

CHOW TAI FOOK

SUSTAINABILITY REPORT  
2024



Chow Tai Fook Jewellery Group Limited

Stock Code : 1929

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# ABOUT THIS REPORT

## REPORTING PERIOD AND SCOPE

This is the ninth sustainability report (the "Report") Chow Tai Fook Jewellery Group has published; discloses the Group's material sustainability issues in the financial year from 1 April 2023 to 31 March 2024 to our stakeholders. The reporting scope<sup>1</sup> covers the Group's core and material business units in Mainland China ("the Mainland") and Hong Kong and Macau of China, including self-operated POS, offices and production hubs, unless otherwise specified.

## REPORTING PRINCIPLES

This Report has been prepared in compliance with the Environmental, Social and Governance ("ESG") Reporting Guide of The Stock Exchange of Hong Kong Limited ("HKEX") in accordance with the four reporting principles of being material, quantitative, balanced and consistent, and with reference to the Global Reporting Initiative ("GRI") Sustainability Reporting Standards. We report on climate-related disclosure using the framework from the recommendations of the Task Force on Climate-Related Financial Disclosures ("TCFD").

## METHODS OF DISSEMINATION

This Report will only be disseminated electronically via the **Sustainability section** of the Group website and on the website of HKEX. For disclosures on business highlights, financial performance, strategic reporting and corporate governance, please refer to the Group's **Annual Report 2024**.

Sustainability section of our Group website



Our Annual Report 2024



## INDEPENDENT ASSURANCE

This Report has been independently assured by SGS Hong Kong Limited for quality, accuracy and reliability of sustainability performance data information, text and data in this Report. For independent assurance statement, please refer to the **Assurance Statement** section.

## CONTACT US

We value your feedback on the Group's sustainability strategy, initiatives and performance. Should you have any comments on this Report or the Group's sustainability performance, please contact us via email at [ir@chowtaifook.com](mailto:ir@chowtaifook.com).

<sup>1</sup> The scope of this Report does not include offices and POS located in other markets, including Taiwan (China), Cambodia, Canada, Japan, Korea, Malaysia, the Philippines, Singapore, Thailand, the United States and Vietnam.



## KEY ESG RATINGS

Our sustainability performance are recognised by external benchmarks and indices:

Constituent of



Hang Seng Corporate Sustainability Index Series Member 2023-2024

Constituent of



FTSE4Good

FTSE4Good Developed Index

Constituent of

Member of **Dow Jones Sustainability Indices**

Powered by the S&P Global CSA

Dow Jones Sustainability Asia Pacific Index

MSCI ESG Index Rating



CDP

Climate Change Assessment 2023



Note: Management level

CDP

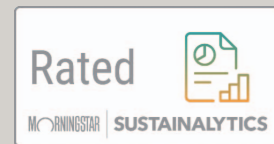
Water Security Assessment 2023



Note: Management level

Sustainalytics<sup>2</sup>

Rated as "low ESG risk"



Member of the S&P Global "Sustainability Yearbook (China) 2023"



## BUSINESS PERFORMANCE IN FY2024

For the year ended 31 March 2024

Revenue

**108,713**

HK\$ million

Core Operating Profit

**12,163**

HK\$ million

Earnings per Share

**0.65**

HK\$

Dividend per Share for the Year<sup>3</sup>

**0.55**

HK\$

GHG Emissions

**0.59**

tCO<sub>2</sub>e/HK\$1 million revenue

Total Number of Employees<sup>4</sup>

**28,000+**

Total Amount of Donations

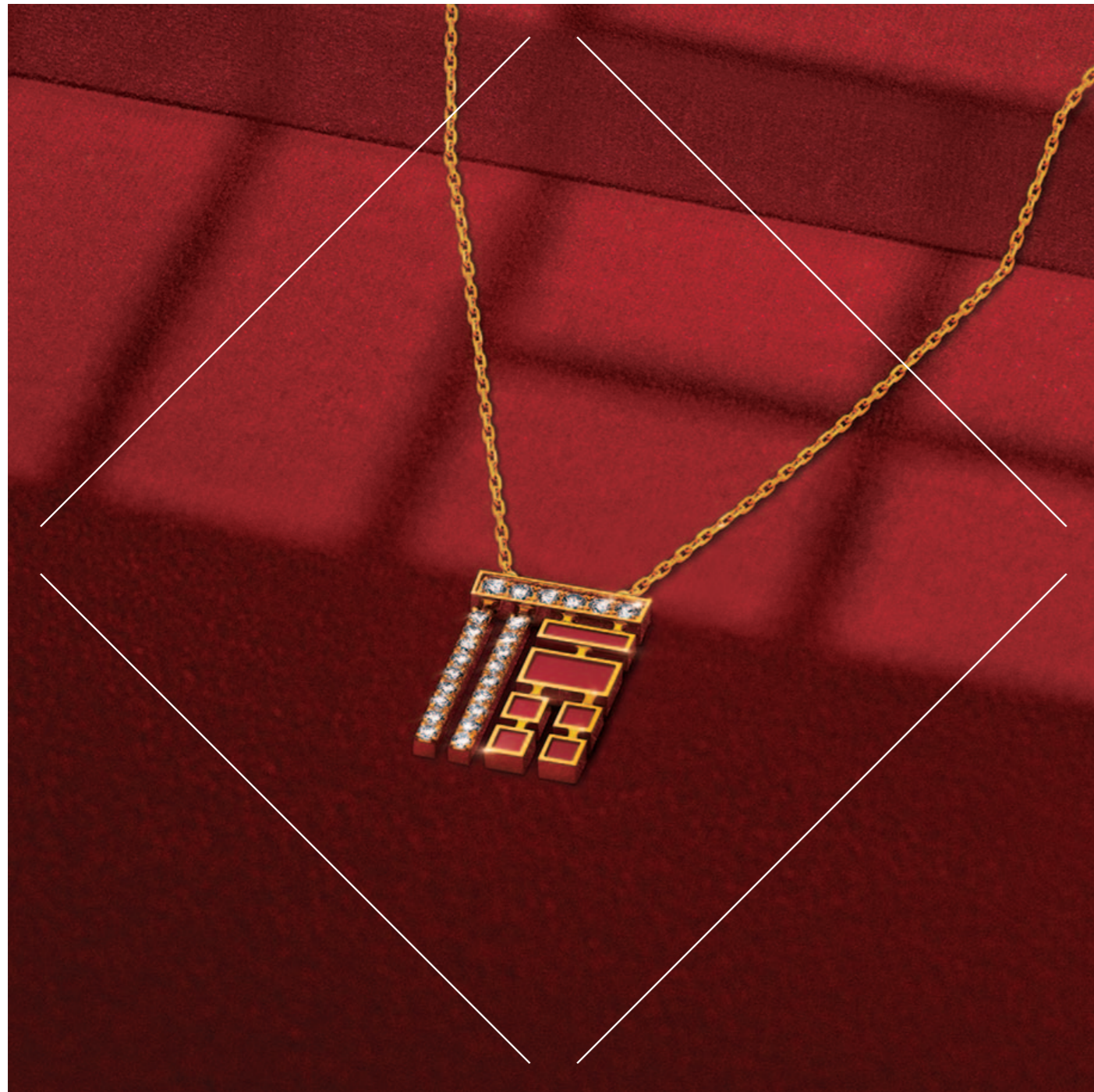
**34.5**

HK\$ million

<sup>2</sup> Copyright ©<2024> Sustainalytics, a Morningstar company. All rights reserved. Disclaimer: <https://www.sustainalytics.com/legal-disclaimers>

<sup>3</sup> Including the proposed final dividend of HK\$0.30 per share, which is subject to the approval of shareholders at the forthcoming annual general meeting of the Company.  
<sup>4</sup> As at 31 March 2024, the number of employees only covers the Group's core and material business units in Mainland China, Hong Kong & Macau of China.

# ABOUT CHOW TAI FOOK JEWELLERY GROUP



## CORPORATE PROFILE

Chow Tai Fook Jewellery Group Limited (the "Group"; SEHK stock code: 1929) was listed on the Main Board of The Stock Exchange of Hong Kong in December 2011. The Group celebrates its 95th anniversary this year and forges ahead into a new chapter of success, guided by a vision: "To be the leading global jewellery brand that is a trusted lifetime partner for every generation".

Founded in 1929, the Group's iconic brand "CHOW TAI FOOK" has become an emblem of tradition, celebrated for its bold designs and an unwavering attention to detail. Building upon a rich heritage and a foundation of trust, the Group is not only widely recognised for honouring traditions but also for fostering deep, meaningful connections with a diverse customer base through its products. The Group's long-standing commitment to innovation and craftsmanship has been integral to its success over time and has become synonymous with excellence, value and authenticity.

As a leading Chinese jeweller, the Group believes in blending contemporary cutting-edge designs with traditional techniques to create jewellery that can be passed down from generation to generation. Every collection is thoughtfully conceived and crafted to reflect the stories of our customers, celebrating the special moments in their lives. Committed to growing alongside our customers, the Group embraces a spirit that aspires to inspire and captivate generations to come, weaving the story of CHOW TAI FOOK into the fabric of their lives.

Offering a wide variety of products, services and channels, the Group's brand portfolio comprises the CHOW TAI FOOK flagship brand with curated retail experiences, and other individual brands including HEARTS ON FIRE, ENZO, SOINLOVE and MONOLOGUE.

The Group is committed to delivering sustainable long-term value creation for its stakeholders by enhancing the quality of earnings and driving higher value growth. With an extensive retail network of nearly 8,000 stores across China as well as multiple locations globally, and a growing e-commerce business, the Group is implementing targeted online-to-offline ("O2O") strategies to strengthen its competitiveness in today's omni-channel retail environment.

## RETAIL NETWORK<sup>1</sup>

Mainland China: **7,640**      Hong Kong and Macau of China: **88**      Other Markets: **54**

<sup>1</sup> As at 31 March 2024, retail network covers all POS in Mainland China, Hong Kong and Macau of China and other markets, including self-operated POS and franchised POS.

# LEADERSHIP MESSAGES

"As we celebrate our 95<sup>th</sup> anniversary, Chow Tai Fook Jewellery is embarking on a journey of brand transformation. A central part of this journey will be pursuing the sustainability of our planet, our communities and the Group, as we showcase the finest in Chinese jewellery craftsmanship to the world while helping to preserve and safeguard the world's precious resources."

**Dr. Cheng Kar-Shun, Henry**  
Chairman



## CHAIRMAN'S MESSAGE

As we celebrate our 95<sup>th</sup> anniversary, Chow Tai Fook is embarking on a journey of brand transformation. It is a transformation that will honour our heritage while meeting the demands of future generations, as we pursue our aspiration "To be the leading global jewellery brand that is a trusted lifetime partner for every generation". A central part of this journey will be pursuing the sustainability of our planet, our communities and the Group, as we showcase the finest in Chinese jewellery craftsmanship to the world while helping to preserve and safeguard the world's precious resources.

Our strategy is intricately woven around megatrends, and serves as a cornerstone that will shape our future. Undoubtedly the foremost among those is the challenge of climate change, which already caused significant impacts worldwide, from widespread flooding to extreme heat. This poses risks to our operations, but at the same time also presents opportunities for us to take a leadership role in environmental stewardship in the jewellery industry by pioneering new practices.

Along with climate change, we are committed to addressing other evolving expectations from our stakeholders. In particular, we acknowledge that there is a widespread desire from consumers expecting companies to act with exemplary corporate responsibility and taking care of both the environment and the communities they serve – a challenge we intend to meet, putting the emphasis on responsible sourcing to ensure that we adhere to exceptional environmental standards and labour practices. Alongside that, we are helping to shape the growing market for natural materials such as diamonds and gold, in response to increasing consumer concerns on the transparency and environmental impact of these precious raw materials.

Furthermore, we have taken proactive steps to ensure that Chinese jewellery craftsmanship continues to flourish and contribute to preserving and promoting Chinese culture, particularly in this period of technologically-driven mass production. For many years, we have nurtured the future of the industry with an array of initiatives that help us to cultivate and retain jewellery artisans who imbue their beautifully crafted pieces with soul. In doing so, we aspire to promote both the sustainable development of the jewellery industry and Chinese culture, something we see as an important responsibility.

We ensure that our sustainability objectives and progress remain a business imperative by undertaking regular reviews – and we are particularly proud to announce that Chow Tai Fook Jewellery has been included, as the only jewellery company, in the Dow Jones Sustainability Asia Pacific Index and that we are now a constituent of the FTSE4Good Developed Index. This year represents a particularly significant milestone along our sustainability journey, marking the mid-point between the year we made our Centennial Commitment, 2019, and the year by which we have pledged to meet its targets, 2029. We therefore regard this year as the ideal opportunity to revisit our strategy in light of how the world around us is evolving, and set ambitious new goals to push our performance to new levels of excellence in the future.

We have already taken the first step in updating our sustainability strategy by conducting a double materiality assessment to identify the most important challenges and opportunities. While we remain focused on craftsmanship, being people-focused, responsible sourcing, and resource efficiency and carbon reduction – and we have made important strides in these areas – the results of the double materiality assessment will form the basis of the new sustainability strategy that we will launch in next financial year.

Looking forward, we plan to take an even more proactive role in helping to save our planet, joining hands with our internal and external stakeholders in the supply chain to continue to lower our environmental impact and reduce carbon emissions to meet national and international net-zero ambitions while enhancing the wellbeing of all involved in the creation of our jewellery.

Finally, I would like to take this opportunity to thank all of our stakeholders, in particular our many dedicated employees; every day, through their hard work and diligence, they are the people who are transforming our commitment to sustainability into tangible actions.

**Dr. Cheng Kar-Shun, Henry**  
Chairman

Hong Kong, China, 13 June 2024

## VICE-CHAIRMEN'S MESSAGE

Despite ongoing macro-economic and geopolitical uncertainties, Chow Tai Fook Jewellery achieved a steady growth in its business. As our business progresses and we further cement our role as leaders within the jewellery industry, we recognise the importance of remaining laser-focused on our sustainability strategy. We believe that we have made significant progress in implementing that strategy over the past year. It has seen us build on our past successes with a collection of developments and achievements of which we can be proud.

Since 2019, we have maintained our focus on cultivating a spirit of craftsmanship through mass engagement and in-depth experiential programmes reaching more than 61 million people, far beyond our 2029 goal of 10 million people. Our commitment to Craftsmanship and to promoting the best of Chinese culture was underlined by our groundbreaking collaboration with Shaanxi History Museum and Northwestern Polytechnical University on our signature HUÁ Collection. To create the latest pieces in the Collection, our craftspeople drew inspiration from ancient gold crafting techniques, magnificent patterns from the Tang Dynasty and the spellbinding art of the Dunhuang Caves. Our focus on preserving and finding inspiration in the beauty of Chinese culture and craftsmanship techniques through our collections continues to be a key differentiator.

Constantly striving to deepen our ongoing commitment to being People-focused, we continue to invest heavily in our most precious resource: our employees. We offer them abundant support in their professional and personal development through internal training programmes and training subsidies, in addition to providing them with a total of over 994,000 hours of training in climate, labour practices, leadership skills and more over the past year. Our staff have also given a remarkable 15,000+ hours of their time to voluntary service over that period, working with NGOs on activities that benefit groups including elderly people, those with disabilities, children and families, and young people. We are committed to using our influence to drive positive social impact, and plan to expand this volunteering programme to our overseas offices in FY2025.

We continue to be leaders in Responsible Sourcing, providing our customers with reassurance about the provenance of their jewellery. Our Best Practice Principles for Suppliers are a key tool in promoting an ethical supply chain, to which 84% of our key suppliers are committed. We have further bolstered our responsible sourcing credentials by conducting due diligence on 96% of our active diamond suppliers.

Chow Tai Fook Jewellery has also made important strides in Resource Efficiency and Carbon Reduction. We are in the process of conducting a climate-related scenario analysis, so we can fully understand the risks and opportunities of various climate outcomes, and corresponding actions to mitigate and capitalise on them. In the meantime, we are playing our part in working towards helping to shape a more sustainable future, reducing the intensities of greenhouse gas emissions, water use and waste from production by 34%, 44% and 60% respectively as compared with FY2019.

We are determined to use these successes as the springboard for future action. We intend to further refine our actions and the ways we turn our commitment into actions. Our new sustainability strategy will launch in FY2025, and will provide us with a bold new vision and a roadmap to have an even greater positive impact on the environment and on society in the future.

We would like to thank each of our stakeholders. Working together, we are confident that we can translate our sustainability commitment into reality.

**Mr. Cheng Chi-Heng, Conroy and Ms. Cheng Chi-Man, Sonia**  
*Vice-chairmen*

Hong Kong, China, 13 June 2024

"As our business progresses and we further cement our role as leaders within the jewellery industry, we recognise the importance of remaining laser-focused on our sustainability strategy. We intend to further refine our actions and the ways we turn our commitment into actions. Our new sustainability strategy will launch in FY2025, and will provide us with a bold new vision and a roadmap to have an even greater positive impact on the environment and on society in the future."

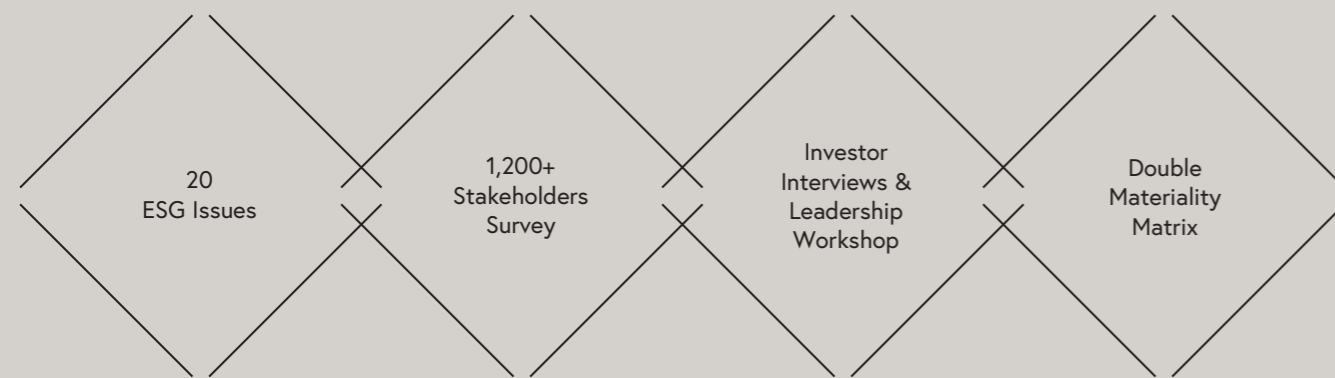
**Mr. Cheng Chi-Heng, Conroy and Ms. Cheng Chi-Man, Sonia**  
*Vice-chairmen*



# STAKEHOLDER ENGAGEMENT

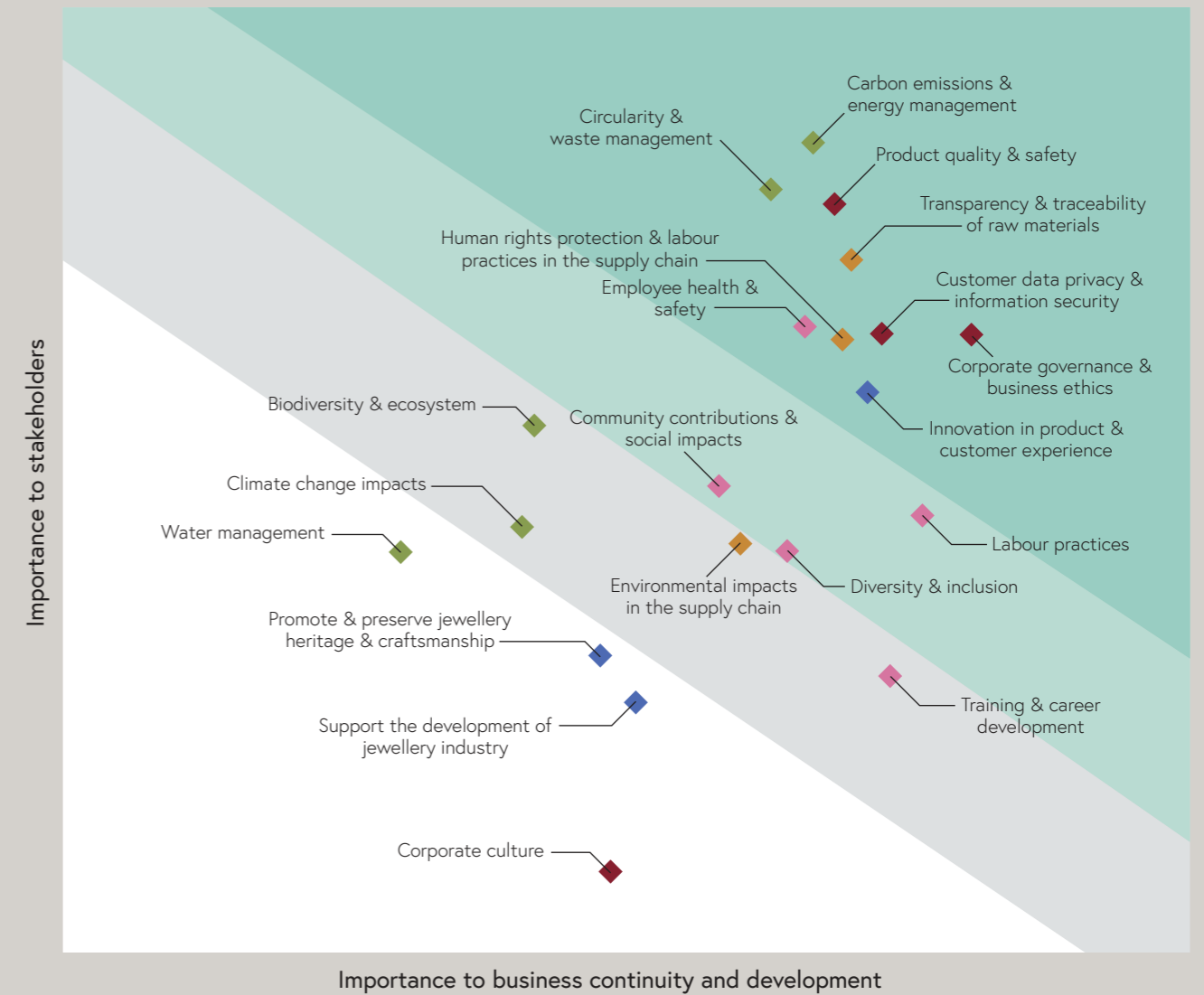
## MATERIALITY ASSESSMENT

We continually strengthen our sustainability strategy and disclosure through regular materiality assessments, which are designed to identify, manage and address ESG issues that are material to the Group. In FY2023, we engaged an independent consultant to conduct a double materiality assessment, which adopted the methodology recommended by the European Financial Reporting Advisory Group (EFRAG, 2021), identifying, prioritising and validating sustainability issues that make a significant impact on the Group or are caused by the Group. The assessment was completed in FY2024, resulting in a materiality matrix featuring issues that are considered material and the Group needs to manage and report on. The key steps of assessment:



- Came up with a list of 20 ESG issues relevant to the industry and the Group.
- Invited 1,200+ internal and external stakeholders to take part in an online survey, in which they ranked the importance and relevance of the impact of these issues on the Group; the results were used to assess the stakeholder materiality of various ESG issues.
- Conducted in-depth interviews with key investors to validate the financial materiality of the issues, and a leadership workshop to validate the survey's findings and assess the impact of issues from a financial materiality perspective.
- Compiled the materiality matrix by combining results from the online survey, interviews and workshop, reflecting both the financial materiality and stakeholder materiality of ESG issues.

## MATERIALITY MATRIX



Level of materiality



Least Most

- ◆ Craftsmanship
- ◆ People Focused
- ◆ Responsible Sourcing
- ◆ Resource Efficiency & Carbon Reduction
- ◆ Responsible Business Practices



Out of 20 ESG issues, 9 were identified as highly material financially and to stakeholders. The assessment reflects stakeholders' expectations of the Group, and the policies that the Group needs to adopt in the future. The following table lists these top-tier material issues with definitions, and indicates where they are discussed in this Report.

Top-tier material issues	Definition	Report section
Carbon emissions & energy management	Monitoring and reducing greenhouse gas emissions in operations and the supply chain in pursuit of a low-carbon economy.	• <b>Resource Efficiency &amp; Carbon Reduction</b>
Product quality & safety	Ensuring that all jewellery sold by the company is of high quality and safe for use.	• <b>Upholding Quality Product and Customer Experience</b>
Corporate governance & business ethics	Implementing robust corporate governance practices; risk management approaches, ensuring compliance with relevant laws, regulations; standards, and upholding business ethics and integrity.	• <b>Promoting Business Ethics and Integrity</b>
Transparency & traceability of raw materials	Enhancing transparency of the supply chain and traceability of raw materials by managing sourcing procedures and strengthening supplier communication; providing adequate disclosure of raw materials' origins.	• <b>Enhancing Transparency &amp; Traceability in the Supply Chain</b>
Circularity & waste management	Minimising waste in production and operations and promoting resource circularity, properly managing hazardous substances and adopting sustainable packaging solutions.	• <b>Resource Efficiency &amp; Carbon Reduction</b>
Customer data privacy & information security	Adopting proper procedures and security measures to safeguard data security, including the confidentiality and integrity of customers' and employees' personal data, and reducing the risk of data leaks and cyberattacks.	• <b>Customer Privacy</b> • <b>Cybersecurity</b>
Human rights protection & labour practices in the supply chain	Ensuring suppliers adhere to human rights protection and fair employment practices, and that all raw materials are from non-conflict areas.	• <b>Achieving a Responsible Supply Chain</b>
Employee health & safety	Promoting employees health and safety by preventing work-related injuries and illnesses, and fostering physical and mental wellness in the workplace.	• <b>Ensuring the Health and Safety of Our People</b>
Innovation in product & customer experience	Innovating in jewellery-making techniques and designs, and enhancing digital retail experiences to enrich a broader customer base.	• <b>Customer Satisfaction</b> • <b>Preserving Traditional Chinese Heritage</b>

We recognise the importance of these nine top material issues to the Group and invest ample resources in managing them to address stakeholders' expectations. In the meantime, we are aware of macro trends that are shaping the industry, and will also push forward the management of the issues of "Promote and preserve jewellery heritage and craftsmanship" and "Support the development of the jewellery industry".

## KEY STAKEHOLDER GROUPS AND ONGOING ENGAGEMENT METHODS/AREAS OF INTEREST

The Group puts a spirit of partnership at the heart of its sustainable development. By working hand-in-hand with our valued stakeholders, we can strengthen our efforts to promote environmental and social responsibility. We keep up a regular dialogue with our internal and external stakeholders to ensure that we effectively communicate our sustainability strategy and performance in the areas they care about.

Stakeholders	Key engagement methods	Key areas of concern
Customers	<ul style="list-style-type: none"> <li>CTF Club newsletter and membership activities</li> <li>Social media</li> <li>Customer hotlines and enquiry mailbox</li> </ul>	<ul style="list-style-type: none"> <li>Quality control on products</li> <li>Quality customer service</li> <li>Customer privacy</li> <li>Traceability and transparency of raw materials</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Employee engagement survey</li> <li>Grievance mailbox</li> <li>Management meetings</li> <li>Social media platforms</li> <li>Lunch &amp; Learns</li> <li>24-hour hotline service</li> <li>Internal newsletter</li> <li>Performance reviews</li> </ul>	<ul style="list-style-type: none"> <li>Employee remuneration, benefits and wellbeing</li> <li>Training and career development</li> <li>Ethical business practices</li> <li>Craftsmanship preservation and innovation</li> <li>Occupational health and safety</li> </ul>
Investors	<ul style="list-style-type: none"> <li>Interviews and surveys</li> <li>Analyst results conferences/live webcasts</li> <li>Investor meetings and luncheons</li> <li>Non-deal roadshows</li> <li>Group website</li> <li>Company announcements and circulars</li> <li>Annual General Meeting</li> <li>Investor Relations e-mailbox</li> </ul>	<ul style="list-style-type: none"> <li>Business development, strategies and prospects</li> <li>Branding and reputation</li> <li>Corporate governance</li> <li>Ethical business practices</li> <li>Talent attraction and retention</li> </ul>
Business Partners/Suppliers	<ul style="list-style-type: none"> <li>Interviews and surveys</li> <li>Business meetings</li> <li>Group website</li> <li>Grievance mailbox</li> </ul>	<ul style="list-style-type: none"> <li>Ethical business practices</li> <li>Quality control on products</li> <li>Data protection</li> </ul>
Industry Associations	<ul style="list-style-type: none"> <li>Interviews and surveys</li> <li>Industry association activities and conferences</li> <li>Group website</li> </ul>	<ul style="list-style-type: none"> <li>Industry standards and trends</li> <li>Corporate value and ethical business practices</li> <li>Customer care</li> </ul>
Media	<ul style="list-style-type: none"> <li>Media interviews and luncheons</li> <li>Company announcements and circulars</li> <li>Press releases</li> <li>Group website</li> <li>Media e-mailbox</li> </ul>	<ul style="list-style-type: none"> <li>Business development, strategies and prospects</li> <li>Corporate governance</li> <li>Quality products and customer service</li> <li>Community care</li> </ul>
Community Groups	<ul style="list-style-type: none"> <li>Interviews and surveys</li> <li>Community and NGO activities</li> </ul>	<ul style="list-style-type: none"> <li>Corporate value and ethical business practices</li> <li>Employee wellbeing and diversity</li> <li>Resource efficiency and carbon reduction</li> <li>Community care</li> </ul>

# SUSTAINABILITY GOVERNANCE

The Group's highest governance body, the Board of Directors, has overall responsibility for overseeing the Group's strategic direction and risk tolerance, and guiding and supervising its affairs, ensuring high-level corporate governance and risk management in compliance with applicable laws and regulations; including but not limited to all applicable principles and code provisions of the Corporate Governance Code as set out in Appendix 14 to the HKEX Listing Rules. It also bears the responsibility for sustainability matters at Chow Tai Fook Jewellery. The Board-level Sustainability Committee ("SC") reports to the Board as necessary, at least once a year. It consists of four members: three independent non-executive directors ("INEDs") and one executive Director. INEDs make up the majority of the Committee, with a new INED appointed as the chairman. They can provide independent, constructive and balanced opinions on sustainability matters, and complement the Board with capabilities such as strategic decision making.

As one of the Board Committees, the SC is responsible for evaluating and reviewing the Group's sustainability strategy and performance; overseeing its effectiveness in managing sustainability risks and opportunities, and assisting the Board in evaluating the quality of sustainability disclosure. The Strategy and Transformation Committee ("STC") steers the Group's sustainability strategy and its integration into corporate strategic direction and business decisions. It appoints the Sustainability Management Committee ("SMC"), which comprises senior management across the Group's business functions, and which assists and reports to the SC and STC on the implementation of strategy, policies and programmes in response to material sustainability issues.



The key to sustainability excellence and robust corporate governance is a solid set of well-established **sustainability policies**. We regularly review and update our policies, making sure they are fully compliant with all laws, regulations and standards in the places where we operate, as well as with our peers and the expectations of our stakeholders.


Backed by solid sustainability governance, the Group has addressed the following issues during the year to optimise our sustainability performance:

- Sustainability governance to enhance management's accountability on material sustainability topics
- Sustainability strategy and roadmap development to accelerate sustainability performance
- Data management to enhance data integrity and visibility, assisting with timely review of sustainability metrics and indicators
- Raised employees' awareness of key sustainability topics including business ethics and integrity

## OPTIMISATION AND ACHIEVEMENTS IN SUSTAINABILITY PERFORMANCE

During the year, through peer and best practice benchmarking, we have made conspicuous progress in following areas:

Aspects for optimisation	Progress in FY2024
Sustainability governance	The roles and responsibilities of the Board, management committee and business units were redefined, streamlining the reporting process of our sustainability programmes in support of effective execution of sustainability strategy.
Sustainability strategy and goals	We completed a double materiality assessment, engaging with key stakeholders to assess aspects with a significant impact on the Group. As a result of the assessment, we are reviewing our sustainability strategy and goals.
Sustainability performance management & assessment	To facilitate the formulation of sustainability strategy and management of sustainability performance, we established a digital sustainability dashboard, which enhances data visibility, allowing us to accelerate a data-informed approach to decision making and business planning.  Our data collection platform provides a centralised platform to optimise the end-to-end data reporting process, helping us to monitor our sustainability performance, enhance transparency, manage risks and drive performance improvement.
Sustainability awareness	To foster employees' awareness of our sustainability agenda and their motivation to enact it, we have optimised our group-wide <b>Code of Conduct</b> , which covers aspects including but not limited to anti-corruption, environmental protection and compliance with laws and regulations, and complemented it with relevant training, requiring staff to confirm that they are familiar with its contents.

 **Sustainability Governance**  
Read more about the responsibilities of the Sustainability Committee.

 **Corporate Governance Report**  
Learn more about the Corporate Governance Report in our Annual Report 2024.

# RISK MANAGEMENT

Effective and robust management of risks is pivotal to good corporate governance. A strong risk culture that relies on effective leadership and communication underpinned by robust policies and practices within the Group translates to a keen awareness of potential risks. The Group has established an enterprise risk management policy and framework overseen by the Board, and reviews both regularly to guarantee their robustness, allowing management to effectively identify, assess and manage risks that could have a significant impact on the Group.

The Board has an overall responsibility for the effectiveness of the risk management and internal control systems, and assesses and directs the extent of risk appetite to achieve its strategic objectives. The Audit Committee is responsible for overseeing the effectiveness of the Group's risk management and internal control system, cybersecurity, data governance and compliance with the Corporate Governance Code, while the Sustainability Committee is responsible for overseeing ESG risks and opportunities, including climate risks. Our risk governance structure uses three lines of defence to enable the effective implementation of an integrated risk management system that incorporates a holistic top-down and bottom-up view, facilitating risk management strategies.

## SUSTAINABILITY RISK MANAGEMENT

Last year we identified insufficient understanding of significant environmental, social and governance issues as one of our principal risks. By this, we mean a lack of alignment concerning the implications and impact of ESG issues across our value chain, from the perspectives of both internal and external stakeholders. This might lead to misalignment in sustainability goal setting and implementation of sustainability-related practices, making it harder for us to deliver our sustainability goals.

To address this risk, we have heightened the Board's leadership and oversight on sustainability issues with training and workshops that covered sustainability trends, ESG-related risks and their impact on our business strategies and performance during the year. This enables the Group to take a holistic approach to formulating its sustainability strategy. In the next financial year, we will further our efforts in establishing action plans and communicating the strategy to our employees, in correspondence with the launch of the strategy.



### Risk Management Report

Learn more about the Group's risk management framework and approach.

## CLIMATE-RELATED FINANCIAL DISCLOSURES

The Group acknowledges that climate change both poses risks and provides opportunities for our business. To enhance our climate resilience, we apply the Task Force on Climate-Related Financial Disclosures ("TCFD") framework to identify, assess and manage climate-related risks and opportunities, and are monitoring the updates of the climate-related disclosure requirements published by International Sustainability Standards Board ("ISSB"). Below is a summary of our approach to climate-related governance, strategy, risk management, metrics and targets, in line with TCFD's recommendations.

<b>Governance</b>	Disclose board oversight and roles of management teams in assessing and managing climate-related risks and opportunities.
<b>Strategy</b>	Disclose the impact of identified risks and opportunities on the organisation's businesses, strategy and financial planning over the short, medium and long term.
<b>Risk management</b>	Disclose processes for identifying, assessing and managing climate-related risks and opportunities.
<b>Metrics and targets</b>	Disclose the metrics and targets used to assess and manage climate-related risks and opportunities material to the group.

### Governance

The Board of Directors oversees sustainability matters for the Group, including climate-related risks and opportunities. It delegates management of climate-related matters to the Board-level Sustainability Committee, which reports to the Board as necessary, at least once a year. We also arrange external professional trainings, expanding the capability and knowledge of board members to address climate-related matters.

The Sustainability Management Committee comprises Group senior management. It is responsible for assessing, managing and monitoring climate-related risks and opportunities across business functions, and for providing the Board with analysis, recommendations and updates.

### Strategy

The Group has identified climate-related risks and opportunities that help us to formulate key actions and measures in the short, medium and long term across different aspects of our business, from raw material sourcing to production to POS operation.

In considering climate-related risks and opportunities, we have defined short, medium and long-term time horizons with regard to our business outlook. We consider the short-term horizon to be less than two years, as aligned with financial and business planning practice; the medium-term horizon to be in the range of two-six years, as aligned with corporate strategic planning in terms of financial and sustainability targets; and the long-term horizon to be over six years, the range for climate change and other critical financial risks to generate more tangible impacts.

## Risk Management

The Group has an enterprise risk management process in place to identify, assess and manage climate risks with reference to the recommendations from the TCFD. Further details of our enterprise risk management processes can be found in the Risk Management Report of our **Annual Report**. To understand the potential financial impacts associated with climate-related risks and opportunities, during the year, we referenced climate-related disclosure requirements from the ISSB and selected applicable climate scenarios that identified climate-related risks and opportunities, as well as their implications for our business.

We have selected the Shared Socioeconomic Pathways (SSP1-2.6, SSP5-8.5) used by the Intergovernmental Panel on Climate Change ("IPCC") on physical risks resulting from climate change that can be acute or chronic in climate patterns. These pathways broadly represent comprehensive climate scenarios related to projected global average temperature increases.

Regarding the global transition to a low-carbon economy, Stated Policies Scenario ("STEPS") and Announced Pledges Scenario ("APS") used by the International Energy Agency ("IEA") we have adopted to test our business resilience in future operating environments.

To gain a deeper understanding of the quantitative financial impacts of the risks and opportunities identified to formulate proactive climate strategies, we are modelling these risks and opportunities and will disclose the results next year.

## Metrics & Targets


Under our Centennial Commitment, we have set a goal of 2029 to reduce the GHG intensity and water consumption intensity of the Group by at least 15% compared with FY2019. We have also elevated our targets for reducing GHG emissions, energy consumption, water usage and waste generation intensity of production hubs to a minimum of 50% compared to FY2019, laying a foundation for setting more ambitious targets for the Group in FY2025. We regularly monitor and report on GHG emissions and other climate-related environmental indicators.

Details of our dedicated efforts to achieve this target can be found in the **Resource Efficiency and Carbon Reduction** section. Our metrics can be found in the **ESG Data Summary** section.

Below is a list of the key climate-related risks and opportunities we identified through scenario analysis, their implications and our responses.

Risks & opportunities	Implications	Our response
<b>Physical risks</b>		
<b>Flooding/heavy precipitation may lead to temporary business disruption (Short-term)</b>	• POS closure and interruption to logistics, resulting in revenue loss.	• In the event of closure of POS due to flooding, the Group can continue to conduct sales activities using our comprehensive online sales platform, given our omnichannel business model.
	• Damage to equipment that results in temporary halts to production may lead to production losses and inventory shortages.	• The Group has implemented a robust inventory management mechanism to maintain safety stock level to prevent inventory shortage in case of short-term business interruptions.
<b>Rising mean temperatures will increase the number of hot days (Medium-term)</b>	• Increase in electricity charges for cooling purposes in our operating locations may result in a higher operational cost.	• Our production hubs have adopted energy-efficient air-conditioning systems to optimise and control electricity consumption.
		• We also raise employee awareness of energy conservation through training and various employee engagement activities.

Risks & opportunities	Implications	Our response
<b>Transition risks</b>		
<b>Introduction of carbon pricing may lead to increased operating expenses (Long-term)</b>	• If a carbon tax is introduced in China, charging on the Group's GHG emissions, the operating expenses may increase.	• We have adopted a series of measures to reduce our carbon footprint in each business segment. Details can be found in the <b>Reducing Ecological Footprint</b> section.
<b>Opportunities</b>		
<b>Increased consumer preference for low-carbon goods and services (Medium-Long-term)</b>	• The provision of environmentally friendly products and services that fulfil consumers' expectations may lead to increased sales volume from POS and therefore revenue.	• We are revisiting the raw materials and production process in our value chain. The Group has been partnering with a gold refining plant to refine recycled gold, which is seen as a relatively low carbon product. Further details can be found in the feature story <b>Gold Recycling to Promote Circularity</b> .
		• We are formulating our sustainability strategy with a plan to reduce the use of packaging materials and look for alternative packaging materials that have lower carbon emissions. Further details of our environmentally friendly measures can be found in the <b>Reducing Ecological Footprint</b> section.



**TCFD Disclosure**  
Learn more our response to TCFD recommendations.

## BUSINESS RESILIENCE

In addition to establishing a robust risk management and internal monitoring system to prevent and mitigate risks, we have also formulated a comprehensive crisis management plan and framework, which clearly specify the definition of crisis, roles and responsibilities of relevant personnel and the reporting and response processes in the event of a crisis to bolster business resilience and the Group's sustainable growth. We have been investing in resources that will help us to cope with various challenges created by market and social changes. To this end, we optimised and conducted the Crisis Management Preparedness Project in FY2024, focusing on the following areas:

- Reinforced the roles and responsibilities of the Crisis Management Team: we have defined the roles and responsibilities of designated personnel in the Crisis Management Team, led by the Vice-chairmen with assistance from functional and market leads
- Enhanced crisis escalation and reporting process: the Crisis Management Team helps the Group manage and recover from crises. We have established a Crisis Management Framework and Plan, enforced by executives across the businesses who lead it in crisis management
- Building awareness of crises: we conduct regular training, as well as holding annual cross-team Business Continuity Plan simulations with regard to risks that may result in significant impacts on the Group, to strengthen management's readiness to address crises

# RESPONSIBLE BUSINESS PRACTICES

Our reputation for integrity is unparalleled: it is a testament to our dedication to delivering quality products and services across generations. From raw material procurement and product design to production and sales, we maintain high standards in everything we do, including management of product quality and health and safety, advertising and labelling, customer service, privacy and cybersecurity.

## FY2024 PRODUCT AND SERVICE KPIs AND RESULTS



## QUALITY SERVICE-RELATED RECOGNITIONS

- The Hong Kong Retail Management Association – 2023 Quality Service Retailer of the Year – Gold
- The Hong Kong Retail Management Association – 2023 Service Talent Award
- Hong Kong Tourism Board – Quality Tourism Services
- GS1 Hong Kong – Consumer Caring Scheme
- Hong Kong Q-Mark Council – The Hong Kong Q-Mark Service Scheme
- World Brand Lab – 2023 Five Star Diamond Brand

## UPHOLDING QUALITY PRODUCT AND CUSTOMER EXPERIENCE

### Product Quality and Safety

Ensuring the high standards and safety of our products is unequivocally one of our top priorities. From raw material procurement, inspection and production to after-sales, we adopt the Quality Control Procedures, Inspection Procedures and other policies and guidelines in line with the ISO 9001 quality management system certification that our productions hubs have received, assuring our customers that we will always provide them with the finest jewellery products.



#### Authenticity of Raw Materials

- Set up inspection procedures for raw materials including diamonds, gemstones and gold, in conjunction with the corresponding industry standards
- Conduct raw material inspections that are specific to the type of item, such as purity of precious metals, and return disqualified raw materials to the suppliers to be exchanged



#### Safeguarding Zero Product Quality & Health & Safety Issues

- Implement strict control in our production hubs, in accordance with the ISO 9001 quality management system
- Inspect finished products in accordance with national and industrial inspection regulations covering jewellery, with a rigorous inspection pass rate target for in-house products



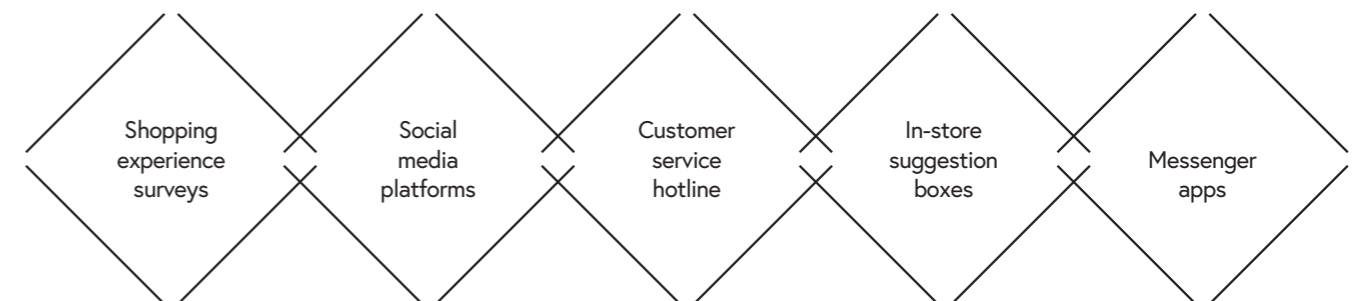
#### Recall Management

- Devise procedures to manage product recalls in response to quality issues
- Conduct comprehensive investigations into complaints received about product quality

### Customer Satisfaction

We are absolutely committed to both service quality and customer engagement, encouraging our employees to put our customer-centric philosophy into action in their daily work. Our Brand Standard Manual and other guidelines, which list a sophisticated set of standards for service quality, illustrate our commitment to giving customers superior in-store experience.

We also remain in close communication with our customers and listen to their valuable voices as the foundation of continuous improvement in service quality. Channels through which we engage with customers online and offline 24x7 include but are not limited to:



In addition to the above channels, in order to better understand unmet needs from customers to identify rooms for improvement, we conduct regular mystery shopper surveys in our POS. We will also continue to harness next-generation technology, for example by enhancing the user interface and user experience of our online sales platform, offering our customers a seamless shopping experience across our online shop, app and physical stores.

### Ethical Marketing and Advertising

When it comes to promoting our products and services, we are dedicated above all to ensuring that all of our marketing and advertising adheres to high ethical standards. We are committed to abiding by the Cap. 362 Trade Descriptions Ordinance of Hong Kong, the Advertising Law of the PRC and other relevant laws and regulations, empowering customers to make well-informed purchase decisions and ensuring that their interests are paramount. We promote products and services with accurate and balanced information, avoid exaggerated claims for their environmental and social impacts, and strenuously avoid misinforming customers about competitors' products.

We obtained the 2024 Natural Fei Cui Quality Mark and 2024 Quality Gold Mark issued by The Jewellers' and Goldsmiths' Association of Hong Kong Limited, and the 2024 Natural Diamond Quality Assurance Mark issued by the Diamond Federation of Hong Kong, China Limited, recognising our long-standing dedication to ensuring that our jewellery meets high standards of quality and authenticity.

### Protecting Intellectual Property

As the world's leading Chinese global jewellery house, we are home to China's top jewellery masters and craftsmen, who create exquisite designs that set global jewellery trends. We are therefore dedicated to safeguarding the Group's intellectual property, which we protect by registering our trademarks, patents and copyrights, as stipulated in our Intellectual Property Management Procedure.

### Customer Privacy

The Group's **Privacy Policy**, Privacy Data Protection Policy and Data Protection and Encryption Policy outline our pledge to protect customer data privacy and ensure compliance with the Personal Information Protection Law of the PRC, the Data Security Law of the PRC, the Hong Kong Personal Data (Privacy) Ordinance and other applicable laws and regulations when collecting, holding, using and/or processing customers' personal data.

To prevent breaches of customer privacy, we have established a Privacy Governance Committee and appointed a Data Protection Officer, who enforce the implementation of the privacy management policy. We also closely monitor the impact of any changes in privacy protection regulations on our operations, amend our procedures in areas where we face major risks, and arrange training and drills to raise staff awareness. In the event of a breach, we will undertake the appropriate disciplinary action, including termination of employment.



**Privacy Policy**

Read more about our Privacy Policy.

### Cybersecurity

Every company faces cybersecurity risks when it comes to handling customer data, potentially leading to cyberattacks or leaks of sensitive or confidential data.

To strengthen our resilience in cybersecurity, and to respond in a timely fashion to and recover from any incidents that do happen, we have established an IT governance structure in which the Board of Directors assumes overall responsibility. We have also incorporated cybersecurity risks into our Enterprise Risk Management Process to manage such risks.

The Group's Chief Digital Officer is responsible for cybersecurity risk management, supported by the IT security team that carries out the management plan. The risk management team advises on areas for improvement, while the Internal Audit Department assists the Board in validating the effectiveness of controls.

The Group has adopted the US National Institute of Standards and Technology ("NIST") Cybersecurity Framework to formulate a comprehensive set of IT Policies and Guidelines, Patch Management Policy and other relevant policies and procedures. These measures aim to ensure that the IT security team and relevant departments are capable for implementing the mechanism. Below are some of the highlights among the measures in place.

Aspects	Measures
Identify	<ul style="list-style-type: none"> <li>Conduct cybersecurity assessments and risk assessments on systems and applications</li> <li>Enforce the data protection policy, indicating that data breaches and leaks may lead to disciplinary actions</li> </ul>
Protect	<ul style="list-style-type: none"> <li>Manage and maintain cybersecurity tools including anti-virus software, intrusion detection and prevention systems, and website application firewalls</li> <li>Benchmark against the Information Security Multi-Level Protection Scheme Management Measures of the PRC and other relevant regulations, and undergo third-party accreditation for our key IT systems</li> <li>Arrange cybersecurity training and post alerts to strengthen employees' awareness of reporting suspicious cyber risks</li> </ul>
Detect	<ul style="list-style-type: none"> <li>Conduct regular vulnerability scans and undertake any repair work needed against cyberattacks</li> </ul>
Respond	<ul style="list-style-type: none"> <li>Engage a third-party cybersecurity centre to monitor and report on potential cyber events and provide incident investigation, accompanied with remediation</li> </ul>
Recover	<ul style="list-style-type: none"> <li>Arrange disaster drills for key systems regularly</li> </ul>

During the year, we engaged a third-party consultant to conduct an audit in accordance with the NIST Cybersecurity Framework, aiming to evaluate cybersecurity management procedures and controls the Group has implemented.

## PROMOTING BUSINESS ETHICS AND INTEGRITY

We embed business ethics and integrity into every aspect of our daily operations. As outlined in our **Code of Conduct**, the Group regards honesty, integrity and fair play as our core values, which must be upheld at all times. We have developed the **Best Practice Principles, Anti-Money Laundering Policy, Anti-Fraud Policy, Whistleblowing Policy** and other policies, which instruct our employees to avoid any form of corruption, bribery, fraud, money laundering and other behaviours that can result in disciplinary or risks of litigation in the course of normal business operations. We extend these principles to our suppliers and business partners in our **Best Practice Principles for Suppliers**.

The Board of Directors is accountable for reviewing and monitoring these policies in compliance with applicable laws and regulations, and embodying good business practices, with updates when necessary. During the year, we have optimised our Code of Conduct after benchmarking it against best practice in the industry, ensuring that we do our utmost to prevent corruption and conflicts of interest, as well as aligning with information confidentiality guidelines. During the year, we communicated with all employees about the Code of Conduct to reinforce declaration of conflicts of interest of all levels of staff. We are also reviewing our Anti-Money Laundering Policy where it relates to the process of escalating customer due diligence reports, in line with local regulatory requirements.

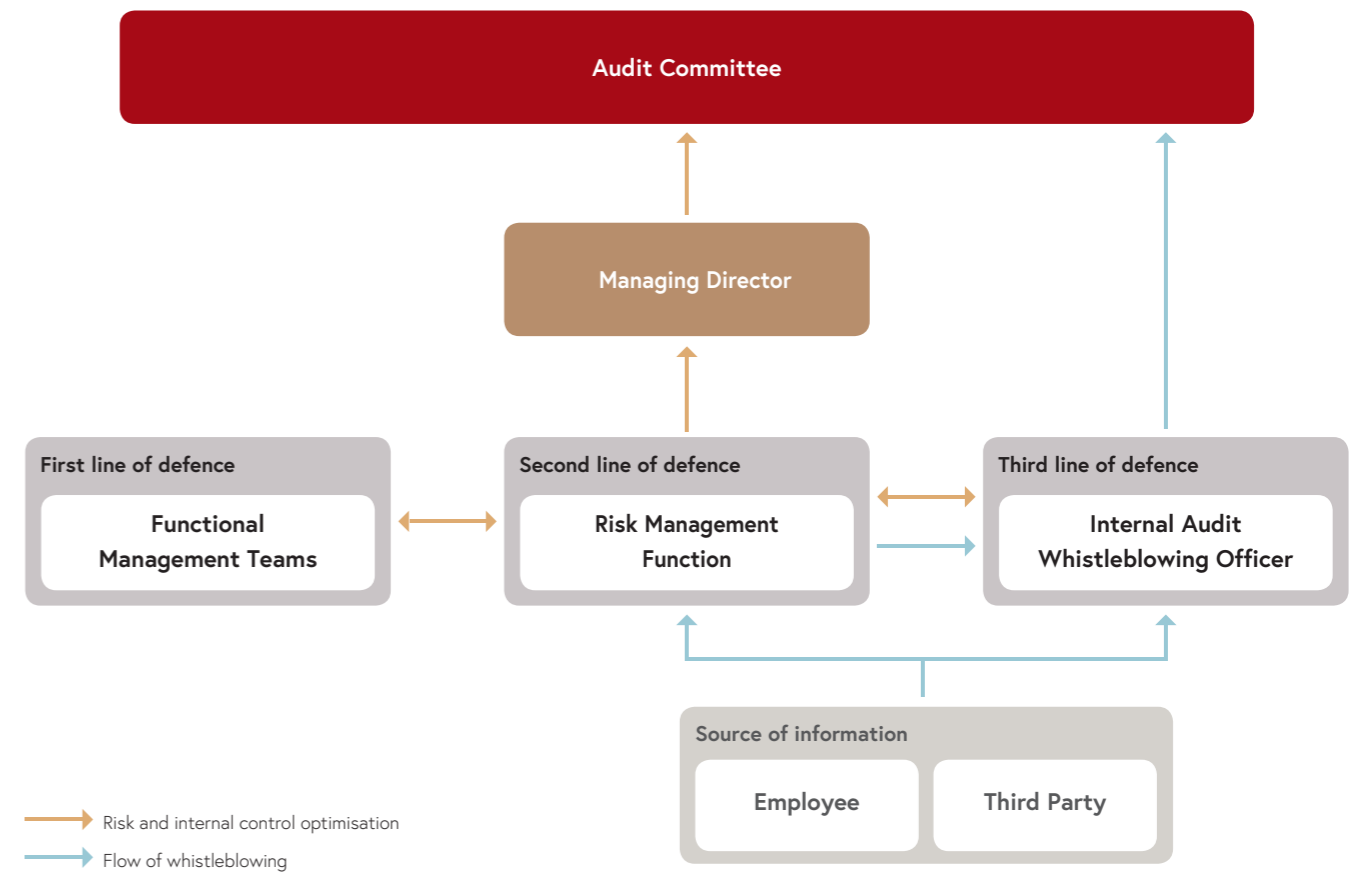
In FY2024, we offered employee engagement activities such as Townhall and relevant training covering topics below to raise employees' awareness of upholding business ethics and integrity:



## Grievance Mechanism

Guided by our **Whistleblowing Policy**, we encourage employees and external stakeholders to report any fraudulent practices, improper or unethical conduct, or actual or potential non-compliance with laws, regulations and codes of conducts to the Group through our whistleblowing channel, with the identities of the whistleblowers being protected. The whistleblowing officer is responsible for executing our whistleblowing mechanism, which includes allocating resources to investigate, verify and report the case in a timely and impartial manner. The Audit Committee under the Board will review the severity and impact of the case regularly and provide improvement suggestions to relevant governance departments..

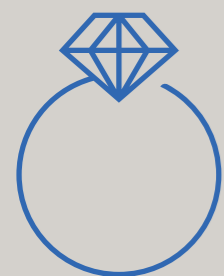
We regularly review our grievance mechanism to ensure it adheres to the evolving regulatory landscape and industry best practice. During the year, we enhanced the process, key controls and case reporting of our grievance mechanism by introducing a centralised digital platform. In FY2024, the mechanism received 88 reports. Of those, 20 were deemed to come with substantial evidence, prompting the whistleblowing team to initiate investigations. The majority of these cases pertained to violations of the **Code of Conduct**. With thorough investigations, we were able to confirm that none of these cases resulted in any significant impact on the Group. We also took measures to rectify and strengthen our internal control processes as a result.



# OUR CENTENNIAL COMMITMENT

Our Centennial Commitment pledges to implement sustainability goals in four priority areas – Craftsmanship, People Focused, Responsible Sourcing, and Resource Efficiency & Carbon Reduction – on or before 2029, to demonstrate our support for the United Nations Sustainable Development Goals ("SDGs"). As we are halfway from 2019, when we made our Centennial Commitment, we are revisiting our strategy and targets to push our performance to new levels of excellence.

## CRAFTSMANSHIP



### 2029 Goal

Promote cross-generational craftsmanship, innovation and technology

Cultivate the artisanal spirit through mass engagement and in-depth experiential programmes reaching 10 million people

### FY2024 Highlights



**61 million+**

participants have joined mass engagement initiatives and in-depth experiential programmes over the years\*



**210+**

public craftsmanship activities



**Collaboration**

with Shaanxi History Museum and Northwestern Polytechnical University to develop new pieces in HUÁ Collection

## PEOPLE FOCUSED



### 2029 Goal

Cultivate our caring culture that embraces giving back to our community, employee development, diversity, inclusion, wellbeing and family-friendly practices

Increase employees' volunteer service hours by 30%\*

### FY2024 Highlights



**994,000+**

total training hours



**HK\$34.5 million**

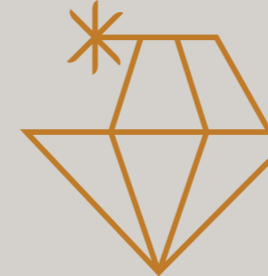
of total donations



**15,000+**

hours of volunteer service

## RESPONSIBLE SOURCING



### 2029 Goal

Implement our Best Practice Principles for Suppliers

Ensure 100% of key long-term suppliers are fully compliant

### FY2024 Highlights



**84%**

of key suppliers have signed our Best Practice Principles for Suppliers



**Due diligence process**

on diamond suppliers strengthened, covering 96% active diamond suppliers

## RESOURCE EFFICIENCY & CARBON REDUCTION



### 2029 Goal

Reduce the ecological footprint of our operations

Reduce GHG and water consumption intensities of the Group and waste generation intensity of production hubs by at least 15%\*

### FY2024 Highlights



**34%**

reduction in GHG emissions intensity\*



**44%**

reduction in water use intensity\*



**60%**

reduction in waste intensity from production\*



**Climate**

risks and opportunities identified through scenario analysis

\* Base year for all numerical targets is FY2019.



# CRAFTSMANSHIP



As the leading Chinese jewellery brand, Chow Tai Fook Jewellery is committed to setting the standard for Chinese jewellery craftsmanship by paying homage to the nation's rich culture and history in our pieces. We have always been and continue to be a pioneer in the industry, and the home of China's jewellery artisans.

## 2029 GOAL

Promote cross-generational craftsmanship, innovation and technology

Cultivate the artisanal spirit through mass engagement and in-depth experiential programmes reaching **10 million** people

## FY2024 HIGHLIGHTS



**61 million+**

participants have joined mass engagement initiatives and in-depth experiential programmes over the years\*

\* Since FY2019



**210+**

public craftsmanship activities



**Collaboration**

with Shaanxi History Museum and Northwestern Polytechnical University to develop new pieces in the HUÁ Collection

## SDGs



## MATERIAL ISSUES

- Innovation in product & customer experience
- Promote & preserve jewellery heritage & craftsmanship
- Support the development of jewellery industry

# MANAGEMENT APPROACH



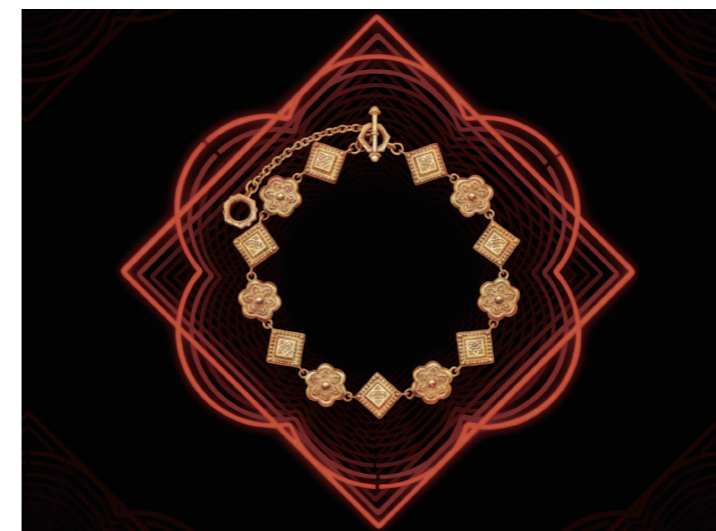
"We bear a solemn responsibility to preserve and maintain heritage and to foster public appreciation for traditional Chinese art and culture through our collections and our collaborations with cultural and academic institutions."

Chow Tai Fook Jewellery is deeply committed to preserving the legacy of jewellery craftsmanship. We have 95 years of history of passing on jewellery-making techniques, meaning we bear a solemn responsibility to preserve and maintain heritage. To this end, we partner with various cultural and academic institutions to develop new collections that combine craftsmanship elements inspired by cultural relics spanning different epochs, and modern and contemporary designs. To foster public appreciation, we have been organising a range of events that allow the public to be immersed in the journey of ancient Chinese craftsmanship. The types of events include but are not limited to exhibitions, workshops, visits and seminars.

Dedicated to our unwavering commitment to preserving cultural heritage, we have heightened our resources by launching an array of exhibitions such as the "Gold is Chic: The Luminous Era" art exhibition and "Beyond Time" natural diamond exhibitions that foster appreciation of Chinese craftsmanship, accompanied by online and offline promotion. We are proud to say that since FY2019, we have cultivated the artisanal spirit through mass engagement and in-depth experiential programmes reaching over 61 million people, far beyond our goal of 10 million people. We will continue our efforts to share the beauty of Chinese culture with the world and revisit our target as appropriate.

# PRESERVING TRADITIONAL CHINESE HERITAGE

We recognise the importance of preserving and promoting Chinese culture, and we hope to bring its beauty to the world. This involves everything from creating collections that take their inspiration from the rich tapestry of China's history, culture, art and craftsmanship to proactively collaborating with cultural and educational institutions to preserve traditional Chinese heritage, crafting pieces that define contemporary tastes and desires while celebrating Chinese traditions of gold craftsmanship.



## HUÁ Collection

In a pioneering collaboration with Shaanxi History Museum and Northwestern Polytechnical University, the latest pieces in the HUÁ Collection are inspired by traditional gold crafting techniques, from carving to beadwork, as well as patterns that evoke the splendour of the Tang Dynasty.

Other pieces perfectly capture the beauty of art from the Dunhuang Caves, transforming it into breathtaking design elements. Bold patterns are painted on pure gold using gold casting and enamelling techniques, and are heated under high temperatures to create an extraordinary gem-like lustre and texture.

In addition to offline exhibitions, we made use of our social media platforms for online promotion, reaching over 12 million people during the year.



"GOLD IS CHIC: The Luminous Era" Exhibition



"A Style Legacy" Pop-up Store

## Partnership with the Palace Museum to Preserve Cultural Heritage

The Group announced its strategic agreement with the Palace Museum (the "Museum") in December 2023. The Forbidden City is the home to more than 1.86 million artifacts. One of the world's most important and instantly recognisable monuments, it encapsulates the expertise and creativity of ancient Chinese workers, as well as the nation's rich, 5,000-year history. The Group prides itself on being a pioneer in preserving traditional Chinese gold craftsmanship and promoting Chinese culture; as a result, it is collaborating with the Museum in three key areas: heritage preservation and research, exhibition partnerships, and creative collaboration to protect, study and conserve

the exquisite Chinese culture and traditions embodied by the Forbidden City.

The Group will support the Museum through academic research and publishing, and Chinese historical and cultural exhibitions at home and abroad, as well as driving the development and promotion of the Museum's Chinese culture-themed products and merchandise. During the first phase of the collaboration, we are lending our support to the Museum's local and global exhibitions on Confucianism, organising them alongside the International Confucian Association, with the aim of fostering global learning and exchange.



## Ancient Chinese Goldsmiths Research Project with the Art Museum of The Chinese University of Hong Kong

Chow Tai Fook Master Studio and the Art Museum of The Chinese University of Hong Kong have been collaborating since 2014 on a research project on ancient Chinese goldsmiths. The findings of the project's second phase were featured in the "Golden Techniques II: Art of the Chinese Goldsmiths" exhibition at the Art Museum of The Chinese University of Hong Kong, which was held in February to May 2023, attracting over 6,000 visitors.

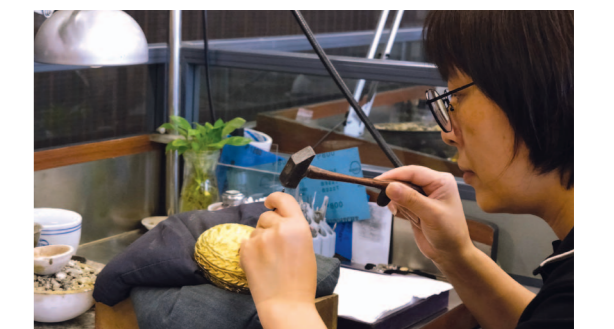
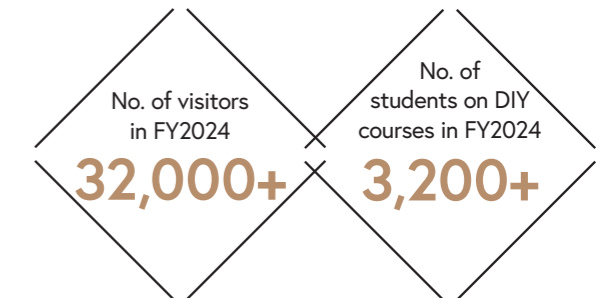
This research project is ongoing, and in FY2024, it entered its third phase. This involved arranging visits for our craftsmen and researchers to museums, where they can study the ancient gold technique of cultural relics, such as casting, leisi filigree and stone setting. It will also involve educational programmes later, targeted at primary students, with the aim of enriching their understanding of traditional Chinese culture.



## Visits to Jewellery Cultural Centre

The Chow Tai Fook Master Studio is a major hub, where professional craftsmen pass on jewellery making skills to apprentices. Their work makes an important contribution to the preservation of ancient Chinese goldsmithing techniques and designs that date back thousands of years.

The Studio is located in Chow Tai Fook Jewellery Cultural Centre in Shunde, which is also home to a National 3A Scenic Spot, a tourist attraction in Mainland China. We arrange regular guided tours for external guests, during which craftsmen from the Master Studio demonstrate their exquisite jewellery making techniques, allowing our visitors to immerse themselves in a breathtaking jewellery journey. Our craftsmen also offer DIY courses that deepen participants' jewellery-making knowhow.



## Passing on the Legacy of Craftsmanship to Future Generations

Chow Tai Fook is deeply committed to preserving and promoting traditional Chinese craftsmanship and cultural heritage, our craftsmen recognise the importance of mentoring young talents who will carry this exquisite craftsmanship forward. Our mentorship programme invites experienced craftsmen to pass on their experience, a blend of innovation and new techniques with traditional skills, to the next generation, perpetuating their legacy.

"Innovation is key for continuous improvement in jewellery design and craftsmanship. As the brand evolves, it is essential to bring in a contemporary twist to enhance the products and make them appealing to the younger generations."

**Andy, mentor, a dedicated craftsman and integral member of staff at our Jewellery Cultural Centre.**



"Andy and I are great friends, and I'm fortunate to have him as my mentor. We share a deep friendship and value each other's opinions."

**Parco, mentee and apprentice, who joined Chow Tai Fook five years ago.**

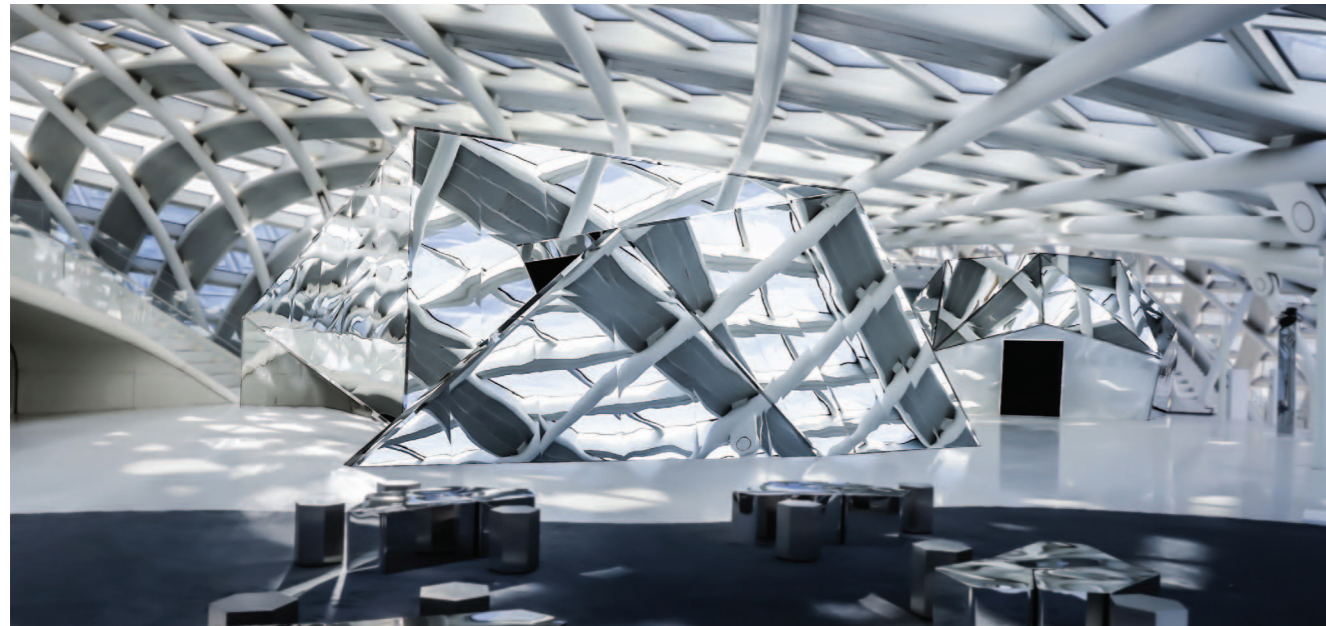
Here, a mentor, Andy, and an apprentice, Parco, talk about their experiences of the programme.

# RETAINING THE BEAUTY OF DIAMONDS BEYOND TIME

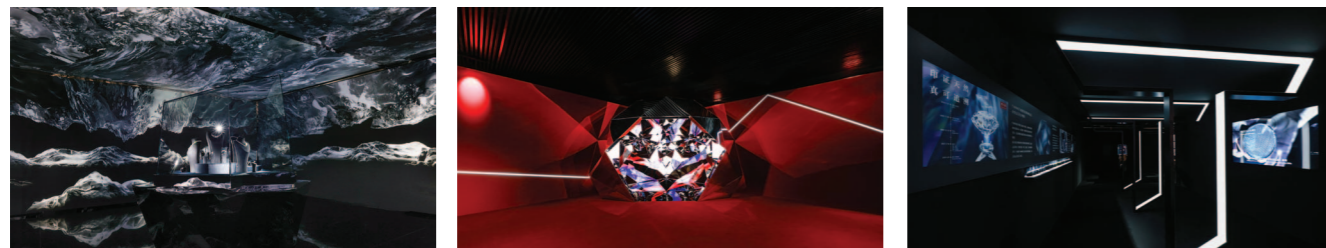
We have long been dedicated to shining a powerful light on the timeless value of diamonds. From cutting and design to inlaying, we deploy the finest craftsmanship elements to bring out the inner beauty and dazzle of every diamond, of whatever shape and setting, creating jewellery pieces that are also beautiful works of art for public appreciation.

## "Beyond Time" Natural Diamond Exhibition

We do not just create beautiful jewellery; we also highlight its exceptional qualities with immersive exhibitions and public showcases. In September 2023, we kicked off a global diamond campaign that featured a series of exhibitions and showcases, aiming to raise awareness of our gem-set jewellery, including the newly released Chow Tai Fook Dancing Lily Collection.



In FY2024, we presented the "Beyond Time" natural diamond exhibition at Tai Kwun in Hong Kong, the Phoenix Centre in Beijing and the historic Somekh Building in Shanghai, taking participants on a dreamlike journey through the unparalleled beauty of diamonds. It featured immersive art installations and vibrant diamond art pieces, giving participants a multisensory experience that allowed them to fully appreciate the unique allure of the stones. Apart from physical exhibitions, we promoted the campaign online, reaching over 35 million people.



### HEARTS ON FIRE VELA Collection

A signature element of this collection is its generous use of the French-cut pavé setting. This technique requires exquisite craftsmanship skills to achieve the maximum refraction of light from each diamond. Designed to be both feminine and fierce, elegant and bold, each piece in this collection delivers a sense of individuality and confidence whenever it's worn.



### A Heritage in Bloom

A Heritage in Bloom, created by world-renowned jewellery artist Wallace Chan, features a 104-carat brilliant round diamonds. This uniquely modular piece, which can be worn in 27 different styles, showcases traditional Chinese motifs such as butterflies and bats with unparalleled sophistication, cultural significance and poetic beauty.

### Chow Tai Fook Dancing Lily Collection

The design of this collection is inspired by the enchanting lily of the valley. The necklace adopts the groundbreaking patent Dancing Pulsation technology, creating a quivering effect that makes its diamonds resemble a dancing lily of the valley.



### The Aurora Green Diamond

Named after the aurora, a rare, fascinating natural phenomenon, the Aurora Green Diamond's rare natural green colour is retained with the use of the most sophisticated cutting technology.

# PEOPLE FOCUSED



Our people remain our most important asset. We are committed to a culture and a workplace that empowers those people by enriching the employee experience and creating social impact in the communities where we operate.

## 2029 GOAL

Cultivate a caring culture that embraces employee development, diversity, inclusion, wellbeing and family friendly practices as well as giving back to our community

Increase employees' volunteer service hours by **30%** compared with FY2019

## FY2024 HIGHLIGHTS



**994,000+**  
total training hours



**15,000+**  
hours of volunteer service



**HK\$34.5 million**  
total donations

## SDGs



## MATERIAL ISSUES

- Employee health & safety
- Community contributions & social impacts
- Labour practices
- Diversity & inclusion
- Training & career development

# MANAGEMENT APPROACH



"Talented people are unquestionably the most valuable assets of a company."

Our approach is based around attracting and retaining top talents, ensuring employees' wellbeing, upholding occupational health and safety ("OHS") standards and fostering talent development to create a resilient, dynamic workforce capable of driving us forward in a responsible, ethical manner. We always adhere to high standards of labour practices and foster a working environment that is equitable and respectful, in line with applicable local and international labour laws and regulations in terms of fair wages and working hours, and statutory benefits, supported by a well-defined **Code of Conduct**, **Best Practice Principle** and other human resources policies and procedures. As a responsible corporate citizen, we are also committed to creating social impact by extending our support for the wellbeing of our employees to their families and the wider community.

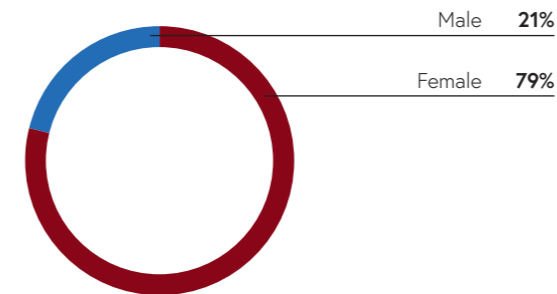


# PROFILE OF OUR PEOPLE

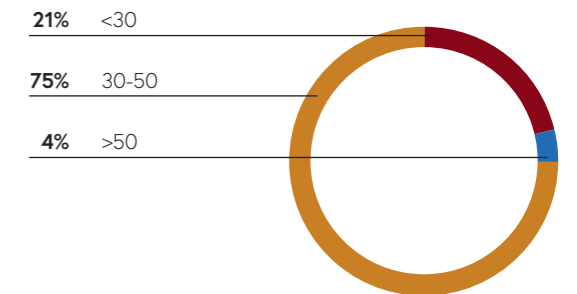
## FY2024 EMPLOYEE DISTRIBUTION

As at 31 March 2024, the Group had a total of 28,010 employees<sup>1</sup>. The distribution of our employees is as follows:

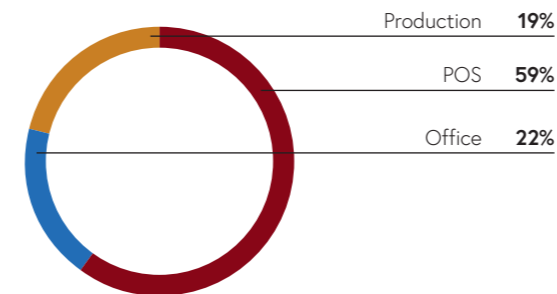
Number of employees by gender



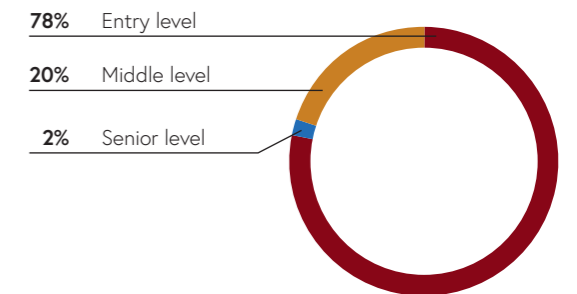
Number of employees by age



Number of employees by function

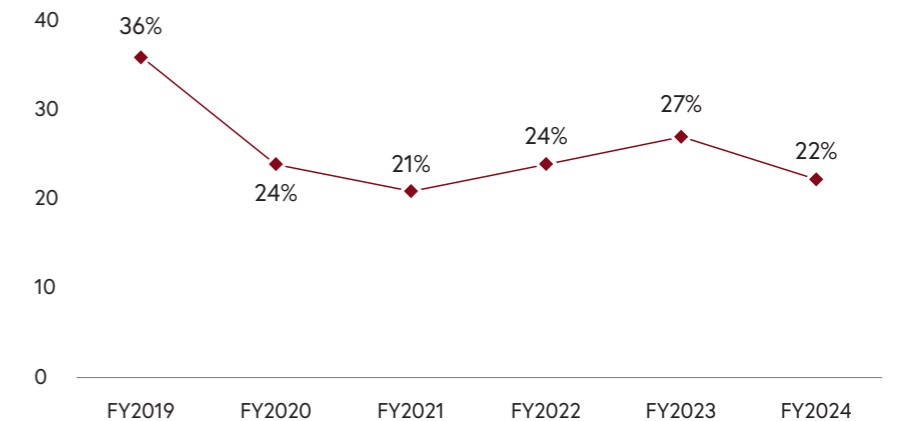


Number of employees by employment category



## EMPLOYEE TURNOVER

The Group's management closely monitors employee turnover rates when formulating talent management strategies, in order to implement appropriate measures to retain talent. The overall employee turnover rates have remained stable in the past five years.



<sup>1</sup> As at 31 March 2024, the number of employees and turnover data only cover the Group's core and material business units in Mainland China, Hong Kong & Macau of China.

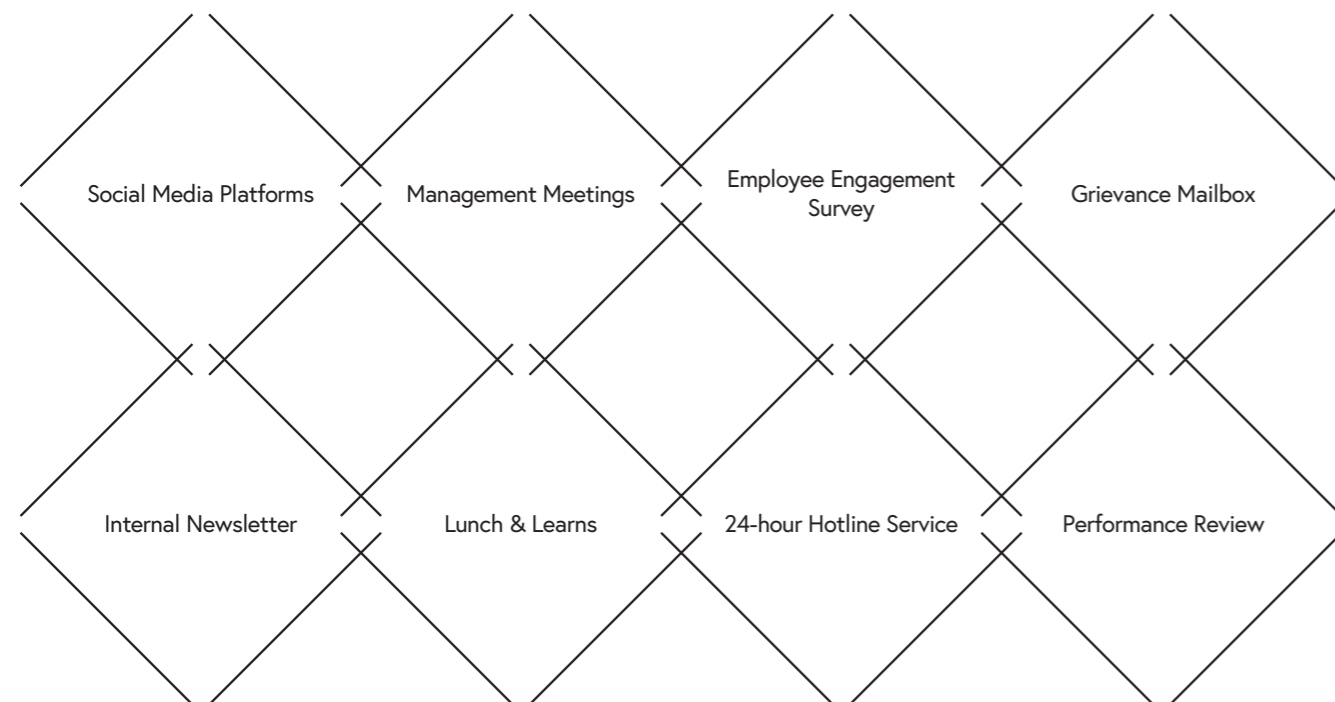
# ATTRACTING AND RETAINING TALENTS

We strive to be an employer of choice. Our talent acquisition strategy involves both traditional and innovative channels, ensuring that we reach a diverse pool of candidates, including internal recruitment, staff referrals, recruitment fairs and job advertisements. The Group provides competitive remuneration packages including performance-based incentives such as our short-term incentive scheme, discretionary performance bonus and year-end bonus. In addition, examination leave, study leave, training subsidies and bursaries for executives are offered, catering to employees' career and personal growth. We conduct regular reviews of our remuneration packages and benefits, allowing us to keep track of market trends, in order to better attract and retain talent. Remuneration arrangements, working hours, overtime arrangements, leave and holidays, dismissal policy and other practices are detailed in the Employee Handbook and other policies.

To allow new joiners to assimilate to our culture quickly, we are continuously reviewing and streamlining our onboarding process, offering them abundant support and encouraging cultural engagement. Our rounded support includes a buddy programme, onboarding gifts, orientation training and visits to our production hubs.

To retain our talents, our support extends from the onboarding process to day-to-day engagement. We update our employees with the latest information about the Group through a number of communication channels, as well as giving them the opportunity to remain in close contact with their peers, and raise concerns and make suggestions to management. During the year, with the assistance of a third-party consultant, we launched the Chow Tai Fook Employee Engagement Survey 2024, encouraging our employees to provide candid, honest feedback that can be instrumental in propelling the Group to greater heights.

## EMPLOYEE ENGAGEMENT CHANNELS



# CREATING AN INCLUSIVE AND DIVERSE WORK CULTURE

We strive to create an inclusive and safe work culture for all, allowing our employees to feel valued and heard, so we are always keen to hear as diverse a range of views as possible. As stipulated in our **Code of Conduct**, all employees should treat one another with respect, and create a workplace free from discrimination on the grounds of gender, age, marital status, family status, pregnancy, disability, race, ethnic origin or religion, as well as free from exploitation, bullying, harassment, inappropriate language and bias. To demonstrate our steadfast commitment to promoting diversity and equality, we have established a Diversity, Equity and Inclusion ("DE&I") Policy during the year, aiming to cultivate a culture that embodies DE&I throughout every aspect of employment.



At the moment, 19% of Board members and 50% of senior management positions are held by women. The Board will review its own composition annually to meet the objective of a minimum 20% of Directors being female by 2025.

## DEI Pilot Workshop

We believe that promoting diversity, equality and inclusion is crucial in a workplace. We put this into action with a pilot workshop that focused on building inclusivity. It allowed team members to gain a better understanding of inclusive employment practices, as well as enhancing their communication and collaboration skills when interacting with Persons with Differences (PWD). The experience reinforced the employees' commitment to diversity, with an aim of developing them into inclusive leaders of our company.



# PRIORITISING THE WELLBEING OF OUR PEOPLE

Recognising that our employees are our greatest asset, we are always committed to prioritising their wellbeing at Chow Tai Fook Jewellery through comprehensive wellness programmes, work-life balance initiatives and robust support programmes, even extending our care to their families. We offer an array of benefits, while a dedicated team organises a range of activities that enrich the employee experience and enhance their physical and mental wellbeing.

## Agile Working Arrangements

- Flexible working hours for back office
- Work-from-home arrangements for back office



## Family Friendly Measures

- Employee Assistance Programme ("EAP")
- Family-friendly leave
- Maternity leave
- Paternity leave
- Breastfeeding leave
- Breastfeeding facilities
- Pre-pregnancy check-up leave

## Benefits and Subsidies

- Staff meals, fruits and refreshments
- Shopping privilege
- Rental subsidies
- Training subsidies
- Medical plan
- Bursaries for employees' children
- Wedding gift in cash
- Newborn gift in cash
- Telecommunications subsidies
- Condolence money

## Physical and Mental Wellbeing Activities and Facilities





# ENSURING THE HEALTH AND SAFETY OF OUR PEOPLE

We believe building a safe and healthy workplace enables our employees to unleash their potential and drive the Group's long-term growth. In stringent compliance with occupational health and safety ("OHS") regulations, including but not limited to the Occupational Safety and Health Ordinance of Hong Kong and the Law on Occupational Disease Prevention and Control of the PRC, the Group has an OHS team under each business segment that oversees and manages OHS issues to maintain high standards of workplace safety. It has formulated key policies and guidelines, including an Occupational Safety & Health Handbook, which is applicable to operations in Hong Kong and Macau; and a Quality, Environmental and OHS Management Manual, which is applicable to the production hubs, in accordance with the ISO 45001 OHS management system with which those production hubs have been certified. They guide our employees to prevent, address and minimise OHS risks. The OHS teams conduct regular workplace inspections and update policies and guidelines if necessary, ensuring that the OHS management mechanism is continuously operating to its full potential. They also report to management regularly on OHS performance and any issues that arise.

## FY2024 OCCUPATIONAL HEALTH & SAFETY KPIs AND RESULTS



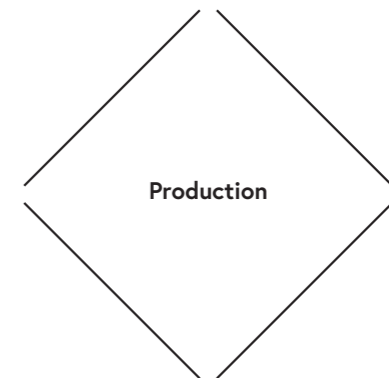
We have consistently maintained a stable number of lost workdays resulting from work injuries, along with a steady work-related injury rate. During the year, the Group also recorded no instances of non-compliance with laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards.

## PRIORITISING OHS ACTION PLANS

To effectively manage our OHS performance, our production hubs have formulated their own quantitative targets to minimise the occurrence of OHS incidents. These include zero critical safety accidents in the workplace or occupational diseases. Other targets cover the rectification rate for accident hazards, fire and explosion accidents, the annual work injury ratio and OHS-related complaints. We believe these targets can enhance the effectiveness of rigorously implementing OHS measures, preventing or minimising any health and safety risks.

We have formulated a series of action plans to ensure robust, credible, reliable OHS management in our day-to-day operations.

- Conduct regular assessments of OHS risks to identify any vulnerabilities and implement appropriate control measures
- Adopt a comprehensive system to guide responsible people to report, investigate and address safety issues in a timely manner
- Establish reward and penalty mechanisms to clearly delineate employees' OHS responsibilities, fostering a culture of safety awareness and compliance
- Make sure sufficient personal protective equipment is provided to employees who need it
- Equip production facilities with ample safety and fire-fighting equipment
- Conduct regular safety drills
- Develop harmless organic solvents to replace the use of thinner



- Perform regular inspections of safety equipment
- Conduct safety drills to ensure preparedness for potential emergencies
- Arrange quarterly inspections of our POS to ensure compliance with its OHS standards
- Develop accident and emergency response measures that raise employees' awareness of emergency prevention and handling
- Delegate OHS specialists to obtain first aid certificates, bolstering our emergency response capabilities
- Arrange annual body checks for employees in Mainland China

# INVESTING IN TALENT DEVELOPMENT

We believe that investing in our people's growth and development is absolutely central to creating a highly skilled and motivated workforce, who can help to meet the evolving needs of the industry for generations to come. To this end, we offer abundant support to our employees, allowing them to seek continuous improvement through lifelong learning, up-skilling and re-skilling. On top of in-person or interactive training, we also offer on-demand digital training sessions. Our e-learning platform, Smart Learning, offers our employees a wide range of training and information that they can watch and learn from anywhere, any time. To help employees grow within the Group in harmony with their personal career development ladder, we conduct employee performance reviews twice a year, in which their professional performance is assessed and potentially rewarded with salary adjustments and promotions.

## FY2024 TRAINING KPIs AND RESULTS



### Types of Training Programme

- Leadership programmes
- Management skills programmes
- Products & services
- Business ethics & governance practices
- Labour practices
- Environment and climate

## Cultivating Future Leaders

To foster the skills of the Group's future leaders, we arranged a series of leadership programmes, including a strategic management programme, a management empowerment workshop and middle-management upskilling programme Project Blazing. These programmes have allowed some of our most promising employees to strengthen their leadership skills, gain a deeper understanding of industry best practice and prepare themselves for the future opportunities and challenges that will confront them in management positions.

## Employee Socialisation Workshop

To foster employee engagement and cultivate a strong shared sense of purpose among members of our team, we organised a series of Employee Socialisation Workshops across the Mainland, Hong Kong, Macau, Taiwan and Southeast Asia in October 2023. These online and offline workshops allowed our employees to learn to translate Chow Tai Fook Jewellery's brand values into tangible actions during their daily working lives.



## Enhancing Employees' Skills through Lunch & Learn Sessions

In September 2023, we held our first ever Lunch & Learn session, themed "Glocalisation and Virtualisation: A Blueprint to Building Engagement with NexGen Customers in China and APAC", inviting branding expert Mr. Aaron Lau from Gusto Collective to share his insights on harnessing innovative technologies such as augmented reality and digital humans to create captivating experiences that can engage the next generation of customers.



In January 2024, we further invited Mr. Gary Lo from Glo Consulting to talk about "the Art of Storytelling in Business Presentations". It was a fruitful, inspiring session about crafting concise yet impactful messages for effective communication, and received an enthusiastic response from our colleagues, who got the opportunity to improve communication skills that are vital for their work.



During FY2024, we reached 122 participants through Lunch & Learn sessions. We are planning more Lunch & Learn sessions in the future, inviting industry leaders to share with us all about their professional journeys and provide us with inspiring insights. We hope this series can offer a fun, interactive way for our employees to equip themselves with soft skills, beyond on-the-job training.

# CREATING SOCIAL IMPACT

The Group is committed to maintaining and extending our social influence and translating our corporate spirit into action. We hope to safeguard the wellbeing of our employees, customers and the wider community, in pursuit of a better society and environment for the generations of the future.

## FY2024 COMMUNITY INVESTMENT KPIs AND RESULTS



## CULTIVATING FUTURE TALENTS

We recognise the critical role that cultivating talent can play in ensuring the long-term success of our business. By offering learning opportunities to students and other talented youth, we can nurture those who make a positive difference in the industry, as well as in society at large.

### Joint Incubation Centre



The Joint Incubation Centre ("JIC") was established by Chow Tai Fook Jewellery and Zheng Jingyi Vocational Technical School in 2022. Chow Tai Fook Jewellery's professional craftsmen provide students with training in jewellery design, 3D modelling, traditional and modern jewellery making and other subjects, nurturing the jewellery talents of the future. During the year, the JIC was recognised by the Foshan Municipal Education Bureau as a "Top Ten School-Enterprise Cooperation Base".

59 students on this programme were trained in design, processing and computer graphics. We are proud to note that several of our students have received awards in renowned industry competitions such as National Industrial Design Competition and National Industrial Vocational Skills Competition, getting off to a good start on their journey in the industry.



### Offering Young People Work Experience

We believe that offering young people work opportunities can help them to build better lives for themselves. To this end, we partner with the Home and Youth Affairs Bureau of the Hong Kong SAR Government to organise the Scheme on Corporate Summer Internship on the Mainland and Overseas. In FY2024, we recruited 10 university students from Hong Kong for the six-week programme, which allowed them to broaden their jewellery knowledge and craftsmanship.

### A Beacon of Opportunity, Innovation and Craftsmanship

Loupe, the design incubation space that we established in 2018, provided a platform for emerging jewellery designers pursuing a career in the industry to enrich their experience and their jewellery design and craftsmanship skills. We have also organised occasional exhibitions that engage the public to appreciate the designers' exquisite work.

We officially drew the curtains on Loupe at the end of 2023. We plan to resurrect it in a new form and will continue to invest resources in cultivating jewellery design talent, making a positive impact on society.

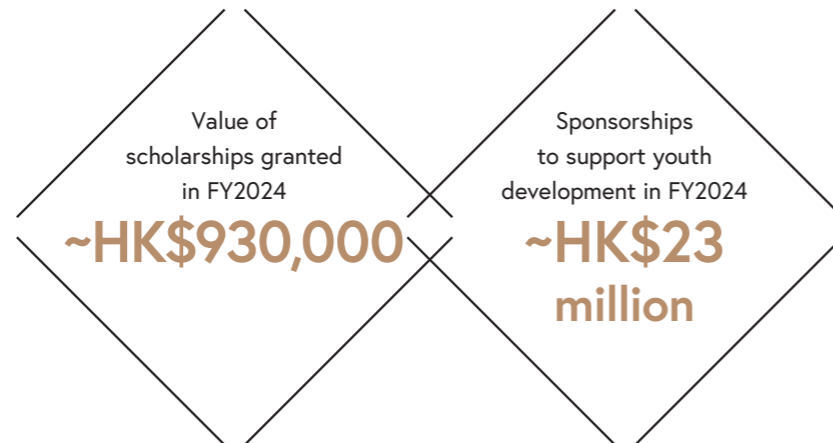


### Loupe Highlights 2018-2023



## Scholarships and Sponsorships for Youth Development

We understand that good education is essential for youth development. As a result, the Group offers a multitude of scholarships to students who are outstanding academic performers. We have also sponsored tertiary institutions over the years, supporting them in areas such as industry innovation and athletic development.



The Group supports national strategic plan on research and development on digital economy and sports. Last year, we sponsored RMB4 million to support the establishment of the Greater Bay Area Digital Economy Research Center at the Shenzhen Research Institute of the School of Economics and Management, Tsinghua University. The establishment ceremony was held in FY2024. We also donated RMB20 million to Beijing Sport University to promote sports development.

## FOSTERING COMMUNITY WELLBEING

We seek to support communities where we live and work. With sponsored programmes and volunteering activities, we strive to improve the wellbeing of our employees, their families and the wider community.



### Partnership with Food Angel and WWF-Hong Kong

We are a long-term partner of both WWF-Hong Kong and Food Angel, organisations that work towards building a green and caring community.

To support Earth Hour 2024, a worldwide movement organised by the WWF, we launched the Earth Month campaign in March and April 2024. We kicked off the campaign by partnering with WWF-Hong Kong and Food Angel on a lunch box preparation programme. Thirteen employees in Hong Kong took part, helping to prepare over 2,000 lunch boxes using sustainable ingredients, benefiting people in need.



We have long supported Food Angel, a charity that rescues edible surplus food and uses it to prepare nutritious meals for underprivileged communities in Hong Kong. Over the years, we have prepared over 4,000 lunch boxes and distributed over 18,000 packaged food items.

 Watch the video to discover more.



### Sponsorship of 2023 Campus News Awards

China Daily Hong Kong has held the Campus News Awards since 2012 to promote student-run campus news and media outlets, with the aim of improving the news writing and media production skills of journalism-major students. The Group was the title sponsor of the awards in FY2024, supporting the cultivation of outstanding journalistic talents and fostering mutual exchange among journalistic students from the Mainland, Hong Kong, Macau and Taiwan of China.

### UNICEF Charity Run 2023

We supported the UNICEF Charity Run 2023 by sponsoring the medals, while over 100 of our staff took part in corporate relay teams. The event, held in November 2023 at Hong Kong Disneyland Resort and Sunny Bay, was themed "Run for Every Child". It supported UNSDG Goal 3: Good Health and Wellbeing.



## Supporting The Youth in Partnership with Youth Outreach

We have been a long-term supporter of Youth Outreach, an NGO focusing on helping at-risk youth grow into responsible members of our community. During the year, we donated a total of HK\$1.2 million to Youth Outreach to organise the Yo! Let's Walk the Road Charity Walk, Secondary Student Hip-hop Dance Competition and Yo! Dance It Up 2023.



## Do Good ~ Caring Action

Our Do Good ~ Caring Action programme supported underprivileged people by helping them with home maintenance, pest control, home cleaning, furniture purchases and other goods and services. We launched the programme in 2018 and ended it in 2023. We will allocate the same resources in organising other volunteer activities and programmes with a focus on upholding family wellbeing.



## Sending Support to Local Communities

To foster community wellbeing, we took part in a number of initiatives in Mainland China during the year that support people in need in local communities. For instance, our volunteers organised multiple visits to provide children and disabled people with gift packs. We also distributed necessities to orphans and left-over children, as well as providing them with the priceless feeling of human connection.

Chow Tai Fook Jewellery will continue to invest resources in our community in ways that create a positive and long-lasting social impact for our next generations. They include collaborations with The Chinese University of Hong Kong, Hong Kong Palace Museum and other institutions, as well as volunteering activities and workshops with the theme of family wellbeing.

# RESPONSIBLE SOURCING



Making collective efforts alongside our suppliers, Chow Tai Fook Jewellery spares no effort in building a sustainable supply chain while upholding principles of responsible sourcing.

**2029 GOAL** Implement our Best Practice Principles for Suppliers ("BPPS")

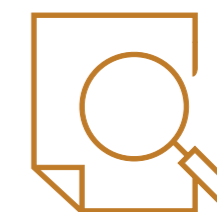
Ensure 100% of key long-term suppliers are fully compliant

## FY2024 HIGHLIGHTS



**84%**

of key suppliers have signed our Best Practice Principles for Suppliers



**Due diligence process**

on diamond suppliers strengthened, covering 96% active diamond suppliers

### SDGs



### MATERIAL ISSUES

- Transparency & traceability of raw materials
- Human rights protection & labour practices in the supply chain
- Environmental impacts in the supply chain

# MANAGEMENT APPROACH



"We join hands with our suppliers to build a sustainable supply chain by upholding principles of responsible sourcing at all times."

As a jewellery industry leader, we are dedicated to building a sustainable supply chain in close partnership with our suppliers. We are committed to engaging with suppliers to minimise any potential environmental and social risks in the supply chain by requesting them to uphold our **Best Practice Principles for Suppliers** ("BPPS"), which cover environmental and social responsibility, human rights and business ethics.

In recent years, consumers have become increasingly aware of the risk of conflict financing, which stems from purchasing diamonds that originated in jurisdictions where human rights abuses are prevalent. To this end, we enforce specific stipulations for suppliers of diamonds, gemstones and precious metals to enhance transparency and traceability in the supply chain, ensuring all raw materials are sourced from non-conflict areas.

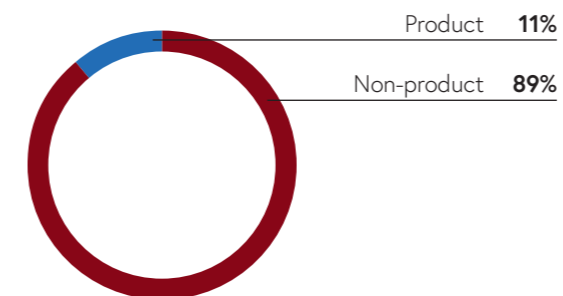
We are aware of the impact of packaging materials for finished products on the environment, especially materials that have significant GHG emissions and use toxic chemicals. We therefore endeavour to promote a green supply chain by collaborating with suppliers to adopt environmentally friendly packaging materials, aiming to reduce the impact of waste disposal on the downstream environment.

## ASPECTS OF THE BEST PRACTICE PRINCIPLES FOR SUPPLIERS (BPPS)

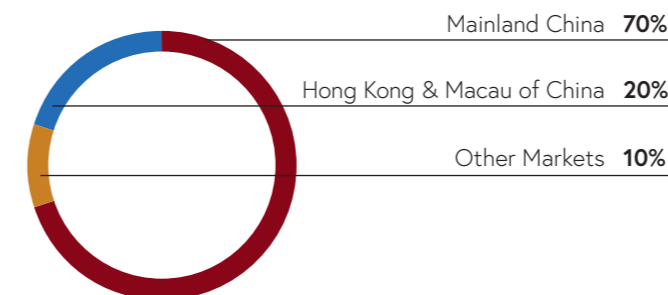
Business ethics	Environmental	Social
<ul style="list-style-type: none"> <li>• Integrity</li> <li>• Compliance with Laws and Regulations</li> <li>• Intellectual Property Rights</li> <li>• Anti-money Laundering, Counter-terrorism or Armed Activities</li> <li>• Qualifications and Certifications</li> <li>• Traceability of Materials</li> <li>• Product Security and Safety</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental Protection Considerations</li> <li>• Emissions of Hazardous Substances</li> <li>• Resource Management</li> <li>• Energy Management</li> <li>• Greenhouse Gas and Climate Crisis Management</li> <li>• Protection of Life on Land</li> </ul>	<ul style="list-style-type: none"> <li>• Human Rights and Labour Rights</li> <li>• Occupational Health and Safety</li> <li>• Community Engagement and Development</li> </ul>

## FY2024 SUPPLIERS DISTRIBUTIONS

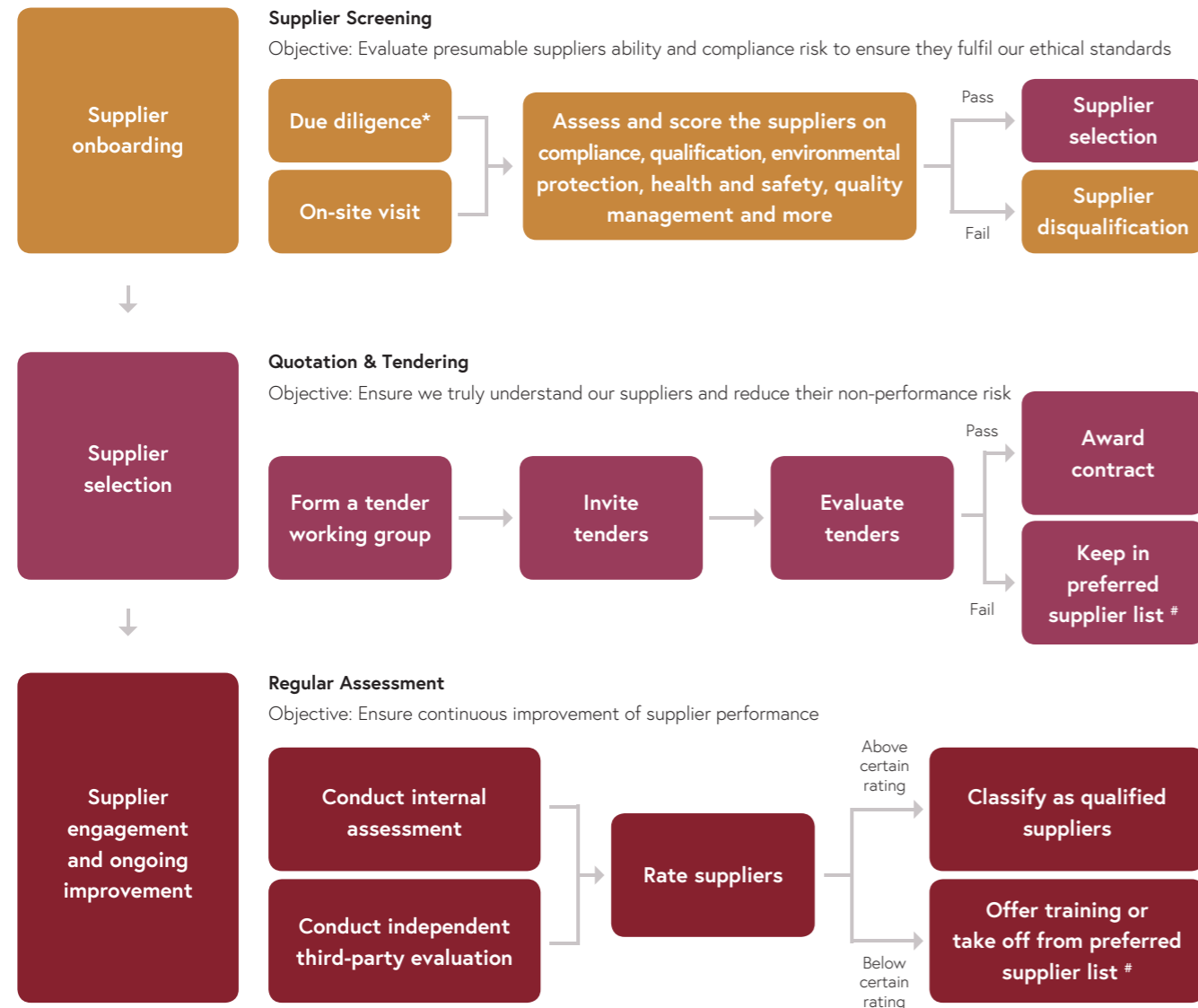
Distribution of Tier-1 Suppliers by Category



Number of Tier-1 Suppliers by Locations



# ACHIEVING A RESPONSIBLE SUPPLY CHAIN



\* Including background research, questionnaire, face-to-face communication

# Preferred supplier list: The suppliers included have passed supplier screening and are qualified to participate in future quotations and tenders

## SUPPLIER MANAGEMENT FRAMEWORK

A thorough supplier management framework is in place to govern our procurement processes. The strategic procurement department and supply chain management departments are responsible for implementing supplier management across segments including supplier due diligence, on-site inspection, third-party assessment and active communication with suppliers.

The framework is in line with relevant industry best practices, including the Due Diligence Guidance from the Organisation for Economic Co-operation and Development ("OECD"), the Responsible Jewellery Council Code of Practice ("RJC") and De Beers' Best Practice Principles. Guided by our supplier management framework, we proactively identify potential risks of suppliers being violation of our **BPPS** and relevant regulations.

During supplier onboarding, we evaluate suppliers to ensure they comply with ESG-related regulations through due diligence and site visits. As for existing suppliers, we continually conduct internal assessments, independent third-party assessments and performance reviews to evaluate any non-compliance issues against the BPPS and potential ESG-related risks.

## Supplier Risk Management


We monitor our suppliers' performance and risks on an ongoing basis. Each year, we select a proportion of them to receive a third-party audit, on-site visit or desktop review, designed to identify any ESG-related risks.

In respect of raw material suppliers, we are continuously strengthening our due diligence mechanism and risk assessment criteria to address Conflict Affected and High-Risk Areas ("CAHRAs") and anti-money laundering risks. In FY2024, we conducted due diligence on 85 of our active diamond suppliers, covering 96% of active suppliers, accompanied by relevant training and ongoing monitoring. No significant high-risk suppliers were identified. To further our supplier due diligence efforts, we will continue to press on with this process in the coming year, including report analysis and risk rating, accompanied by interviews and on-site visits to suppliers to evaluate their sustainability performance and take corrective action if necessary.

During the year, we selected 16 key suppliers in Mainland China for social and environmental due diligence assessments, with the aid of third-party auditing firms. Two of the assessments were completed during the year, with two environmental health and safety issues identified. We have communicated with the suppliers in question to formulate improvement plans. We will complete the remaining assessments in FY2025, as part of our ongoing monitoring of suppliers' environmental and social performance.

We also performed on-site inspections on 37 product suppliers, covering 40% preferred suppliers. We identified issues regarding failures to meet our product quality control standards, and communicated the need for corrective action to the suppliers in question.

In view of the constantly evolving nature of sustainability trends, we review and refresh the **BPPS** when appropriate, joining hands with our suppliers to adopt best practice for the sake of a more sustainable supply chain.



**BPPS**  
Read our full BPPS.



# ENHANCING TRANSPARENCY & TRACEABILITY IN SUPPLY CHAIN

Transparency and traceability of raw materials, especially diamonds, is a critical topic in the jewellery industry. To that end, we launched T•MARK, using technology to provide a traceable promise of natural diamonds that adhere to global standards. It deploys innovative patented nano-inscription techniques to inscribe each diamond with a unique serial number, allowing customers to identify the diamond and retrieve its records, from the point at which the diamond is procured to the point at which it is sold.

We are working to refine this commitment even further, enhancing transparency and accountability of the diamond supply chain by ensuring diamonds procured are free from conflict and human rights issues. This marks the beginning of a transformative journey for Chow Tai Fook Jewellery, as we aim to set new industry standards.



Traceability of T•MARK verified by SGS, a certification company



Assured by ISO 18323:2015  
Consumer confidence in the diamond industry



## Journey to Africa - Tracing the Origin of Our Natural Diamonds

Our commitment to transparency in our supply chain is demonstrated by our promotion of ethical sourcing of diamonds to our customers. In October 2023, we opened up the process of diamond mining and processing to public inspection, initiating a series of livestreams on our social media channels. Working in partnership with our long-term supplier De Beers, we broadcast direct from the diamond mine in Botswana, featuring the process of extracting, cutting, grinding and polishing diamonds for the public audience to see.

The livestreams also highlighted the other contributions the diamond mining industry is making in the region. These include the numerous job opportunities it provides for local people and its efforts to protect the local environment.

# PROMOTING ECO-FRIENDLY PRACTICES

Our **Environmental Protection Policy** sets out our devotion to promoting eco-friendly practices within the supply chain, including distribution and logistics. It ensures that our employees uphold the principles of green procurement, trying to minimise environmental impact when purchasing raw materials, packaging materials, equipment and office supplies. In FY2024, we have adopted the following initiatives:

### E-commerce & Logistics

- Purchased packaging boxes made of materials certified by the Forest Stewardship Council, accounting for over 50% of e-commerce packaging materials
- Sealed e-commerce packaging boxes using double-sided/hot melt tape instead of ordinary plastic tape, reducing plastic consumption by 40%
- Adopted paper packaging to replace plastic packaging during product transportation
- Packed business-to-business goods in recyclable plastic bags

### Office & POS

- Purchased electric vehicles to replace fuel vehicles
- Installed energy-saving LED lights, including light strips and bulbs
- Used water appliances with water efficiency labels during renovations

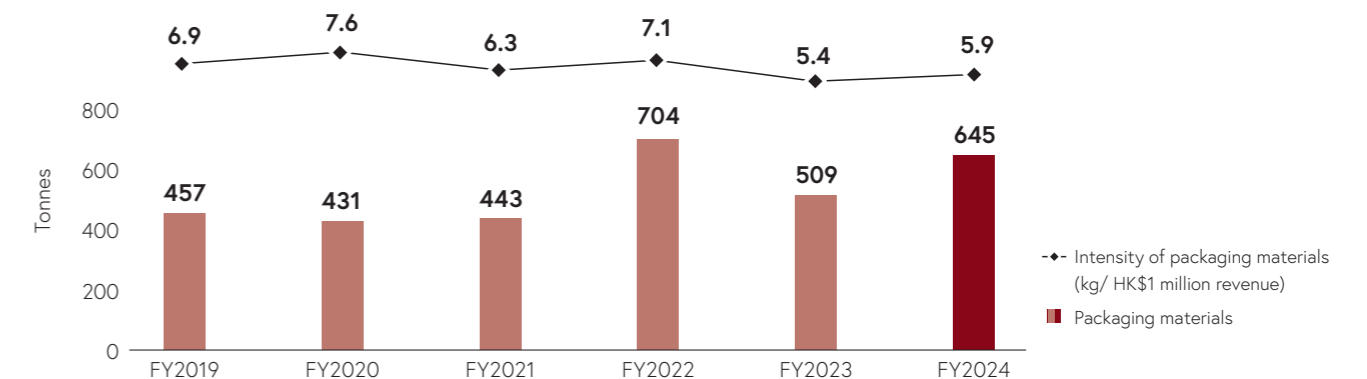


### Green Procurement

Read our green procurement guidelines in our Environmental Protection Policy.

## Packaging Material for Consumer Products

We consumed slightly more packaging materials in FY2024 compared to FY2023 due to an increase in sales volume. We are developing plans to reduce the use of packaging materials and look for alternative packaging materials that have lower carbon emissions.



# RESOURCE EFFICIENCY & CARBON REDUCTION



Through proactive efforts to reduce carbon emissions across our operations, we endeavour to be responsible environmental stewards and contribute to a sustainable future for all stakeholders.

## 2029 GOAL

### Reduce the ecological footprint of our operations

Reduce GHG and water consumption intensities of the Group and waste generation intensity of production hubs by at least 15% compared with FY2019

## FY2024 HIGHLIGHTS



**34%**

reduction in GHG emissions intensity\*



**44%**

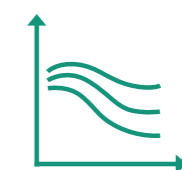
reduction in water use intensity\*



**60%**

reduction in waste intensity from production\*

\*Compared to FY2019



**Climate**

risks and opportunities identified through scenario analysis

## SDGs



## MATERIAL ISSUES

- Carbon emissions & energy management
- Circularity & waste management
- Biodiversity & ecosystem
- Climate change impacts
- Water management

# MANAGEMENT APPROACH



"Our aim is always to pursue a sustainable business model, one that helps to conserve the earth's resources."

As specified in our **Environmental Protection Policy** and other policies and guidelines, our aim is always to pursue a sustainable business model, one that helps to conserve the earth's resources. These policies guide our business units to responsibly manage their energy consumption, water consumption and the waste emissions they generate during daily operations, while meeting or exceeding environmental laws, regulations and emission standards in the jurisdictions where we operate, including the Environmental Protection Law of the People's Republic of China. We have implemented the ISO14001 environmental management system in all parts of our production hubs, which are the major drivers of our carbon reduction journey.

We are accelerating our progress in reducing our carbon footprint across our operations, in line with China's national goal of carbon neutrality. In particular, we have revised the targets of our production hubs for the reduction of GHG emissions, energy consumption, water usage and waste generation intensity to at least 50% by 2029 as compared to 2019. These revised targets pave our way towards carbon neutrality. We are also conducting a climate-related scenario analysis recommended by the TCFD to better understand the potential implications of climate-related risks and opportunities for the Group, which will help us formulate a climate strategy in response.

As our business is closely intertwined with natural resources derived from the planet, we strive to preserve those resources. When we build new facilities or start new projects, we engage a certified third party to conduct an environmental impact assessment and implement measures that will alleviate any negative impact. We also constantly make efforts to promote and conserve biodiversity — another way we can have a positive impact on our planet.

## POLICIES

- Environmental Protection Policy
- Environmental Management Manuals
- Waste Separation Guidelines
- Green Office Guidelines

## AWARDS, HONOURS AND CERTIFICATIONS

- ISO 14001 Environmental Management System
- WWF Hong Kong: Low Carbon Manufacturing Programme — Platinum Label for production hubs in Wuhan, Shunde and Shenzhen Certificate
- China Electronic Energy Saving Technology Association – Low Carbon Product Supplier Certificate

# REDUCING ECOLOGICAL FOOTPRINT

We are constantly looking for ways to make our operations more efficient and reduce their environmental impact. Set out below are our highlights during FY2024 in the production, office and POS sectors.

## CARBON EMISSIONS & ENERGY



### Production

- Adopting solar energy to support water heating and outdoor lighting, reducing over 657,000 kWh of electricity per year
- Upgrading air-conditioning system, exhaust inverter, water pump inverter system, air compressors and other systems, saving approximately 1.7 million kWh of electricity per year
- Setting timer switches on heat guns, vending machines and other equipment to avoid wasting energy, saving over 14,000 kWh of electricity per year
- Adopting inverter system and LED lighting in refurbished workshops
- Refining recycled gold for production to reduce carbon emissions

### Office

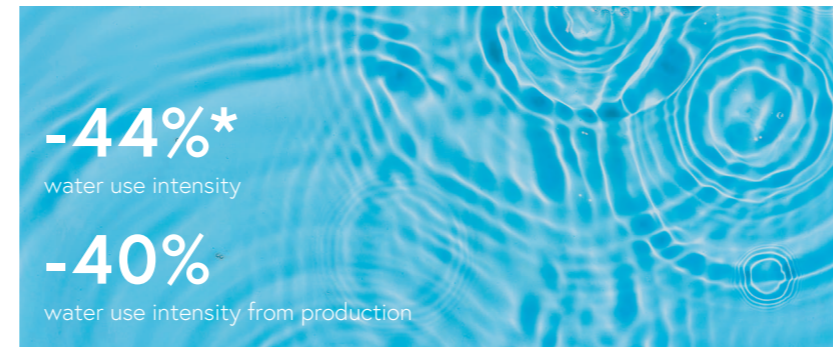
- Upgrading the central air-conditioning system in our Shenzhen headquarters, including optimising the operation mode of the cooling water pump and upgrading the automated control system, saving approximately 400,000 kWh of electricity annually
- Installing smart switches to effectively control the operation time of devices, saving 55,000 kWh of electricity per year

### POS

- Using LED lights whenever feasible
- Installing timer switches for outdoor billboards and outdoor lighting at branches

\* FY2024 compared with FY2019.

## WATER



### Production

- Installing a greywater treatment system in Shunde production hub to treat and reuse wastewater collected from production processes, preventing the emission of approximately 15,300 m<sup>3</sup> of wastewater
- Using water-saving devices

### Office

- Checking and repairing the underground water supply network in a timely manner to prevent water loss
- Using water-saving sanitary ware

## CIRCULARITY & WASTE



### Production

- Conducting waste acid and alkaline reduction treatment through neutralisation reaction, with the target of treating 70% of waste acid and alkali generated
- Upgrading the wastewater treatment facility to reduce the demand for chemicals used in wastewater treatment process, and hence reduce the amount of sludge produced
- Reusing naphtha in electroforming, wax repair and cleaning processes to reduce by approximately 2.6 tonnes of our use of naphtha categorised as hazardous waste per year
- Collecting waste gypsum for further harmless treatment and upcycling as construction materials
- Replacing harmful thinner with harmless organic solvents
- Developing a cyanide-free electroplating solution to reduce the use of cyanide, a toxic substance

### Office

- Recycling over 44,000 kg waste paper by engaging certified recycler
- Reducing the use of plastic water bottles and paper hand towels
- Purchasing bamboo pulp tissue to replace wood pulp tissue
- Promoting a paperless office

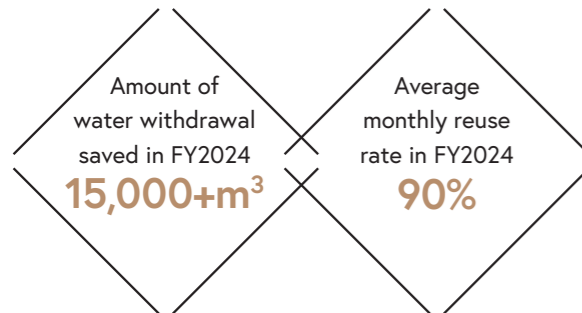
### POS

- Launching the "Blessing is the best packaging" campaign, which rewards customers with membership points for every jewellery box saved during shopping, reducing the use of approximately 2.2 million+ jewellery boxes
- Using e-invoices to replace printed invoices, with approximately 27 million+ of paper saved

## Greywater Treatment System

Our production hubs consume water for cleaning, diluting, cooling and other purposes. We aim to build a comprehensive greywater treatment system to recycle, treat and reuse the wastewater collected there, acknowledging the paramount importance of preserving precious water resources.

In Shunde, we launched the first phase of the system in March 2023. It treats greywater in two buildings, with a target of 90% reuse. After an initial few months of testing and implementation, the target has been met since July 2023. We are proud of this achievement and plan to expand on it: we are currently exploring new water reuse points and evaluating the feasibility of expanding the system to other buildings, with an ultimate goal of introducing it to all production hubs.



## Environmental Protection Pioneer Programme

We have introduced the Environmental Protection Pioneer Programme at our Shunde production hub. Promotional banners within the hub encourage employees to raise any loopholes they observe in the use of resources and make suggestions to improve efficiency. Their responses are collected and reviewed regularly, with the best ones put into practice. They have included the following:

- Reduce unnecessary lighting in certain production and office areas
- Install curtains in certain open work spaces to reduce cooling loss from air-conditioners
- Integrate and suspend little-used workspace to save unnecessary air-conditioning and lighting
- Reuse wastewater collected from dehumidifiers to reduce domestic water consumption
- Reduce the amount of time air-conditioners in lifts operate to be in line with staff working hours

To accelerate our progress towards meeting our 50% reduction targets in our production hubs by 2029, we have appointed an independent consultant to assist us in formulating a carbon reduction roadmap, along with short-term, medium-term and long-term action plans to enhance resource efficiency while reducing emissions. We have also developed a three-year plan so that all business units in the production hubs implement similar measures in the short term, such as upgrading boilers to enhance heat exchange efficiency, developing an energy management platform to identify loopholes and room for improvement, collecting and using rainwater, and upgrading exhaust gas treatment systems to reduce the amount of air emissions from production.

## Gold Recycling to Promote Circularity

Chow Tai Fook Jewellery has been partnering with a leading gold refining plant in China since 2022 to refine recycled gold by harnessing advanced automation technology. The major sources of gold for refining come from our value chain, including trade-ins from customers and scrap gold from production hubs. Refined gold is delivered to our production hubs for manufacturing and processing, enabling a closed-loop system: a form of circularity. At present, our annual gold refining capacity is 35 tonnes, equivalent to a reduction of about 1,000 tonnes of CO<sub>2</sub>e GHG emissions.

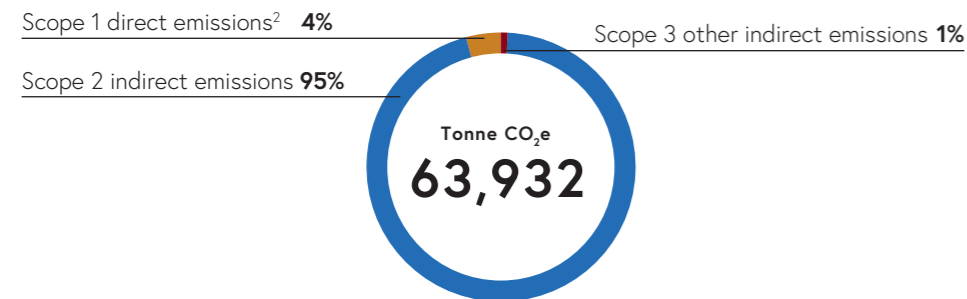
To further contribute to carbon reduction, the plant uses energy-efficient appliances, including inverter air-conditioners, fans and furnace systems with temperature control.



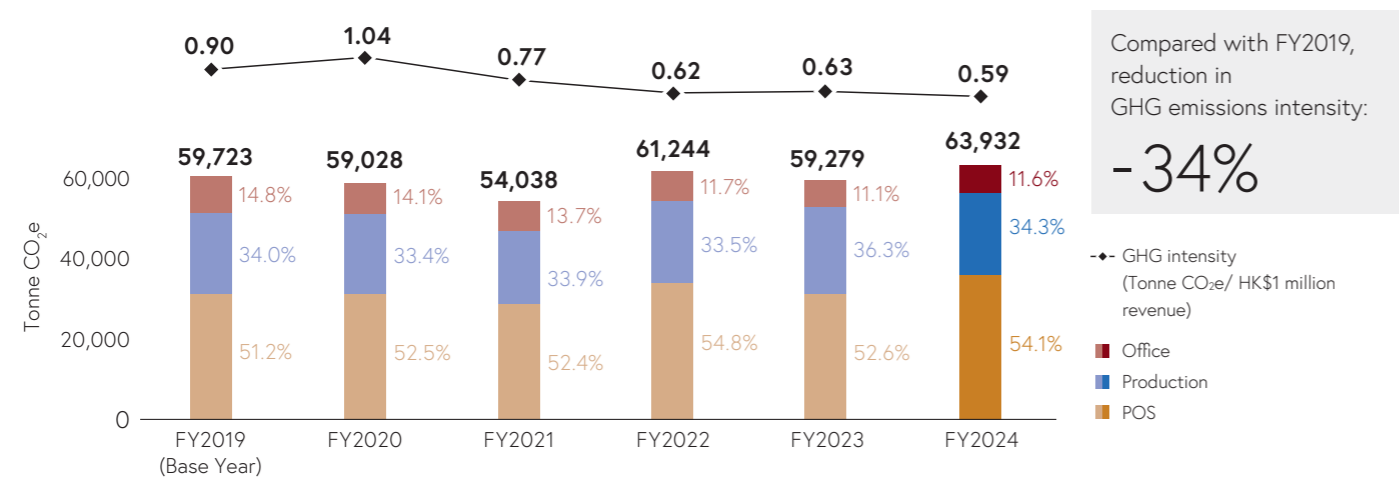
# MANAGING CARBON EMISSIONS AND ENERGY

Purchased electricity is our largest source of scope 1 and 2 GHG emissions. In addition, we consume other types of energy that contribute to our Scope 1 and Scope 2 GHG emissions, including petrol and diesel for vehicles, natural gas, towngas and LPG for canteens and dormitories, as well as naphtha and acetylene used in manufacturing processes. We have adopted a range of measures to optimise our energy efficiency and use more renewable energy across our operations, as part of our efforts to reduce our carbon footprint and tackle climate change. The range of scope 1 emissions in FY2024 was expanded to include direct fugitive emissions due to leaks of refrigerant and fire extinguishers, which account for 23% of scope 1 emissions. During the year, business hours of POS returned normal in response to economic recovery, and the volume of production increased, contributing to a slight increase in total GHG emissions and energy consumption in FY2024 compared with FY2023. We have started to look at scope 3 emissions, beginning with other indirect emissions from electricity used for fresh water and wastewater processing, and methane gas generation at landfill due to disposal of paper waste. We are planning to conduct a group-wide GHG inventory assessment to identify material scope 3 emissions data in our value chain in next financial year.

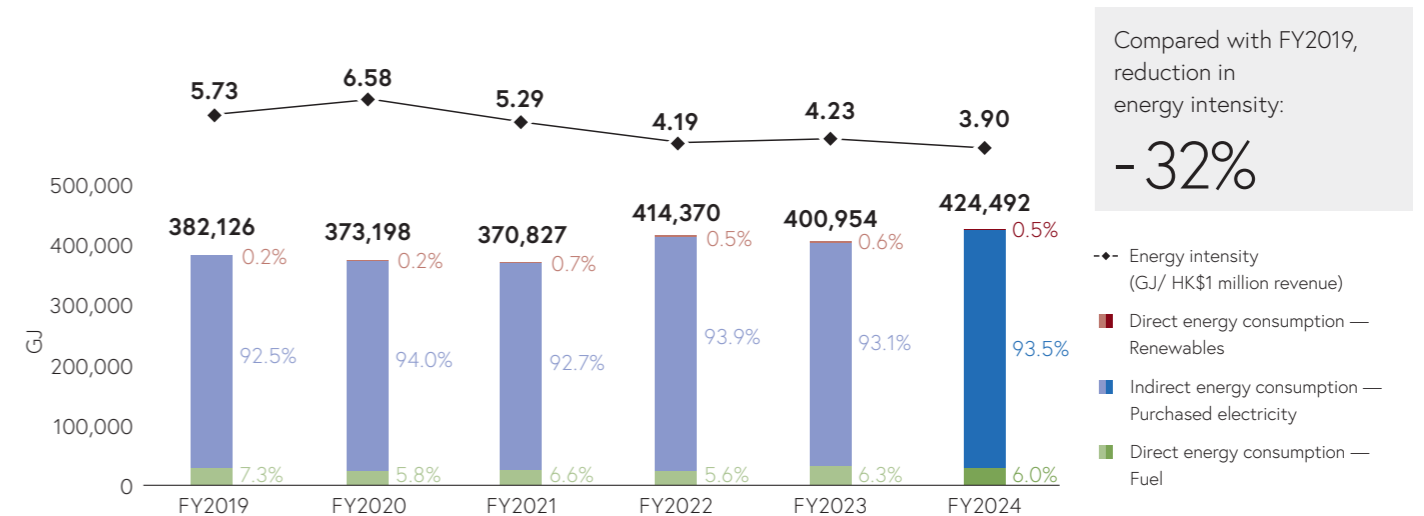
## GHG Emissions<sup>1</sup> by Scope



## GHG Emissions and Intensity by Function



## Energy Consumption and Intensity by Category



<sup>1</sup> We improved our data reporting by expanding the scope of scope 1 emissions in FY2024 to include direct fugitive emissions due to leaks of refrigerant and fire extinguishers.  
<sup>2</sup> includes 30 tonne CO<sub>2</sub>e GHG removal (Scope 1) from trees planted.

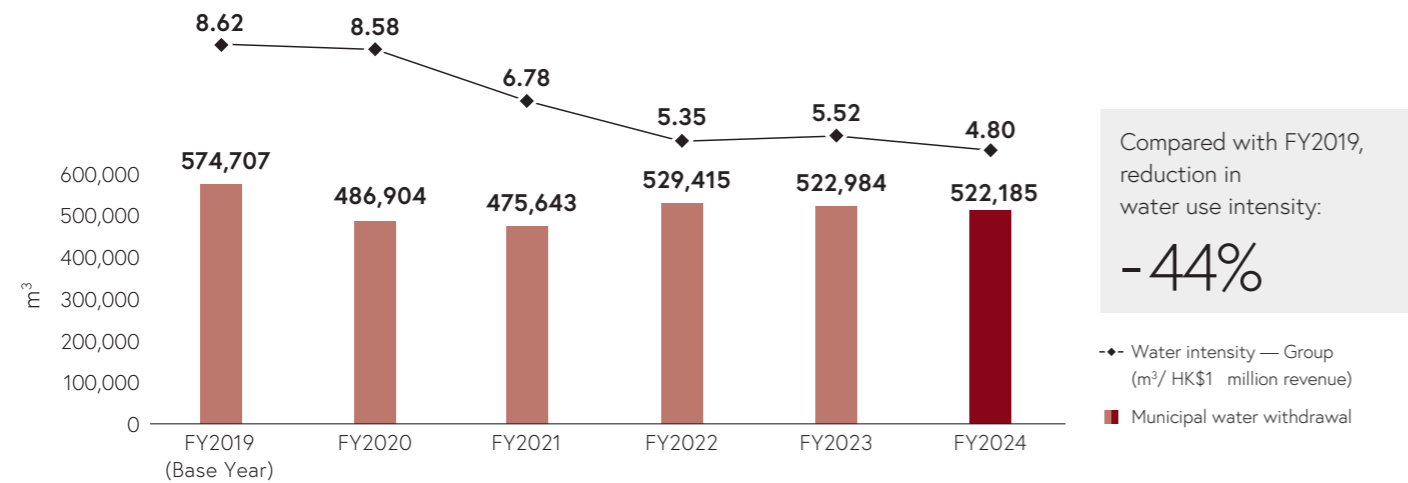
# MANAGING WATER

We mainly source water for our daily operations from municipal suppliers. The locations of our operations have not presented us with any water sourcing problems. Our production hubs also generate industrial and domestic wastewater on a daily basis.

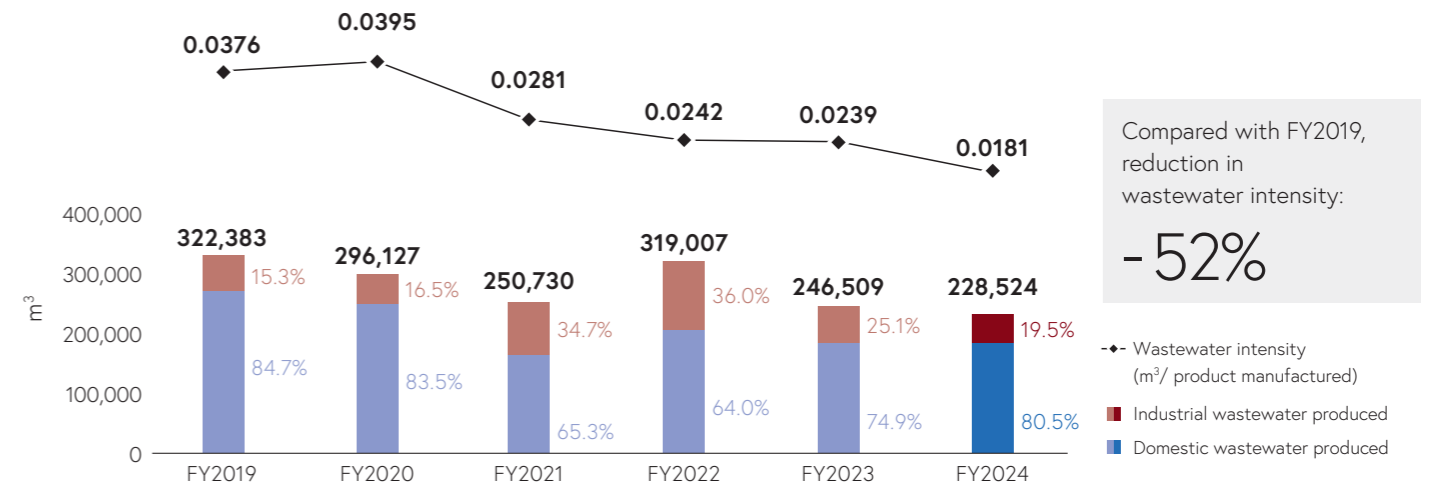
We have built wastewater treatment systems in the production hubs, so that we can treat the water before discharge in ways that meet or even exceed local emissions standards, and we continue to improve them with cutting-edge techniques including anaerobic/anoxic/oxic technology. Each production hub conducts internal and external tests on the quality of the wastewater it treats.

We recognise the importance of conserving water. The Group regularly monitors water consumption in its operations, allowing it to identify the activities and equipment that consume the most, and formulate measures to mitigate that. Our greywater treatment system at our Shunde production hub is a good example, and demonstrates our commitment to water conservation, contributing to decreases in water withdrawal and wastewater discharge in FY2024. To ensure the treated water is suitable for reuse, we engage a certified external laboratory to regularly test it, verifying that it meets requirements for pH, colour, particulate matter, hardness and more.

## Water Consumption and Intensity



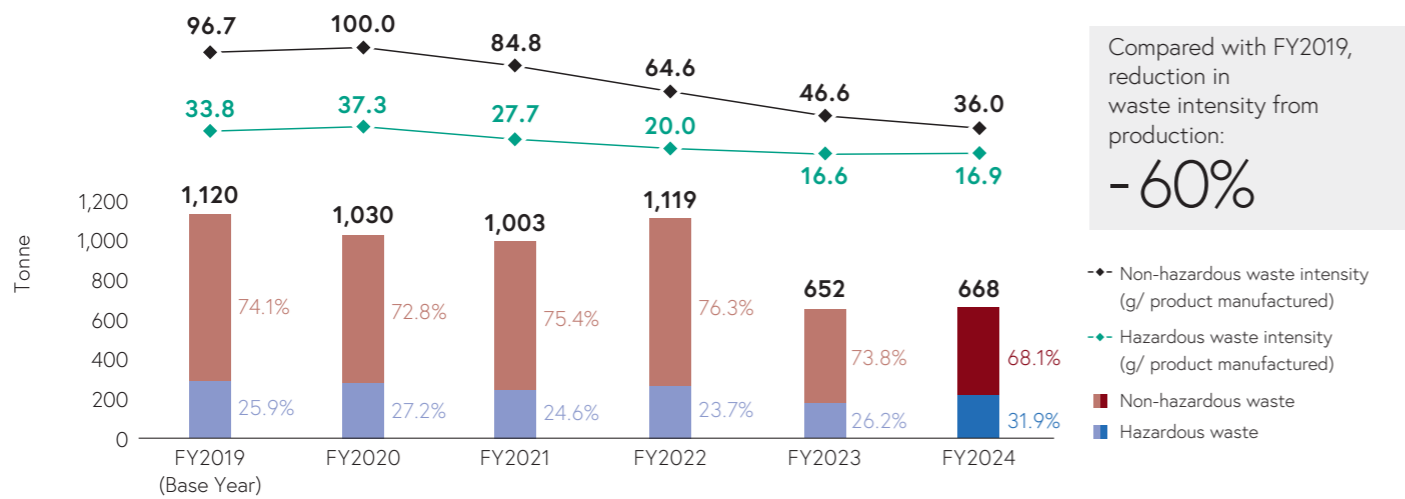
## Wastewater Discharge and Intensity from Production



# MANAGING WASTE

The waste we produce mainly consists of general refuse from offices, POS and production hubs, while we also produce a small amount of hazardous waste during the production process. The Group always manages hazardous substances and non-hazardous waste emitted during its business activities in accordance with the applicable laws or regulations. Hazardous waste is temporarily stored in sealed containers in designated places, then collected and treated by certified third parties. With regard to waste gypsum upcycling in the production hubs, the amount of non-hazardous produced in FY2024 reduced compared with FY2023.

## Production Waste and Intensity



# GLOSSARY

This Report contains the following defined terms, which are summarised here for ease of reference.

Board	the board of directors of the Company
Company/Chow Tai Fook	Chow Tai Fook Jewellery Group Limited (stock code: 1929)
Directors	directors of the Company
ESG	Environmental, Social and Governance
ESG Guide	Environmental, Social and Governance Reporting Guide in Appendix 27 of the Listing Rules of the Stock Exchange of Hong Kong
FY	financial year, 1 April to 31 March
Group	the Company and its subsidiaries
GHG	Greenhouse Gas, gases that contribute to the greenhouse effect causing a changing climate
GRI Standard	Global Reporting Initiative Sustainability Reporting Standards
HKEX/Stock Exchange	The Stock Exchange of Hong Kong Limited, unless otherwise specified
Hong Kong, China/Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Macau, China/Macau	the Macao Special Administrative Region of the People's Republic of China
Mainland China/the Mainland	the mainland of the People's Republic of China
POS	points of sale
Report	this document, the Group's Sustainability Report 2024
SDGs	Sustainable Development Goals, the 17 SDGs, adopted by all United Nations Member States in 2015, are the blue print to achieve a better and more sustainable future for all. Find out more on <a href="https://sustainabledevelopment.un.org">https://sustainabledevelopment.un.org</a>



# ESG DATA SUMMARY

Chow Tai Fook is committed to transparent and meaningful reporting of the data that our stakeholders need to develop a comprehensive and balanced understanding of the Group's ESG performance. Unless otherwise indicated, the scope of KPIs includes the core business operations controlled by the Group in Mainland China and Hong Kong and Macau of China, including offices, production hubs and self-operated POS but does not include offices and POS located in other markets, including Taiwan (China), Cambodia, Canada, Japan, South Korea, Malaysia, the Philippines, Singapore, Thailand, the United States and Vietnam.

For a full list of corporate entities included in the Group's financial statements, please refer to our **Annual Report**. The variation in scope between our financial reporting and our sustainability reporting is summarised in this table:

Reporting scope	Core business operations (Mainland China, Hong Kong & Macau of China)	Operations in other markets	Franchised POS
Sustainability Report	Included	Not included	Not included
Annual Report	Included	Included	Included

Notes on calculation methodologies:

- Global warming potential values used for the calculation of GHG are from IPCC Sixth Assessment Report (AR6) (i.e. CH4: 27; N2O: 298).
- FY2024 Scope 1 emissions are direct GHG emissions from stationary and mobile sources that are owned or controlled by the Group. GHG emissions from the combustion of diesel, unleaded petrol, towngas and LPG are calculated based on Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong. Emissions from combustion of piped natural gas, piped coal gas and naphtha are calculated based on the UK Government's Greenhouse Gas Reporting: Conversion Factors 2023. Emissions from combustion of acetylene are calculated based on the Carbon Audit Toolkit for Small and Medium Enterprises in Hong Kong.
- FY2024 Scope 2 emissions are indirect GHG emissions from purchased or acquired electricity and towngas consumed by the Group, and are calculated using default factors provided by electricity providers in Hong Kong & Macau of China, Power Assets (0.68 CO<sub>2</sub>e kg/kWh), CLP (0.39 CO<sub>2</sub>e kg/kWh), CEM (0.609 CO<sub>2</sub>e kg/kWh) and The Hong Kong and China Gas Company Limited (0.576 CO<sub>2</sub>e kg/unit). GHG emissions from electricity purchased in Mainland China are calculated for this Report using the Mainland China grid emission factor in the 2020 Baseline Emission Factors for Regional Power Grids in Mainland China (simplified Chinese only) (CM method: 50/50 average of OM & BM).
- FY2024 Scope 3 emissions are other indirect GHG emissions, not included in Scope 2 emissions. This calculation includes GHG emissions from electricity used for fresh water and wastewater processing and methane gas generation at landfill due to disposal of paper waste, based on Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong.
- Energy conversion factors used for diesel, petrol, piped natural gas, piped coal gas, naphtha and LPG are from CDP Technical Note: Conversion of fuel data to MWh. Energy consumption of towngas has been calculated based on the formula provided by The Hong Kong and China Gas Company Limited. Energy conversion factors for acetylene have been sourced from the Country Specific Net Calorific Values and CO<sub>2</sub> Emission Factors used in the Annual Installation Emissions Report-2021.
- 1 GJ = 277.778 kWh
- 100% of water withdrawal is freshwater from municipal sources (i.e. third-party water.) Data on water withdrawal is collected from direct meter readings supplemented by billing records from municipal water service providers. According to our analysis referencing the WRI Aqueduct database, the Group's water withdrawal from areas with water stress is negligible. None of our production hubs or offices are located in areas experiencing high water stress.
- The workforce data is reported using relevant data as of the end of the Reporting Period. For turnover rate and average training hours per employee, the data are calculated based on the average number of employees across the reporting period.
- Core operating profit, a non-IFRS measure, is the aggregate of gross profit and other income, less selling and distribution costs, general and administrative expenses and unrealised loss or gain) on gold loans, which the Company believes is useful to gain a more comprehensive understanding of its operational performance and the underlying trend in its businesses.

The following tables provide a comprehensive summary of ESG KPIs collected and reported by the Group with cross-references to relevant disclosures from the HKEX ESG Guide and GRI Standards.

HKEX	GRI	KPI	Unit	FY2022	FY2023	FY2024
<b>Business</b>						
	2-6	Revenue	HK\$ million	98,938	94,684	108,713
	2-6	Core operating profit	HK\$ million	10,002	9,439	12,163
	2-6	POS <sup>1</sup>	Number	6,029	7,596	7,728
	2-6	Jewellery manufactured	Piece	13,207,122	10,327,895	12,626,123
<b>Suppliers</b>						
	<b>2.6</b>	<b>Total number of product suppliers</b>	<b>Number</b>	<b>655</b>	<b>602</b>	<b>521</b>
B5.1		Product suppliers – Mainland China	Number	305	290	253
B5.1		Product suppliers – Hong Kong, China	Number	245	227	187
B5.1		Product suppliers – Other regions	Number	105	85	81
		<b>Total number of non-product goods and services suppliers</b>	<b>Number</b>	<b>4,337</b>	<b>4,383</b>	<b>4,248</b>
B5.1		Non-product goods and services suppliers – Mainland China	Number	3,228	3,234	3,083
B5.1		Non-product goods and services suppliers – Hong Kong, China	Number	698	684	758
B5.1		Non-product goods and services suppliers – Other regions	Number	411	465	407
<b>Quality and complaints</b>						
B6.4		Inspection pass rate – in-house products	Piece	99.6%	99.8%	99.8%
B6.4		Inspection pass rate – outsourced products	Piece	98.0%	99.0%	99.4%
B6.1		Number of products sold or shipped subject to recalls for safety and health reasons pass rate	Piece	0	0	0
B6.2		Number of complaints received related to product health and safety	Case	14	1	0
B6.2		Number of customer privacy related complaints received	Case	0	0	0

<sup>1</sup> Number of POS in FY2022 and FY2023 are restated to reflect the split and combination of HUÁ exclusive zones.

HKEX	GRI	KPI	Unit	FY2022	FY2023	FY2024
<b>Instances of non-compliance with relevant laws and regulations</b>						
<b>Number of instances of non-compliance with relevant laws and regulations</b>			<b>Number</b>	<b>0</b>	<b>0</b>	<b>0</b>
A1 GD b.		Relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Number	0	0	0
B1 GD b.		Relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Number	0	0	0
B2 GD b.		Relating to providing a safe working environment and protecting employees from occupational hazards	Number	0	0	0
B4 GD b.		Relating to preventing child and forced labour	Number	0	0	0
B6 GD b.		Relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Number	0	0	0
B7 GD b.		Relating to bribery, extortion, fraud and money laundering	Number	0	0	0
<b>Legal cases regarding corrupt practices</b>						
B7.1		Number of concluded legal cases regarding corrupt practices brought against the Company or its employees	Case	0	0	0

SOCIAL DATA

HKEX	GRI	KPI	Unit	FY2022	FY2023	FY2024
<b>Number of employee<sup>2</sup></b>						
<b>B1.1</b>	<b>2.7</b>	<b>Total number of employees</b>	<b>Number</b>	<b>28,431</b>	<b>28,719</b>	<b>28,010</b>
B1.1	2.7	Gender – Female	Number	22,181	22,705	22,008
B1.1	2.7	Gender – Male	Number	6,250	6,014	6,002
B1.1		Age – < 30	Number	6,748	6,351	6,015
B1.1		Age – 30–50	Number	20,716	21,376	20,974
B1.1		Age – > 50	Number	967	992	1,021
B1.1	2.7	Location – Hong Kong & Macau of China	Number	3,030	2,715	2,670
B1.1	2.7	Location – Mainland China	Number	25,401	26,004	25,340
B1.1		Function – Production	Number	5,140	4,782	5,317
B1.1		Function – POS	Number	16,642	16,685	16,437
B1.1		Function – Office	Number	6,649	7,252	6,256
B1.1		Contract type – Full time	Number	28,419	28,708	27,985
B1.1		Contract type – Part time	Number	12	11	25
B1.1		Entry level	Number	/	24,377	21,999
B1.1		Middle level	Number	/	3,999	5,588
B1.1		Senior level	Number	/	343	423
<b>Employee turnover<sup>3</sup></b>						
<b>B1.2</b>		<b>Total employee turnover</b>	<b>Number</b>	<b>6,761</b>	<b>7,709</b>	<b>6,175</b>
B1.2		Employee turnover rate	%	24%	27%	22%
B1.2	401-1	Gender – Female	%	23%	27%	20%
B1.2	401-1	Gender – Male	%	28%	28%	29%
B1.2	401-1	Age – < 30	%	48%	53%	45%
B1.2	401-1	Age – 30–50	%	16%	19%	15%
B1.2	401-1	Age – > 50	%	24%	15%	27%
B1.2	401-1	Location – Hong Kong & Macau of China	%	15%	16%	18%
B1.2	401-1	Location – Mainland China	%	25%	28%	22%
B1.2		Function – Production	%	22%	20%	32%
B1.2		Function – POS	%	23%	30%	21%
B1.2		Function – Office	%	29%	24%	15%

<sup>2</sup> The number of employees only covers the Group's core and material business units in Mainland China, Hong Kong & Macau of China.

<sup>3</sup> Employee turnover reflects employees leaving employment with the Group's core and material business units in Mainland China, Hong Kong & Macau of China.

HKEX	GRI	KPI	Unit	FY2022	FY2023	FY2024
<b>Parental leave</b>						
	401-3	Number of staff taking parental leave	Number	/	/	2,079
<b>Occupational Health and Safety</b>						
B2.1		Fatalities	Number	0	0	0
B2.2		Lost days due to work injuries	Number	1,680	1,286	936
		Work injury cases	Number	72	45	69
		Injury rate per 1,000 employees	Rate	2.5	1.6	2.5
<b>Training and development</b>						
<b>Total training hours</b>			<b>Hour</b>	<b>1,808,526</b>	<b>1,020,745</b>	<b>994,189</b>
<b>B3.1</b>	<b>Percentage of employees trained</b>		<b>%</b>	<b>94%</b>	<b>71%</b>	<b>81%</b>
<b>Breakdown for employees trained by category</b>						
B3.1		Gender – Female	%	80%	82%	81%
B3.1		Gender – Male	%	20%	18%	19%
B3.1		Function – Production	%	18%	10%	10%
B3.1		Function – POS	%	63%	72%	77%
B3.1		Function – Office	%	19%	18%	13%
<b>B3.2</b>	<b>404-3</b>	<b>Average training hours per employee</b>	<b>Hour</b>	<b>64</b>	<b>35</b>	<b>35</b>
B3.2	404-3	Gender – Female	Hour	75	39	39
B3.2	404-3	Gender – Male	Hour	24	22	22
B3.2	404-3	Function – Production	Hour	16	15	19
B3.2	404-3	Function – POS	Hour	98	45	48
B3.2	404-3	Function – Office	Hour	14	27	17
<b>Community engagement</b>						
		Employee volunteer participants	Number	8,804	11,615	3,757
		Non-employee volunteer participants	Number	611	1,284	770
B8.2		Total volunteer service hours	Hour	18,738	18,433	15,069
B8.2	201-1	Donations	HK\$ million	54.8	47.7	34.5
<b>Craftsmanship</b>						
		Participants in mass engagement activities	Number	1,180,377	479,129	57,221,507
		Participants in in-depth experiential programmes	Number	6,326	8,004	54,228
		Hours of in-depth experiential programmes	Hour	13,520	22,728	31,632,683

ENVIRONMENTAL DATA

HKEX	GRI	KPI	Unit	FY2022	FY2023	FY2024
<b>GHG emissions<sup>4</sup></b>						
<b>Total GHG emissions</b>			<b>Tonne CO<sub>2</sub>e</b>	<b>61,244</b>	<b>59,279</b>	<b>63,932</b>
		GHG emissions – Production	Tonne CO <sub>2</sub> e	20,529	21,530	21,916
		GHG emissions – POS	Tonne CO <sub>2</sub> e	33,563	31,155	34,583
		GHG emissions – Office	Tonne CO <sub>2</sub> e	7,152	6,594	7,433
A1.2	305-1	Scope 1 direct emissions	Tonne CO <sub>2</sub> e	1,449	1,826	2,507
		GHG removal	Tonne CO <sub>2</sub> e	28	24	30
A1.2	305-2	Scope 2 indirect emissions	Tonne CO <sub>2</sub> e	59,007	56,751	60,733
	305-3	Scope 3 other indirect emissions	Tonne CO <sub>2</sub> e	816	726	722
A1.2	305-4	GHG intensity – Group	Tonne CO <sub>2</sub> e/ HK\$1 million	0.62	0.63	0.59
A1.2		GHG Intensity – Production	Kg CO <sub>2</sub> e/ product manufactured	1.55	2.08	1.74
<b>Energy use</b>						
<b>Total energy consumption</b>			<b>GJ</b>	<b>414,370</b>	<b>400,954</b>	<b>424,492</b>
A2.1	302-1	Direct energy consumption (renewables)	GJ	2,223	2,334	2,334
A2.1	302-1	Direct energy consumption (fuels)	GJ	23,197	25,095	25,444
A2.1	302-2	Indirect energy consumption (purchased electricity) – Group	GJ	388,950	373,525	396,714
A2.1	302-2	Indirect energy consumption (purchased electricity) – Production	GJ	133,486	140,321	136,042
A2.1	302-3	Energy intensity – Group	GJ/HK\$1 million	4.19	4.23	3.90
A2.1	302-3	Purchased electricity intensity – Production	GJ/product manufactured	0.010	0.014	0.011
<b>Water</b>						
<b>A2.2</b>	<b>303-3</b>	<b>Water withdrawal from municipal water supply</b>	<b>m<sup>3</sup></b>	<b>529,415</b>	<b>522,984</b>	<b>522,185</b>
		Water withdrawal – Production	m <sup>3</sup>	364,510	363,635	356,137
A2.2		Water intensity – Group	m <sup>3</sup> /HK\$1 million	5.35	5.52	4.80
		Water intensity – Production	m <sup>3</sup> /product manufactured	0.028	0.035	0.028
<b>Wastewater</b>						
<b>Wastewater discharge – Production</b>			<b>m<sup>3</sup></b>	<b>319,007</b>	<b>246,509</b>	<b>228,524</b>
		Domestic wastewater	m <sup>3</sup>	204,209	184,667	183,973
		Industrial wastewater	m <sup>3</sup>	114,798	61,842	44,552
		Wastewater intensity – Production	m <sup>3</sup> /product manufactured	0.0242	0.0239	0.0181

<sup>4</sup> We improved our data reporting by expanding the scope of scope 1 emissions in FY2024 to include direct fugitive emissions due to leaks of refrigerant and fire extinguishers.

HKEX	GRI	KPI	Unit	FY2022	FY2023	FY2024
<b>Hazardous waste<sup>5</sup></b>						
<b>A1.3</b>	<b>306-3</b>	<b>Total hazardous waste – Production</b>	<b>Tonne</b>	<b>265</b>	<b>171</b>	<b>213</b>
	306-3	HW06	Tonne	13.15	10.30	13.94
	306-3	HW08	Tonne	15.11	3.65	5.78
	306-3	HW09	Tonne	0.55	0.00	0.19
	306-3	HW17	Tonne	27.58	42.85	38.09
	306-3	HW22	Tonne	18.14	5.26	5.75
	306-3	HW31	Tonne	11.23	10.51	7.62
	306-3	HW33	Tonne	14.48	16.33	16.21
	306-3	HW34	Tonne	64.28	30.10	50.50
	306-3	HW35	Tonne	51.40	14.28	5.10
	306-3	HW49	Tonne	48.80	38.08	70.08
A1.3		Hazardous waste intensity – Production	g/product manufactured	20.0	16.6	16.9
<b>General waste</b>						
<b>A1.4</b>	<b>306-3</b>	<b>General waste – Production</b>	<b>Tonne</b>	<b>854</b>	<b>481</b>	<b>455</b>
	306-3	General waste/Domestic waste (mixed/living)	Tonne	601	282	367
	306-3	General waste/Domestic waste (non-hazardous)	Tonne	253	199	88
A1.4		General waste intensity – Production	g/product manufactured	64.6	46.6	36.0
<b>Air emissions – Production<sup>6</sup></b>						
A1.1	305-7	NO <sub>x</sub>	Tonne	0.42	0.16	0.53
A1.1	305-7	SO <sub>x</sub>	Tonne	0.28	0.26	0.44
A1.1	305-7	Dust	Tonne	3.79	3.88	2.82
A1.1	305-7	Fluoride	Tonne	0.01	0.00	0.00
A1.1	305-7	Non-methane hydrocarbon	Tonne	4.12	5.31	4.22
A1.1	305-7	Lead and other compounds	Tonne	0.0024	0.0010	0.00007
A1.1	305-7	VOCs	Tonne	0.57	0.58	0.22
A1.1	305-7	Hydrogen cyanide	Tonne	0.00	0.00	0.00
A1.1	305-7	Hydrogen chloride	Tonne	3.09	1.86	1.15
A1.1	305-7	Ammonia	Tonne	0.14	0.15	0.31

<sup>5</sup> Hazardous waste includes emulsions, mineral oil, inorganic cyanide, acid, alkali, surface treatment waste, lead and other compounds, wasted organic solvent, copper and other waste.

<sup>6</sup> This data includes air emissions from our production hubs, calculated from regular air sample tests.

HKEX	GRI	KPI	Unit	FY2022	FY2023	FY2024
<b>Air emissions from vehicles</b>						
A1.1	305-7	NO <sub>x</sub>	Tonne	0.37	0.40	2.10
A1.1	305-7	SO <sub>x</sub>	Tonne	0.004	0.006	0.005
A1.1	305-7	PM	Tonne	0.024	0.024	0.045
<b>Packaging material for finished products<sup>7</sup></b>						
<b>A2.5</b>	<b>301-1</b>	<b>Packaging material</b>	<b>Tonne</b>	<b>704</b>	<b>509</b>	<b>645</b>
	301-1	CTF paper bag	Tonne	635	470	599
	301-1	Gift bag	Tonne	69	39	46
A2.5		Packaging material intensity	kg/HK\$1 million	7.1	5.4	5.9
<b>Materials used</b>						
	301-2	Gold purchased from recycling/repurchase	Tonne	17.66	17.25	18.46
	303-1	Total gold purchased	Tonne	145.07	175.88	151.27
	301-2	Silver purchased from recycling/repurchase	Tonne	0.12	0.01	0.05
	303-1	Total silver purchased	Tonne	1.04	0.79	1.86
	301-2	Platinum purchased from recycling/repurchase	Tonne	0.11	0.08	0.09
	303-1	Total platinum purchased	Tonne	3.10	1.76	0.34
	301-1	Wax	Tonne	8	5	6
	301-1	Plastic packaging	Tonne	44	29	39
	301-1	Paper wrap used at diamond production	Tonne	7	10	4
	301-1	Paper	Tonne	101	95	92
	301-1	Toner	Piece	12,719	18,069	8,408
<b>Materials recycled</b>						
		Paper recycled	Tonne	76	97	51
		Toner recycled	Piece	1,852	1,510	1,444

<sup>7</sup> Data on packaging material includes paper bags and envelopes of select brands and include consumption by franchised POS.

# SUSTAINABILITY AWARDS AND RECOGNITIONS

Sustainability Indices	
Dow Jones Sustainability Asia Pacific Index	S&P Dow Jones Indices
FTSE4Good Developed Index	FTSE Russell
Hang Seng Corporate Sustainability Index Hang Seng (Mainland and Hong Kong) Corporate Sustainability Index Hang Seng Corporate Sustainability Benchmark Index	Hang Seng Indexes Company Limited
Customer Service	
2023 Quality Service Retailer of the Year – Gold	The Hong Kong Retail Management Association
2023 Service Talent Award	
Quality Tourism Services	Hong Kong Tourism Board
Consumer Caring Scheme	GS1 Hong Kong
The Hong Kong Q-Mark Service Scheme	Hong Kong Q-Mark Council
2023 Five Star Diamond Brand	World Brand Lab
Governance	
Institutional Investor's 2023 All-Asia Executive Team Rankings – Asia (ex-Mainland China) – Consumer/Discretionary – All-Star Status – Rest of Asia – Most Honored Company – Combined – 1 <sup>st</sup> place – Best CEO – Combined – Kent Wong – 1 <sup>st</sup> place – Best CFO – Combined – Hamilton Cheng – 1 <sup>st</sup> place – Best IR Professional – Combined – Danita On – 1 <sup>st</sup> place – Best IR Program – Combined – 1 <sup>st</sup> place – Best ESG – Combined – 1 <sup>st</sup> place – Best Board of Directors – Combined – 1 <sup>st</sup> place – Best IR Team – Combined – 2 <sup>nd</sup> place	Institutional Investor Research
13 <sup>th</sup> Asian Excellence Award 2023 – Asia's Best CEO – Kent Wong – Asia's Best CFO – Hamilton Cheng – Best Investor Relations Professional – Danita On – Best Investor Relations Company – Best Corporate Communications	Corporate Governance Asia

Governance	
HKIRA 9 <sup>th</sup> Investor Relations Awards – Best IR by Chairman/CEO – Kent Wong – Best IR by CFO – Hamilton Cheng – Best IRO – Danita On – Best Annual Report	Hong Kong Investor Relations Association
LACP 2022 Vision Awards Annual Report Competition – Gold Award	League of American Communications Professionals LLC
LACP 2022 Vision Awards Sustainability Report Competition – Gold Award	League of American Communications Professionals LLC
The International Annual Report Design Awards 2023 – Bronze Award (Overall Presentation: Annual Report) – Bronze Award (Overall Presentation: Sustainability Report)	IADA International Limited
2023 HKMA Best Annual Reports Awards – Citation for Design – Best Environmental, Social and Governance Reporting Award (Retail)	The Hong Kong Management Association
Outstanding Listed Companies Award 2023	The Hong Kong Institute of Financial Analysts and Professional Commentators Limited
Best Corporate Governance and ESG Awards 2023 – Corporate Governance Award – Hang Seng Index Category	The Hong Kong Institute of Certified Public Accountants
Listed Company Awards of Excellence 2023 – Blue-chip (Honor Award)	Hong Kong Economic Journal
Jewellery World Awards – "Extraordinary 40" Awards – Kent Wong	Informa Markets Jewellery
Master-Insight ESG Awards 2023 – Top ESG Performance Awards	Master-Insight
The 12 <sup>th</sup> Junzi Corporation Award – Junzi Corporation Award	The Hang Seng University of Hong Kong
S&P Global Sustainability Yearbook (China) 2023	S&P Global
Social	
Good MPF Employer Award 2022-2023 – Good MPF Employer Award – e-Contribution Award – MPF Support Award	Mandatory Provident Fund Schemes Authority
Environment	
WWF Hong Kong: Low Carbon Manufacturing Programme – Platinum Label	WWF Hong Kong
CDP Climate Change Assessment 2023 – Rating: B CDP Water Security Assessment 2023 – Rating: B	CDP
UNSDG Achievement Awards Hong Kong 2023	Green Council

# CONTENT INDEX

This Report fulfils the reporting requirements of the HKEX ESG Guide. Chow Tai Fook Jewellery Group prepares the reports with reference to GRI Standards, and the reporting period is the financial year from 1 April 2023 to 31 March 2024 as summarised in this table.

HKEX ESG guide	GRI standards	Location of disclosure
	2-1 Organisational details	About this Report Corporate Profile
	2-3 Reporting period, frequency and contact point	ESG Data Summary Assurance Statement
	2-4 Restatements of information	
	2-5 External assurance	Remark: The reporting scope covers the Group's core and material business units in Mainland China, Hong Kong as headquarter and Macau of China. There is no material update on the activities, value chain and other business relationships during the year.
	2-6 Activities, value chain and other business relationships	
<b>Mandatory Disclosure Requirements Governance Structure</b>	2-12. Role of the highest governance body	Leadership Messages
	2-13. Delegating authority	Sustainability Governance
	2-14. Role of the highest governance body in sustainability reporting	Promoting Business Ethics and Integrity Our Centennial Commitment
	2-22. Statement on sustainable development strategy	Creating an Inclusive and Diverse Work Culture
	2-23. Policy commitments	Achieving a Responsible Supply Chain
	2-24. Embedding policy commitments	ESG Data Summary
	2-26. Mechanisms for seeking advice and raising concerns	
	2-27. Compliance with laws and regulations	
<b>Mandatory Disclosure Requirements Reporting principles</b>	2-29. Approach to stakeholder engagement	Stakeholder Engagement ESG Data Summary
	3-1. Process to determine material topics	
	3-2. List of material topics	
<b>Mandatory Disclosure Requirements Reporting boundary</b>		About this Report ESG Data Summary

HKEX ESG guide	GRI standards	Location of disclosure
<b>"Comply or explain" Provisions</b>	3-3. Management of material topics	Our Centennial Commitment
<b>A1: Emissions and waste GENERAL DISCLOSURE</b>	GRI 305: Emissions 2016	Resources efficiency & carbon reduction – Management Approach
KPIs: A1.1, A1.2, A1.3, A1.4, A1.5, A1.6	305-1. Direct (Scope 1) GHG emissions	Managing Carbon Emissions and Energy
	305-2. Indirect (Scope 2) GHG emissions	Managing Water
	305-3. Other indirect (Scope 3) GHG emissions	Managing Waste
	305-4. GHG emissions intensity	ESG Data Summary
	305-5. Reduction of GHG emissions	
	305-7. NO <sub>x</sub> , SO <sub>x</sub> and other significant air emissions	
<b>"Comply or explain" Provisions</b>	3-3. Management of material topics	Resources efficiency & carbon reduction – Management Approach
<b>A2: Use of resources GENERAL DISCLOSURE</b>	GRI 302: Energy 2016	Managing Carbon Emissions and Energy
KPIs: A2.1, A2.2, A2.3, A2.4, A2.5	302-1. Energy consumption within the organization	Managing Water
	302-2. Energy consumption outside the organization	Managing Waste
	302-3. Energy intensity	Promoting Eco-friendly Practices
		ESG Data Summary
	3-3. Management of material topics	
	GRI 303: Water and Effluents	
	303-1. Interactions with water as a shared resource	
	303-2. Management of water discharge related impacts	
	303-3. Water withdrawal	
	3-3. Management of material topics	
	GRI 306: Waste 2020	
	306-1. Waste generation and significant waste-related impacts	
	306-2. Management of significant waste related impacts	
	306-3. Waste generated	

HKEX ESG guide	GRI standards	Location of disclosure
<b>"Comply or explain" Provisions</b> <b>A3: Environment &amp; natural resources</b> GENERAL DISCLOSURE KPI: A3.1	3-3. Management of material topics  GRI 301: Materials 2016  301-1. Materials used by weight or volume  301-2. Recycled input materials used	Our Centennial Commitment  Resource efficiency & carbon reduction – Management Approach  Managing Carbon Emissions and Energy  Managing Water  Managing Waste  Promoting Eco-friendly Practices  ESG Data Summary
<b>"Comply or explain" Provisions</b> <b>A4: Climate change</b> GENERAL DISCLOSURE KPI: A4.1		Climate-related Financial Disclosures
<b>"Comply or explain" Provisions</b> <b>B1: Employment</b> GENERAL DISCLOSURE KPIs: B1.1, B1.2	2-7. Employees  3-3. Management of material topics  GRI 401: Employment 2016  401-1. New employee hires and employee turnover  401-3 Parental leave	Profile of our People  Our Centennial Commitment  Creating an Inclusive and Diverse Work Culture  People Focused – Management Approach  ESG Data Summary
<b>"Comply or explain" Provisions</b> <b>B2: Health &amp; safety</b> GENERAL DISCLOSURE KPI: B2.1, B2.2, B2.3	403-1. Occupational health and safety management system	People Focused – Management Approach  Ensuring the Health and Safety of Our People  ESG Data Summary
<b>"Comply or explain" Provisions</b> <b>B3: Development &amp; training</b> GENERAL DISCLOSURE KPIs: B3.1, B3.2	3-3. Management of material topics  GRI 404: Training and Education 2016  404-1. Average training hours per year per employee	Our Centennial Commitment  Craftsmanship – Management Approach  People Focused – Management Approach  ESG Data Summary

HKEX ESG guide	GRI standards	Location of disclosure
<b>"Comply or explain" Provisions</b> <b>B4: Labour standards</b> GENERAL DISCLOSURE KPIs: B4.1, B4.2	411-1. Incidents of violations involving rights of indigenous peoples	Creating an Inclusive and Diverse Work Culture  Responsible Sourcing – Management Approach  Achieving a Responsible Supply Chain  ESG Data Summary  Remark: In FY2024, the Group did not discover any relevant cases, nor did it violate any laws and regulations related to child and forced labour. We do not monitor incidents of violations involving the rights of indigenous peoples. Chow Tai Fook's operations are not located in high-risk areas.
<b>"Comply or explain" Provisions</b> <b>B5: Supply chain management</b> GENERAL DISCLOSURE KPIs: B5.1, B5.2, B5.3, B5.4		Responsible Sourcing – Management Approach  Achieving a Responsible Supply Chain  Promoting Eco-friendly Practices  ESG Data Summary
<b>"Comply or explain" Provisions</b> <b>B6: Product responsibilities</b> GENERAL DISCLOSURE KPIs: B6.1, B6.2, B6.3, B6.4, B6.5	3-3. Management of material topics  GRI 418: Customer Privacy 2016  418-1. Substantiated complaints concerning breaches of customer privacy and losses of customer data	Our Centennial Commitment  Upholding Quality Product and Customer Experience  Cybersecurity  ESG Data Summary
<b>"Comply or explain" Provisions</b> <b>B7: Anti-corruption</b> GENERAL DISCLOSURE KPIs: B7.1, B7.2 and B7.3		Promoting Business Ethics and Integrity  ESG Data Summary
<b>"Comply or explain" Provisions</b> <b>B8: Community investment</b> GENERAL DISCLOSURE KPIs: B8.1, B8.2		Craftsmanship – Management Approach  Preserving Traditional Chinese Heritage  Retaining the Beauty of Diamonds Beyond Time  People Focused – Management Approach  Creating Social Impact  ESG Data Summary

# ASSURANCE STATEMENT



## ASSURANCE STATEMENT

### SGS HONG KONG LTD'S REPORT ON SUSTAINABILITY ACTIVITIES IN CHOW TAI FOOK JEWELLERY GROUP LIMITED'S SUSTAINABILITY REPORT 2024

#### NATURE OF THE ASSURANCE

SGS Hong Kong Limited (hereinafter referred to as SGS) was commissioned by Chow Tai Fook Jewellery Group Limited (hereinafter referred to as Chow Tai Fook) to conduct an independent assurance of its Sustainability Report 2024 (hereinafter referred to as the Report).

#### INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all Chow Tai Fook's stakeholders.

#### RESPONSIBILITIES

The information in the Report and its presentation are the responsibilities of the directors, governing body and the management of Chow Tai Fook. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of assurance with the intention to inform all Chow Tai Fook's stakeholders.

#### ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognised assurance guidance and standards, and the guidance on levels of assurance contained within the AA1000 Assurance Standard and Assurance Engagements Other Than Audits or Reviews of Historical Financial Information is based on the International Standard on Assurance Engagements (ISAE) 3000 (Revised), issued by the International Auditing and Assurance Standards Board.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options	Level of Assurance
ISAE 3000	Reasonable

#### SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of quality, accuracy and reliability of sustainability performance data information included the text and data in accompanying tables contained in the Report. Data and information were included in this assurance process during the period from 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024.

Reporting Criteria Options	
1	Appendix C2 Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HKEx Listing Rules")
2	Global Reporting Initiative ("GRI") Sustainability Reporting Standards 2021 (Reference)

#### ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, on-site interviews with Chow Tai Fook's management and responsible personnel with accountability for preparing the Report, data sampling, documentation and record review, verifying the internal control for collection, calculating and reporting the sustainability performance information and validation with external bodies. Raw data and supporting evidence of the selected samples were also examined during the verification process.

#### LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process. Note here any other specific limitations for the assurance engagement and actions taken to mitigate those limitations.

#### STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from Chow Tai Fook, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with IRCA EMS Principal Auditor, auditor of ISO 37001 & ISO 26000, nominated tutor of GRI Standards and experience of the SRA assurance service provisions.

#### ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the report content, data and information disclosed included in the scope of assurance is accurate, reliable, has been fairly stated and prepared, in all material respects, in accordance with the above mentioned reporting criteria options.

We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

**Signed:**  
For and on behalf of SGS Hong Kong Limited

**Miranda Kwan**  
Director  
Business Assurance  
13 June 2024

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