

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THIS REPORT

This environmental, social and governance Report (the “ESG Report”) was compiled in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) contained in Appendix 27 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited.

The board of directors (the “Board”) recognises the importance of a robust environmental, social and governance performance in meeting the expectations of various stakeholders. The Board has taken overall responsibility for the Company’s ESG strategy and reporting and endorsement of this year’s ESG Report.

This report discusses information of our policy, efforts and achievements towards environmental, social and governance issues from 1 July 2019 to 30 June 2020 (the “Fiscal 2020”).

### Profile and Scope

This report covers the activities of Top Form International Limited (the “Company”) and its principal subsidiaries (collectively “Top Form” or the “Group” or “our” or “we” or “us”). Top Form Brassiere Mfg. Co., Ltd (“Top Form Bra”) represents the brassiere manufacturing arm of Top Form and is the major principal subsidiary. The data disclosed in this report was captured from production plants in China, Thailand, Cambodia, Myanmar and all operating offices of the Group. We take into account the potential social and environmental impact of these principal subsidiaries and have made relevant adjustments of the disclosure content compare to our last published ESG report to reflect sustainability topics that are material to our stakeholders.

### Report assurance

Data and case studies mentioned in this report originate from our internal documents. The Group confirms that this report does not contain false or misleading statements. The Group is responsible for the authenticity, accuracy and completeness of content of this report.

### Contact

We highly appreciate and welcome feedback from our stakeholders on this report so that we may meet their interests and expectations more accurately in our next report. In case of any questions or comments, please contact us at [query@topformbras.com](mailto:query@topformbras.com).

## VISION

It is Top Form’s vision to be the leading international apparel partner, from ideation to delivery, driven by insights and built on sustainable operations. Top Form employs over 7,000 people across China, Thailand, Cambodia and Myanmar, with our headquarters in Hong Kong. We provide end-to-end service, from material sourcing to finished garments, and our product category ranges from intimate apparel to functional sports bras. Our strong foothold in the competitive market stems from a combination of our products’ concept designs, which utilizes innovative technologies, and our multinational production base, which offers global logistics solutions.

## MISSION

“Top Form strives to make a lasting positive impact through our actions, our relationships and the quality work we do”, and we deliver sustainable values to our key stakeholders by focusing on three corporate social responsibility pillars: Sustainable Manufacturing, Employer of Choice and Good Corporate Citizen.

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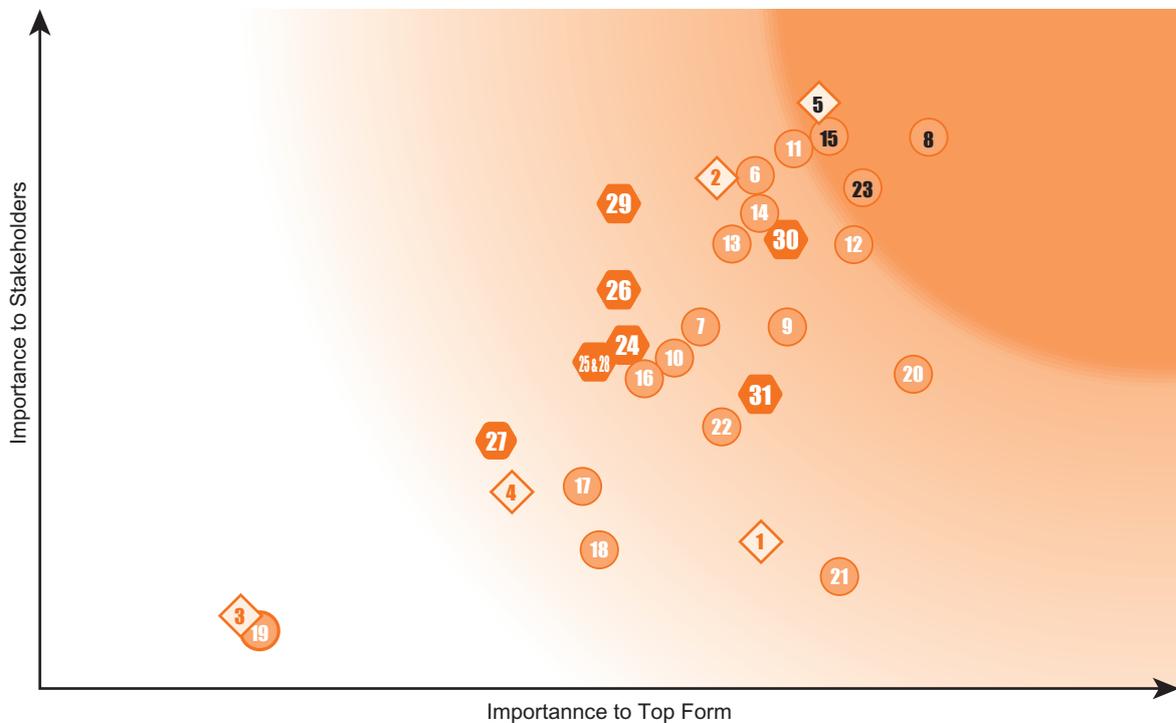
## STAKEHOLDER ENGAGEMENT AND MATERIALITY ANALYSIS

We actively and regularly engage with internal and external stakeholders through different communication channels, ranging from daily business interactions to once-a-year announcements like our annual report. In this way, we can evaluate their needs and interests on a range of sustainability topics that could provide insight into improving our operations.

Following our stakeholder engagement in Fiscal 2019 and taking into account the results from our communication in Fiscal 2020, we identify and evaluate material issues by assessing the rating of the sustainability issues that matter most to our stakeholders and our business. These scores are multiplied to determine the overall significance of a specific issue. We have also increased the level of importance of stakeholders that have a larger impact on our business (customers, employees, suppliers and investors) to identify the most pressing material issues.

In this report, a material topic is one which may substantially affect our long-term operational viability or substantially influence the assessments and decisions of stakeholders. The material issues are summarized along three areas of key focus (Sustainable Manufacturing, Employer of Choice, and Good Corporate Citizen) and identified in bold in the table below. The details of our approach are presented in the following sections:

### MATERIALITY MATRIX



Economic	Social	Environment
1 Business Performance	6 Employment	16 Rights of Indigenous Peoples
2 Market Presence	7 Labor/Management Relations	17 Contributions to the development of local communities
3 Indirect Economic Impacts	8 <b>Occupation Healthy and Safety*</b>	18 Supplier's Social Assessment
4 Procurement Practices	9 Training and Staff development	19 Public Policy
5 <b>Business ethics*</b>	10 Diversity and Equal Opportunity	20 Customer Health & Safety
	11 Non-Discrimination	21 Marketing and Labeling
	12 Child Labor	22 Customer Privacy
	13 Forced or Compulsory Labor	23 <b>Socioeconomic Compliance*</b>
	14 Security Practices	
	15 <b>Respecting human right*</b>	24 Materials
		25 Energy
		26 Water
		27 Biodiversity
		28 Emissions
		29 Effluents and Waste
		30 Environmental Compliance
		31 Supplier Environmental Assessment

\* Internal Boundary  
 \*\* External Boundary

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## EMPLOYMENT

At Top Form, our remuneration and benefits not only include local regulatory requirements such as contributions to social insurance and other legal standards, we also take into account market offers, time commitments, responsibilities and employment conditions to develop our remuneration packages. Each operating facilities has its own set of promotion and benefit policies to ensure that employee remuneration is based on performance.

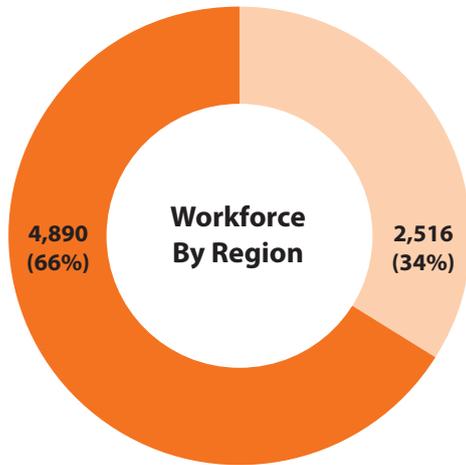
Compensation is also paid for work overtime according to local labour laws. Upon terminating any employees with dissatisfactory performance or of any other reasons, the Group pays the relevant dismissal compensation in accordance with their service contracts and the relevant laws and regulations.

We put great emphasis on treating every employee fairly and we fully comply with local requirements with respect to minimum age. In practice, our Human Resource Department follows the Code of Conduct and Labour Practice Policy to implement relevant procedures and training to ensure that we provide a work environment that offers equal opportunities to all employees and any discrimination with regards to age, gender or ethnicity is prohibited.

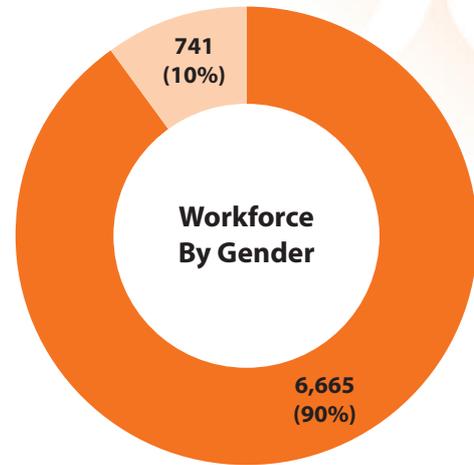
At Top Form, we take pride in the diversity of our talented people and believe that diverse teams make innovation possible. With over 15 nationalities employed into the Group, we continue to maintain an inclusive environment where all people are valued and respected.

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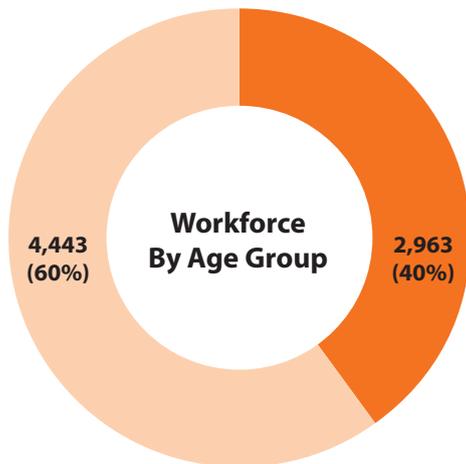
As at 30 June 2020, the Group employed a total of 7,406 employees<sup>1</sup>.



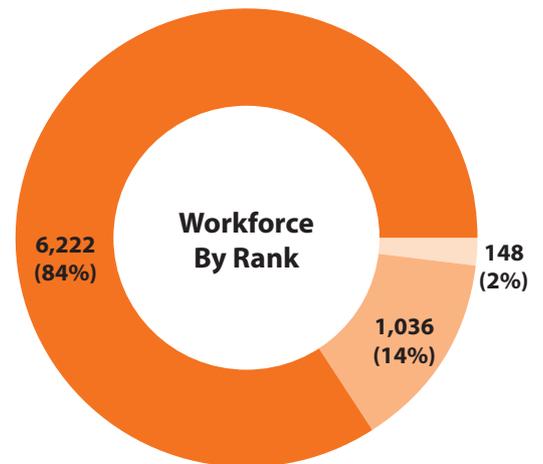
China and Hong Kong Overseas<sup>2</sup>



Male Female



Over 30 30 and Under



General Staff Middle Management Senior Management

<sup>1</sup> The Group only employs full-time employees.

<sup>2</sup> Overseas region includes Thailand, Cambodia and Myanmar.

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## HEALTH AND SAFETY

Top Form conducts its operations in accordance with the industry standards and legal requirements of the countries in which it operates in order to provide a safe and healthy working environment for our employees. Environmental, Health and Safety (“EHS”) Policy is established to provide guideline to our operation leaders of the expectation of our working environment. In addition, the local EHS Committee meets regularly to review EHS matters such as self-audits results, past incidences and progress of corrective actions.

During the reporting year, there is no occupational fatality occurred and 14 lost day incidences has been recorded, which accounts to an average of 22 lost days per lost day incident. Lost day incidences are escalated to the Management Team within 24 hours of the incident follow up by an investigation report that outlines the root cause and the corrective action plan. All recordable occupational injuries are reviewed and discussed in monthly Operation Meeting with regional General Managers to ensure appropriate measures has been taken to prevent reoccurrence of similar incident in the future.

## COVID-19

The coronavirus pandemic started at the beginning of 2020 has heavily impacted the health and safety of the people around the world. In response, Top Form strictly followed the guidelines and preventive measures issued by the local government and implemented a set of protocols at workplaces to minimize the risk of contracting and spreading COVID-19 which is summarized in below framework:

<b>Administrations</b>	COVID-19 Prevention Committee is formulated in each region to communicate and execute preventive measures to our workers. Office staffs are assigned to work from home alternatively to minimize social gathering.
<b>Checks</b>	Body temperature checks are conducted at least 2 times throughout the day in the factories. Anyone whose temperature is above 37.4 degrees Celsius are not allowed to enter work premise and will be advised to consult a doctor immediately. In Thailand, Human Resources will inform Centers for Disease Control and Prevention hotline to have further medical assistance.
<b>Staff protection</b>	Masks are provided daily for free to all workers. Wearing mask is required from entry of premises and throughout the work shift. Sufficient hand soap and sanitizer are available both in factory and office for all associates.
<b>Social distancing</b>	Production set up are rearranged so that workers are kept at least 1 meter apart during operating hours.
<b>Disinfecting work area</b>	Production floor are disinfected on daily basis.
<b>Canteen Management</b>	Lunch time is split into 4 sessions instead of 2 to minimize gathering in China. Boards are placed in between dining tables and staffs are not allowed to sit face to face to maintain a safe dining distance.
<b>Quarantine</b>	Anyone coming from high risk area and overseas must be quarantined 14 days before entering Top Form factories.

There was no confirmed cases in Top Form during reporting period.

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## DEVELOPMENT AND TRAINING

Training is essential to maintain operation efficiency and support the professional development of our employees. During the reporting year, each associate received 3.5 training hours and all level of employees received trainings provided by the Group or external institutes. Not only do we provide basic orientation and job skill training to new associates, but a diverse set of vocational training is also provided to strengthen their knowledge in the garment manufacturing industry. We believe that our employees deserves the opportunity to grow without needing to make significant financial commitments, thus, we offer training sponsorships to employees with leadership roles to attend classes and workshops to continue their professional development.

Maintaining high level of transparency between management and employee is important, annually, we arrange staff briefing sessions at our headquarters or Shenzhen office and all factories with senior management team to review the operational performance and discuss the future prospects of the Company with department heads or managers.

The Group has a performance management system ("PMS") in place which provides an impartial, periodic and systemic evaluations for all levels of employees. The performance appraisal is open and encourages two-way communication where employees have the opportunity to speak with supervisors or managers related to career development and work achievements. The PMS is designed with the objectives to establish the basis for reward management and align individual performance and goals with the Group's long term business goals and values.

All Top Form associates received both internal and external trainings, and below table summarizes the average training hours per employee by gender and by employee category:

	Average training hours per employee
<b>By gender</b>	
Female	3.29 Hours
Male	5.29 Hours
<b>By employee category</b>	
Senior Management	1.2 Hours
Middle Management	2.5 Hours
General Staff	3.2 Hours

## LABOUR STANDARDS

We maintain compliance with applicable labor laws, rules, and regulations or jurisdiction of the respective country in which our business unit operates.

Top Form is subject to various compliance audits by our customers, third party and local authorities on an annual basis, and we work closely with these external stakeholders to ensure we meet expected compliance requirements. Major production facilities in Top Form Bra have obtained Golden Certificate of Compliance of Worldwide Responsible Accredited Production (WRAP<sup>3</sup>), which recognises our plant's compliance with all accredited production principles.

The Group does not accept and prohibits the employment of either child or forced labor and it is outlined in our Labour Practice Policy. Our recruitment procedure verifies the age of job applicants to ensure the candidates are at least of the legal minimum working age.

During the Fiscal 2020, we did not receive any complaints regarding human rights, forced labor, or gender, underage and other types of discrimination within the Group.

<sup>3</sup> The WRAP 12 principles are based on generally accepted international workplace standards, local laws and workplace regulations, and include the spirit or language of relevant conventions of the International Labor Organization (ILO). The Principles encompass human resources management, health and safety, environmental practices, and legal compliance including import/export and customs compliance and security standard.

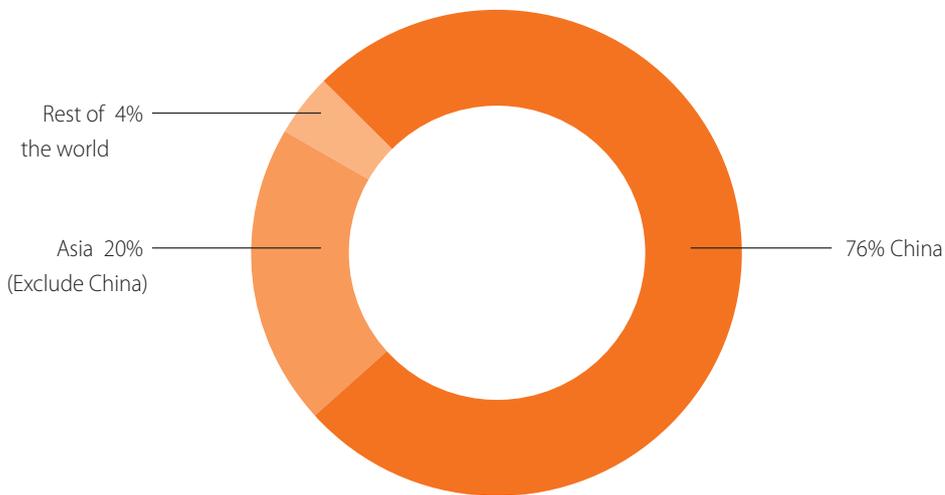
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## SUPPLY CHAIN MANAGEMENT

Implementing and managing a sustainable supply chain is a complex process that requires close collaboration between customers, garment manufacturers and our customers' nominated suppliers. An essential business value that Top Form delivers to our customer is the capacity to manage a global supply chain from end to end on their behalf, and we communicate regularly with our suppliers the importance of material quality to reduce waste and continuous to explore opportunities to work with suppliers that offer sustainable material.

87% of over 180 material suppliers (fabrics, foam, and accessories) are either OEKO-TEX® Standard or bluesign® certified, and our procurement team closely monitors the handful of suppliers who are not certified to ensure their products do not exceed customers' chemical requirements via third party lab tests. In addition, the Group has established procedures to screen and assess suppliers to ensure they are compliant with local social and environmental regulations and our internal Code of Conduct.

**Percentage of suppliers by geographical region**



## PRODUCT RESPONSIBILITY

At Top Form, we obtained third party accreditation for raw material quality control process to ensure the raw material used in our products meet customers' requirements. Testing reports conducted by third party or accredited laboratory are demanded if deviation is discovered from the production standard.

Quality risk assessment process begins at development stage to set quality standards and identify quality control area before production. Quality assurance department in production conducts comprehensive quality check in accordance to internal procedures and guidelines. Training of quality standards and inspection procedures are routinely reviewed to ensure the bulk product complies with customers approved standards. Escalation procedure is established to address any quality issue raised from customer after delivery.

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Accreditations for product quality	Accredited by	Area of accreditation
Internal Laboratory	Customers via third party audit	Quality assurance of material and product
Production facilities: ✓ 2 factories in China ✓ 2 factories in Thailand ✓ 1 factory in Cambodia	OEKO-TEX® Standard 100	Our products have passed the OEKO-TEX® Standard 100 standard accreditation. The standard examines hazardous substances in textiles and guarantees the product's safety. It is a widely recognised quality assurance standard in the textile and garment industry.
Production facilities: ✓ 1 factory in China	Global Recycled Standard 4.0	Global Recycled Standard 4.0 certifies any product that contains at least 20% recycled material and facilities that meets the criteria for social and environmental principles in processing GRS certified products.

The Group respects the intellectual property rights such as design, printed logos, or artwork of our customers and it is critical to protect these assets to maintain trust and prevent customers from losses. Confidentially agreements are engaged both with our customers and employees to ensure confidential information are handled appropriately; and periodically, our facilities follow customer procedures to destruct left over production material that contains brand name or licenced logo to safeguard improper use.

## ANTI-CORRUPTION

The Group strictly adheres to anti-corruption rules and regulations in the respective countries in which our business operates. Top Form is committed to conducting its business responsibly and professionally and our Code of Conduct contains information regarding bribery, anti-corruption, procedures of reporting suspected of violating the Code of Conduct, and we make every effort to keep the identity of the reporting staff confidential.

Top Form prohibits employees from engaging in any competing business, investment or activity that might pose a conflict between individual interests and those of the Group. Our employees are required to complete a Conflict of Interest Statement to declare any existing or potential conflict of interest situations. Employees are responsible for declaring any financial directly or indirectly related to the Group such as their immediate family has personal contract or agreement of any nature with Top Form's suppliers, contractors or customers in order to prevent any potential misconduct.

No incident of corruption occurred during the reporting period.

## COMMUNITY INVESTMENT

Top Form continuously engages and enhances the wellbeing of the communities where we operate via sponsorships, charitable donations and a wide range of community service activities. In this fiscal year, our charitable donations funded institutions that supports elderly and children's health, and volunteers from different regions helped underprivileged young children, people with disabilities and paying visits to the elderly throughout the year. The Group contributed a total of 1,200 volunteer hours and in the sum of approximately HK\$66,000 in charitable donation.

## EMISSIONS/THE ENVIRONMENT AND NATURAL RESOURCES

At Top Form, we recognise the importance of environmental stewardship in all our business operations and persistently modernize our operation processes to improve efficiency and reduce our environmental impact.

Environmental assessment is conducted by third party on regular bases to ensure our operations comply with local with applicable environmental laws, rules and regulations.

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Electricity accounts to 93% of our carbon emission and we strive to reduce our energy consumption across the Group through energy efficient activities such as exchanging and gradually phasing out our clutch motors to more energy efficient servo motors to reduce energy consumption. This enhancement represents an energy savings of up to 80% over clutch motors per sewing machine; T8 fluorescent lighting tubes has been replaced by T5 reflectors lighting tubes that consumes 50% less energy per tube. We also remind employees to turn off lights, computer monitors and air conditioning if they are not in use.

Production sites adopted Higg	
<ul style="list-style-type: none"> <li>✓ 1 factory in China</li> <li>✓ 1 factory in Thailand</li> </ul>	<p>The Higg Index is a set of indicator-based self-assessment tools that measures sustainability performance of different environment categories. It was developed by the Sustainable Apparel Coalition (SAC), an organization of global apparel and footwear leaders working together to reduce the environmental impact of the industry.</p>

Since Top Form operates in the apparel manufacturing business, our main operating waste is the generation of material scrap such as fabric and foam. We make every effort to reduce, reuse and recycle in order to minimize the impact on landfills by enhancing the utilization rate of raw materials and sorting appropriate scrap and reuse them for cleaning.

The total non-hazardous waste by waste type and the respective handling method during the year are as follows:

### Non-hazardous waste: 1,509 tonnes

Waste Type	% of total Non-hazardous waste	Handling method
Production waste (i.e. fabric and foam scraps)	67%	Collected or sold to licensed enterprise
Carton boxes from material goods	12%	
Others: Domestic waste	21%	Collected by certified enterprise for transport to landfill

Clean fabric scraps are collected and sorted, and donated to the local villagers to upcycle the scraps to floor mats and cleaning rags for their own use or sell in local markets. Operators collect fabric scraps to make small cushions. Carton boxes from material good are often re-used for other parcel deliveries, warehouse storage or scrap bins.

The total hazardous waste produce is 13 tonnes, which are mainly empty glue barrels and hardener cans and account to less than 1% of our total waste and it is collected by licensed enterprise. Regular repair and maintenance are done to reduce wastage by limiting leakage during operation.

## USE OF RESOURCES

Our key production process includes fabric lamination, heat press moulding, raw material cutting, sewing and packaging. Our operation does not consume water in significant quantities and we considered the total water consumption was minimal during the year. No polluting process, such as dyeing and enzyme washing, is involved, and we do not have programs for enhancing water efficiencies and no issue in sourcing water.

The major resource consumed during our manufacturing process is electricity, which accounts for nearly 93% of the Group's total carbon emissions. We have continued to seek alternative energy sources such as solar to reduce the reliance on purchasing electricity for our operation.

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Other resources such as water, LPG, diesel and petrol are used for non-production activities such as sanitation, backup power generation, canteen operations and company vehicles.

To reduce the demand for air-conditioning, water cooling system is installed in our production floor combining large exhausted fans to help lower the temperature of the working environment by delivering cool breeze from the wet perforated curtains, and the water is pumped and circulated back within the system.

Material (including packaging) has a low priority level in the result of materiality assessment and the Group decided not to disclose this information.

## ENVIRONMENTAL KPI<sup>4</sup>

The greenhouse gas ("GHG") emissions include direct GHG emissions (Scope 1) and energy indirect GHG emissions (Scope 2). The environmental key performance indicators ("KPIs") relating to the Group's operation during the Fiscal 2020 are shown in the table below:

		Emission Quantity
<b>Total GHG emission (Scope 1 + Scope 2)</b>		<b>10,621</b>
Scope 1	Tonnes CO <sub>2</sub> eq	601
Scope 2		10,020

China and overseas facilities represents 37% and 63% of the Group total GHG emissions respectively.

	Emission Source	Emission item	Emission Quantity (Tonnes CO <sub>2</sub> eq)
GHG emissions from stationary combustion sources	LPG	CO <sub>2</sub>	8.6
	Diesel Oil		7.7
GHG emissions from mobile combustion sources	Diesel, Petrol	CO <sub>2</sub>	568
HCFC & HFC emissions for refrigeration/air-conditioning		HFC	17
Energy indirect emissions			10,020

	Resources	Unit	Emission Quantity
<b>Energy consumption</b>	Electricity	kWh in '000s	16,787
	Diesel (mobile combustion)		1,845
	Petrol (mobile combustion)		233
	LPG (stationary combustion)		39
	Total energy intensity	kWh/HK\$ revenue	0.015

<sup>4</sup> Our operation does not involve significant air emissions of NOX, SOX, N2O, CH4 or other pollutions to the environment and thus those figures are not disclosed in the report.