



SUSTAINABILITY REPORT

2018

CONTENTS

02

About the Report

Group Overview

Group Business

Scope of Report

Response To This Report

Chairman's Message

CSR Vision

Missions and Objectives

CSR Governance Structure

07

Stakeholder Engagement

Materiality Assessment

Overview of Materiality Assessment Results

10

Environmental Protection

Climate Change and Greenhouse Gas Emissions

Air Pollutant Emissions

Wastewater discharge

Generation, Treatment and Recycling of Waste

Other Environmental Impacts

16

Employment

Employment Policy

Staff Activities and Benefits

Training and Development

Employee Health and Occupational Safety

20

Operations

Supplier Management

Product Management and Safety

Customer Information and Intellectual Property Protection

Anti-Corruption and Anti-Competitive Behaviour Policy

22

Community

Donations and Public Welfare Activities

Contribution to Communities

23

GRI Appendix

ABOUT THE REPORT

GROUP OVERVIEW

Kingboard Copper Foil Holdings Ltd (“KCF”, the “Group” or “We”) is a company listed on the main board of Singapore Exchange Limited (“SGX”) (stock code: K14.SI). We are committed to integrating sustainable development into our strategic planning and day-to-day operation through transparent measures, with a view to delivering long-term value to the stakeholders of the Group.

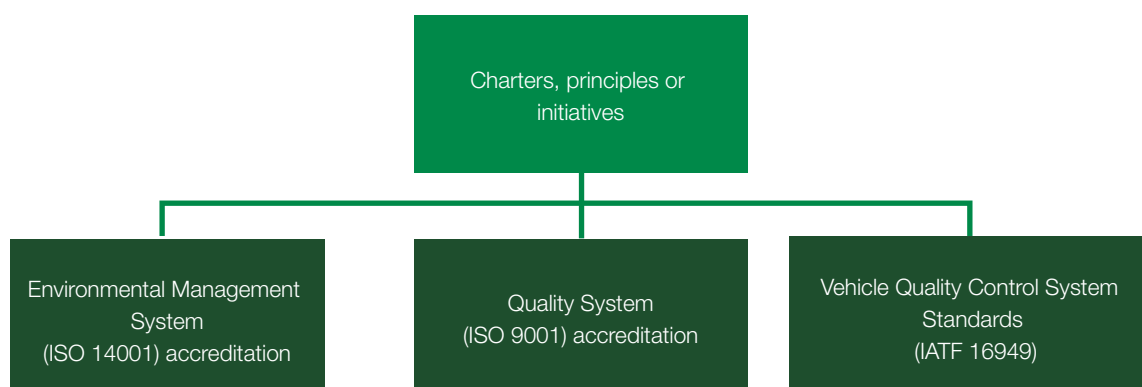
GROUP BUSINESS

KCF is engaged in the manufacturing and trading of polyvinyl butyral (“PVB”) and related products. Headquartered in Hong Kong, we have two production bases, respectively in Fogang County, Guangdong Province and Wuning County, Jiangxi Province in Mainland China. Our products include PVB resin, a basic raw material for the production of PVB film which is used to produce reinforced glass for both automotive industry and buildings.

KCF recorded an aggregate production volume of approximately HK\$467 million in FY2018, and, as of 31 December 2018, its economic results during the Reporting Period are as follows:

Income highlights	HK\$'000
Turnover	586,979
Profit Before Tax	35,261
Profit	27,342

To show all stakeholders our determination towards sustainable development and quality management improvement, we have signed the following internationally recognised economic, environmental and social charters, principles and initiatives:



ABOUT THE REPORT

SCOPE OF REPORT

This is our second independent sustainability report (this “Report”), which is prepared by the Group for the financial year of 2018 in accordance with the requirements of the SGX Sustainability Reporting Guide and with reference to the internationally recognised sustainability reporting guidelines and the Core options of the Global Reporting Initiative (“GRI”) Standards (GRI Content Index can be found in the last section of this Report).

Unless otherwise stated, this Report covers the sustainability performance and quantitative statistics concerning the principal businesses of the Group for the period commencing from 1 January 2018 and ending on 31 December 2018 (“Reporting Period” or “FY2018”). It summarises the management approach taken by the Group for sustainable operations and its performance during the Reporting Period. Our reporting cycle is once every financial year. We will continue to improve our data collection procedures and scope and our reporting system, in an effort to enhance transparency for stakeholders.

We have not sought external assurance for this Report, but will consider the possibility of doing it in the future.

RESPONSE TO THIS REPORT

KCF highly values the views of all stakeholders on the measures taken by the Group for, and our performance in relation to, sustainability. Should you have any questions or suggestions on this Report, please contact us by e-mail to enquiry@kingboard.com or fax at (852) 2691 5245. Please browse the Group’s website at <http://www.kbcopperfoil.com/> for further information on the sustainability plan of the Group.

For details of the financial performance of the Group and any inquiries, please carefully read the 2018 annual report of KCF.

CHAIRMAN’S MESSAGE

We are pleased to release the second independent sustainability report prepared by the Group in accordance with the Core options of the GRI Standards, which demonstrates to all stakeholders what we have done and achieved in respect of environmental protection, talent management, community investment, and operation development.

With sustainability at the core of KCF’s development, the Board and the management are responsible for supervising the management of sustainability matters, and to maintain KCF’s soundness in corporate governance practices and procedures. We believe that sound, honest corporate governance can lay a foundation for effective management, healthy corporate culture, and sustained business growth.

ABOUT THE REPORT

CHAIRMAN'S MESSAGE (continued)

Today, environmental care and climate change issues are not only national and global concerns, but also the social responsibility of every business. We have green production policies in place to improve efficiency and minimise both energy consumption and pollutant discharge in accordance with international environmental standards and local ones in the places where we operate while promoting environmental stewardship in daily business operation. We review our environmental practices from time to time and will consider implementing further eco-friendly measures, and promoting material optimisation and efficient energy and water use in the Group's business operations. In addition, we have implemented employment, supply chain, and product management policies to ensure that our business operation is in line with the principle of sustainable development.

We attach great importance to compliance with laws and regulations related to our business activities. During FY2018, there were no material breaches of, or noncompliance with, the applicable laws and regulations by us.

On behalf of the Board, we take this opportunity to thank our stakeholders, including shareholders, customers, suppliers and business partners, for all the supports that they have extended to us. Meanwhile, we appreciate the efforts and supports rendered by all staff and partners of the Group for promoting our sustainable development, thereby allowing us to keep improving for better communities in the next financial year.

Lam Ka Po

Chairman and Executive Director

31 May 2019

ABOUT THE REPORT

CSR VISION

We regard corporate social responsibility (CSR) as a part of our business philosophy and take into account the sustainable development of the community and the environment while emphasizing corporate development. Our CSR vision is “to build us into a top performer that helps establish a harmonious society and promote well-balanced and sustainable development of the economy, community and environment.”

MISSIONS AND OBJECTIVES

We attach great importance to our responsibility to society, while taking into account business development and its impact on the environment and society. Our core values are protecting the environment, caring for communities and employees, putting people first, being fair-minded, and following laws and regulations.

The following are our missions and objectives in terms of environment, community, employment, and operations:



Environment

- Reduce emissions
- Manage energy effectively
- Save water
- Recover and recycle wastes



Community

- Enhance a caring, eco-friendly atmosphere in community
- Produce products that contribute to community
- Promote community development
- Offer job opportunities



Employment

- Improve employee benefits and strengthen employee training and personal development
- Promote work-life balance
- Ensure employee occupational health and safety



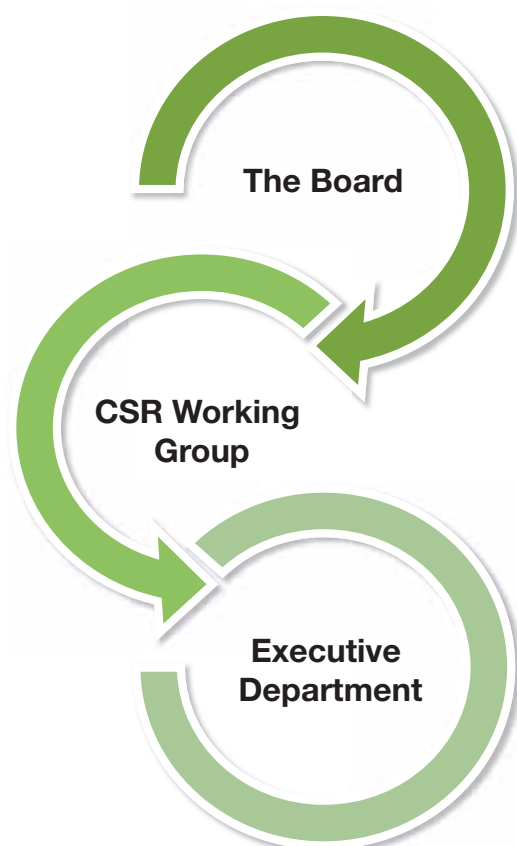
Operations

- Comply with laws and regulations
- Prevent bribery and corruption
- Manage supply chains effectively

ABOUT THE REPORT

CSR GOVERNANCE STRUCTURE

Our CSR structure consists of three major components, namely, the Board, a CSR working group, and an executive department. The CSR governance structure is shown in the table below:



- The Board shall oversee sustainability matters as a whole and assumes overall responsibility for the data disclosed in this Report
- It can authorise the CSR working group to perform all routine work related to CSR matters
- The CSR working group consists of the Group's management. Its powers and responsibilities include coordinating and promoting policies related to sustainable development:
 - ✓ Conducting a materiality assessment
 - ✓ Collecting CSR-related information and data on a daily basis
 - ✓ Promoting and monitoring the implementation of policies related to sustainable development
 - ✓ Reporting significant sustainability matters to the management and the Board
- The executive department is responsible for promoting and implementing sustainable development policies on a daily basis

The Board of KCF assumes overall responsibility for the management of the environment, society and governance as well as disclosures in the Report. In addition to the aforesaid governance structure, the Group has also established risk management and internal control systems to identify, assess, and manage risks related to the environment, society and governance. The Board has set up an Audit Committee with specific written terms of reference, setting out the duties, responsibilities, and powers delegated by the Board. The Audit Committee assists the Board to fulfil its oversight role over the Group's risk management and internal control function by reviewing and evaluating the effectiveness of the overall risk management and internal control system and reporting to the Board at least annually. For details of risk management and internal control systems, please refer to the section headed "Corporate Governance Report" in KCF's Annual Report 2018.

STAKEHOLDER ENGAGEMENT

KCF has always maintained close contact with stakeholders and always involve them through various channels in material matters and prior to the launch of significant measures. Close ties with stakeholders allow us to better understand their views, opinions, and expectations, enabling us to more comprehensively assess potential impacts on decision making and material matters.

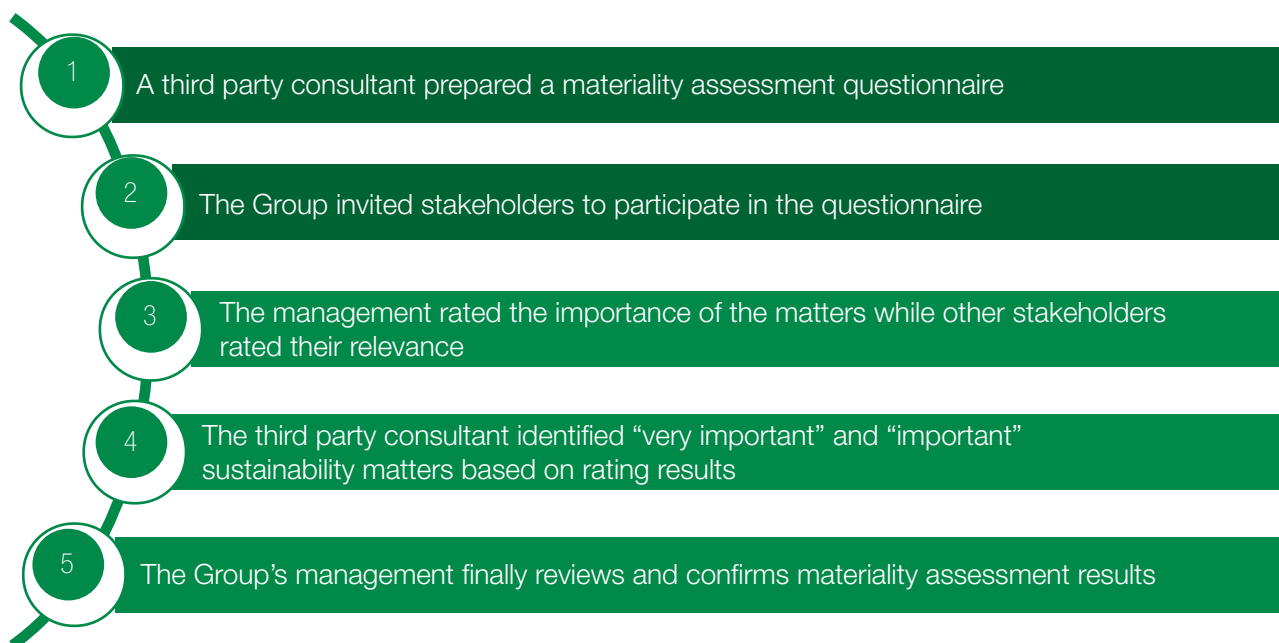
In connection with this Environmental, Social and Governance Report, our major stakeholders have participated in the materiality assessment of various sustainability matters and identified our operating activities having a material impact on the environment and society. During this process, stakeholders were invited to rate the importance and relevance of various sustainability matters in the form of questionnaire responses.

Types of our main stakeholders and their contact methods are as follows:

Stakeholder type	Contact method
Shareholders and investors	<ul style="list-style-type: none"> • Press release and announcements • Annual reports and circulars and quarterly and full year results announcements • Annual general meetings held once a year • Responses to calls and written inquiries
Employees	<ul style="list-style-type: none"> • Staff communications including emails • Performance appraisal • Staff activities • Training, meetings, and briefings
Suppliers/Business partners	<ul style="list-style-type: none"> • Emails and customer service hotlines • Performance assessment • Annual renewal and update • Website • Annual reports
Customers	<ul style="list-style-type: none"> • Emails and customer service hotlines • Tenders submitted to customers • Cooperation agreements with customers • Website • Annual reports
Community	<ul style="list-style-type: none"> • Community services and activities • Community investment and fundraising activities
Media and the public	<ul style="list-style-type: none"> • Press release and announcements • Annual reports • Interviews • Website
Government bodies/regulators	<ul style="list-style-type: none"> • Annual reports • Verbal and written communication when needed • Responses to government inquiries upon request

MATERIALITY ASSESSMENT

KCF, in cooperation with a third-party consultant, performed an ESG-themed materiality assessment. During the process, we invited different stakeholders to provide opinions on the ESG aspects of the Group based on their reliance and influence on our business. Among them, external key stakeholders include shareholders, investors, suppliers and business partners, and customers, and internal key stakeholders include employees and the management. During the materiality assessment, the management rated the importance of sustainability matters to the Group's business while other stakeholders rated relevance of sustainability matters to them. Specific steps for the materiality assessment are as follows:



We would like to extend our gratitude to all persons who participated in this process, as well as their continued support to our sustainable development.

STAKEHOLDER ENGAGEMENT

OVERVIEW OF MATERIALITY ASSESSMENT RESULTS

Based on the materiality assessment results, we categorized sustainability matters into “very important” and “important” matters. “Very important” matters refer to matters that are closely related to the Group’s operations and have a material impact or pose significant risks. This Report will focus on such relevant matters and required data. “Important” matters refer to those that are relevant to and affected by the Group’s operations. This Report will give an overview of these matters and indicate the role and extent that the Group plays in them to improve transparency and accountability.

The materiality assessment results are as follows:

“Very important” sustainability matters

- Generation, treatment and recycling of hazardous wastes
- Environmental and social risk management for the supply chain
- Product quality and safety
- Occupational health and safety
- Business ethics and efforts against corruption, bribery, extortion, fraud and money laundering
- Data protection and privacy
- Employee training and development

“Important” sustainability matters

- Air pollutant emissions
- Wastewater discharge
- Climate change and greenhouse gas emissions
- Energy use
- Protection on intellectual property rights
- Anti-competitive behaviour
- Policies to prevent child labour and forced labour
- Employee recruitment, promotion, and dismissal
- Employee compensation and benefits

ENVIRONMENTAL PROTECTION

As a listed business that values and advocates sustainable development, the Group unswervingly pursues breakthroughs in setting itself on a green path and strives to implement eco-friendly operational objectives of “high efficiency, low emissions, less pollution, and more recycling”. While ensuring high-quality daily production, the Group encourages the management and internal employees to actively explore the possibility of reducing emissions and energy consumption and contribute to environmental care and social development.

The Group proactively promotes environmental protection and energy conservation, cuts pollutant emissions, and improves energy efficiency in all of its business segments with a focus on emerging technologies and management measures in terms of production and operation. The Group is committed to environmental protection and has developed a series of environmental policies and sustainability development goals to manage the environmental management responsibilities of its plants consistently.

- 
- Comply with laws and regulations and operate safely;
 - Save energy and reduce wastes, and keep improving;
 - Strengthen internal and external exchanges and continuously improve environmental awareness;
 - Cherish and protect the global environment and strive to help build a green planet.

CLIMATE CHANGE AND GREENHOUSE GAS EMISSIONS

We expect our plants to integrate the concept of environmental care and energy saving into their daily production and operation and encourage them to take effective measures to achieve the vision of making the best of resources, reducing wasteful consumption and conserving energy.



Take the present as a baseline, see the bigger picture, differentiate ourselves, and appropriately look forward

ENVIRONMENTAL PROTECTION

CLIMATE CHANGE AND GREENHOUSE GAS EMISSIONS (CONTINUED)

To ensure that its plants can implement management practices safely and effectively, the Group has adopted measures for the control of greenhouse gas emissions, for example, setting the reasonable sustainability goals of saving water and electricity and reducing energy consumption. We encourage our employees to be more energy-conscious and start with little things such as daily electricity use and material recycling. During the financial year, we collected 36 tonnes of separator films used for material packaging and handed them to qualified recyclers for recycling to reduce the ecological impact of their production process.

The Group encourages its plants based in different cities to adopt appropriate water conservation measures based on their respective needs and local conditions. For example, we advocate replacing tap water used in the original process with river water where appropriate and implementing a water conservation plan reasonably.

The Group was not aware of any material non-compliance with environmental laws or regulations during FY2018. The Group's carbon emissions mainly come from greenhouse gas emissions with urban electricity as a major source of energy. A total of 12,806.0 tonnes of carbon dioxide equivalents (CO₂e) were produced in FY2018.

Data on types and amount of energy consumption for 2018 and 2017 is compared as follows:

Type of resources ^{Note 1}	2018	2017
Urban electricity (kWh)	22,379,216.0	20,577,811.0
Municipal water (cubic metres)	323,112.6	271,480.0
Coal (tonne)	0.0	3,000.0
Carbon discharge (CO ₂ e in tonnes) ^{Note 2}	12,806.0	19,824.0

Note 1: The scope includes data related to production at two plants.

Note 2: Carbon discharge data set out above is calculated by reference to the "Greenhouse Gas Protocol" published by the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI), "Greenhouse gas reporting – Conversion factors 2018" published by the Department for Business, Energy & Industrial Strategy of the United Kingdom Government, Baseline Emission Factors for Regional Power Grids in China 2017" (2017中國區域電網基準線排放因子) published by National Development and Reform Commission of China, the HKEX Reporting Guidance on Environmental KPIs, and "A Study of CO₂ Emission Sources and Sinks in Thailand" published by Geophysics Research Centre and Centre for the study of Earth System Environment and Adaptation for Sustainability.

Data on energy consumption and intensity of water consumption for FY2018 is set out as follows:

Type of resources ^{Note 1}	
Urban electricity	1,977.87 kwh/tonne of finished product
Water	28.56 cubic metre/tonne of finished product

Note 1: The scope includes data related to production at two plants.

Note 2: The Group began to record energy consumption and density of water consumption in 2018, so no data in 2017 is available for comparison.

ENVIRONMENTAL PROTECTION

CLIMATE CHANGE AND GREENHOUSE GAS EMISSIONS (CONTINUED)

Data on the amount of consumption of packaging materials for FY2018 is set out as follows:

Type of packaging materials (tonne) ^{Note 1}	
Card board	454.7
Separator films	259.4

Note 1: The scope includes data related to production at two plants.

Note 2: The Group began to record the amount of consumption of packaging materials in 2018, so no data in 2017 is available for comparison.

AIR POLLUTANT EMISSIONS

The Group has taken a number of environmental protection actions for more efficient emission reduction and control to effectively protect the environment, reduce pollution and build an internationally advanced green technology system.

The Group has asked its plants to aim for strict compliance with the requirements of national and local laws and regulations and supervises how each plant collects and compiles relevant laws and regulations twice a year. After compliance evaluation, a regular self-examination and rectification project is set up for each business unit. In addition, we have established a production safety department to supervise production and operation processes and the effective operations of air pollutant equipment, technologies, and environmental care projects. Meanwhile, we encourage the establishment of a supervision team for exhaust gas treatment within the plants, designate people to check wastewater discharge equipment and prepare and implement exhaust gas self-monitoring solutions.

We are well aware that employees play an important role in the reduction of industrial wastes. Hence, we have committed considerable resources to the education of employees on correct environmental protection concepts and the Group's principles in emission reduction. To ensure that employees at plants have a timely, in-depth understanding of management policies in the manufacturing process, we regularly hold environmental knowledge training and distribute documents regarding and explain relevant policies to each new employee. The Group strives to create an environmentally friendly atmosphere from within to reduce the environmental impact of exhaust gas emissions from the production process.

Data on types and amount of emissions for 2018 and 2017 is compared as follows:

Major air emissions (tonne) ^{Note 1}	2018	2017
Nitrogen oxides	5.6	5.6
Particles	5.9	3.1
Sulphur dioxide	11.2	8.5
Chemical oxygen demand (COD)	5.2	0.0
Xylene	0.2	0.0

Note 1: The scope includes data related to production at two plants.

ENVIRONMENTAL PROTECTION

WASTEWATER DISCHARGE

The Group is very concerned about the environmental impact of wastewater generated during the production process, so policies and operational instructions concerning wastewater discharge have been put in place. For example, the Group has set up a production safety department to supervise the implementation of the above policies to ensure that internal wastewater management measures are executed smoothly. In addition, we have adopted a management mechanism based on the principle of accountability to better supervise the work progress of wastewater treatment facilities and sewer lines. While improving on-site management, we work to effectively avoid the problem of substandard drainage caused by facility failure.

In addition, tank areas within the Group have been treated against leaks and corrosion. Pipelines are all arranged in a way that separates sewage from rainwater. Sewer lines are directly connected to wastewater treatment facilities that allow wastewater to be discharged into local sewage treatment plants after treatment. The Group's sewage vents are equipped with automatic monitoring equipment to prevent any form of water pollution incidents and minimise pollution on local soil and water sources. We have recycled water in production and washing processes at plants, reducing wastewater by about 200 tonnes per day and improving the ability to treat wastewater.

In addition to introduction of new equipment and technological innovations, regulatory departments at plants check whether employees follow required operating procedures and deliver process and technique training on a regular basis to improve the employees' understanding of wastewater discharge control. We are still working on the feasibility of upgrading wastewater treatment systems at our plants.

Data on wastewater discharge for 2018 and 2017 is compared as follows:

Wastewater discharged after treatment (tonne) ^{Note 1}	2018	2017
Processed waste water	6,318.6	4,215.0

Note 1: The scope includes data related to production at two plants.

GENERATION, TREATMENT AND RECYCLING OF WASTE

We have implemented several waste emission or discharge reduction and control measures to reasonably reduce the amount of waste generated in the production process and ensure effective management of temporary waste storage. The Group has asked its plants to keep informed of laws and regulations and other requirements published by local governments as well as actual conditions, and systematically sort, collect, and store waste from within the Group.

Hazardous wastes

Guided by internal principles of managing hazardous wastes against leaks, rain, and loss, the Group stores and disposes of generated hazardous wastes mainly as follows:

- Transfer to a professional organization recognised by local environmental protection departments for harmless disposal;
- Set up a hazardous waste collection warehouse for storing hazardous wastes generated by the Group;
- Pack hazardous wastes in woven bags and attach hazardous waste labels to them;
- Set up obvious warning signs in the hazardous waste collection storehouse;
- Designate people to manage hazardous wastes at the dedicated storehouse;
- Hire a qualified third-party solid waste disposal company to dispose of hazardous wastes regularly.

In addition to properly handling generated hazardous wastes, we have also implemented measures to reduce the amount of hazardous waste generated by our plants:

- Replace originally used lime with liquid alkali to reduce the amount of hazardous waste generated in the form of sludges when adjusting the pH value of the dosing tank for sewage treatment;
- Reasonably reduce the amount of ferrous sulphate used for wastewater treatment to produce less hazardous sludge without compromising operational quality.

The Group believes that hazardous waste must be reduced at source with fewer pollutants being produced. To make this happen, we will keep learning during the production process and looking for advanced environmental protection technologies to achieve the sustainability goal of waste reduction.

ENVIRONMENTAL PROTECTION

GENERATION, TREATMENT AND RECYCLING OF WASTE (CONTINUED)

Non-hazardous wastes

In addition to hazardous wastes, we are equally committed to the proper management and handling of non-hazardous wastes. Non-hazardous wastes generated in the Group are usually handed over to the sanitation department for disposal. In daily operations, we encourage employees to use our online system at work to communicate with each other electronically, so as to effectively reduce paper waste.

Data on waste generation for 2018 is set out as follows:

Type of waste (tonne) ^{Note 1}	
Major hazardous waste	
Waste primarily containing organic compound (e.g. ether, phenol, resin, and organic solvents)	1.1
Waste that might contain an inorganic or organic compound (e.g. oil/water or hydrocarbon/water mixtures or emulsion, dye, coating, and cyanide)	0.5
Major non-hazardous waste	
Domestic waste	20.0
Card board	4.0
Carton	14.4

Note 1: The scope includes data related to production at two plants.

Note 2: The Group began to record the generation of wastes in 2018, so no data in 2017 is available for comparison.

OTHER ENVIRONMENTAL IMPACTS

The Group implements the ISO14001 management system within its plants. We have set up a dedicated environmental protection team to regularly assess sources of emissions and reduce environmental hazards. Meanwhile, we proactively seek every opportunity to recycle and reclaim waste gases, wastewater and solid wastes and improve equipment and procedures for handling emissions and discharges to ensure the adequacy and effectiveness of environmental protection. We also lay emphasis on the handling of emergencies upon the occurrence of environmental risks. For example, the Group's plants have hired third party professional companies to prepare environmental emergency plans based on risks and conditions that will occur during production. With such a plan in hand, an environmental emergency response team headed by the general manager of a plant will be set up and file relevant cases with the local environmental protection bureau.

The Group attaches great importance to possible soil pollution from the operation process and has formulated management principles and put in place relevant risk control measures in advance. The *Law on the Prevention and Control of Soil Pollution of the People's Republic of China* (中華人民共和國土壤污染防治法) was adopted at the fifth meeting of the Standing Committee of the 13th National People's Congress on 31 August 2018. In response to national policies and laws, the Group has developed several internal control measures such as the *Soil Pollution Control Procedures* to prevent the risks of soil pollution and requires wastewater from plants to be transported to industrial wastewater treatment plants via special pipelines to avoid soil pollution. We want to do our utmost to protect the neighbouring environment and reduce the ecological impact of the production process.

EMPLOYMENT

We believe that attracting and retaining the best talents is the key to the sustainable development of our business. With a focus on the career development and physical and mental health of our employees, we are committed to maintaining a quality workplace that values good character, diversity, cooperation and communication. We are convinced that the diverse background of leaders and employees can help improve the Group's decision-making ability and flexibility. To this end, we actively promote a series of measures to promote employee diversity and equal opportunities.

EMPLOYMENT POLICY

KCF operates mainly in China with two production bases in Fogang County, Guangdong Province and Wuning County, Jiangxi Province. We strictly abide by the *Labour Law of the People's Republic of China* (中華人民共和國勞動法), *Law of the People's Republic of China on the Protection of Rights* (中華人民共和國婦女權益保障法) and *Interests of Women*, *Trade Union Law of the People's Republic of China* (中華人民共和國工會法), and *Social Insurance Law of the People's Republic of China* (中華人民共和國社會保險法). These laws specify requirements concerning employee compensation and dismissal, recruitment and promotion, vacations, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. We have developed and implemented employment-related policies and procedures, including the *Compensation Management System*, *Performance Appraisal System*, *Evaluation Management System*, *Human Resources Management Procedures*, *Employee Handbook*, and *Bonus Distribution System* to ensure compliance with relevant laws and regulations and serve as a reference for employees. Departments are responsible for supervising the implementation of the above policies, distributing documents regarding and interpret relevant policies for each new comer, and regularly organising training to explain relevant policy contents. In addition, we audit the implementation of these policies annually. A whistle-blowing system is also in place with a dedicated team to investigate any unfair treatment and take appropriate actions.

We believe that recruiting talent is crucial to the development of a company. All applicants must undergo a formal and objective assessment to determine whether they have the aptitude and ability to meet the requirements of the Group's business development. At the same time, we have also established stringent procedures for examination and approval to ensure fairness of the recruitment process. All candidates qualified for employment must have reached the statutorily required age and have been in possession of valid identification documents issued by the public security department before they can be officially appointed. All employees are required to enter into labour contracts for the prevention of forced labour. All staff must be employed on a voluntary basis and in a legal manner. During the Reporting Period, the Group had approximately 267 employees including 178 men and 89 women. Among them, 266 are full-time employees and 1 is part-time employees.

In terms of compensation policies, we adjust employees' compensation mainly based on their individual performance and the Group's financial performance. The Group conducts a comprehensive performance appraisal of its employees each year. It assesses their performance, working attitudes, and length of service during the year. Their compensation is adjusted based on appraisal results to maintain the fairness of compensation determination. We also grant special bonuses to eligible employees, depending on their performances and the Group's financial conditions. We provide adequate paid annual leave and stipulate appropriate work hours and off hours to ensure a work-life balance on the part of employees.

EMPLOYMENT

EMPLOYMENT POLICY (continued)

In addition to providing competitive compensation packages, we believe that good promotion opportunities are an effective way to motivate employees, giving them clear career goals and offering opportunities for competent employees. The Group encourages internal promotion, as approximately 80% of the current team of junior, intermediary or senior managers have come through the ranks to where they are now.

Furthermore, we seek to foster a diverse workplace with strict prohibition against discrimination in any form. During the Reporting Period, the Group was not aware of any discriminatory incidents. We have clearly set out the Group's rules and regulations and requirements and expectations for employees in human resources management policies and the employee handbook, including job descriptions and appraisal criteria. Transparent, fair recruitment, compensation, promotion and other mechanisms have also been established. Currently, we run recruitment programmes in all major cities of China and employment opportunities are available to all qualified applicants. All rankings of employee are entitled to equal opportunities for training to ensure that all employees have adequate opportunities in career development. We have also established a whistle-blowing system with a dedicated team to investigate any unfair treatment and adopt disciplinary actions. Meanwhile, we hold the employment relationship with our employees in high regard, have proper communication with them, and strictly prohibit unreasonable dismissal of staff. The period of notice of termination is clearly stated in the employment contract.

The Group was not aware of any material breach of applicable laws and regulations pertaining to employment that had a significant impact on the Group during FY2018.

STAFF ACTIVITIES AND BENEFITS

We offer a full range of benefits and organise various events for our full-time employees, with an aim to provide a favourable working environment and to promote a work-life balance for them. We continued to organise a number of staff activities and provide several benefits to them in 2018, including:

- Free meals
- Staff quarters
- Annual dinner
- Sports contests
- Social insurance and provident fund
- Parental leave

EMPLOYMENT

TRAINING AND DEVELOPMENT

KCF believes that excellent talent is the foundation of business development. It pays great attention to talent cultivation and offer diversified development opportunities and various training sessions. Kingboard Management Academy founded by the Group in 2003 has established a comprehensive training system to provide pre-graduation management, induction training and in-service training for employees of different ranks so that employees can continue their education and the Group has a stable, tiered talent system.

We have formulated annual training plans to deliver three types of training to employees, namely induction training, external training and internal training:

Induction training: We have training specialists to train new employees about the Group's rules and regulations, corporate culture, production safety, production characteristics, emergency plans, risk factors, occupational health, emergency measures, safe operating procedures, typical accident cases, and other safety education content. Employees can start their jobs only after passing the training. We also organise regular job skill training to ensure that employees meet job requirements.

External training: External training is categorised into management training and technical training, including training that Kingboard Management Academy offers from time to time for the enhancement of management skills and aptitude. In addition, some of our employees have obtained professional qualification certificates for fusion welding and thermal cutting operations thanks to our support.

Internal training: To consolidate fundamental skills and knowledge of employees and enhance their capabilities, we provide employees with various operation skills training according to annual training plans, including training on production processes, codes of conduct, and risk prevention. The Group provides career planning support not just for existing staff, but also for fresh graduates. Following discussions between heads of the HR and other relevant departments and each graduate, a customised training plan will be designed based on the wishes and aspirations of such graduate, and experienced mentors will be assigned to provide guidance, support and assistance in connection with the career path of graduates.

Our training policy not only helps cultivate a large number of talented people for the Group but also improves work skills and human capital. Even if employees leave the Group, the training content is still conducive to their future work and development. In addition, our administration department will provide departing employees with advice to facilitate a successful transition into new working environment.

EMPLOYEE HEALTH AND OCCUPATIONAL SAFETY

KCF regards occupational health and safety as one of its foremost responsibilities. We abide by the *Law of the People's Republic of China on Safe Production* (中華人民共和國安全生產法), *Labour Law of the People's Republic of China* (中華人民共和國勞動法), and *Law of the People's Republic of China on the Prevention of Occupational Diseases* (中華人民共和國職業病防治法), which specify requirements pertaining to safe working conditions and protection of employees against occupational hazards. We have adopted stringent measures to ensure compliance of our production processes with various regulatory requirements and developed the *Safety Production Management System* and *Safety Accident Emergency Rescue Operating Procedures* to regulate production behaviour. The production department is responsible for supervising the implementation of the above policies, distributing documents regarding and interpret relevant policies for each new comer, and regularly organising training to explain relevant policy content to ensure regulatory compliance.

EMPLOYMENT

EMPLOYEE HEALTH AND OCCUPATIONAL SAFETY (continued)

Employees at some workshops may face occupational hazards and safety accident risks as our production stages involve mechanical operations. Therefore, we have established appropriate safe operating procedures for different production processes, detailing the corresponding safety precautions and requested employees to strictly abide by them. A three-tier safety training programme, comprising onboarding training, workshop training and shift training, is arranged for all new employees. Safe operating procedures are explained during training. Any violations of the safe operating procedures are reflected in individual performance appraisals. Below are measures we have promoted and implemented for employee health and occupational safety in FY2018:

- Arrange safety training based on the job nature, such as training on how to safely operate forklifts and pressure vessels for special operations;
- Deliver fire safety training with content including familiarisation with escape routes, skills of evacuation in fire accidents, general knowledge on safe assembly and proper application of fire extinguishers and fire hoses, during which we require employees to handle fire equipment in person;
- Inspect fire protection systems and facilities on a regular basis and conduct annual fire drills;
- Conduct emergency plan drills every year, including hazardous chemical spill, dangerous waste leakage, and special equipment emergency drills;
- A “Month of Safe Production” is held from time to time to enhance employees’ awareness on production safety.
- Organize occupational health training and education to summarize and promote occupational health management experience;
- Perform occupational health checks and establish health check records; and
- Organize on-site inspections on a regular basis to order relevant personnel to correct unsafe conditions detected during the inspections.

Moreover, staff health represents a top priority for the Group. As such, the Group has adopted a range of measures to create a safe workplace for employees and protect employees from occupational hazards. To ensure workplace safety of plant workshops, we have engaged professional environmental consulting firms to conduct tests on workshop hazards. Employees are required to attend occupational health checks prior to starting work in the Company or transferring to new positions, and may only commence work after passing such checks. We organise regular health checks at a full-service hospital for all staff on an annual basis. Employees susceptible to occupational hazards, once identified, are transferred to other positions to make sure they stay away from such occupational hazards. In addition, we strictly follow the requirements of the *Labour Law of the People’s Republic of China* (中華人民共和國勞動法) that employees should also take a physical examination before departure to protect their health.

The Group was not aware of any material breach of laws and regulations pertaining to staff health and occupational safety that had a significant impact on the Group during FY2018.

OPERATIONS

KCF advocates a clean business environment and is committed to combating corruption. Suppliers must meet our expectations for regulatory compliance, a people-oriented mind-set, ethics and business integrity, and environmental protection when doing business with us. Apart from supplier management, we also have the same requirements for the Group's daily operations and products.

SUPPLIER MANAGEMENT

KCF applies stringent requirements in respect of supplier and supply chain management. We have developed and implemented supply chain management systems, including *Supplier Management Procedures* and *Procurement Evaluation Procedures* and required employees and the management to follow them.

All suppliers must pass our Group's evaluation before entering into cooperation with us. A vetting process is conducted in respect of the business licenses, accreditations and qualifications of suppliers, including various international quality management system ("ISO") accreditations (such as ISO 9001) to ensure suppliers' compliance with the Group's requirements. We also conduct on-site product assessments at suppliers' premises and sample tests on their products to ensure compliance of their products with our quality requirements. Suppliers who meet the requirements and pass the above supplier evaluation procedures will be included in our Qualified Supplier List. Before signing a cooperation agreement with some major suppliers, we will sign the *List of Materials Subject to Environmental Control* and *Pledge of Suppliers Against the Use of Environment-related Materials* with them, setting out the Group's expectations for suppliers' environmental and material management and control.

We also perform annual supplier reviews. Departments related to supplier management, such as the procurement department and quality department, and the management will perform reviews and on-site assessments on suppliers' quality control, environmental systems, production environment and social responsibility and record results in the Supplier Review Form. We will stop working with any suppliers who fail such evaluation to ensure compliance of their products and services with quality requirements and the principle of sustainable development and avoid compromising the quality and safety of the Group's products. During the Reporting Period, we were not aware of any suppliers who had actually or potentially significant negative impacts on the environment during our supplier evaluation.

PRODUCT MANAGEMENT AND SAFETY

KCF is committed to producing and providing quality and safe products for customers with a focus on customers' product experience and after-sales services. We strictly abide by the *Product Quality Law of the People's Republic of China* (中華人民共和國產品質量法), *Law of the People's Republic of China on Protection of Consumer Rights and Interests* (中華人民共和國消費者權益保護法), and *Advertising Law of the People's Republic of China* (中華人民共和國廣告法). These laws prescribe requirements on product quality, safety management, customer privacy and advertising compliance. We have developed and implemented policies and procedures related to product management, including Product Quality Management System, Product Return Recycling Procedures and After-sales Service Solution. We regularly organize training courses for our employees to ensure that they have a clear understanding of relevant policies and procedures. We have put in place a whistle-blowing system with a dedicated team to investigate any violations and adopt disciplinary actions.

The Group was not aware of any material breach of applicable laws and regulations pertaining to product and service quality and customer privacy that had a significant impact on the Group during FY2018.

OPERATIONS

PRODUCT MANAGEMENT AND SAFETY (continued)

Our plants have passed the ISO9001:2015 quality management system certification and the IATF 16949:2016 quality control system certification for the automotive industry. At present, the Group has developed a variety of quality standards with guidebooks covering processes from incoming inspection to packaging and shipping. Product quality control is performed by the quality inspection department in accordance with the relevant standards and guidebooks to ensure that our raw materials, semi-finished products and finished products are compliant with relevant quality standards. In addition, we arrange regular training for the staff of the quality inspection department to ensure that they have knowledge and skills required for business.

Our production and processing comply with Chinese standards *GB9656-2003 Safety glazing materials for road vehicles (GB9656-2003汽車安全玻璃)* and *GB15763.3-2009: Safety glazing materials in building (GB15763.3-2009建築用安全玻璃)* that specify different technologies and processes for different types of safety glass at different locations in automotive and building fields respectively. We regularly commission third-party organizations to evaluate our product quality control system and offer improvement suggestions to help us make continuous progress. To prevent the circulation of sub-standard products and ensure consistency of product specifications with customers' requirements, we typically conduct a compliance check of each finished item prior to delivery. During the Reporting Period, we were not aware of any violation of relevant product quality standards.

CUSTOMER INFORMATION AND INTELLECTUAL PROPERTY PROTECTION

KCF stresses emphasis on customer information and intellectual property protection. We require our staff to comply with the Group's internal rules and regulations on information protection and handle and store customer-related information with prudence and care. We have also implemented various computer controls to protect customer information in our computer systems. Such internal control measures are reviewed on a regular basis to ensure their effectiveness. Our product information is managed and maintained in an enterprise resource planning (ERP) system. System licenses of all operators are strictly set based on their responsibilities, and the management regularly checks their permissions. We also sign confidentiality and non-competition agreements with employees. During the Reporting Period, we did not receive any complaints about customer privacy.

ANTI-CORRUPTION AND ANTI-COMPETITIVE BEHAVIOUR POLICY

The Group strictly abides by the *Anti-Unfair Competition Law of the People's Republic of China (中華人民共和國反不正當競爭法)*, *Anti-Money Laundering Law of the People's Republic of China (中華人民共和國反洗錢法)*, *Tendering and Bidding Law of the People's Republic of China (中華人民共和國招標投標法)*, and *Anti-Corruption Organization Law (反貪污腐敗組織法)*. All members of our staff, including the management, are required to read and strictly abide by the *Code of Conduct* of the Group, especially its content related to bribery, extortion, and fraud and attend relevant courses to ensure that they have a clear understanding of relevant policies. Meanwhile, management personnel are required to declare conflicts of interest annually, in any form. The Group has set up anonymous reporting and independent team investigation mechanisms to deal with all reports on bribery, extortion, fraud, money-laundering and competitive behaviour. We also conduct annual internal control audits that involve employees' compliance with policies against corruption, bribery, extortion, fraud, money-laundering and competitive behaviour.

The Group was not aware of any material breach of applicable laws and regulations pertaining to the prevention of corruption, bribery, extortion, fraud, and money laundering and competition during FY2018.

COMMUNITY

We believe that winning trust from communities where we operate and their recognition of the Group's contribution is essential to sustainable business development. As a socially responsible company, we have the mission of promoting the harmonious development of community even though our product production and operation have not had any negative impacts on communities. We encourage employees to participate in volunteer work and support community investment and development.

DONATIONS AND PUBLIC WELFARE ACTIVITIES

The Group considers community care and social contribution as core responsibilities that form part of the Group's long-term development. In 2018, we helped people in need through donations and public welfare activities. During the Reporting Period, we focused on supporting social groups with less favourable financial conditions. For example, we once organized employees to visit local villagers on a festive day and donate money to their village to help the local poverty-stricken elderly. We also participated in the Donate A Day's Income campaign in Kunshan City, Jiangsu Province where we donated money to Kunshan Charity Federation to help local poor people.

In addition, we have set up a charity fund to support financially disadvantaged employees in the Group. Ordinary employees who took part in this activity shall donate RMB1 per month to the fund and those at the manager level or above shall donate RMB10 per month to help colleagues in need.

CONTRIBUTION TO COMMUNITIES

We proactively promote the popularization of science and community education. During the year, the Group held activities to spread "first aid knowledge", "fire safety knowledge" and other knowledge in local communities and invited employees and local people to join. During these activities, our employees actively shared our expertise and experience with the public. We also create a large number of jobs for communities. In addition to hiring staff at each plant location, we are also happy to offer internship opportunities for young people. Since 2010, the Group has been offering the "Vibrant Youth Undergraduate Internship Programme" in association with Kowloon Federation of Associations in Hong Kong, providing opportunities for undergraduates in Hong Kong to participate in person in internship projects in Mainland China, with a view to helping them to broaden their vision and thinking, and to gain insight on how Hong Kong companies operate in Mainland and what market conditions they face.

We also create jobs for people with disabilities and provide on-the-job training and other resources to help them adapt to the working environment at the Group, thereby enabling them to live on their own.

GRI APPENDIX

Disclosures	Reporting requirements	Related sections
General Disclosure		
102-1	Name of the organisation	Kingboard Copper Foil Holdings Ltd
102-2	Activities, brands, products and services	"About This Report" – "Group Business"
102-3	Location of headquarters	"About This Report" – "Group Business"
102-4	Location of operations	"About This Report" – "Group Business"
102-5	Ownership and legal form	"About This Report" – "Group Overview"
102-6	Markets served	"About This Report" – "Group Business"
102-7	Scale of the organisation	"About This Report" – "Group Business" "Employment" – "Employment Policy" Annual Report 2018
102-8	Information on employees and other workers	"Employment" – "Employment Policy"
102-9	Supply Chain	"Operation" – "Supply Chain Management"
102-10	Significant changes to the organisation and its supply chain	No significant changes
102-11	Precautionary principle or approach	"About This Report" – "CSR Governance Structure"
102-12	External initiatives	"About This Report" – "Group Business"
102-13	Membership of associations	N/A
102-14	Statement from senior decision-maker	"Chairman's Message"
102-16	Values, principles, standards, and norms of behaviour	"About This Report" – "CSR Vision" and "Mission and Objectives"
102-18	Governance structure	"About This Report" – "CSR Governance Structure"
102-40	List of stakeholder groups	"About this Report" – "Stakeholder Engagement"
102-41	Collective bargaining agreements	N/A
102-42	Identifying and selecting stakeholders	"About this Report" – "Stakeholder Engagement"
102-43	Approach to stakeholder engagement	"About this Report" – "Stakeholder Engagement"
102-44	Key topics and concerns raised	"About this Report" – "Stakeholder Engagement"
102-45	Entities included in the consolidated financial statements	Please refer to Annual Report 2018
102-46	Defining report content and topic boundaries	"About this report" – "Reporting Scope" and "Stakeholder Engagement"
102-47	List of material topics	"About This Report" – "Overview of Materiality Assessment Results"
102-48	Restatements of information	N/A
102-49	Changes in reporting	N/A (No significant changes)
102-50	Reporting period	January 1 to December 31, 2018 "About This Report" – "Reporting Scope"
102-51	Date of most recent report	January 1 to December 31, 2017 "About This Report" – "Reporting Scope"
102-52	Reporting cycle	Every accounting year "About This Report" – "Reporting Scope"
102-53	Contact point for questions regarding the report	"About This Report" – "Response to This Report"
102-54	Claims of reporting in accordance with the GRI Standards	"About This Report" – "Reporting Scope"
102-55	GRI content index	"GRI Appendix"
102-56	External assurance	"About This Report" – "Reporting Scope"

Disclosures Disclosure of Specific Topics	Reporting requirements	Related sections
Anti-corruption		
103-1/2/3	Management approach	"Operation" – "Anti-Corruption and Anti-Competitive Behaviour Policy"
205-3	Confirmed incidents of corruption and actions taken	"Operation" – "Anti-Corruption and Anti-Competitive Behaviour Policy"
Anti-competitive Behaviour		
103-1/2/3	Management approach	"Operation" – "Anti-Corruption and Anti-Competitive Behaviour Policy"
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	"Operation" – "Anti-Corruption and Anti-Competitive Behaviour Policy"
Energy		
103-1/2/3	Management approach	"Environmental Protection" – "Climate Change and Greenhouse Gas Emissions"
302-1	Energy consumption within the organization	"Environmental Protection" – "Climate Change and Greenhouse Gas Emissions"
302-3	Energy intensity	"Environmental Protection" – "Climate Change and Greenhouse Gas Emissions"
Water		
103-1/2/3	Management approach	"Environmental Protection" – "Climate Change and Greenhouse Gas Emissions"
303-1	Water withdrawal by source	"Environmental Protection" – "Climate Change and Greenhouse Gas Emissions"
Emissions		
103-1/2/3	Management approach	"Environmental Protection" – "Climate Change and Greenhouse Gas Emissions"
305-1	Direct (Scope 1) greenhouse gas emissions	"Environmental Protection" – "Climate Change and Greenhouse Gas Emissions"
305-2	Energy indirect (Scope 2) greenhouse gas emissions	"Environmental Protection" – "Climate Change and Greenhouse Gas Emissions"
305-4	Intensity of greenhouse gas emissions	"Environmental Protection" – "Climate Change and Greenhouse Gas Emissions"
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	"Environmental Protection" – "Air Pollutant Emissions"

GRI APPENDIX

Disclosures	Reporting requirements	Related sections
Disclosure of Specific Topics		
Effluents and Wastes		
103-1/2/3	Management approach	“Environmental Protection” – “Wastewater Discharge”
306-1	Water discharge by quality and destination	“Environmental Protection” – “Generation, Treatment and Recycling of Waste”
306-2	Waste by type and disposal method	“Environmental Protection” – “Wastewater Discharge”
306-3	Total number and volume of significant spills	“Environmental Protection” – “Generation, Treatment and Recycling of Waste” No spills
Environmental Compliance		
103-1/2/3	Management approach	“Environmental Protection”
307-1	Non-compliance with environmental laws and regulations (total monetary value of significant fines; total number of non-monetary sanctions; cases brought through dispute resolution mechanisms.)	No breach of environmental protection regulations
Supplier Environmental Assessment		
103-1/2/3	Management approach	“Operation” – “Supply Chain Management”
308-1	New suppliers that were screened using environmental criteria	“Operation” – “Supply Chain Management”
308-2	Negative environmental impacts in the supply chain and actions taken	“Operation” – “Supply Chain Management”
Employment		
103-1/2/3	Management approach	“Employment” – “Employment Policy”
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	“Employment” – “Employment Policy” and “Employee Activities and Benefits”

Disclosures	Reporting requirements	Related sections
Disclosure of Specific Topics		
Occupational Health and Safety		
103-1/2/3	Management approach	"Employment" – "Employee Health and Occupational Safety"
403-3	Workers with high occupational disease incidence and high occupational hazard	"Employment" – "Employee Health and Occupational Safety"
Training and Education		
103-1/2/3	Management approach	"Employment" – "Training and Development"
404-2	Programmes for upgrading employee skills and transition assistance	"Employment" – "Training and Development"
Non-discrimination		
103-1/2/3	Management approach	"Employment" – "Employment Policy"
406-1	Incidents of discrimination and corrective actions taken by the organization	"Employment" – "Employment Policy"
Child Labour		
103-1/2/3	Management approach	"Employment" – "Employment Policy"
408-1	Operations and suppliers at significant risk for incidents of child labour	"Employment" – "Employment Policy"
Forced or compulsory labour		
103-1/2/3	Management approach	"Employment" – "Employment Policy"
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	"Employment" – "Employment Policy"
Local Community		
103-1/2/3	Management approach	"Community"
413-2	Operations having significant actual or potential negative impacts on the local communities	"Community" "Environmental Protection" – "Climate Change and Greenhouse Gas Emissions", "Air Pollutant Emissions", "Wastewater Discharge" and "Generation, Treatment and Recycling of Waste"

GRI APPENDIX

Disclosures	Reporting requirements	Related sections
Disclosure of Specific Topics		
Supplier Social Assessment		
103-1/2/3	Management approach	"Operation" – "Supply Chain Management"
414-1	New suppliers that were screened using social criteria (percentage)	"Operation" – "Supply Chain Management"
Customer health and safety		
103-1/2/3	Management approach	"Operation" – "Product Management and Safety"
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	"Operation" – "Product Management and Safety"
Customer Privacy		
103-1/2/3	Management approach	"Operation" – "Customer Information and Intellectual Property Protection"
418-1	Substantiated complaints concerning breaches of customer privacy or losses of customer data	"Operation" – "Customer Information and Intellectual Property Protection"
Socioeconomic Compliance		
103-1/2/3	Management approach	"Environmental Protection", "Employment" and "Operation"
419-1	Non-compliance with laws and regulations in the social and economic area	"Chairman's Message"



23/F, Delta House, 3 On Yiu Street, Shek Mun, Shatin, N.T., Hong Kong
Tel : (852) 2605 6493 Fax : (852) 2691 5245
E-mail : enquiry@kingboard.com Web site : <http://www.kbcopperfoil.com>