

# 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”) recognizes 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 policies, efforts and achievements towards environmental, social and governance issues from 1 July 2020 to 30 June 2021 (the “Fiscal 2021”). Relevant ESG Policies are publicly available at Company’s website.

Top Form has made the best effort to translate names of the relevant social and environmental laws since some official translation is not available in English or Chinese.

### 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. To find out more about our sustainability efforts, a separate Sustainability Report is published periodically on our website at [www.topformbras.com](http://www.topformbras.com).

### Report assurance

Data contained in this report originate from our internal documents and statistics. 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).

\* The Group has temporarily suspended the operation in Myanmar since June 2021.

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## OUR 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 and Cambodia, 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.

## OUR MISSION

"Top Form strives to make a lasting positive impact through our actions, our relationships and the quality work we do".

## OUR CORE VALUES

**INTEGRITY**

**"CAN DO" ATTITUDE**

**ACCOUNTABILITY**

**COURAGE**

**CURIOUS & CREATIVE**

**CARE & RESPECT**

**COLLABORATIVE**

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## OUR SUSTAINABILITY APPROACH

In 2020, we have launched our ambitious new Sustainability Strategy and it serves as guiding principle to widen our positive impact to our key stakeholders. It gives us a clear road map and objective to work towards and we have prioritized on three strategic pillars: Save Our Planet, Empower Our People, and Build Our Community.



Our sustainability framework and current initiatives are aligned with the United Nations Sustainability Development Goals (“SDGs”) to address global challenges and achieve a sustainable future. Below table summarizes our Sustainability Strategy and Focus area.

Top Form’s Sustainability Priorities	Corresponding Sustainability Development Goals	Focus Area
Save Our Planet	Goal 7. Affordable and Clean Energy Goal 12. Responsible Consumption and Production Goal 13. Climate Action	<ul style="list-style-type: none"> <li>• Pathway to Carbon Reduction</li> <li>• Pathway to Circularity</li> </ul>
Empower Our People	Goal 3. Good Health and Well Being Goal 5. Gender Equality Goal 8. Decent Work and Economic Growth	<ul style="list-style-type: none"> <li>• Ethical Recruiting</li> <li>• Groom Talents</li> <li>• Health &amp; Safety</li> </ul>
Build Our Community	Goal 2. Zero Hunger Goal 4. Quality Education	<ul style="list-style-type: none"> <li>• Nourishing Our Community</li> <li>• Women Empowerment</li> </ul>

## Governance Structure



The Board is responsible for overseeing the Group’s Sustainability Strategy and sustainability issue. The Group’s Chief Executive Officer, who is sponsor of the Sustainability Steering Committee, meets with Sustainability Task Force on bi-monthly basis to monitor the implementation progress of our Sustainability Strategy. All identified sustainability risks and opportunities which may impact the Group are reported to the Chief Executive Officer and the Board at least on an annual basis.

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## Ethical Business Culture

Our Code of Conduct serves as our moral compass and we encourage our associates to adopt a mindset that embraces our Core Values. Our Code of Conduct contains information regarding bribery, anti-corruption, procedures of reporting suspected of violating the Code of Conduct.

Any valid complaint can be raised to the management team through e-mail hotline, telephone, local HR or General Managers. In FY2021, all Board members have taken the refresher e-training from "The Director Training Programme" by the Hong Kong Stock Exchange, which includes topics such as Corporate Governance, Conflicts of Interest, Managing Inside Information, and Risk Management and Internal Control, and refresher training to our associates is targeted to complete in FY2022.

The Group is in compliance with anti-bribery, extortion and corruption law in all operating countries and has zero cases related to corruption practices during the reporting period.

## Fair Labour Practice

Top Form is committed in providing open, fair, and inclusive working environment to our associates. Global engagement activities to promote our Core Value are regularly organized in our head office and factories. This year, a photo competition was organized to reward associates who demonstrate the spirit of our Core Values through images where we have received an overwhelmingly positive response from our associates. We continually strive to foster a working environment that our people feel safe and respected.

In FY2021, the Group has updated our "Labour Practice Policy" to "Social Policy" and formulated an Ethical Recruiting Standard based on international standards and relevant local laws and regulations in the regions we operate. This document was endorsed by the Steering Committee and provides the guiding principles and standards for various social aspect of the Group including but not limited to:

- Health and Safety
- Recruitment practice to avoid discrimination
- Prohibit of child labour and forced labour
- Pay and Benefits
- No discrimination, harassment and abuse
- Freedom of association
- Working hours requirements and rest periods
- No Recruitment Fees for migrant workers
- Anti-corruption

The Group provides reasonable wages and benefits to employees and overtime work is compensated monetarily or by compensation leave in accordance with the relevant law. Impartial appraisal is conducted on annual basis and bonuses are issued to outstanding performers. On top of the statutory labour benefits, the Group offers benefits such as annual dinner, outings, birthday and festival gifts, and support to employees facing difficulties.

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## Management Approach

Top Form implemented the concept of Plan-Do-Check-Act (PDCA) to enforce our social policies and standards in all operating regions and promote a corporate culture that our associates are treated fairly and on an equal basis.

**Plan** – Policy and Standard that outlined Top Form’s commitment and standard.

**Do** – Communication and training are conducted to our employee throughout the employment cycle.

**Check** – Plan to address issues identified in audits and grievances.

**Act** – Local Management reviews the effectiveness of our Ethical Recruiting Management System.

During the reporting year, these policies and standards were rolled out to our largest factories in China and Thailand and briefing sessions were given to local HR department and promoted to our associates through the following channels:

- Orientation
- Employee Handbook
- Trainings

Relevant local rules and regulations such as “Employment Ordinance, Chapter 57” in Hong Kong, the “Labour Law of the People’s Republic of China” (《中華人民共和國勞動法》), and “Special Provisions on Labour Protection of Female Employees” (《女職工勞動保護特別規定》), and the Labour Protection Act B.E. 2541, Workmen’s Compensation Act B.E. 2537 in Thailand were included in the assessment and audit schedule. Through the evaluation, any practices identified that were not in lined with our Ethical Recruiting Standard were submitted with a corrective action plan to the Steering Committee and completed the correction within 4 weeks. The Sustainability Task Force will continue roll out our policies and standard in Cambodia in FY2022.

The Group prohibits recruiting child labour and requires factories employ candidates who are at least 18 years old. Local HR department conducts rigorous age and identification checks to ensure the candidate meets the legal working age. All applicants of the Group shall possess their legal identity cards for undertaking relevant procedures, which is to ensure that they have reached the legal working age. The Group follows the local legal process to handle any identified underage worker and will immediately stops the person from working follow up by a full investigation of the non-compliance incident. There was no child labour cases during the reporting period.

Any forms of forced and compulsory labour are prohibited, including but not limited to prison labour, indentured, bonded, involuntary or slave labour, and recruitment fee is not borne by migrant workers. Restricting freedom of movement are prohibited and corporate punishment, abuse or forcing workers work through labour repayment and work over time are not permitted. Any force labour incident will follow a rigorous internal investigation to gather and cross check evidence such as employee and management interviews and relevant records by local HR department. A root cause analysis will be conducted and a remediation action plan will be developed to ensure the incident is properly addressed. There was no force labour case during the reporting period.

Our employment policies are communicated to our associates through variety of channels, such as orientation, training, posting factory regulations to ensure all associates are properly informed. Grievance procedure is in place to collect feedback if anyone is subject to forced labour or harassment.

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## Completing verifications with the support of technology

Besides self-assessment, Top Form is subject to in-depth third party audits on regular basis, which validate the effectiveness of our compliance procedures and compliance of local regulations. In FY2021, for the first time, with the support of virtual technology, we have collaborated with our customers and third party to successfully completed four online audits. No fines or non-monetary sanctions for non-compliance with laws and/or regulations in the social area were recorded such as child labour, force labour, or discrimination through both onsite and online audits.

	FY2021	FY2020
Number of external audits	15	25
Number of facilities audited	6	6

## 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 Thailand, position of a qualified safety officers and the governance of Environmental, Health and Safety (“EHS”) follows the law requirement stipulated in “Ministerial Regulation On The Prescribing Of Standard For Administration and Management of Occupational Safety, Health and Environment”. Clinic rooms are managed by qualified nurses onsite which can be accessed freely by all associates for treatment during operating hours. In China, we comply with “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》) by providing free health checks to qualified workers and conducting annual environmental test in production area to ensure that the air quality meets the law requirement.

Our “EHS Policy and Operation Guidelines” is established to demonstrate our commitment in providing an accident free workplace for our associates and guidance of an effective EHS Committee. The local EHS Committee meets regularly to review EHS matters such as self-audits results, past incidences and effectiveness of control measures, and coordination of future health and safety training schedule.

Health and safety training is regularly provided to workers to ensure they have the necessary knowledge to effectively carry out their duty in a safe manner, which includes machinery safety, fire safety, chemical management, requirements of using Personal Protection Equipment (PPE), ergonomic tips for computer users, and general health and safety concepts, in fiscal 2021, the Group provided a total of 10,676 hours of related trainings to our associates.

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## Preventive measures to combat the pandemic

Top Form adopted relevant preventive COVID-19 measures issued by the local government and customers, a compliance check list of protocols is developed and implemented at workplaces to minimize the risk of contracting and spreading of COVID-19. Personal hygiene and prevention protocols are broadcasted daily to workers in local languages through speakers. Below framework summarizes the list of protocols:

<b>Administrations</b>	<p>COVID-19 Prevention Committee is formulated in each region to communicate and execute preventive measures to our workers.</p> <p>Office staffs are assigned to work from home alternatively to minimize social gathering.</p>
<b>Checks</b>	<p>Body temperature checks are conducted at least 2 times throughout the day in the factories.</p> <p>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.</p>
<b>Staff protection</b>	<p>Masks are provided daily for free to all workers.</p> <p>Wearing mask is required from entry of premises and throughout the work shift.</p> <p>Sufficient hand soap and sanitors are available both in factory and office for all associates.</p>
<b>Social distancing</b>	<p>Production set up are rearranged so that workers are kept at least 1 meter apart during operating hours.</p>
<b>Disinfecting work area</b>	<p>Work area are disinfected on daily basis.</p>
<b>Canteen Management</b>	<p>Boards are placed in between dining tables and staffs are not allowed to sit face to face to maintain a safe dining distance.</p>
<b>Quarantine</b>	<p>Anyone coming from high risk area and overseas must be quarantined 14 days before entering Top Form factories.</p>
<b>Reporting</b>	<p>Each region complies with local regulations and guidelines by reporting any confirmed cases to the relevant disease control and prevention departments.</p>

## Risk Management and Business Continuity during COVID-19

Top Form has also established a Business Continuity Plan (BCP) to stipulate how to respond to emergencies and minimizes business disruption caused by the pandemic. A Risk Profile that covers People, Process, Profit and Partnerships ("the 4P") formulated the bases of our escalation matrix to defined how each incidence is managed base on three risk levels to limit the operation impact and to ensure any confirmed cases are handled effectively.

Under the robust preventive measures and enormous efforts of our local EHS Committee and the support of the Pandemic Committee lead by Senior Executives, in FY2021, Top Form recorded 46 confirmed cases from COVID infection. Those employees have fully well recovered and continue working with Top Form.

## Safety Precautions in Extreme Weather Conditions

The Group has formulated policies, escalation mechanism, and guideline of work arrangements in response to potential risks due to climate change such a typhoon and heavy rainstorms during operations. Local HR is responsible for following the local government weather warning grading system to inform our associates to leave or return to work in an organized and safe manner in the event of these extreme weather conditions. Administration team coordinate preventive measures to protect property from damages such as ensuring windows are closed and taped to prevent shattered glass, and machineries are switched off. Factory compliance team conducts daily temperature checks to ensure work area are kept within safety range to prevent potential heatstroke.

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## Safety Performance

The Group was not aware of any violation of the local Occupational Health and Safety laws and regulations during the reporting period. According to our Incident Escalation Policy, lost day incidences are escalated to the Management Team within 24 hours of the incident and follow up by an Incident 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.

Statistics on the Group's safety performance are set out as follows:

	FY2021	FY2020
Number of lost day incidences <sup>1</sup>	16	14
Average number of lost days per incident	23	22

There is zero work-related fatality in the past 3 years including the reporting year.

## Grooming Talents

Based on our strategic priorities of "Empowering Our People", the Group is committed to providing adequate training to our associates to enhance their skills and to assist their career advancement. We adopted a scientific approach to evaluate the knowledge and skill sets of associates and established a series of training program that would support the Company's strategic development. Training range from orientation trainings including business ethics, company policies and regulations, position specific instruction and on the job trainings, to management trainings such as project management and job specific knowledge and skills.

## Career Development Programs for Young Talents

The Group has established development programs to recruit young talents and focuses on two operating functions: Young industrial engineers who desired to specialize in optimizing manufacturing processes will receive practical on the job training in our factories, or a nine-month Rotational Program in our Product Development and Operation Center to understand customer requirements, technical knowledge such as measurement and development process of a product.

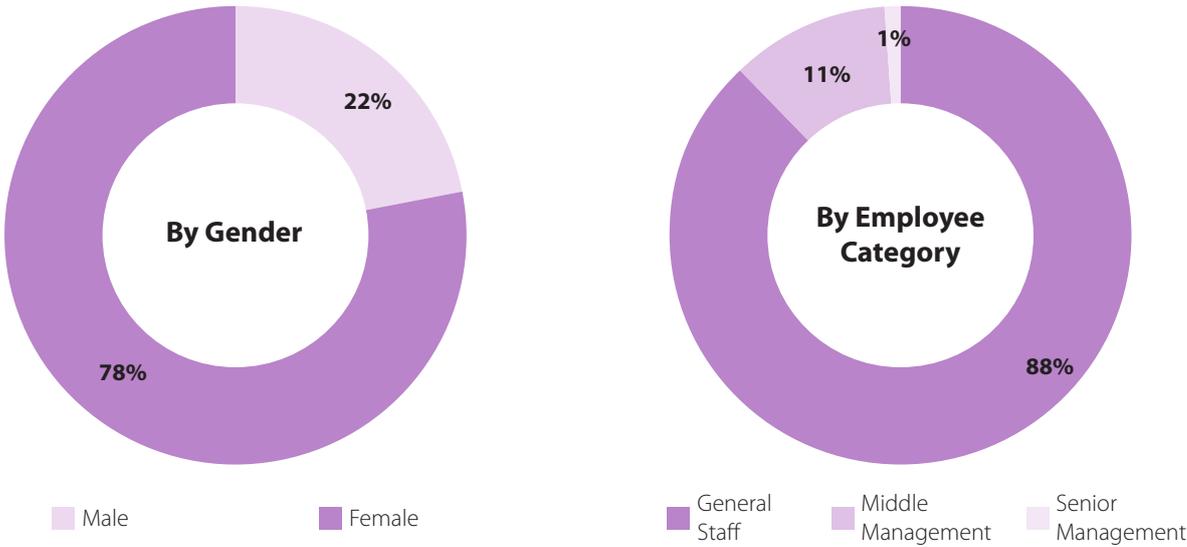
<sup>1</sup> Lost day incidence is defined as the number of occupational injuries where a worker is hospitalized. There is no significant changes in calculation methodology

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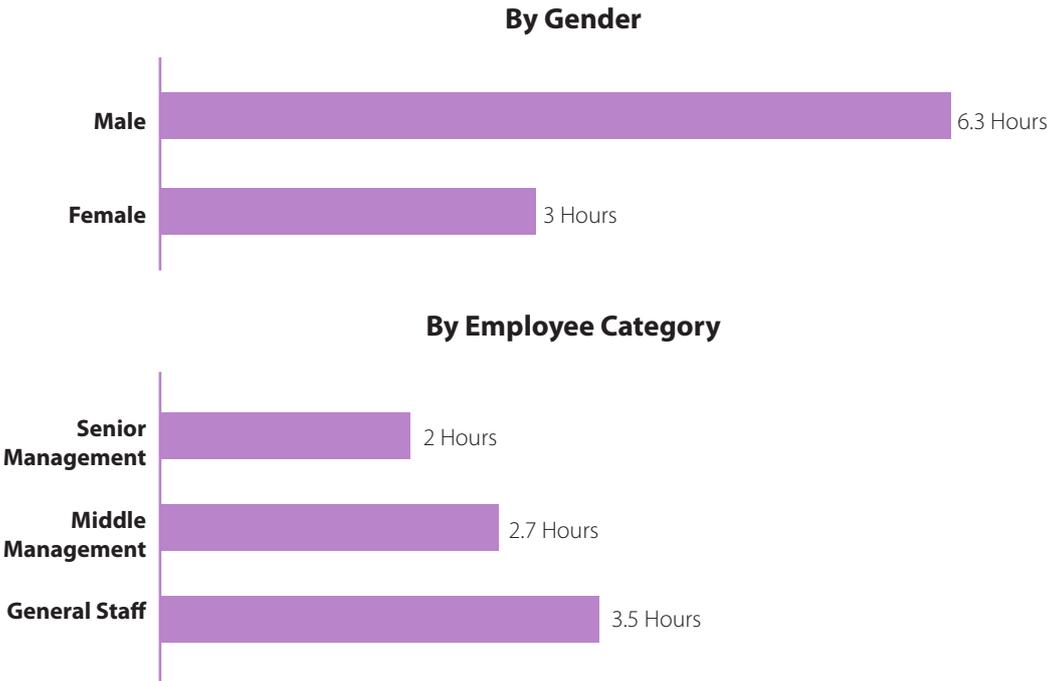
## Developing a future Manufacturing Excellence Team

In FY2021, 10 industrial engineers have completed General Sewing Data (GSD<sup>2</sup>) training course that took over 200 hours per person to become a certified GSD practitioner. The goal of this program is to continue to groom a competent team to drive and implement world class manufacturing excellent standards in our operations through LEAN manufacturing principles. During the reporting period, 4 of the practitioners were promoted to more senior roles through the Group’s Performance Assessment System (“PMS”) for rewarding their exceptional work performance.

The percentage of employees trained by gender and by employee category during the reporting year was as follows:



The average training hours per employee by gender and by employee category during the reporting year was as follows:



<sup>2</sup> GSD is a pre-determined motion time system designed specifically for the sewn product industries and setting of time standards (SMV) for sewn product manufacture

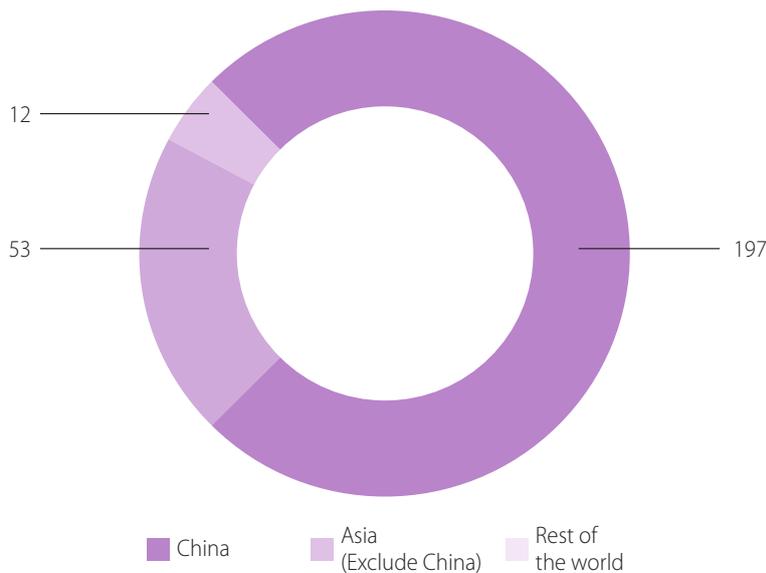
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## SUPPLY CHAIN MANAGEMENT

The Group’s suppliers provide four major types of material: fabric, lace, foam cups, and accessories, and we have formulated policies and procedures for screening new suppliers such as requirements of abiding to local social and environmental regulation such a forbidding child labour and forced labour, and the expected ethical business behaviour such as avoidance of bribery of any form in the course of business engagement with Top Form. Third party accreditation of OEKO-TEX® or bluesign® of their factories is required to ensure their products do not exceed chemical restriction limits set by brands. In FY2021, third party certified accreditation such as GRS<sup>3</sup> and OCS<sup>4</sup> is included as a mandatory requirement for procuring recycled material in order to validate the material of our products are obtained from ethical and sustainable sources.

Vendor Management Meeting is organized by Head of Sourcing to the Senior Management to evaluate key suppliers’ performance. The performance measures of these suppliers include product innovation, compliance to regulations, product sustainability, quality, on time and on time in full delivery, responsiveness to feedback, and among others. Based on our scoring system, suppliers are categorized as “Strategic”, “Core” and “Phase out”. Top Form will consider giving business priorities to Strategic partners whereas lesser business or possibly no business to poorly scored vendors to reduce our risk exposures. This year, over 40 suppliers have been evaluated and we continue to evaluate the performance of active suppliers on annual basis that has a significant impact to our business.

**Number of suppliers<sup>5</sup> by geographical region**



## PRODUCT RESPONSIBILITY

The Group’s “Quality Assurance and Escalation Policies” stipulates the adequate measures to eliminate/reduce, report and escalate business exposures associated from Quality System failures. Upon receipt of a customer’s complaint, the case is passed on to quality department in-charge for investigation and analysis. Upon verification of facts, rectifications is devised and implemented within a time frame developed by production team. Customer is notified of the relevant outcomes and solutions.

<sup>3</sup> Global Recycled Standard – The GRS is an international, voluntary, full product standard that sets requirements for third-party certification of recycled content, chain of custody, social and environmental practices and chemical restrictions.  
<sup>4</sup> Organic Content Standard – The OCS is an international, voluntary standard that sets requirements for third-party certification of certified organic input and chain of custody.  
<sup>5</sup> The geographical region is defined by country of origin.

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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 suppliers at the beginning of business engagement, employees are required to abide to the Confidentially clause in our Code of Conduct when handling confidential information; and periodically, our facilities follow customer procedures to destruct left over production material that contains brand name or licenced logo to safeguard improper use.

In FY2021, the Group had no products sold or shipped subject to recalls for safety and health reasons or violation of product liability laws or customer complaints or fines associated to intellectual property rights.

## Quality Control for Raw Material

Third party accreditation for raw material quality control process is requested from suppliers to ensure the raw material used in our products meet customers' requirements. Testing reports conducted by third party or accredited laboratory are demanded if large deviation is discovered from agreed tolerance. Inspections of raw materials are carried out based on approved samples before being used in production.

## Quality Control for Finished Product

Quality risk assessment process begins at development stage to set quality standards and identify quality control area before production. The Group's Pre-Production Gate Control System stipulates the standard operation process to ensure production teams are understood the technical requirements and quality expectation of every new product based on approved prototype sample from customer.

<b>FY2021 Quality Performance:</b>	<b>Achieved</b>	<b>Target</b>
Acceptance Quality Standard "AQL"	98.2%	97.5%
Observe Quality Performance "OQL"	1.5%	2.7%

The first batch of bulk is produced in assigned production lines and approved by both the local quality manager and the production manager before mass production. 100% inspection is conducted for each order and prior to final shipment, each order is inspected in accordance with the Acceptance Quality Standard<sup>6</sup> (AQL) sampling standards specified by customers. Shipment is dispatched for delivery after the quality has been confirmed.

Accreditations relevant to products and related processes for recognition of Top Form practices and status of compliance

<b>Accreditations facilities</b>	<b>Accredited by</b>	<b>Area of accreditation</b>
Internal Laboratory	Customers via third party audit	Quality assurance of material and product
Production facilities: <ul style="list-style-type: none"> <li>✓ 2 factories in China</li> <li>✓ 2 factories in Thailand</li> <li>✓ 1 factory in Cambodia</li> </ul>	OEKO-TEX <sup>®</sup> Standard 100	Our products have passed the OEKO-TEX <sup>®</sup> Standard 100 standard accreditation. The standard examines hazardous substances in textiles and guarantees the product's safety. It is a widely recognized quality assurance standard in the textile and garment industry.
Production facilities: <ul style="list-style-type: none"> <li>✓ 1 factory in China</li> <li>✓ 1 factory in Thailand</li> </ul>	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.

<sup>6</sup> Top Form adopted AQL level of 1.5 based on ISO 2859-1:1999 standard

Note: Disclosure related to advertising, labeling and consumer data are not applicable as Top Form's business nature is manufacturing.

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## COMMUNITY INVESTMENT

Our Sustainability Strategy focuses on investing in education and health of disadvantage children or women via sponsorships, charitable donations or volunteering activities. We believe supporting these vulnerable group of stakeholders will bring them employment opportunities and the support the growth of the local economy. In this reporting year, the pandemic has brought many challenges to the local stakeholder and Top Form managed to support 100 families with chronic illness and elderly by donating anti-epidemic packs and gift in Hong Kong, and donated HK\$24,000 to a local elementary school in Thailand to support their continued operation.

## EMISSIONS/THE ENVIRONMENT AND NATURAL RESOURCES

	<b>Top Form Environmental Policy</b>
<b>Compliance with Local Laws</b>	Top Form policies and procedures are regularly reviewed and updated to ensure in compliance with relevant laws, rules, and regulations.
<b>Climate Change and Carbon Emissions</b>	Top Form reduces our carbon footprint by adopting the use of renewable energy and execute long-term carbon emissions reduction plan.
<b>Use of Resources (water, energy, raw material)</b>	We adopt sustainability best practices to continuously optimize the consumption efficiency of various resources such as water, energy and raw materials.
<b>Industry and Domestic Wastewater</b>	Conduct regular water risk assessment to ensure quality of the wastewater meets local legislation requirements.
<b>Waste Management</b>	We incorporate 5R's (Replace, Reuse, Reduce, Recover, Reprocess) of waste management principles to minimize, control, and manage operation waste.
<b>Chemicals</b>	Top Form complies with national chemical regulations and international standards in purchasing, storing, handling, using, and disposing hazardous chemical substance.  Trainings are provided to personnel who work with chemicals.
<b>Communication</b>	This policy is communicated with our employee and other key stakeholders and is publicly available on the Company's website.

Despite the tough economic environment, we remained committed to investing in our business and infrastructure to address one of the most pressing issue of our time – climate change. Top Form is playing our part in reducing our impact on the environment and we have set a 5 year target to address climate change.

**“Reduce scope 1 and 2 GHG emissions by 15% by FY2025 from a FY2020 base year”<sup>7</sup>**

### Risk Management of climate change

The Group has an internal process in place to identify and review risks to our business units regularly and prioritise resources to mitigate and manage them. The Board is responsible for reviewing the Group’s top risks (including climate risks) annually and has an overall responsibility for establishing and maintaining appropriate risk management and internal control systems of the Group and reviewing their effectiveness.

<sup>7</sup> This target is applicable to energy efficiency target since Scope 2 accounts to over 90% of the Group's carbon emission

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## Climate Risk

Extreme weather events, such as stronger typhoons and increased likelihood of flooding due to heavier rainfall patterns could increase absenteeism, heat stress from rising temperatures could also pose additional risk.

In response to climate change, the two focus area in our Sustainability Strategy aims to concentrate our effort in improving energy efficiency and to support the growing demand of sustainable products. We ensure that any facility that manufacture products containing recycled material is externally certified. In FY2021, we manage environmental risk, including climate risk, by implementing an internal environmental management system in six factories. The goal is to maintain a systematic management approach to drive sustainability performance through the 'Plan, Do, Check, Act' cycle and continuous promotion of environmental awareness and improvements to meet our sustainability goals.

Through our assessment exercises, we have also identified opportunities to improve resource efficiency at our operations, which we plan to develop better sustainability and business performance. In addition, environmental assessment is conducted by third party on regular basis to ensure our operations are compliant with local and applicable environmental laws, rules and regulations. The Group was not aware of any emissions violation during the reporting period.

## Continuous Electricity Monitoring System

In FY2021, our largest operating plant in China took the learnings from a piloting program of installing smart metering systems in specific floor areas to evaluate energy consumption trends of the operation, the result allowed production team to identify abnormal activities such as machines or equipment were not turned off after work hours, which is more effective in monitoring and controlling energy utilization compared to manual reading. The system also enabled the production team to conduct analyses to identify further opportunities for energy improvements. Our next step is to expand this project in our molding facility that has higher energy consumption equipment.

Energy Efficiency Measures	Relevant laws
<ul style="list-style-type: none"> <li>Purchased electric appliance with grade 1 energy label</li> <li>Exchanged 300 set of clutch motors to servo motors</li> </ul>	Energy conservation law of China (《節約能源法》)
<ul style="list-style-type: none"> <li>Turn off the lights during lunch break. (1 hour) can save 5% electricity.</li> <li>Turn computers into sleep mode during lunch breaks.</li> <li>Installed blinds on glass windows to reduce heat radiating into the building.</li> <li>Thailand and Cambodia have completed exchanging all lightening to LED, which <b>reduces 45%</b> of energy consumption per tube.</li> </ul>	Energy Conservation Promotion Act (No. 2) B.E. 2550 (2007) of Thailand

## Building new renewable capacity in Thailand to tackle climate change

In FY2021, one of our major facilities in Thailand completed the installation of solar PV panels. The agreement was signed in the third quarter of 2020 and the solar panels started operating on in January 2021. The panels are installed on the rooftop of our production building which we estimated it will generate **1,000,000** kwh of renewable energy to our facility every year. This is a major step for the Group to tackle climate change and explore opportunities on low carbon manufacturing.

## Measuring Sustainability Performance

Top Form has adopted The Higg Index to disclose our environmental performance to our customers. 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. In FY2021, Top Form has seven facilities adopted the Higg Index, two in Greater China, four in Thailand and one in Cambodia. The verifications of the score is conducted upon customers' request.

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## Waste Management<sup>8</sup>

We incorporate 5R's (Replace, Reuse, Reduce, Recover, Reprocess) of waste management principles to minimize, control, and manage operation waste. Top Form also strictly abide by the laws and regulations of each of the operating countries on handling and defining hazardous and non hazardous waste. Below table is the list of relevant laws and regulations Top Form complies with.

Region	Relevant regulations
Greater China	<ul style="list-style-type: none"> <li>Standards For Pollution Control On The Storage And Disposal Site For General Industrial Solid Wastes (《一般工業固體廢物貯存、處置場污染控制標準》) GB 18599-2001</li> <li>Standard For Pollution Control On Hazardous Waste Storage (《危險廢物貯存污染控制標準》) GB 18597-2001</li> </ul>
Thailand	<ul style="list-style-type: none"> <li>Factory Act B.E.2535 (1992)</li> <li>Hazardous Substance Act B.E.2535 (1992)</li> <li>Industrial Waste Disposal B.E. 2548 (2005)</li> </ul>
Cambodia	Sub Decree on Solid waste management (Sub decree number 36 Article 15)

Our main operating non hazardous waste comes from material scrap such as fabric and foam, as well as domestic waste, carton boxes and papers. Different types of wastes are sorted and stored so they are efficiently collected by licensed recycler or reused by internal department if possible. Waste handling process and the roles and responsibility are clearly defined in our "Waste Management Manuel", and trainings of sorting different types of production waste, prevent the risk of hazardous waste pollution and avoid wasting resources are provided to workers.

In FY2021, the Group has **reused over 16 tonnes** of carton boxes, paper rolls, and polybags coming from supplier delivery in our own operation. To maximize office paper utilization, recycled single-sided paper is available for selection in our printers and physical approval forms are replaced with online forms for cross functional approvals, which **saved approximately 6,500 sheets of A4 paper** in the reporting year.

Hazardous waste generated by the Group's operations comprise mainly discarded glues barrels and ink cans, contaminated rags and scrap light tubes. Top Form follows the hazardous wastes defined by national regulations, and starting from 1 January 2021, China has implemented an updated version of "National Hazardous Waste List" (《國家危險廢物名錄(2021年版)》) and Top Form has identified 1 tonne of material that falls into the updated Hazardous Waste categories. A professional contractors with qualified credentials approved by local governments was sourced for centralised processing of these hazardous material. Dedicated team and personnel are trained to handle hazardous waste for storage and disposal to lower the risk of accident or non-compliance.

Total waste produced by waste type	FY2021	FY2020
Hazardous (tonnes)	15	13
Non Hazardous (tonnes)	1,390	1,509
<b>Total</b>	<b>1,405</b>	1,522

<sup>8</sup> The Group has prioritize environmental target setting in carbon emission and is researching methods to set appropriate waste targets, the disclosure is ready in the next reporting year.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## USE OF RESOURCES

Our key production process includes fabric lamination, heat press moulding, raw material cutting, sewing and packaging. No polluting process, such as dyeing and enzyme washing, is involved. Material (including packaging) has a low priority level in the result of materiality assessment and the Group decided not to disclose this information.

The major resource consumed in our manufacturing process is electricity, which accounts for over 90% of the Group's total scope 1 and 2 emissions. 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.

### Water Management<sup>9</sup>

Our operation does not consume water in significant quantities, however, we pay close attention to water resources protection and sewage treatment. During our internal environmental audit this year, one of our Mainland China facility has identified aged pipes and planned for replacement in the coming year, it is estimated to **save 1,600 m<sup>3</sup> of leakage** per month and US\$10,000 economical saving per year. Moreover, for discharge of wastewater, we planned to establish a wastewater treatment facility for centralized management in Mainland China which complies with "Integrated Wastewater Discharge Standard (GB 8978-1996)" (《污水綜合排放標準 (GB 8978-1996) 》) Grade 1 requirement.

Domestic wastewater discharge of our Thailand and Cambodia facilities complies with the regulation requirements stated in "Industrial Effluent Standards B.E. 2560" and "Sub-Decree on Water Pollution Control" respectively. Awareness of water conservation is communicated through promotion in employee bulletin boards and training. During the reporting year, Top Form did not encounter any issues in sourcing water that is fit for purpose.

## 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. The targeted stakeholders were employees, investors, customers, suppliers, community partners and industrial association representatives, etc. They were engaged through online surveys and individual interviews.

Following our stakeholder engagement in Fiscal 2019, a material topic is one which may substantially affect our long-term operational viability or substantially influence the assessments and decisions of stakeholders, in view of the pandemic, the material issues were reviewed and discussed with Senior Management and remain significantly relevant to our business:

- 1) Occupational Health and Safety
- 2) Business Ethics
- 3) Respecting Human Rights
- 4) Social Compliance

<sup>9</sup> The Group has prioritize environmental target setting in carbon emission and is researching methods to set appropriate water targets, the disclosure is ready in the next reporting year.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The result is included in our Sustainability Strategy and the Group has disclosed the management approach and performance in relations to these material aspects in the report.

Top Form's Sustainability Priorities	Focus Area	Materiality
Save Our Planet	<ul style="list-style-type: none"> <li>Pathway to Carbon Reduction</li> <li>Pathway to Circularity</li> </ul>	
Empower Our People	<ul style="list-style-type: none"> <li>Ethical Recruiting</li> <li>Groom Talents</li> <li>Health &amp; Safety</li> </ul>	<ul style="list-style-type: none"> <li>Occupational Health and Safety</li> <li>Business Ethics</li> <li>Respecting Human Rights</li> <li>Social Compliance</li> </ul>
Build Our Community	<ul style="list-style-type: none"> <li>Nourishing Our Community</li> <li>Women Empowerment</li> </ul>	

## MATERIALITY MATRIX



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

\* Internal Boundary  
\*\* External Boundary

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## SUPPLEMENTAL DATA

### Social KPIs

		FY2021	FY2020
<b>Total Headcount<sup>10</sup></b>		<b>7,681</b>	7,406
<b>Workforce by Region</b>	Greater China	<b>33%</b>	34%
	Overseas <sup>11</sup>	<b>67%</b>	66%
<b>Workforce by Gender</b>	Female	<b>88%</b>	90%
	Male	<b>12%</b>	10%
<b>Workforce by Age Group</b>	Over 30	<b>57%</b>	60%
	30 and Under	<b>43%</b>	40%
<b>Workforce by Rank</b>	Senior Management	<b>1%</b>	2%
	Middle Management	<b>14%</b>	14%
	General staff	<b>85%</b>	84%
<b>Turnover rate<sup>12</sup> by region</b>	Greater China	<b>2%</b>	13
	Overseas	<b>6%</b>	
<b>Turnover rate by age group</b>	30 and Under	<b>6%</b>	
	Over 30	<b>3%</b>	
<b>Turnover rate by gender</b>	Female	<b>4%</b>	
	Male	<b>3%</b>	

<sup>10</sup> The Group only employs full time employee and measure the last working day of the period.

<sup>11</sup> Overseas region includes Thailand, Cambodia and Myanmar.

<sup>12</sup> The turnover rate is calculated by taking the average annual turnover of the specified category and divided by the headcount of the same category of the recording period. It reflects the overall changes of the year. The definition of turnover follows Appendix 3: Report Guidance on Social KPI of the Listing Rules.

<sup>13</sup> New facilities have not developed the proper data collection system of the relevant KPIs during FY2020 reporting period.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Environmental KPIs

		FY2021	FY2020
Total GHG emission (Scope 1 + Scope 2)	Tonnes CO <sub>2eq</sub>	<b>11,984</b>	11,922 <sup>14</sup>
Scope 1 Direct GHG Emissions		<b>698</b>	601
Scope 2 <sup>15</sup> Indirect GHG Emissions		<b>11,286</b>	11,321
Greater China		<b>44%</b>	44%
Overseas facilities		<b>56%</b>	56%

	Resources	Unit	FY2021	FY2020
Energy consumption	Electricity	kWh in '000s	<b>16,740</b>	16,787
	Diesel (mobile combustion)		<b>306</b>	1,845
	Petrol (mobile combustion)		<b>288</b>	233
	LPG (stationary combustion)		<b>1</b>	39
	Total energy intensity	kWh/HK\$ revenue	<b>0.012</b>	0.015
Water consumption	Total water consumption	m <sup>3</sup> in '000s	<b>125</b>	154
	Total water intensity	m <sup>3</sup> /Headcount	<b>16.3</b>	20.8

<sup>14</sup> The GHG emission of FY2020 is reinstated due to update of emission factor in different region, FY2021 follows the same emission factor as FY2020.

<sup>15</sup> The greenhouse gas emission factors of Greater China and Overseas operation refers to 2019 年度減排項目中國區域電網基準線排放因子, 2019 CLP Sustainability Report and the IGES List of Grid Emission Factors Version 10.9 respectively.

Note:

- Our operations do not emit a significant air emissions of NOX, SOX, N2O, CH4 or other pollutions and the Group decided not to disclose this information.
- Material (including packaging) has low priority in the materiality assessment and the Group decided not to disclose this information.