



*Explore*  
OPPORTUNITIES

Environmental, Social and Governance Report **2021**

# Environmental, Social and Governance Report



## ABOUT THE REPORT

Hong Kong Resources Holdings Company Limited (the “Company”), together with its subsidiaries (the “Group” or “we”), hereby presents the Environmental, Social and Governance Report (the “Report”). The ESG report discloses the Group’s activities and performances on issues of sustainable development in a transparent and open manner, with a view to enhancing the confidence and understanding of the stakeholders toward the Group.

## REPORTING STANDARD

The Report complies with the disclosure requirements set out in the ESG Reporting Guide as described in Appendix 27 of the Main Board Listing Rules. An assessment on the applicability and materiality of the relevant key performance indicators (“KPIs”) under the ESG Reporting Guide had been conducted.

## REPORTING PRINCIPLES

The following principles are adopted in the Report:

- **Materiality:** Important and relevant information to stakeholders on different ESG aspects is covered in the Report. A materiality assessment was conducted to determine material ESG issues with results approved by the Board.
- **Quantitative:** The relevant standards, methodologies and assumptions used to prepare the quantitative information are disclosed, as appropriate. Quantitative information is provided with narrative and comparative figures, where possible.
- **Consistency:** Consistent methodologies are used to prepare and present ESG data in the Report, unless otherwise specified, to allow for meaningful comparisons.
- **Balance:** The information is presented without the inappropriate use of selections, omissions or other forms of manipulation that would influence a decision or judgment by the reader.

## REPORTING SCOPE

The Report covers the Group’s principal business and operations in Hong Kong, Macau and Mainland China including trademark licensing and retailing for gold and jewellery products. All information herein reflects the performance of the Group in environmental and social responsibility from 1 July 2020 to 30 June 2021 (“the Reporting Period”).

Focusing on the core and significant business units within the Group, the scope of this report covers the business operations of (i) the offices in Hong Kong and Mainland China, (ii) self-operated point of sales in Hong Kong, Macau and Mainland China.

## FEEDBACK

Stakeholder’s opinion is considered valuable and crucial to the Group’s business and sustainable development. Should you have any opinion on this ESG Report or our sustainable development performance, please contact us at [info@hkrh.hk](mailto:info@hkrh.hk).



## BOARD'S OVERSIGHT OF ESG ISSUES

We adopt a long-term view on sustainability in the context of the investments and involvements of the Group in the shared environment. While keeping abreast of the ever-changing sustainability relevant business practices of the business spaces of the Group, we adopt a vigilant yet coherent approach in aligning the sustainability directives of the Group. We had identified decarbonization and digitalization as the core drivers of the strategic alignment effort of the Group.

As peripheral as global sustainability issues as might appear in the context of the businesses of the Group, we had on ad-hoc basis conducted analytical discussions with our stakeholders. To enhance the transparency of these efforts, we had extended the breadth and depth of our sustainability disclosure. With that being the foundation of the Group's sustainability effort, we will continue to engage our stakeholders in this context.

These sustainable initiatives are overseen by the Board of Directors and, where deemed necessary, ad-hoc committees of executives and/or consultants with relevant expertise. The senior management of the Group is delegated with authority from the Board to review and monitor the Group's ESG policies and practices to ensure compliance with the relevant legal and regulatory requirements, monitor and respond to emerging ESG issues and make recommendations to the Board where appropriate to improve the Group's ESG performance.

## STAKEHOLDER ENGAGEMENT

The Group actively engages with stakeholders to identify ESG issues that need to be addressed. Stakeholder engagement is the process by which an organisation involves parties who may be affected by the decision it makes or can influence the implementation of its decisions. The Management had performed the following:

- generated a full and complete list of stakeholders by consulting various departments within the Group;
- relied on the on-going communication channels and day-to-day interactions and dedicated meeting (where ever deemed necessary) to engage these stakeholders; and
- reduced the list of stakeholders into a workable size, and complete the Stakeholder Influence – Dependency Matrix to work out a list of key stakeholders.

### Stakeholders

Government/regulatory organizations

Shareholders/investors

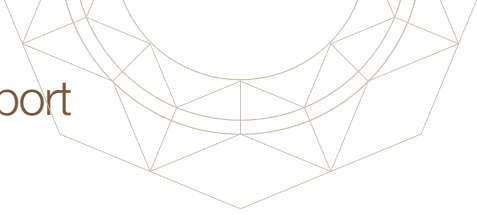
Employees

Customer

Community

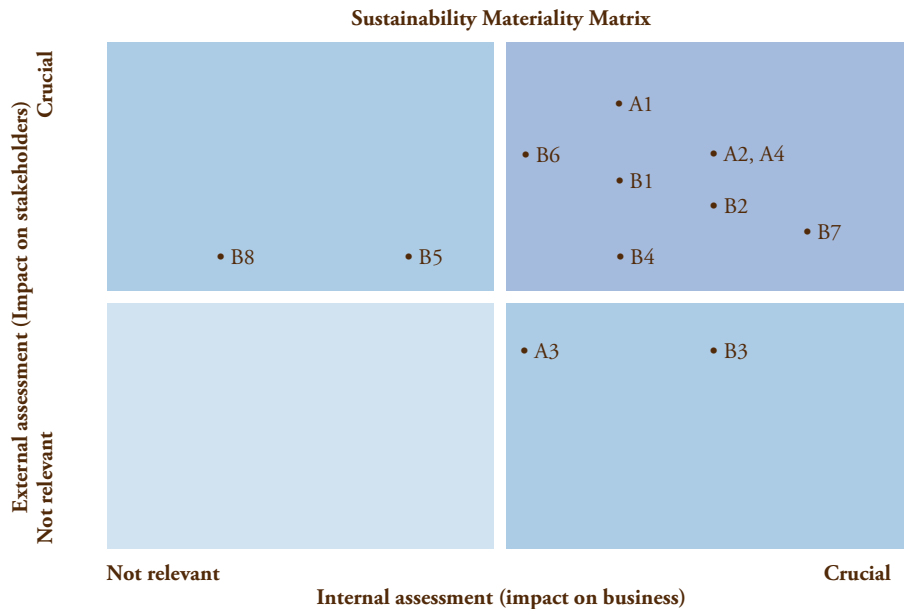
### Communication channels

- Announcement and other regulatory reports
- Information disclosed on the HKEX website and corporate website
- Annual general meeting and other shareholders' meetings
- Employee performance evaluation
- On-the-job training
- Internal e-mail
- Corporate website
- Customer service hotline
- Industry events
- Corporate social responsibility activities

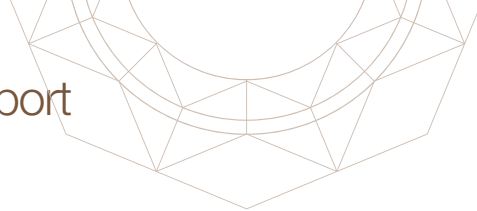


## MATERIALITY ASSESSMENT

During the reporting period, the Group has evaluated a number of environmental, social and operating items, and assessed their importance to stakeholders and the Group through various channels. This assessment helps to ensure that the Group's business objectives and development direction satisfy with the stakeholders' expectations and requirements. The Group's and stakeholders' matters of concern are listed out in the following materiality matrix:



- |  |                              |
|--|------------------------------|
| A1: Environmental                        | B1: Employment               |
| A2: Use of resources                     | B2: Health and safety        |
| A3: The environment and natural resource | B3: Development and training |
| A4: Climate change                       | B4: Labour standards         |
|  | B5: Supply chain management  |
|  | B6: Product responsibility   |
|  | B7: Anti-corruption          |
|  | B8: Community investment     |



## ENVIRONMENTAL

### Emissions

The Group operates in accordance with the local environmental laws and regulations, including but not limited to Air Pollution Control Ordinance (Cap. 311 of the Laws of Hong Kong), Water Pollution Control Ordinance (Cap. 358 of the Laws of Hong Kong) and Public Health and Municipal Services Ordinance (Cap. 132 of the Laws of Hong Kong). During the Reporting Period, the Group was not aware of any material environmental non-compliance that would have a significant adverse impact relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

#### *Air Emissions*

The Group concerns about the use of fuel that could have an adverse effect on the environment. The only source of air-emissions produced and deemed relevant by the Group is from the use of motor vehicles. The Group also encourages staff to make a good use of public transportation and use conference calls to reduce the frequency of business travel.

	Unit	Emission		Emission intensity (per million dollar of revenue)	
		2021	2020	2021	2020
Nitrogen oxides	g	<b>2,641</b>	2,761	<b>3.09</b>	3.43
Particulate matter	g	<b>194</b>	203	<b>0.23</b>	0.25
Sulphur oxides	g	<b>67</b>	77	<b>0.1</b>	0.1

#### *Greenhouse Gas Emissions*

During the Reporting Period, the business operation of the Group produced certain degree of emissions, most of which were retail stores based. The Group also encourages staff to switch off electrical appliances when not in use.

	Unit	Emission		Emission intensity (per million dollar of revenue)	
		2021	2020	2021	2020
Scope 1 – fuel combustion	tonne of CO <sub>2</sub> e	<b>12</b>	14	<b>0.01</b>	0.02
Scope 2 – purchased electricity	tonne of CO <sub>2</sub> e	<b>688</b>	1,172	<b>1.08</b>	1.46
Total emissions	tonne of CO <sub>2</sub> e	<b>700</b>	1,186	<b>1.09</b>	1.48

# Environmental, Social and Governance Report

## Waste management

The Group's daily operation does not involve in any production process, therefore, there is no generation of hazardous wastes and no discharge of sewage into soil and water. Waste production was mainly attributed to the discarded packaging materials and domestic wastes generated from office. Therefore, the waste disposed is immaterial and non-hazardous. The Group promotes waste reduction by recycling practices and encourages employees to reuse and recycle useful parts of the waste like jewellery packaging to reduce the waste.

The operations of the Group do not involve any production and manufacturing plants, hence there are no laws and regulations that have a significant impact on the Group.

## Use of resources

### Energy consumption

The Group is committed to reduce the environmental impact to the minimum by encouraging staff to reduce the use of energy and other resources, reuse and recycle used materials in daily operations. With the effective implementation of energy saving measures and shortening the opening hours of some retail shops due to the pandemic of COVID, the electricity consumption has recorded a significant decrease.

### Water consumption

Water was supplied by the municipal water supply company and there were no issues in sourcing water that is fit for purpose. As part of the effort to improve the standard of hygiene, cleaning effort had been escalated, there is a noticeable increase in water consumption.

Resource utilisation	Unit	Consumption		Consumption intensity (per million dollar of revenue)	
		2021	2020	2021	2020
Electricity	kWh	935,814	1,544,221	1,093	1,919*
Water	m <sup>3</sup>	981	553	1.1	0.7
Petrol	L	4,536	5,208	5.3	6.5
Paper	kg	1,675	3,577*	2.0	4.4*

The resources used by the Group mainly included electricity, water and paper consumed in its daily operation. The following are the key measures to improve the efficiency of resource use.

Electricity	<ul style="list-style-type: none"><li>• Use more environmentally-friendly and energy-saving electrical appliances</li><li>• Encourage employees to switch off monitors or activate energy-saving mode during lunch hours</li><li>• Switch off the lightings and electrical appliances when not in use</li><li>• Use LED tubes in offices and shops</li></ul>
Water	<ul style="list-style-type: none"><li>• Prevent excessive use of detergents for reducing rinsing water</li></ul>
Paper	<ul style="list-style-type: none"><li>• Set duplex-sided printing as default</li><li>• Encourage the use of electronic communication channels</li></ul>

\* restatement of data based on new and improved ways of measuring data

# Environmental, Social and Governance Report



## Packing materials

Packaging is an inevitable part in the retail business, in which paper bags contribute to the largest paper consumption. The Group will study possible ways to avoid undue and unnecessary use of packaging materials and recycle whenever appropriate.

Packaging materials used	Unit	Consumption		Consumption intensity (per million dollars of revenue)	
		2021	2020	2021	2020
Paper bag	Tonne	955	1,279	1.1	1.6
Gift box	Tonne	7,636	7,396	8.9	9.2

## Environmental targets

We are committed to playing a vital role in combating climate change and transforming into a low-carbon economy. This year, the Group announced its environmental targets for FY2025 and using FY2020 as the baseline year for our environmental key performance indicators (“KPIs”), the Group planned to

- 20% Reduction in greenhouse gas (“GHG”) emission intensity
- 20% Reduction in energy consumption intensity
- 20% Reduction in water consumption intensity

## Environment and natural resources

The Group is aware that its operations would have certain impact on the environment and natural resources. The Group will formulate a set of more comprehensive environmental policies regarding emissions, use of resources, environment and natural resources in the future. The Group continues to review the environmental impact of its operations and make use of best practices across their functions and to develop monitoring of resources consumption data and implementing better performance strategies as to enhance the contributions to environmental sustainability through good environmental practices. The Group would not ignore the opportunity to contribute to sustainability at the office space, and the Group enhances environmental awareness of the employees through various means of internal communications.

## Climate change

The Group recognizes climate change as a significant issue and actively assesses the climate risks posed to the business operations. Our retail operations have not been materially impacted by climate-related issues and are subject to limited climate-related risks in the short, medium and long term.

The impact of climate change has been mitigated by various measures implemented in the operations. Business contingency plans for our operations are in place. We have also set energy and carbon reduction targets for our offices and self-operated stores to enhance climate resilience against future low-carbon policies. We will continue to monitor the situation and update our management approach to climate change.



## EMPLOYMENT AND LABOUR PRACTICES

### Employment

The Group provides an equal and fair working environment with practices and policies of Employment Ordinance in Hong Kong and the Labour Law of the People's Republic of China《中華人民共和國勞動法》along with other relevant laws. The workplace is free from discrimination and received equal opportunities for all despite of age, gender, race, colour, sexual orientation, disability or marital status to increases employee satisfaction. The Group would diversify its staff by means of gender and age to balance the culture and communications between staff. The Group promotes labour diversity and welcomes all manpower, thus putting the principle of fairness into practices.

Employment contract in PRC has been reviewed by the legal consultant. The contract specifies the terms including compensation and dismissal, working hours, leaves and other benefits and welfare for staff. Staff handbook also highlights important information of policies on business conduct and the rights of termination.

To further promote good relationship with employees there will be activities such as staff gathering, social activities and team building for employees to participate to strengthen their work-life balance. The Group had no reported incidents of non-compliance with regulations concerning employment including but not limited to the following:

- (i) the Employment Ordinance of Hong Kong
- (ii) the Labour Law of the PRC
- (iii) the Labour Contract Law of the PRC
- (iv) the Social Insurance Law of the PRC

			2021
Total workforce			982
Gender	Male		154
	Female		828
Employment type	Full time		982
	Part time		/
	Senior management		17
	Managerial		133
Age group	General staff		832
	18-25		77
	26-35		433
	36-45		396
Geographical region	46 or above		76
	Hong Kong		100
	PRC		882
Turnover rate			25%

# Environmental, Social and Governance Report

## Health and safety

The Group implements national law and regulations and other standards, such as the Labour Law of the People's Republic of China 《中華人民共和國勞動法》 related to work safety and occupational health. The Group provides regular safety training and free physical examination to all staff.

In order to minimise workplace incidents and put the health and safety of the staffs as the priority of productions, the Group has established a set of safety policy and procedures. Every worker was required to follow safety instructions. Workplaces are equipped with fire and safety facilities to prevent and control outbreak of fire accidents. Occupational hazard warning signs and warning instructions at conspicuous place around every workplace. During the Reporting Period, the Group was not aware of any material non-compliance with relevant laws and regulations that would have any significant impact on the Group.

Occupational health and safety statistics	2021	2020	2019
Number of work-related fatalities	Nil	Nil	Nil
Rate of work-related fatalities per hundred workers	Nil	Nil	Nil
Number of lost days due to work injury	Nil	Nil	Nil

## Development and training

The Group believes the personal development of staff not only enable them to discover their value within the Group, but also contribute to and grow along with the Group. The Group has established a comprehensive training system and assessment criteria from theory, sales technique, and product knowledge. The Group provides orientation and on-the-job training for new staff. Furthermore, senior staff offers mentorship to new staff to ensure that the culture of the Group and skills of craftsmanship can be inherited. Apart from on-site training mentioned, the Group also has online training platform for expertise training for senior staff. During the Reporting Period, 507 employees have attended training provided or sponsored by the Group. The distribution in gender and employment category are set out below:

	Percentage of employees trained	Average training hours completed per trained employee
By gender		
Male	27%	31
Female	56%	33
By category		
Senior management	47%	14
Managerial	55%	25
General	51%	34



## Labour standards

The Group has formulated policies to ensure all employees and job applicants are entitled to fair opportunity and treatment. The Group strives to comply with the local laws and regulations throughout the recruitment and employment process. Provisions on the Prohibition of Using Child Labour of the People's Republic of China 《中華人民共和國禁止使用童工規定》and Employment Law of Hong Kong prohibit the employment of child labour in any job positions. The human resources department is responsible for identity check for every job applicant to ensure no employment of child labour. The Group has a clear staff manual to prohibit forced labour and ensure legal and volunteer employment of all employees. During the Reporting Period, the Group does not aware of any non-compliance with any laws and regulations relating to employment and labour practices.

## OPERATING PRACTICES

### Supply chain management

The Group established an integrated and systematic procurement procedure and process in selecting new potential suppliers and reviewing the performance of existing suppliers. Throughout our supplier selection and appraisal processes, we considered not only the infrastructure, production capacity and market reputation of the potential suppliers, but also their compliance of legal, ethical and social aspects.

Potential supplier has to provide the environmental test report showing the supplier meets with the national standard of PRC. Ongoing and regular inspections and assessments are conducted as regulatory monitoring. The Group conducts sample testing for every batch of products to ensure the quality meets with the industry standard of PRC.

All approved suppliers have to fulfil the Group's internal approval processes and enter into the Supplier Agreement to ensure that products and services provided are up-to-standard. Diamond and gem suppliers are required to provide documented proof of the ethical provenance of their goods. All materials and finished goods are monitored and passed the tests of qualified gem laboratory. Through prioritising suppliers with demonstrated management and high performance on ESG aspects, relevant risks arisen from the supply chain are mitigated and managed.

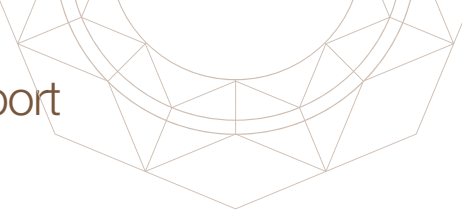
Suppliers are subject to a system of warnings, when substandard goods and materials are identified, the quality assurance deposits would be deducted. If no improvements have been made thereafter, temporary or even permanent blocking of orders.

Number of suppliers	2021
Hong Kong	31
PRC	5

### Product responsibility

The Group strictly abides by the Product Quality Law of the People's Republic of, Law of the People's Republic of China on Protection of Consumer Rights and Interests, Advertising Law of the People's Republic of China and Trade Description Ordinance of Hong Kong. During the Reporting Period, the Group was not aware of any non-compliance with relevant laws and regulations that would have any significant impact on the Group relating to health and safety, advertising and labelling and privacy matters.

# Environmental, Social and Governance Report



## *Quality assurance*

The Group exercises tight quality control and is meticulous from supplier selection, sales and after-sales services. Quality check is performed before dispatching the jewellery to the retail shop. All qualified items are marked by batch number. During the Reporting Period, the Group did not receive any significant complaints or recall any products due to quality, safety and health reasons.

## *Intellectual property rights*

The Group understands the importance of intellectual property and makes every effort to safeguard and protect the intellectual property. By the same token, the Group placed much emphasis on the infringement of other intellectual property rights. While complying with the Trade Marks Ordinance in Hong Kong, the Group also adhered to the Trademark Law and Patent Law of the People's Republic of China.

## *Consumer data protection and privacy*

The Group has policies and procedures to protect the personal details of our customers which are in compliance with the relevant laws and regulations such as the Personal Data (Privacy) Ordinance in Hong Kong. The policy governs the collection, use, retention and protection of the customers' personal data. We collect and maintain a minimal amount of their personal details in the database. The database is well protected both on policy and technological terms. Relevant details of our privacy policy are readily available on our website.

## **Anti-corruption**

The Group recognizes the importance of the ethical conducts and integrity of each director and all employees in order to maintain a fair, honest and integrity-based business environment. The Group has formulated a clear code of conduct in respect of the prevention of bribery, employees' interests, conflicts of interest, prevention of extortion and fraud in the employee handbook. Besides, the Group has an anti-bribery policy in place to further provide clear guidelines in respect of anti-bribery and maintaining honesty and integrity. The Group reminds the employees by internal notice to avoid bribery and acceptance of advantages as and when appropriate. Furthermore, employees are encouraged to report any suspected corruption, bribery or misconducts through the whistleblowing mechanism established by the Group. Such reports are kept confidential and the identity of the whistle-blowers are protected and free from unfair treatment.

Anti-corruption training has been rolled out during the year for all directors and staff under the Group. The online training provides an introduction to anti-money laundering on the legislation, approach and roles and responsibilities of senior managements and staffs. This included the approach in assessing AML compliance risks, method to prioritize these risks and controls for AML compliance.

During the Reporting Period, the Group was not aware of any non-compliance with relevant laws and regulations that would have any significant impact on the Group, nor any corruption litigation against the Group or the employees.

## COMMUNITY INVESTMENT

During the reporting period, the Group upholds the spirit of giving back to the society by playing a part in two key areas: community wellbeing and youth development.

- Awarded “Caring Company 10+” by The Hong Kong Council of Social Service (“HKCSS”). The “Caring Company Scheme” was launched by HKCSS in 2002, which aims at cultivating good corporate citizenship. It is specifically geared to build strategic partnerships among businesses and non-profit organizations to create a more cohesive society.
- Donation of disposable face masks to St. James’ Settlement
- Donation to the Hongkong Federation of Youth Groups for youth development and “People Food Bank” of St. James’ Settlement for the services of single parent or low-income families, street sleepers and other needy.



**Hong Kong Resources Holdings  
Company Limited**