



# 倩碧控股有限公司

**Simplicity** Holding Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8367

## Environmental, Social and Governance Report 2020

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THIS REPORT

Simplicity Holding Limited (the “**Company**”), together with its subsidiaries (the “**Group**”), are pleased to present its annual Environmental, Social and Governance Report (the “**Report**”) of the Group for the financial year ended 31 March 2020. This Report is to provide an overview of the Group’s management upon the ESG-related issues in the operation.

### Preparation Basis and Scope

This Report is prepared in accordance with Appendix 20 to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (“**GEM Listing Rules**”) – “Environmental, Social and Governance Reporting Guide” (“**ESG Reporting Guide**”) and has complied with “comply or explain” provision in the GEM Listing Rules.

This Report summarises the performance of the Group in respect of corporate social responsibility, covering its operating activities which are considered as material by the Group. With the aim to optimise and improve the disclosure requirements in the Report, the Group has taken initiative to formulate policies, record relevant data, implement and monitor measures. This Report shall be published both in Chinese and English on the website of Stock Exchange and the Company. Should there be any discrepancy between the Chinese and the English versions, the English version shall prevail.

During the year, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the disclosed contents are in compliance with the requirements of the ESG Reporting Guide.

### Reporting Period

This Report demonstrates our sustainability initiatives during the reporting period from 1 April 2019 to 31 March 2020 (the “**Reporting Period**”).

### Contact Information

The Group welcomes your feedback on this Report for our sustainability initiatives. Please contact us by email to [info@simplicityholding.com](mailto:info@simplicityholding.com).

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## INTRODUCTION

We are a casual dining full service restaurant operator and during the financial year ended 31 March 2020, the Group operated 12 restaurants under 3 brands, namely “Marsino”, “Baba Nyonya” and “Grand Avenue”, and they are all situated across Hong Kong, Kowloon and the New Territories, and are supported by our central kitchen, storage and ancillary office in Kwai Chung.



Sustainable development is an integral part of the Group's business strategy in order to achieve business excellence and enhance capabilities for long-term competitiveness. We are committed to operating in a manner that is economically, socially and environmentally sustainable while balancing the interests of our various stakeholders and fostering a positive impact on the society. Our sustainability strategy is based on the compliance with the applicable legal requirements, principle of sustainability and opinions from stakeholders. We have established and implemented various policies to manage and monitor the risks related to the environment, employment, operating practices and community. Details of the management approaches to sustainable development of different areas are illustrated in this Report.

### Stakeholders Engagement

In order to understand stakeholders' needs, continuous and active communication with stakeholders is essential to our business operation. We set up diverse communication channels to exchange information and receive feedback from stakeholders. Communication channels with major stakeholder groups were as below:

Stakeholders	Expectations	Engagement Channels
Investors	<ul style="list-style-type: none"><li>– Return on investment</li><li>– Business strategies</li><li>– Future development plan</li></ul>	<ul style="list-style-type: none"><li>– Annual General Meeting and shareholder meetings</li><li>– Announcements and circulars</li><li>– Financial reports</li><li>– Company's website</li></ul>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholders	Expectations	Engagement Channels
Customers	<ul style="list-style-type: none"> <li>– Food safety</li> <li>– Product and service responsibility</li> <li>– Food choice</li> <li>– Good dining environment</li> </ul>	<ul style="list-style-type: none"> <li>– Customer satisfaction surveys and feedback forms</li> <li>– Direct communication</li> <li>– Information of the restaurant and food commentary in the social media</li> <li>– Company's hotline and email</li> <li>– Company's website</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>– Business ethics and reputation</li> <li>– Cooperation with mutual benefits</li> <li>– Long-term partnership</li> </ul>	<ul style="list-style-type: none"> <li>– Supplier management meetings and events</li> <li>– Site visits and performance review</li> <li>– Procurement processes</li> </ul>
Employees	<ul style="list-style-type: none"> <li>– Health and safety</li> <li>– Career development</li> <li>– Remuneration and benefits</li> <li>– Equal opportunities</li> </ul>	<ul style="list-style-type: none"> <li>– Training</li> <li>– Performance appraisal</li> <li>– Meetings and communications</li> <li>– Internal newsletters and other publications</li> </ul>
Government and regulatory bodies	<ul style="list-style-type: none"> <li>– Tax payment as required by law</li> <li>– Business ethics</li> <li>– Complying with relevant laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>– Performance reports</li> <li>– Written response to public consultation</li> <li>– Site visits</li> </ul>
Community	<ul style="list-style-type: none"> <li>– Protect the environment</li> <li>– Giving back to society</li> </ul>	<ul style="list-style-type: none"> <li>– Press release</li> <li>– Company's website</li> <li>– ESG reports</li> </ul>
Landlords	<ul style="list-style-type: none"> <li>– Lease contract arrangement</li> <li>– Brand image and marketing</li> </ul>	<ul style="list-style-type: none"> <li>– Regular meetings</li> <li>– Festival event gatherings (in shopping malls)</li> <li>– Opening ceremonies of new shops</li> </ul>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 1. ENVIRONMENTAL PROTECTION

### Emissions

With the policy relating to emission, water and wastes aiming to reduce the impact of its business operation on the environment, the Group implements measures for environmental protection, such as installation of efficient filtering equipment for its exhaust and waste water produced from cooking to reduce air and water pollutions, and regular maintenance of ventilation system. During the Reporting Period, the Group was not in violation of any of the relevant laws and regulations in relation to environmental protection that have a significant impact on the Group.

### Air emissions

During our operations, the use of electricity in restaurants, central kitchen and office generate carbon dioxides (“CO<sub>2</sub>”), while the usage of vehicles generates the emission of nitrogen oxides (“NOx”), sulphur oxides (“SOx”) and particulate matters (“PM”). The approximate amount of CO<sub>2</sub>, NOx, SOx and PM are shown in the following table:

Types of emission	Unit	2020	2019
Nitrogen Oxides (“NOx”)	kg	270.65	463.67
Sulphur Oxides (“SOx”)	kg	0.77	1.68
Particulate Matter (“PM”)	kg	14.47	15.71

Compared to the last financial year, the total amount of air emissions remains at a reasonably low level. The NOx, SOx and PM emissions have decreased due to the total number of restaurants in the Reporting Period has reduced from 14 to 12, as a result, the total fuel consumption was also reduced due to the total distance for delivering food materials to our group restaurants was decreased.

Meanwhile, the Group commits to reduce and ensure the efficient usage of transportation vehicles continuously. The Group has implemented the following measures so as to achieve the environmental friendly approach: i) reduce the frequency of delivery of food materials to our group restaurants from once a day to once in two days; ii) try to utilise all the space of the goods vehicles to store our food materials so that we could reduce the number of deliveries of food materials to our group restaurants; and iii) select the logistics partner who is mainly using the environment-friendly goods vehicles for delivering our food materials.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Greenhouse Gas (“GHG”) Emissions

Greenhouse gas is considered as one of the major contributors to the climate change and global warming. Energy consumption accounts for a major part of our GHG emission. The Group endeavours to improve energy efficiency and reduce energy consumption by adopting energy saving initiatives mentioned in the section “Use of Resources” of this Report.

During the Reporting Period, the GHG emission was as follows:

Types of GHG emission	Unit	2020	2019
Scope 1 (Note 1)	tonnes of CO <sub>2</sub> e	1,671.46	4,057.70
Scope 2 (Note 2)	tonnes of CO <sub>2</sub> e	2,032.59	2,702.59
Scope 3 (Note 3)	tonnes of CO <sub>2</sub> e	17.69	27.54
Total GHG emission	tonnes of CO <sub>2</sub> e	3,721.74	6,787.83
GHG emission intensity	tonnes of CO <sub>2</sub> e/ employee (Note 4)	13.53	20.89

Notes:

1. Scope 1: Direct emission from towngas cooking, diesel and petrol consumed by vehicles.
2. Scope 2: Indirect emission from the generation of purchased electricity and purchased town gas consumed by the Group.
3. Scope 3: Other indirect emission from electricity used for processing fresh water and sewage by government departments.
4. The intensity refers to tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) per the total number of employees at the end of the Reporting Period.

## Wastes Management

The Group adheres to the waste management principles and strives to properly manage and dispose all wastes produced in our business activities. Our waste management practices comply with related environmental protection laws and regulations. The Group maintains a high standard in wastes reduction, educates employees about the importance of sustainable development, and provides relevant supports in order to enhance their skills and knowledge in sustainability.

### Hazardous and Non-hazardous Wastes

We do not produce any hazardous waste due to our business natures. For the disposal of non-hazardous waste, the Group has set aside an area for recycling and storing used cooking oil and grease traps in each restaurant for qualified vendors to collect and dispose. We have also placed a number of designated garbage bins in kitchens for staff to centralise food wastes. The qualified wastes collector will collect these garbage bins on a regular basis to ensure the environmental hygiene of kitchens and restaurants. Apart from appointing qualified third parties in handling food wastes, the Group has also implemented various measures in minimising food waste, such as making better use of food ingredients. During the Reporting Period, all food wastes generated by the Group were collected and handled by qualified third party wastes collector.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the Group's non-hazardous wastes disposal performances were as follows:

Non-hazardous wastes type	Unit	Disposal	
		2020	2019
Office paper	tonnes	0.214	0.327
Total non-hazardous wastes intensity	tonnes/million revenue	0.002	0.002

## Use of Resources

Our Group is continuously educating our employees the policies on the efficient use of resources including water, energy and other raw materials in accordance with the relevant environmental laws and regulations.

## Energy Consumption

Electricity is a major resource our restaurant operations, central kitchen and office consume every day. The Group promotes energy saving with various energy-efficient measures, which include switching off idle lightings and air conditioners during non-office hours and lunch time, switching off electrical appliances and devices when the staffs left the office, all computer equipment, printers and photocopiers are set to power saving mode, affix save energy posters near the main switches in order to remind the Group's employees of energy saving. In addition, the Group uses LED lighting in different areas of the Group's restaurants, central kitchen and office.

During the Reporting Period, the energy consumption was as follows:

Types of Energy	Unit	2020	2019
Purchased electricity	MWh	3,270.88	3,550.24
Purchased town gas	MWh	646.18	1,581.51
Total energy consumption	MWh	3,917.06	5,131.75
Energy intensity	MWh/employee (Note 1)	14.24	15.79

Notes:

1. The intensity refers to MWh per the total number of employees at the end of the Reporting Period.

The decrease in electricity and town gas consumption in 2020 was mainly due to the reduction of the total number of our restaurants as well as our efforts on developing energy conservation norm among all staff through internal training, as it has created a sense of urgency to all staff about the importance of energy saving. The Group expects more progress would be made after the energy conservation norm has evolved further among the staff and the result can be reflected in the next year.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Water Consumption

Water is essential to all communities. The Group consumes water in different activities, including washing of food materials, cooking and cleaning of kitchen utensils. The Group endeavours to conserve water efficiently by identifying water saving initiatives. The Group has adopted water-saving production methods and equipment to reduce water consumption. The used water is re-used under feasible circumstances. Furthermore, the Group has conducted regular maintenance of water pipes to prevent leakage of water and repair any defective components. We promote water conservation to our customers and employees. Reminders of water-saving responsibilities, in the form of notices and signs, are posted near to water outlets in the kitchens, washrooms, and offices.

During the Reporting Period, the water consumption was as follows:

Water Consumption	Unit	2020	2019
Total water consumption	m <sup>3</sup>	31,519.00	49,555.00
Water intensity	m <sup>3</sup> /employee (Note 1)	114.61	152.48

Notes:

1. The intensity refers to MWh per the total number of employees at the end of the Reporting Period.

Compare to the last financial year, the decrease in water consumption in 2020 was due to the reduction of the total number of our restaurants as well as the continuous contribution from the regular water consumption analysis and the internal training that create a sense of urgency to all staff about the monitoring of water usage. The Group will keep on performing current works and strive to remain the intensity at a reasonably low level.

Considering the location of our office and restaurants, we do not have any issue in sourcing water that is fit for purpose.

## Packaging Materials

The packaging material used by our Group includes plastic cutlery such as knives, forks and spoons, plastic straws, plastic cups, plastic bags, plastic boxes and etc. We are committed to adopting recycled plastic packages and minimising the usage for our customers. We have utilised every type of packaging material by utilising the space of each in order to avoid excessive packaging. The total plastic packaging materials used by our Group for the year ended 31 March 2020 and 31 March 2019 were approximately 13,159.49 kg and 14,688.81 kg, respectively.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## THE ENVIRONMENT AND NATURAL RESOURCES

The Group views environmental protection as a material issue in promoting sustainable development. We acknowledge that in order to fully address these issues, it requires actions to be taken by all levels. We have also been continuously seeking for better solutions in reducing air and greenhouse gas emissions, the management of water and waste and utilising resources in hope to operate sustainably and in a more responsible manner.

The Group heavily emphasises on indoor air quality, and the Group has strict control over air quality management. We prohibit anyone from smoking in kitchen and dining areas. Any person who is found to have violated such rule will be subjected to disciplinary action, up to and including termination of employment. Besides, the Group has installed exhaust emission systems and air pollution control equipment, including mechanical ventilation systems and oil fume exhaust filters in all restaurants. This helps to minimise the oil fume emissions and odour nuisance arising from our restaurant operations. Apart from these measures, the Group will also conduct regular cleaning of the air conditioning systems to ensure a high level of indoor air quality is provided for both employees and customers.

## 2. EMPLOYMENT AND LABOUR PRACTICES

### Employment

Our Company values staff as our precious asset, we believe that success in hiring, training and retaining experienced employees is critical to providing reliable and quality services in our restaurants.

Our Group seeks to hire employees with relevant experience in the restaurant industry. We offer internal promotion opportunities and competitive remuneration and benefits, with reference to the market conditions, individual responsibilities, performance and qualifications. Various fringe benefits include free meals during shift are offered to our restaurant employees. Discretionary bonus may be awarded based on individual performance.

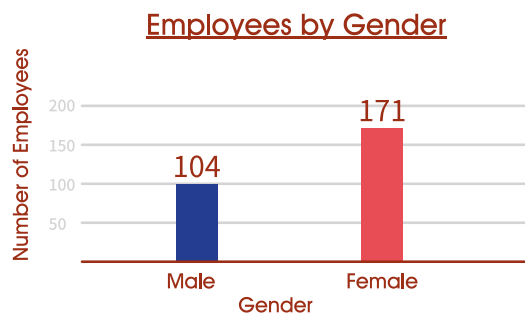
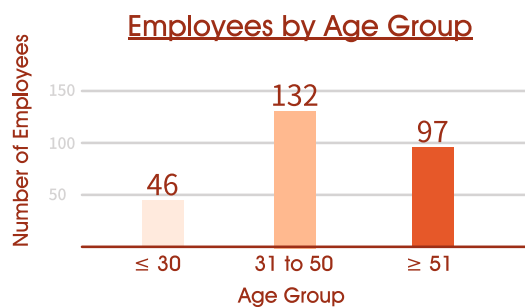
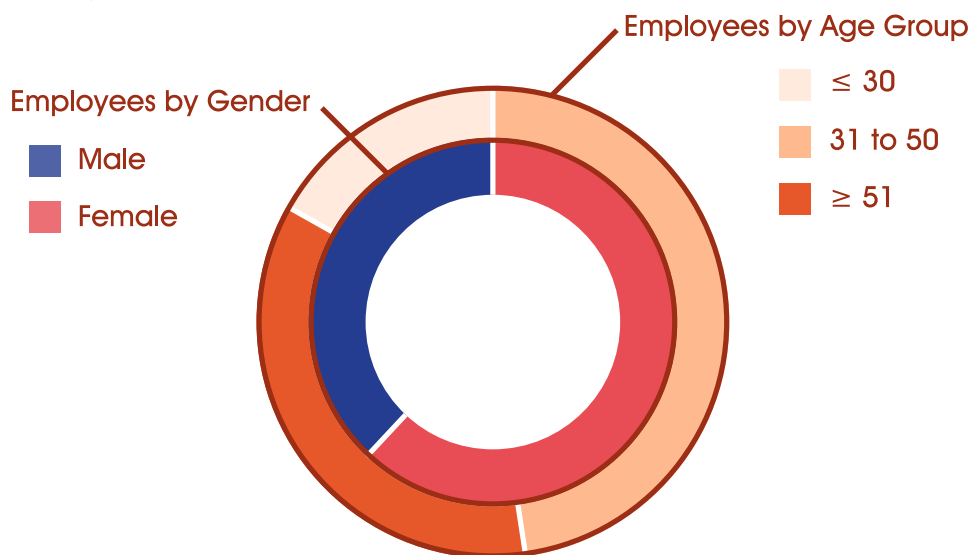
The Group also has a set of comprehensive human resources management policy to support human resources function. The policies include compensation and benefits, working hours and holidays, recruitment and selection, performance management, promotion, employment termination, training and development.

During the Reporting Period, the Group was not aware of any non-compliance with the relevant laws and regulations that had significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Number of Employees

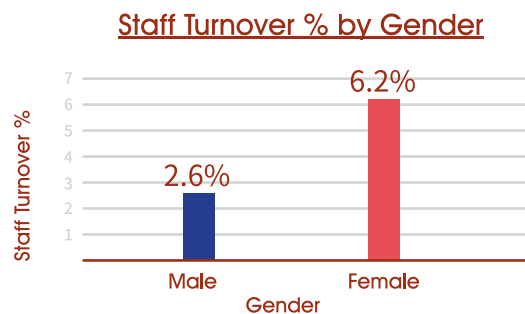
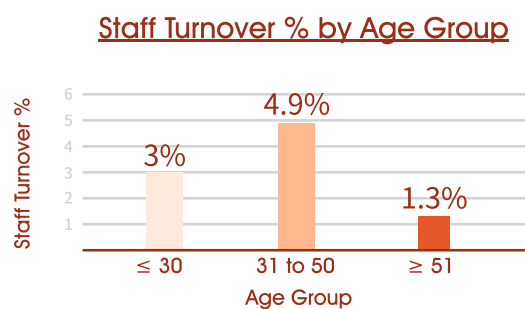
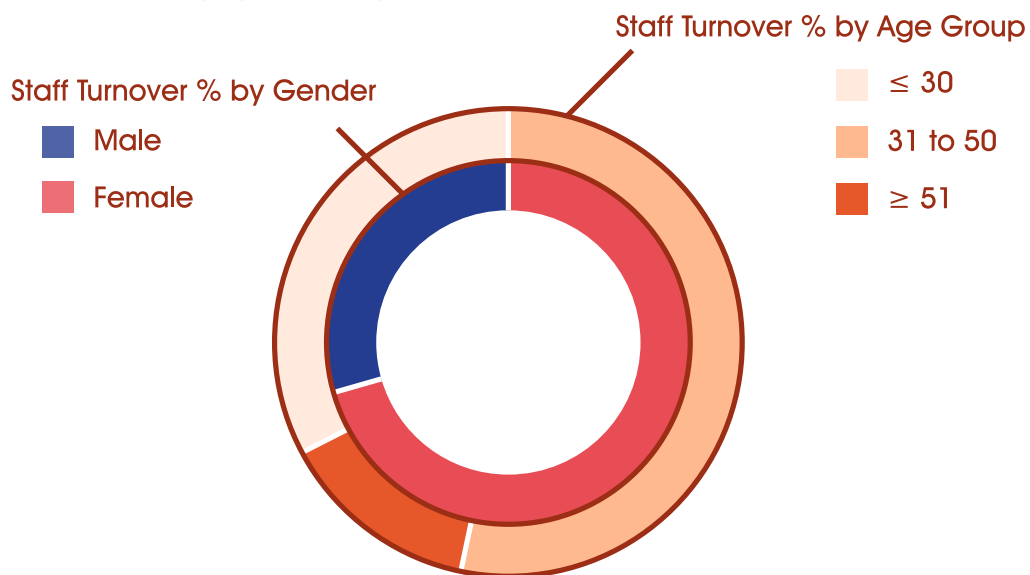
As at 31 March 2020, the Group had 198 full-time and 77 part-time employees. The category by age groups and gender are shown as below.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Employee Turnover Rates

During the Reporting Period, our employee turnover rate is kept at low and relatively stable level. The turnover rate by age groups and gender are shown as below.



All employees of the Group are based in Hong Kong.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Health and Safety

The Group concerns the health and safety of our employees and we strongly believe that ensuring to provide a safe working environment for the employees is the most important social responsibility to its shareholders, employees and the community where it situates. Each of the Group's restaurants satisfies the requirements with the Director of Food and Environmental Hygiene ("DFEH") under the Public Health and Municipal Services Ordinance. All equipment including sanitary fitments, ventilation and facilities for cleaning equipment and utensils are monitored by the Group periodically to remain at a high safety standard.

We strive to create a strong culture of safety awareness by implementing a policy for all kitchen staff to be properly trained to ensure the safety inside the kitchen, such as proper operation of equipment and activities involving heat and sharp objects; kitchen staff are also trained to maintain a safe working condition such as immediate floor cleaning when excess water are unexpectedly present to avoid slippery floor. Our staff are also trained with proper handling of object to avoid injury. We regularly review our safety procedure and update it according to the latest knowledge in the discipline of occupational health and safety, especially those directly relevant to the food and beverage industry.

We believe that these measures are adequate and effective to prevent serious work injuries. When an accident occurs in the Group's central kitchen and restaurants, the senior staff is responsible to report the accident to the administration department as soon as possible.

During the Reporting Period, there was no case of work-related fatality, and there were 1 case of work-related injuries, accounting for a total of 9 lost days. The Group was not aware of any non-compliance with relevant laws and regulations that had significant impact on the Group in providing a safe and healthy working environment during the Reporting Period.

## Development and Training

The Group recognises the importance of skilled and professionally trained employees to its business growth and future success. Thus, the Group provides on-the-job trainings regularly such as training on food preparation and preservation, handling of different food ingredients, hygiene conditions in the kitchen and restaurants, food production flow and quality control in different aspects of the restaurant operation. In addition, the Group trains all front-line service staffs on customer services. We introduce orientation program which is led by our experienced staff as mentors to educate our new staff in the areas of food safety, work safety as well as emphasising the importance of good hygiene environment. We believe such arrangement could enhance the communication efficiency and promote team spirit.

In addition, the Group keeps monitoring the performance of our staff to ensure the delivery of good services to our customers.

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The Group has always encouraged our Directors to attend relevant seminar and training courses to obtain up-to-dated knowledge regarding to corporate governance and industry standard. In addition, we will share the knowledge with our Directors from time to time about the updates of the listing rules in Hong Kong, updates of the rules and regulations of various government bodies such as Food and Environmental Hygiene Department, Labour Department, Inland Revenue Department, Company Registry and etc.

## Labour Standards

The Group always respect and strictly complies with all applicable labour laws, regulations and industry practices. We have also developed rigorous and systematic measures for approval and selection, to prohibit the use of child labour and forced labour. We ensure fair and equal treatment of all employees. The Group arranges the employees' working hours based on the statutory working hour standards and allows them to entitle paid leaves and sick leaves in accordance with labour laws.

The Group has a well-established recruitment process to check the background of candidates and a formal reporting procedure to deal with any exceptions. Upon employment, recruiters will stringently review employees' personal information including academic certificate, ID card, household registration and other information to ensure all information provided by the new employees are true and accurate.

During the Reporting Period, the Group was not aware of any material non-compliance with the labour requirements set out in relevant laws and regulations.

## 3. OPERATIONAL PRACTICES

### Food Safety and Quality Assurance

Food is closely related to people's health. Quality is the most important factor to achieve sustainable growth and build a trustworthy commercial brand. The Group selects food ingredients with due care, often based on the origin, nutritional value, freshness and consumption safety. Raw materials and food ingredients are sourced primarily from the list of suppliers approved by the Group's senior management. Quality and freshness of the food ingredients and raw materials are examined on a regular basis. The Group would stop sourcing from those suppliers if they fail to provide quality food ingredients up to our standard.

In addition to food ingredients procurement, the Group continues to improve the production process in order to further enhance the quality and safety of our food products. The Group identifies the food safety objectives and conducts reviews to ensure consistent compliance. The Group also performs regular identification of hazards, determination of critical control points and timely implementation of effective control and monitoring measures.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group also implements a quality control system that emphasises food hygiene and safety as well as the sanitation and cleanliness of restaurant premises. It covers quality control from food processing and cooking, food and services provided to customers, to the dining environments of restaurants.

Food safety policies and procedures have been developed in accordance with the standards required by the relevant government authorities. Restaurant managers are responsible for reviewing the operations and performance of their respective restaurants to ensure that they are in compliance with the Group's operating guidelines and policies.

We have several staff members from different restaurants involved in implementing various quality control measures on food production, including, among others, checking the quality upon purchase of raw materials, receipt of food ingredients, cooking and serving of foods.

The Directors believe that maintaining good customer satisfaction will help strengthen the Group's price-value proposition, branding and reputation. We make every effort to understand our customers' needs and enhance their experience with our services. The Group welcomes comments and feedback from the customers. All frontline service staff are required to handle every request, enquiry or complaint of customers promptly and seriously. In case of complicated matters that they are not 100% confident to handle, they will pass those cases to the senior management to further follow up.

During the Reporting Period, the number of complaint in relation to food or quality of services were minimal and insignificant.

## **Supply Chain Management**

We generally select our suppliers based on a set of selection criteria, which includes but not limited to the following criteria:

- reputation, capacity, agility and business operations of the supplier;
- variety, type and quality of food ingredients, goods or services offered by the supplier;
- pricing of the food ingredients, goods or services;
- supply terms and conditions, such as payment terms, delivery schedule and discount;
- past performance; and
- our relationship with the suppliers

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Our new suppliers' selection is conducted by sample testing, we receive samples from the new suppliers from time to time and our chefs will use these samples to prepare the dishes for testing. Senior management and executive chefs will then make assessment based on these sample dishes and then will decide whether the samples should be approved or rejected. Other requirements are also needed to consider such as the cost, origin of the supply of the food ingredients, possession of necessary licences, timely delivery of orders, as well as the environmental and societal impact. If the potential supplier passes our initial screening, we will place a small trial order to test the quality of their food, and their reliability and timeliness in the delivery. If the potential supplier passes the testing phase, we will then negotiate a long-term supply relationship with this potential supplier.

Our Group has established and maintained long-term relationships with a number of suppliers. To ensure stable supply of food ingredients and minimise the risk of non-delivery, sub-standard products and supplier's default, the Group generally sources major raw materials from more than one approved supplier. Currently we source our foods from over 100 suppliers and nearly all of them are based in Hong Kong. The Group places great emphasis on the quality of its raw materials, and closely monitors whether the suppliers can achieve the aforesaid criteria.

Our Group executive chef and purchasing department will monitor the quality of our raw materials and consumables and may suggest to our management to consider removing certain suppliers if there is deterioration in the capacities, reliability or consistency of service and product quality of those suppliers. We may remove suppliers failing to meet our selection criteria or being susceptible of negative publicity from our supplier list.

## Product Responsibility

Our Group has a centralised procurement department to master-control all the sourcing for all our restaurants, we are committed to serve high quality of food to customers as part of the product responsibility. Therefore, our Group has in place policies and procedures on food quality management since quality of food and hygiene and safety are the Group's business imperatives. We have strict internal quality control standards on the quality, hygiene and safety of food served to our customers, such as:

- we source our food ingredients from reliable and approved suppliers with proven good track records to ensure the quality of food ingredients.
- We strive to source food ingredients locally whenever possible to ensure freshness of food ingredients. Food ingredients are whenever practicable bulk-purchased and kept at the central kitchen while perishable food ingredients are kept at an inventory level for sufficient for the short needs. Any unused vegetables are discarded at the end of the day.
- employees are properly trained in food safety handling and food processing including: washing, cutting, seasoning, cooking and serving, Raw food and cooked food are stored separately to avoid cross-contamination, and all food processing equipment are cleaned thoroughly before its use.



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Our Group always complies with all the local relevant laws and regulations on health and safety relating to products and services provided. It is our policy to seek, if required, professional advices and assistance to ensure such compliance. Also, hotlines for complaints (on products, services and others) are available to the public. Once a complaint is received, a formal investigation shall be conducted and follow up action shall be taken in a timely manner. It is also our policy that if there is any material problem on our product quality, a product recall shall be taken.

During the Reporting Period, there was no product subject to recalls for safety or health reasons. The Group was not aware of any non-compliance with relevant laws and regulations regarding product responsibility.

## **Anti-Corruption**

The Group is committed to conducting business in an ethical manner. While product and service quality is indeed something we work hard for, the Group also cares about business ethics by complying with relevant laws and regulations that have a significant impact relating to bribery, extortion, fraud and money laundering. Every employee is required to abide by the code of conduct and good practices set forth by the Group.

Directors and employees are required to make a declaration to the Group's senior management through the reporting channels when actual or potential conflict of interest arises. Accepting gift from external parties (i.e. suppliers, customers, contractors, etc.) is prohibited unless prior approval is obtained from the Group's senior management.

The anti-corruption policy of the Group has proven to be of positive effect. No legal case regarding corrupt practices happened within the Group last year. The Group has put in place whistle-blowing procedures, encouraging the employees to report directly to the Company's senior management any illegal, immoral practice or any act in breach of the code of conduct. The whistleblower will be protected. Investigation will be made and the case will be followed up. In this way, we could create a fair business environment.

During the Reporting Period, the Group was not aware of any non-compliance with the relevant laws and regulations that had significant impact on the Group relating to bribery, extortion, fraud and money laundering.

## **4. COMMUNITY INVESTMENT**

The Group believes in shouldering the responsibility of contributing society while having economic development. As a responsible corporate citizen, we are committed to embolden and support the public by means of social participation and contribution as part of its strategic development. We hope to foster employees' sense of social responsibility by encouraging them to participate in charitable activities during their work and spare time to make greater contributions to the community.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 5. ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT INDEX

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KPI A2.3	Description of energy use efficiency initiatives and results achieved	Use of Resources – Energy Consumption	7
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Use of Resources – Water Consumption	8
KPI A2.5	Total packaging materials used for finished products and, if applicable, with reference to per unit produced	Use of Resources – Packaging Materials	8

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Section	Pages
<b>A3: The Environment and Natural Resources</b>			
<b>General Disclosure</b>		<b>Use of Resources</b>	9
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	The Environment and Natural Resources	9
<b>B. Social</b>			
<b>Employment and Labour Practices</b>			
<b>B1: Employment</b>			
<b>General Disclosure</b>		<b>Employment and Labour Practices – Employment</b>	9
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Employment and Labour Practices – Employment	10
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Employment and Labour Practices – Employment	11
<b>B2: Health and safety</b>			
<b>General Disclosure</b>		<b>Employment and Labour Practices – Health and Safety</b>	12
KPI B2.1	Number and rate of work-related fatalities	No case of work – related fatality was noted	N/A
KPI B2.2	Lost days due to work injury	Employment and Labour Practices – Health and Safety	12
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Employment and Labour Practices – Health and Safety	12

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Section	Pages
<b>B3: Development and Training</b>			
<b>General Disclosure</b>		<b>Employment and Labour Practices – Development and Training</b>	12-13
Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		Employment and Labour Practices – Development and Training	12-13
<b>B4: Labour Standards</b>			
<b>General Disclosure</b>		<b>Employment and Labour Practices – Labour Standards</b>	13
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Employment and Labour Practices – Labour Standards	13
KPI B4.1	Description of steps taken to eliminate such practices when discovered	Employment and Labour Practices – Labour Standards	13
<b>Operating Practices</b>			
<b>B5: Supply Chain Management</b>			
<b>General Disclosure</b>		<b>Supply Chain Management</b>	14-15
KPI B5.1	Number of suppliers by geographical region	Supply Chain Management	14-15
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Supply Chain Management	14-15



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Section	Pages
<b>B6: Product Responsibility</b>			
<b>General Disclosure</b>		<b>Product Responsibility</b>	15-16
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	No case of product subject to recalls for safety or health reasons were noted	N/A
KPI B6.2	Number of products and service related complaints received and how they are dealt with	The Group currently does not report on this indicator	N/A
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	The Group currently does not report on this indicator	N/A
KPI B6.4	Description of quality assurance process and recall procedures	Product Responsibility	15-16
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	The Group currently does not report on this indicator	N/A
<b>B7: Anti-corruption</b>			
<b>General Disclosure</b>		<b>Anti-Corruption</b>	16
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases	No concluded legal case regarding corrupt practices was noted	N/A
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Anti-Corruption	16
<b>Community</b>			
<b>B8: Community Investment</b>			
<b>General Disclosure</b>		<b>Community Investment</b>	16
Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests		Community Investment	16