



**WING ON COMPANY INTERNATIONAL LIMITED**

**永安國際有限公司**

(Incorporated in Bermuda with limited liability)

(Stock code: 289)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT  
2018

## Introduction

Wing On Company International Limited (the “Company”) and its subsidiaries (the “Group”) recognize the importance of sound environmental, social and governance (“ESG”) practices as vital to long-term and sustainable business growth. Being a responsible corporate citizen, the Group endeavors to contribute to the environment and the community in which the Group operates.

The Group is pleased to present our Environmental, Social and Governance Report (the “Report”) to update our ESG initiatives and accomplishments from 1 January 2018 to 31 December 2018 (the “Year”). This Report covers the Group’s core operations in department stores and property investments in Hong Kong which have substantial impact on our environmental and social performance. There is no significant change in scope of this Report from that of our 2017 Environmental, Social and Governance Report published on 27 April 2018.

This Report is prepared in accordance with the requirements of the Environmental, Social and Governance Reporting Guide (the “Guide”) set out in Appendix 27 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Throughout the Year, the Group complied with the disclosure requirements of the Guide. The index of the Guide is available at the end of this Report for the reader’s reference. For details of our corporate governance practices, please refer to the Corporate Governance Report in the Group’s 2018 Annual Report.

The Board of Directors (the “Board”) has the overall responsibility for our ESG strategy and reporting. The Board is also responsible for evaluating and determining ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. Management has confirmed to the Board that such systems are effective.

The Group has established an ESG Committee (the “ESG Committee”), comprising members of senior management and chaired by the Group’s Chief Accountant, to set the Group’s policy and strategy on sustainability. The ESG Committee has prioritized a number of areas, namely reducing harmful greenhouse gas emissions, minimizing unnecessary disposal of waste in its ordinary course of business, and providing a safe and supportive environment for its employees, as material to the Group’s ESG strategy. The ESG Committee meets to formulate, approve and supervise the implementation of ESG measures to address environmental and social matters. Moreover, during the Year, key performance indicators were identified, tracked and closely monitored for the purpose of ensuring continuous improvement. Work progress and results of key performance indicators were regularly updated and communicated to the Group’s employees to build a shared understanding of the Group’s strategic direction and progression.

## **Environment**

The Group identified emissions of greenhouse gas and generation of non-hazardous waste from its operations as material ESG issues which had an adverse impact on the environment. The biggest contributors to the Group's greenhouse gas emissions came from energy consumption (through the use of electricity and fuel) and disposal and treatment of paper waste (through breakdown of organic matter in landfills), which accounted for 99.4% of the Group's greenhouse gas emissions. Other contributors include water usage and air travel for business purposes. The non-hazardous waste of the Group was mainly generated from disposal and treatment of paper waste and disposal of electrical appliances, accessories and unsold merchandises.

Due to the business nature of the Group, no hazardous waste was produced during the Year. The air emissions of nitrogen oxides, sulphur oxides and particulate matter mainly came from emissions from the Group's vehicles.

The Group has complied with all relevant laws and regulations relating to air and greenhouse gas emissions and non-hazardous waste during the Year.

To minimize the negative environmental impact associated with the Group's business operations, the ESG Committee continued to undertake a number of measures to reduce emission of greenhouse gas and generation of non-hazardous waste during the Year. More effort had been devoted to reducing energy consumption and paper waste disposal, as they were the major contributors of greenhouse gas and non-hazardous waste. Details of such efforts are set out below:

### Electricity

- Replaced aged chiller system installed in Wing On Kowloon Centre.
- Progressively replaced aged air handling units installed in Sheung Wan Main Store.
- Progressively converted fluorescent tubes to LED lights at Godown office.
- Used LED lights in external advertising lightboxes at Nathan Road Store.
- Installed LED lights in renovated areas in department stores.
- Implemented 5-day work week in offices.
- Used centralized multi-functional printers and photocopies, instead of multiple standalone printing equipment to handle all printing and scanning requests.
- Signed up to the "Charter on External Lighting" launched by the Environment Bureau to switch off external lighting from 11pm or midnight to 7am to reduce light pollution and electricity consumption.

### Fuel

- Adopted Euro IV or V standard truck fleet to reduce exhaust emissions.
- Used GPS tracking system on delivery trucks to monitor driving behavior to manage fuel consumption.
- Reduced the frequency of staff shuttle bus service in response to decrease in demand.
- Equipped the car park of Wing On Centre with 2 charging stations for electric vehicles to promote low carbon transportation.

### Paper

- Preset targets to reduce paper consumption. Individual operating units which failed to achieve the preset target had to provide explanations.
- Launched “Wing On Rewards Apps”, a customer loyalty program to disseminate promotion news and provide e-coupon membership offers. Adopted other electronic marketing channels, such as e-poster, e-catalogue, QR code, on-line lucky draw registration, social media platforms to reduce traditional printing of promotion materials.

### Non-hazardous waste management

- Increased the volume of shredded paper handed for recycling.
- Handed over 119 pieces of discarded computers and equipment to qualified recycler.
- Returned 151 pieces of empty toner cartridges to supplier for recycling.
- Donated 120 boxes (2,400 kgs) of unsold merchandises to charity group.
- Reused carton boxes for customer delivery orders and internal merchandise transfers.

### Green activities

- Provided training of green practices in workplace to staff of department stores.
- Sponsored the “Walk for Nature at Mai Po” fundraising event organized by World Wildlife Fund Hong Kong to raise the awareness of nature conservation.
- Supported St. James’ Settlement with its mooncake collection. The donated mooncakes were transferred to the needy to reduce mid-autumn festival’s food waste.
- Organized tour to visit Island House, one of Hong Kong’s declared monuments, and participated the on-site natural lip balm workshop to learn about the importance of conservation of heritage, its natural surroundings and low-carbon living.

Due to the above measures undertaken during the Year, electricity consumption, fuel consumption and paper waste disposal of the Group reduced by 1,463 Mwh (or 6.9%), 2,815 litres (or 6.3%) and 4.3 tonnes (or 61.4%) respectively. This reduction helped to lower the total greenhouse gas emissions and greenhouse gas emissions intensity of the Group (being a measure of the amount of greenhouse gas emissions per HK\$1 million of revenue generated) by 8.8% and 6.5% during the Year respectively.

The Group is not engaged in water intensive industries and therefore water consumption is not considerable. Notwithstanding this, water consumption of the Group during the Year increased by 7,440 m<sup>3</sup> (or 31%) which was mainly due to the failure of the chiller system installed in the Wing On Kowloon Centre which required running water to enhance cooling capacity temporarily. The chiller system was replaced during the Year. Although water consumption is not considered to be a material issue in our operations, the Group recognizes the importance of water conservation and uses water with great care.

The following tables summarize the Group's environmental performance <sup>(Note 1)</sup>:

**Greenhouse gas emissions** <sup>(Notes 2 & 3)</sup> **(with resources consumption and non-hazardous waste disposal figures):**

	2018	2017	Year-on-year variance (in %)
<b>Scope 1 - Direct emissions and removals</b>			
<b>Fuel consumed</b> <sup>(Note 4)</sup>			
(in litres)	41,925	44,740	-6.3%
(in tCO <sub>2</sub> e)	108	115	-6.1%
Intensity per HK\$1m revenue <sup>(Note 5)</sup>			
(in litres)	29.2	30.4	-3.9%
(in tCO <sub>2</sub> e)	0.075	0.078	-3.8%
<b>Scope 2 - Energy indirect emissions</b>			
<b>Electricity consumed</b> <sup>(Note 6)</sup>			
(in Mwh)	19,600	21,063	-6.9%
(in tCO <sub>2</sub> e)	12,533	13,734	-8.7%
Intensity per HK\$1m revenue <sup>(Note 5)</sup>			
(in Mwh)	13.63	14.29	-4.6%
(in tCO <sub>2</sub> e)	8.72	9.32	-6.4%
<b>Scope 3 - Other indirect emissions</b>			
1. Paper consumed <sup>(Note 7)</sup>			
(in tonnes)	12.4	14.1	-12.1%
(in tCO <sub>2</sub> e)	60	68	-11.8%
2. Greenhouse gas avoided by recycling waste paper <sup>(Note 7)</sup>			
(in tonnes)	23.7	21.1	+12.3%
(in tCO <sub>2</sub> e)	114	101	+12.9%
<b>Paper waste disposal</b> <sup>(1) minus (2)</sup>			
(in tonnes)	-11.3	-7.0	-61.4%
(in tCO <sub>2</sub> e)	-54	-33	-63.6%
Intensity per HK\$1m revenue <sup>(Note 5)</sup>			
(in tonnes)	-0.008	-0.005	-60%
(in tCO <sub>2</sub> e)	-0.038	-0.022	-73%
<b>Water usage</b> <sup>(Notes 8 &amp; 9)</sup>			
(in m <sup>3</sup> )	31,453	24,013	+31.0%
(in tCO <sub>2</sub> e)	19	14	+35.7%
Intensity per HK\$1m revenue <sup>(Note 5)</sup>			
(in m <sup>3</sup> )	21.87	16.29	+34.3%
(in tCO <sub>2</sub> e)	0.01321	0.00950	+39.1%
<b>Air travel by staff</b> <sup>(Note 10)</sup>			
(in km)	556,073	538,830	+3.2%
(in tCO <sub>2</sub> e)	56	50	+12.0%
Intensity per HK\$1m revenue <sup>(Note 5)</sup>			
(in km)	386.7	365.6	+5.8%
(in tCO <sub>2</sub> e)	0.039	0.034	+14.7%
<b>Total emissions (direct and indirect) and removals</b>			
<b>Total greenhouse gas emissions (in tCO<sub>2</sub>e)</b>	<b>12,662</b>	<b>13,880</b>	<b>-8.8%</b>
<b>Intensity per HK\$1m revenue (in tCO<sub>2</sub>e)</b>	<b>8.81</b>	<b>9.42</b>	<b>-6.5%</b>

Notes:

1. All data is provided and verified by respective department heads.
2. Greenhouse gas emissions were generated from the Group's department store operations and property investment operations in Hong Kong.
3. Greenhouse gas emissions data is presented in tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) and the calculation methodology is based on the "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong" issued by Electrical and Mechanical Services Department and Environmental Protection Department.
4. Fuel consumption includes fuel used by delivery trucks and vehicles.
5. The Group's revenue from Hong Kong operations was used as the denominator to calculate greenhouse gas emissions intensity. The Group's revenue from Hong Kong operations for 2017 and 2018 was HK\$1,474 million (restated) and HK\$1,438 million respectively. Previously published intensity data for 2017 is restated due to restatement of the Group's revenue from Hong Kong operations under the new accounting treatment.
6. Emissions relating to electricity consumption are based on the latest emission factors provided by the two Hong Kong power companies, i.e. Hongkong Electric Company Limited and CLP Power Hong Kong Limited. For the Group's department store buying office in Guangzhou, the emission factor is based on the "2016 Emission Factors for purchased electricity within Mainland China" published by Climate Change Info-Net.
7. Emissions relating to paper waste disposal is equal to emissions from paper consumption minus emissions avoided from recycling waste paper. Paper consumption refers to paper used for copying and printing, while the amount of recycle of waste paper refers to those recorded in recycling vendor invoices.
8. Emissions relating to water consumption are based on the latest emission factors provided by Hong Kong Water Supplies Department and Drainage Services Department.
9. The water consumption data mainly covers the common area of property investment operations in Hong Kong.
10. Emissions relating to air travel by staff are based on "International Civil Aviation Organization Carbon Emissions Calculator", provided on the website of International Civil Aviation Organization.

**Air emissions** <sup>(Notes 1, 2 & 3):</sup>

	2018	2017	Year-on-year variance (in %)
Nitrogen Oxides (in g)	437,362	461,723	-5.3%
Sulphur Oxides (in g)	664	709	-6.3%
Particulate Matter (in g)	29,981	31,689	-5.4%

Notes:

1. All data is provided and verified by respective department heads.
2. Air emissions are generated from the Group's delivery trucks and vehicles.
3. Air emissions are calculated in accordance with "How to prepare an ESG Report? Appendix 2: Reporting Guidance on Environmental KPIs" issued by Stock Exchange.

### Department store operations

Our shopping bags are made of Forest Stewardship Council certified paper, which guarantees the forest materials used to produce the shopping bags came from responsible sources. To reduce the distribution of shopping bags, we always encourage customers to bring their own reusable bags. Where shopping bags are used, bags of appropriate size and appropriate quantity are provided to avoid excessive packaging. During the Year, shopping bag consumption decreased by 2.7% compared with 2017. However, due to the drop in revenue, shopping bag consumption intensity (being a measure of the amount of shopping bags consumed per HK\$1 million of revenue generated) increased by 3.3% compared with 2017.

#### **Shopping bags consumed** (Notes 1 & 2):

	<b>2018</b> <b>Pieces (in '000)</b>	<b>2017</b> <b>Pieces (in '000)</b>	<b>Year-on-year variance</b> <b>(in %)</b>
Shopping bags consumed	2,153	2,213	-2.7%
Intensity per HK\$1m revenue (Note 3)	2.17	2.10	+3.3%

Notes:

1. All data is provided and verified by respective department heads.
2. The amount of shopping bags consumed relate to the Group's department store operations only.
3. The Group's revenue from department store operations was used as the denominator to calculate shopping bag consumption intensity. The Group's revenue from department store operations for 2017 and 2018 was HK\$1,053 million (restated) and HK\$994 million respectively. Previously published intensity data for 2017 is restated due to restatement of the Group's revenue from department store operations under the new accounting treatment.

### Property investment operations

The Group's commercial investment properties located in Melbourne, Australia have been rated according to the National Australian Built Environment Rating System ("NABERS"). NABERS is an Australian national rating system that measures the environmental performance of Australian buildings. NABERS converts performance information, such as utility bills, into easy to understand star rating scales from one to six stars. During the rated period of 1 January 2018 to 31 December 2018, the Group's Melbourne properties achieved a 4-star (good performance without buying green power and without any major upgrades) rating on NABERS 6 star scale in terms of energy and greenhouse gas emissions and environmental impact. A 2.5 to 3 star rating represents average performance and a 6 star rating demonstrates market leading performance.



The total associated greenhouse gas emissions (from direct emissions from fuel consumption, indirect emissions from energy consumption and other indirect emissions) amounted to 5,011 tCO<sub>2</sub>e or 0.091 tCO<sub>2</sub>e per square meter of net lettable area (Rated period of 1 December 2016 to 30 November 2017: 4,930 tCO<sub>2</sub>e or 0.097 tCO<sub>2</sub>e per square meter of net lettable area). During the rated period, the leasing office of the properties comprised 6 staff, who were responsible for all leasing, accounting and administrative matters. The services (such as air-conditioning, water treatment, electrical, lifts, recycling, waste, etc.) were outsourced to reputable professional service providers who provide a high standard of services to tenants, and hence, other detailed resources consumption data is not available.

Currently, environmental performance data (including the rating) is compiled prior to the marketing, selling or leasing of the properties (and not on a regular fixed schedule).

The Group's investment property located in Houston, United States of America, is a non-core property in our investment property portfolio. We have also engaged a reputable professional property management company to provide all services to the building's tenants and therefore no relevant data is available for the purpose of this Report.

## Social

### Employment and labour practices

A skilled and stable workforce is the engine of continuous business growth. Therefore, the Group is committed to provide a safe, healthy and family-friendly work environment for its employees with marketable remuneration, professional management and equal development opportunity.

#### (a) Employment

The Group understands the importance of compliance with all relevant employment laws and regulations. Relevant employment policies have been established to facilitate better people management. Throughout the Year, the Group was fully compliant with local laws and regulations and there were no instances of legal proceedings for non-compliance in relation to our employment practices.

To enhance the family-friendly working environment and promote work-life balance for employees' well-being, the Group optimized its human resources practices in 2018, such as providing an extra monthly rest day for all frontline employees, adopting a 5-day work week for back office employees and offering birthday leave for all full time employees. The Group provides competitive remuneration packages with a wide range of benefits to attract and retain talented and qualified employees. As an equal opportunity employer, the Group upholds equal opportunities policies related to all aspects of employment including recruitment, compensation and benefits, promotions and training. All employment decisions are determined according to individual qualification, experience, capability, merit and competence.

The Group's department store operations were awarded the "Good Employer Charter" by the Labour Department in 2018. This award recognizes the adoption of employee-oriented and progressive good human resource management practices, thereby cultivating a good human resource management culture in the workplace.

As at 31 December 2018, the Group had a total of 739 employees. They include permanent, temporary and part-time staff employed by the department store operations and property investment operations with a diverse background. Most of such employees were stationed in Hong Kong.

#### (b) Health and safety

The safety and health of our employees is always the first and foremost concern of the Group. Occupational safety policies, guidelines and work procedures have been promoted and adopted to protect our employees from occupational hazards. Safety officers have been appointed to perform regular safety checks in all working locations and identify any potential risk in the working environment to comply with the Occupational Safety and Health Regulation. To raise employee awareness of workplace safety, Risk Assessment of Manual Handling Operation has been taken throughout the year. This assessment assesses the health risk associated with manual handling operations in workplace and gives advices on preventive measures. This assessment aims to highlight the importance of good work practices, the proper use of mechanical aids and protective devices, minimize the risk involved in manual handling operations and therefore protect the safety of employees.

#### (c) Development and training

The Group aims to better equip employees with the necessary skills and knowledge to increase organizational productivity and is therefore committed to motivate employees to participate actively in various types of training and development activities. The Group provides a wide range of training courses with various topics from hands-on customer service skills and selling techniques to managerial supervisory skills, with a view that employees at all employment grades can reach their potential and drive the Group forward.

The Group endeavors to promote lifelong learning and continual growth of employees by assisting and sponsoring employees in obtaining Quality Framework-recognized qualifications under the “Hong Kong Qualifications Framework (QF)” Scheme by the Education Bureau of Hong Kong. Throughout the Year, the department store operations of the Group was awarded as “QF Star Employer” as recognition of its active support and participation in the Qualifications Framework (QF) for long-term talent development. As at the end of 2018, a total of 222 frontline staff in the retail operations of the Group successfully obtained the certificate of Store Operation (General) (Level 3).

The department store operations of the Group was also awarded the “Manpower Developers (MDs)” under the “ERB Manpower Developer Award Scheme” launched by the Employees Retraining Board. This reward recognizes the effectiveness of the strategies and practices in manpower training and development.

(d) Labour standards

Child and forced labour are strictly prohibited in all our business operation units. The Group requires all operational units to comply with all relevant regulations about child and/or forced labour. The Human Resources Division of the Group is responsible for monitoring and ensuring that no under-aged children are employed and no employees are forced to work against their will. All overtime work is on a voluntary basis and employees eligible under the Group's remuneration policy will be paid for working overtime accordingly. Throughout the Year, the Group has not engaged in the use of child or forced labour.

## Operating practices

### (a) Supply chain management

It is important that our suppliers also uphold the same values as ours in respect of environmental and social areas. The Group has developed a Supplier Code of Conduct for its department store and property investment operations which outlines our expectations of suppliers in the areas of legal compliance, labour and human rights, health and safety, environmental protection and ethical conduct. We seek to work with suppliers who adhere to responsible and sustainable practices.

The Group surveys all active suppliers of department store operations periodically by a self-assessment questionnaire. The questionnaire collects information from the suppliers about their policies, control system and regulatory compliance relating to environmental conservation, occupational health and safety, employment practices and business ethics. During the Year, we received survey feedback from 653 suppliers. This represented 43% of all suppliers sent a self-assessment questionnaire. All suppliers who responded indicated that they had complied with the relevant laws and regulations. Only 6% of respondents performed poorly, who indicated they did not have any policies and control systems in respect of corporate and social responsibilities. Compared with our 2017 survey, the proportion of suppliers who performed poorly slightly increased by 2 percentage points.

We seek to make our procurement process responsible, fair and impartial. For the Group's property investment operations, all approved contractors are vetted to ensure they possess the professional qualifications and meet our requirements. Contractors of major building works are selected via a tendering procedure. For the Group's department store operations, performance of suppliers is evaluated periodically. Such periodic evaluation takes into account factors like the supplier's business performance, number of customer complaints received and legal compliance in the previous year. The evaluation allows us to review the performance of our suppliers and based on such results to select quality and suitable vendors to optimize our product mix and services.

During the Year, the majority of our merchandise suppliers in the Group's department store operations were located in Hong Kong and European countries.

## (b) Product responsibility

The interests of our customers is always a top priority. To ensure safe and quality merchandise are offered in our department stores, policies and guidelines are adopted for merchandise sourcing. For example, the Group performs background checks on suppliers (including examination of all necessary certificates or licenses of their operations) and carries out label checks on particular products. Upon becoming aware any confirmed or potential issues associated with health, safety or label non-compliance of our products from sources such as suppliers, customers, government departments and/or the media, we withdraw such products from the department stores immediately. We generally accept merchandise returns from customers and we may (where appropriate) work with relevant suppliers to resolve issues. During the Year, there were 5 incidents of products sold which were subject to recalls for product label non-compliance reasons and food safety concerns.

The Group's department store operations value the feedback from our customers and provide multiple channels, such as feedback forms, our website, hotline services and social media platforms to collect comments and enquiries. To ensure customer feedback is properly channeled and addressed, all feedback is reviewed by designated departments and all complaints are fairly investigated and promptly followed up to resolve disputes. During the Year, a total of 510 customer compliments and 82 customer complaints were received regarding the department stores' products or services. All of these complaints were settled with the relevant customers amicably. Compared with 2017, the number of compliments decreased by 40% and the number of complaints increased by 12%. The increase in customer complaints mainly covered the areas of customer service and facilities. To enhance our customer experience, we will review all customer suggestions to make continuous improvements to our products and services.

The Group complies with the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) and Trade Description Ordinance (Cap. 362 of the Laws of Hong Kong), and respects and protects intellectual property rights.

The Group has policies and guidelines to regulate access, storage and disposal of personal data, which all relevant employees have to sign to confirm their understanding and compliance. Should there be a need to use customer's personal information for direct marketing, we would obtain prior written consent from our customers.

To ensure our marketing practices are in full compliance with the Trade Description Ordinance, guidelines are developed to assist various departments to understand the legislation. All advertising materials are reviewed by designated departments before such materials are released or published.

The Group respects intellectual property rights of third parties. We prohibit the unauthorized use of computer software, music and photo images which may lead to infringement of copyright. We request suppliers to submit certificates and licenses of their merchandise as required under relevant regulations to ensure authentic merchandise are offered in our department stores. The Group protects its own intellectual property rights by undertaking relevant registration for its own created brands in department store operations.

(c) Anti-corruption

To uphold the highest standard of integrity in the workplace, relevant codes of conduct and policies (also included in our employee handbook / employment contracts) have been adopted which aim to prevent bribery, extortion, fraud, money laundering and other malpractices within the Group's operations. Each year, all employees are required to disclose their financial association or relationship that may cause conflict of interest at work. We regularly invite the Independent Commission Against Corruption of Hong Kong to lecture employees on anti-corruption education. The Group also has a whistle-blowing policy for employees to report misconduct or malpractices through a confidential reporting channel. Throughout the Year, the Group complied with the relevant laws and regulations and the Group was not aware of any legal case brought against the Group or its employees concerning corrupt practices.

## Community investment

The Group is committed to corporate citizenship and is actively involved in giving back to the community in various ways. While the Group does not have a specific focus area of contribution in community investment and donations, the Group will entertain any donation requests on a case-by-case basis and encourage employees to participate in wide-ranging community events or activities. During the Year, the Group's operating units participated in various fund raising events and sponsored community activities and our employees had collectively devoted 110 hours of volunteering services in the community. A total amount of HK\$83,450 was donated to different charitable organizations.

Activities and events the Group and/or its employees participated in or sponsored during the Year included:

- Placement of donation boxes from different charitable organizations (such as the Christian Action, World Wildlife Fund, Orbis, Changing Young Lives Foundation and Heifer Hong Kong) in department stores
- Hong Kong Secondary School Mini-Movie Competition
- My Future – Life Experience Program
- School-Company-Parent Program
- UNICEF Charity Run
- World Wildlife Fund Walk for Nature at Mai Po
- Workshop at Island House and Gardens operated by World Wildlife Fund
- Outward Bound Corporate Challenge

During the Year, the Group was honoured to have received several community focused awards, including the Caring Company launched by The Hong Kong Council of Social Service, the Heart to Heart Company organized by The Hong Kong Federation of Youth Groups and, the Great Entrepreneurial Spirit and Best Performance of School-Company Partnership coordinated by The Young Entrepreneurs Development Council Limited.



## Laws and Regulations

The Group's business operations strictly complied with all applicable ESG laws and regulations in Hong Kong. The following table lists the relevant ESG laws and regulations which have significant impact on the Group's operations.

<b>Environment</b> <ul style="list-style-type: none"><li>• Air Pollution Control Ordinance (Cap. 311)</li><li>• Waste Disposal Ordinance (Cap. 354)</li><li>• Building Energy Efficiency Ordinance (Cap. 610)</li><li>• The Environmental Levy Scheme on Plastic Shopping Bags under the Product Eco-Responsibility Ordinance (Cap. 603)</li><li>• Promotion of Recycling and Proper Disposal (Electrical Equipment and Electronic Equipment) (Amendment) Ordinance 2016 under the Product Eco-Responsibility Ordinance (Cap. 603)</li></ul>
<b>Employment</b> <ul style="list-style-type: none"><li>• Employment Ordinance (Cap. 57)</li><li>• Discrimination Ordinances on Sex, Disability, Family Status and Race (Cap. 480, 487, 527 and 602)</li><li>• Occupational Safety and Health Ordinance (Cap. 509)</li><li>• Employees' Compensation Ordinance (Cap. 282)</li><li>• Minimum Wage Ordinance (Cap. 608)</li><li>• Mandatory Provident Fund Scheme Ordinance (Cap. 485)</li></ul>
<b>Product Responsibility</b> <ul style="list-style-type: none"><li>• Sale of Goods Ordinance (Cap. 26)</li><li>• The Supply of Services (Implied Terms) Ordinance (Cap. 457)</li><li>• Food Safety Ordinance (Cap. 612)</li><li>• Food and Drugs (Composition and Labelling) Regulations (Cap. 132W)</li><li>• Consumer Goods Safety Ordinance (Cap. 456)</li><li>• Toys and Children's Products Safety Ordinance (Cap. 424)</li><li>• Trade Description Ordinance (Cap. 362)</li><li>• Competition Ordinance (Cap. 619)</li><li>• Personal Data (Privacy) Ordinance (Cap. 486)</li><li>• Copyright Ordinance (Cap. 528)</li><li>• Trade Marks Ordinance (Cap. 559)</li></ul>
<b>Anti-corruption</b> <ul style="list-style-type: none"><li>• Prevention of Bribery Ordinance (Cap. 201)</li></ul>

## The Stock Exchange's ESG Reporting Guide Index

A. Environmental		2018	2017
A1 Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environment (Pages 2 to 8)	
KPI A1.1	The types of emissions and respective emission data.	Nitrogen Oxides: 437,362 g Sulphur Oxides: 664 g Particulate Matter: 29,981 g	Nitrogen Oxides: 461,723 g Sulphur Oxides: 709 g Particulate Matter: 31,689 g
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	12,662 tCO <sub>2</sub> e 8.81 tCO <sub>2</sub> e/HK\$1m revenue	13,880 tCO <sub>2</sub> e 9.42 tCO <sub>2</sub> e/HK\$1m revenue
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable. Due to the business nature, the Group does not produce hazardous waste.	
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Paper waste disposal: -11.3 tonnes, -0.008 tonne/HK\$1m revenue Electrical appliances/accessories for recycling: 119 pieces of computers and equipment 151 pieces of empty toner cartridges 120 boxes (2,400 kgs) of unsold merchandises	Paper waste disposal: -7.0 tonnes, -0.005 tonne/HK\$1m revenue Electrical appliances/accessories for recycling: 362 pieces of point-of-sale hardware 222 pieces of empty toner cartridges
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Environment (Pages 2 to 8)	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environment (Pages 2 to 8)	

A. Environmental		2018	2017
A2 Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Environment (Pages 2 to 8)	
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity (e.g. per unit of production volume, per facility).	Fuel: 41,925 litres, 29.2 litres/HK\$1m revenue Electricity: 19,600 Mwh, 13.63 Mwh/HK\$1m revenue	Fuel: 44,740 litres, 30.4 litres/HK\$1m revenue Electricity: 21,063 Mwh, 14.29 Mwh/HK\$1m revenue
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	31,453 m <sup>3</sup> 21.87 m <sup>3</sup> /HK\$1m revenue	24,013 m <sup>3</sup> 16.29 m <sup>3</sup> /HK\$1m revenue
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Environment (Pages 2 to 8)	
KPI A2.4	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 that is fit for purpose and water efficiency initiatives are not considered to be material issues in the Group's operations.	
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Shopping bags (in '000 pieces) 2,153 2.17 pieces/HK\$1m revenue (Department store operations only)	Shopping bags (in '000 pieces) 2,213 2.10 pieces/HK\$1m revenue (Department store operations only)
A3 The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	Environment (Pages 2 to 8)	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment (Pages 2 to 8)	

B. Social – Employment and Labour Practices <sup>(Notes 1, 2 &amp; 4)</sup>		2018		2017	
B1 Employment	General Disclosure  Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment (Page 9)			
KPI B1.1	Total workforce by gender.  - All staff  - Corporate manager	Male  26%  63%	Female  74%  37%	Male  26%  60%	Female  74%  40%
KPI B1.1 <sup>(Note 3)</sup>	Total workforce by employment type.  - Permanent  - Temporary & part-time	  90%  10%		  90%  10%	
KPI B1.1	Total workforce by age group.  - Below 31  - 31 – 40  - 41 – 50  - 51 – 60  - 60 above	  7%  14%  27%  46%  6%		  8%  13%  29%  47%  3%	
KPI B1.1	Total workforce by geographical region.  - Hong Kong  - China	  99%  1%		  99%  1%	
KPI B1.2	Employee turnover rate by gender.	Male  2.34%	Female  6.59%	Male  1.81%	Female  7.10%
KPI B1.2	Employee turnover rate by age group.  - Below 31  - 31 – 40  - 41 – 50  - 51 – 60  - 60 above	  2.48%  1.76%  1.90%  2.79%  0%		  1.38%  2.08%  1.53%  3.92%  0%	
KPI B1.2	Employee turnover rate by geographical region.  - Hong Kong  - China	  8.93%  0%		  8.91%  0%	

B. Social – Employment and Labour Practices		2018		2017	
B2 Health and Safety	General Disclosure Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to provision of a safe working environment and protecting employees from occupational hazards.	Health and Safety (Page 10)			
KPI B2.1	Number and rate of work-related fatalities.	Nil		Nil	
KPI B2.2 <sup>(Note 5)</sup>	Lost days due to work injury.	37 cases, 337 lost days		30 cases, 219 lost days	
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety (Page 10)			
B3 Development and Training	General Disclosure Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	Development and Training (Page 10)			
KPI B3.1	Percentage of employees trained by gender.	Male 21%	Female 79%	Male 16%	Female 84%
KPI B3.1	Percentage of employees trained by employee category.  - Corporate manager  - General staff  - Temporary & part-time	  1.5%  70.8%  27.7%		  1.4%  79.8%  18.8%	
KPI B3.2 <sup>(Note 6)</sup>	Average training hours completed per employee by gender.	Male 3.95 hours	Female 3.37 hours	Male 4.92 hours	Female 6.20 hours
KPI B3.2	Average training hours completed per employee by employee category (internal training).  - Frontline staff (Frontline staff of department store operations only)	4.44 hours		8 hours	
KPI B3.2	Average training hours completed per employee by employee category (external training).  - All levels  - Corporate manager  - General staff	1.18 hours  11.31 hours  0.93 hours		0.83 hours  11.53 hours  0.61 hours	

B. Social – Employment and Labour Practices		2018	2017
B4 Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards (Page 11)	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards (Page 11)	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards (Page 11)	

Notes:

1. All data is provided and verified by respective department heads.
2. All KPIs of employment and labour practices cover employees employed by the Group's department store operations and property investment operations in Hong Kong, except the KPI of average training hours completed per employee by employee category (internal training) covers frontline staff of department store operations only.
3. The total number of employees (permanent staff versus temporary and part-time staff) employed by the Group's department store operations and property investment operations in Hong Kong as at 31 December of 2017 and 2018 was 762 (704:58) and 739 (680:59) respectively.
4. All KPIs of employment (except total workforce by employment type) refer to permanent staff only, while all KPIs of health and safety, development and training, labour standards and total workforce by employment type refer to permanent, temporary and part-time staff.
5. Work injuries include incidents requiring sick leave.
6. Training includes all job-relevant internal and external training attended by the employees.

B. Social – Operating Practices		2018	2017
B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Supply Chain Management (Page 12)	
KPI B5.1	Number of suppliers by geographical region.	Majority of our merchandise suppliers are located in Hong Kong and European countries (Department store operations only)	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management (Page 12)	
B6 Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility (Pages 13 and 14)	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	5 incidents (Department store operations only)	3 incidents (Department store operations only)
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	82 cases, 100% settled (Department store operations only)	73 cases, 100% settled (Department store operations only)
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility (Pages 13 and 14)	
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility (Pages 13 and 14)	
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility (Pages 13 and 14)	
B7 Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption (Page 14)	
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and outcomes of the cases.	Nil	Nil
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption (Page 14)	

B. Social – Community		2018	2017
B8 Community General Disclosure		Community Investment (Page 15)	
Investment	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		
KPI B8.1	Focus areas of contribution.	Not applicable. The Group does not have focus areas of contribution.	
KPI B8.2	Resources contributed to the focus area.	Not applicable. The Group does not have focus areas of contribution.	