



嘉利國際控股有限公司  
**Karrie International Holdings Limited**

(Incorporated in Bermuda with limited liability)

stock code : 1050



**2018/19**   
Sustainability Report

**Profits Preservation and Transformation  
Establishment Centuries of Legacy**



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# (I) ABOUT THE SUSTAINABILITY REPORT AND REPORTING STANDARDS





## (I) ABOUT THE SUSTAINABILITY REPORT AND REPORTING STANDARDS

The sustainability report is a disclosure document highly regarded by enterprises. It is also an important means of Karrie International Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) to enhance the transparency of non-financial disclosure information. Embracing our motto “KARRIE ON PERPETUAL MOTION, BENEFITS SERVED TO THE PUBLIC”, the Group has been active in the implementation of measures and undertakings of giving back to the society and protecting the environment. It is of paramount importance to have effective communication and understanding between the Group and its stakeholders, including shareholders, partners, employees, suppliers, regulators and the public in coming up with benchmarks and regarding key issues. Hence, we have engaged both internal and external stakeholders, and have commissioned an independent third party to review and verify the accuracy of the content and information set out in the report. This report has been independently verified by the Allied Sustainability and Environmental Consultants Group Limited (ASECG), with the scope and basis of the verification set out in the section headed “Verification Statement” of this report.

Since its listing in 1996, the Group started to prepare the content of the sustainability report which has been incorporated into annual reports as a separate section in the 2008/2009 annual report. When preparing the report for the year, we have been in compliance with the Core Option set forth in GRI Sustainability Reporting Guidelines (GRI Guidelines) issued by the Global Reporting Initiative (GRI) and the Environmental, Social and Governance Reporting Guide (“ESG Reporting Guide”) of The Stock Exchange of Hong Kong Limited (“Stock Exchange”). The information and data set out in this report have been verified by the Hong Kong Quality Assurance Agency as a third party in accordance to the requirements in the Core Option of the GRI Sustainability Reporting Guidelines and the reporting options of GRI. The Group is expected to prepare sustainability report annually. Some information has been incorporated into the Group’s annual report, for more detailed information, please visit our official website at [www.karrie.com](http://www.karrie.com).

### SCOPE OF REPORTING

The Report is the second sustainability report of the Group prepared in accordance with Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The report covers the works and performance of the sustainability development during the 2018/2019 financial year (i.e. from 1 April 2018 to 31 March 2019). There are no significant changes in the scope of this report as compared with that set out in the sustainability report in the 2017/2018 Annual Report. For detailed information related to our governance and financial performance, please refer to the annual report for the year 2018/2019 or that of prior years of the Company ([www.karrie.com](http://www.karrie.com)).

### ABOUT KARRIE

Karrie Group is a limited liability company incorporated in Bermuda, and has been listed on the main board of The Stock Exchange of Hong Kong Limited since 1996. During the year ended 31 March 2019, the Group has employed approximately 3,360<sup>1</sup> employees in average for the Period.

<sup>1</sup> The number of employees during the reporting period only includes full-time employees of Metal and Plastic Business and Electronic Manufacturing Services Business.

## (I) ABOUT THE SUSTAINABILITY REPORT AND REPORTING STANDARDS (CONTINUED)

The Group is principally engaged in the following business<sup>2</sup>:



<sup>2</sup> All the above only show the operating companies and subsidiaries which are important for the operations of the Group. For more details, please refer to the section "Subsidiaries" in the notes to the Financial Statement in Annual Report.

## (I) ABOUT THE SUSTAINABILITY REPORT AND REPORTING STANDARDS (CONTINUED)

### REPORTING AREA<sup>3</sup>

This report covers all the operations of the Group, and all information and cases set out in this report are derived from the continuing operations and the discontinued operations of the Group.

#### CONTACT US

Should you have any suggestions or opinions on our sustainability development, please contact us by email or by post:

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or visit the website of the Group:

[www.karrie.com](http://www.karrie.com)

<sup>3</sup> The scope of this report does not include overseas representative offices, except for the number of Employees. As the relevant corporate social responsibility indicators for the Real Estate Business in 2017/18 are not officially recorded or included.

## (II) CHAIRMAN'S MESSAGE



## (II) CHAIRMAN'S MESSAGE

I am delighted to present our 2018/19 Sustainability Report encompassing the Group's sustainability situation for this period. The report should be reviewed alongside the Group's 2018/2019 Annual Report, especially the two sections on Management Discussion & Analysis and Corporate Governance. Unless otherwise specified, the period covered in the report coincides with that of our Annual Report and the content areas are similar to last year. This report is not meant to showcase the Group's sustainability performance. Rather, the purpose is to share our determined, concerted efforts in advancing sustainability as a core value of the Group.

During this year, the report is prepared in compliance with the Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide") of the Stock Exchange and by making reference to the GRI Sustainability Reporting Guidelines (GRI Guidelines) issued by the Global Reporting Initiative (GRI), demonstrating the sustainability development projects of the Company in an organized manner. This year, a third-party auditing company has been engaged to embark on carbon emission audit of our offices and plants in Hong Kong and the PRC, allowing us to have a deeper understanding of energy consumption in daily operations and to develop various policies of energy saving and emissions reduction.

Environmental and corporate sustainability are much more than a slogan or one-off corporate initiative. Amid the constantly evolving and challenging business environment, the Group needs a persistent, coherent and continuing policy for integration with our management model, strategic plans and the key values of "nothing is impossible" and "creating our own opportunities and moving along with the trends" from our corporate culture, in order to achieve the Group's long-term development mission.

The Group practises pragmatism, promotes automated manufacturing and provides a quality workplace with youth-friendly measures to draw talents in building our manpower pool systematically. Talent sustainability is the lifeline of industry that makes its sustainable development possible. Further, the Group adopts a zero-tolerance attitude to occupational accidents. Striving to curb industrial mishaps, we continue to strengthen our prevention and protection facilities, step up prevention awareness and improve our safety management system to make employee health a top priority. The Group also embraces the idea of clean manufacturing, taking steps to administer environmental measures above statutory requirements along with different green initiatives (such as residual heat usage), reduce our environmental impact and cut greenhouse gas emissions. The initiatives we take to bolster sustainable development have led to greater cost savings and they complement each other. Not least, good corporate governance is considered a prerequisite for sustainability. In this respect, the Group highly values the compliance to all relevant laws and regulations, embraces a diversity culture, strengthens transparency and promotes equal opportunities to foster harmony and tolerance within the organization.

Sustainability must be "undertaken with heartfelt dedication in all details", not with superficial efforts or the intention of emulating others. For this reason, the Group is firmly committed to its execution as only then could we gain society's endorsement. As we fulfil our corporate social responsibilities, the Group is also able to augment its core competitiveness and offer diverse yet balanced value contributions to various stakeholders. Sustainability is a long-term pursuit and I look forward to seeing gradual improvements made year after year and tangible results gained in our march towards centuries of legacy.



**Mr. Ho Cheuk Fai** *Chairman & CEO*



# (III) ECONOMIC EFFECTIVENESS AND MARKET STATUS

For detailed information regarding economic effectiveness, please refer to the annual report for the year 2018/19 or that of prior years of the Company.



## (IV) PARTICIPATION OF STAKEHOLDERS

### GROUPS OF STAKEHOLDERS AND COMMUNICATION

In addition to management's support and sufficient resources, communications with stakeholders (including both general and regional) is also crucial for the implementation of corporate social responsibilities. Annually, the Group holds a tea reception for investors, shareholders meeting and interim results reporting session at least once. Each month, we also line up workshops or participate in CSR-related activities, while teaming up regularly with the government, non-government organisations (NGOs) and suppliers to conduct visits. The various channels set out below can be adopted by different stakeholders to communicate with the Group, so that the Group can better understand the demands, opinions and needs (whether positive or constructive) of each stakeholder.



## (IV) PARTICIPATION OF STAKEHOLDERS (CONTINUED)

### GENERAL COMMUNICATION CHANNELS



## (V) MATERIALITY ASSESSMENT

The assessment of significant issues can facilitate the Group to understand the issues and their significance concerning the internal and external stakeholders. If there are no significant changes in our business or external environmental factors for the Group, we will conduct an assessment every two years. We have invited customers, shareholders, investors, suppliers, management and internal staff to conduct a questionnaire survey in 2016/2017.

The related survey sets 32 issues covering the economy, environment and society. Stakeholders were invited to rank the importance of significant issues on a score of 1 to 4 and their responses were returned to the Group for analysis. In this exercise, a total of 59 questionnaires were sent out and 46 returned with the response rate of approximately 78%. The analysis on the questionnaires has assisted the Group in defining the major focus of this report. During this year, a total of 62 questionnaires were sent out and 34 returned. Internal and external stakeholders hoped the topmost 11 issues to be covered in the Group's future sustainability reports would include, by order of importance, occupational health and safety, economic performance, communication with staff, sewage and waste, staff training and development, customers' privacy, employment, anti-corruption, diversity and equal opportunities, water as well as socioeconomic compliance.

Based on the overall views from internal and external stakeholders in the 2016/17 Materiality Assessment, we have identified the significant issues for the Group (the top 40%, 11 issues in total). Focusing on these issues, the Group will ensure that relevant policies are properly implemented, and the corresponding approaches are discussed with the management and the relevant departments.

### THE LIST OF SIGNIFICANT ISSUES<sup>4</sup>

Category	Issue	Relevant regulating document and corresponding action
<b>Social</b>	Integrity management	Regularly issued documents regarding integrity management, including the "Ethical Disciplinary Requirements" and a letter of "Peers' Belief", to internal employees and external business partners.
<b>Product responsibility</b>	Customer satisfaction and responsibility	Launched and executed international certification standard quality management system (ISO 9001).
	Confidentiality of customers' data	Formulated the "Ethical Disciplinary Requirements" and the "Procedures on Personal Data Privacy Protection" for employees to follow.

<sup>4</sup> No evaluation of significant issues was carried out this year and the above significant issues were not exposed to major impact.

**(V) MATERIALITY ASSESSMENT (CONTINUED)**

Category	Issue	Relevant regulating document and corresponding action
<b>Workplace practices</b>	Occupational health and safety	The Group has adopted the Responsible Business Alliance (RBA) code of conduct, the scope of which covers occupational health and safety, and has formulated the “Occupational Health and Safety Management Manual” and “Work Injury Handling Procedures”.
	Employment relationship	The Group is dedicated to provide fair and competitive remuneration package, which includes basic salaries, incentives (year-end bonuses) and other benefits such as medical benefits (Hong Kong employees are entitled to medical insurance while PRC employees could join cooperative medical plans), and various paid leaves (such as annual leave, maternity leave/ paternity leave, sick-leave, bereavement leave, marriage leave), and Hong Kong employees are further entitled to volunteer leave and birthday leave, celebrative gratuities, and training subsidies.
	Communications with employees	<ul style="list-style-type: none"> <li>— The Group collects feedbacks and requirements from different departments regarding administration, human resources and training issues annually, and develops annual plan for each year.</li> <li>— Suggestion boxes are placed in the headquarter and the PRC factories to allow our staff to voice out their opinions anytime.</li> <li>— Staff Care Action Group is established to increase the satisfaction of our staff by providing various channels for effective communication, complaint and feedback as well as actively listening to the voices of our staff and solving the work and life issues which mostly concern our staff.</li> </ul>



## (V) MATERIALITY ASSESSMENT (CONTINUED)

Category	Issue	Relevant regulating document and corresponding action
<b>Economic and general affairs</b>	Market position	By leveraging on the strengths of our experienced management team, highly automated production, stable customer base and worldwide service support centers, the Group becomes the leading company in the international server casing manufacturing market, and is highly recognized and praised by different sectors.
	Economic performance	The Group remained profitable and has been distributing dividends, and apart from the listing and initial public offering in 1996 and the rights issue in 2007, the Company did not raise any funds from public shareholders during these two decades, whereby it is self-financed and has turned a profit.
	Compliance with regulations	Set up legal department in the PRC which is responsible for handling all kinds of legal affairs of the Company, reviewing the Company's internal and external agreements and contracts, and providing legal advice to avoid the risks regarding legal issues; and there is also a long-term cooperative advisory team of lawyers.
<b>Environmental</b>	Green operation and production	— The Company has received the ISO 14001 Environment Management System Certificate as early as 2001, and has regularly conducted internal and external audit every year to ensure the Group's policy approach and efficiency on environmental protection.
		— Established the Cleaner Production and Energy-saving Committee, which is responsible for the overall planning of energy conservation of the Group and its execution, and applies energy saving objectives into all workshops via adopting new technology.
<b>Human rights</b>	Child labour and forced labour	The Group has adopted the RBA code of conduct and required suppliers to adopt the same, which included prohibiting the use of child labour. It has also prepared the "Child Labour and Juvenile Employees Management Procedures" to regulate such issues. This initiative has effectively eliminated the use of child labour, especially in the case for PRC suppliers. There is also a corresponding "Prohibition of Forced Labour Management Procedures" document to ensure all employees are voluntarily hired. This management programme is executed under the Human Resources Department's supervision.

## (VI) VISIONS ON CORPORATE SOCIAL RESPONSIBILITY

In our opinion, “corporate social responsibility” refers to “the continuing commitment by a business to operate ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large”.

The Group has implanted corporate social responsibility into its management models and considered it as one of its long-term corporate missions, the Group is therefore able to sustain its development and derive higher values by “giving back to where one takes from”.

In the long run, due performance of social responsibility will definitely improve the Group’s reputation, save cost, enhance the scope of decision making and strengthen the corporate governance ability. Moreover, the Group holds that performance of social responsibility may not necessarily be contrary to the interests of shareholders. For example, the implementation of energy-saving policy for reducing carbon emission is environmentally friendly and conducive to cost-saving, which will be eventually manifested on shareholders’ interests.

### MECHANISM FOR DEVELOPING AND REVIEWING CORPORATE SOCIAL RESPONSIBILITY

The Group has adopted the Responsible Business Alliance (RBA) (formerly known as Electronic Industry Citizenship Coalition) Code of Conduct to ensure that it could continuously satisfy the legal requirements and customers’ needs in respect to the protection of employees’ interests, business ethics, environmental protection, occupational health and safety, as well as making continuous improvement to fulfill corporate social responsibilities. At the same time, according to the requirements of the Environmental, Social and Governance Reporting Guide of the Stock Exchange and the GRI Sustainability Reporting Guidelines (GRI Guidelines), the Group has formulated different scopes of target indicators to demonstrate the situation of corporate social responsibility.

### MISSIONS ON CORPORATE SOCIAL RESPONSIBILITY



## (VI) VISIONS ON CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

### SCOPES OF CORPORATE SOCIAL RESPONSIBILITY

Karrie's values lie with competent use of resources and the strong relationship maintained with stakeholders to form a sustainability framework, while corporate social responsibility is integrated into its management model and upheld as one of the Group's long-term objectives. There are eight areas that reflect the values created:







## (VII) STAFF CARING

The Group collects feedbacks and requirements from different departments regarding administration, human resources and training issues annually, and develops annual plan for each year. In addition, it occasionally establishes focus groups based on the actual and social needs to collect feedbacks, benchmarking good practices of the peers, and puts appropriate items in place. Moreover, suggestion boxes are placed in the headquarter and PRC factories to allow our staff to voice out their opinions anytime; and to facilitate internal communication between different departments, the Company provides sponsorship and encourages department heads to organise staff gatherings.

The Group strives to provide fair and competitive salaries and remuneration to its staff, including basic salary, awards (year-end bonus) and other additional welfare benefits such as medical benefits (Hong Kong employees enjoy medical insurance while our PRC employees are eligible to join cooperative medical service programmes), various types of paid leave (such as annual leave, maternity leave/paternity leave, sick leave, bereavement leave, marriage leave), volunteer leave and birthday leave for Hong Kong employees, wedding gifts and training allowance.

### RESPECT FOR STAFF AND PROVIDING EQUAL OPPORTUNITIES

Adhering to the principle of being people-oriented and respecting staff's interests, the Group does not impose any discrimination, involuntary labor, physical punishment and improper treatment towards its staff. The Group respects the freedom of the formation of legal unions permitted under laws, and does not employ any child labor, while employees' working hours as well as wages and benefits are complied with the requirements under the regulation and wages of all employees have met the local minimum wages requirement. With well-established policies, the Group prohibits the occurrence of aforesaid issues which breach labor and human rights, and also has management procedures in place to implement supervision. Meanwhile, promotion is made to staff to allow them to get acknowledgment of their rights, while training is provided to the management, so that respect on human rights and the practical knowledge of equal opportunities are applied in the working environment.

As an equal opportunity employer, the Group welcomes any eligible candidates to apply for positions as indicated in our recruitment advertisements. With the fundamental principles of "employment is based on talents", recruitment, remuneration, training opportunities, promotion, dismissal or retirement would not be affected by race, social status, nationality, religion, disabilities, gender, sexual orientation, membership in labour union, political belongings or age. The Group has also named a staff representative as liaison person for "Gender Focal Point (GFP) Network among Listed Companies" of the Women's Commission (WoC) and attended the reception and celebrations of the 2018/2019 International Women's Day hosted by WoC.

### OCCUPATIONAL SAFETY AND HEALTH

The human resources and administration department of the Group and the industrial safety team in the PRC are responsible for following up and supervising the occupational safety and health practice of each department. The Group complies with local occupational safety and health law and ordinance. By adopting the OHSAS 18001 occupational health and safety management system in 2010, the Group has established and implemented its occupational health and safety management system and carried out follow-up works like safety education, trainings and drills.

Health and safety focuses on areas such as occupational safety, responses to emergencies, occupational injuries and diseases, industrial hygiene, work with high physical requirements, machinery protection, public hygiene, restaurants and staff quarters. The above issues are all set forth in the RBA manual with the requirements needed in the preparation of written standards, performance based targets, indicators and implementation plans, while the industrial safety team is responsible for the specific assessment on the performance. In addition, safety management organizations are established in the PRC factories and safety personnel are appointed in every department with more than half of the total number of representatives are employee representatives to carry out regular safety checks and various drills, such as fire-fighting safety drills. Significant achievements have been made in the implementation of relevant measures. For instance, the occurrence rate of serious work injury is kept at a very low level over years.



## (VII) STAFF CARING (CONTINUED)

### CONCERTEDLY BUILDING THE “KARRIE” FAMILY

Dedicated to promoting work-life balance, the Group believes its employees should enjoy an enhanced quality of life outside working hours, uplift their positive sentiments and energy and boost their capacity for handling emotional problems. Concurrently, the Group has also formed different groups, such as Karrie Women’s Committee, the Party Branch and Karrie’s volunteers’ team to regularly organise various events to build team spirit and cooperation among employees.

During this year, the Group arranged a lineup of diverse and exciting activities for employees’ participation.

**Arts and culture:** The “Spring Lantern Festival Gala,” “National Day Celebrations Gala” and other events were held to bring employees together and enable them to demonstrate their personal talents on different platforms in a joyous and informal atmosphere.

**Sports:** “Karrie Cup” was held to offer different ball games and swimming competitions for employees’ participation conducive to physical and mental development. During this year, the Group sponsored its employees to take part in marathon and trekking fundraising events under the theme of “A Journey of Thousand Miles Begins with A Single Step”, in order to encourage them to engage in sports and cultivate the habits of jogging and walking.

**Physical and mental health:** Large-scale emergency rescue and fire safety training programmes were held in PRC and Hong Kong, equipping senior management members and general employees with practical knowledge and skills to rescue others and themselves. In addition, the Group’s Hong Kong office continued to collaborate with the Department of Health, Department of Labour and Occupational Safety and Health Council for the promotion of “Joyful@Healthy Workplace” Programme and to line up workshops for employees concerned with fitness and a healthy diet.

The Group established the “Staff & Employees’ Children Education Fund” in PRC. In the first half of 2018, 134 employees received funding to relieve financial burden of their children’s education. Concurrently, the fund allowed employees to pursue education during non-working hours and improve themselves to reach the goal of “talent grooming outside work.”

Staff birthday parties, single men and women fraternity parties, interdepartmental excursions, free medical consultations and Karrie’s “Nothing is Impossible” mini-marathons were held in PRC for employees’ participation during leisure hours. In Hong Kong, department heads presented colleagues with birthday cards and gift vouchers on the Group’s behalf to let them experience the joy of being part of the Karrie family.

Different recreational sports, chess matches and tea tasting events were held for employees outside working hours to provide them with physical and mental benefits.



## (VII) STAFF CARING (CONTINUED)

Birthday parties and Spring Lantern Festival galas were held for staff to share the joy of being part of Karrie's family.



In PRC and Hong Kong, adult emergency rescue training was conducted. Health seminars related to sudden onset diseases were held for senior management personnel. At both the headquarter offices, new AED devices have been installed to put the physical and cardiac health of employees as a top priority.



The Group has also lined up health workshops, where fitness instructors and nutritionists were invited to teach fitness exercises and healthy eating habits to employees.



## (VIII) TRAINING AND DEVELOPMENT

The Group's training and development work has always been oriented towards "fine-tuning professional performance, unleashing employee potential, activating a learning culture and embracing the company's vision." Due to this, our training and development work puts emphasis on knowledge enrichment and elevation of skills, job positions and management caliber as the basis for staff nurturing and the direction of sustainable development for the Group and employees. In the year of 2018/19, each employee, on the average, received 24 hours of training.

During this year, the Group provided opportunities for employees from different grades and those with potential to learn management skills and professional knowledge. The areas of training included HR training, occupational safety and health, finance and accounting, engineering technology, laws and regulations and automated manufacturing.

HR Training: Training activities	Objectives/content
<b>Testing, training and application of brand new HR system</b>	The successful application of our new system has unified the Group's electronic management and information platform. During this year, a total of 19 training sessions were conducted to teach employees how to operate the system and the related information will be distributed to new employees during orientation training.
<b>Prepare for the Mainland Individual Income Tax Reform</b>	The public tax reform introduced in PRC this year is the most significant of its kind in 38 years affecting personal income tax. The tax reform impacts businesses, employers and all taxpayers. HR and Admin department heads of the Group participated in seminars to enrich the understanding of related personnel about the tax reform background, preparing them for the imminent arrival of the new taxation law and related regulations.
<b>Development of Hong Kong employees handbook in compliance with the law</b>	A training programme was offered to employees involved in the Group's amendment of its employees' handbook for them to learn the latest of Hong Kong's various employment regulations and how to incorporate the relevant laws and HR management best practices in the various sections of the publication, so as to effectively develop the amended version of a "standard" employees handbook.



**(VIII) TRAINING AND DEVELOPMENT (CONTINUED)**

<b>Occupational safety and health:</b>	
<b>Emergency rescue training and health talk</b>	<p>During this year, the Group held a series of health-related training programmes, including an “emergency rescue certificate programme” organised jointly with Hong Kong Red Cross to provide emergency first aid training in ten sessions. Upon the training’s completion, a total of 9 colleagues took examination and were awarded the related certificate. The Group also invited Dr. Carina Li to conduct a seminar on preventing sudden onset diseases for senior management personnel. The talk led to a more protective workplace environment, casting a wider net of safety for stakeholders’ health. The Group has also installed many AED devices at both the PRC and Hong Kong business units, to reduce the risks of accident and increase overall health and safety concerns. In Hong Kong, a “Press to Shock — Save a Life” AED course was jointly held with the Hong Kong Fire Services Department, in which colleagues were taught the operation of AED devices in three training modules conducted by an experienced and retired instructor of ambulance workers. Participants became able to lend a hand in emergency situations after completing the training. Close to 300 PRC and Hong Kong colleagues have taken part in the entire course programme to learn practical emergency rescue knowledge.</p>
<b>Forklift operation theory and practical training</b>	<p>Forklift drivers were offered 952 hours of training at our PRC factory area to deepen their occupational skills and help them gain a better grasp of theoretical knowledge combined with safe driving and cargo retrieval techniques in forklift operation. In Hong Kong, “forklift trucks training for senior operators” was also made available to related personnel and completed in early 2018.</p>
<b>Finance and accounting:</b>	
<b>Legal foundation for tender invitation</b>	<p>Relevant personnel were offered course programmes to familiarise them with legal principles regulating invitation for public tender. They were also provided with a comprehensive and practical learning blueprint focused on their work-related needs.</p>
<b>Sharing session on filing tax returns</b>	<p>The Company’s Chief Financial Officer conducted an internal training programme over lunchtime to provide useful tips for interested colleagues on filing tax returns.</p>



## (VIII) TRAINING AND DEVELOPMENT (CONTINUED)

### Engineering technology:

#### **“FMEA improved solutions” course**

Since 2017, the Group has reintroduced a “FMEA improved solutions” course programme to deepen FMEA knowledge of production, quality and engineering technicians for practical work application; form topical groups and output the company’s DFMEA and PFMEA inventories to heighten engineering technology capacity and enhance core competitiveness. In 2018, continual efforts were made to provide 44 employees with 352 hours of training in total.



Phase III programme for grooming digitally-controlled technicians commenced in July 2018. Building on the “mentor-apprentice” training format implemented in the past, an employee promotion and incentivization mechanism was added to the initiative to raise employee motivation.

The training, based on theoretical knowledge, provided participants with a comprehensive, systematic education to let them gain mastery of operational skills. While meeting the staffing needs of the departments concerned, the programme also reduced staffing cost and supported the company’s comprehensive system for long-term nurturing of a permanent workforce.



Since December 2018, the Group has launched a “LEAN operation instructor” training programme focused on grooming 30 core members for the Lean Operation team. Through small group demonstrations, efforts were made to hone overall team morale, strengthen an innovation mindset and supervise the various small groups with demands to transform what they learned into tangible work improvements at department level. These initiatives eliminate all wastages in the manufacturing process, reduce cost and realise the Group’s goal of increasing manufacturing productivity.



## (VIII) TRAINING AND DEVELOPMENT (CONTINUED)

### Engineering technology:



Since 2011, the Group has constantly automated manufacturing and operation and strengthened internal efforts to nurture technicians gradually.

In April 2018, the topical training for Metal Department's technician team successfully concluded. A series of scientific, organised and standard training programmes were held to groom a batch of high-calibre technical personnel who possess sound theoretical knowledge and practical skills to build up the Group's technical capacity.



In February 2019, the Group launched the "Performance Management and Professional Ideas Sharing" training. The emphasis was on promoting the idea of business performance management; deepening application of performance management methods in the course of work; and guiding management personnel of different departments to formulate department-specific KPI/GS benchmarks to raise overall performances of individual employers and departments. These initiatives were calculated to facilitate the company's overall developments and boost business competitiveness.





## (IX) CARING FOR THE ENVIRONMENT

Our Chairman Mr. Ho Cheuk Fai once stated his vision: “Undertake whatever task at hand with heartfelt dedication, leave a legacy of resources to our next generation.” Since 2001, the Group has already obtained the ISO 14001 environment management system certificate and conducted its annual internal and external audits on a regular basis to ensure the Company’s policy direction and its effectiveness. At the same time, the Group complies with environmental regulations such as RoHS, REACH, PAHs, PFOS, PFOA, PVC, Deca-BDE and packaging directive 94/62/EC, a benchmark prohibiting and limiting the content of substances, as well as the environmental demands of Karrie’s customers. The Group also refrains from using the four substances specified under Dodd-Frank’s Section 1502, which sets out the support, design, procurement and production for the entire process to comply with the laws and regulations.

As early as May 2014, the Group’s factory management approached the Dongguan Environment Protection Bureau with an application (second expansion). The project entrusted Guangdong Shenhai Environmental Packaging Engineering Limited with the task of formulating the environmental report of “Dongguan Feng Gang Caston Metal & Plastic Limited (second expansion) construction project”. On 21 May of the same year, approval of Dongguan Environment Protection Bureau was granted for the project’s construction in Dongguan. Subsequently in November 2018, following the inspection and acceptance of Dongguan Environment Protection Bureau, the various departments continued to take responsibility for the routine repair and maintenance and management of environmental equipment. The Safety and Facility Management Group was responsible for the supervision and offered instructions.

The Group has continued to formulate green manufacturing and energy saving policies, while bringing in different environmental equipment, to realise the goals of clean production and environmental protection. As early as 2005, the Group has formed the “Clean Production and Energy-saving Committee”, responsible for the coordination of energy saving solutions of the manufacturing business and monitoring their execution. They cover computer resources utilization, clean production planning, application of production machinery and equipment, energy savings in office settings, the execution of environmental work, customers as well as ISO environmental protection and energy saving solutions. Efforts were also taken to unify the Group’s energy management, adopt new technologies and put into effect energy-saving goals through the various departments. Starting from the same year, the Group has supported and organised its PRC and Hong Kong employees for tree-planting activities, reflecting Karrie’s spirit of continual self-renewal.

With regard to water usage, our Hong Kong office is equipped with hydraulic installations to reduce wastage or abuses. At our mainland factory, sewage or waste water is processed and turned into neutral water for non-drinking purposes like watering of plants and toilet flushing. If water usage is found to have increased or reduced, the departments concerned in PRC and Hong Kong would look into the issue and make improvements to save water.





## (IX) CARING FOR THE ENVIRONMENT (CONTINUED)

Environmental measures launched during this year include:

1. Several energy saving projects were implemented at our factory area in 2018, leading to energy savings of more than 70,000 kilowatt hours.
2. A chemicals update strategy was administered at the self-installed sewage processing centre in our factory area to increase intensity of chemicals test. In 2018, the new chemicals approved for usage reduced the amount of sludge produced by more than 40%.
3. Silk-printing and paint-spraying emissions were neutralized with UV photolysis and activated carbon installations to increase processing efficiency. The VOC processing efficiency could exceed 80%.
4. All departments are obliged to report the status of energy consumption to senior management with reviews conducted on a regular basis. Energy management helped raise the energy conservation awareness of employees.
5. Under the "EVMT Capstone Project" that the Group engaged in upon invitation of the Division of Environment and Sustainability, Hong Kong University of Science and Technology, on the "EVMT Capstone Project," 4 fourth-year tertiary students carried out an "energy audit" programme at Karrie's factories in PRC.

Looking ahead to next year, the Group will continue to strive to promote green manufacturing, enforce RBA environmental policies, respond to the state's energy-saving programme under the 13th Five Year Plan, reduce emissions, explore new environmental protection technologies, further enhance efficiency and performance of waste processing efforts undertaken to cut emissions of contaminants and make green contributions to PRC and Hong Kong.

Jointly organised a workshop with environmental group "Green Come True" workshop, where participants were taught how to recycle used bamboos to make bamboo bonzai stands as gifts to the elderly.



Karrie employees from mainland China and Hong Kong combined efforts to plant tree saplings to render the resources of planet Earth more sustainable.





## (X) CORPORATE GOVERNANCE

The Group has established the Executive Committee to improve decision-making efficiency. The day-to-day operations of the Group are now in the hands of a group of professional team. Furthermore, the Group is committed to improving its transparency, hence it discloses in its annual report detailing explanation of corporate strategies and the rationale behind; the Company has adopted the Shareholder's communication policy and met individual investors annually during "teabreak" to facilitate direct dialogue between investors and the management.

Our staff can also keep abreast of our corporate plans and development directions through year-end summary meetings, brainstorming sessions and chairman sharing activities and hence the transparency of the Company is enhanced. Starting from 2008, the "Sustainability Report" has been prepared, which allows the public and investors to have a better understanding of what we have done as well as the progress of sustainable development and the corporate social responsibility.

The Group has adopted a board diversity policy, which sets out the objectives and principles regarding board diversity, including the appointment of female board members, for the purpose of achieving the Company's strategic objectives of balanced elements at the Board composition as far as practicable. On 25 March 2019, the Board adopted a separate Nomination Policy, which provides the key selection criteria and principles of the Board in making decisions in the appointment and reappointment of directors and succession planning of directors, to emphasise our commitment on transparent nomination process.

The Group is committed to highest standard of corporate governance, and will act accordingly to ensure that it complies with Corporate Governance Code and reviews and improves our corporate governance practices from time to time so as to maintain good corporate governance. The Group has well-established corporate governance structure to enhance the accountability to shareholders and other stakeholders.

In addition, the Group is well aware of the importance of honesty, integrity and fairness. In order to prevent fraudulent, corruption, bribery, extortion, money laundering and other activities conducted by its employees, the Group has issued "Ethical Disciplinary Requirements" to its staff, requiring them to observe the policies in relation to accepting advantages and declaration conflicts of interest, whistleblowing policy and guidance on Prevention of Bribery Ordinance. The Group has assigned dedicated personnel to handle affairs in respect of the relevant declaration and approval, complaints and enquiries, and conduct relevant investigation as well as take follow-up actions; and also provide ethics and integrity management training for new employees and departments. We also have a set of Social Entertainment Regulations in place so that the staff involved may get to know and abide by the standards of treating guests, and maintain clear consumption records and follow correct reimbursement procedures.

In respect of suppliers and processors, the Group has issued a letter named "Peers' Belief" to urge them not to provide any benefits to employees during the normal course of business. All of our staff is prohibited from taking advantages of their powers and authorities for personal interests and incurring unfair business transactions.



## (X) CORPORATE GOVERNANCE (CONTINUED)

The Group prohibits its employees from using their official positions for private gains as this will lead to unfair business transactions. Employees must maintain the highest integrity standards and are strictly forbidden from demanding any personal gains based on the authority of official positions they hold.

The Company has established the internal audit function and adopted the risk management policy and three-year internal risk management audit plan, including the structure and system of risk management of the Group. The Internal Audit Department together with the Audit Committee review the effectiveness of the risk management at least once a year. The internal risk control system of the Group is designed to provide reasonable, but not absolute, assurance of no material mis-statement or loss and to manage instead of eliminating risks of failure in operational systems and achievement of the Group's objectives.

At the same time, the group recognises its obligation to protect the data privacy of everyone who provides personal information and manages and protects all collected customer data in compliance with the Personal Data (Privacy) Ordinance. General provisions of the Ordinance relate to the acquisition and intended use of personal information, restrictions on use, non-disclosure to third parties, and other key matters. Corporate Policy and Declaration on Personal Data Privacy provides guidelines for managing different kinds of personal data that secures personal data of our customers and business partners. Under the system of "Ethical Disciplinary Requirements", we are required to exercise caution and comply with requirement of the regulations when handling with confidential information, including personal data of staff, customers and business partners.

(For more details, please refer to the section titled "Corporate Governance Report" in this year's Annual Report).

## (XI) CARING FOR THE COMMUNITY

Since 2005, the Group has annually dedicated 0.3% of its earnings from the prior year for charity or social responsibility purposes. The amount contributed from 2002 until the end of March of 2018 was over HK\$5.8 million. This year alone, donations of close to HK\$1 million have been made.

As a responsible corporate citizen, the Group has a clear understanding of the needs to blend in with the community, create harmony and make full commitment to social services. Back in 2005, the Group established in its Headquarter a volunteer team in Hong Kong for “volunteer group for charitable works”. While in the PRC, different internal organisations including staff association and the Party branch also organise various kinds of charitable activities.

The Group has sponsored “Nothing is impossible” Adventure Education Programme and different activities organised by Hong Kong Sheng Kung Hui St. Christopher’s Home since 2005, which aimed at nurturing children with the spirit of “Nothing is impossible” to strengthen their willpower and endurance against adversity through various activities.

During this year, the Group has sponsored a “Nothing is Impossible” programme to help grassroots children rebuild confidence in learning English, encouraging them to take on the challenge with perseverance and a “never give up” spirit. According to the single father of a boy who joined the programme, the latter started developing an interest in English following the event and achieved an unprecedented score of 85 in English dictation.

For 12 consecutive years, the Group has sponsored mildly mentally handicapped students and teaching staff from HHCKLA Buddhist Po Kwong School, to finance their outfit, accessories and registration fee for their participation in the Standard Chartered Hong Kong Marathon, where they set their own records. Two students of the school took part in the event for the first time. Some surpassed themselves with the number of times of participation in the marathon and still some others broke their own records with shorter completion time.

In addition, the Group has also donated to the Multidisciplinary International Association of Musculoskeletal Pain, in support of the series of non-profit academic or cultural activities it organised, including free health talks, education workshops, book publication and the distribution of the association’s newsletters, to arouse public concern for musculoskeletal pain.

The Group’s community building efforts are not limited to PRC and Hong Kong, where it has a business presence. Following an earthquake that hit Indonesia in early October 2018, the Group responded to the Office of the UN High Commissioner for Refugees’ call and donated HK\$60,000 to help finance the agency’s placement of advertisements with several media groups to raise donations for disaster relief. Running from 4 to 11 October, the media publicity generated an extremely positive response with public donations of HK\$388,700 (about 6.4-fold of Karrie’s contribution) received. The Social Return on Investment (SROI) from this incident testified to businesses’ encouraging value contributions to society, the environment and economy.



Ms. Silvia Chan  
Karrie International Holdings Limited  
Floor 10  
Southwest Industrial Building  
616-618 Castle Peak Road  
Tsuen Wan

THANK YOU FOR YOUR KINDNESS

30 Nov. 2018

Dear Silvia,

We are writing to express our deepest gratitude for Karrie Group's generous support in response to Indonesia Earthquake and Tsunami Emergency in the past October. Your goodwill to motivate other Hong Kong people to give a hand together through sponsoring the emergency advertisement is highly appreciated. The advertisements have positively raised over HKD388,000, we are pleased to update the donation income at table below:

Apple Daily 1 - Oct 4	\$41,500.00
Apple Daily 2 - Oct 8	\$0,400.00
Hong Kong Economic Journal 1 - Oct 5	\$4,700.00
Hong Kong Economic Journal 2 - Oct 6	\$1,000.00
Hong Kong Economic Journal 3 - Oct 11	\$50.00
Economic Times - Oct 4	\$2,300.00
Headline 1 - Oct 5	\$6,700.00
Headline 2 - Oct 8	\$76,700.00
Ming Pao 1 - Oct 6	\$2,300.00
Ming Pao 2 - Oct 8	\$3,500.00
Sing Tao 1 - Oct 4	\$95,700.00
Sing Tao 2 - Oct 6	\$38,600.00
SCMP 1 - Oct 8	\$5,000.00
<b>Total</b>	<b>\$388,700.00</b>

香港九龍土庫區中環商務中心大廈1111號 Phone: 811, You Ma Tai Carpark Building, 250 Shanghai Street, Kowloon, Hong Kong  
電話: 1 (852) 2385 5378 傳真: 1 (852) 2750 5881 郵箱: social\_responsibility@karrie.com.hk 郵政信箱: 999999018

The funds raised have provided survivors with essential assistance as they have lost their homes in the devastating earthquake and tsunami. As of 22 October, over 1,700 UNHCR family tents and 8,400 plastic tarpaulins had arrived in Indonesia and are being handed over to our partners for distribution, providing shelter to people in greatest need. UNHCR remains in close contact with the Indonesian authorities to help shelter more people being affected by the disaster.

Because of your support, we are able to make an even bigger difference. Thanks for Karrie's commitment to help the vulnerable ones by responding immediately to our request.

The sponsorship payment of HKD50,000 can be settled by cheque, making payable to "UNHCR" and post to Room 911, You Ma Tai Carpark Building, 250 Shanghai Street, You Ma Tai (Attn: Sue Lu). Tax receipt will be sent to you after the payment.

Should you need further assistance, our dedicated team member, Ms. Sue Lu will be most happy to assist. Thank you!

Yours sincerely,



Bianca Lam  
Head of Private Sector Partnerships (Hong Kong & Macau)

## (XI) CARING FOR THE COMMUNITY (CONTINUED)

From 2008 onwards, as part of the Group's efforts to encourage greater civic participation, its employees have been offered volunteer leave to support worthy causes. The Group despatched two volunteer teams from PRC and Hong Kong respectively to H.K.S.K.H. Tai Wo Neighbourhood Elderly Centre during Mid-Autumn Festival and Dragon Boat Festival and visited Fenggang Elderly Home to convey festive greetings to elderly residents and present them with goodwill gifts.

During the Year, charitable and other donations made by the Group amounted to HK\$824,260 (last year: HK\$210,000). The volunteer service hours rendered by our staff in China and Hong Kong were up to 550 hours (last year: 660 hours).

The Group has sponsored the S.K.H. St. Christopher's Home for 13 years consecutively. A "Nothing is Impossible" programme was held to help participating children build confidence in English learning. Executive Director, HR and Admin GM of Karrie Group Ms. CHAN Ming Mui, Silvia, attended the prize ceremony to present the children with awards and encouragement.



At a blood donation event conducted in PRC, Karrie employees were proud to contribute a token of their loving care to the community.



The Group's employee volunteers and their family members in Hong Kong called on residents of HSKSH Tai Wo Neighbourhood Elderly Centre during Mid-Autumn Festival to present them company gifts of mooncakes, fruits and biscuits, along with festive warmth.



## (XII) PRODUCT RESPONSIBILITY AND SUPPLIERS MANAGEMENT

Different business of the Group have always adhered to the corporate concept and enable customers to benefit from our superb product quality, reasonable costs, comprehensive service and flexible changes. Meanwhile, they never compromise on safety, design innovation and product quality to ensure all products meet the relevant external and internal standards and also consider the actual needs from customers' perspective. Since 1998, the Group has launched and executed international certification standard quality management system (ISO 9001). The Group's quality policy for our manufacturing sector is "to manufacture products that meet customers' requirements with the most effective cost. Dedication and reliability are primary objectives of our Company's philosophy. All employees do fully understand, implement and maintain this quality system at all levels of the organization."

The Group strictly complied with the laws and regulations related to quality, safety and environment as well as formulates products quality standards on safety, environmental protection and good quality as required by customers and regulations. According to given quality check process, we set up inspection points in key areas during production, including hand plate clearance check, process control check, and the final inspection to assure the qualified delivery of customers' products and implemented necessary reliability test, so that we can guarantee to deliver qualified and excellent quality products to customers. We adopted scientific quality management and control methods, such as risk assessment, FMEA, SPC, and Six Sigma, to minimize the risks of errors when appropriate. We established a comprehensive after-sale service system so as to gain customers trusts and meet their satisfaction.

With respect to customer satisfaction, the Group bases its policy decisions on customers' expectations. A company's actions and expectations determine the lifeline of its survival. The Group gives foremost consideration to customers' satisfaction and expectations as it deliberates on and resolves issues from the customers' perspective. With respect to industrial business, the Group considers and solves the problems from customer's standpoint and gives top priority to the needs and satisfaction of customers. Apart from measuring the performance of market performance in terms of customers' satisfaction, the Group also addresses and handles the demand from customers (such as product complaints) according to the comprehensive customer complaint and product reclaim mechanism, which will be handled by a special customer service team immediately, and enable customers to contact the responsible persons in the first instance. They will respond actively and handle the problems in the fastest way within the time permitted by customers, carry out quick improvement actions internally, which include product reclaim, thorough checking, replenishment, remedies and preventive measures, and report the analysis and treatment to customers until they are satisfied.

### SUPPLIERS MANAGEMENT

#### The Category and Management Measures for the Major Suppliers

Business	Types of Suppliers	Management Measures
<b>Metal and Plastic Business and Electronic Manufacturing Services Business</b>	Metal Raw Materials, Plastics Raw Materials, Metals Components, Electronic Components, Packaging Materials, Machinery and Equipment	<ul style="list-style-type: none"> <li>— After all new suppliers and suppliers for key materials assessed by our supply chain team and in compliance with the requirements of the Group, then they would formally become our supply partners;</li> <li>— The supply chain team also visits major suppliers regularly for periodic review of their quality situation and production capacity.</li> </ul>

**(XII) PRODUCT RESPONSIBILITY AND SUPPLIERS MANAGEMENT (CONTINUED)**

Business	Types of Suppliers	Management Measures
<b>Metal and Plastic Business and Electronic Manufacturing Services Business</b>	Metal Raw Materials, Plastics Raw Materials, Metals Components, Electronic Components, Packaging Materials, Machinery and Equipment	<p>— In order to comply with the regulations of ISO 9001 Quality Management System and ISO 14001 Environment Management System, the Group gives priority to suppliers with quality guarantee and environmental protection undertaking. The Group also entered into agreements with suppliers to ensure suppliers are in compliance with the environmental protection standard of the Group.</p> <p>— According to the minerals regulations in conflicting regions of the Responsible Business Alliance (RBA) and the Global e-Sustainability Initiative (GeSI) (Article 1520 of Dodd-Frank legislation in the United States), the Group and its suppliers confirmed that they do not use the “Conflicting Minerals” produced by The Democratic Republic of Congo (DRC) or its neighboring country, which including tantalum, tin, gold and tungsten. Meanwhile, the provisions under the RBA Code of Conduct should be complied.</p>

Number and ratio (%) of suppliers by region	2018/19	2017/18	2016/17
<b>Hong Kong</b>	46 (10.51)	203 (31.62)	264 (33.08)
<b>The PRC</b>	323 (73.74)	353 (54.98)	449 (56.27)
<b>Overseas</b>	69 (15.75)	86 (13.40)	85 (10.65)

The Group maintains and stringently implements a well-established “Suppliers Management Program” with regard to the suppliers providing various raw materials and supplementary materials required by our finished products. The objective is to carry out evaluation and checks on suppliers to ensure the products and services they provide meet the Group’s needs and ensure trade safety.

With respect to packagings for finished products delivered from our factory area, the Group has conducted a statistical analysis on paper and plastic packagings such as sponge and desiccating agents. It is found that packaging materials used by the Group has declined from 3,151 tons in the previous year to 2,424 tons this year, with savings of 23% (727 tons) recorded. For details of statistics and usage volumes, please refer to the figures provided in (XV) Corporate Social Responsibility Indicators.



## (XIII) MISSIONS UNDERTAKING

The Group believes that “Sustainable Development” cannot be operated solely by itself, while through various occasions of sharing of experience externally and plant visits, more and more organizations could join hand in hand the sharing and communication, create value from various occasions and promote the sustainability work together.

Date (2018)	Activity	Photo
<p><b>19 April</b></p>	<p>Offered assistance to Unleash Foundation: As part of the company visits arranged under Life Planning Education for Secondary Students “Innovation Dream Weaver,” the Group hosted 19 students and 2 teachers of Tsang Pik Shan Secondary School and one Unleash Foundation employee on 19 April (Thursday) 2018. Participating students offered positive feedback on this activity as not many organizations could provide them with such an experience.</p>	
<p><b>9 May</b></p>	<p>Upon the request of Shun Tak Fraternal Association Leung Kui Kau Secondary School for a company visit, the Group hosted 27 Form 5 students and 2 teachers of the school. Besides visiting our office, the guests also met with the Group’s management and colleagues of the HR, Design, Finance and Accounting departments. The students formed small groups for a sharing session with our colleagues and had the opportunity to understand and observe the Group’s daily operation.</p>	
<p><b>4 June</b></p>	<p>The Group provided internship to two university students from June to July 2018 during the summer holidays, enabling them to understand and gain first-hand experience in industrial and procurement work.</p>	 



**(XIII) MISSIONS UNDERTAKING (CONTINUED)**

Date (2018)	Activity	Photo
<b>5 July</b>	The Company took part in the Business-School Partnership Program 2017/18 organized by the Hong Kong General Chamber of Commerce and hosted a visit of Carmel Divine Grace Foundation Secondary School. Representatives of the Group also attended the closing ceremony of Business-School Partnership Program 2017/18.	
<b>31 August</b>	The Group was represented at the “EVMT Capstone Project” opening ceremony conducted in the Hong Kong University of Science and Technology’s Sustainability Unit. Four HKUST students visited the Group’s Hong Kong headquarters office to take part in the first meeting of an “energy audit” project at the end of September. Subsequently, they joined an inspection tour around the Group’s Yuquan plant area in October.	 
<b>26 October</b>	The Group’s Senior Manager Human Resources & Sustainability, Mr. YIP Chi Shing, Nigel, was invited to a two-hour sharing session as part of two SME seminars co-organised by Hong Kong Society of Professional Training and Support and Consultation Centre for SMEs (SUCCESS). Mr. Yip shared his knowledge, including how to utilise different resources in line with the company’s training needs, with the participants. The seminar was attended by 52 participants.	
<b>12 November</b>	With the latest “Business-School Partnership Program” currently underway, the Hong Kong General Chamber of Commerce has arranged for a delegation of the Group to meet with teachers of Baptist Lui Ming Choi Secondary School and introduced them to the Group’s business on 12 November.	



## (XIII) MISSIONS UNDERTAKING (CONTINUED)

Date (2019)	Activity	Photo
<p><b>6 March</b></p>	<p>The Group was represented at Baptist University's HRM Mentoring 2019 kick-off ceremony and 2018 closing ceremony.</p> <p>In 2019, Group HR &amp; Admin General Manager Ms. CHAN Ming Mui, Silvia, and Senior Manager Mr. YIP Chi Shing, Nigel, have continued to serve as mentors to students assigned by the university.</p>	
<p><b>8 March</b></p>	<p>Upon invitation of "Hong Kong Baptist University Foundation", the Group sent delegates for a Chinese New Year gathering held in the university, where exchanges were conducted with people from all walks of life and with hopes for more collaboration opportunities with the education sector in the year ahead.</p>	 

## (XIV) MAJOR AWARDS, RECOGNITION AND CHARTERS

In 2018/19, the Group gained recognitions and the information of the Charters participated were as follows:

Category	Category	Awarding Units	Honors/Recognitions/ Charters Granted	Companies with Awards
Year 2018/2019	Product responsibility	Inventec	"the Best Supplier Award 2018"	Karrie Group
	Product responsibility	the Hong Kong Chinese Importers' & Exporters' Association	"Outstanding Import and Export Enterprise Awards 2018"	Karrie Group
	Corporate social responsibility	Federation of Hong Kong Industries (FHKI)	Industry Cares — Caring Certificate	Karrie Group
	Caring for The Environment	Federation of Hong Kong Industries (FHKI)	BOCHK Corporate Environmental Leadership Awards — EcoChallenger	Karrie Group
	Caring for The Environment	Environmental Campaign Committee	Hong Kong Green Organisation Certification	Karrie Group
	Corporate social responsibility	BDO	"Best in Reporting Awards — Small Market Capitalisation"	Karrie Group
	Corporate social responsibility	the Hong Kong Council of Social Service	"10 Years Plus Caring Company Logo" for 2005–2018	Karrie Group
	Caring for The Community	Labour and Welfare Bureau — CIIF	Social Capital Builder (SCB) Award	Karrie Group
	Product responsibility	SGS Hong Kong Limited (SGS)	FSC Forest Management Certification	Karrie Group
	Product responsibility	Guangdong Provincial Administration for Industry and Commerce and China Import and Export Fair	"Creditable Enterprise" of Guangdong Province	Dongguan Feng Gang Caston Metal & Plastics Company Limited Dongguan Feng Gang Castfast Metal & Plastics Company Limited
	Staff Caring	Mandatory Provident Fund Schemes Authority	2017–18 Good MPF Employer	Karrie Group
	Staff Caring	Family Council & Home Affairs Bureau	"Family-Friendly Employers 2017/18" "Special Mention 2017/18" "Awards for Breastfeeding Support 2017/18"	Karrie Group
	Training and Development	the Hong Kong General Chamber of Small and Medium Business	"Certificate in the Partner Employer Award Scheme"	Karrie Group

Note:

"Karrie Group" Karrie International Holdings Limited and its subsidiaries



## (XIV) MAJOR AWARDS, RECOGNITION AND CHARTERS (CONTINUED)

The Group participated in industry and professional associations, whereby exchanged and shared different opinions as well as the latest markets information through different platforms.

Institution	Company	Class of Membership
Hong Kong General Chamber of Commerce	Karrie Industrial Company Limited	Member
The Chinese Manufacturers' Association of Hong Kong	Karrie Industrial Company Limited	Ordinary Member
Federation of Hong Kong Industries	Karrie Industrial Company Limited	Member
Federation of Hong Kong Industries Group 7 (Hong Kong Mould & Die Council)	Karrie Industrial Company Limited	Member
Occupational Safety and Health Council — Green Cross Group	Karrie Industrial Company Limited	Member
The Hong Kong Management Association	Karrie International Holdings Limited	Member
The Hong Kong Polytechnic University Development Foundation for Educational	Karrie International Holdings Limited	Member
Hong Kong Institute of Human Resource Management	Karrie International Holdings Limited	Corporate Member
The Hong Kong Exporters' Association	Karrie International Holdings Limited	Corporate Member
Association of Chartered Certified Accountants (ACCA)	Karrie International Holdings Limited	Approved Employer — Professional Development
The Hong Kong Institute of Certified Public Accountants (CPA)	Karrie International Holdings Limited	Approved Employer



## (XV) CORPORATE SOCIAL RESPONSIBILITY INDICATORS

### ENVIRONMENT

The Group selected the year 2017/2018 as the base year for the Green House Gas<sup>5</sup> (GHG) inventory audit, because the year 2017/2018 was the first year of adopting the ISO 14064-1 standard as the guidance of the Group for inventory audit and report preparation, and at the same time it is the year when sufficient data and information of relevant activities can be collected. The following data only included data collected from the Hong Kong office and the plant in Yuquan, Fenggang, Mainland China.

Data Collection of Energy Consumption	Unit	2018/19	2017/18	2016/17
Electricity consumption	kWh	32,898,330	36,803,390	36,512,080
Electricity consumption of per floor area	Mwh/m <sup>2</sup>	220	246	244
Diesel Consumption	Liter	208,241	225,108	225,972
Gasoline Consumption	Liter	13,042.00	9,566	10,037

### EMISSIONS

Data Collection	Unit	2018/19	2017/18	2016/17
Scope I of greenhouse gas emission — direct emission	Tonnes CO <sub>2</sub> e	2,783	2,659	1,803
Scope II of greenhouse gas emission — indirect energy emission	Tonnes CO <sub>2</sub> e	17,830	19,395	19,249
Scope III of greenhouse gas emission — indirect emission <sup>6</sup>	Tonnes CO <sub>2</sub> e	N/A	N/A	83
Total volume of greenhouse gas emission	Tonnes CO <sub>2</sub> e	20,613	22,054	21,135
Total volume of greenhouse gas emission of per floor area	Tonnes CO <sub>2</sub> e/m	0.138	0.148	0.141
Emissions of ozone-depleting substances	Tonnes CFC-11	0.006	0.0113	N/A

<sup>5</sup> The types of greenhouse gases include: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF<sub>6</sub>). Emission factors and global warming potential (GWP) calculations and data sources are derived from <Accounting and Reporting Guidelines for Greenhouse Gas Emissions and Deductions for Hong Kong Buildings (Commercial, Residential or Public Use)>, <China Land Transportation Enterprise Greenhouse Gas Emission Report> and IPCC Fifth Climate Change Assessment Report (AR5).

<sup>6</sup> In respect of other indirect greenhouse gas emissions, other indirect emissions (Scope III), were shown to be less than 1% of total emissions based on statistics for the past three years and are therefore not quantified.



## (XV) CORPORATE SOCIAL RESPONSIBILITY INDICATORS

### PAPER AND WATER CONSUMPTION



#### Paper used

(Only paper used in the office is calculated)  
(kilogram)

**22,969.04** 2018/19

**16,460.02** 2017/18

**22,744.00** 2016/17



#### Water Consumption

(Cubic meter)

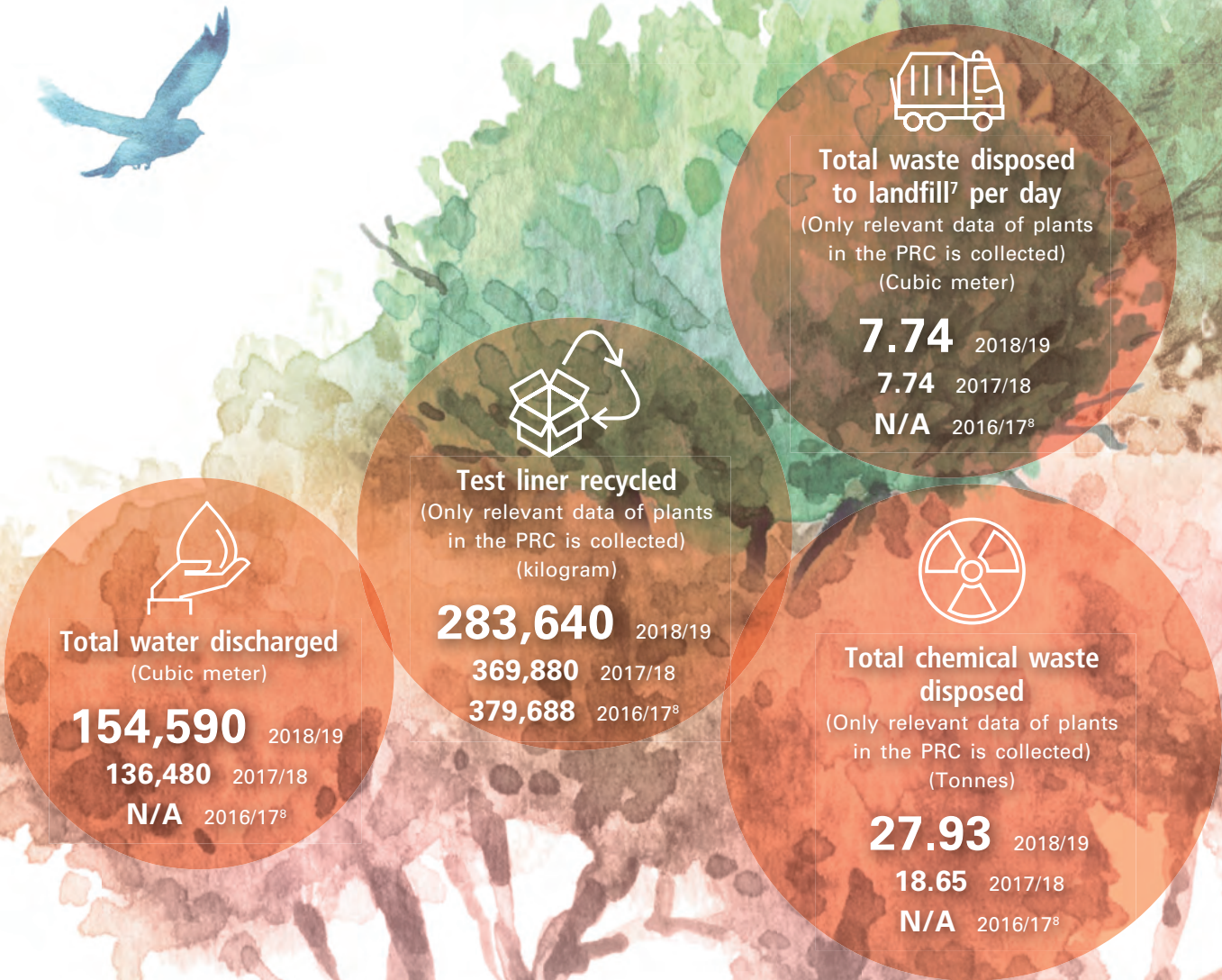
**362,859** 2018/19

**362,046** 2017/18

**477,571** 2016/17

(XV) CORPORATE SOCIAL RESPONSIBILITY INDICATORS (CONTINUED)

EFFLUENT AND WASTE MANAGEMENT



<sup>7</sup> Since the Hong Kong Office does not have statistics on the disposal of landfills, disposal of chemical waste and waste paper recycling, the relevant information only calculates the data of the Mainland factories.

<sup>8</sup> 2016/17, report was not prepared in accordance with the GRI standards, specific areas were not being audited, the disclosure is considered to be not applicable.

**(XV) CORPORATE SOCIAL RESPONSIBILITY INDICATORS (CONTINUED)**

Waste paper recycled  
(kilogram)

**284,907** 2018/19  
**463,515** 2017/18  
**N/A** 2016/17<sup>8</sup>



Total packaging material  
used for finished products —  
Plastic (Tonnes)

**170** 2018/19  
**246** 2017/18  
**N/A** 2016/17<sup>8</sup>



Total packaging material  
used for finished products —  
Paper (Tonnes)

**2,096** 2018/19  
**2,730** 2017/18  
**N/A** 2016/17<sup>8</sup>



Total packaging material  
used for finished products —  
Others (Tonnes)

**158** 2018/19  
**176** 2017/18  
**N/A** 2016/17<sup>8</sup>



**(XV) CORPORATE SOCIAL RESPONSIBILITY INDICATORS (CONTINUED)****SOCIETY**

<b>Number of Employees</b>	<b>2018/19</b>	<b>2017/18</b>	<b>2016/17</b>
Average number of employees of the Group during the period <sup>9</sup>	3,360	3,772	4,063
<b>By geographical locations</b>			
The PRC	3,232	3,589	3,894
Hong Kong	123	178	164
Overseas	5	5	5
<b>By gender</b>			
Gender distribution of the PRC employees (Male: Female)	63.98% : 36.02%	64.76% : 35.24%	65.24% : 34.76%
Gender distribution of Hong Kong and overseas employees (Male: Female)	56.20% : 43.80%	51.91% : 48.09%	59.10% : 10.90%
<b>Number of employees by age group</b>			
Under 30	1,265	1,250	1,648
30–50	1,875	2,293	2,228
Over 50	220	229	187

<sup>9</sup> Employee headcount during this reporting period only includes fulltime staff members of metal & plastics business and professional electronics OEM business and does not include temporary and part-time personnel. Senior management refers to personnel holding assistant manager grade and above.



**(XV) CORPORATE SOCIAL RESPONSIBILITY INDICATORS (CONTINUED)**

<b>By Employees Category</b>			
Management	67	67	N/A <sup>11</sup>
Manger and department heads	224	229	N/A
Middle level	292	338	N/A
Technicians and team leaders	639	675	N/A
Frontline staff and employees	1645	2424	N/A
<b>Proportion of senior management<sup>10</sup> hired from the local community (%)</b>			
The PRC	86.44	87.5	N/A
Hong Kong	85.71	86.21	N/A
Overseas	100	100	N/A
<b>Ratios of the PRC standard entry level wage</b>			
Compared to local minimum wage <sup>12</sup> (Male)	1.46	1.46	N/A
Compared to local minimum wage <sup>12</sup> (Female)	1.46	1.46	N/A
<b>Number and Rate (%) of Employee Turnover (monthly average)</b>	<b>2018/19</b>	<b>2017/18</b>	<b>2016/17</b>
<b>By geographical locations</b>			
The PRC	257 (9.36)	295 (8.21)	N/A
Hong Kong	4 (3.31)	9 (5.07)	N/A
Overseas	0 (0)	0 (0)	N/A
<b>By gender</b>			
Male	182 (9.97)	220 (9.10)	N/A
Female	79 (7.58)	84 (6.22)	N/A
<b>By age group</b>			
Under 30	149 (19.81)	195.08 (15.61)	N/A
30–50	110 (5.87)	105.82 (4.62)	N/A
Over 50	3 (1.25)	3.17 (1.39)	N/A

<sup>10</sup> Senior Management refers to top ranking member of the management of an organization that includes a Chief Executive Officer (CEO).

<sup>11</sup> As GRI benchmarks are used as the report guidelines for the second time this year, part of the data for year 2016/2017 is incomplete. For this reason, only 2018/2019 and 2017/2018 data are disclosed. The Group will continue to perfect data collection and management.

<sup>12</sup> The PRC standard entry level wage = standard entry level wage/minimum wage in Dongguan. Male and female employees are entitled to the same standard entry level wage and to the right of equal pay for equal work.

**(XV) CORPORATE SOCIAL RESPONSIBILITY INDICATORS (CONTINUED)**

<b>Number and Rate (%) of New Hires (Monthly Average)</b>	<b>2018/19</b>	<b>2017/18</b>	<b>2016/17</b>
<b>By region</b>			
The PRC	144 (5.24)	283 (7.88)	N/A
Hong Kong	4 (3.44)	10 (5.51)	N/A
Overseas	0 (0)	0 (0)	
<b>By gender</b>			
Male	103 (5.64)	206 (5.47)	N/A
Female	45 (4.32)	87 (2.29)	N/A
<b>By age group</b>			
Under 30	93 (12.37)	197 (15.73)	N/A
30–50	54 (2.88)	95 (4.15)	N/A
Over 50	1 (0.42)	1 (0.51)	N/A

<b>Return to Work and Retention after Maternity Leave/ Paternity Leave</b>	<b>2018/19</b>	<b>2017/18</b>	<b>2016/17</b>
<b>Number of employees who took maternity leave/paternity leave</b>			
Male	36	47	N/A
Female	42	35	N/A
<b>Number and rate (%) of employees who returned to work after maternity leave/paternity leave ended</b>			
Male	34 (78.13)	47 (100)	N/A
Female	29 (68.97)	20 (100)	N/A
<b>Number and rate (%) of employees who remained employed for 12 months after the end of maternity leave/paternity leave</b>			
Male	2 (89.06)	22 (75.86)	N/A
Female	3 (68.97)	31 (79.49)	N/A



**(XV) CORPORATE SOCIAL RESPONSIBILITY INDICATORS (CONTINUED)**

<b>Occupational Health and Safety</b>	<b>2018/19</b>	<b>2017/18</b>	<b>2016/17</b>
Number of the PRC occupational injuries	64	72	N/A
Number of Hong Kong occupational injuries	0	1	N/A
Number of the PRC and Hong Kong occupational injuries (by gender) — Male: Female	56 : 8	69 : 4	N/A
Occupational disease rate (%) of the PRC and Hong Kong	0	0	N/A
Number of business days lost in the PRC due to occupational injuries	1,462	1,066	N/A
Number of business days lost in Hong Kong due to occupational injuries	0	66.5	N/A
Fatalities due to occupational injury in the PRC and Hong Kong	0	0	N/A
Number of absentee days in the PRC	31,258	17,379	N/A
Number of absentee days in Hong Kong	176	377	N/A
Absentee rate (%) in the PRC <sup>13</sup>	61.23	0.16	N/A
Absentee rate (%) in Hong Kong <sup>14</sup>	6.64	0.07	N/A

<b>Staff Training</b>	<b>2018/19</b>	<b>2017/18</b>	<b>2016/17</b>
Total hours of training	48,080 hours	58,749 hours	34,423 hours
Average training hours completed per employee	24 hours	26 hours	8.47 hours
Number of employees who attended human rights training course	5,620	5,528	4,871
Number of employees who attended fire-fighting safety training	5,689	5,528	7,070
Gender ratio of employees attending training (Male: Female)	76%: 24%	66%: 34%	65%: 35%

<b>Others</b>	<b>2018/19</b>	<b>2017/18</b>	<b>2016/17</b>
Gender ratio of the Board members (Male: Female)	8: 1	8: 1	8: 1
Volunteer service hours in the PRC and Hong Kong	550 hours	660 hours	505 hours
Charitable and other donations (HK\$)	\$824,260	\$210,000	\$271,000

<sup>13</sup> Absentee rate in the PRC refers to the rate (percentage) of the number of absentee days for voluntary no-pay leave/total number of business days for the PRC employees.

<sup>14</sup> Absentee rate in Hong Kong refers to the rate (percentage) of the number of absentee days for voluntary no-pay leave/total number of business days for Hong Kong employees.

## (XVI) ALLIED SUSTAINABILITY AND ENVIRONMENTAL CONSULTANTS GROUP LIMITED (ASECG) — VERIFICATION STATEMENT



### SCOPE OF VERIFICATION

Allied Sustainability and Environmental Consultants Group Limited (ASECG) was commissioned by Karrie International Holdings Limited (“Karrie” or “The Company”) to undertake an independent verification of its 2018/2019 Sustainability Report (the “Report”). The Report stated the Company’s efforts towards sustainable development for the reporting period from 1 April 2018 to 31 March 2019 (the “reporting year”). The scope of verification covers the data and information relating to the Company’s sustainability performance at Metal and Plastic Business and Electronic Manufacturing Services Business at Hong Kong Headquarter Office and Dongguan Feng Gang Plants during the reporting year.

### VERIFICATION STANDARDS AND METHODOLOGY

The Report was verified in accordance with AA1000 Assurance Standard (2008) Type 1 at moderate level and in line with International Standard on Assurance Engagement (ISAE) 3000 (Revised) (Assurance Engagements other than Audits or Reviews of Historical Financial Information). The assurance included an evaluation of the Report’s alignment to GRI Sustainability Report Standards (“GRI Standards”) Core Option and Environmental, Social and Governance Reporting Guide (“ESG Reporting Guide”) set out in Appendix 27 of the Stock Exchange of Hong Kong (“HKEx”).

In order to ensure the Report adheres to the reporting principles and standards, the following activities were designed and undertaken to gather evidence before drawing the conclusion:

- Conduct review of material issues and assess the relevance of those to the Company’s businesses;
- Interview staff that are involved in sustainability management, report preparation and provision of report information;
- Provide advice on stakeholder engagement activities with no direct contact with the stakeholders;
- Conduct review of supporting evidence for claims made in the Report;
- Verify all calculated and disclosed data in this Report.

### CONCLUSION

Based on the scope of work and assurance procedures performed, all material aspects, data and information in the Report were prepared in accordance with the Core Option of GRI Standards, and comply with the HKEx ESG Reporting Guide.

Regarding the work undertaken during this assurance process, we are of the opinion that Karrie adheres to the AA1000 AccountAbility Principles of inclusivity, materiality and responsiveness as discussed below:



## (XVI) ALLIED SUSTAINABILITY AND ENVIRONMENTAL CONSULTANTS GROUP LIMITED (ASECG) — VERIFICATION STATEMENT (CONTINUED)

### INCLUSIVITY

Karrie had stated in the report that its daily operations appears to be inclusive to stakeholders such as investors, employees, customers, suppliers and NGOs. During the reporting year, Karrie engaged with stakeholder groups through various communication channels including questionnaire, site visits and seminars to collect and incorporate their feedback for the material topics identification. This report covers the environmental, social and governance areas of concern to both the Company and its stakeholders with a reasonable level of disclosure. Based on our professional opinions, Karrie adhered to the principle of Inclusivity in preparation of this report.

### MATERIALITY

Karrie has conducted a materiality assessment to identify the material topics to the Company and its stakeholders during the reporting year. It is believed the method is appropriate and relevant to Karrie. Our view in area for enhancement to the Report was adopted by Karrie prior to the issuance of this verification statement. As per our Company's professional opinion, the report had adhered to the principle of Materiality.

### RESPONSIVENESS

In response to the expectations and opinions of stakeholders, Karrie has set up various feedback channels including questionnaires, tea break with investors, business visits, Company's website and corporate e-mail for different stakeholder groups. Through the feedback mechanism and stakeholder engagement, Karrie is building out a strategy for future sustainability efforts. Based on our Company's professional judgement, the report had adhered to the principle of Responsiveness.

### COMPETENCY AND INDEPENDENCE

ASECG is composed of sustainability and environmental consultants that are experienced in the industrial sector, and are trained and competent in a range of related standards and skills including but not limited to GRI Standards, GRESB, AA1000AS, HKEx ESG Reporting Guide, Carbon Audit, ISO 9001 and ISO 14001.

Besides, ASECG conducted the verification and assurance of sustainability data and reporting as an independent consultant. Upholding high ethical standards, it is claimed that there to have been no conflict of interest with the Company while performing the verification. Throughout the process, ASECG has verified all disclosed data, content and compliance with the stated reporting standards as per the Company's provision.



**Ms. Kwok May Han Grace**

*Chairman and Executive Director*

*Allied Sustainability and Environmental Consultants Group Limited*

*Hong Kong*

*29 August 2019*





## (XVII) GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

This report was prepared with reference to the Core Option of GRI standard guidelines and in accordance to “ESG Reporting Guide” issued by the Stock Exchange. The table below provides with cross-references to related chapters or direct explanation in respect of each Disclosure Requirement.

GRI standard	Disclosed item	Cross-references/explanation	“ESG Reporting Guide” reference	Page
<b>General Disclosure</b>				
<b>GRI 102: General Disclosure 2016</b>				
<b>Organizational profile</b>				
102-1	Name of the organization	About The Sustainability Report And Reporting Standards		2-5
102-2	Activities, brands, products, and services	About Karrie		2-5
102-3	Location of the headquarter	About The Sustainability Report And Reporting Standards		2-5
102-4	Location of operations	About The Sustainability Report And Reporting Standards		2-5
102-5	Ownership and legal form	About Karrie		2-5
102-6	Markets served	Annual Report 2018/19 — Financial Highlights (Page 10)		/
102-7	Scale of the organization	About Karrie Annual Report 2018/19 — Chairman’s Statement (Page 12-36)		2-5 /
102-8	Information on employees and other workers	About Karrie Corporate Social Responsibility Indicators	B1.1	2-5 36-43
102-9	Supply chain	Product Responsibility and Suppliers Management There was no case on the products sold out or shipped subject to recalls for safety and health reasons this year.	B5, B5.1, B5.2, B6, B6.1, B6.2, B6.4	29-30



**(XVII) GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX (CONTINUED)**

GRI standard	Disclosed item	Cross-references/explanation	"ESG Reporting Guide" reference	Page
102-10	Significant changes in the organization and its supply chain	There was no significant change in relation to the Group's supply chain.		/
102-11	Precautionary principles or approaches	Caring for the Environment		23-24
		Visions on Corporate Social Responsibility		14-15
102-12	External initiatives	Caring for the Environment		23-24
		Product Responsibility and Suppliers Management		29-30
102-13	Membership of associations	Major Awards, Recognition, Charters and Membership		34-35
<b>Strategy</b>				
102-14	Statement from decision-makers	Chairman's Message		6-7
102-16	Values, principles, standards, and norms of behaviour	Visions on Corporate Social Responsibility		14-15
		Product Responsibility and Suppliers Management		29-30
102-18	Governance structure	Corporate Governance		25-26
		Annual Report 2018/19 — Corporate Governance Report (Page 37-62)		/
102-40	Stakeholders groups	Participation of Stakeholders		9-13
102-41	Collective bargaining agreements	No collective bargaining agreement was signed by the Company with the trade union.		/
		Participation of Stakeholders		9-13
102-42	Identifying and selecting stakeholders	Staff Caring		16-18
		Corporate Governance		25-26
		Product Responsibility and Suppliers Management		29-30



**(XVII) GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX (CONTINUED)**

GRI standard	Disclosed item	Cross-references/explanation	"ESG Reporting Guide" reference	Page
102-43	Approach to stakeholder engagement	Participation of Stakeholders	B6.2	9-13
		Staff Caring		16-18
		Corporate Governance		25-26
		Product Responsibility and Suppliers Management		29-30
102-44	Key topics and concerns raised	Materiality Assessment	B6.2	11-13
102-45	Entities included in the consolidated financial statements	Annual Report 2018/19 — Financial Highlights (Page 9-11) — Consolidated Financial Statement (Page 114-295)		/
102-46	Defining report content and topic boundaries	About The Sustainability Report And Reporting Standards		2-5
		Materiality Assessment		11-13
102-47	List of material topics	Materiality Assessment		11-13
102-48	Restatements of information	No information given in previous report was restated this year		/
102-49	Changes in reporting	About The Sustainability Report And Reporting Standards		2-5
102-50	Reporting period	About The Sustainability Report And Reporting Standards		2-5
102-51	Date of the previous report	The previous report was published in 2018 with the information of the year 2017/18 disclosed.		/
102-52	Reporting cycle	About The Sustainability Report And Reporting Standards		2-5
102-53	Contact point for questions regarding the report	About The Sustainability Report And Reporting Standards		2-5



**(XVII) GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX (CONTINUED)**

GRI standard	Disclosed item	Cross-references/explanation	"ESG Reporting Guide" reference	Page
102-54	Claims of reporting in accordance with the GRI Standards	About The Sustainability Report And Reporting Standards		2-5
102-55	GRI content index	Global Reporting Initiative (Gri) Content Index		46-54
102-56	External assurance	Allied Sustainability And Environmental Consultants Group Limited — Verification Statement		44-45
<b>Important Issue</b>				
<b>GRI 201: Economic Performance</b>				
<b>GRI 103: Management Approach</b>		<b>Materiality Assessment</b>		<b>11-13</b>
201-1	Direct economic value generated and distributed	Economic efficiencies and market status Annual Report 2018/19 — Financial Highlights (Page 9-11)		8 /
201-2	Financial implications and other risks and opportunities due to climate change	No significant risks and opportunities posed by the regulatory requirements in relation to the climate change was found.		/
201-3	Defined benefit plan obligations and other retirement plans	Annual Report 2018/2019 — Consolidated Financial Statements (Page 174-176, 265-269)		/
201-4	Financial assistance received from government	No financial assistance was received from the government this year.		/
<b>GRI 202: Market Presence</b>				
<b>GRI 103: Management Approach</b>		<b>Materiality Assessment</b>		<b>11-13</b>
		<b>Staff Caring</b>		<b>16-18</b>
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Corporate Social Responsibility Indicators. The statistics of Hong Kong was temporarily not included in this part. The Group will continue to improve the relevant statistical system.		41
202-2	Proportion of senior management hired from the local community	Corporate Social Responsibility Indicators		41

**(XVII) GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX (CONTINUED)**

GRI standard	Disclosed item	Cross-references/explanation	"ESG Reporting Guide" reference	Page
<b>GRI 205 : Anti-corruption</b>				
<b>GRI 103 : Management Approach</b>		<b>Corporate Governance</b>	<b>B7, B7.2</b>	<b>25-26</b>
205-3	Confirmed incidents of corruption and actions taken	There were not any confirmed incidents of corruption.	B7.1	/
<b>GRI 301 : Materials</b>				
<b>GRI 103 : Management Approach</b>		<b>Caring for the Environment</b>	<b>A2, A3, A3.1</b>	<b>23-24</b>
301-1	Materials used by weight or volume	Corporate Social Responsibility Indicators (Only the weight of the packaging materials was counted this year.)	A2.5	38-39
<b>GRI 302 : Energy</b>				
<b>GRI 103 : Management Approach</b>		<b>Caring for the Environment</b>	<b>A2</b>	<b>23-24</b>
302-1	Energy consumption within the organization	Corporate Social Responsibility Indicators	A2.1	36
302-3	Energy intensity	Corporate Social Responsibility Indicators	A2.1	36
302-4	Reduction of energy consumption	Corporate Social Responsibility Indicators	A2.3	/
	Water consumption in total and intensity	Corporate Social Responsibility Indicators	A2.2	37
	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Not Applicable — Sourcing water is fit for the purpose is not considered to be a material issue for our organization.	A2.4	/



**(XVII) GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX (CONTINUED)**

GRI standard	Disclosed item	Cross-references/explanation	"ESG Reporting Guide" reference	Page
<b>GRI 305: Emissions</b>				
<b>GRI 103: Management Approach</b>		<b>Materiality Assessment</b>	<b>A1, A2</b>	<b>11-13</b>
		<b>Caring for the Environment</b>		<b>23-24</b>
305-1	Direct greenhouse gas (GHG) emissions (Scope 1)	Corporate Social Responsibility Indicators	A1.1, A1.2	36
305-2	Energy indirect GHG emissions (Scope 2)	Corporate Social Responsibility Indicators	A1.1, A1.2	36
305-3	Other indirect GHG emissions (Scope 3)	Corporate Social Responsibility Indicators	A1.1, A1.2	36
305-4	GHG emissions intensity	Corporate Social Responsibility Indicators		36
305-5	Reduction of GHG emissions	Corporate Social Responsibility Indicators	A1.5	36
305-6	Emissions of ozone-depleting substances	Corporate Social Responsibility Indicators		36
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions	There was no statistics on significant air emissions for the year. The Group will continue to improve the relevant statistical system.		/
<b>GRI 306 : Effluents and Waste</b>				
<b>GRI 103 : Management Approach</b>		<b>Caring for the Environment</b>	<b>A2</b>	<b>23-24</b>
306-2	Waste by type and disposal method	Corporate Social Responsibility Indicators	A1.3, A1.4, A1.6	37-38

**(XVII) GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX (CONTINUED)**

GRI standard	Disclosed item	Cross-references/explanation	"ESG Reporting Guide" reference	Page
<b>GRI 401: Employment relationship</b>				
<b>GRI 103: Management Approach</b>		<b>Materiality Assessment</b>	<b>B1</b>	<b>11-13</b>
		<b>Staff Caring</b>		<b>16-18</b>
401-1	New employee hires and employee turnover	Corporate Social Responsibility Indicators	B1.2	41
401-2	Benefits provided to full-time employees (excluding temporary or part-time employees)	Staff Caring		16-18
401-3	Parental leave	Staff Caring		16-18
		Corporate Social Responsibility Indicators		42
<b>GRI 403: Occupational Health and Safety</b>				
<b>GRI 103: Management Approach</b>		<b>Materiality Assessment</b>	<b>B2, B2.3</b>	<b>11-13</b>
		<b>Staff Caring</b>		<b>16-18</b>
403-1	Workers representation in formal joint management — worker health and safety committees	Staff Caring		16-18
403-2	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Corporate Social Responsibility Indicators	B2.1, B2.2	43
403-3	Workers with high-incidence or high risk of diseases related to their occupation	There was no worker in the Group with high risk of occupational diseases.		/
403-4	Health and safety topics covered in formal agreements with trade unions	No health and safety topic is covered in the agreement entered into by the Group with the trade union.		/

**(XVII) GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX (CONTINUED)**

GRI standard	Disclosed item	Cross-references/explanation	"ESG Reporting Guide" reference	Page
<b>GRI 404 : Training and Education</b>				
<b>GRI 103 : Management Approach</b>		<b>Training and Development</b>	<b>B3</b>	<b>19-22</b>
404-1	Average hours of training per year per employee	Corporate Social Responsibility Indicators	B3.2	43
404-3	Percentage of employees receiving regular performance and career development reviews	All employees in Hong Kong and employees who rank Level 5 or above in Mainland will received the performance appraisal every year.		/
	The percentage of employees trained by gender and employee category	Corporate Social Responsibility Indicators (The Statistics of employees trained by employee category was not included in this part. The Group will continue to improve the relevant statistical system.)	B3.1	43
<b>GRI 408: Child Labour</b>				
<b>GRI 103: Management Approach</b>		<b>Materiality Assessment</b>	<b>B4, B4.1, B4.2</b>	<b>11-13</b>
		<b>Staff Caring</b>		<b>16-18</b>
408-1	Operation office and suppliers at significant risk for incidents of child labour	Materiality Assessment		11-13
		Staff Caring		16-18
<b>GRI 413 : Local Communities</b>				
<b>GRI 103 : Management Approach</b>		<b>Caring for the Community</b>	<b>B8</b>	<b>27-28</b>
413-1	Operations with local community engagement, impact assessments and development programs	Caring for the Community		27-28
	Focus areas of contribution	Caring for the Community	B8.1	27-28
	Resources contributed to the focus area.	Corporate Social Responsibility Indicators	B8.2	36-43

**(XVII) GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX (CONTINUED)**

GRI standard	Disclosed item	Cross-references/explanation	"ESG Reporting Guide" reference	Page
<b>GRI 417: Marketing and Labelling</b>				
<b>GRI 103: Management Approach</b>		<b>Materiality Assessment</b>		<b>11-13</b>
417-1	Requirements for product and service information and labelling	Product Responsibility and Suppliers Management — The percentage of significant product or service categories covered by and assessed for compliance with such procedures cannot be provided temporarily.		29-30
417-2	Incidents of non-compliance concerning product and service information and labelling	There was no incident of non-compliance concerning product and service information and labelling this year.		/
417-3	Incidents of non-compliance concerning marketing communications	There was no incident of non-compliance concerning marketing communications this year.		/
<b>GRI 418: Customer Privacy</b>				
<b>GRI 103: Management Approach</b>		<b>Materiality Assessment</b> <b>Corporate Governance</b>	<b>B6.3, B6.5</b>	<b>11-13</b> <b>25-26</b>
418-1	Substantiated complaints concerning breaches of customer privacy or losses of customer data	There was no substantiated complaint concerning breaches of customer privacy or losses of customer data this year		/
<b>GRI 419: Socioeconomic Compliance</b>				
<b>GRI 103: Management Approach</b>		<b>Materiality Assessment</b>		<b>11-13</b>
419-1	Non-compliance with laws and regulations in the social and economic area	There was no incident of non-compliance with laws and regulations in the social and economic area this year.		

