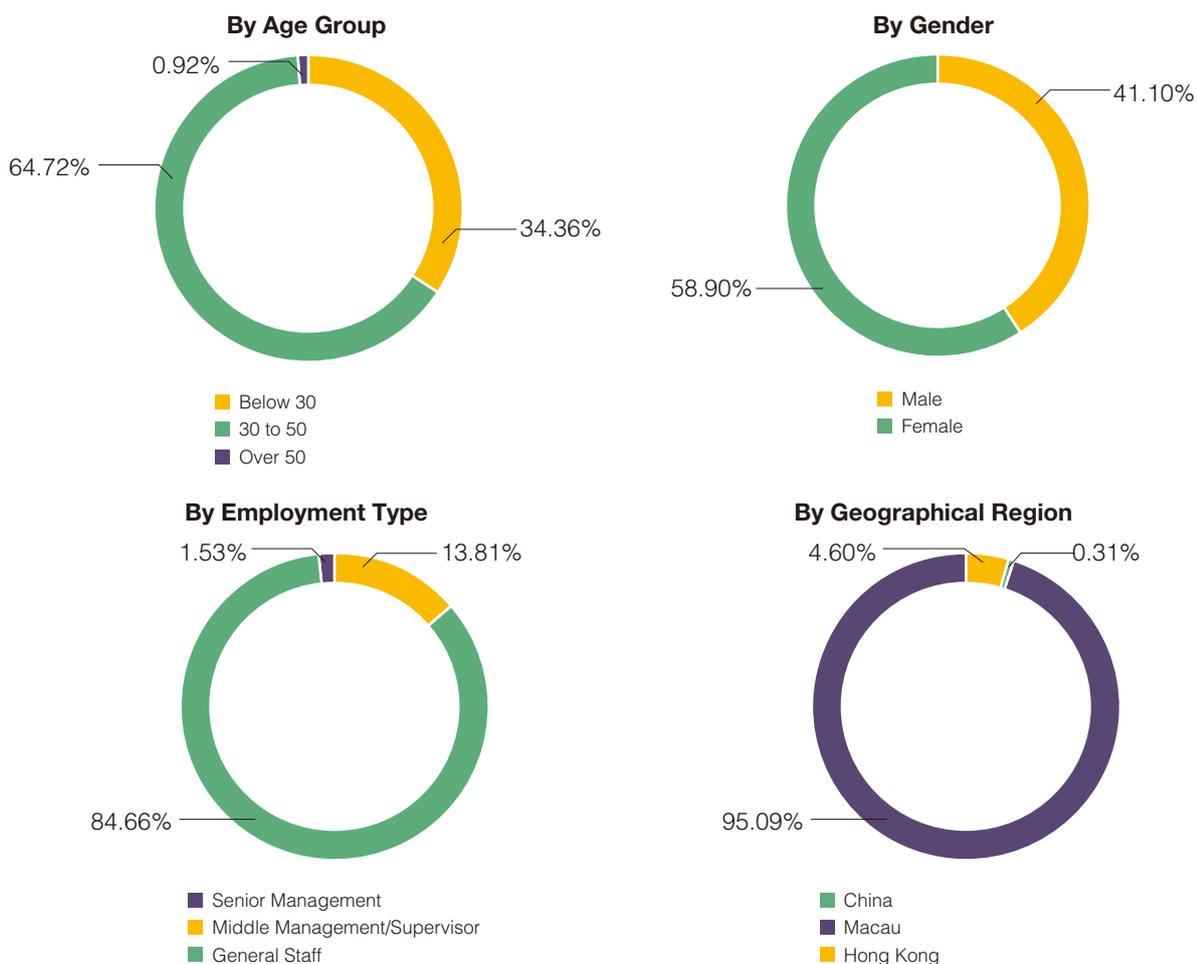
<u>W</u>isdom	Motivate employees to use critical thinking, while listen to and accept ideas and opinions from others during the decision-making process
<u>O</u>wnership	Promote a sense of belonging for the employees while motivating them to make valuable contributions at the same time
<u>R</u>eadiness	Prepare the employees to be mentally ready to accept new challenges in their daily work duties
<u>L</u>earning	Help the employees to enhance their competencies and gain personal growth through various training programmes
<u>D</u>irectness	Encourage the employees to embrace a candid attitude and dare to say "I don't know" when facing unfamiliar situations or issues

“WORLD First” Corporate Culture

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During the Reporting Period, the Group had no material non-compliance with applicable laws relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare, and child and forced labour in Hong Kong and Macau, including but not limited to Labour Relations Law of Macau and the Employment Ordinance of Hong Kong.

As of 31 December 2022, a total number of 326¹ employees were hired by the Group. The information on our total workforce and turnover rate by different categories are illustrated below:



¹ The scope of total number covers the Company, World First Holdings Limited, Macau Ieng Nam Limited and Ieng Leong Company Limited of the Group as at 31 December 2022. The total number of employees cover the full time and part time staff of 4 core businesses as per the section headed "Scope of the ESG Report".

Turnover		FY2022
Employee turnover rate ²		44.17%
By age group	Below 30	45.54%
	30 to 50	43.60%
	Over 50	33.33%
By gender	Male	47.01%
	Female	42.19%
By geographical region	China	0.00%
	Macau	45.16%
	Hong Kong	26.67%

Employment Practices

Adhering to the “WORLD First” corporate values, the Group has established an Employee Handbook to provide guidance and information on our mission, values, policies, procedures, and benefits.

Recruitment and Labour Standards

The Employee Handbook emphasises that the selection of candidates is based on factors relevant to the positions, including academic and professional qualifications, abilities, knowledge and experience as the sole measurement standards.

As a responsible employer, we are committed to supporting ethical hiring practices and protecting labour rights of our job applicants and employees. Any form of child or forced labour is strictly prohibited in the Group’s business operations in accordance with the Group’s policy. During the recruitment process, we require job applicants to submit valid identification, education, and qualification documents for background check, ensuring they have reached the statutory age. Qualified applicants are then required to sign the employment contract that is formulated based on relevant laws and regulations before the commencement of work. We will monitor, investigate, and rectify any suspected cases of child labour or forced labour from time to time.

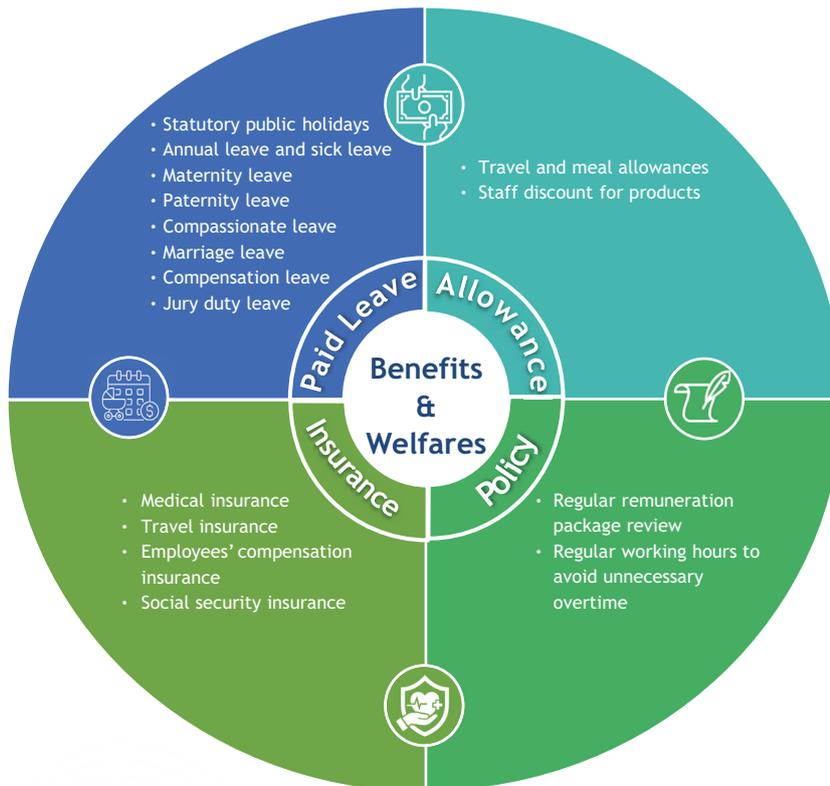
² The turnover rate is calculated by using the formula below:

$$\text{Turnover rate} = \frac{\text{The total number of employees who left during the Financial Year}}{\text{The total number of employees as of the Financial Year End}} \times 100\%$$

Remuneration and Welfare

The Group strives to promote a sense of belonging for the employees while motivating them to make valuable contributions at the same time. We acknowledge that attractive employee remuneration can retain talents and enhance staff productivity; therefore, the Group offers attractive and market-competitive salary packages that are based on the employee’s experience, qualification, and job responsibilities. Annual compensation reviews and year-end bonuses will be granted to employees who have demonstrated their competence and responsibilities well or make contributions to the Group. This not only encourages virtuous competitions among the employees, but also strengthens employees loyalty and motivates under-performing employees to improve.

In addition to that, we provide a variety of benefits to cater to the needs of our employees. All eligible employees are entitled to paid leaves, insurance, and allowance as shown in the diagram below. In order to safeguard employee rights, the Group regularly evaluates the remuneration packages by comparing them to market rates, profitability of the Group and the general economic conditions. We also abide by the applicable laws and regulations on working hours. Compensation leave will be granted if employees are working overtime. Nevertheless, the Group encourages employees to maintain work-life balance by establishing regular working hours.



Diversity, Equity, and Inclusion

We endeavour to provide an inclusive, diverse, and fair working environment where everyone is treated with respect. The Group formulated the Director's Nomination Policy, Remuneration Policy and Employee Handbook, to prevent any form of discrimination and harassment. All staff and job candidates are treated equally, regardless of race, gender, age, cultural, disability, marital status or other non-work-related factors to foster an agile and sustainable workplace. Our directors, employees or potential candidates are hired, remunerated, and evaluated solely based on their academic and professional qualifications, abilities, knowledge and experience. We also encourage board diversity in order to integrate various management styles.

Besides, the Group strives to foster effective communication between employees and customers while maintaining a harmonious work environment at the same time. The Employee Handbook provides guidelines on the manner to colleagues and customers. We encourage employees to be courteous and avoid using abusive language to maintain a peaceful work atmosphere. Any misconduct cases will result in disciplinary actions, ranging from verbal warning to instant dismissal.

Grievance system

The grievance procedure is clearly stipulated in the Employee Handbook to ensure our employees can effectively deal with injustice and misconduct. Employees are urged to report the complaints to their immediate supervisor and department head, and appeal the case to the head of Human Resources Department and Administration Manager if it is not satisfactorily resolved. We adopt an open-door practice to resolve work-related issues through an informal, open and straightforward dialogue. All grievances or complaints are required to report to the senior management within 7 days of the occurrence in order to improve continuously as an employer. Any misconduct cases will be subject to disciplinary actions.

Healthy and Safe Workplace

The Group strictly abides by the applicable laws and regulations on occupational health and safety in the relevant regions, including but not limited to the General Regulations on Work Health and Safety for Commercial, Office and Labour Service of Macau and the Occupational Safety and Health Ordinance of Hong Kong.

As the Group engages in the apparel retailing industry, in which we do not operate any production facilities, the risks of occupational health and safety are relatively minimal when compared to other businesses. Nevertheless, we aim at providing our employees with a healthy a safe workplace to reduce the possibility of workplace injury and fatality. The Group has therefore focused on maintaining a safe work environment for employees and creating a safety culture. We believe the occupational health and safety risk in the retailing industry could be minimised by taking practical efforts to control and eradicate harmful behaviours and conditions.

In the retail industry, slips, trips and falls are the most frequent types of accidents. The risks of such accidents could be significantly reduced by maintaining workplace cleanliness and tidiness. We conduct regular retail store inspections to evaluate their performance, including the hygiene and tidiness of the store and inventory. Additionally, as stipulated in the Employee Handbook, we encourage our employees to be responsible for protecting themselves, their co-workers and third parties from reckless behaviour resulting from undesirable and unprofessional practices, such as alcohol consumption at work.

We established the Workplace Safety & Emergency Procedures to ensure the safety and well-being of staff during emergencies, and outline actions to take in case of emergency scenarios. Various preventive measures were implemented to minimise the risk that employees face in the case of unforeseen events such as fire outbreaks. Exit signs and evacuation plans are displayed at prominent areas to provide guidance for the employees to escape by utilising the shortest and safest route during emergencies. In addition, firefighting equipment such as fire extinguishers has been placed in the workplace in accordance with local regulations. The Group also implemented a smoke-free policy to prevent fire incident and protect non-smokers from the side effects of second-hand smoke.

During the past three years (i.e. from 1 January 2020 to 31 December 2022), the Group had zero cases of work-related fatality and lost days due to work injury. Also, the Group had no material non-compliance with the laws and regulations relating to providing a safe working environment and protecting the employees from occupational hazards that had a significant impact on the Group.

Work-life Balance

Apart from providing a safe working environment, we strive to foster a close relationship among the Group and promote a work-life balance lifestyle to our employees. In FY2022, we organised several gatherings and recreational activities during Chinese New Year and Christmas.



Chinese New Year Gathering



Christmas Lucky Draw

Training and Career Development

We prioritise the “WORLD First” corporate values and strive to empower all staff members to learn and grow. We believe that investing in our employees’ career development is crucial to ensure sustainable business growth for the Group. That’s why we provide induction training to new employees to equip them with the knowledge and competencies necessary for their duties. During the training, we thoroughly explain workplace culture, internal rules, labour rights, and employee benefits, as outlined in our Employee Handbook. Additionally, we offer an Employee Coaching and Mentoring Scheme to help new employees acclimate to the work environment and seek advice from experienced peers.

Our Department Managers take responsibility for guiding new employees through their daily tasks and reviewing their training results. To keep up with industry standards and statutory requirements, we regularly organize formal training sessions to inform employees of the latest trends and practices in the retail industry, and ensuring their readiness for daily tasks. We also provide subsidies for employees to attend external training such as industry conferences and seminars, allowing them to tap into the knowledge of industry experts.

In FY2022, a total number of 322 employees received training with an average training hour of 4.3 per employee. The training profile is categorised by gender and employee category as of 31 December 2022 and is illustrated in the table below:

Training Profile	FY2022	FY2021³
Annual average hours of training per employee and percentage (%) of employees who received training ⁴	4.30 (98.77%)	13.14 (45.6%)
By Gender		
Male	4.91 (97.01%)	7.43 (27.0%)
Female	3.88 (100.00%)	15.57 (53.5%)
By Employee Category		
Senior Management	10.60 (100.00%)	5.13 (62.5%)
Middle Management/Supervisor	1.21 (93.33%)	7.46 (51.9%)
General Staff	4.69 (99.64%)	13.76 (44.7%)

³ FY2021 represents the period from 1 January 2021 to 31 December 2021.

⁴ Percentage of employees who received training is calculated by dividing the number of trained employees of each category by total employees of that category.

ENVIRONMENTAL PROTECTION

The Group acknowledges the importance of environmental protection to achieve sustainable development, we are committed to minimising the environmental impacts from daily business operations. We abide by all relevant laws and regulations on the environment and formulated the Environmental Policy to set an environmental management framework to reduce the impact on different environmental aspects throughout our daily business activities. We also developed a set of environmental criteria for supplier selection and evaluation as suppliers account for the majority of our environmental footprint. Please refer to the section headed “Sustainable Procurement” of the ESG Report for more details.

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

Emission Management

We measure and monitor the GHG emissions and ensure that these emissions align with international standards and best practices. Our GHG emissions consist mainly of our use of fuels for vehicles, purchased electricity, paper disposal and business travel. In FY2022, we generated 1,104.84 tonnes of carbon dioxide equivalent (“tCO₂e”). Meanwhile, air emissions were generated by mobile fuel consumption.

	Unit	FY2022	FY2021
GHG Emissions			
Scope 1 ⁵	tCO ₂ e	18.50	6.44
Scope 2 ⁶	tCO ₂ e	1,075.67	1,177.67
Scope 3 ⁷	tCO ₂ e	10.67 ⁸	8.93
Total GHG emission	tCO ₂ e	1,104.84	1,193.04
GHG emission intensity	tCO ₂ e per Full-time employee (“FTE”)	3.39	3.09
Air Emissions			
Nitrogen oxides (“NO _x ”)	Kg	4.27	1.21
Sulphur oxides (“SO _x ”)	Kg	0.11	0.06
Particulate Matter (“PM”)	Kg	0.31	0.09

⁵ Scope 1 represents direct GHG emissions generated by the use of fuels for mobile sources. The fuel consumption is attributed to the vehicles of Macau subsidiaries and is calculation based on the Methodology of GHG Emissions Calculation from Combustion issued by the IPCC.

⁶ Scope 2 represents energy indirect GHG emissions generated by the use of purchased electricity from local power companies. Due to insignificant electricity usage in the Hong Kong offices, only data of the subsidiaries in Macau are disclosed. The calculation is based on the published emission factors of the 2021 Sustainability Report of CEM (Companhia de Electricidade de Macau), a public utility company in Macau.

⁷ Scope 3 covers energy indirect GHG emissions generated by paper disposal and business trips. The calculation is based on the 2010 Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) of Environmental Protection Department in Hong Kong and the GHG Conversion Factors for Company from the UK government.

⁸ As a result of our enhanced data collection system, we have expanded the scope of GHG emission data to include GHG emissions generated by paper disposal in Macau office as well.

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Electricity consumption is the largest source of emission of the Group, accounted for over 97% of our total GHG emission during the Reporting Period. To reduce the GHG emission, we are dedicated to promoting energy efficiency and energy saving in the value chain by improving productivity through the introduction of more energy-efficient equipment. Besides, we will also prioritise the use of mobile fuel with low carbon and air pollutant emission.

In FY2022, the Group enhanced the data collection system to include the generation of hazardous waste and non-hazardous waste. Our non-hazardous waste includes wastepaper and domestic waste, which is managed by the building management. Our hazardous waste was mainly ink cartridge, which will be recollected by the service providers for further handling. During the Reporting Period, the Group generated a total of 94kg non-hazardous waste and 2kg hazardous waste.

Resources Consumption

The Group is dedicated to creating a green workplace starting from the power of individuals. Besides the abovementioned energy-saving measures. We also implemented numerous environmental and resource conservation initiatives.

Water	Paper	Office Supplies
<ul style="list-style-type: none"> • Report promptly when irregularities of water facilities are observed • Remind employees to shut off water facilities after use • Install water flow restrictors 	<ul style="list-style-type: none"> • Promote the use of recycled paper and double-sided printing practice • Enforce printing quota • Optimise the use of electronic information and communication technologies 	<ul style="list-style-type: none"> • Replace supplies with refillables, reusables or recyclables • Implement proper storage practice to keep resources in good condition • Cultivate indoor plants in the office

As the supply and discharge of water are controlled by the building management and there is no sub-metering installed for individual occupants, the water consumption data are unavailable. There was no issue in sourcing water during the Reporting Period. The resource consumption data in FY2022 are summarised in the table below:

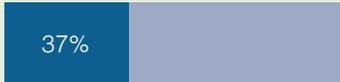
Resource Consumption	Unit	FY2022	FY2021
Purchased electricity ⁹	MWh	1,740.01	1,436.19
	GJ ¹⁰	6,246.03	5,170.27
Intensity	MWh per FTE	5.34	3.72
Mobile fuel	L	7,130.00 ¹¹	4,320.00
Unleaded petrol	L	5,330.00	3,360.00
Diesel	L	1,800.00	960.00
Intensity	L per FTE	21.87	11.19
Paper	Tonne	0.94	3.75

⁹ Due to insignificant electricity usage in the Hong Kong offices, it only covers the electricity consumption of the office and most of the retail stores of the Macau subsidiaries, as electricity consumption of some of the retail stores is controlled by the casino management and no sub-metering for individual occupants.

¹⁰ The conversion factors from volumetric units of unleaded petrol and diesel oil consumption to energy units are in reference to CDP Technical note: Conversion of fuel data to MWh.

¹¹ There is a significant increase in the use of mobile fuel consumption due to the loosening of Covid-19 restrictions.

Environmental Targets

Environmental Targets (Base year FY2020)	Intensity		Progress as of FY2022
	FY2020	FY2022	
 GHG Emission Reduce GHG emission intensity by 15% by FY2025.	3.59 tCO ₂ e per FTE	3.39 tCO ₂ e per FTE	 37%
 Energy Consumption Reduce energy consumption intensity by 8% by FY2025.	Electricity		
	4.39 MWh per FTE	5.34 MWh per FTE	Need to reduce 24.4% from FY2022 in order to reach the target.
	Mobile Fuel		
	3.94 L per FTE	21.87 L per FTE	There is a significant increase in the use of mobile fuel consumption due to the loosening of Covid-19 restrictions. Need to reduce 83.4% from FY2022 in order to reach the target.

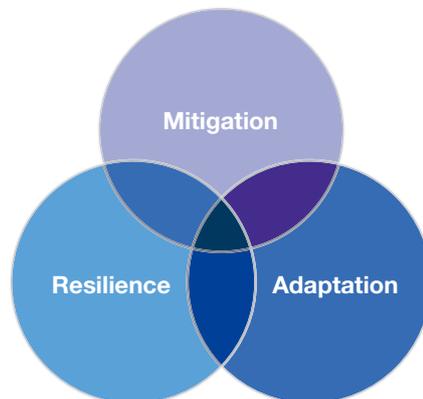
In addition, we also develop medium-long term targets on GHG emissions and energy consumption, aiming to reduce GHG emission intensity by 25% and reduce energy consumption intensity by 15%, both with a base year of FY2020 and a target year of FY2030.

Climate Change Resilience

Climate change is one of the greatest threats facing humanity today and poses potential risks to our business operations. We acknowledge that the Chinese government has established the “Dual Carbon Goals”, achieving carbon peak in 2030 and carbon neutrality in 2060. The Group is also committed to reducing GHG emissions to eliminate the impact on the climate. The Board oversees climate-related issues and ensures that they are incorporated into the Group’s strategy, while the Audit Committee will monitor the progress of reduction targets from time to time. We have assessed and evaluated the physical and transition risks associated with climate change in order to better understand the threats we may encounter, and the impacts of climate-related risks are summarised in the table below.

Climate-related Risks	Impacts
Physical Risk	<ul style="list-style-type: none"> • Extreme weather events such as typhoons and floods may damage the Group’s assets and disrupt the supply chain • Frequent extreme heat and severe weather may result in a higher cost for human resources • Increased insurance premiums and potential for reduced availability of insurance on assets in locations with high exposure to natural disasters
Transition Risk	<ul style="list-style-type: none"> • Tightened environmental laws and regulations may increase the cost of compliance • Changes in precipitation patterns and frequent extreme weather may change our customer’s preference for fashion apparel • Failing to fulfil the expectation of customers may damage the reputation of the Group and result in a lower demand for the Group’s products

We have formulated the Climate Change Policy with a sound climate management framework, which consists of three core approaches: mitigation, adaptation, and resilience to our daily operation, aiming to reduce our impact on the environment and the potential climate impact to the Group. Mitigation refers to the reduction or prevention of GHG emissions, and the Group has already established a GHG reduction target, aiming to reduce GHG emission intensity by 25% before FY2030. We will communicate with internal and external stakeholders continuously to promote low carbon practices in their daily operations. Adaptation is how we adapt to life in a changing climate, by conducting a climate risk assessment on a regular basis. The Group understands the risk and opportunities of climate change on our operations and develops measures to lower the risks. While resilience is how the Group recovers from the impacts of climate change rapidly, we have incorporated climate risk identification as part of our ESG risk management process. The Employee Handbook which clearly outlines the Procedure of Working During Extreme Weather, provides guidelines to employees to work under adverse weather by establishing relevant safety measures and contingency plans. To increase our employees' awareness and understanding of climate change, we have provided them with informative materials and resources.



COMMUNITY PARTICIPATION

The Group strives to build a long-term and sustainable relationship with the local community at where it operates. By supporting diverse community groups and contributing to the society in various focus areas, including health and wellness, environment, and education, we allocate appropriate resources to the target stakeholders and understand their concerns and perspectives. We have formulated the Community Engagement Policy which outlines the principles and guidelines for the community engagement activities of the Group. We are committed to engaging all the stakeholders by supporting the programmes that empower the local community. We developed a specific charity budget in our business plan to ensure that the budget can be distributed to those charities that fit in our purpose and values for the best effect. We will continue to look for opportunities to contribute and participate in the community.

ESG REPORTING GUIDE INDEX

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
Aspect A: Environment		
A1 Emissions	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. Note: Air emissions include NO _x , SO _x , and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	ENVIRONMENTAL PROTECTION
KPI A1.1	The types of emissions and respective emissions data.	ENVIRONMENTAL PROTECTION – Emission Management
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ENVIRONMENTAL PROTECTION – Emission Management
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	The Group's operation does not involve disposal of hazardous waste due to its business nature.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	Information not available since disposal of waste is controlled by the buildings management.
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	ENVIRONMENTAL PROTECTION – Environmental Targets
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	ENVIRONMENTAL PROTECTION – Emission Management Reduction targets have not been set due to insufficient data for target setting.

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HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
A2 Use of Resource	Policies on efficient use of resources including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	ENVIRONMENTAL PROTECTION – Resources Consumption
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	ENVIRONMENTAL PROTECTION – Resources Consumption
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	ENVIRONMENTAL PROTECTION – Resources Consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	ENVIRONMENTAL PROTECTION – Resources Consumption
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	ENVIRONMENTAL PROTECTION – Resources Consumption Reduction targets have not been set due to insufficient data for target setting.
KPI A2.5	Total packaging material used for finished products (in tonnes), and, if applicable, with reference to per unit produced.	The Group's operation does not directly involved the use of packaging materials.
A3 The Environment and Natural Resources	Policies on minimising the issuer's significant impact on the environment and natural resources.	ENVIRONMENTAL PROTECTION
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	ENVIRONMENTAL PROTECTION
A4 Climate Change	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	ENVIRONMENTAL PROTECTION – Climate Change Resilience
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	ENVIRONMENTAL PROTECTION – Climate Change Resilience

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
Aspect B: Social		
B1 Employment	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.	RESPONSIBLE EMPLOYMENT
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	RESPONSIBLE EMPLOYMENT
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	RESPONSIBLE EMPLOYMENT
B2 Health and Safety	Information on: (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.	RESPONSIBLE EMPLOYMENT – Healthy and Safe Workplace
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	RESPONSIBLE EMPLOYMENT – Healthy and Safe Workplace
KPI B2.2	Lost days due to work injury.	RESPONSIBLE EMPLOYMENT – Healthy and Safe Workplace
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	RESPONSIBLE EMPLOYMENT – Healthy and Safe Workplace
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	RESPONSIBLE EMPLOYMENT – Training and Career Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	RESPONSIBLE EMPLOYMENT – Healthy and Safe Workplace
KPI B3.2	The average training hours completed per employee by gender and employee category.	RESPONSIBLE EMPLOYMENT – Healthy and Safe Workplace

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HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
B4 Labour Standards	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.	RESPONSIBLE EMPLOYMENT – Employment Practices
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	RESPONSIBLE EMPLOYMENT – Employment Practices
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	RESPONSIBLE EMPLOYMENT – Employment Practices
B5 Supply Chain Management	Policies on managing environmental and social risks of the supply chain.	OPERATIONAL SUSTAINABILITY – Sustainable Procurement
KPI B5.1	Number of suppliers by geographical region.	OPERATIONAL SUSTAINABILITY – Sustainable Procurement
KPI 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.	OPERATIONAL SUSTAINABILITY – Sustainable Procurement
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	OPERATIONAL SUSTAINABILITY – Sustainable Procurement
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	OPERATIONAL SUSTAINABILITY – Sustainable Procurement
B6 Product Responsibility	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.	CUSTOMER SATISFACTION
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	CUSTOMER SATISFACTION – Handling Complaints
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	CUSTOMER SATISFACTION – Handling Complaints

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	OPERATIONAL SUSTAINABILITY – Privacy and Security
KPI B6.4	Description of quality assurance process and recall procedures.	CUSTOMER SATISFACTION – Product and Service Excellence
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	OPERATIONAL SUSTAINABILITY – Privacy and Security
B7 Anti-corruption	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.	OPERATIONAL SUSTAINABILITY – Business Integrity
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	OPERATIONAL SUSTAINABILITY – Business Integrity
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	OPERATIONAL SUSTAINABILITY – Business Integrity
KPI B7.3	Description of anti-corruption training provided to directors and staff.	OPERATIONAL SUSTAINABILITY – Business Integrity
B8 Community Investment	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	COMMUNITY PARTICIPATION
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	COMMUNITY PARTICIPATION
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	COMMUNITY PARTICIPATION