

K & P International Holdings Limited

堅寶國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 675)

Environmental,
Social and
Governance
Report
2018

* For identification purpose only

Environmental, Social and Governance Report

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I. PREAMBLE

As one of the prominent listed companies in the industry of Industrial Goods, K & P International Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) are mainly engaged in the business of the manufacture and sale of precision parts and components (comprising keypads, synthetic rubber and plastic components and parts and liquid crystal displays), and the design, manufacture and sale of consumer electronic products (comprising time, weather forecasting and other products). With an increasingly important role companies and organisations are playing in addressing global climate-related crisis, the Group keeps continuing its improvements in its environmental awareness, fulfilment of social responsibility, and corporate sustainability stewardship, aiming to demonstrate a good response to best ESG practices and recommendations set out by the Task Force on Climate-Related Financial Disclosure in its daily operations and long-term business strategies.



The Group is fully aware of the importance of the development of its internal sustainability strategy which aims to create sustainable values to all its stakeholders, and to continue to lower the Group’s impact on the environment. As such, the current and potential impacts from ESG-related risks and opportunities on the Group’s business have been carefully considered and incorporated into all decision-making processes in short-, medium-, and long-term horizons within the Group. In order to carry out the Group’s sustainability strategy from top to bottom, the Group has laid great emphasis on the significance of the Board’s oversight on the execution of relevant ESG management. The Board of Directors (the “Board”) of the Company assumes ultimate responsibility for ensuring the effectiveness of implementation of the Group’s environmental, social and governance (“ESG”) policies. To make sure that the Board can be timely informed of corporate ESG performance, including major plans of action, risk management policies, annual budgets, business plans as well as setting the organization’s ESG performance objectives, the Board has established dedicated teams to manage ESG issues within each business division of

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the Group. Designated staff has been assigned to enforce and supervise the implementation of the relevant ESG policies, and also required to report on relevant issues to the Board regularly through emails and general meetings. The Group constantly reviews and adjusts its sustainability policies to satisfy the ever-changing needs of its stakeholders, who through various channels can be updated of the robustness of the Group's forward-looking strategies and express their opinions therein. Details of its management approach in both the environmental and social aspect can be found throughout different sections of this ESG Report. The Group believes an effective stewardship of its corporate sustainability is essential to the Group's overall long-term success.

The Group is pleased to present its third ESG Report to further demonstrate the Group's approach and performance in terms of sustainable development for the year ended on 31 December 2018. This ESG report was prepared in compliance with the ESG Reporting Guide as set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited's website.

'K & P International Holdings Limited puts the value of sustainable development as its top priority during its daily operations and action planning. To promote a purposeful culture that motives everyone in the company to realise the significance of sustainability and essence of good ESG practice, we have established effective communication channels with both internal staffs and external stakeholders who care about our sustainable development. Moreover, to make sure that our Board can be updated with the latest ESG performance within the company and thus make rapid and effective response to resolving the problems, a special task force has been built to execute the plan and report. We hope to grasp the global trend of corporate sustainability and are committed to learning from the best ESG practice in the industry. For instance, we adopted 'Climate Scenario Analysis', a method raised by TCFD, to assess the underlying ESG- and climate-related risks in the short and long term, thereby preparing in advance by enhancing our resilience and adaptation capability to explore any potential opportunities in the near future. Through the establishment of science-based targets, efficient tracking system and dynamic monitoring of environmental and social compliance, K & P International Holdings Limited commits to integrate sustainability into its entire corporate culture and long-term business strategies, which we firmly believe is the key to ultimately influencing our stakeholders in a positive way and creating shared value for all.

Lai Pei Wor
On behalf of board of directors
26 March 2019



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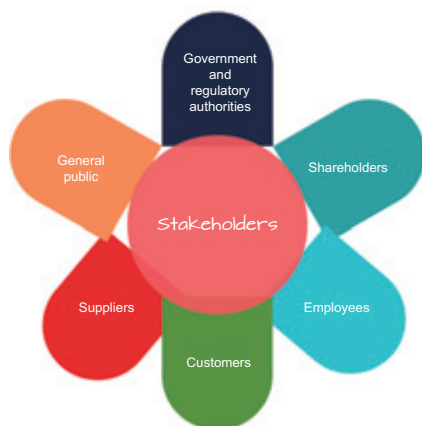
II. REPORTING PERIOD AND SCOPE OF THE REPORT

This ESG report covers the operational boundaries of the Group that includes the Group's headquarter office in Hong Kong and the manufacturing business in the People's Republic of China (the "PRC"), for which three factories (four in FY2017) are included this year as the factory of a subsidiary in the consumer electronic products segment located at Mainland China was closed down subsequent to the end of tenancy agreement. The reporting period is for the financial year 2018, from 1 January 2018 to 31 December 2018 ("FY2018"), unless specifically stated otherwise. If there is any conflict or inconsistency, the English version shall prevail.

III. INFORMATION DISCLOSURE

The information in this ESG Report was gathered through numerous channels, including official documents and statistics of the Group, the integrated information of supervision, management and operation in accordance with the relevant policy, the internal quantitative and qualitative questionnaires based on the reporting framework, and sustainability practices provided by the subsidiaries of the Group. To deliver a formalised and internationally compatible ESG report that appeals to our global readership, the Group referenced GRI (Global Reporting Initiative) Sustainability Reporting Standards, a globally-accepted reporting instrument, to improve the integrity, international compatibility and industrial comparability of the report. A complete content index and a GRI linkage table are available at the end of the ESG report for readers' convenience to check its integrity.

IV. STAKEHOLDER ENGAGEMENT



An effective communication with both internal and external stakeholders is regarded essential to the Group, which can not only deliver the company's commitment to long-term value creation to stakeholders who care about the level of sustainable development of the Group, but also help the Group gain a better understanding of the topics that are material and relevant to different groups of stakeholders. Through a sound stakeholder engagement, the Group can make more informed decisions by strengthening its risk management and aligning its business strategies with the priorities of stakeholders.

With the goal to strengthen corporate sustainability approach and performance while enhancing stakeholders' awareness of ESG and sustainability issues, the Group has put tremendous efforts into its internal and external stakeholder inclusiveness. The Group highly values the feedback from its stakeholders and takes initiative to build a trustful and supporting relationship with them through their preferred communication channels, which are listed in the table below.

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COMMUNICATION WITH *stakeholders*

1

Government and regulatory authorities

Expectations and concerns

- Compliance with laws and regulations;
- Sustainable development.

Communication Channels

- Supervision on compliance with local laws and regulations;
- Routine reports.

2

Shareholders

Expectations and concerns

- Return on investments;
- Corporate governance;
- Business compliance.

Communication Channels

- Regular reports and announcements;
- Regular general meetings;
- Official company website.

3

Employees

Expectations and concerns

- Employees' compensation and benefits;
- Career development;
- Health and safety in the working environment.

Communication Channels

- Performance reviews;
- Regular meetings and trainings;
- Team building and ad hoc activities
- Emails, notice boards, hotline, and employee engagement activities.

4

Customers

Expectations and concerns

- High quality products and services;
- Protection of the rights of customers.

Communication Channels

- Customer satisfaction survey;
- Face-to-face meetings and on-site visits;
- Customer service hotline and email;

5

Suppliers

Expectations and concerns

- Fair and open procurement;
- Win-win cooperation.

Communication Channels

- Open tendering;
- Suppliers' satisfactory assessment;
- Face-to-face meetings and on-site visits.

6

General public

Expectations and concerns

- Involvement in communities;
- Business compliance;
- Environmental protection awareness.

Communication Channels

- Media conferences and responses to enquiries.

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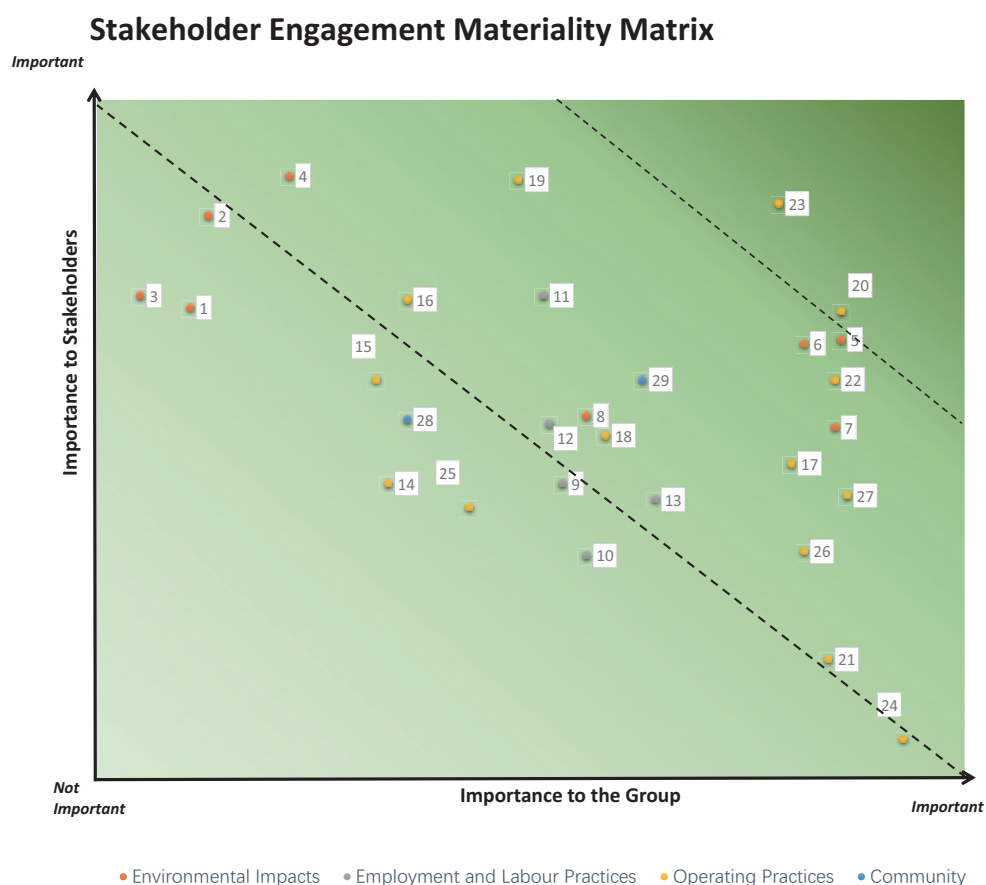
Materiality Assessment

Since ESG risks and opportunities for companies vary across industries and highly depend on the business models, the Group undertook an annual review to identify and understand its stakeholders' main concerns and material interests for the ESG report. In FY2018, the Group engaged its stakeholders to conduct a materiality assessment survey initiated by an independent third-party agency in order to guarantee the accuracy and objectivity of evaluation. Specifically, internal and external stakeholders including customers, suppliers, business partners, board members and employees from various business units of the Group were assessed and chosen in the first round based on their influence and dependence on the Group. About 10 carefully-selected stakeholders regarded to be with high levels of influence and dependence on the Group were finally picked by the management of the Company,

and invited to participate in this online survey to express their concerns on a list of sustainability issues. This online survey was comprised of numerous well-designed questions by the third-party agency to pinpoint both ESG issues and SDGs (United Nations Sustainable Development Goals) that were believed as material and relevant to the Group's business development and strategies from stakeholders' standpoint. Through such objective, transparent and decision-useful materiality assessment to prioritise the topics from the entire inventory of ESG issues, the Group eventually formulated a materiality assessment matrix below, which could genuinely reflect the real concern of its stakeholders on ESG matters and facilitate the Group to develop action plans for effective ESG management.



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Materiality Matrix

1	Air and greenhouse gas ('GHG') emissions	11	Occupational health and safety	21	Marketing and promotion
2	Sewage treatment	12	Employee development and training	22	Observance and protection of intellectual property rights
3	Land use, pollution and restoration	13	Prevention of child and forced labour	23	Quality control and management of products
4	Solid waste treatment	14	Suppliers' geographical regions in which materials are sourced	24	Protection of consumer information and privacy
5	Energy use	15	Selection of suppliers and assessment of their products/services	25	Labelling relating to products/services
6	Water use	16	Environmental protection assessment of the suppliers	26	Prevention of bribery, extortion, fraud and money laundering
7	Use of raw/packaging materials	17	Social risks assessment of the suppliers	27	Anti-corruption policies and whistle-blowing procedures
8	Mitigation measures to protect natural resources	18	Procurement practices	28	Understanding local communities' needs
9	Composition of employees	19	Health and safety relating to products/services	29	Public welfare and charity
10	Employee remuneration and benefits	20	Customer satisfaction		

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Given the materiality analysis matrix, the Group finally identified 'Quality control and management of products' and 'Customer satisfaction' as issues of the highest importance to both the Group and its stakeholders. This review has helped the Group to better prioritise its sustainability strategies, practices and outcome, and to highlight the material and relevant aspects of the Group's operation, so as to address its stakeholders' genuine concerns.

Stakeholders' Feedback

As the Group strives for excellence, stakeholders' feedback is always welcomed, especially on topics listed as high importance in the materiality assessment. Readers are also welcomed to share their views via the Group's email at enquiry@kpihl.com or website at www.kpihl.com.

V. ENVIRONMENTAL SUSTAINABILITY

To seek the long-term sustainability of the environment and the community where it operates, the Group is prudent in controlling its emissions and consumption of resources, and has complied with relevant environmental laws and regulations that are material to the Group's business in Hong Kong and the PRC, including but not limited to the:

- *Environmental Protection Law of the People's Republic of China*
《中華人民共和國環境保護法》;
- *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*
《中華人民共和國大氣污染防治法》;
- *Law of the People's Republic of China on Prevention and Control of Water Pollution*
《中華人民共和國水污染防治法》;
- *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes*
《中華人民共和國固體廢物污染環境防治法》;
- *Law of the People's Republic of China on the Prevention and Control of Pollution from Environmental Noise*
《中華人民共和國環境噪聲污染防治法》; and
- *Law of the People's Republic of China on Conserving Energy*
《中華人民共和國節約能源法》.

According to the requirements and guidelines for an effective environmental management system in ISO14001, the Group has established its internal environmental management system to help reinforce the effectiveness of implementation its ESG-related policies in order to enhance ESG management performance. The Group's headquarter office in Hong Kong and three manufacturing factories in the PRC this year kept improving on various fronts, particularly in stepping up energy conservation measures to cut emissions and resource consumption, and have already achieved some progress to being 'strategically resilient to addressing underlying climate-related risks'.

This section primarily discloses the Group's policies, practices, and quantitative data on emissions, use of resources, the environment and natural resources in FY2018.

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A.1. Emissions

Emissions are one of the most concerning environmental issues to the Group as environmental problems have become increasingly pressing in recent years in China. As a company with three manufacturing factories currently commissioned to produce various industrial goods, the Group has laid great emphasis on its emissions. To strictly control the quantity and quality of emissions according to relevant local environmental laws as set out in the region where the Group operates, the Group is committed to monitoring, measuring and recording its emissions during operations. In FY2018, the Group found no disregard to influential laws relevant to air and greenhouse gas emissions, discharges into water or land, and generation of hazardous and non-hazardous waste.

In FY2018, the air emissions of the Group were mainly from transportation, namely sulfur oxides ("SOx"), nitrogen oxides ("NOx") and particulate matters ("PM"), which amounted to 0.8 Kg, 339.3 Kg and 33.1 Kg, respectively. The amount of both total air emissions and each pollutant has dropped to varying degrees as compared to the figure recorded last year, which to some extent reflects that the Group has achieved magnificent success in controlling its consumption of fossil fuels in transportation. Greenhouse gases ("GHGs") are a major contributor to climate change and rigorously governed by the United Nations (UN) 'Framework Convention on Climate Change'. GHG emissions from the Group were primarily due to fuel burning from transportation and electricity consumption during industrial operations. In FY2018, the Group's greenhouse gas ("GHG") emissions under Scope 1 (Direct Emissions), Scope 2 (Energy Indirect Emissions) and Scope 3 (Other Indirect Emissions) were 136 tonnes CO₂e, 9,172 tonnes CO₂e and 103 tonnes CO₂e, respectively. The total GHG emissions amounted to 9,412 tonnes CO₂e, with the carbon intensity per unit of area for the Group being 1.6 tonnes CO₂e/m². As one of the factories of the Group being shut down in FY2018, the total GHG emissions of the Group in FY2018 has declined around 6.4% compared to that in FY2017. Specifically, it is found that both emissions in Scope 1 and Scope 2 fell, whereas the other indirect emissions of the Group (Scope 3) rose slightly. The increased discharge of sewage from factories that supported the growing production of the Group during the year under review was the biggest contributor to the rising GHG emissions in Scope 3, while the dramatical plummeting in Scope 1 and Scope 2 was primarily due to the shutdown of one factory and effective measures the Group took to mitigate the consumption of natural resources. The Group regards an incremental improvement from the control of self-generated GHG emissions to the concern of other indirect emissions as the next step for the Group's advancement in environmental protection. Other than GHG emissions, 4.9 tonnes of hazardous solid wastes, 603.3 tonnes of hazardous wastewater, 356.9 tonnes of non-hazardous commercial and domestic solid waste, and 74,796.8 tonnes of commercial and domestic wastewater were generated by the Group during the year under review. The Group's emissions in FY2018 are summarised in Table 1 below with a comparison to the performance in FY2017.

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Table 1 The Group's Total Emissions by Category in FY2018 and FY2017

Emission Category	Item	Unit	Amount in FY2018	Intensity* (Per Square Metre) in FY2018	Amount in FY2017**	Intensity* (Per Square Metre) in FY2017
Air Emissions	SO _x	Kg	0.8	–	1.1	–
	NO _x	Kg	339.3	–	476.7	–
	PM	Kg	33.1	–	46.6	–
GHG Emissions	Scope 1 (Direct Emissions)	Tonnes CO ₂ e	135.9	–	243.7	–
	Scope 2 (Energy Indirect Emissions)	Tonnes CO ₂ e	9,172.4	–	9,768.0	–
	Scope 3*** (Other Indirect Emissions)	Tonnes CO ₂ e	103.4	–	48.4	–
	Total (Scope 1 & 2 & 3)	Tonnes CO ₂ e	9,411.7	1.6	10,060.1	1.3
Hazardous Waste	Solid Wastes	Tonnes	4.9	8.15×10 ⁻⁴	7	1.00×10 ⁻³
	Wastewater	Tonnes	603.3	0.10	582	0.08
Non-hazardous Waste	Solid Wastes	Tonnes	356.9	0.06	175	0.02
	Wastewater	Tonnes	74,796.8	12.44	48,002	6.4

* Intensity was calculated by dividing the amount of air, GHG and other emissions by the area for operation of the Group, which is 6,014 m² including 1,352 m² office space and 4,662 m² factory space. In FY2017, the area for operation of the Group was 7,514 m² in total;

** To comply with the reporting principle of 'Consistency' as stated in 'Environmental, Social and Governance Reporting Guide' released by HKEx, the data in FY2017 has been rectified in accordance with the methodology of calculation and business scope adopted in FY2018, which may lead to slight changes of emission amount in some places;

*** The Group's Scope 3 (Other Indirect Emissions) included only paper waste disposed at landfills, and electricity used for processing fresh water and sewage by government departments.

Hong Kong Office

The category and amount of emissions for the Group's Hong Kong office in FY2018 barely changed as compared with the figure in FY2017, which included indirect GHG emissions from the use of electricity, domestic and commercial solid wastes, and wastewater generated by the staffs in the office. No hazardous waste was generated at the Group's Hong Kong office in FY2018.

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Specifically, the consumption of electricity in the office was the major source of office GHG emissions. The Group paid attention to the dissemination of effective energy-saving practice among employees in the office. Specific measures taken to reduce electricity consumption in the office, and thus GHG emissions from this business segment, are further described in the next subsection under **A.2. Use of Resources**. The solid waste generated from the Group in FY2018 was normal domestic and commercial waste. In order to reduce the amount of daily municipal solid wastes, the Group implemented the following practices:

- Recycle as much solid waste as possible through classification process;
- Educate all employees on reducing the use of disposable items such as plastic tableware;
- Purchase microwaves in offices to encourage employees to take lunch boxes instead of ordering take-away food, which could largely reduce the waste of food packages;
- Advocate the reuse of office stationeries; and
- Provide glass cups to clients and guests instead of disposable ones.

Any non-recyclable municipal solid wastes were then collected and disposed of by the property management of the building. Since the amount of wastewater is correlated with how much freshwater has been used, the Group has put great efforts and adopted specific measures to reduce water consumption in the office, which are further described in the next subsection under **A.2. Use of Resources**. Municipal wastewater was directly discharged into the property drainage system.

Manufacturing Business

Given the business nature, the Group's major emissions came from its manufacturing factories. The Group was prudent in controlling all discharges, especially the air & GHG emissions, wastewater, solid wastes, and noise within factories. In FY2018, the Group strictly abided by the emission-related laws and regulations in the PRC mentioned above. Notably, the Restriction of Hazardous Substances Directive 2011/65/EU (RoHS 2.0) 《危害性物質限制指令》, which is the restriction of the use of certain hazardous substances in electrical and electronic equipment (EEE), also plays an important role in the manufacturing process and has been strictly adhered to by the Group. To ensure the compliance with laws and regulations above and change towards an environmentally-friendly firm, the Group commits to minimise the impacts of underlying emissions from the factories on the environment and has established draconian internal regulations on the energy consumption, sewage treatment and solid waste management.

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Wastewater

The wastewater from manufacturing business of the Group was comprised of industrial wastewater (spraying, air compressor operation etc.) and domestic wastewater from offices, canteens and dormitories. Domestic wastewater was discharged to the sewage pipe directly, while industrial wastewater was collected separately in special containers for further complicated treatment.



CASE STUDY

Two of the Group's three factories (中穎 (中山) 電子有限公司 & 中山市堅城電子有限公司) adopted sequencing batch reactors onsite, which is a type of activated sludge process for the treatment of wastewater through a series of biological methods, to enhance the efficiency of wastewater treatment. Only if the first-class criteria as specified in the Discharge Limits of Water Pollutants (DB 44 /26—2001) of Guangdong Province (廣東省地方標準《水污染物排放限值》) is met, will the factories be assured to discharge the treated wastewater.

In addition, the Group has also taken other effective measures to reduce, reuse and recycle the water within factories, as highlighted below in particular:



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Solid Wastes

Solid wastes from manufacturing factories of the Group consisted of general wastes and hazardous wastes, of which the management approach varied significantly. Specifically, the general solid wastes were constituted by:

1. *Offices*: paper, correction fluid, folders, staples, paper clips, adhesive tape, bottles, stamp pads, seals, pens, etc;
2. *Canteen and dormitory*: abandoned brooms, mops, cleaning tools, wire skin, industrial residues, waste plates, plastic bottles, seasoning bottles, food residues and leftovers;
3. *Industrial sites*: cutting pliers, blades, parts & accessories, network lines, filters, cloth (not stained with oil), and construction waste.

The Group has established the instruction of solid waste management approach for manufacturing factories that clarifies the scope of application and responsibility of relevant person in charge, to better handle both general solid waste and hazardous waste. Specifically, general solid wastes were normally weighed, recorded, and collected by local Housing and Construction Bureau. In terms of hazardous wastes, which included modulator tube, activated carbon, engine oil, ink, paint sludge, cloth, ink bucket, battery, and banana oil bucket, the Group implemented internal hazardous wastes management protocols step by step in a strict manner. For instance, hazardous wastes were collected and sealed in specific containers by specialists according to the Solid Waste Classification Table. The Administration Department checked all containers and held responsibility for contacting the certified company for the further transportation, management and recycling of hazardous waste.

Air & GHG Emissions

The Group is aware that a robust management and control of electricity, water, and paper products plays an important role in mitigating the overall GHG emissions and shifting the firm toward lower-emission production. By transitioning to a more energy-efficient and eco-friendly manufacturing practice, the Group endeavours to allay the climate-related risks and grasp opportunities to reduce its exposure to GHG emissions and therefore become less vulnerable to changes in cost of carbon in the near future.

CASE STUDY



A set of photoelectric oxidation and catalysis device was installed onsite to treat the organic exhaust gas generated from the manufacturing factories. Besides, activated carbon was used to absorb dust and certain airborne particles in gas emissions before discharge.



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To make sure that gas emissions from factories of the Group are perfectly in compliance with laws and regulations, the Group proactively collaborates with various external testing agencies to conduct the exhaust gas evaluation and monitoring. In September 2018, for example, the Group authorised a professional testing centre to measure the concentration of certain substances that could harm people's health, such as benzene, methylbenzene and VOCs (volatile organic compounds) in the exhaust gas from one of its factories. The results and corresponding standards such as (DB44/814-2010) are partly summarised in the table as below. With the robust internal control and strict monitoring system, the Group ensures that all exhaust gas has and will always meet the second-grade standard for the second-time frame of the Emission limits of air pollutants 《廣東省地方標準大氣污染物排放限值》 (DB44/27-2001), the standard emission limit in table 2 of the Emission standards for odour pollutants 《惡臭污染物排放標準》 (GB14554-1993), and the standard emission limit for the second-time frame of the Emission standard of volatile organic compounds for furniture manufacturing operations 《廣東省地方標準家具製造行業揮發性有機化合物排放標準》 (DB44/814-2010).

Table 2 Comparison between the observed value and emission limit of exhaust gas

Item Parameter	Benzene		Methylbenzene		VOCs (volatile organic compounds)	
	Concentration (mg/m ³)	Emission velocity (kg/h)	Concentration (mg/m ³)	Emission velocity (kg/h)	Concentration (mg/m ³)	Emission velocity (kg/h)
Sampling site of FQ-05228	ND	2.5×5 ⁻⁵	0.08	3.9×5 ⁻⁴	2.47	0.012
Emission Limit	1	0.4	20 (total with Dimethylbenzene)	1.0 (total with Dimethylbenzene)	30	2.9

ND= not detected, means the observed value is below the detection limit.

Noise

Noise is an inevitable emission from manufacturing factories, on which the Group has adopted a variety of approaches in the control. Two aspects of noise control have been given particular attention by the Group – noise detection around operating site and equipment replacement in factories. For instance, one of the subsidiaries of the Group invited Shenzhenshi Zhengyuan Test Company in 2018 to run tests on the industrial enterprise noise at boundary. According to the testing results, the sound pressure of noise at one meter away from the factory perimeter in the north, south, east and west test points at both day-time and night-time all met the emission standard for the second grade of Emission Standard for Industrial Enterprise Noise at Boundary(《工廠企業廠界環境噪聲排放標準》) (GB 12348-2008), which was 60 dB (A) during daytime and 50 dB (A) during night. When compared with the performance in FY2017, the noise has been further controlled to meet a stricter requirement in the regulation. Meanwhile, the Group is committed to technological innovation and keeps purchasing new equipment that is notably quieter, more environmentally friendly and more efficient compared with the outmoded machineries of which the noise pollution might reach a high decibel level.

In FY2018, the Group did not receive any substantiated complaints concerning noise from its nearby residents.

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A.2. Use of Resources

In FY2018, primary resources consumed by the Group were electricity, gasoline, diesel, water, paper, and packaging materials (by paper and plastic). To conserve the energy resources consumed every day, the Group released the instruction of energy resources control approach, which covers the scope of application, roles of departments, monitoring management, and conservation measures of electricity, water and other materials. Table 3 illustrates the amount of different resources used by the Group during the year under review.

Table 3 The Group's Total Use of Resources by Category in FY2018 and FY2017

Resource Category	Item	Unit	Amount In FY2018	Intensity* (Per Square metre) In FY2018	Amount In FY2017**	Intensity* (Per Square metre) In FY2017
Energy	Electricity	kWh in '000s	17,398	2.9	18,527	2.5
	Gasoline	L	31,143	5.2	37,484	5.0
	Diesel	L	22,926	3.8	56,809	7.6
Water	Water	Tonnes	125,735	20.9	141,327	18.8
Paper	Paper	Kg	14,000	2.3	–	–
Packaging Materials	By Paper	Tonnes	270	0.04	580	0.08
	By Plastic	Tonnes	1,067	0.18	1,183***	0.16

* Intensity was calculated by dividing the amount of energy, water and packaging materials by the area for operation of the Group, which is 6,014 m² including 1,352 m² office space and 4,662 m² factory space. In FY2017, the area for operation of the Group was 7,514 m² in total;

** To comply with the reporting principle of 'Consistency' as stated in 'Environmental, Social and Governance Reporting Guide' released by HKEx, the data in FY2017 has been rectified in accordance with the methodology of calculation and business scope adopted in FY2018, which may lead to slight changes of resource consumption in some places;

*** The amount of plastic packaging materials in FY2017 in this report has been rectified hugely as the data of the second half of FY2017 was gathered in February 2018 and recalculated then instead of an estimation of annual consumption based on the data of the first half of FY2017 as presented in the ESG report last year.

Electricity

Office operation and manufacturing processes highly rely on the consumption of electricity. In FY2018, the total electricity consumption of the Group amounted to 17,397,613 kWh, with 17,234,088 kWh consumed in factories and 163,525 kWh in Hong Kong office. Due to the shutdown of one factory, a 6.1% decrease in the consumption of electricity was witnessed.

Environmental, Social and Governance Report

All business units of the Group have stringently complied with relevant regulations and the Group's policies of electricity conservation. To greatly mitigate the consumption of electricity so as to diminish its GHG emissions, the Group has embedded the concept of 'Saving Electricity' into its business strategy and particularly implemented the following practices:

- Turn off all lights, electronics and other power consumption equipment at the end of the day;
- Switch off all idle lights and air conditioners (e.g. most electrical equipment will be turned off during lunch time);
- Place 'Save electricity and turn off the light when you leave please' posters to encourage workers and employees to conserve energy;
- Clean and maintain the electrical equipment in offices and factories (such as air conditioner and paper shredder) regularly to maintain their high efficiency;
- Purchase electric machines with recommended green specifications or rated high with China Energy Labels;
- Adjust the set temperature of air conditioners in the office based on the season;
- Replace lamps that consume large amounts of electricity with more efficient LED bulbs for office lighting;
- Encourage all employees to open curtains and utilise the natural sunlight for lighting in the office when possible;
- Make good selection of the transformer capacity and motors;
- Arrange the operation of machines efficiently and repair malfunctioned ones immediately; and
- Optimise the entire operating process by eliminating any unsustainable practice;

Other energy resources

Gasoline and diesel are two major energy resources the Group consumed for transportation purpose during the year under review. Controlling the consumption of these two types of fossil fuels is essential to the Group as the burning of both resources could exert significantly negative influence on the environment and is believed to be the culprit of accelerating climate change. In FY2018, the amount of gasoline and diesel consumed by the Group dropped considerably, standing at 31,143 L and 22,926 L, respectively. Notably, the Group has optimised its manufacturing process in factories and did not consume any diesel in its production in FY2018, the amount of which in FY2017, however, was 24,312 L for industrial operations. The Group was dedicated to lowering the use of fossil fuel and investing hugely in research and development on more eco-friendly technologies. In FY2018, for instance, the Group kept purchasing energy-efficient vehicles for transportation and operation, meliorating the machineries to perform better in protecting the environment, and initiating competitive mechanisms to incentivise factories to pursue a 'low carbon and low consumption' working environment and operation process. In addition, the Group encouraged its employees to take public transports instead of driving to work, and to adopt the electronic device for online conference to avoid unnecessary travelling as well.

Environmental, Social and Governance Report

Water

Water, to the Group, is a vital resource for its manufacturing process. In FY2018, the Group did not face any serious water sourcing problems and the consumption of water by the Group was 125,735 tonnes, which was approximately 11% less as compared to the total water consumed in FY2017. Water management is always regarded as a significant topic to the Group, which has not only formulated water conservation targets and metrics on the level of corporate strategy, but also realised the significant role employees' daily practice plays in water conservation. To further improve the utilisation efficiency of water resources, the Group has adopted the following practices:

- Adopt low-flow faucets or showers in the office and dormitory;
- Fix the broken faucets or taps by plumbers immediately once the leakage failure is discovered;
- Recycle domestic water in the daily practice whenever possible;
- Set a utilisation limit of water for every employee and charge them for extra water bill as a trial project in certain factories;
- Put "Saving Precious Water Resources" posters in prominent places;
- Advocate the virtue of preserving water and instil the concept of "Compliance with laws and regulations, Energy saving, Full participation and Continuous improvement" among employees; and
- Conduct leakage tests and regular maintenance on the water supply system;

Paper

One of the principle natural resources consumed by the Group was paper for administrative work. To minimise the use of paper and paper products, the Group adhered to its internal instruction of administrative paper use regulation during the year under review and put great efforts into the implementation of following policies:

- Choose suppliers with more environmentally-friendly paper source, so as to reduce the amount of tree losses while consuming the same amount of paper indirectly;
- Promote the concept of paperless office, and disseminate information by electronic means (i.e. via email or e-bulletin boards) as much as possible;
- Set duplex printing as the default mode for most network printers when printouts are needed;
- Spread the idea of "Think before print" by using posters and stickers in offices to remind the staff of avoiding unnecessary printings;
- Reconsider boxes and trays as containers beside photocopiers to collect single-sided paper for reuse;
- Use the back of old single-sided documents for printing or draft paper; and
- Recycle as much used stationery as possible.

Environmental, Social and Governance Report

Packaging material

The main packaging materials used by the Group were cartons boxes and plastics in varying sizes. In FY2018, a total of 270 tonnes of paper packaging materials and 1,067 tonnes of plastic packaging materials were consumed. The Group approximately halved the amount of paper packaging materials in FY2018 as compared to that in FY2017 since one of the factories was closed. As for plastic packaging materials, there was around 10% reduction of the consumption being recorded in FY2018. To raise the utilisation efficiency of packaging materials, the Group adopted effective measures at different stages from procurement to sales during the year under review. For example, a made-to-order basis was adopted for the packaging process, which could drastically control the amount of consumed packaging materials, thereby to large degree avoiding unnecessary waste of materials. What is more, the Group put great emphasis on the recycling of packages for internal transportation. At the phase of delivery, for instance, plastic containers were collected by the Group and transported to central recycling station for recycling.

A.3. The Environment and Natural Resources

The Group sticks to “safety, harmony and green development” (“安全、和諧、綠色發展”) and insists on strengthening unremitting efforts to create an innovative, resource-saving and environmentally-friendly corporation that pioneers in the industry of Industrial Goods.

Notwithstanding the solid progress the Group has achieved, it has never stopped its footsteps in exploring the subtle relationship between its business strategy and environmental sustainability given the imminent climate-related risks ahead of the entire human being. As a leading enterprise in the industry whose principal activities comprise the manufacture and sale of industrial goods, there is no denying that a reliable and stable supply of natural resources is crucial to the Group’s long-term success. Apart from the essential raw materials, the Group has allocated vast amounts of funds and capitals to the transitioning towards ‘Clean’ production, which is mainly dependent on the electricity and other renewable alternatives. At the same time, the Group has ramped up the degree of operation monitoring to minimise its negative environmental impact. As such, the Group values the education and advocacy of low-carbon operation and lifestyle, and motivates every employee to seek corporate sustainable development collectively. For example, employees are tremendously encouraged to take public transport instead of private cars in order to lower their individual carbon footprint and to embed the concept of ‘Green Travel’ into their minds.

Environmental, Social and Governance Report

To align with the international standard in preserving energy resources and elevate the long-term sustainability objectives to a globally recognisable level, a series of efficacious, adaptable and globally compatible policies are considered the fundamental asset to keep the enterprise go with the tide of world development by the Group. Since the Sustainable Development Goals (SDGs) came into force on 1 January 2016 and laid out a roadmap to tackle 17 vital sustainability issues around the world, the Group has fully assessed its resilience of enterprise's strategy and financial planning to address forthcoming risks based on the establishment of climate-related scenarios and gap analysis. Albeit at a preliminary stage, the Group commits to incorporate certain SDGs that are believed material to the Group's business planning into its policies and decision-making process within next few years and most importantly, establish suitable metrics and targets by referring to SDG Compass to manage and track the progress of corporate sustainable development.



VI. SOCIAL SUSTAINABILITY

The Group has established an integrated philosophy of 'People-oriented Management and Innovation' since its inception. The Group believes that a humanitarian approach in corporate management and the creation of shared value for all are vital to articulating corporate vision of sustainable development from the board to various business units. Moreover, the Group has always been assuming its social responsibilities to make positive contributions to both the industry and community.

EMPLOYMENT AND LABOUR PRACTICES

B.1. Employment

The Group embraces the concept of "To let everybody fully display his/her talents and make the best use of everything" ("人盡其才、物盡其用") and strives to provide its employees with a safe and suitable platform for gaining professional knowledge and developing their vocational career.

Environmental, Social and Governance Report

Law compliance

The Group's human resources policies strictly abide by the applicable employment laws and regulations in Hong Kong and the PRC, including but not limited to the *Employment Ordinance (Cap. 57 of the Laws of Hong Kong)*, the *Labour Law of the People's Republic of China* 《中華人民共和國勞動法》, and the *Labour Contract Law of the People's Republic of China* 《中華人民共和國勞動合同法》. The Department of Human Resources of the Group is the unit that holds responsibility for the reviewing and updating of relevant corporate policies on a regular basis in accordance with the latest laws and regulations.

Recruitment and promotion

The Group has adopted a set of transparent and clear internal procedures to conduct its annual recruitment plan, such as 'Personnel Recruitment Plan'. To attract high-calibre candidates, the Group offers fair, competitive remuneration and benefits based on the individuals' past performance, personal attributes, job experiences and career aspirations. The Group also references market benchmarks and has formulated 'Compensation Management Regulation' in determining its remuneration and benefit policies. As talent retention is vital to the sustainable business development, the Group constantly reviews its compensation packages and performs probationary and regular evaluations on the employee's capability and performance in the past. This ensures that all employees can be recognised by the Group appropriately with respect to their efforts and contributions.

Compensation and dismissal

Any appointment, promotion or termination of employment contract would be based on reasonable, lawful grounds and internal policies, such as 'Staff Handbook'. The Group strictly prohibits any kind of unfair or unreasonable dismissals.

Working hours and rest periods

The Group has formulated its policy based on local employment laws including the Regulations on Working Hours of Employees 《國務院關於職工工作時間的規定》 to determine working hours and rest periods for employees. The Group compensates those working overtime with extra pay or additional days off. On top of basic paid annual leave and statutory holidays, employees are also entitled to additional leave benefits such as marriage leave, maternity leave, compassionate leave, etc.

Equal opportunity and anti-discrimination

As an equal opportunity employer, the Group is committed to creating a fair, respectful and diverse working environment by promoting anti-discrimination and equal opportunity in all its human resources and employment decisions. Training and promotion opportunities, dismissals and retirement policies are all irrespective of the employees' age, sex, marital status, pregnancy, family status, disability, race, colour, descent, national or ethnic origins, nationality, religion or any other discriminative elements. Meanwhile, the Group firmly stems the torrent of any workplace discrimination, harassment or vilification in accordance with local ordinances and regulations. Employees are encouraged to report any incidents involving discrimination to the Department of Human Resources of the Group through their preferred channels. Once the reported incident is substantiated, the Group will take any necessary disciplinary actions immediately.

Environmental, Social and Governance Report

Other benefits and welfare

The Group cares about the wellbeing of its employees, especially their physical and mental health. Apart from the employment injury insurance for employees, travelling packages, team excursions and various parties are arranged for its employees. The Group believes that employees are the practitioners and trailblazers of the fulfilment of corporate values. In FY2018, the Group held a number of activities for employees, including but not limited to monthly birthday parties, group hiking activities, and annual dinner party.



During the year under review, the Group was in compliance with relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits that have a significant impact on the Group.

B.2. Health and Safety

To provide and maintain good working conditions, the Group's safety and health policies adhere to relevant laws and regulations in Hong Kong and the PRC, including *the occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong)*, *the Production Safety Law of the People's Republic of China 《中華人民共和國安全生產法》*, *the law of the People's Republic of China on Prevention and Control of Occupational Diseases 《中華人民共和國職業病防治法》*, *the Regulation on Work-Related Injury Insurance 《工傷保險條例》*, and *the Report on Production Safety Accident and Regulations of Investigation and Treatment 《生產安全事故報告和調查處理條例》*.

Environmental, Social and Governance Report

To minimise the risk of accidents and enhance the employees' health and safety awareness, the Group has arranged numbers of trainings for its employees, including the Proper Handling of Hazardous Materials, Occupational Health and Safety, Emergency Management, 5S training (a workplace organization method that uses a list of five Japanese words: seiri, seiton, seisō, seiketsu, and shitsuke), and ISO9001 (Quality Management). The Group also offers free physical examination for all employees every year, especially special medical examinations for workers engaged in hazardous occupations in industrial undertakings. What is more, the Group ensures occupational health and safety of employees by conducting the following practice:



Emergency response drills

Safety inspections and audit



Cleaning of air-conditioning systems

Disinfection of carpets (at least once a month)



Prohibition of smoking and drinking liquor in workplace

Education through slogans and warning posters



Provision of suitable Personal Protective Equipment ("PPE", such as helmets, safety ropes, gloves, etc.) to workers

During the year under review, the Group was not in violation of any of the relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards that have a significant impact on the Group.

Environmental, Social and Governance Report

B.3. Development and Training

The Group has followed its internal policies for development and training, and provided customised training packages to new hires and experienced workers. Specifically, new hires are required to have trainings covering the topics of History of Company, Corporate Governance Structure, Corporate Culture, Business Processes, and Management System. As for experienced employees, profession-oriented courses are offered according to the corporate demands and employees' expectations. It is worth mentioning that Environment, Health and Safety (EHS) has been the top priority issue of the Group. To protect employees from occupational hazards and prevent adverse health risks within the factories, the Group has established a series of policies according to the ISO14000 (Environmental Management) and OHSAS18000 (Occupational Health and Safety Management), such as the 'Regulation of Occupational Health and Safety', 'Regulation of Industrial Accident', 'Emergency Response Plan and Emergency Rescue System', and 'Fire Drill'.

The Group also encourages and supports outstanding employees to attend external trainings and take professional qualification examinations to enhance their competitiveness. Meanwhile, external experts and professionals are regularly invited to give relevant trainings to employees, which is believed to be beneficial to employees' career paths. Employees who take the professional qualification examinations and obtain vocational qualification certificates could receive a reimbursement from the Group.



K & P International Holdings Limited

TRAINING ACTIVITIES

Training is the key to development

Environmental, Social and Governance Report

B.4. Labour Standards

The Group abides by *the Employment Ordinance (Cap. 57 of the Laws of Hong Kong)*, *the Labour Law of the People's Republic of China* 《中華人民共和國勞動法》 and other related labour laws and regulations in Hong Kong and the PRC to prohibit any child and forced labour employment. To combat against illegal employment on child labour, underage workers and forced labour, the Group's staff from Department of Human Resources requires all job applicants to provide valid identity documents to ensure that they are lawfully employable prior to confirmation of any employment. The Department of Human Resources is responsible for monitoring the practice of recruitment and employment practice, and ensuring the compliance of corporate policies and practice with latest laws that prohibit child and forced labour. Once the Group found any case against labour standards, the employment would be immediately terminated.

In FY2018, the Group was not in violation of any relevant laws and regulations in relation to the prevention of child and forced labour that have a significant impact on the Group.

OPERATING PRACTICES

B.5. Supply Chain Management

As a socially responsible enterprise, it is crucial for the Group to maintain and manage a sustainable and reliable supply chain that brings positive impact to the environment and society. As such, the Group keeps monitoring the quality of its suppliers according to internal policies that will be introduced below and managing their supply chain practice on a continuous basis.

The main raw materials used by the Group are plastics, electronic optical devices, hardware, and packaging materials. To make sure that all raw materials meet the quality requirement of the Group and suppliers are competent to carry out the supply work, the Group has established strict and clear internal regulations for procurement and the selection of suppliers in accordance with ISO9001. For instance, the Group necessitates its suppliers to hold legal business license and provide high-quality materials with an environmentally-friendly production process according to the 'Selection and Evaluation of Suppliers Control Procedures'. Furthermore, to avoid the shambolic management that might arise in the course of procurement, such internal control procedures has clarified the responsibilities of different business departments and defined the working process in supplier selection from certification investigation of suppliers to qualified suppliers verification. Specifically, it is the duty of the Department of Quality Control to collect relevant information of potential suppliers and examine their performance regularly. The Department of Engineering, on the contrary, is responsible for the evaluation on the technical capability of suppliers, whereas the final confirmation and file management should be the work of the Department of Procurement.

To maintain a reliable and stable supply chain, the Department of Procurement keeps a close relationship with suppliers and reserve products in advance where appropriate for any emergency. The Group has formulated the internal policy on supplier management that divides suppliers into groups according to various factors so as to implement a differentiated management strategy for the suppliers. Given the solid and steady relationships it has with suppliers, the Group has not experienced any material delays, conflict or other significant issues with its suppliers in the past years. The Group believes that a mutual understanding and sense of responsibility towards each other is essential to maintaining a sustainable and sound relationship with selected suppliers.

Environmental, Social and Governance Report

B.6. Product Responsibility

With respect to the Group's health and safety, advertising, labelling and privacy matters of its products and services, the Group is in compliance with the relevant rules, regulations and standards in the PRC and Hong Kong, including but not limited to the:

- *Product Quality Law of the People's Republic of China*
《中華人民共和國產品質量法》;
- *Patent Law of the People's Republic of China*
《中華人民共和國專利法》;
- *Law on Protection of Consumer Rights and Interests of the People's Republic of China*
《中華人民共和國消費者權益保護法》;
- *Production Safety Law of the People's Republic of China*
《中華人民共和國安全生產法》.

Product responsibility has always been a major concern for the Group as being reflected in the materiality assessment. To make high quality products and deliver top-notch services that satisfy customers' needs from diverse perspectives, the corporate philosophy was incubated naturally from the Group's business growth and has cascaded through all levels of the enterprise. To promote a strict compliance with local and global rules and regulations such as the Registration, Evaluation, Authorisation, and Restriction of Chemicals (REACH) (a European Union regulation dating from 18 December 2006 that addresses the production and use of chemical substances, and their potential impacts on both human health and the environment), and Restriction of Hazardous Substances (RoHS) in order to obtain the CE marking (a certification mark that indicates conformity with health, safety, and environmental protection standards for products sold within the European Economic Area (EEA)), the Group has established the 'Internal Audit Control Procedures' that is used as a guide to monitor, investigate and manage the products.



In addition, the Group has established standard procedures for handling product enquires and customer's complaints according to ISO9001 management practices. Specifically, once any complaint is substantiated by the Department of Quality Control, a response mechanism would be initiated in time and the Group will give the clients a convincing and satisfied response within at most six days. Through the complaint-resolving process and review on internal corrective action, the Group could incessantly strengthen its product offerings, service quality, and consequently remain competitive in the market.

Environmental, Social and Governance Report

As for the recall issues, the Group has implemented its internal policies including the 'Control Procedure of Nonconforming Products' (不合格產品控制程序) and 'Control Procedure of Returned Products' (退回產品控制程序). Once the Group receives returned products, a detailed inspection would be conducted immediately, and the Group will take full responsibility and recall the unqualified products if the case is confirmed.

To prevent any untrue or exaggerated advertisement that violates the Advertising Law of the People's Republic of China 《中華人民共和國廣告法》, the Group has internal guidelines and person in charge to monitor its marketing materials and product labelling. Any exaggeration of offerings in the marketing materials is strictly prohibited. If there is any non-compliance with the Group's internal guideline which is regularly updated with the latest regulations released by the government, the Group would carry out corrective action immediately.

According to the *Law on Protection of Consumer Rights and Interests of the People's Republic of China* (《中華人民共和國消費者權益保護法》) and the *Personal Data (Privacy) Ordinance* (Cap. 486 of the Laws of Hong Kong), the Group commits to protect its customers' rights. The Group prohibits any provision of customer information to a third party without the authorisation of the customer. All collected personal data of customers during the course of business are treated as confidential and accessible by designated personnel only.

In FY2018, the Group was not in violation of any relevant laws and regulations regarding health and safety, advertising, labelling and privacy matters of its products that may have a significant impact on the Group.

B.7. Anti-corruption

To maintain a fair, ethical and efficient working environment, the Group strictly abides by the *Anti-corruption law of the people's Republic of China* 《中華人民共和國反腐敗法》, the *Law of the People's Republic of China on Anti-money Laundering* 《中華人民共和國反洗錢法》, the *Anti-Money Laundering and Counter-Terrorist Financing Ordinance* (Cap. 615 of the Laws of Hong Kong), and the *Prevention of Bribery Ordinance* 《Cap. 201 of the Laws of Hong Kong》.

The Group has formulated and strictly enforced its anti-corruption policies as stipulated in its Staff Handbook to manage any fraudulent practices. The Group prohibits all forms of bribery and corruption, and requires all employees to stick to the codes of professional ethics. All employees are expected to discharge their duties with integrity, to act fairly and professionally, and to abstain from engaging in bribery activities or any activities which might exploit their positions against the Group's interests. During the year under review, no concluded legal cases regarding corrupt practices were brought against the Group or its employees.

Whistle-blowers can report verbally or in writing to the Audit Committee of the Group or the Department of Human Resources for any suspected misconduct with full details and supporting evidence. Where criminality is suspected, a report will be made promptly to relevant regulators or law enforcement authorities when the management considers it necessary.

During the year under review, the Group was not in violation of any relevant laws and regulations in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group.

Environmental, Social and Governance Report

COMMUNITY

B.8. Community Investment

As a corporate citizen, the Group attaches great importance to creating shared value for all employees and communities where the Group operates, and always prioritises the interests of the communities, especially the caring for the people in need, as one of its social responsibilities. During recent years, for instance, the Group organised a donation in accordance with the traditional virtue of 'When disaster struck, help came from all sides' within the company, in which a number of employees from various departments actively participated to show their mercy and sympathy for a patient. A total of 12,853 CNY coming from all departments in the subsidiary including administrative, quality, CNC, packaging and other business units was collected and donated. What is more, the Group held multiple voluntary activities in the company providing public service to those in need.



The Group believes that the development of communities is an indispensable part of the prosperity of an enterprise. To better fulfil its social responsibilities, the Group commits to relentlessly make constant contributions to education, environmental protection and reconstruction of the disaster-affected area, and steadfastly support the healthy growth of communities.

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VII. REPORT DISCLOSURE INDEX

Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
A. Environmental				
A1: Emissions	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 air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 305: Emissions, and GRI 306: Effluents and Waste) GRI 305: Emissions: Management approach disclosures guidance GRI 307: Environmental Compliance: Disclosure 307-1	9
	KPI A1.1	The types of emissions and respective emission data.	GRI 305: Emissions: Disclosures 305-1, 305-2, 305-3, 305-6, and 305-7	10
	KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 305: Emissions: Disclosures 305-1, 305-2, 305-3, 305-4	10
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 306: Effluents and Waste: Disclosure 306-2 (a)	10
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 306: Effluents and Waste: Disclosure 306-2 (b)	10
	KPI A1.5	Description of measures to mitigate emissions and results achieved.	GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 305: Emissions) GRI 305: Emissions: Clause 1.2 and Disclosure 305-5	11

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Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 306: Effluents and Waste: Disclosures 306-2 and 306-4)	12-14
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 301: Materials, GRI 302: Energy, and GRI 303: Water)	15
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	GRI 302: Energy: Disclosures 302-1 and 302-3	15
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Not covered by the GRI Standards	16
	KPI A2.3	Description of energy use efficiency initiatives and results achieved.	GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 302: Energy: Disclosures 302-4 and 302-5)	16
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 303: Water: Disclosure 303-3)	17

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Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	GRI 301: Materials: Disclosure 301-1	18
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 301: Materials, GRI 302: Energy, GRI 303: Water, GRI 304: Biodiversity, GRI 305: Emissions, and GRI 306: Effluents and Waste).	18-19
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	GRI 103: Management Approach: Disclosures 103-1 and 103-2 (used together with GRI 301: Materials, GRI 302: Energy, GRI 303: Water, GRI 304: Biodiversity, GRI 305: Emissions, and GRI 306: Effluents and Waste) GRI 303: Water: Disclosure 303-2 GRI 304: Biodiversity: Disclosure 304-2 GRI 306: Effluents and Waste: Disclosures 306-3 (c) and 306-5	18-19

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Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
B. Social				
Employment and Labour Practices				
B1: Employment	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, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 202: Market Presence, GRI 401: Employment, GRI 405: Diversity and Equal Opportunity, GRI 406: Non-discrimination) GRI 419: Socioeconomic Compliance: Disclosure 419-1	19-21
B2: Health and Safety	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.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 403: Occupational Health and Safety) GRI 419: Socioeconomic Compliance: Disclosure 419-1	21-22
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 404: Training and Education) GRI 404: Training and Education: Disclosure 404-2 (a)	23
B4: Labour Standards	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 and forced labour.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 408: Child Labor and GRI 409: Forced or Compulsory Labor) GRI 419: Socioeconomic Compliance: Disclosure 419-1	24

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Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
Operating Practices				
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 308: Supplier Environmental Assessment and GRI 414: Supplier Social Assessment)	24
B6: Product Responsibility	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 relating to products and services provided and methods of redress.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 416: Customer Health and Safety, GRI 417: Marketing and Labeling, and GRI 418: Customer Privacy) GRI 416: Customer Health and Safety: Disclosure 416-2 GRI 417: Marketing and Labeling: Disclosures 417-2 and 417-3 GRI 418: Customer Privacy: Disclosure 418-1 GRI 419: Socioeconomic Compliance: Disclosure 419-1	25
B7: Anti-corruption	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 bribery, extortion, fraud and money laundering.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 205: Anti-corruption) GRI 205 Anti-corruption: Disclosure 205-3 GRI 419: Socioeconomic Compliance: Disclosure 419-1	26

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Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
Community				
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 413: Local Communities)	27

* The linkage between the GRI standards and disclosures that relate to each aspect in HKEX ESG Reporting Guide refers to the summary table from the 'Linking the GRI Standards and HKEX ESG Reporting Guide'.



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