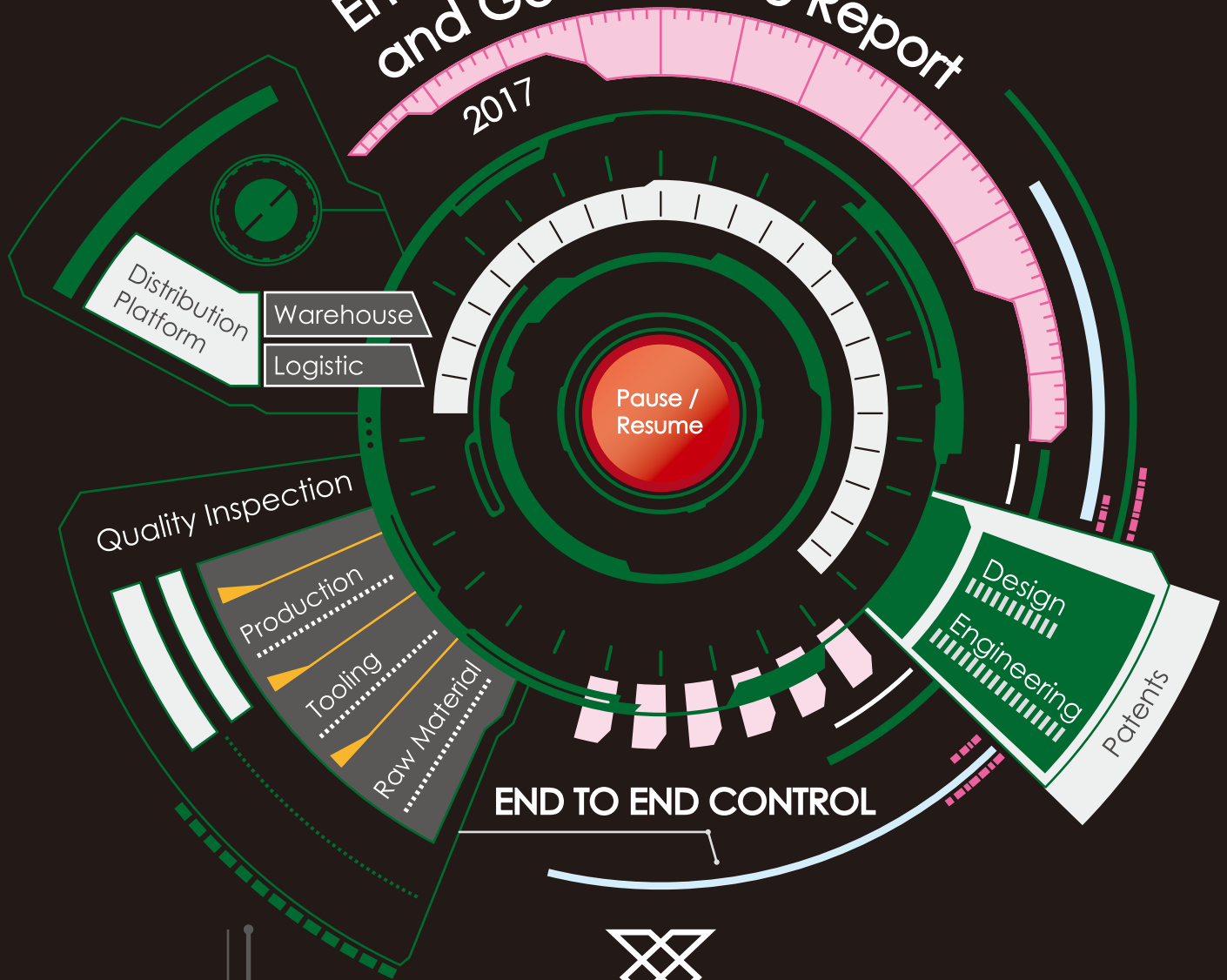


# Environmental, Social and Governance Report

2017



King's Flair International (Holdings) Limited

科勁國際(控股)有限公司

Incorporated in the Cayman Islands with limited liability Stock Code : 6822



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# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THE COMPANY

King's Flair International (Holdings) Limited (the "Company", and together with its subsidiaries, "KFI" or the "Group") is an integrated one-stop kitchenware and household product solution provider to kitchenware and household product brands, and is dedicated to providing differentiating and customised services from market research, concept creation, product design and development to raw material sourcing, production and engineering as well as quality assurance, order tracking and logistics. Core products of the Group include non-appliances household product such as kitchen tools and gadgets, drinkware, bakeware and accessories and food preparation and storage products and accessories. The Group also engages in trading of raw materials. The Group has set strong footholds in the global kitchenware and household product industry, especially in the mid-tier and high-end markets.

Looking forward, mid-tier and high-end kitchenware and household product markets will continue to be the Group's focus and the Group will continue to participate in major trade shows to further broaden its customer base and expand potential collaborations with well-known U.S. and Europe brand owners and retailers.

Development prospect in the PRC market is promising. The Group will continue to nurture its e-commerce platform and increase marketing and promotion activities with an aim to enlarge the market share in the PRC. At the same time, the Group will continue to invest in developing patentable technology and mechanism to protect and strengthen the Group's competitive advantages.

### ABOUT THIS REPORT

This report is the second Environmental, Social and Governance Report (“Report”) published by the Company which aims to allow all stakeholders to understand the progress and development direction of the Group’s sustainable development issues. This Report is prepared in both Chinese and English and has been uploaded to the websites of Stock Exchange and the Company ([www.kingsflair.com.hk](http://www.kingsflair.com.hk)).

### Scope of report

This Report focuses on the operation<sup>1</sup> of the Group’s business segment of “kitchenware and household products” between January and December 2017 (the “Year”), such segment accounted for 93% of the total revenue of the Group. The scope of the Report covers the Group’s operation<sup>1</sup> in Hong Kong at its head office located at Connaught Road West, and the branches in Sheung Wan and Tsuen Wan (the “Head office and Branches”). The Group will consistently upgrade its internal data collection procedure and gradually expand the scope of disclosure.

### Reporting standards

This Report complies with the “Comply or Explain” provisions of Environmental, Social and Governance Reporting Guide (the “Guide”) set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and is prepared based on the four reporting principles, namely materiality, quantitative, balance, and consistency. For the Company’s practical situations, this Report selects some key performance indicators of “Recommended Disclosures” in the Guide, making this Report more complete. To ensure the accuracy of key environmental performance indicators, the Group also commissioned an independent consultancy firm, Carbon Care Asia, to conduct a carbon assessment. A complete content index is appended in the last section of this Report for easy reference in accordance with the Guide.

### Confirmation and approval

The information contained in this Report has been sourced from official documents, statistical data, management and operation information of and collected by the Company and its subsidiaries according to the policies of the Group. This Report has been confirmed by the Sustainable Development Committee of the Group and approved by the board of directors of the Company in June 2018.

### Feedback

The Group highly values the opinions of its stakeholders. If you are in doubt or have any recommendations concerning the content or reporting form of this Report, you are welcome to contact the Group through the following means:

Address: 12/F, Yardley Commercial Building, 3 Connaught Road West, Hong Kong

Email: [ir@kingsflair.com.hk](mailto:ir@kingsflair.com.hk)

<sup>1</sup> The operation of the Hong Kong Head office and Branches include King’s Flair International (Holdings) Limited, Manweal Development Limited, King’s Flair Development Limited, Homespan (HK) Limited, Aegis Global Resources (HK) Limited, Wonder Household Limited, Gloxis Development Limited, SIM Design Limited and King’s Flair Resources Limited.

### MESSAGE FROM THE MANAGEMENT

The Group has always focused on the R&D of kitchenware and household products, and has regarded integrity and good corporate governance as the foundation of its operation. Faced with fierce competition in the market, the Group is focused on supply chain management and product responsibility, striving to provide its customers with one-stop kitchenware and household product solutions in a manner consistent with sustainable development.

To manage and implement environmental, social and governance work more effectively, the Group established a dedicated Sustainable Development Committee during the Year, which comprises representatives from different departments, to ensure that all the projects in operation could consistently and effectively follow the Group's management principles.

The Group understands that its operations cover the entire value chain, which has potential positive and negative impacts on its stakeholders. Therefore, the Group attaches importance to communicating with all its business partners to ensure that they understand its requirements and expectations, including the management measures and performance in such areas as labour rights, environmental protection and anti-corruption. The Group requires its major cooperative factories to submit environmental and safety audit reports in order to manage supply chain more comprehensively. The Sustainable Development Committee is established with a clear terms of reference that set out the powers delegated to it by the board of directors of the Company, the authority to carry out various tasks including internal and external materiality assessments, the scope of its work, and the cost and resource commitment from the Company.

The Group highly regards product safety and has appointed independent third parties to conduct product testing to protect consumers. Besides, the Group has established a customer complaint mechanism to solicit opinions extensively and to continuously improve product quality. The intellectual property innovation plays an important role in the Group's business development, and even has an influence on the healthy development and fair competition of the industry as a whole. The Group enters into cooperative agreements with all of its cooperative partners in an effort to eliminate any infringement of patents, trademarks, copyrights, commercial secrets or other proprietary rights from the supply chain.

The Group stresses on environmental protection and strives to effectively use natural resources to reduce the environmental impact by resulting from its operations. The Group is attentive to the development of local communities and through various community investments and activities, the Group expects to strengthen concern and support of the public for sustainable development issues.

Looking forward, the Group will continue to look for various opportunities to expand its customer network and develop more diversified product portfolio. The Group will further explore opportunities for enhancing the performance of sustainable development with a view to developing itself as a leader in the industry.

King's Flair International (Holdings) Limited

**Wong Siu Wah**

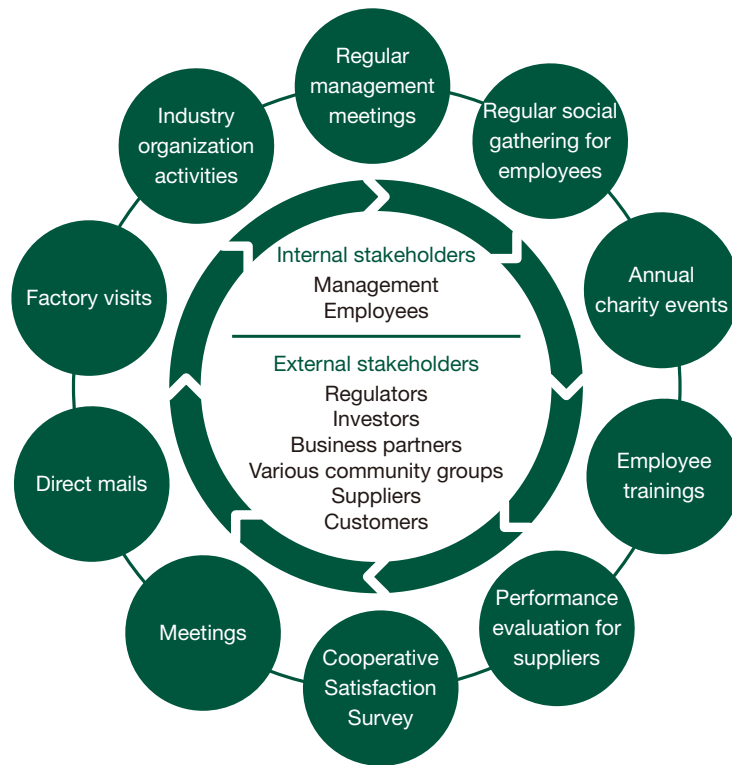
*Chairman and Chief Executive Officer*

**COMMUNICATION WITH STAKEHOLDERS**

As a key in the business management of KFI, stakeholder engagement helps the Group to review potential risks and business opportunities. Exchange with stakeholders and understanding of their views enable the Group to better fulfill their needs and expectations with its business practice and well manage different stakeholders' opinions.

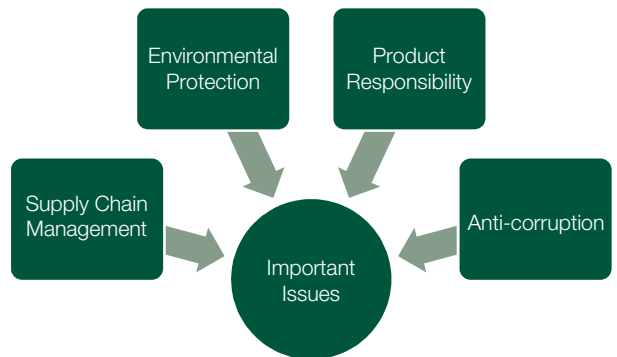
**Communication methods with major stakeholders during the Year**

The Group constantly communicates with its key internal and external stakeholders via various channels to ensure they have the opportunity to know about the Group's development and operation direction, and offers the Group the chance to listen to their opinions in order to identify the priority of different issues and develop corresponding policies.



**Important Issues on sustainable development during the Year**

As in the previous year, the Group commissioned an independent consultancy firm to identify the most important environmental and social issues for the Group and its stakeholders, and discussed with the management the sustainable development strategies and direction of the Group. Taking into account the advice from the consultancy firm, the Group selected four environmental and social aspects from the Guide, namely, product responsibility, supply chain management, anti-corruption and environmental protection, as the key subjects for discussion.



To enhance the effectiveness of communication with stakeholders, the Group is committed to establishing communication mechanism for transparency, integrity, and accuracy and providing timely response to stakeholders. In the future, the Group will enhance its interaction and exchanges with stakeholders. In addition to regular communication activities with its stakeholders, the Group plans to diversify its channels for more opportunities to communicate with its stakeholders and create win-win relationships for mutual benefits.

### KFI AND OPERATION

#### Product responsibility

KFI highly regards the quality of product and service, and considers the protection of customers' interests as its top priority.

KFI dedicated to providing its customers with safe kitchenware and has paid particular attention to the safety of food contact substances. Consumer health is protected through quality management to ensure that only safe materials are used throughout the production process, including product design and raw materials selection. In addition, the Group has formulated and implemented the Quality Handbook for Suppliers' Products 《供應商產品質量手冊》 which is applicable to the entire process including the development, inspection, test and packaging of products. The Group also emphasizes on the importance of the traceability of raw materials. In addition to requiring suppliers to provide product specification lists, material safety data sheets, REACH<sup>2</sup> inspection reports and food grade compliance certificates (食物級規格證明) for newly selected materials, the Group also regularly contacts raw material suppliers or third-party laboratories to ensure that the materials selected are compliant with applicable local regulations. If raw materials need to be replaced temporarily, the suppliers are required to provide relevant documents such as the reasons for replacement, certificates of materials, bills of materials, arrangements for pilot production and guidelines of basic test requirements, which are subject to the confirmation by the Group or customers for the purpose of commencing production. Besides, the suppliers shall provide a Certificates of Analysis ("CoA") for raw materials and a certificate of approval for raw materials for the Group or its customers to review at any time. Further, the Group provides the management guidelines in respect of warehouse management, staff training, internal inspection, and process control under the framework of the Quality Handbook for Suppliers' Products.

As a design developer, KFI highly regards and respects the intellectual property of products. Its design team will apply for patents for products that have the potential of further development. For the products with successful patent application, the engineering team will adopt confidential measures during the process of sample production, such as engaging a number of suppliers to produce different parts to prevent leakage of design layout. In addition, employees are required to abide by the confidential principles set out in the Employee Handbook, while suppliers are recommended to enter into cooperation agreements and confidentiality agreements, which set out the terms of confidentiality in respect of patents, copyrights, rights of trademark. During the Year, selected employees had participated in the Business of IP Asia Forum to enhance their awareness of intellectual property.

KFI regards highly of the customers' privacy and safeguarding the security of the related information. The Group has an extensive sales network and international customers, most of whom are from the United States, Asia, Europe and Canada. To ensure the normal operation of businesses as well as the legal operations and healthy financial conditions of its customers, the Group collects and saves the information about customers, including their business registration, financial conditions and contact persons. The Group has formulated and implemented the Policy on IT Access Control and User Access Management 《IT訪問控制和用戶訪問管理政策》 to protect the data and technologies from unauthorized access. The policy has specified the responsibilities and access authority for staff at different ranks, and controls the authority of accessing key data to protect customer information. In addition, the cooperation agreements and confidential agreements entered between the Group and its suppliers require suppliers to keep customer data and documentation in strict confidence to prevent information leakage.

<sup>2</sup> "REACH" stands for Registration, Evaluation, Authorisation, and Restriction of Chemicals.

To properly handle customer complaints, the Group has formulated the Process of Handling Customers' Complaints 《客戶投訴處理流程》, specifying the responsibilities of relevant departments and six categories of complaints, including product quality problem, design problem, customers' abuse/misuse, manufacturing defect, return needs, transport/wrong delivery problem, and specifies the handling process of different categories of complaints and requirements for response time.

During the Year, the Group was not involved in any breaches in respect of product responsibility.

### Supply chain management

The Group emphasizes the cooperation with material suppliers and firmly believes that a long-term and stable partnership with its suppliers could help the Group to continuously improve its operation process and service standard. The Group has established and implemented the Quality Handbook for Suppliers' Products and the Supplier Code of Conduct 《供應商行為守則》, which specify the procedures of selecting and approving suppliers, and regulate the work on product development, inspection quality and supplier assessment to properly manage the environmental and social risks of its supply chain.

When selecting suppliers, all new suppliers shall first submit application forms for plant information in order to meet the Group's basic requirements on production/document control, the Group will then arrange visits to the production plants of these suppliers to review relevant information such as equipment lists, raw material management, production process, inventory control and management process and to understand whether supplier hold international standard certifications such as ISO 9000, ISO 14000, SA 8000 or not, and select suitable suppliers based on results of plant inspection and document review.

As specified in the cooperation agreements entered into by the Group and its suppliers, the products manufactured by the suppliers shall comply with the product specification and requirements provided by the Company, including designated raw materials, acceptance and safety standards required by customers. In terms of production, the Group's suppliers must strictly comply with local laws and the Supplier Code of Conduct formulated by the Group. The Supplier Code of Conduct requires the Group's suppliers to properly manage their human resources, occupational safety, environmental impact, professional ethics, intellectual property in order to reduce the social and environmental risks in its supply chains.

The Group has formulated written product inspection standards to explicitly inform suppliers of customers' requirements and product acceptance standards. The Group requires suppliers to conduct trial production for a small batch of products for quality inspection. For products that failed the production inspection, the Group requires the suppliers to remake until they have been certified as good official production. The Group assigns dedicated staff to visit suppliers' production plants from time to time to help them minimising control quality risk. For suppliers with high product failure rates, the Group would require them to investigate causes of the problem, formulate improvement plans and fill out the "Corrective Action Request (CAR)" (投訴產品改善對策書). In addition, the Group conducts a systematic evaluation of its suppliers on a quarterly basis, including engineering and product development, quality control, logistics management, and files the assessment results. For suppliers that violate the terms of the cooperation agreement, KFI will first instruct the suppliers to immediately cease production, and then cancel orders, and even terminate the cooperation.

During the Year, the Group has complied with relevant laws and regulations that have a significant impact on it relating to health and safety, advertising, labeling and privacy matters of products and services provided and remedies.



### Anti-corruption

Anti-corruption is one of the basic principles of corporate social responsibility defined by the international community. The Group proactively promotes the corporate culture of integrity and honesty and formulates the Code of Business Conduct (《商業行為守則》) to demonstrate the Group's commitments to fair trading, i.e. treating every partner with honesty, integrity and respect.

The Code of Business Conduct and the Employee Handbook formulated by the Group provide guidance to its employees with the code of conduct and regulations relating to the prevention of corruption. The Group adopts a zero-tolerance policy on corruption in any form, including bribery and extort, fraud and money laundering, promising to operate its business with honesty, morality and integrity and the Group also lists its whistle-blowing policy and specific implementation guidelines in the Employee Handbook to encourage employees to express their concern regarding any improper conduct, fraud and non-compliance related to the Group's affairs on a confidential basis. During the Year, the Group's employees had participated in the "Conference on Business Ethics for Listed Companies 2017" of ICAC to learn about the trend of international markets and the latest regulation requirements from local regulatory institutions in respect of corporate governance.

In addition, KFI requires its partners to comply with the Code of Business Conduct and to conduct business professionally, ethically and responsibly. The Group has also included such clauses in the cooperation agreements signed with its suppliers, which reflect the Group's attitude and determination towards anti-corruption.

During the Year, the Group has complied with relevant laws and regulations that have a significant impact on it relating to preventing bribery, extortion, fraud and money laundering and neither the Head office and Branches nor its employees were not involved in any case of non-compliance or litigation regarding corrupt practices relating to its operations or employees.

## KFI AND ENVIRONMENT

KFI takes environment protection seriously. It is committed to the efficient use of natural resources and the reduction of impacts of business operation on environment.

The Group formulates and implements the Policies on Environmental, Health and Safety (《環境、健康與安全政策》), and undertakes to enhance the utilization of energy and natural resources, prevent and reduce waste and environment pollution during daily operation, and comply with local environmental laws and regulations as its management principles. KFI also explicitly informs its staff of the responsibility on promoting sustainable development of the environment and is dedicated to continuously improving its environmental management, including properly managing key environmental factors, setting and acting on clear goals, and specifying the management functions of monitoring, inspection and improvement.

During the Year, the Group has complied with relevant laws and regulations that have a significant impact on it relating to waste air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

### Emission management

#### Greenhouse gas emissions

Since there is a close relationship between greenhouse gas emissions and climate change and global warming, enterprises around the globe have taken measures and set targets for carbon reduction. During the Year, Carbon Care Asia, an independent consultancy firm has been commissioned by KFI to conduct carbon assessment, and calculate greenhouse gas emissions generated from operation. It refers to Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong prepared by the Environmental Protection Department and the Electrical and Mechanical Services Department in Hong Kong, as well as the international standards, such as ISO14064-1 and Greenhouse Gas Protocol (溫室氣體盤查議定書) during process of assessment to ensure the accuracy of information of environmental key performance indicators.

Greenhouse Gas Emissions	
Scope	Emission (tonnes CO <sub>2</sub> e)
Scope 1: direct greenhouse gas emission	81.9
Scope 2: indirect greenhouse gas emission	136.4
Scope 3: other indirect greenhouse gas emission	62.2
<b>Total greenhouse gas emission</b>	<b>280.5</b>
<b>Greenhouse gas intensity (tonnes CO<sub>2</sub>e/square feet)</b>	<b>0.025</b>

## Environmental, Social and Governance Report

The carbon emissions of the Group mainly come from the electricity consumption under Scope 2, which accounts for nearly half of the total emissions; and the second largest source is the consumption of fossil fuels (including petrol and diesel) under Scope 1, which accounts for nearly 30% of the total emissions. For the principal sources of carbon emissions, the Group adopts LED lighting system to reduce greenhouse gas generated from use of electricity. In the future, the Group plans to purchase vehicles with higher energy efficiency to reduce carbon emissions.

The Group is also concerned with the carbon emissions from corporate activities such as annual dinners and has adopted renewable energy project in Gansu Province, the PRC to offset the carbon emissions generated by annual dinner participants during the Year. In addition to alleviating climate change through carbon offset, the Group understands the importance of formulating specific measurements and targets for emission reduction by conducting carbon assessment annually to fully review the efficiency of prevailing carbon reduction measurements in order to fulfill the target of carbon neutral.

The renewable energy project is located in Solar Power Industry Zone, Guazhou County, Jingyuan, Gansu Province, China, and has been accredited in 2015 by "Verified Carbon Standard". Its purpose is to generate electricity by using solar energy and the electricity generated will be transmitted to Northwest Power Grids. The grid-connected solar photovoltaic power plant of the project is located in Guazhou County, Gansu Province, China, with an installed capacity of 100 MW. The estimated average annual grid-connected electricity output of the project is 151,855 MWh and an average of 126,206 tonnes of CO<sub>2</sub> e are estimated to be reduced each year. The project mitigates air pollution and its adverse impact on human health by reducing CO<sub>2</sub>, SO<sub>x</sub> and NO<sub>x</sub> significantly. It also helps secure electricity supply to power grids by providing renewable energy, the demonstration effect of which could promote the application and popularization of solar PV technology in China.



### Emission of Exhaust

The exhaust emissions of KFI mainly derive from the fuels used by vehicles and vessels. In order to reduce waste gas emission, the Group encourages employees to use public transport vehicles as much as possible when go out to participate in meetings or activities, and to reduce the use of private cars. For activities that take place near the destination, the Group encourages its employees to walk instead of using vehicles.

Type of Exhaust	Amount of Emission (kg)
Nitrogen oxides <sup>^</sup>	7.92
Suspended particles <sup>^</sup>	0.58
Sulfur oxides	0.44

<sup>^</sup> Only including the exhaust emitted by vehicles

### Waste and Sewage Discharge

KFI attaches great importance to the proper management of wastes produced in its business operation and is committed to preventing and minimizing the pollution on the surrounding environment. Both the Head office and Branches are office operation in nature, with main wastes including waste paper, domestic waste and scrap metal. During the Year, the Group installed waste separation bins at Head office and Branches to recycle plastic bottle, metal and waste paper (newspaper and magazine), and the materials so collected were regularly recorded and arranged for proper treatment by the administration and personnel department. The Group also provides all employees with recycling guidelines which list the types of recyclable wastes and related recycling procedures. The Head office and Branches produce a small amount of hazardous waste, including that caused by fluorescent tubes and flat lamps. All the wastes are centralized for collection and processing by the property management company.

Total hazardous waste	Total non-hazardous waste
0.01 tonne	3.83 tonnes

KFI understands that waste reduction at source is fundamental way and therefore, the Group will strengthen the environmental protection education among employees, encourage employees to reduce wastes, and record in detail the waste origins and the amount of wastes generated, so as to facilitate annual emission comparison in the future and to formulate specific waste reduction measures.

## Environmental, Social and Governance Report

In addition, the domestic waste water produced by the Head office and Branches are directly treated through the municipal sewage pipe network by discharging into the local sewage.

### Use of Resources

KFI understands the importance of resources conservation and is committed to reducing waste of resources in daily operation. The main resources used by the Head office and Branches include electricity, paper and water resource.

**Total Energy Consumption**  
1,691.5GJ

**Total Water Consumption 156m<sup>3</sup>**

**Office Paper 836rm**

- Use LED lighting system
- Remind employees to switch off lights and air conditioning equipment that are not in use (including lunch time)
- Post water conservation notices
- Promote electronic office
- Encourage double-sided photocopying

The Group will keep recording its resources consumption for the convenience of reviewing the effectiveness of its conservation measures in the future and formulating more targeted improvement measures and objectives.

### Environment and natural resources

KFI focuses on the green supply chain, which urges the upstream and downstream enterprises to improve their environmental management and reduces the environmental impact of the entire lifecycle of products.

The Group has formulated the Quality Handbook for Suppliers' Products and the Supplier Code of Conduct, which covers transportation, wastes and chemicals management to standardize the responsibility of the suppliers for environmental management and aims to reduce the significant impact on the environment and natural resources that is caused by the upstream and downstream activities of the supply chain.

During the Year, the Head office and Branches did not report any cases of breaching environmental laws and regulations or any material impact on the environment and natural resources.

## KFI AND EMPLOYEES

### Employment

KFI regards talents as the key to business operation and development and is committed to providing a good working environment for employees. The Group has set out the employment terms such as remuneration, dismissal, recruitment, promotion, working hours and holidays in the policy relating to employment and labour practices and Employee Handbook. To ensure that it provides competitive remuneration package, the Group conducts salary review annually, which is based on the performance of employees, with reference to market conditions, corporate performance and Hong Kong living index. Moreover, the Group provides benefits regarding medical insurance and life insurance for eligible employees. Furthermore, the Group provides interest-free loan scheme for eligible employees to support their children’s continuing education. In the future, the Group will not only review and improve its employment system, but offer more effective support to its employees through a robust education fund. The fund aims to help employees improve themselves continuously, acquire a clearer understanding of their job prospect and find it attractive to stay in the Group.

Total No. of Employees	Male-to-Female Employee Ratio
95 (2016: 103)	1.3: 1 (2016: 1.2: 1)

The Group is committed to eliminating discrimination in the workplace and will not treat employees differently depending on gender, race, religion or disability. In addition, the Group has set out the handling guidelines and disciplinary action for the relevant conducts in the Employee Handbook. In the event of suspected cases, employees can file a complaint to the departmental manager or general manager. In addition, the Group attaches great importance to providing equal opportunities and creating a diverse working environment for employees, and plans to add the relevant policy statements and operational guidelines to the Employee Handbook in the future.

During the Year, the Group has complied with relevant laws and regulations that have a significant impact on it relating to compensation and dismissal, recruitment and promotion, working hours, vacations, equal opportunity, diversity, anti-discrimination and other benefits and welfares.

### Health and Safety

KFI attaches great importance to employees’ health and safety and has explicitly stated its responsibility in the “Environmental, Health and Safety Polices”. Apart from arranging for carpet cleaning and pest control conducted by a cleaning company every quarter, the Group also placed air purifiers in the Head office and Branches during the Year, so as to minimize indoor pollutants and allergens and improve indoor air quality. During the Year, the Group did not incur any work-related casualty.

In addition, KFI cares for the well-being of employees. The Group organized various sports and entertainment activities, aiming at encouraging employees to develop habits of doing physical exercise and help them release the working pressure.

During the Year, the Group has complied with relevant laws and regulations that have a significant impact on it relating providing a safe working environment and protecting employees from occupational hazards.

### Development and Training

KFI is committed to creating a corporate culture of continuous learning to cultivate the professional skills of employees at all levels and help them develop their individual abilities. The Group has set out its human resources development and training policy which covers a training and development scheme, an education subsidy scheme as well as annual working performance evaluation in the Employee Handbook.

Training and development scheme	Plan annual training topics according to the actual needs of employees at different levels	
Education subsidy scheme	Encourage employees to further study and provide allowances for eligible employees	
Annual working performance evaluation	Conduct annual working performance evaluation to allow employees to have a discussion with superiors in respect of working performance and development expectations	
37% of employees received training	4.8 training hours in average for each employee	100% of employees received evaluation on annual working performance

General employee	Employee with potential for promotion	Senior management personnel
Training courses on new regulations, software and updated industrial knowledge	Training on soft skills	Training on management skills

The Group also pays close attention to employees' self-development and is dedicated to growing with them. The Group has set up an education subsidy scheme as well as a general training and development scheme, to provide allowances covering tuition, books and materials for employees in respect of their further study.

### Labour Standards

As for labour standards, the Group prohibits the hiring of child labour or engagement of forced labour in any form. The Group will verify the actual age of the candidates during the recruitment process by, among other things, checking their identification documents and other records to prevent from hiring of child labour. Furthermore, the Group signs employment contracts which prescribe employment terms with all qualified candidates, and does not use any injustice ways to limit the employment relationship between the employee and the company. Looking into the future, the Group plans to roll out relevant policies to further improve its regulations on preventing child labour and forced labour.

During the Year, the Group has complied with relevant laws and regulations that have a significant impact on it relating to preventing child labour and forced labour and did not identify any internally reported cases or breaches relating to employment or labour standards, including child labour and forced labour.

### KFI AND COMMUNITY

KFI understands the importance of different stakeholders' expectation for corporate social responsibility, and strives to learn about the needs of its communities. During the Year, the Group focused on universal education, child benefit, environmental protection, family support services as well as cultural and sport promotion, with financial support provided and employees encouraged to join volunteering activities to contribute to the communities where its operation took place. Such financial support totaled nearly HK\$4 million.

In the future, the Group will continue to focus on community needs and improve its policies on community investment, to enhance the performance in respect of community investment.

### OVERVIEW OF KEY ENVIRONMENTAL AND SOCIAL INDICATORS

#### Overview of key environmental indicators

Key Environmental Performance Indicators		Quantity	Unit
Exhaust	Nitrogen oxides *	7.92	Kilogram
	Suspended particulates*	0.58	Kilogram
	Sulfur oxides	0.44	Kilogram
Greenhouse gas	Range 1	81.9	Metric tons of carbon dioxide equivalent
	Range 2	136.4	Metric tons of carbon dioxide equivalent
	Range 3	62.2	Metric tons of carbon dioxide equivalent
	Total greenhouse gas emission	280.5	Metric tons of carbon dioxide equivalent
	Greenhouse gas density (by area)	0.025	Metric tons of carbon dioxide equivalent/square foot
Waste	Total hazardous waste	0.01	Metric ton
	Hazardous waste density (by area)	0.001	Kilogram/square foot
	Total non-hazardous waste	3.83	Metric ton
	Non-hazardous waste density (by area)	0.34	Kilogram/square foot
Energy	Petrol	471.8	GJ
	Diesel	530.8	GJ
	Electricity	191.4	Megawatt hour
	Total energy consumption	1,691.5	GJ
	Energy density (by area)	0.15	GJ/square foot
Water consumption	Total water consumption	156	Cubic meter
	Water consumption density (by area)	0.014	Cubic meter/square foot

\* Emissions of nitrogen oxides and suspended particulates only include those from vehicles.



## Environmental, Social and Governance Report

### Overview of key social indicators

By Age and Gender		Number of Employees				Total Number of Employees	Gender Ratio
		Under 30	30-40	41-50	Above 50		
Number of Employees	Male	7	24	12	10	95	1.26:1
	Female	8	21	10	3		
By Rank and Gender		Level-C Senior Management	Senior Management	Middle Management	General Staff		
Number of Employees	Male	5	16	4	28		
	Female	1	8	3	30		

By Age and Gender		Number of New Employees				Total	Percentage
		Under 30	30-40	41-50	Above 50		
Number of New Employees	Male	3	4	2	0	9	15.79%
	Female	3	2	1	0	6	

By Rank and Gender		Training				Total	Percentage
		Level-C Senior Management	Senior Management	Middle Management	General Staff		
Number of Employees Trained	Male	5	10	4	8	27	77.14%
	Female	1	3	0	4	8	22.86%
Number of Training Hours	Male	146	107	36	62	351	76.30%
	Female	33	40	0	36	109	23.70%
Number of Employees Receiving Regular Review on Performance and Professional Development	Male	5	16	4	28	53	55.79%
	Female	1	8	3	30	42	44.21%

By Gender		Work-related Injury and Absence			Total Rate of Absence
		Number of Work-related Casualties	Total Days of Absence	Percentage	
Male	0	161	35.98%	1.29%	
Female	0	286.5	64.02%		

**ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX**

Subject Areas	Content	Page
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to waste air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	9-12
A1.1	Types of emissions and relevant emission data	9-12,15
A1.2	Total greenhouse gas emission and greenhouse gas intensity	10,15
A1.3	Total hazardous waste generated Hazardous waste intensity	12,15 15
A1.4	Total non-hazardous waste generated Non-hazardous waste intensity	12,15 15
A1.5	Description of measures to reduce emission and results achieved	10-12
A1.6	Description of methods for managing hazardous and non-hazardous waste, measures to reduce production and results achieved	10-12
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	12-13
A2.1	Total consumption of direct and/or indirect energy by category Direct energy Indirect energy Energy intensity	15 15 15 15
A2.2	Total water consumption Water consumption density	15 15
A2.3	Description of energy use efficiency initiatives and results achieved	12
A2.4	Description of whether there is any issue in sourcing appropriate water, and water use efficiency initiatives and results achieved	12
A2.5	Total packaging materials used for finished products	12
General Disclosure	Policies on minimising the issuer’s significant impact on the environment and natural resources	12
A3.1	Description of the significant impacts of business activities on the environment and natural resources and the actions taken to manage them	12

## Environmental, Social and Governance Report

Subject Areas	Content	Page
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, vacations, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	13
B1.1	Total employees	13,16
	Total employees by gender, employment type, age group and geographical region	16
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	13
B2.1	Number and proportion of work-related fatalities	16
B2.2	Working days lost due to work injury	16
B2.3	Description of measures adopted for occupational health and safety, how they are implemented and monitored	13
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work; description of training activities	13-14
B3.1	Percentage of employees trained	16
	Percentage of employees trained (by gender and employee type)	16
B3.2	Average training hours completed per employee	16
	Average training hours completed per employee by gender and employee type	16
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child labour and forced labour	14-15
B4.1	Description and review of measures concerning recruitment practice, to avoid child labour and forced labour	14
General Disclosure	Policies on managing environmental and social risks of the supply chain	7

Subject Areas	Content	Page
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters of products and services provided and remedies	7
B6.3	Description of practices relating to the protection of intellectual property rights	6
B6.4	Description of quality assurance process and product recall procedure	7
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	7
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing bribery, extortion, fraud and money laundering	8
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	8
B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored	8
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its business activities take into consideration the communities' interests	15
B8.1	Focus areas of contribution (such as education, environmental issues, labour demand, health, culture and sports)	15
B8.2	Resources contributed to the focused areas	15



King's Flair International (Holdings) Limited

科勁國際(控股)有限公司