



king fook holdings limited
景福集團有限公司

Stock Code: 280

2019

Environmental, Social and
Governance Report



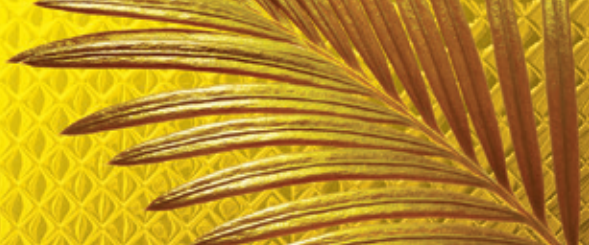
CONTENTS

1.	About This ESG Report	2
	Responsibility of the Board	2
	Stakeholder Engagement	2
	Materiality Assessment	4
2.	Environmental Protection	6
	Resource Optimisation	6
	Environmental Awareness	7
3.	Employment Practices	8
	Employment and Working Conditions	8
	Training and Development	9
	Occupational Health and Safety	10
4.	Value Chain Management	11
	Supply Chain Management	11
	Quality Services	11
	Customer Privacy	12
	Product Responsibility	12
	Business Ethics	12
5.	Community Engagement	13
	Performance Data Summary	14
	HKEX ESG Guide Content Index	16





Environmental, Social and Governance Report



1. ABOUT THIS ESG REPORT

This Environmental, Social and Governance (“ESG”) Report (the “Report”) of King Fook Holdings Limited (the “Company”) and its subsidiaries (the “Group”) is prepared in accordance with the requirements of the ESG Reporting Guide outlined in Appendix 27 (“ESG Reporting Guide”) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKEx”).

The Report provides an overview of the ESG policies, performance and initiatives adopted by the Company and its main subsidiaries¹ in four key areas: environment, human capital, value chain and community investment regarding the same period covered by its annual report for the year ended 31 March 2019. The Company has presented a HKEx ESG Reporting Guide content index at the end of the Report for ease of reference.

Responsibility of the Board

The Board of Directors of the Company (the “Board”) has the overall responsibility for the Group’s sustainability strategy and reporting, evaluating and determining the Group’s ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. The Board has established an ESG Committee which comprises a director of the Company, a member from senior management and an ESG workgroup formed by staff representatives. The Committee evaluates and advises on the effectiveness of the Group’s sustainability strategy and policies, and reports regularly to the Board on its operations.

Stakeholder Engagement

The Group engages with its stakeholders in order to understand their views and expectations on ESG issues. The Group identifies stakeholders as individuals and/or entities that interact with the Group and are substantially influenced by, or have an influence on or have a vested interest in, the Group. Through diverse engagement channels, it maintains open and two-way communication with a wide range of stakeholders.

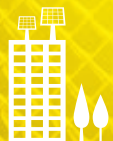
Stakeholder Groups	Key Interests	Engagement Channels
Shareholders	<ul style="list-style-type: none"> • Planning and Development • Business Continuity Planning • Operational Issues • Financial Situation • After-sales Service • Ethics and Integrity 	<ul style="list-style-type: none"> • Annual and Extraordinary General Meetings • Annual and Interim Results Announcements and Reports • Telephone • Company’s Website/Email

¹ Main subsidiaries of the Company include King Fook Jewellery Group Limited, Mario Villa Limited and Young’s Diamond Corporation (International) Limited.

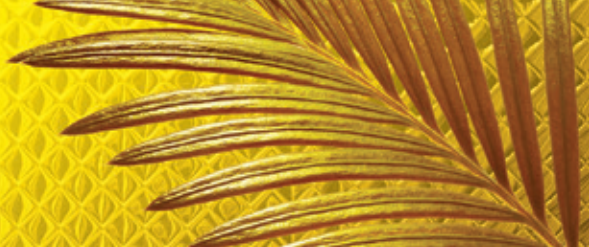




Stakeholder Groups	Key Interests	Engagement Channels
Customers	<ul style="list-style-type: none"> • Service Pledge & After-sales Service • Market Information • Shopping Experience • Product Warranty/Enquiry • Legal Compliance • Ethics and Integrity • Offers and Incentives 	<ul style="list-style-type: none"> • Front-line Staff • Customer Service Hotline • Company's Website/Email • Service Satisfaction Survey • Communication Applications (e.g. WhatsApp) • Social Communication Platforms
Contractors/Vendors	<ul style="list-style-type: none"> • Legal Compliance • Financial Situation • Corporate Governance and Internal Controls • Ethics and Integrity • Service Pledge & After-sales Service • Market Information • Staff Remuneration, Benefits and Well-being • Product Enquiry • Environmental Management • Occupational Health and Safety 	<ul style="list-style-type: none"> • Regular and Ad Hoc Meetings • Briefings and Workshops • Announcements • E-mail Correspondence • Telephone
Industry Associations and Professional Bodies	<ul style="list-style-type: none"> • Corporate Governance and Internal Controls • Market Information • Legal Compliance • Ethics and Integrity • Operational Issues • Shopping Experience • After-sales Service • Company Development • Financial Situation 	<ul style="list-style-type: none"> • Participation in Associations/ Professional Committees • Regular and Ad Hoc Meetings • Announcements/Memoranda
Employees	<ul style="list-style-type: none"> • Business Continuity and Strategic Planning • Corporate Governance and Internal Controls • Environmental Management • Ethics and Integrity • Legal Compliance • Occupational Health and Safety • Operational Issues • Staff Remuneration, Benefits and Well-being 	<ul style="list-style-type: none"> • Regular and Ad Hoc Meetings • Committees and Task Groups • Briefings and Training Workshops • Circulars, Manuals and Policy and Procedure Guidelines • Award and Recognition Schemes • Employee Relation Activities • Performance Appraisal



Environmental, Social and Governance Report



Stakeholder Groups	Key Interests	Engagement Channels
Legal Authorities/ Government	<ul style="list-style-type: none"> • Corporate Governance and Internal Controls • Legal Compliance • Operational Issues • Ethics and Integrity • Financial Situation 	<ul style="list-style-type: none"> • Annual Reports • ESG Reports • Interim Reports

Materiality Assessment

The Company conducted a three-step assessment exercise to identify and determine material ESG issues applicable for the Group’s disclosure in this Report.

Step 1: Identification

- Engagement with internal and external stakeholders to identify their key interests and the relevant ESG topics.

Step 2: Prioritisation

- Stakeholders prioritised the identified topics through a ranking exercise using a scale from 0 (not relevant) to 5 (crucial).

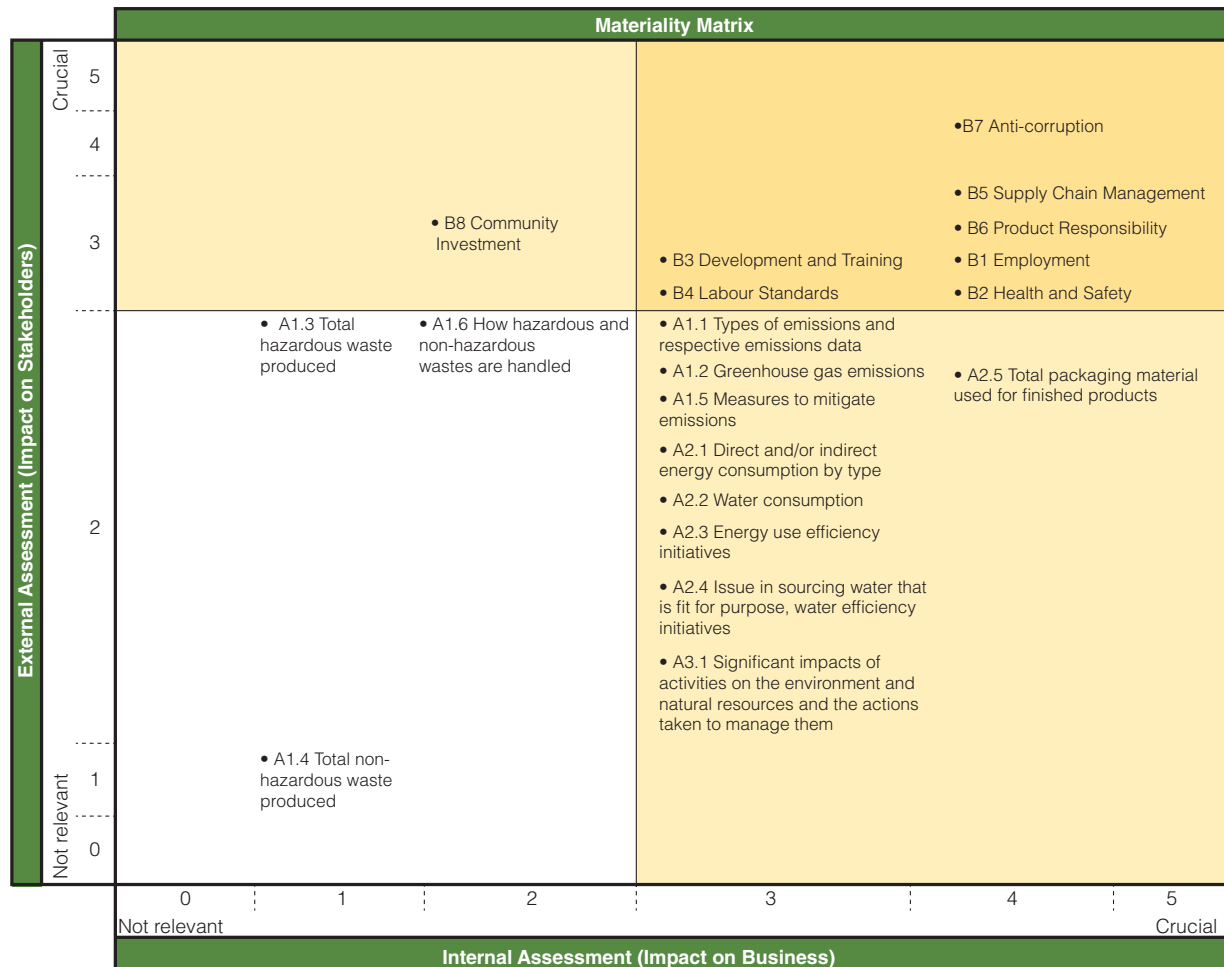
Step 3: Validation

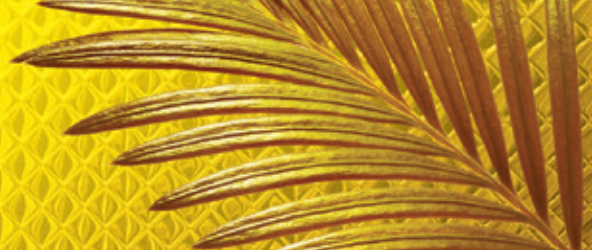
- ESG Committee of the Group reviewed and confirmed a finalised list of material key performance indicators (“KPIs”) for disclosure.





Based on the engagement results, topics scored 3 or above are regarded as “Material Aspects” and are located in the upper right quadrant of the Materiality Matrix below:





2. ENVIRONMENTAL PROTECTION

With a view to increase its environmental stewardship, the Group has made continual efforts to enhance its sustainability performance and has adopted a set of *Environmental Protection Policies* which provides guidance to staff on how to manage resources in an efficient manner and to extend sustainability practices along the value chain.

During the reporting year, the Group complied with all applicable legal and regulatory requirements² regarding environmental protection and there were no non-compliance cases relating to air and greenhouse gas (“GHG”) emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Resource Optimisation

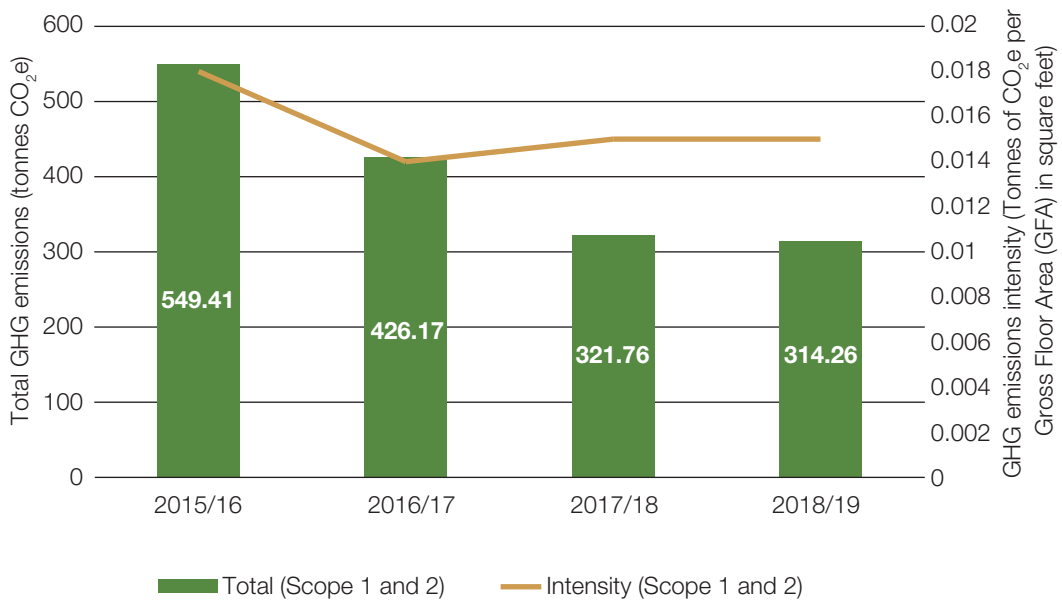
The Group recognises the close link between energy consumption and GHG emissions, and as such, actively incorporates sustainable practices and identifies opportunities to further reduce its environmental footprint. Since electricity usage at its stores and offices accounts for a significant proportion of its GHG emissions, the Group has taken proactive measures for energy efficiency enhancement. During its daily operations, the Group selects products with Grade 1 Energy Labels or better energy efficiency such as LED lights when replacing office lighting equipment and other electrical appliances. Other measures include regular maintenance of the air-conditioning system and replacing air filters. Indoor air temperature is maintained at optimum level to enhance energy efficiency. As a signatory of the Environmental Bureau’s “Charter on External Lighting” since April 2016, the Group has installed an automatic lighting system on the outdoor signboards of its retail stores, which further reduces electricity consumption and light nuisances during non-business hours.



² The laws and regulations most relevant to the Group include, but are not limited to, the Waste Disposal Ordinance (Chapter 354, Laws of Hong Kong).



GHG emissions in total and intensity



Note: Please refer to Note 9 on page 14 on coverage of Scope 1 and 2.

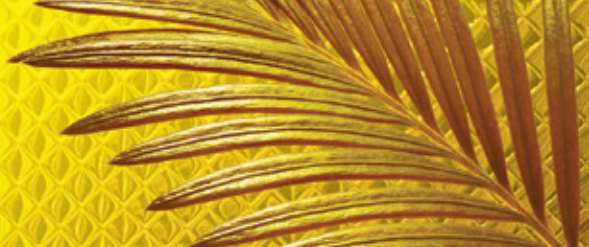
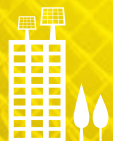
Maintaining best practices for waste management is vital to alleviating the burden on landfills and improving resource efficiency. The Group ensures all construction waste generated from renovation of its retail stores are handled and disposed of properly in accordance with the Waste Disposal Ordinance (Chapter 354, Laws of Hong Kong) and relevant regulations. In addition, the Group has followed the principles of reuse, reduce and recycle to minimise solid waste generation at its offices and stores. For instance, designated bins are placed throughout its offices to collect and recycle different types of waste such as paper. Selection of packaging materials, such as shopping bags and gift boxes, is based on environmentally-friendly principles so that they are generally durable and recyclable. The Group also encourages wider use of social media and electronic messages as promotional platforms to further reduce paper usage.

Although the Group's businesses mainly operate in leased offices and stores where water supply is managed by the landlords, it has taken proactive steps to conserve valuable water resources. In addition to displaying reminders to staff on efficient water usage, regular inspections on pipes and taps are conducted to prevent water leakage, while water supply is switched off at night and on holidays.

Environmental Awareness

The Group raises its employees' environmental awareness through education and training. It regularly organises talks on environmental protection issues and encourages staff to participate in green activities. At office premises, posters and signs are put up to educate employees on different ways to conserve natural resources.

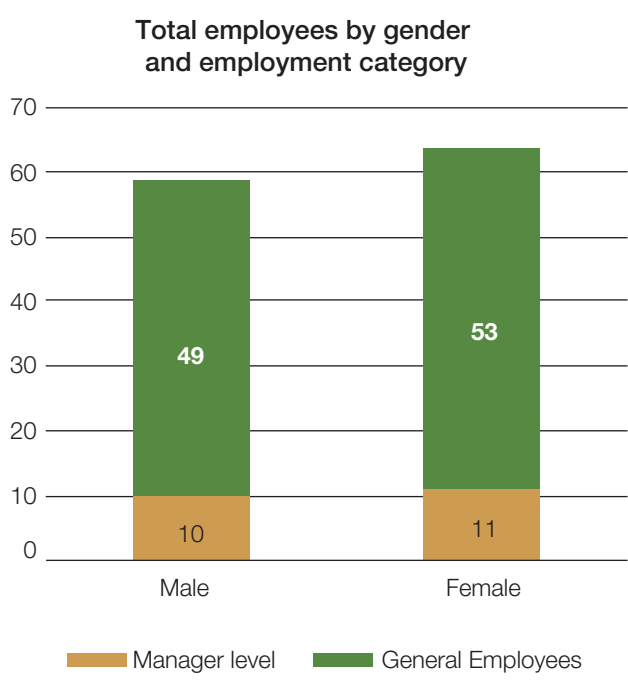




3. EMPLOYMENT PRACTICES

The Group recognises employees are its greatest asset for business success, and aims to build an inclusive and harmonious work environment to enable its employees to realise their full potential.

Employment and Working Conditions



All staff are protected by the Group’s *Employment Policies*, which prescribe equal opportunities throughout the recruitment and career advancement procedures regardless of race, gender, disability, family status or marital status. A grievance mechanism is in place for employees to raise and report concerns through a confidential channel, and all relevant documents, information and interview records are kept confidential. As the Group embraces fair employment practices and respects the rights of all employees, child and forced labour are strictly prohibited within the Group’s operations.

To maintain a motivated and competent workforce, the Group offers its employees attractive remuneration packages and comprehensive fringe benefits, including health insurance, discretionary bonus and a range of leave entitlements such as marriage leave, maternity leave and paternity leave. To ensure its packages are competitive in the industry, the Group regularly reviews and improves its staff benefits and policies. This year, the Group enhanced its staff benefits by providing new-born babies of staff with celebration gifts and increasing the number of paid sickness days.

Being a signatory of the Labour Department’s “Good Employer Charter”, the Group continues to maintain and promote work-life balance for staff members through its family-friendly policies and staff activities. For instance, employees with Saturday shift can work on an on-call basis so that they can spend more time with their families. The Group also organises an annual party for staff to mingle and relax in an environment outside of work.



During the year, there were no non-compliance cases with relevant laws and regulations³ in relation to employee compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare as well as labour practices.

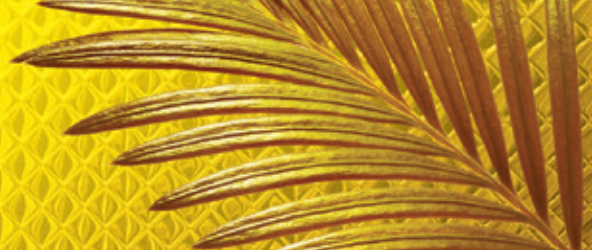
Training and Development

The Group provides a wide range of training and development opportunities to upskill its employees. Through in-house training and external programmes, staff are equipped with up-to-date knowledge, practical skills and hands-on experience in respect to the Group’s products and services to enable them to thrive in an ever-changing business environment. Upon completion of the training programmes, self-evaluations, evaluation by supervisors and related tests are conducted to measure their effectiveness.

Type of training		Description
In-house training	On-the-job training	Intensive training and a mentorship scheme for new recruits or staff promoted/transferred with guidance from experienced employees.
	Routine training	Held regularly throughout the year such as the induction programme and training on product knowledge.
	Special training	Organised based on the needs of employees, including training on computer use, company policies, new products, management skills and leadership.
External training	The Group provides subsidies for employees to attend work-related training organised by external parties, including workshops, seminars and professional examinations.	



³ The laws and regulations most relevant to the Group include, but are not limited to, the Employment Ordinance (Chapter 57, Laws of Hong Kong), the Sex Discrimination Ordinance (Chapter 480, Laws of Hong Kong), the Disability Discrimination Ordinance (Chapter 487, Laws of Hong Kong), and the Family Status Discrimination Ordinance (Chapter 527, Laws of Hong Kong).



Occupational Health and Safety

Ensuring workplace health and safety is the Group's foremost task. The Group has formulated its internal *Occupational Safety and Health Guidelines* with reference to relevant regulatory requirements in Hong Kong, covering accident prevention, fire precaution, workplace environment control, workplace hygiene, first aid and manual handling operations. The Group reviews the guidelines and procedures on a regular basis with a view to achieve "Zero Accident" at the workplace. In addition to health insurance, the Group provides staff with subsidies for annual body check-ups and dental services. To ensure workplace hygiene, the Group provides its staff with masks, hand sanitizers and alcohol disinfectant wipes, and arranges regular disinfestation for effective pest control.

With an aim to nurture a "safety-first" culture internally, the Group organises seminars on prevention and protection against various potential safety hazards. Regular safety inspections of office facilities such as fire-fighting equipment are conducted and damaged ones are repaired or replaced. The Group also provides fire safety training to all staff to enhance their awareness on escape planning, evacuation and fire extinguishing.

During the reporting year, the Group strictly complied with relevant laws and regulations⁴ and there were no confirmed cases of non-compliance relating to occupational health and safety.

⁴ The laws and regulations most relevant to the Group include, but are not limited to, the Occupational Safety and Health Ordinance (Chapter 509, Laws of Hong Kong).





4. VALUE CHAIN MANAGEMENT

The Group considers that the delivery of prestigious goods and quality services is the foundation of its success in the luxury goods retail industry, and is dedicated to implementing stringent quality control measures and managing its supply chain in a responsible manner.

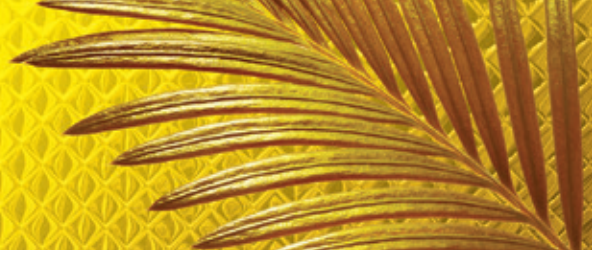
Supply Chain Management

The Group partners with suppliers and contractors who share its sustainability considerations and ethical standards. Relevant departments of the Group select suppliers for their respective operational needs based on their business status, operating practices and product characteristics prior to developing formal collaborative ties. To ensure the quality of its products and services, the Group assesses the suppliers and contractors on an annual basis with reference to four aspects, namely, basic information, on-site investigation, overall performance and ESG conditions. Taking the assessment results into account, the Group will consider the suitability of maintaining business relationships with the supply chain partners. This holistic approach to supply chain management enables the Group to enhance its operational efficiency and minimise ESG-related risks along the supply chain.

Quality Services

The Group embraces a customer first spirit and strives to enhance customer experience. Its professionalism and commitment to customer care have been recognised in the service industry; it received the 2018 Excellence Award of the “Mystery Shopper Programme” organised by the Hong Kong Retail Management Association. To further enhance service quality, the Group has set up various channels to collect customer feedback. Customers are welcome to express their views, and may make enquiries or complaints with regard to the Group’s goods and services by phone, email or in person. The Group also reviews complaint cases during regular management meetings for further improvement on quality.





Customer Privacy

The Group places great emphasis on handling and protecting customers' personal data and privacy. Prior to personal data collection, the Group ensures customers are well-informed of the purpose of such collection, use of data and class of transferees. All employees are required to follow the Group's *Privacy Policy* which is based on the requirements of relevant laws and regulations⁵. Only authorised personnel can access customer information and all personal data must be handled in an appropriate manner. During the year, there were no cases of non-compliance relating to privacy matters.

Product Responsibility

The Group is fully committed to providing customers with products which meet its high safety, quality and reliability standards. All products must pass a detailed and robust quality inspection process upon receipt from suppliers in accordance with its stringent quality assurance procedures. The Group takes full responsibility for any product that is defective in terms of safety or quality.

The Group aims to provide accurate information on its products to enable its customers to make informed decisions. It ensures all its advertisement contents, sketches and labels of marketing materials are in full compliance with all relevant laws and regulations relating to marketing and labelling, including the Trade Descriptions Ordinance (Chapter 362, Laws of Hong Kong).

The Group respects third party intellectual property rights and does not permit any infringement whatsoever. During the reporting year, the Group had complied with the relevant laws and regulations⁶ relating to health and safety, advertising and labelling of its products.

Business Ethics

The Group upholds the highest ethical standards and accountability throughout its operations, and has adopted a zero-tolerance approach to corruption or malpractice of any form including bribery, money laundering, extortion and fraud. All employees are required to strictly follow its *Ethics Policy* which sets out guidelines for professional behaviour and compliance with relevant laws and regulations⁷. To raise staff awareness of best practice procedures and knowledge on anti-corruption, the Group organises regular training session with the Independent Commission Against Corruption of Hong Kong. Employees must also fully declare any forms of conflicts of interest and complete the Group's "Individual Interest Declaration Form" before the start of their employment.

In accordance with its *Whistle-blowing Policy*, the Group provides channels for employees at all levels, customers, shareholders, investors, suppliers and contractors to report any improper behaviours. To ensure whistle-blowers the freedom to report grievances without fear of reprisal, all cases are treated confidentially.

During the year, there were no cases of non-compliance with laws and regulations related to bribery, extortion, fraud and money laundering.

⁵ The laws and regulations most relevant to the Group include, but are not limited to, the Personal Data (Privacy) Ordinance (Chapter 486, Laws of Hong Kong).

⁶ The laws and regulations most relevant to the Group include, but are not limited to, the Trade Descriptions Ordinance (Chapter 362, Laws of Hong Kong) and the Competition Ordinance (Chapter 619, Laws of Hong Kong).

⁷ The laws and regulations most relevant to the Group include, but are not limited to, the Prevention of Bribery Ordinance (Chapter 201, Laws of Hong Kong).



5. COMMUNITY ENGAGEMENT

The Group contributes to the Hong Kong community through staff volunteering, in-kind donations and collaboration with different external organisations with a view to build a more connected and vibrant society.

The Group has set up a “Community Service Participation” programme which awards employees with an additional day off if they have participated in volunteer works for 30 hours or donated blood twice a year. This programme has successfully encouraged more staff participation in a range of volunteering activities.

This year the Group took part in the “Community Chest Green Day” to raise funds for “Medical and Health Services” supported by The Community Chest, and to encourage a green lifestyle. Besides, the Group made contributions to the Po Leung Kuk Charity Village Casserole Feast in support of their elderly services and other community programmes.



PERFORMANCE DATA SUMMARY

HKEx KPI	Unit	2018/2019	2017/2018	
A. Environmental				
A1.1	The types of emissions and respective emissions data⁸			
	— NO _x	Grams	517.22	506.09
	— SO _x	Grams	25.47	25.88 (restated)
	— PM	Grams	38.08	37.26 (restated)
A1.2	Greenhouse gas emissions in total and intensity⁹			
	Scope 1	Tonnes	4.69	4.77
	Scope 2	Tonnes	309.57	316.99
	Scope 3	Tonnes	36.31	26.21
	Total (Scope 1 and 2)	Tonnes of CO ₂ e	314.26	321.76
	Intensity (Scope 1 and 2)	Tonnes of CO ₂ e per Gross Floor Area (GFA) in square feet	0.015	0.015
		Tonnes of CO ₂ e per full-time employee (FTE)	2.55	2.66
A1.4	Total non-hazardous waste produced and intensity			
	— total			
	Paper waste	Tonnes	1.82	1.32
	Paper waste (recycled)	Tonnes	0.67	1.33
	Construction Waste	Tonnes	2.92	0.22
	— intensity			
	Paper waste	Kg per GFA in square feet	0.085	0.061
		Kg per FTE	14.80	10.91
	Paper waste (recycled)	Kg per GFA in square feet	0.031	0.062
		Kg per FTE	5.45	10.99
	Construction Waste	Kg per GFA in square feet	0.136	0.010
		Kg per FTE	23.74	1.81

⁸ Nitrogen oxides (NO_x), Sulphur oxides (SO_x) and Particulate matter (PM) emissions includes vehicular emissions from the Group's fleet of vehicles.

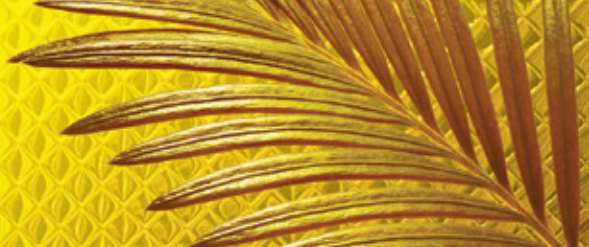
⁹ Scope 1 refers to direct GHG emissions. The emission sources of the Group are mobile combustion source and fugitive emission source. Scope 2 refers to energy indirect emissions which resulted only from the generation of the Group's purchased electricity. Scope 3 refers to other indirect GHG emissions. The Group chose to disclose the emissions associated with business air travel.



HKEx KPI	Unit	2018/2019			2017/2018			
A2.1	Energy consumption by type and intensity							
	— Direct Energy (fuel consumed by vehicles)	kWh	15,775			16,033		
	— Indirect Energy (Electricity purchased for consumption)	kWh	386,967			401,251		
	— total	kWh	402,742			417,284		
	— intensity	kWh per GFA in square feet	18.74			19.42		
A2.2	Water consumption in total and intensity							
	— total	m ³	N/A ¹⁰			N/A		
	— intensity	m ³ per GFA in square feet	N/A			N/A		
		m ³ per FTE	N/A			N/A		
A2.5	Packaging materials used for finished products in total and intensity¹¹							
	— total	Tonnes	4.23			3.71		
	— intensity	Grams per Piece	536			432		
B. Social								
B1.1	Total workforce by employment type and gender		Total	Male	Female	Total	Male	Female
	Full-time	No. of people	123	59	64	121	56	65
	General Employees	No. of people	102	49	53	103	47	56
	Manager Level	No. of people	21	10	11	18	9	9
B1.2	Employee monthly turnover rate by gender		Male	Female	Male	Female		
		%	1.01%	1.94%	1.52%	1.96%		
B2.1	Number and rate of work-related fatalities							
	— number	No. of people	0			0		
	— rate	%	0			0		
B3.1	Percentage of employees trained by gender and employee category		Male	Female	Male	Female		
	General Employees	%	73.47	88.68	/	/		
	Manager Level	%	80	100	/	/		
B3.2	Average training hours completed per employee by gender and employee category							
	Male	Hours	13.75			/		
	Female	Hours	8.79			/		
	General Employees	Hours	9.05			/		
	Manager Level	Hours	20.68			/		

¹⁰ Due to the nature of the retail industry, the Group mainly runs its business in leased offices and shops where water supply is managed by their respective landlords. Therefore, water consumption data is not available.

¹¹ Data cover packaging materials of all accessories, including wood, paper, cloth, metal and plastics.



HKEX ESG GUIDE CONTENT INDEX

Aspect	HKEx KPI	Description	Page Number/ Remarks
A. Environmental			
A1 Emissions	A1	General disclosure	P.6-7
	A1.1	The types of emissions and respective emissions data	P.14
	A1.2	Greenhouse gas emissions in total and intensity	P.14
	A1.3	Total hazardous waste produced and intensity	Due to the business nature of the Group, this KPI is considered not material.
	A1.4	Total non-hazardous waste produced and intensity	P.14
	A1.5	Description of measures to mitigate emissions and results achieved	P.6
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	P.7
A2 Use of Resources	A2	General disclosure	P.6-7
	A2.1	Direct and/or indirect energy consumption by type in total and intensity	P.15
	A2.2	Water consumption in total and intensity	P.15
	A2.3	Energy use efficiency initiatives and results achieved	P.6
	A2.4	Issue in sourcing water, water efficiency initiatives and results achieved	P.7
	A2.5	Total packaging material used for finished products and intensity	P.15
A3 The Environment and Natural Resources	A3	General disclosure	P.6-7
	A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them	P.6-7
B. Social			
B1 Employment	B1	General disclosure	P.8-9
	B1.1	Total workforce by gender and employment type	P.15
	B1.2	Employee turnover rate by gender	P.15
B2 Health and Safety	B2	General disclosure	P.10
	B2.1	Number and rate of work-related fatalities	P.15
	B2.3	Occupational health and safety measures	P.10
B3 Development and Training	B3	General disclosure	P.9-10
	B3.1	Percentage of employees trained by gender and employee category	P.15
	B3.2	Average training hours completed per employee by gender and employee category	P.15



Aspect	HKEx KPI	Description	Page Number/Remarks
B4 Labour Standards	B4	General disclosure	The Group abides by relevant statutory requirements of Hong Kong relating to employment. No relevant cases of non-compliance were recorded.
B5 Supply Chain Management	B5	General disclosure	P.11
B6 Product Responsibility	B6	General disclosure	P.11-12
	B6.3	Description of practices relating to observing and protecting intellectual property rights	P.12
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	P.12
B7 Anti-corruption	B7	General disclosure	P.12
	B7.2	Preventive measures and whistle-blowing procedures, how they are implemented and monitored	P.12
B8 Community Investment	B8	General disclosure	P.13
	B8.1	Focus areas of contribution	P.13