

CHOW TAI FOOK JEWELLERY GROUP

Chow Tai Fook Jewellery Group Limited
Environmental Protection Policy

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1. Purpose

Under the guidance of Our Centennial Commitment of Chow Tai Fook Jewellery Group (“the Group”), we are actively in pursuit of sustainable business model to conserve resources in the world to reduce ecological footprint. As such, the Group has formulated the Environmental Protection Policy (this “Policy”) to regulate the energy consumption, water consumption and waste emissions of daily operations and businesses, reinforce staff awareness in resource conservation, reduce the Group’s emissions and enhance resource efficiency in order to build a resource-saving and environmentally friendly enterprise.

2. Scope of Application

The Group encourages all business units to make reference to the principles of this Policy. Under applicable situation, business units should formulate their own operational guidelines.

3. Policy Statement

As the highest decision body of the Group, the Board of Directors is responsible for the compilation and implementation of this Policy. The Group commits to complying with or even relevant environmental laws and regulations of communities where our businesses locate in, and upholds industrial best practices in operations and services. Delegates of business units should incorporate the responsibility of resource conservation into each job position, delegate responsible persons to monitor the environmental performance of business operations, and arrange environmental-related staff trainings to convey the message of environmental risks and control, promote the principle of resource conservation and enhance staff awareness on environmental protection. The Group strives to reduce the impact of our business on climate change, formulate action plan to address climate change, and disclose corresponding impact and progress as appropriate.

4. Environmental Management System

The Group should build an environmental management system and conduct regular review and update. The system should:

- Stipulate the environmental policy of the company
- Define the environmental management structure and responsibilities
- Set up the company’s environmental management procedures and control terms
- Manage work performance and verification work
- Arrange regular management assessment
- Cover environmental impact response procedures to address potential accidents and emergency that arouse serious environment impact such as chemical spill or leakage

5. Energy Consumption Management

The Group will regularly monitor energy consumption of daily operations to identify high consuming business activities and equipment, so as to formulate energy saving plan and monitor its effectiveness. All operation locations should implement below energy saving measures to enhance energy effectiveness:

- Strengthen lighting management, avoid unnecessary lighting equipment and use natural lighting as far as possible in offices, office corridors and other areas
- Strengthen air conditioning management, set appropriate air conditioning temperature and encourage staff to turn off the air conditioners 30 minutes before leaving work
- Turn off the power of all unnecessary electronic equipment when leaving work or when there is no one in the office to avoid waste of electricity
- The last person who leaves the workplace should check and turn off all unnecessary electronic equipment
- Actively improve production facilities to reduce energy consumption
- Promote sustainable travel by adopting video conference to replace unnecessary business travel and planning travel itinerary appropriately in order to reduce greenhouse gas emissions generated by long trips

6. Water Resource Management

The Group will regularly monitor water consuming of daily operations to identify high consuming business activities and equipment so as to formulate water saving plan and monitor its effectiveness. The Group should implement below water saving measures to avoid waste of water:

- Turn on the faucet as small as possible and reduce the time of water use as far as possible, turn off the faucet right after use
- Delegate responsible persons to check water equipment regularly, immediately inform the property management department or relevant department for repair if water leakage is identified
- Actively improve production facilities to lower water consumption

7. Hazardous Substances Management

The Group will regularly identify and manage chemical substances and other hazardous substances used, released and emitted in business activities, and maintain a list of hazardous substances to comply with or exceed legal requirements. The Group is not allowed to produce, trade or use chemicals and hazardous substances subject to international bans. Wherever possible, the Group should use alternatives to replace hazardous substances.

8. Waste Management

The Group should manage waste responsibly in accordance with applicable laws or existing international standards, including emissions, handling and recycling, and identify material waste generated in operational procedures. The Group should reduce the burden of waste emissions on the environment through a series of waste reduction, recycling and reusing measures:

- Classify and treat waste, including food waste, recyclable waste, hazardous waste and other general refuse
- Promote “paperless office” by using electronic means to replace paper, adopting double-sided printing, avoiding unnecessary colour printing, reusing printing paper for internal circulation, and setting up designated area to recycle and reuse waste paper
- Set up designated area to collect office supplies for reuse, such as paper clip holders, folders, file holders and envelopes etc.
- Avoid single-used items such as paper cups and bottled water etc.
- Set up designated area to recycle waste electronic appliances and printing materials, and deploy recycler for proper handling

9. Green Procurement and Supply Chain

The Group is committed to promoting green procurement and environmental practices of the supply chain, including distribution and logistics, and guiding its staff to uphold below principles during procurement and manufacturing processes:

- Review the need and inventory requirements before procurement, procure according to actual need to avoid wastage
- Prioritise recyclable products, fixed assets and materials that can lower environmental impact
- Prioritise electronic equipment with recognised energy saving labels
- Prioritise suppliers with environmental-related recognitions (including ISO 14001 Environmental Management System certification, Forest Stewardship Council (FSC) certification etc.)
- Prioritise local products and bulk purchase to reduce environmental footprint during transportation
- Reduce packaging materials of products, reduce the weight of packaging
- During product development stage, it is suggested to consider environmental factors in the entire product cycle from product and packaging design to disposal, including prioritising recyclable or degradable materials, enhancing recyclability and reducing environmental impact
- Encourage suppliers to implement emission reduction measures and other environmental protection measures, incorporate environmental management performance into supplier appraisal procedures to ensure key long-term suppliers can fully comply with applicable terms of this Policy

10. Stakeholder Engagement

The Group is committed to enhancing awareness of key stakeholders, including employees, customers, suppliers and major business partners etc. in environmental protection, and supporting environmental initiatives of the industry. The Group is dedicated to:

- Regularly promote environmental messages to all staff, encourage staff to protect the environment at all times through various staff activities and internal communications
- Provide customers with channels for product recycling
- Encourage customers to use less packaging and support environmental protection activities in the community
- Inform customers the impact of materials of products provided on the environment (including positive and negative impacts) through staff, official media and other channels
- Ensure all suppliers understand this Policy and products and services provided comply with the applicable scope of this Policy
- The Group will actively participate in industrial organisations to promote environmental protection, share its experience to enhance industry standard

11. Environmental Impact Assessment

The Group is committed to protecting biodiversity and will formulate a management system to identify and comprehensively assess business impact on the environment and biodiversity when planning and approving material new projects or material changes of existing projects, such as building or renovating new factories, offices, shops or facilities, or introducing jewellery manufacturing process or replacement of materials. The Group should also formulate a response plan to minimise the impact. During merger and acquisition, the Group will also take content covered in this Policy into account in an appropriate manner. The management system should identify, record and monitor below impact and data of internal and external environmental factors:

- Use and recycling of resources
- Use and emissions of water
- Greenhouse gas emissions and other air pollutants
- Energy consumption, including renewable energy
- Change of regulations

12. Reporting and Review

Each business segment should formulate its own environmental management plan and indicators, monitor impact and execution of the plan. The Corporate Governance Centre will report the results to the Sustainability Committee regularly, in order to monitor the environmental performance of all aspects of the Group's core business, amend and optimise corresponding measures and this Policy regularly for continuous improvement. The Corporate Governance Centre is a designated working group to facilitate each business segment to ensure this Policy follows best practices and is adaptable to relevant legal changes.