

REF Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1631

2018

Environmental, Social and
Governance Report

Environmental, Social and Governance Report

1 BACKGROUND

REF Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 5 February 2014 as an exempted company with limited liability. Its immediate holding company is Jumbo Ace Enterprises Limited, a company incorporated in the British Virgin Islands (the “BVI”) and its ultimate holding company is Rising Luck Management Limited, a company incorporated in the BVI. Its ultimate controlling party is Mr. Lau Man Tak who is also the chairman and the non-executive director of the Company. The Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance of Hong Kong on 12 March 2014. The Company’s issued shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of financial printing services, including (i) typesetting, (ii) proofreading, (iii) translation, (iv) design, (v) printing, (vi) web submitting, (vii) newspaper placement, and (viii) distribution, of which translation and printing are subcontracted to a panel of subcontractors.

2 ABOUT THIS REPORT

This environmental, social and governance (the “ESG”) report (the “ESG Report”) has been prepared under the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). It sets out the actions and performance of the Company and its subsidiaries (the “Group”) on sustainability issues in a transparent and open manner with the intention of increasing stakeholders’ confidence in and understanding of the Group.

This ESG Report covers the Group’s overall performance in two subject areas, namely, Environmental and Social of the business operations in Hong Kong office from 1 January 2018 to 31 December 2018 (the “year” or “2018”), unless otherwise stated.

3 STAKEHOLDERS ENGAGEMENT

Stakeholders refer to the groups and individuals materially influencing or being affected by the Group’s business. The Group’s stakeholders include employees, management and directors, as well as external stakeholders such as customers, suppliers, business partners, investors, regulatory authorities and various types of community groups. During the year, the Group communicated with its key stakeholders through a variety of channels. While preparing the ESG Report, the Group commissioned a professional consultancy firm to conduct materiality analysis in the form of management interviews. With expert advice, the Group has identified the material aspects for this ESG Report and these will in turn guide the formulation of the Group’s sustainability roadmap.

The business of the Group affects different stakeholders, and these stakeholders have various expectations on the Group. To enhance the materiality analysis, the Group will continue and expand stakeholder engagement, and will collect a diverse range of stakeholders’ views through various activities in the future. Meanwhile, the Group will consider advancing the reporting principles of quantitative, balance and consistency in order to present the ESG Report in a way that continues to improve alignment with stakeholders’ expectations.

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The Group has 2 types of stakeholders:

Internal stakeholders:

- Board of directors
- Senior management
- Administration executives
- General staff

External stakeholders:

- Customers
- Suppliers
- Shareholders

During the year, the Group committed to a high standard of corporate social responsibility and strictly complied with relevant laws and regulations reporting. The board of directors of the Company has delegated to senior management of the Group the role in the oversight of ESG matters. Senior management reports to and discusses with the Board the significant ESG-related risks identified.

The table underneath showed aspects on the ESG reporting guide set out in Appendix 27 to the Listing Rules (the “ESG Guide”) to be assessed and those ESG issues were determined to be material to the Group.

ESG Aspects as set forth in ESG Guide	Material ESG issues for the Group
(A) Environmental	
A1 Emissions	Electricity consumption
A2 Use of Resources	Use of energy and paper
A3 Environment and Natural Resources	
(B) Social	
B1 Employment and Labour Practices	Labour practices
B2 Employee Health and Safety	Workplace health and safety
B3 Development and Training	Employee development and training
B4 Labour Standards	Anti-child and forced labour
B5 Supply Chain Management	Supply chain management
B6 Product Responsibility	Product responsibility
B7 Anti-corruption	Anti-corruption, fraud prevention and anti-money laundering
B8 Community Investment	Community programs, employee volunteering and donation

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A. ENVIRONMENTAL

The Group considers that environmental protection is an essential component of sustainable and responsible business. The Group strives to negate the impacts on the environment and seek environmental-friendly methods of operation. Given the nature of the Group's business, electricity and paper are the most significant resources consumed at the offices located in Central, Hong Kong.

The Group has narrowed down to the following key areas where it should exert efforts on:

- usage of resources from the operations;
- energy consumption; and
- indoor environmental quality.

The Current Environmental Policies

The Group's main task is to measure and report the efforts in reducing carbon footprints, promote waste reduction at source, enhance its waste disposal management and set targets on environmental performance. To minimise the environmental impacts concerning the activities, products and services, the Group will:

- comply with applicable legal and other requirements which relate to the Group's environmental aspects, and to which the Group subscribes;
- identify environmental impacts associated with the operations and set the targets to reduce stress on the environment in consideration of social expectations;
- prevent pollution, reduce waste and minimise the consumption of resources from all daily operations and actively promote recycling, reuse and replacement; and
- educate, train and motivate employees to develop a social viewpoint that enables them to conduct business activities in an environmentally responsible manner.

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A1.1 Emissions Data from Gaseous Fuel Consumption

Since the primary business of the Group is provision of financial printing services that its employees mostly work at offices with low energy, power and water consumption and the Group did not generate hazardous waste, the direct impact on the environment for the year was immaterial. Thus, the main contributor to the Group's carbon footprint was the other indirect ("Scope 3") greenhouse gas ("GHG") emissions from usage of paper by its staff and customers.

During the year, there was no non-compliance case noted in relation to environmental laws and regulations that have a significant impact on the Group.

Since the Group did not have town fuel and town gas consumption nor motor vehicle for the year, no emission data from gaseous fuel consumption could be applied.

A1.2 Greenhouse Gas Emissions

Key performance indicator ("KPI")				
	2018	2017	Unit	% increase/ (decrease)
Scope 1 Direct Emission	N/A	N/A	Kg	–
Scope 2 Indirect Emission	191,803	200,829	Kg	(4)%
Scope 3 Other indirect Emission	48,883	44,565	Kg	10%
Total	240,686	245,394	Kg	(2)%

The Group's office did not emit a large amount of air pollutant. Nevertheless, the Group strives to reduce greenhouse gas emissions from electricity consumption. Waste paper is the major type of waste generated at the Group's office premises. The Group has commissioned qualified recycler to collect and recycle non-confidential waste paper to avoid waste paper being sent to landfill. Since 2015, the Group has been participating in a "zero landfill" program organized by its suppliers, which includes returning multi-function devices and consumables such as used toner cartridges to the suppliers for proper recycling.

For the provision of financial printing services, the Group is aware that in its supply chain, high-speed printers emit high concentrations of suspended particulates into the air. The Group will continually review the environmental impact along its supply chain and explore environmental-friendly options in its operations.

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During the year, there was 240,686 kg (2017: 245,394 kg) of carbon dioxide equivalent GHG (mainly carbon dioxide, methane and nitrous oxide) emitted from the Group's operation. The decrease was mainly attributed to the efficient energy control during the year.

Indirect emission mainly came from electricity consumption while the other indirect emission was mainly sourced from disposals of wasted paper and business air travel. During the year, the Group had moved to a new office with a larger gross floor area. Total floor area coverage for the Group was approximately 2,000 m² in 2018 (2017: approximately 1,200 m²). The annual emission intensity for 2018 was approximately 120.3 KgCO₂e/m² (2017: approximately 204.5 KgCO₂e/m²). This decrease was due to the efficient policy control implemented by the Group and the increase of gross floor area of the office.

A1.3 Non-hazardous Waste

The Group generated no hazardous waste in its operation. Non-hazardous waste from the Group's operation was mainly office paper but management of the Group believed that the impact of non-hazardous waste arose from such waste paper was insignificant.

A2 Use of Resources

Energy

The energy consumed is mainly from purchase of electricity. The total electricity consumed is set out below:

KPI				
	2018	2017	Unit	% increase/ (decrease)
Electricity consumed	242,788	254,214	KWh	(4)%
Total floor area of facilities	2,000	1,200	m ²	67%
Electricity consumed per square meter	121	212	KWh/m²	(43)%

Energy conservation will not be effective without the support of employees. The Group has been encouraging employees to establish energy-saving habits at the office, such as switching off lights and electronic appliances before leaving the office, as well as during working hours maintaining indoor temperature at 25.5°C. To further conserve electricity, the Group has leased energy-efficient high-speed printers for daily operation.

During the year, the Group had adopted the energy saving policy recommended by The Hongkong Electric Co., Ltd. including but not limited to:

- use a variety of lamps and gears;
- expedite the replacement and repair processes to avoid possible unnecessary use of energy;
- label all multiple switches to facilitate the energy-saving operation;
- turn off the lights in office rooms when the users are out of office during lunch hours; and
- post "Lighting Zoning Plans" with the switches labelled correspondingly for identification and turn off the zone of lights in the open offices when the users working there are out of office.

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Paper

Paper consumption of the Group during the year mainly involved paper used at the office and printing paper for its customers. The Group has been promoting a paperless office to employees, customers and other stakeholders by encouraging the application of e-files and e-documents via on-screen reviewing and/or checking. For unavoidable paper printing, the Group encourages employees to use double-sided printing instead of single-sided printing and reuse all printed single-sided paper. Since 2015, the Group has been encouraging customers to use FSC/recycled papers to print their financial reports and other documents, extending green practices to its value chain.

A3 Environment and Natural Resources

The Group's activities did not have a direct significant impact on the environment and natural resources beyond the resource consumption and emissions issues discussed above. The Group will continue to explore ways of integrating environmental considerations into its business decisions and the services it provides, including promoting and supporting ways to combat climate change.

During the year, there was no non-compliance case noted in relation to environmental laws and regulations that have a significant impact on the Group.

B. SOCIAL

Being a responsible business and employer, the Group is committed to consistently looking for ways to meet the corporate social responsibilities. The Group focuses on its staff, environment and community as well as its business partners.

B1 Employment and Labour Practices

Employees are the most valuable asset of the Group and a crucial part of its business growth. The Group respects every employee and strives to establish an inclusive workplace. As stated clearly in its "Staff Manual" and "Corporate Social Responsibility Policy", the Group is committed to providing equal opportunities in recruitment and promotion, regardless of age, gender, race, skin colour, religion, nationality, marital status, disability or sexual orientation. The Group makes every effort to ensure that there is no harassment, including sexual harassment, in the workplace.

The primary business of the Group is provision of financial printing services. Management believes that hiring and retaining qualified employees is a key to its success. The Group regularly reviews the remuneration policy to ensure its market competitiveness. The Group also carries out staff evaluations to assess performance of all employees on an annual basis. Employees are recognized and rewarded according to their individual performance, working experience, respective responsibilities, merit, qualifications, competence and time commitments.

The Group complies with relevant ordinances and statutory requirements, such as the Employment Ordinance, Employees' Compensation Ordinance and the Mandatory Provident Fund Schemes Ordinance of Hong Kong. During the year, the Group had no non-compliance case regarding violation of any laws and regulations on employment that have a significant impact on the Group.

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Staff Composition

As at 31 December 2018, the Group employed a total of 118 (2017: 110) staff, including divisions of operational, sales and marketing, and back office. All staff members are situated in Hong Kong.

(a) Employee's Age and Gender Distribution

	2018		2017	
Age Group	Male	Female	Male	Female
0–15	0%	0%	0%	0%
16–18	0%	0%	0%	0%
19–30	12%	24%	15%	25%
31–45	25%	15%	26%	14%
46–60	6%	16%	5%	13%
= 61/>61	2%	0%	2%	0%
Total	45%	55%	48%	52%

(b) Turnover Rate by Age Group and Gender

	2018		2017	
Age Group	Male	Female	Male	Female
0–15	0%	0%	0%	0%
16–18	0%	0%	0%	0%
19–30	1%	3%	1%	4%
31–45	1%	2%	4%	3%
46–60	1%	2%	1%	0%
= 61/>61	0%	0%	0%	0%
Total	3%	7%	6%	7%

	2018		2017	
Gender	Male	Female	Male	Female
Resigned staff	31%	69%	44%	56%

The Group will continue to provide a well-structured and caring environment to its employees so as to raise their sense of belonging and work efficiency in the Group.

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B2 Employee Health and Safety

Management recognises that the operational efficiency of an enterprise and the maintenance of a healthy and safe working environment for all employees are closely related. The Group will continue to maintain a healthy and safe working environment for its employees. Regulatory authorities have established basic requirements for health and safety in the workplace. The Group not only complied with all relevant occupational health and safety regulations, but also provided work safety rules for its employees to follow.

There has been no high-risk or safety-sensitive type of work identified at the Group's workplace. However, the Group understands that employees need to work for long periods daily with personal computers due to the nature of its operation. Hence, the Group provides employees with occupational safety education by circulating office safety guidance which covers the safe use of display screen equipment and correct working postures and encourages workplace stretching exercises to minimise the risk of work-related injury and strain.

During the year, the Group had no non-compliance case regarding violation of relevant laws and regulations on occupational health and safety that have a significant impact on the Group.

Occupational Health and Safety Data

	2018		2017	
Health and Safety	Male	Female	Male	Female
Number of work-related fatalities	–	–	–	–
Lost days due to work injury	–	–	–	–

B3 Development and Training

Staff development is an important aspect of the Group's human resources policy. The Group places a strong emphasis on providing training to its employees to retain appropriate and suitable personnel for its long-term development.

Aiming to help its employees continuously develop their capacity through further education, the Group has invested resources and provided its employees with on-the-job training relevant to their current roles. The Group has also encouraged its employees to attend relevant job-related courses to enrich their knowledge and skills.

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B4 Labour Standards

The Group is fully aware that child labour and forced labour violate fundamental human rights and the International Labour Conventions and Recommendations and pose a threat to sustainable social and economic development. Therefore, the Group has strictly complied with relevant laws and regulations. The Group prohibits the use of child labour by reviewing the actual age of the interviewee during the recruitment process, including the examination of identity documents and detailed records. The Group only carries out the requirements of standard labour contract and does not use any means to unfairly restrict the employment relationship between employee and the enterprise by, for example, withholding a deposit or identity documents.

Being people-oriented, the Group has hosted various social events and activities such as company trips and parties for its employees with the aim of promoting work-life balance.

During the year, the Group had no non-compliance case regarding violation of relevant child labour and forced labour laws that have a significant impact on the Group.

B5 Supply Chain Management

Outsourcing is a common business practice around the globe, and the Group acknowledges its responsibility to monitor ESG performance of suppliers along its supply chain and throughout its service lifecycle.

The Group's major suppliers are its subcontractors which mainly comprise printing factories and translation companies. In order to maintain high quality of services, the Group selects and maintains a list of approved subcontractors, which is reviewed and updated on a continuous basis. Site visits are arranged by the Group where necessary to ensure the manpower and facilities of the suppliers and thus the overall quality of the printed documents.

In addition to such factors as technical capabilities, delivery times and price competitiveness of subcontractors, the Group also considers extending environmental and safety requirements and focuses along the supply chain, and requires its subcontractors to focus more on sustainability performance. The Group aims to cooperate more with companies which share the common sustainability goals with the Group.

B6 Product Responsibility

Under the competitive environment nowadays, the quality of products and services that customers demand continues to increase. The Group understands that it can only gain, maintain and enhance their trust and support by creating the most value to its customers in a responsible manner.

In the financial printing service sector, timely response and high quality of services are critical. The Group has implemented a quality control system through a thorough proofreading service to ensure the accuracy of the typesetting of the documents. The Group continues to review its production process with the aim of enhancing the quality of its financial printing services. To further enhance its competitive edge, the Group has also acquired new facilities and equipment to react to the changing needs of its customers.

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The Group has routinely handled important, confidential and price-sensitive information related to its customers. Securing customers' information is the most essential element for maintaining good corporate governance and building long-term trust with its customers. The Group adheres to the Personal Data (Privacy) Ordinance of Hong Kong and expressly reiterates confidentiality obligations in its staff manual. Employees are required to sign a confidentiality agreement and the Group has engaged a confidential material destruction service provider to collect and handle used papers that could possibly contain customers' confidential information.

During the year, the Group did not have any recalled products and did not receive any complaint from its customers in relation to either its quality of services or products. During the year, the Group had no non-compliance case regarding violations of relevant laws and regulations on product responsibility and data privacy that have a significant impact on the Group.

B7 Anti-corruption

Management believes that the integrity of business is the foundation of corporate social responsibility, as well as a fundamental element for a business' competitive advantage and sustainability. The Group is committed to the highest possible standards of openness, probity and accountability.

The Group adopts a policy of zero tolerance towards corruption. All employees must fully comply with relevant local laws and regulations as well as the Group's own policies on the prevention of corruption. All employees have a responsibility to report any suspected violations to a supervisor or senior management. A "Whistleblowing Policy" was put into effect in February 2017 to assist individual employees to disclose malpractice or impropriety within the Group.

During the year, the Group had no non-compliance case regarding violations of relevant laws and regulations on bribery, extortion, fraud and money laundering.

B8 Community Investment

The focuses of the Group's community investment are education, social welfare and environmental protection. Management believes that it can act effectively to help alleviate social problems and responds positively to charitable programs and volunteering services.

During the year, the Group joined and donated to the "Dress Casual Day", "Love Teeth Day" and "Green Day" programs, which were organized by The Community Chest of Hong Kong; and the "Ebenezer Walk with Pride 2018" program which was organized by Ebenezer New Hope School.