

Sustainable Growth

Sustainability Report 2018/19
Stock Code : 0345



Contents

Chairman's Message



About this Report



Independent Assurance Report



Reporting What Matters



About Vitasoy and Plant-Based Nutrition



Sustainability at Vitasoy



Making the Right Products



Making Products the Right Way



Policy Formulation and Implementation



HKEX Content Index



Appendix





Chairman's Message

Sustainable plant-based nutrition is becoming ever more relevant in the context of the world's current climate and population challenges. With almost 80 years of consistent expertise in providing high quality plant-based products with health benefits, our Company is strongly placed to make its own contribution towards fighting climate change and preserving the world's natural resources. Plant-based nutrition not only provides health benefits, its production also involves a lower carbon footprint and lower utilisation of ever scarcer resources than animal-based alternatives.

Our mission is to provide sustainable plant-based products that are good for health and good for the environment. To be successful in the long term, we know that we must create sustainable value for our shareholders, customers, employees and communities. We endeavour to give our full attention to environmental, social and governance issues via their integration in our business model and operations.

Beyond our Sustainability Framework of Making the Right Products and Making Products the Right Way, we also use the United Nations Sustainable Development Goals (SDGs) to guide our sustainability journey, connecting our efforts to goals particularly regarding Zero Hunger, Good Health and Well-being, Clean Water and Sanitation, Affordable and Clean Energy, and Responsible Consumption and Production.

Chairman's Message



With almost 80 years of consistent expertise in providing high quality plant-based products with health benefits, our Company is strongly placed to make its own contribution towards fighting climate change and preserving the world's natural resources. Our mission is to provide sustainable plant-based products that are good for health and good for the environment.



In 2018/19 we surpassed our 2020/21 goals on most of our KPIs. We have now accordingly raised some of our goals to accelerate progress further. We note that our efforts in the past years have also been recognised externally, as shown by the inclusion of Vitasoy International Holdings Ltd. in the Hang Seng Corporate Sustainability Benchmark Index.

On the other hand, we have fallen short of our expected performance in reducing our per-unit water, electricity and fuel usage although we still surpassed the original 2020/21 goals. While there is some considerable way to go, we hope our actions have demonstrated our commitment to the long-term sustainability of the Company. Our Key Performance Indicators (KPIs) results and goals are detailed in the report and the appendix.

We have started to pilot important initiatives in packaging and waste areas. In particular, we are leading a number of initiatives to help reduce single-use beverage containers and their waste in Hong Kong, including the launch of water refilling machines, installing reverse vending machines to collect used bottles, reducing the weight of plastic packaging and starting the use of bio-based and recycled plastic material. Further details of our plans and initiatives regarding packaging and packaging waste are included in the Resource Management section of this Report.

To ensure our teams' daily practices are consistent and align with our Sustainability vision, we have developed and secured

Board approval for a **Group Environmental Policy**, and internal alignment for a **Group Responsible Procurement Policy** and a **Group Responsible Packaging Policy**. Efforts are underway to extend policy development and guidance to all aspects of our operations.

This year's Report brings in new elements that provide greater insight to our approach to reporting. We have expanded some disclosures to better align our report with the Global Reporting Initiative's (GRI) Standards reporting guidelines and have also obtained independent third party verification in efforts to increase transparency and improve the report quality.

Our stakeholders' views are important to us and we recognise the increasing need to identify and validate our top material issues according to stakeholder observations in

addition to our own judgment. This year we have stepped up our efforts on stakeholder engagement by conducting a formal outreach exercise and materiality assessment. Among internal and external stakeholders, we confirmed that product safety, quality and nutrition and business ethics as well as sustainable packaging, waste from operations and responsible sourcing are top material issues among others.

We appreciate your taking the time to read our report, and we look forward to hearing your feedback on the report and on our progress in meeting our sustainability commitments.

Winston Yau-lai Lo

Executive Chairman

20th June 2019



About this Report



Welcome to Vitasoy's fifth annual Sustainability Report. Here we share progress made on our Group level Environmental, Social and Governance (ESG) performance from 1st April 2018 to 31st March 2019*. Our Report this year covers the achievements in meeting our KPI goals while acknowledging there is still room for improvement in some areas.

As in previous years, this Report was developed referencing existing local and globally recognised reporting frameworks. The report meets the Hong Kong Exchanges and Clearing Limited (HKEX) Appendix 27 of the Main Board Listing Rules (HKEX ESG Guide) reporting requirements, and references select disclosures from the Global Reporting Initiative's (GRI)

framework in efforts to better align our non-financial reporting with globally applicable sustainability disclosure requirements. A content index is included at the end of the Report to help readers more easily locate relevant information across the Report and to demonstrate compliance with the HKEX ESG Guide and reference with GRI Standards.

Give Us Your Feedback

We welcome feedback and questions on this Report; and encourage you to send them to our Sustainability Team at sustainability@vitasoy.com.

* This report (the "Report") covers the global, aggregated data and performance for Vitasoy International Holdings Limited (referred to as "Vitasoy" or "the Company" or "the Group"), including operations in Mainland China, Hong Kong, Australia, Singapore, the Philippines, Canada and the USA.

Independent Assurance Report



Verification statement

Scope of Verification

Hong Kong Quality Assurance Agency (HKQAA) has been engaged by Vitasoy International Holdings Ltd. (Vitasoy) to undertake an independent verification for Vitasoy Sustainability Report FY2018/19 (Refer to as "The Report"). The scope of HKQAA's verification covers the sustainability data and information of Vitasoy for the period 1st April 2018 to 31st March 2019.

The Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide ("ESG Guide") of Hong Kong Exchanges and Clearing Limited. Some of the key performance indicators are prepared by referencing Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards"). The aim of this verification is to provide a reasonable assurance on the completeness and accuracy of the report contents.

Level of Assurance and Methodology

HKQAA's verification procedure was designed for devising opinions and conclusions to obtain a reasonable level of assurance. The extent of this verification process undertaken covered the criteria set in the ESG Guide.

The verification process included verifying the systems and processes implemented for collecting, collating and reporting the sustainability performance data, reviewing relevant documentation, interviewing responsible personnel with accountability for preparing the reporting contents and verifying selected representative sample of data and information. Raw data and supporting evidence of the selected samples were also thoroughly examined during the verification process.

Independence

Vitasoy is responsible for the collection and presentation of the information presented. HKQAA does not involve in calculating, compiling, or in the development of the Report. Our verification activities are independent from Vitasoy.

Conclusion

Based on the verification results and in accordance with the verification procedures undertaken, HKQAA has obtained reasonable assurance and is in the opinion that:

- The Report has been prepared in accordance with the ESG Guide. The key performance indicators specified in the ESG Reporting Guide has been adequately addressed;
- The Report illustrates the sustainability performance of Vitasoy's material topics in a balanced, comparable, clear and timely manner; and
- The data and information disclosed in the Report are reliable and complete.

Vitasoy has been engaging with its stakeholders continuously and being very responsive to the feedbacks gathered from the stakeholder engagement process by improving its disclosure regarding the material issues that are of importance to the company and high level of interest by stakeholders. The Report reflects appropriately Vitasoy's sustainability context and materiality.

Signed on behalf of Hong Kong Quality Assurance Agency

Jorine Tam

Director, Corporate Business

June 2019

Reporting What Matters



STAKEHOLDER ENGAGEMENT

We have an ongoing dialogue with our stakeholders through regular meetings and briefings to ensure that we continue to meet their expectations and that our approach to sustainability remains relevant and consistent across our operations. This year we undertook our first formal materiality assessment and identified top material issues that have the greatest impact to help shape our sustainability strategy going forward.

The stakeholders engaged were identified based on their expertise and working relationships with the Group, and included Vitasoy's employees, suppliers, customers, investors, academics, media, non-government organisations and consultants/think tanks.

STAKEHOLDER ENGAGEMENT (Continued)

See highlight of key topics raised during the engagement here

Stakeholder's Comment



Stakeholders strongly consider Vitasoy's product integrity and nutritional aspect as being of high importance, especially as consumers are becoming increasingly concerned about the health and safety of food products.



Nearly all stakeholders interviewed mentioned the issue of packaging waste and an increasing need to reduce packaging waste and make it more recyclable.



Both internal and external stakeholders shared that they consider responsible sourcing as highly material to Vitasoy's business.

Our Feedback



Protecting consumers' safety and ensuring product quality are our top priorities. We are committed to providing products that are safe and nutritious based on sound science. We have mandatory policies and standards in place and perform strict quality assurance to ensure that we meet this commitment. [Visit the Our Product Portfolio: Sustainable Nutrition](#) and [Policy Formulation and Implementation](#) sections to learn more.



Packaging and waste are areas where we are catching up. We are developing new strategies and implementing initiatives to consistently reduce our waste and packaging footprint. Visit [Product Packaging](#), [Waste Management](#) and [Our Community](#) sections for details.



We have been working on policies and guidelines to ensure our suppliers demonstrate sound sustainable practices. Visit the [Our Suppliers](#) and [Policy Formulation and Implementation](#) sections to learn more.

MATERIALITY ASSESSMENT

Through the following process which included surveys and interviews conducted by an independent third party, we identified and ranked the issues which our stakeholders regard as material.

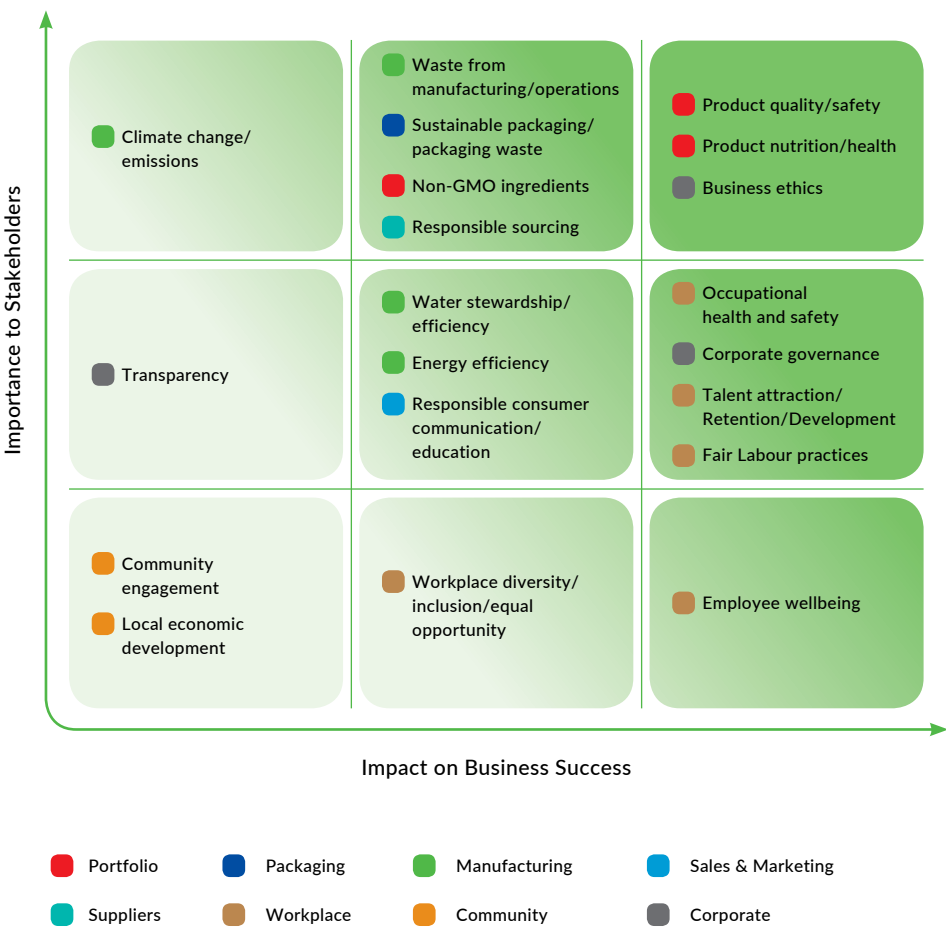
Our Materiality Assessment Process:

- 1. Identify relevant topics:** A selection of relevant sustainability topics were identified based on the Vitasoy Sustainability Framework, established material topics across the food and beverage industry and global reporting guidelines and standards.
- 2. Develop the list of material issues:** Five internal interviews were conducted with Vitasoy's Sustainability Committee members to gauge their perceptions of our sustainability efforts and reviewed the draft list of relevant topics with the sustainability team to create a list of 25 top material issues.
- 3. Conduct quantitative survey to assess material issues:** A 10-minute online survey was carried out with 327 stakeholders from Hong Kong, Macau and Mainland China, including 171 external participants and 156 employees, to prioritise Vitasoy's material issues, assess performance on sustainability and benchmark against peers.

- 4. Interviews to validate and further explore issues and inform sustainability strategy:** Four interviews with Vitasoy's senior executives and 18 interviews with external stakeholders were conducted to gain additional insight on key material issues as well as risks and opportunities for Vitasoy's sustainability strategy.

Our Material Issues

The result of the above process is a final list of top 20 material topics as presented in the materiality matrix here. The matrix shows that Vitasoy's product quality, safety and nutrition as well as our business ethics are of major importance to all internal and external stakeholders. These are fundamental issues relating to Vitasoy's core business as a food and beverage company. Issues in the lighter-coloured squares represent those that are considered important to either internal or external stakeholders. While we will continue to manage all identified issues, addressing our most material issues remains our priority. These will also be the focus of our reporting through dedicated KPIs, targets or initiatives which are described in the later chapters of this Report.



MATERIALITY ASSESSMENT (Continued)

Mapping the Boundaries of our Material Issues and Related Impacts

Following identification of our material issues, we determined the boundaries for each material issue in line with the GRI Standards' requirements and under consideration of particularly the GRI reporting principle of 'completeness.' This involved a dedicated boundary mapping workshop and subsequent validation and sign-off by relevant Sustainability Committee members that own Vitasoy's response to the relevant material topics.

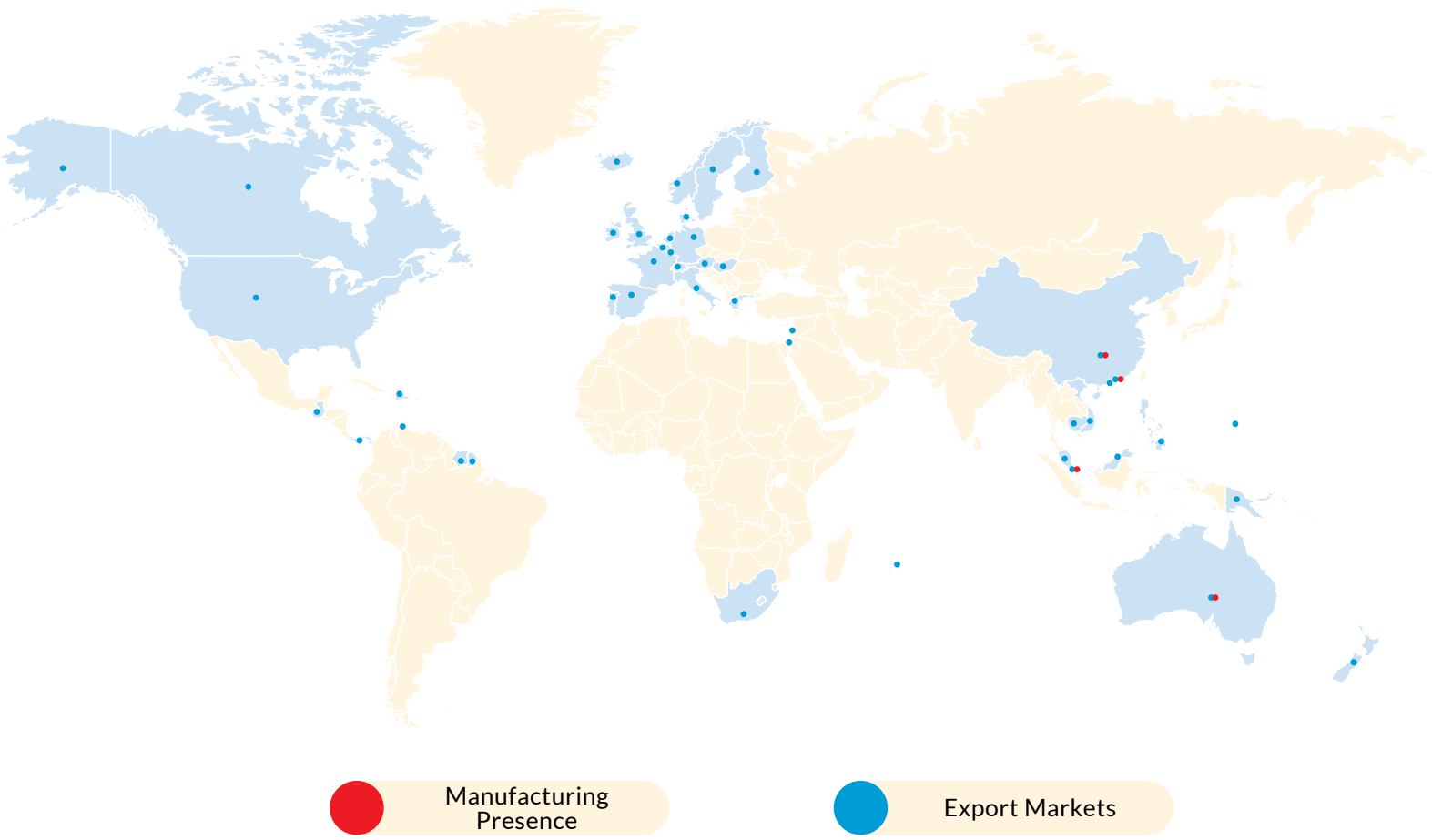
| Pillars | Material Issues | Boundary | | Affected Stakeholders | Vitasoy's Role |
|---------------|---|----------|---------|--|---------------------|
| | | Inside | Outside | | |
| Portfolio | 1. Product quality/safety | ✓ | ✓ | Consumers, Customers | Key Contributor |
| | 2. Product nutrition/health | | ✓ | Consumers | Key Contributor |
| | 3. Non-GMO ingredients | | ✓ | Consumers | Key Contributor |
| | 4. Responsible consumer communication/education | | ✓ | Consumers, Suppliers | Key Contributor |
| Packaging | 5. Sustainable packaging/packaging waste | | ✓ | Consumers, Communities (Environment), Suppliers | Partial Contributor |
| Manufacturing | 6. Waste from manufacturing/operations | ✓ | ✓ | Communities (Environment) | Key Contributor |
| | 7. Water stewardship/efficiency | ✓ | ✓ | Consumers, Communities (Environment), Suppliers (Environment) | Key Contributor |
| | 8. Climate change/emissions | ✓ | ✓ | Communities (Environment) | Key Contributor |
| | 9. Energy efficiency | ✓ | ✓ | Communities (Environment) | Key Contributor |
| Suppliers | 10. Responsible sourcing | | ✓ | Suppliers Communities, Employees (as Consumers) | Partial Contributor |
| Workplace | 11. Talent attraction/retention/development | ✓ | | Employees | Key Contributor |
| | 12. Business ethics | ✓ | ✓ | All – including Investors, Suppliers, Customers, Consumers, Peers, NGOs, Communities | Key Contributor |
| | 13. Occupational health and safety | ✓ | | Employees | Key Contributor |
| | 14. Corporate governance | ✓ | ✓ | Investors | Key Contributor |
| | 15. Employee wellbeing | ✓ | | Employees | Key Contributor |
| | 16. Fair labour practices | ✓ | | Employees | Key Contributor |
| | 17. Workplace diversity/inclusion/equal opportunity | ✓ | | Employees | Key Contributor |
| | 18. Transparency | ✓ | ✓ | All – including Investors, Suppliers, Customers, Consumers, Peers, NGOs, Communities | Key Contributor |
| Community | 19. Community engagement | | ✓ | Communities, NGOs (and some academics) | Key Contributor |
| | 20. Local economic development | | ✓ | Communities, Suppliers, Customers, Investors | Partial Contributor |



About Vitasoy and Plant-Based Nutrition

A SNAPSHOT OF OUR COMPANY

Our Presence/Markets



Our Global Presence
~40 markets



Our Workforce
7,519 employees



Our Revenue
HK\$7,526 million

Click above buttons to see more

A SNAPSHOT OF OUR COMPANY (Continued)

Our Brands



Our Portfolio

Mouse over product image to see more



OUR PLANT-BASED HERITAGE

Our Business

In a time of food shortages, malnutrition and soaring commodity prices, Vitasoy's founder Dr. K. S. Lo saw a need for quality, great tasting and nutritious products. Since 1940 when Dr. Lo created the first ready-to-drink soya milk, Vitasoy has grown from a local Hong Kong enterprise into one of Asia Pacific's leading plant-based food and beverage producers. We aim to become a leading international producer of a variety of high-quality nutritious foods and beverages while staying true to our founding vision of serving communities with nutritious plant-based products made in a responsible way. With manufacturing facilities in Hong Kong, Mainland China, Singapore and Australia, we are well on our way.

Why Plant-Based?



GOOD for the WORLD

The food system accounts for more than 25% of all greenhouse gases and of that amount up to 80% is associated with livestock production.

If we all switched to a plant-based diet, we could help reduce food-related carbon emissions by up to 60%.

GOOD for Your HEALTH

Eating more plant foods will increase the intake of important nutrients such as heart-healthy unsaturated fats, dietary fibre, vitamins, essential amino acids, minerals and antioxidants.

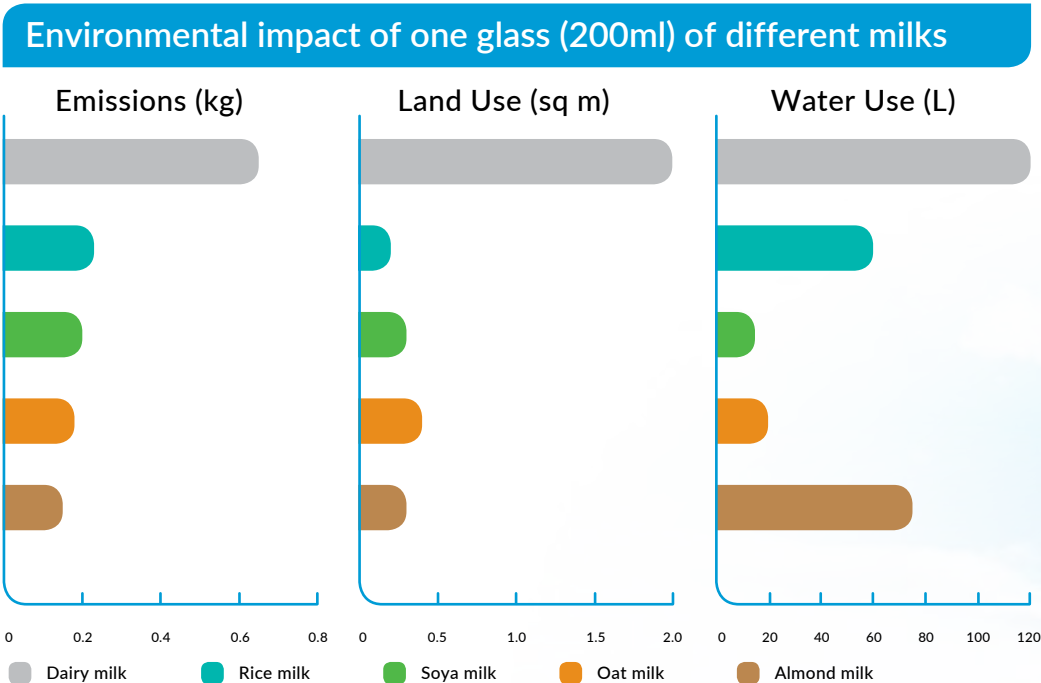
Going plant-based is an effective way to control weight and prevent chronic diseases such as heart disease, type 2 diabetes, hypertension and certain types of cancer.

Source:

- Springmann M, Godfray HC, Rayner M, and Scarborough P. *Proc Natl Acad Sci USA*. 2016;113:4146-51.
- Segovia-Siapco G, Sabaté J. *Eur J Clin Nutr*. 2018 Oct 2:1.
- Melina V, Craig W, Levin S. *J Acad Nutr Diet*. 2016;116:1970-80.

OUR PLANT-BASED HERITAGE (Continued)

Soya and other plant milks have lower environmental footprint

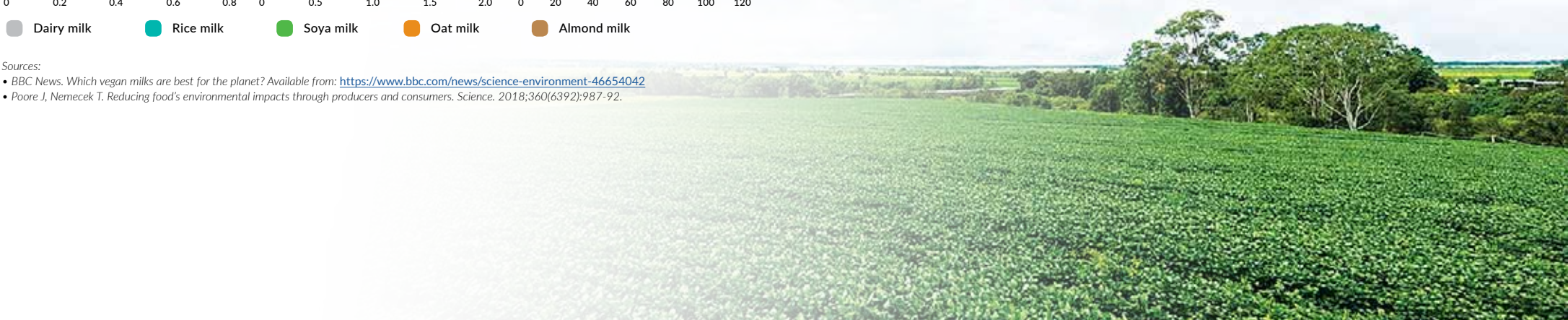


Sources:

- BBC News. Which vegan milks are best for the planet? Available from: <https://www.bbc.com/news/science-environment-46654042>
- Poore J, Nemecek T. Reducing food's environmental impacts through producers and consumers. Science. 2018;360(6392):987-92.

Soya Benefits

- ✓ Rich in high quality protein which supports cellular growth and repair
- ✓ No lactose and no cholesterol
- ✓ Rich in isoflavones, natural antioxidants which are good for the heart and bones
- ✓ Good source of plant-based omega-3 fatty acids that are good for the heart
- ✓ Rich in B vitamins which help us obtain energy from foods
- ✓ Rich in minerals such as potassium, magnesium and phosphorus





Sustainability at Vitasoy

[Chairman's Message](#)

[About this Report](#)

[Independent
Assurance Report](#)

[Reporting
What Matters](#)

[About Vitasoy and
Plant-Based Nutrition](#)

[Sustainability
at Vitasoy](#)

[Making the
Right Products](#)

[Making Products
the Right Way](#)

[Policy Formulation
and Implementation](#)

[HKEX
Content Index](#)

[Appendix](#)

We recognise that current human and business activities are exhausting the planet's resources and yet demand for healthy food is not being met for many people.

Obesity rates have risen across Asia in the past decade. The rate has more than doubled in Mainland China since 1990. At the same time, the rate of malnutrition has not gone down. Poor health and unequal access to nutritious foods are widespread and a complicated challenge to address. On top of these, issues of food security for our growing population and natural resource availability are being impacted by climate change.

Governments and organisations are coming together to address these challenges of health and the overexploitation of natural resources by helping to contribute to some of the global initiatives such as the United Nation's Sustainable Development Goals (SDGs). We are motivated by the cross-cutting solutions that the SDGs aim to create, and have found linkages between the SDGs and our own sustainability efforts, including Zero Hunger (#2), Good Health and Well-being (#3), Clean Water and Sanitation (#6), Affordable and Clean Energy (#7) and Responsible Consumption and Production (#12). We are using them in addition to the material issues identified to guide our strategy and development. Visit the [SDGs website](#) to learn more about these goals.

SUSTAINABLE DEVELOPMENT GOALS



OUR SUSTAINABILITY VISION

As a food and beverage manufacturer, we are doing our part by applying our knowledge and expertise from close to 80 years of producing sustainable plant-based nutrition. Driven by our Core Values of Nutrition, Taste and Sustainability, our products have been designed to support healthy eating habits while producing products as environmentally and socially responsibly as we can.



OUR SUSTAINABILITY FRAMEWORK

Under the leadership of the Vitasoy Board, Vitasoy's management team developed the Vitasoy Sustainability Framework which was introduced across our operations in 2015. Our Sustainability Framework helps us prioritise our ESG efforts in alignment with our business focus areas and established KPIs and goals. The Framework consists of two major pillars:

Making the Right Products

Our portfolio of tasty and nutritious plant-based products are designed to support a healthy lifestyle and provide valuable nutrition through sustainable, plant-based ingredients with low sugar and fat content.

As an important part of our overall product offering, packaging protects and preserves the quality and safety of our products and also provides a platform for nutritional value and health benefit communications. At the same time we recognise its impact on the environment and strive to minimise its footprint through different initiatives.

Making Products the Right Way

We believe that the best way to make our products is to focus on minimising our environmental impact through thoughtful and responsible choices in material sourcing, resource consumption and waste management.

We also know that taking care of our employees and engaging with local communities ensure that our operations are sustainable. Working closely with our employees, suppliers and community partners helps assure that our products are made in an environmentally responsible and socially equitable way.





MAKING THE RIGHT PRODUCTS

MAKING PRODUCTS THE RIGHT WAY

Portfolio

Packaging

Manufacturing

Suppliers

Workplace

Community



Plant-based

Increase plant-based beverage offerings

2018/19

90%

≥90% 2020/21 New Goal



Nutritious Plant Milk

Increase nutritious plant milk beverage offerings

2018/19

93%

≥95% 2020/21 New Goal



Low Fat

Increase "low fat" or "low saturated fat and zero trans-fat" beverage offerings

2018/19

93%

≥93% 2020/21 New Goal



Moderate to Zero Sugar

Increase beverage offerings with moderate to zero total sugar levels

2018/19

76.5%

76% 2020/21 Goal



Carton Paper

Increase percentage of fresh-keeping laminated paper pack with FSC label

2018/19

98.7%

≥95% 2020/21 New Goal



Glass

Glass bottle recycling rate

2018/19

94.87%

≥90% 2020/21 New Goal



Plastics

Weight reduction

Pilot bio-based PET

Implement recycled PET



Water

Reduce the amount of water used to manufacture each unit of product

2018/19 vs 2013/14

-13.92%

-20% 2020/21 New Goal

-25% 2025/26 New Goal



Electricity

Reduce the amount of electricity used to manufacture each unit of product

2018/19 vs 2013/14

-14.02%

-20% 2020/21 New Goal

-25% 2025/26 New Goal



Fuel

Reduce the amount of fuel used to manufacture each unit of product

2018/19 vs 2013/14

-15.81%

-20% 2020/21 New Goal

-25% 2025/26 New Goal



Carbon Footprint

Scope 1 + 2 emission intensity

2018/19

0.125

kgCO₂e per kg



Waste

Maintain okara (soya residue) recycling rate at or above 99%

2018/19

95.5%

≥99% Goal



Supplier Management

Supplier Responsibility Principles

Responsible Procurement Policy

Non-GMO

Sustainable farming



Inclusive Workplace

Gender ratio

42% : 58%

Female Male

Lost time injury rate

0.86 vs 1.32

2018/19 2014/15

Training hours per employee

9.64 p.a.



Nourish Your Body, Nourish Your Mind

Vitasoy University Grant: Wuhan, Shanghai and Guangzhou

Vitasoy Nutrition Exploration Journey: partnership with St. James' Settlement in HK

HK school PET bottle recycling programme

United Nations Sustainable Development Goals (SDGs) icons associated with individual KPIs indicate sustainable development targets that motivate our own corporate goals and business activities

✓ Denotes results that have surpassed 2020/21 goals

CORPORATE GOVERNANCE

Material Issue(s) Addressed:

- Corporate governance
- Transparency

Corporate Governance and Transparency are among the material issues we have identified. We are firmly committed to complying with all statutory and regulatory corporate governance standards and adhering to the principles of good corporate governance by emphasising transparency, independence, accountability, responsibility and fairness. We review our systems and guidelines from time to time to ensure we are operating as transparently and accountably as possible. To learn more about our company shareholdings, governance policies such as our Corporate Governance Policy, Director Nomination Policy, Board Diversity Policy, Whistleblowing Policy and Shareholders Communication Policy as well as our Board and Sub-board Committees structure, please visit the [Corporate Governance page](#) on the Vitasoy website and our [Annual Report](#).

Sustainability Governance

We believe that our sustainability governance structure strengthens our accountability and, by extension, the overall performance of Vitasoy as a responsible company.

Our Sustainability Committee, which reports to the Chairman of the Board, became operational in July 2018 and now oversees the implementation and communications of Vitasoy’s Sustainability Framework across operational teams and locations, integrating sustainability into day-to-day operations. The Sustainability Committee consists of the Group Chief Executive Officer and related function heads, who together drive and monitor sustainability performance.

Progress and achievements on our sustainability initiatives, KPIs and targets are reported to the Board on a regular basis. The leadership team began incorporating sustainability performance into assessment criteria in their performance evaluations in 2017/18, and middle management have also started adopting the same approach from this year.



RISK MANAGEMENT

We realise that the nature of our activities and the environment in which we operate exposes us to potential risks, which occur in many ways and can impact our stakeholders, reputation, finances, operations and the sustainability of our Group. Such business risks cover all aspects of the Group's operations, including but not limited to ESG issues. We monitor the development of specific high-profile issues such as climate change, fair labour practices and responsible raw material sourcing using a variety of risk management frameworks listed below.

The Enterprise Risk Management Framework

In 2016, our Enterprise Risk Management (ERM) Framework and its relevant processes, structure, policies and procedures went into effect through the endorsement of the Vitasoy Group Board of Directors. The Vitasoy Management Team and all staff are required to anticipate, rate and respond to their relevant business risks on an on-going basis. The Vitasoy Risk Management Team also consolidates inputs from business functions and reports results to the Vitasoy ERM Executive Committee of the Board through face-to-face meetings and risk management reports periodically. To strengthen the process, an enhanced framework with a platform more easily accessible was introduced in June 2018.

Our Internal Audit and Risk Management Department provides two channels to capture any new or changes of existing laws and regulations that may have significant risks or impacts to our business. The first is through our incident reporting process of the ERM Framework. The second channel is via an annual review on the effectiveness of the Risk Management and Internal Control Systems with all function teams in all our operating markets. "Compliance with applicable laws and regulations" is one of the required items to review and acknowledge during this review.

Governance, Risk Management and Compliance System

In mid-2018, a Governance, Risk Management and Compliance System (GRC System) was implemented to engage various level of staff in the risk management process. With the help of the GRC System, all risk management activities are displayed using a dashboard tool to provide real-time ERM information to facilitate management decisions and easily monitor any changes to risk statuses.

Risk Management Training

Onsite risk management trainings are arranged for department heads and middle management staff during the year to foster a culture of risk management awareness and support the sustainable growth of the entire organisation. Risk awareness is also promoted via a dedicated column in our bi-monthly staff newsletter. Individual communications between management and staff are also arranged on a regular basis.

Sustainability Risk Management

We have included ESG risks, such as climate change impacts, shortages in resources and changing labour dynamics into our ERM system and monitor and mitigate them along with other business risks. We are working to further integrate ESG risks with other business and operations risks where ESG considerations are embedded or applicable.



BUSINESS ETHICS AND INTEGRITY

Material Issue(s) Addressed:
Business ethics

Business Ethics is one of the top material issues identified by both our internal and external stakeholders. Vitasoy has zero tolerance for corruption and bribery in any form. To maintain high standards of business ethics and corporate governance, the Group adheres to both our Business Ethics Policy and our Code of Business Conduct for Suppliers and Customers.

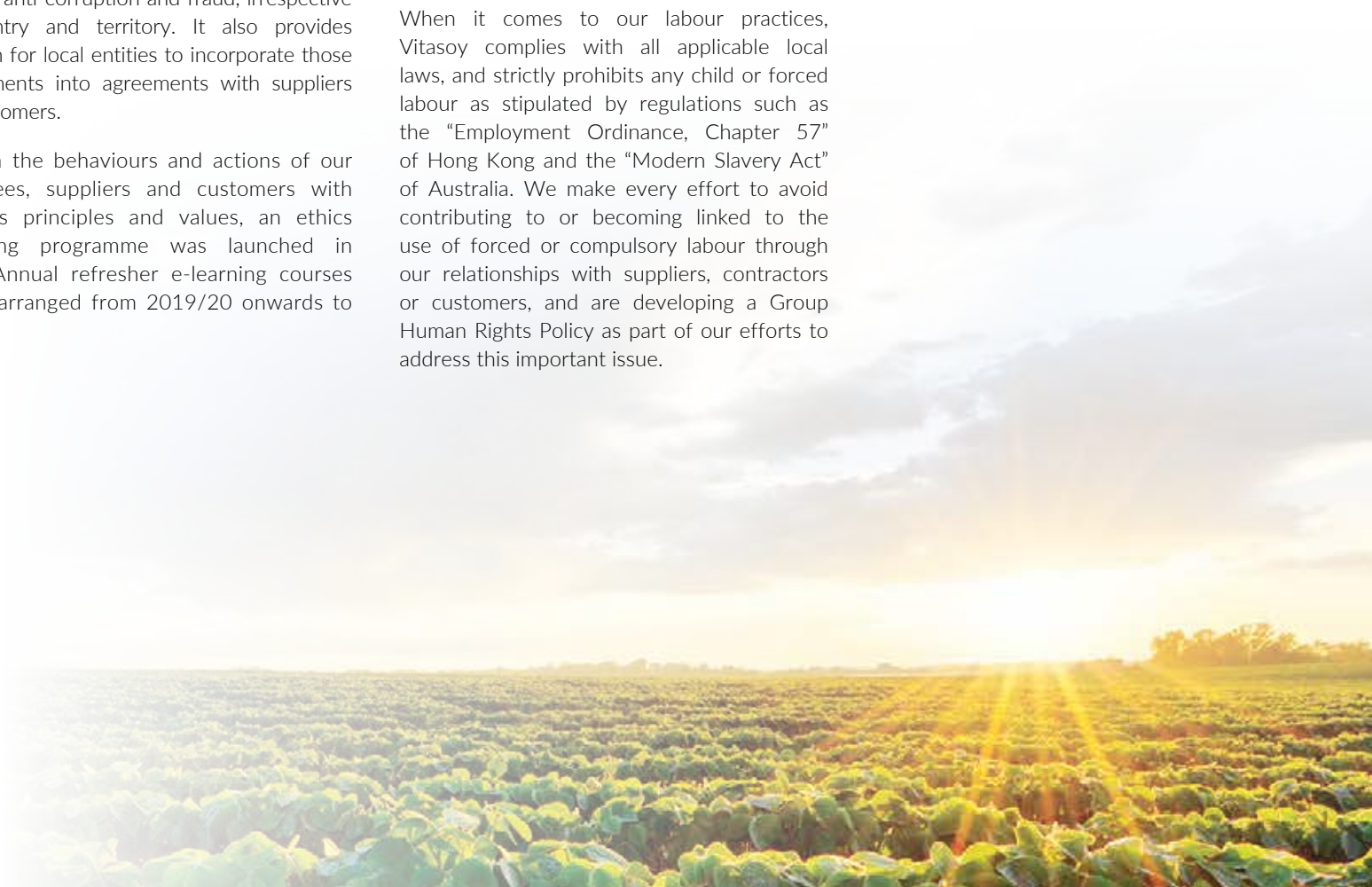
The **Group Business Ethics Policy** specifies the general principles of ethical business standards that directors and employees are expected to follow in daily operations. It covers topics such as compliance with laws, rules and regulations, conflict of interest, employment of immediate family members and relatives as well as anti-corruption and anti-bribery. This Policy gives a set of guiding principles that employees must adopt. There were no cases of bribery or corruption reported in 2018/19, nor were any legal cases regarding corrupt practices brought against the Group or its employees during the reporting period.

The **Code of Business Conduct for Suppliers and Customers** establishes minimum requirements and expectations with respect to the ethical conduct expected of Vitasoy's suppliers and customers, including conflict of interest, anti-corruption and fraud, irrespective of country and territory. It also provides direction for local entities to incorporate those requirements into agreements with suppliers and customers.

To align the behaviours and actions of our employees, suppliers and customers with Vitasoy's principles and values, an ethics e-learning programme was launched in 2018. Annual refresher e-learning courses will be arranged from 2019/20 onwards to

continuously strengthen understanding of Vitasoy's ethical standards and integrity. Additionally, anti-corruption and anti-bribery trainings were covered in the e-learning programme.

When it comes to our labour practices, Vitasoy complies with all applicable local laws, and strictly prohibits any child or forced labour as stipulated by regulations such as the "Employment Ordinance, Chapter 57" of Hong Kong and the "Modern Slavery Act" of Australia. We make every effort to avoid contributing to or becoming linked to the use of forced or compulsory labour through our relationships with suppliers, contractors or customers, and are developing a Group Human Rights Policy as part of our efforts to address this important issue.

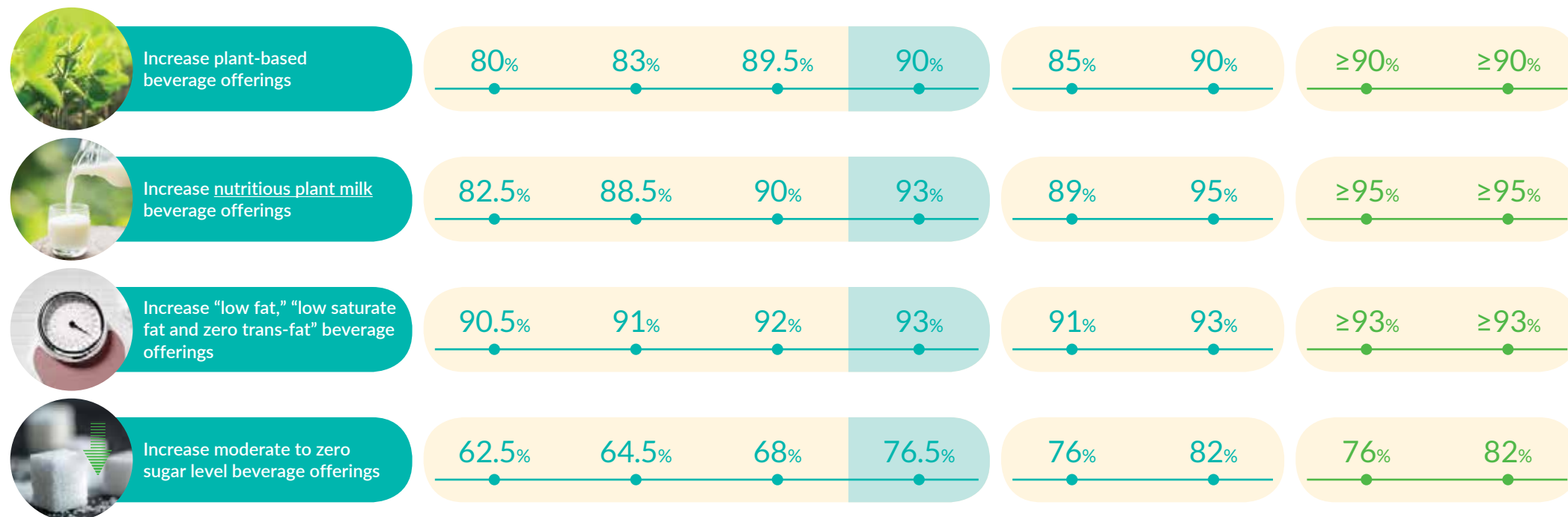


Making the Right Products

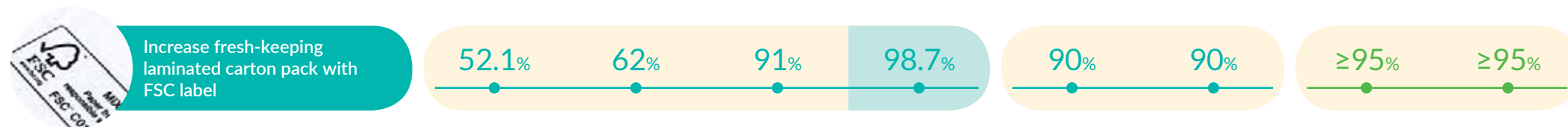


OUR PRODUCT PORTFOLIO KPIs

Nutrition



Packaging



Note:

- All nutrition KPI percentages are rounded-off to the nearest 0.5%
- All figures here denote percentages of total formulations of all beverage offerings except those in “Nutritious Plant Milk Beverage” which represent percentage of all plant milk formulations only
- Refer to previous [Sustainability Reports](#) for more details on each KPI

OUR PRODUCT PORTFOLIO: SUSTAINABLE NUTRITION

Focus Area

Enhance nutrition across our portfolio and ensure our plant-based products are compatible with a healthy lifestyle

Material Issue(s) Addressed

- Product quality/safety
- Product nutrition/health

Product nutrition and health is one of the top material issues of Vitasoy according to our stakeholder engagement survey and interviews. This reinforces the importance of our strategic focus on bringing Sustainable Nutrition to support a healthy lifestyle.

Our Health and Nutrition Strategy and KPIs

At Vitasoy, our goal is to promote healthy eating and living habits for our consumers. With growing concerns about climate change, obesity and the health burdens of chronic diseases, choosing a plant-based diet that includes more soya and plant foods can be a powerful way to make a difference.

Our strategy is to offer nutritious plant-based products that are low fat, low sugar or unsweetened and contain healthy amounts of protein, essential vitamins and minerals – all of which are key to a healthy diet. Since 2016 we have been committed to year-on-year expansion of our plant-based products. This year we surpassed all our original 2020/21 KPI goals, including increase in plant-based offerings and nutritious plant milk, and fat and sugar reduction. To keep this momentum going, we have reviewed our goals and established higher targets for the coming years.



OUR PRODUCT PORTFOLIO: SUSTAINABLE NUTRITION (Continued)

Plant-based Beverages

All new products launched in 2018/19 were plant-based. We have met our 2025 goal and will continue to launch more plant milk and tea drinks to maintain our plant-based product portfolio at ≥90%.

Nutritious Plant Milk

We continue to offer more **nutritious plant milk** options and the proportion of plant milk products that meet nutritious beverage criteria increased from 90% to 93% this year, keeping us on track to achieve our 2025 goal of 95%. **Compared with 2015/16, we have increased our nutritious plant milk portfolio by 10.5%.** We will continue to offer a variety of nutritious plant milk products, such as high-calcium plant milk and vitamin-enriched soya milk beverages to improve our plant milk portfolio.

Benefits of nutritious plant milk*

- Source of high quality protein
- High in bone-healthy calcium
- Packed with heart-healthy fats
- Lactose and cholesterol free

Fat Reduction

We have met our 2025/26 goal to increase the proportion of low fat or low saturated fat and zero trans-fat choices to 93%. We achieved this by providing more tea, juice beverages, almond milk, soya milk and oat milk products, which are all naturally low in fat or saturated fat. Moving forward, we will focus on new product development on tea, juice and plant milk beverages to maintain our goal.

Sugar Reduction

At Vitasoy, we strive to minimise the added sugar content of our products and this year alone we increased the proportion of products with moderate to zero sugar from 68% to 76.5%.

Compared with 2015/16, we achieved a 14% increase in moderate to zero sugar products in our beverage portfolio. We achieved this by launching more moderate to zero sugar beverages and reformulating existing high sugar beverage products such as the Hong Kong GYH tea range. In the coming years, we will continue to expand moderate to zero sugar product options, particularly no sugar and low sugar products.



* using Vitasoy Soy Milk Original (Australia) as reference

OUR PRODUCT PACKAGING

Focus Area

Reduce the environmental impact of packaging materials

Material Issue(s) Addressed:
Sustainable packaging

The packaging of our products is designed to protect, preserve and ensure the quality of our products from the moment they are made and throughout the whole process of transportation, storage and delivery. This involves primary packaging, which is in direct contact with the product, and secondary packaging for transportation and delivery convenience.

We know that by the very nature of single-use products, our packaging materials have a negative impact on the environment. We also know that through collaboration and coordination, the beverage industry and government as well as other stakeholders including consumers, suppliers, retailers, waste collectors and recyclers can do more to reduce this impact. By optimising packaging design and reducing waste generated by the consumption of beverages


while not compromising the core functions of packaging, we are working hard to make lasting change on this issue.

In recent years, we have taken into consideration many alternative options – from the materials used to the design and production to ensure that our products do as little harm to the planet as possible. We have looked at matters concerning hygiene and safety, weight, strength and durability as well as our environmental footprint. For example, our main packaging – carton – is made of wood fibres sourced from sustainably managed forests certified by the Forest Stewardship Council (FSC). This year, we developed a **Framework for Packaging Management** to systematically determine the best approaches to managing and tracking the performance of our initiatives that aim to reduce our packaging footprint.



OUR PRODUCT PACKAGING (Continued)

Framework and Focus Areas

| |  Carton Paper Primary: Carton Packs Secondary: Carton Trays |  Plastics Primary: Bottles, Jackets, Caps Secondary: Film Wrapping |  Glass Bottles |  Aluminium Cans |
|-----------------------------------|---|---|--|---|
| Reduction (weight, usage) | <ul style="list-style-type: none"> Reducing the use of non-renewable materials | <ul style="list-style-type: none"> Weight reduction of bottle and cap Reduction/removal of materials of low recyclability Launched pilot water refilling machines to support “Bring Your Own Bottle” initiative in Hong Kong | N/A | <ul style="list-style-type: none"> Weight reduction |
| Renewable sources | <ul style="list-style-type: none"> Carton made with FSC certified wood fibres Explore other renewable and responsibly sourced materials New KPI target: FSC certification labelling – from 90% to ≥95% | Use of bio-based PET for bottles: <ul style="list-style-type: none"> Pilot use of bio-based PET for plastic bottles using VITASOY GREEN soya milk to be launched in FY2019/20 in Mainland China | N/A | N/A |
| Recycled sources | N/A | Use of recycled PET for bottles: <ul style="list-style-type: none"> Begin adoption of rPET for VITA Distilled Water in HK in FY2019/20 | N/A | N/A |
| Recyclability/ Circularity | <ul style="list-style-type: none"> Facilitate/support development to improve recyclability/circularity of used packs | In Hong Kong: <ul style="list-style-type: none"> Support collection and recycling <ul style="list-style-type: none"> Installed Reverse Vending Machines to collect waste PET bottles Education <ul style="list-style-type: none"> Continue to run the Vitasoy Hong Kong “Resource Conservation” school recycling and education programme Collaboration <ul style="list-style-type: none"> Joined the Single-Use Beverage Packaging Working Group’s “Drink without Waste” initiative and continued participation to exchange best practices and address common challenges with different sectors | <ul style="list-style-type: none"> Collect and reuse bottles New KPI: Glass bottle recycle rate ≥90% | <ul style="list-style-type: none"> High value for recycling |

COMMUNICATING WITH CONSUMERS

Focus Area

Advocate healthy habits by helping consumers make informed, healthy dietary choices

Material Issue(s) Addressed:
Consumer communication/education

Beyond providing tasty products, we believe helping consumers understand the nutritional benefits of our products can motivate them to make healthy dietary choices. We provide updates on the latest research about the nutritional, health and environmental benefits of soya foods and plant-based diets on our website.

Product Labelling

As there are rising concerns regarding consumers' lack of understanding of nutrition labels, easy to read front-of-pack symbols and icons can help consumers make healthier choices for a balanced-diet. To help our consumers make informed choices for healthy eating, we use simple icons on our food packaging to illustrate the benefits of our drinks. We also participate in the voluntary Health Star Rating, front-of-pack labelling system in Australia and the Healthier Choice Symbol Programme in Singapore.

In 2017 our Hong Kong operations joined the voluntary "Salt/Sugar" Label Scheme for Pre-packaged Food Products introduced by The Committee on Reduction of Salt and Sugar in Food. In 2018/19, we began to use these labels on food products such as No Sugar Chrysanthemum Tea and No Sugar Dong Ding Oolong Tea.



To learn more about our various labelling systems, visit the [Our Product Communications section](#) in last year's report.

Consumer Protection

We are also committed to protecting the data privacy of those who visit our website, as stated in our [Internet Privacy Policy](#). All personal data collected through our customer hotline, marketing activities or online platforms is handled in an appropriate manner in accordance with local regulatory requirements and can only be accessed by authorised persons at the Company. There were no substantiated complaints concerning breaches of customer privacy and losses of customer data during the reporting year.

Crisis Management

Across the Group entities, we have designated Crisis Management Teams with a set of Crisis Management Manuals which details roles, procedures and responsibilities of different personnel in the event of unexpected and disruptive situations such as natural disaster.

The Crisis Management Manuals also provides guidance on product quality, employee injury and business continuity should crises occur, for example guidelines on emergency response procedure for a potential product recall situation. We will be reviewing the Crisis Management and related processes in 2019/20 to enhance our responses for such occasions. All crisis events are reported and managed using the Incident Management Application of the Governance, Risk Management and Compliance System.



Making Products the Right Way

Food production accounts for a quarter of all greenhouse gas (GHG) emissions which is a key contributing factor to climate change. While plant-based products require less water, soil and GHG emissions for their production compared to dairy milk, we at Vitasoy are committed to playing our part in reducing the environmental impact of our operations as best we can.

In line with our Sustainability Framework, our [Environmental Policy](#) formalises our processes and management systems related to water and energy management, raw materials sourcing, GHG emissions and waste management. See the [Policy Formulation and Implementation](#) section (page 47) to learn more.

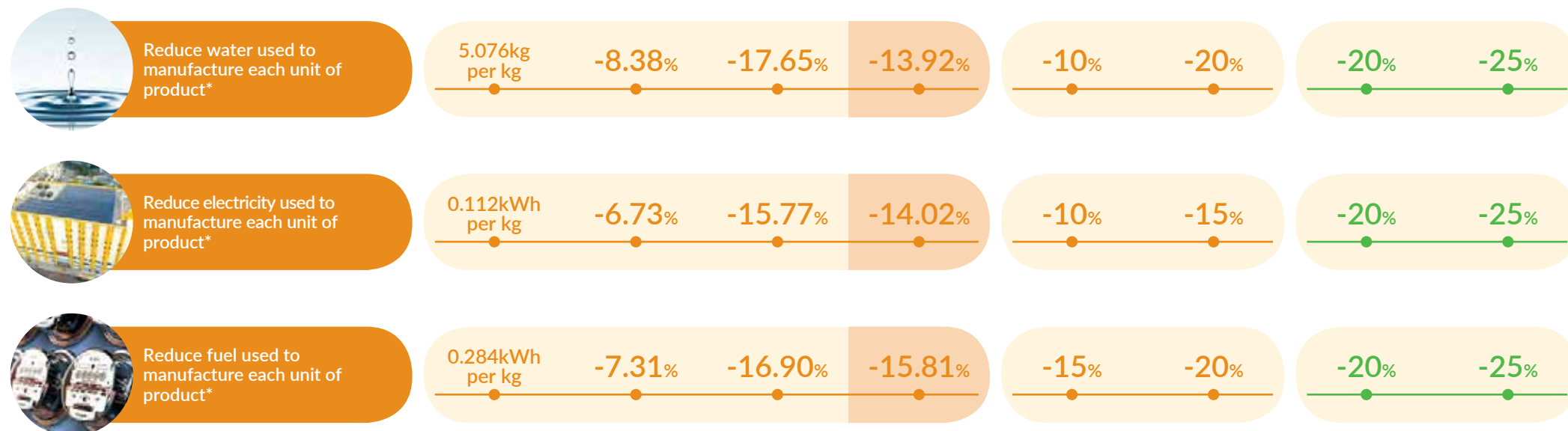
OUR MANUFACTURING

From our conversations with stakeholders, concerns relating to climate change, emissions, water stewardship and energy efficiency were all found to be relevant material issues to several internal and external stakeholder groups, and we all considered waste from our manufacturing and operations to be a fundamental issue to Vitasoy. This section highlights our performance, as well as our progress and setbacks in addressing these issues in 2018/19.

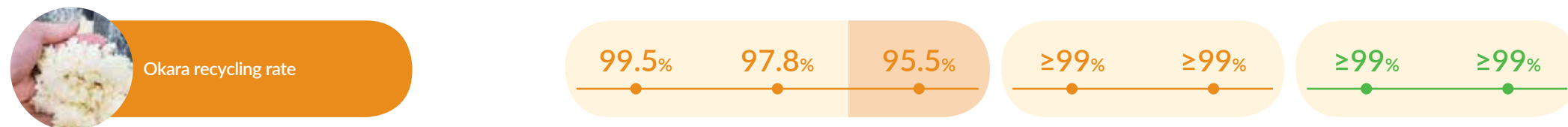


OUR MANUFACTURING RESOURCE AND WASTE MANAGEMENT KPIs

Resource Management



Waste Management



* Results in terms of % reduction as compared with base year (2013/14) usage

OUR MANUFACTURING RESOURCE MANAGEMENT

Focus Area

Help conserve precious, limited natural resources through smart and efficient manufacturing practices

Material Issue(s) Addressed:
Water stewardship/efficiency
Energy efficiency

A big part of the environmental impact of our products arises in primary production. As product sales increase so too does manufacturing footprint, and so too will our efforts to monitor and responsibly manage our use of precious natural resources, namely water and energy which includes fuel and electricity as best we can.

In 2018/19, our water, electricity and fuel usages per unit have increased compared to the previous year. Several of our operations expanded production lines or upgraded their facilities, resulting in overall increase in non-production water, electricity and fuel usage during testing and pilot runs, thus increasing per unit usage. Changes in product mix manufactured in individual plants have also affected water, electricity and fuel use.

Despite the reduction in our water, electricity and fuel usage per unit not meeting our expectations, we still surpassed our original 2020/21 goals for all of the water, electricity and fuel reduction, and we have reset higher targets for them to enhance our resource management. See the summary above on related KPIs, current and past performance and our original and newly reset goals. Detailed usage data is included in the Appendix.

Water Management

Water is a key ingredient for most of our products as well as for production including heating, cleaning and cooling. Food production consumes a lot of water and our production process is no exception. Enhancing water efficiency is one of the key focus areas for our operations.

To safeguard a steady supply of clean fresh water, 100% of water used to manufacture our products comes from municipal water sources.

Our stringent purification treatment and distillation process ensures the purest water is used to maintain the consistently high standard of safety and quality of our products. This is critical for Vitasoy products as consumer health and safety is a top priority. We are using more Reverse Osmosis (RO) water to further improve the quality of our product. This is one of the reasons why we used more water this year. We plan to optimise the use of RO water and install a secondary RO water treatment system to increase the water usage efficiency.

We track our water usage across our facilities to understand and monitor consumption patterns and have adopted reuse and recycling measures to better managing our usage. We have looked at ways to reduce the use of water through water balancing in our production process. For example, at our Wuhan plant, cooling water was reused in the sterilisation process, helping to reduce 5% of total use of fresh water of the plant.

We will continue to aim to streamline water use and to increasingly recirculate used water when possible.

OUR MANUFACTURING RESOURCE MANAGEMENT (Continued)

Energy Management

A key part of responsible resource management is through enhanced efficient use of energy, which includes fuel and electricity. Over the past year, we continued to look into ways of reducing the amount of electricity and fuel used to manufacture our products. Some of our initiatives include:

- Introduction of a solar air-conditioned truck to help save fuel usage in Hong Kong
- New solar energy system supplying part of manufacturing in Hong Kong
- The use of heat exchanger to recycle heat energy using condensed water from steam at the Wuhan plant
- Installation of additional cooling tower instead of using chiller to cool down our product temperature in the production process, reducing more than 2% of total electricity consumption at the Wuhan plant
- Recycling hot water from the disinfection machine to increase boiler feed water temperature, reducing more than 10% of the total natural gas usage at the Shanghai plant
- Optimisation of the process and hence efficiency of the Clean-in-Place system for some of the products

Spotlight: Building Hong Kong's Largest Rooftop Solar Array

This year we built a photovoltaic system at the Vitasoy Main Building. It is the largest system in the Hong Kong food and beverage industry and the 4th largest grid-connected solar array system in Hong Kong.

According to Hong Kong government data, the electricity generated by the system is equivalent to the amount used by 176 people per year. It feeds electricity to the local electricity company CLP's Renewable Energy Feed-in Tariff scheme, which buys the excess electricity generated by the system at a fixed rate.



Spotlight: Our Solar Air-conditioned Truck Wins Renewable Energy Outstanding Award



Vitasoy was honoured to receive a "Renewable Energy Outstanding Award" from CLP Power's first Smart Energy Award programme in 2018. The winning Solar Air-conditioned Truck project was selected for its innovative use of solar panels on the roof of a delivery truck helping to reduce diesel consumption by 4% while supporting temporary air-conditioning when the truck engine is switched off. The project was jointly developed by our Truck Maintenance and Customer Services Department and received professional advice and technical support from CLP Power. Read more about the CLP Smart Energy Award 2018 [HERE](#).



OUR MANUFACTURING WASTE MANAGEMENT

Focus Area

Help reduce impact on the environment through reduction, reuse and recovery of different types of waste

Material Issue(s) Addressed:
Waste from manufacturing/
operations

Our production process creates a solid residue left after soya milk production called “okara.” This year our okara recycling rate was 95.5%. We are working to look for alternatives for reusing okara to strive to meet our goal of 99% of recycling rate.

Okara is our main solid waste output and since it contains certain nutrition value, it can be converted into animal and fish feed. In some markets we sell okara to recyclers, but because of a decrease in demand for some other markets, we are also paying recyclers for collection and conversion. In recent years, we have experienced increasing difficulties in finding downstream recyclers and are exploring alternative treatment and reuse options.

Other solid wastes such as plastics, scrap metal and paper comprise a comparatively

smaller amount of our waste output. Our total amount of non-hazardous waste produced in 2018/19 was 23,116 tonnes. Our operations do not produce hazardous wastes except a trace amount of lubricating oil and laboratory waste which are collected by specialised waste contractors and disposed of at regulated hazardous waste disposal centres.

Issues related to Vitasoy’s waste management and packaging were also mentioned in nearly all of the in-depth interviews during our stakeholder engagement exercise, driving us to continue to improve in this area. We aim to move towards a more circular waste system in our operations, and part of that involves making sure that any waste or spillage arising in our production is recycled or reused whenever possible.



OUR MANUFACTURING CLIMATE CHANGE AND EMISSIONS MANAGEMENT

Focus Area

Manage emissions from own operations to contribute to climate change mitigation

Material Issue(s) Addressed:
Climate change/emissions

Reducing our GHG (carbon) emissions is important to us. Climate change is one of today's biggest challenges, and something we must work together to solve, especially when it comes to reducing our carbon footprint.

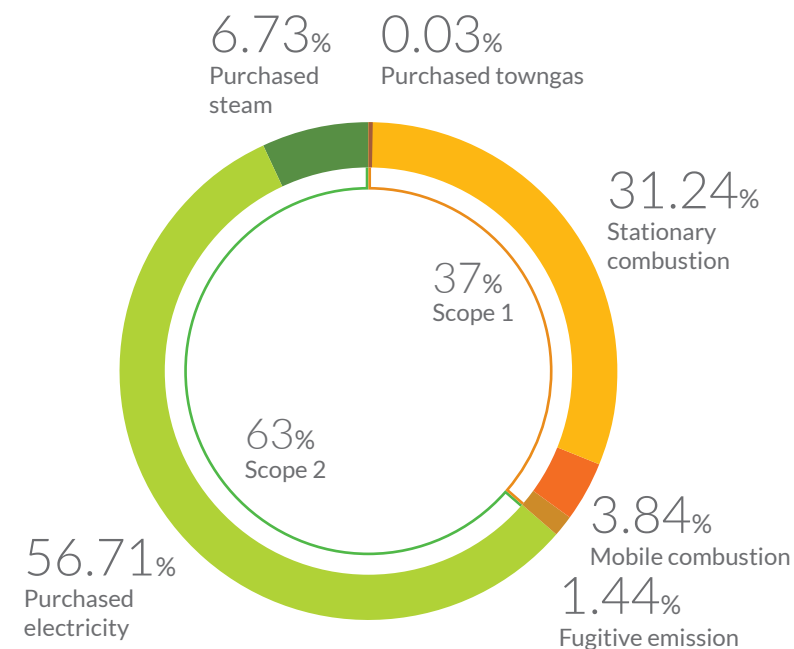
Carbon Footprint Assessment

This year we conducted our second carbon footprint assessment across our operations to gain a better understanding of our current GHG emissions and find ways to better manage them in the future. Our direct (Scope 1) emissions footprint arises from fuel burned in our boilers during production, while our indirect (Scope 2) emissions come primarily from the electricity that we use throughout our operations including the offices and warehouses we manage.

Our 2018/19 total emission intensity was **0.125 kgCO₂e/kg, a 2.46% increase** from last year. This was mainly a result of expanded production lines and facilities upgrades with a decrease in production volumes during testing and pilot run periods, especially in our Wuhan and Foshan locations.

With this year's performance in mind, we are working on setting targets on reduction of our overall climate footprint across our production, transportation, packaging and cultivation practices.

Group-wide carbon emission breakdown centred by sources



OUR SUPPLIERS

Material Issue(s) Addressed:
Responsible sourcing

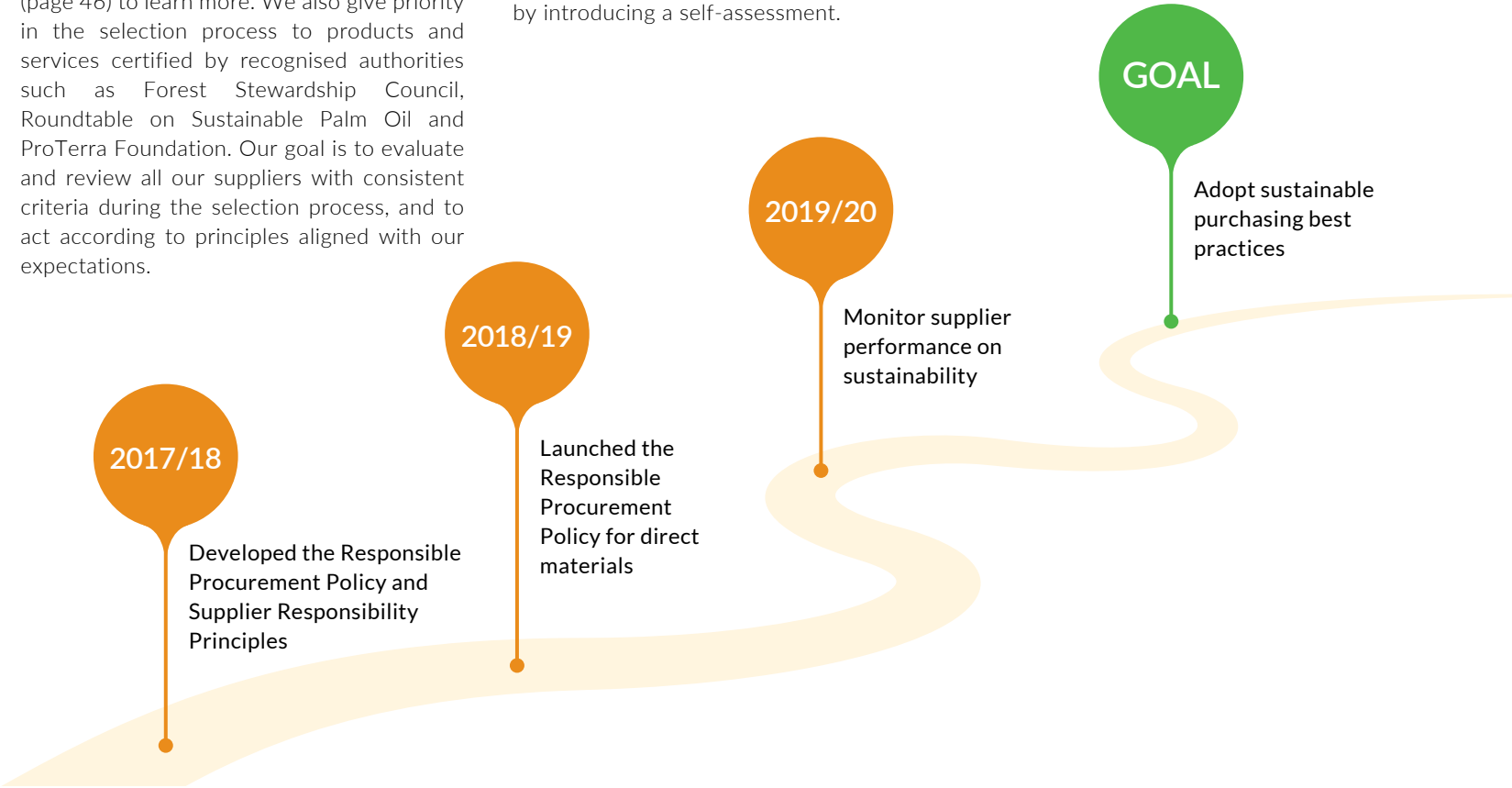
Our products are plant-based, made with edible raw materials such as soya beans, tea leaves and other plant-based ingredients. As such our supply chain includes a wide range of food ingredient suppliers, in addition to non-edible material suppliers and service providers.

The materiality assessment and stakeholder feedback have identified “responsible sourcing of raw materials” as one of the top material issues that have significant impact on our business. Indeed, one of our key sustainability risks comes from our ingredients, most of which are reliant on steady weather conditions, regular water supply, and nurturing soil. All of these are easily stressed by climate change and pose challenges to responsible environmental stewardship. We believe it is important for us to work with suppliers and partners who demonstrate sound and ethical business practices and share our values and are working toward the same sustainability goals.

Responsible Sourcing

As best we can, we have been selecting suppliers who demonstrate sound sustainable practices that are aligned with our sustainability vision. We have developed a Responsible Procurement Policy and are developing a Non-GM Policy and Sustainable Farming Guidelines. Visit the [Policy Formulation and Implementation](#) section (page 46) to learn more. We also give priority in the selection process to products and services certified by recognised authorities such as Forest Stewardship Council, Roundtable on Sustainable Palm Oil and ProTerra Foundation. Our goal is to evaluate and review all our suppliers with consistent criteria during the selection process, and to act according to principles aligned with our expectations.

It is our goal to excel in our sustainable purchasing practices. We have been improving our approach to responsible sourcing since 2017 when we first developed our **Supplier Responsibility Principles** and later on **Responsible Procurement Policy**. This year we determined the scope of the Policy to include direct materials and next year we will begin to monitor the sustainability performance of our suppliers by introducing a self-assessment.



OUR WORKPLACE

Material Issue(s) Addressed:

- Fair labour practices
- Employee wellbeing



7,519
employees



72,509
total hours of
training



42 : 58
female/male ratio

A Reliable, Inclusive and Engaging Workplace

With the rapid growth of our business, we recognise more and more the importance of operating as a reliable employer. We like to see our company as an engaging workplace that offers meaningful jobs, shaped by our diverse workforce and companywide core values. We aim to be an employer of choice that attracts and retains the best talent. We are committed to ensuring the highest standards of business ethics and integrity and to safeguarding employee health and safety.

Setting company requirements and expectations through our **Employee Handbook** and various policies, we ensure that all aspects of employment, including fair hiring practices, compensation and dismissal, working hours, rest periods, anti-discrimination and employee welfare, meet or exceed local legal requirement. We also strive to promote an honest and collaborative workplace, and are developing a **Group Human Rights Policy** which will be written in accordance with the [UN Guiding Principles on Business and Human Rights](#).



0.86
Lost Time
Injury Rate



23.93
turnover rate

Details of Workplace related disclosures can be found in the Appendix: **Performance Data – Social** (page 52)

OUR WORKPLACE HEALTH AND SAFETY

Focus Area

Maintain a safe and healthy work environment and ensure employees adopt practices that help maintain such an environment

Material Issue(s) Addressed:
Occupational health and safety

We have always given priority to protecting and promoting employee wellbeing, and all our offices and operation sites maintain high standards of health and safety. Employees are encouraged and supported to lead healthy lifestyles, ensuring a workforce that is healthy, safe and well. Our Occupational Safety and Health (OSH) Committee, which comprises management and technical staff within individual operations, reviews OSH policies and practices so that preventive and corrective measures are implemented to minimise occupational health and safety hazards. When it comes to OSH, we operate in full compliance with applicable laws and regulations to provide a safe working environment.

Visit our previous [Sustainability Reports](#) for more information about our Health and Safety programmes.



OUR WORKPLACE LEARNING AND DEVELOPMENT

Focus Area

Provide learning and development opportunities to employees to help enhance workforce competency

Material Issue(s) Addressed:
Talent attraction/retention/
development

Our approach to learning and development is to facilitate honest, transparent coaching, feedback and recognition, while supporting employee development and engagement. We provide a variety of training and development programmes for our employees to maximise their potential and enhance their capabilities.

Overseen by the Learning and Development team, our learning and development programmes develop in-house talent and promote workforce mobility. One of the Group's key talent development initiatives, the **Vitasoy Management Mentoring Programme** develops high potential associates by grooming internal talent to encourage a transfer of experience and knowledge as well as to enhance the understanding of Vitasoy's leadership expectations.

To foster a culture of high-performance and engagement, we have developed ongoing training and activities to reinforce what we call our Core Competency Model which features six **Vitasoy Success Drivers (VSD)** that set forth clear expectations on employee behaviour and performance which staff are encouraged

to apply in everyday conduct. Driven by top management, the VSD requires the Management team to lead by example, constantly give appreciation, offer open conversation and reward their teams. Promoted across all our operations and functional teams, the VSD is brought to life through award schemes, ongoing training and team building activities.

We also offer cross geography rotational opportunities to employees. More highlights of our training and development programmes are included in the Appendix: **Performance Data – Social** (page 52), and in our previous [Sustainability Reports](#) on the corporate website.

During the reporting period, the Group offered an average of 9.64 training hours each to all our employees. The average training hours offered was lower than that of the recent years as we have completed the training programmes to roll out our VSD Model. From this year's stakeholder engagement exercise, we learned that our employees would like to see further growth in this area, so we will work on enhancing our training and development programmes moving forward.

Core Competency Model – Vitasoy Success Drivers



OUR WORKPLACE DIVERSITY AND INCLUSION

Focus Area

Strive to establish a corporate culture that values individual differences while promoting collaboration

Material Issue(s) Addressed:
Workplace diversity/inclusion/
equal opportunity

Workplace diversity promotes learning and builds teams who support each other across cultural and gender divides. We also understand that the basis for creativity and collaboration is a safe workplace where everyone enjoys equal opportunity, race, religion, gender, sexual orientation, age or family status.

We aim to promote greater gender equality throughout the company and our current 42:58 female/male ratio means that we are close, but still have more work to do. We will continue to improve our hiring practices and promote an inclusive working culture, helping us leverage the unique skills, knowledge and different types of experience of our diverse workforce.

Gender Ratio by Grade

| Grade | Female | Male | Total |
|--------------------|--------|--------|-------|
| Total | 42% | 58% | 7,519 |
| Management | 43.63% | 56.37% | 424 |
| Officer Supervisor | 38.51% | 61.49% | 766 |
| General Staff | 69.11% | 30.89% | 2,512 |
| Operational Staff | 25.65% | 74.35% | 3,817 |



OUR WORKPLACE EMPLOYEE ENGAGEMENT

Focus Area

Enhance employees' engagement and sense of belonging to maintain a stable workforce

Employee engagement initiatives help us stay in touch with the needs of our workforce, ultimately boosting team morale and productivity. It also encourages collaboration across teams as part of our commitment to providing an engaging and caring working environment.

We communicate updates about the company's business situation and development regularly via various internal channels such as staff newsletters and townhall meetings, and we also hold open forums and staff briefing sessions to hear feedback from employees.

One of the initiatives we promote employee engagement is through the **Vitasoy Global Excellence Award**, which recognises teams of colleagues that have delivered projects that enhance our competitiveness and demonstrate the VSD spirit by going the extra mile to drive sustainability and yield tangible business benefits.



OUR COMMUNITY

Focus Area

Advocacy and consumer education and enhancement of opportunities for communities to enjoy a healthy lifestyle

Material Issue(s) Addressed:
Community engagement

We believe in the pursuit of a healthy lifestyle which we promote across our community through educational and awareness programmes. Our community-based education initiatives are centred around two key areas – nutrition and environmental appreciation. Our approach is a collaborative effort and we work with local environmental and community-based NGOs to maximise the impact of these initiatives.

Nourish Your Body, Nourish Your Mind

We believe that education is fundamental to developing a healthy and thriving community,

which we bring to life through our **“Nourish Your Body, Nourish Your Mind” Community Education Programme**. In 2018/19, we supported several education and outreach initiatives across our operations in HK, Macau and Mainland China:

Hong Kong

In collaboration with St. James' Settlement, we commenced our second two-year nutritional education programme called “Nutrition Exploration Journey - Food Knowledge and Resources Programme,” which offers field trips and nutrition classes focused on the STEAM (Science, Technology, Engineering, the Arts and Mathematics) education



framework. In September 2018, eight local primary and secondary schools participated in the programme and presented what they learned through a joint-school creative snack recipe competition. Another 200 students and parents also learned more about the basics of nutrition and the importance of a balanced diet through games developed by the students.

- We joined the “Life Buddies” youth mentoring scheme which matched 17 secondary students from less privileged background with 14 mentors. The mentors provided advice and guidance on how to improve various soft-skills and shared inspiration on ways to achieve educational, training and career goals.
- We donated HK\$14,000 to World Vision's worldwide child-focused campaign against hunger in developing countries.
- We donated more than 250,000 units of products to local food banks, charities, schools and the community to promote healthy lifestyle.
- Our subsidiary, Hong Kong Gourmet Limited, continued to participate in the government's

Salt Reduction Scheme for School Lunches and has offered up to 20% of the lunch box menu options meeting its salt reduction criteria in 2018/19.

Macau

- We took part in the Macau government's Healthy Campus Plan by offering 250mL and 1L VITASOY low sugar soya milk to kindergarten and primary students at a discounted rate.

Mainland China

- The Vitasoy University Grant was provided to a total of 125 underprivileged students from Shanghai Normal University, Zhongshan University in Guangzhou and Huazhong Agricultural University in Wuhan.
- Staff volunteers from our Foshan plant visited about 70 senior citizens' families in the local community and brought them 3,600 packs of VITASOY soya milk products.
- Vitasoy staff from Hong Kong and Mainland China visited the Longgang Social Welfare Centre in Shenzhen served by international charitable organisation OneSky and donated VITASOY soya milk products to 300 children.



OUR COMMUNITY (Continued)

Other Activities/Locations

- The Vitasoy Group supported various sports events in Hong Kong including swimming, cycling and dragon boat to promote healthy and active living.
- Vitasoy Singapore supported a public health forum on diabetes in October to promote healthier diets in the Malay community.
- Both Vitasoy Hong Kong and Vitasoy Singapore supported World Vision's 30-Hour Famine by sponsoring about 6,800 units of products in Hong Kong and 3,000 units of products in Malaysia respectively.



Support for Environmental Protection

Beyond our efforts to enhance nutrition knowledge, we actively engage and educate our community about the importance of environmental protection. Given the nature of our products, we focus our awareness raising efforts on improving the recycling of beverage packaging waste.

As part of our commitment to reducing single-use beverage packaging, in November 2018, the Vitasoy Hong Kong team promoted the "Bring Your Own Bottle" initiative by installing Hong Kong's first Eco-Friendly Distilled Water Station for refilling water in the Hong Kong Convention and Exhibition Centre in Wan Chai. In April 2019, Vitasoy Hong Kong also launched a combined Smart Reverse Vending Machine System to promote the recycling of waste beverage plastic bottles by offering incentives.

In collaboration with Hong Chi Association's Hong Chi Super Service Team, we also expanded our pilot environmental community activity "Vitasoy Resource Conservation – Clean Beverage PET Bottle Recycling Programme." The programme engaged around 6,000 students from 13 local primary and secondary schools about clean recycling and upcycling through environmental talks, field trips and art classes.

The finale of this programme, "Light & Shadow – A Children's Waste-to-Art Exhibition," was organised in June 2018 at the Hong Kong Arts Centre featuring students' art made from used beverage PET bottles. Viewed by over 300 visitors, the exhibition showcased the hard work of student artists and demonstrated the importance of recycling and reuse.

We also launched a Recycling Innovation Challenge with first-time partner Enactus, an international non-profit organisation that inspires undergraduate students to improve the world through entrepreneurial initiatives. The Challenge was created to encourage students to develop innovative recycling solutions for ready-to-drink containers such as plastic bottles and paper cartons. Applicants were encouraged to come up with creative, visionary solutions that detail recycling programme components and mechanisms and raise consumer awareness of the importance of reducing waste to protect our environment. More than 50 entries have been received and 10 outstanding teams were selected for presenting their ideas in the Grand Final in March 2019.





Policy Formulation and Implementation

In 2018/19 we stepped up our efforts in the management and implementation of several sustainability related topics by developing policies and guidelines that will help us make better, more informed decisions moving forward. From these efforts, we aim to ensure more consistent and systematic management of these key ESG issues. You can also learn more about all our Group policies and guidelines by visiting our website's [Sustainability page](#).

Environmental Policy

The [Environmental Policy](#) ensures that we continue to measure, manage and monitor our performance and continually improve on our environmental performance and minimise potential negative impacts across the following focus areas:

- 🌱 Energy efficiency and conservation
- 🌱 GHG emissions
- 🌱 Raw materials sourcing
- 🌱 Use of clean and renewable energy
- 🌱 Waste and water management

Responsible Packaging Policy

We introduced our **Responsible Packaging Policy** in early 2019 with the approval of the Group Sustainability Committee. The new Policy formalises our approach to packaging management. It ensures that we, along with our suppliers and business partners, are aligned with our commitment to reducing the environmental impact of our packaging while protecting the quality and safety of our products. The Policy provides guidance on four areas of focus: material choice and usage, packaging weight optimisation, operation considerations, and innovation, and covers both primary packaging and secondary packaging. Details of our [Responsible Packaging Policy](#) can be found on our corporate website.

Supplier Responsibility Principles

As a first step in ensuring alignment of responsible and ethical business practices by our suppliers, we have rolled out the **Vitasoy Supplier Responsibility Principles** (previously named Principles of Supplier Conduct) in 2017/18 and have obtained endorsement from 95% of suppliers for our Hong Kong and Mainland China Operations.

To enhance our efforts, we intend to conduct a self-assessment of sustainability practices by our key suppliers to understand the levels of alignment with our Principles of Supplier Conduct and identify gaps which we need to address by working with our suppliers together.

Responsible Procurement Policy

As we expand our business globally, we see a clear need to get more structured and systematic sustainability criteria in place for our supply chain. We believe by working with our suppliers and having clear sustainability criteria in the evaluation process, we can influence further sustainable improvements across our value chain. As such, we have set clear sustainability criteria in our purchasing process. During 2018/19, we developed a [Responsible Procurement Policy](#) for raw material sourcing to provide guidance to our colleagues in the Group's Purchasing functions to incorporate social equity, community and environmental stewardship into purchasing decisions. Our goal is for all our suppliers to be evaluated and reviewed according to the Policy criteria, before any contract is signed. Trainings and briefing sessions for relevant teams are being conducted across the organisation.

Non-GM Policy

Vitasoy has always been using certified organic or selected non-genetically modified (non-GM) soya beans. Our soon-to-be launched Non-GM Policy was developed to demonstrate our stance on the utilisation of Non-GM raw materials. The Non-GM Policy applies to all edible raw materials being used for all Vitasoy beverage and tofu products. Group Product Development drives implementation of this Policy by working closely with the Purchasing Department and Group Quality Management on policy understanding and alignment. Group Product Development also provides briefings on the Policy and to all subordinates to ensure comprehension on and adherent to the Policy.

Sustainable Farming Guidelines

Significant improvements in water, energy efficiency and other environmental practices can be made using better agricultural techniques at the farm level to help conserve natural resources and reduce environmental impact. While this is a challenge outside of our immediate scope of operations, we do work with our suppliers to be more productive and resilient, and ensure a reliable supply of raw ingredients for our products.

As such we are developing our **Sustainable Farming Guidelines** which we aim to apply to our contract farms in Australia and Mainland China supplying soya beans to the respective local operations. The Guidelines intend to cover various aspects of agricultural production, such as fertiliser and pest management, requirements on water conservation, safe waste disposal operations and biodiversity.

HKEX Content Index (including GRI Standards References)

With reference to Global Reporting Initiative (GRI) Standards (2016)

This index also references disclosures from the GRI 2016 Sustainability Reporting Standards. The reported information may meet in part or in full the requirements of each GRI disclosure listed.

A. Environment

| HKEX ESG Reporting Guide <small>*Recommended Disclosures</small> | Corresponding GRI Standards (2016) | Reporting Section | Explanation / Remarks |
|--|---|---|---|
| Aspect A1 Emissions: General Disclosure | GRI 103: Management Approach 2016: Disclosure 103-2 GRI 305: Emissions 2016: Management Approach GRI 307: Environmental Compliance 2016: Disclosure 307-1 | Making Products the Right Way | During the year there were no confirmed non-compliance incidents in relation to environmental protection having a significant impact on the Group. |
| KPI A1.1 | GRI 305: Emissions 2016: Disclosures 305-1, 305-2, 305-3 and 305-7 | | According to our materiality assessment, SOx and NOx emissions are not material issues. We have otherwise been focusing on carbon emissions. |
| KPI A1.2 | GRI 305: Emissions 2016: Disclosures 305-1, 305-2, 305-3, 305-4 | Climate Change/Emissions Management | The total amount of carbon emissions is considered commercially sensitive and not disclosed. |
| KPI A1.3 | GRI 306: Effluents and Waste 2016: Disclosure 306-2 | Waste Management | |
| KPI A1.4 | GRI 306: Effluents and Waste 2016: Disclosure 306-2 | Waste Management | Total non-hazardous waste and Okara Recycling Rate are disclosed. The total amount of okara generated is considered commercially sensitive and not disclosed. Other commercial and production wastes such as plastics, scrap metal and paper carton are comparatively much less significant than okara. |
| KPI A1.5 | GRI 103: Management Approach 2016: Disclosure 103-2 GRI 305: Emissions 2016: Clause 1.2 and Disclosure 305-5 | Climate Change/Emissions Management | |
| KPI A1.6 | GRI 103: Management Approach 2016: Disclosure 103-2 GRI 306: Effluents and Waste 2016: Disclosures 306-2 and 306-4 | Waste Management Performance Data – Environmental | |
| Aspect A2 Use of Resources: General Disclosure | GRI 103: Management Approach 2016: Disclosure 103-2 | Making Products the Right Way Policy Formulation and Implementation | |
| KPI A2.1 | GRI 302: Energy 2016: Disclosures 302-1 and 302-3 | Performance Data – Environmental | Direct and indirect energy consumption by type in total is considered commercially sensitive and not fully disclosed. |
| KPI A2.2 | Insufficient disclosure to meet GRI Standards | Performance Data – Environmental | Total water consumption is considered commercially sensitive and not disclosed. |
| KPI A2.3 | GRI 103: Management Approach 2016: Disclosure 103-2 GRI 302: Energy 2016: Disclosures 302-4 and 302-5 | Energy Management | |
| KPI A2.4 | GRI 103: Management Approach 2016: Disclosure 103-2 GRI 303: Water 2018: Disclosure 303-3 | Water Management | |
| KPI A2.5 | GRI 301: Materials 2016: Disclosure 301-1 | Our Product Packaging | Total and per unit amount of packaging material used is considered commercially sensitive and not disclosed. |
| Aspect A3 The Environment and Natural Resources: General Disclosure | GRI 103: Management Approach 2016: Disclosure 103-2 | Making Products the Right Way Policy Formulation and Implementation | |
| KPI A3.1 | GRI 103: Management Approach 2016: Disclosures 103-1 and 103-2 GRI 304: Biodiversity 2016: Disclosure 304-2 | Why Plant-Based Making Products the Right Way Policy Formulation and Implementation Performance Data – Environmental | |

B. Social

| HKEX ESG Reporting Guide *Recommended Disclosures | Corresponding GRI Standards (2016) | Reporting Section | Explanation / Remarks |
|---|---|--|--|
| Aspect B1 Employment: General Disclosure | GRI 103: Management Approach 2016: Disclosure 103-2 | Our Workplace | To the best of our knowledge, we have complied with relevant laws and regulations related to employment and non-discrimination and fair labour practices |
| | GRI 419: Socioeconomic Compliance 2016: Disclosure 419-1 | | |
| KPI B1.1* | GRI 102: General Disclosures 2016: Disclosures 102-8 GRI 405: Diversity and Equal Opportunity 2016: Disclosure 405-1 | Our Workplace Performance Data – Social | Partial disclosure – total workforce by gender |
| KPI B1.2* | GRI 401: Employment 2016: Disclosure 401-1 | Performance Data – Social | Partial disclosure – employee turnover rate |
| Aspect B2 Health and Safety: General Disclosure | GRI 103: Management Approach 2016: Disclosure 103-2 | Our Workplace: Health and Safety Performance Data – Social | During the year there were no confirmed non-compliance incidents in relation to health and safety having a significant impact on the Group. |
| | GRI 419: Socioeconomic Compliance 2016: Disclosure 419-1 | | |
| KPI B2.2* | GRI 403: Occupational Health and Safety 2018: Disclosure 403-9 | Performance Data – Social | Partial disclosure – Lost Time Injury Rate |
| KPI B2.3* | GRI 103: Management Approach 2016: Disclosure 103-2 and 103-3 | Our Workplace: Health and Safety | |
| Aspect B3 Development and Training: General Disclosure | GRI 103: Management Approach 2016: Disclosure 103-2 | Our Workplace: Learning and Development Performance Data – Social | |
| | GRI 404: Training and Education 2016: Disclosure 404-2 (a) | | |
| KPI B3.1* | Insufficient disclosure to meet GRI Standards | Performance Data – Social | Partial disclosure – training hours total and per employee |
| KPI B3.2* | GRI 404: Training and Education 2016: Disclosure 404-1 | Performance Data – Social | Partial disclosure – training hours total and per employee |
| Aspect B4 Labour Standards: General Disclosure | GRI 103: Management Approach 2016: Disclosure 103-2 | Business Ethics and Integrity | |
| | GRI 419: Socioeconomic Compliance 2016: Disclosure 419-1 | | |
| Aspect B5 Supply Chain Management: General Disclosure | GRI 103: Management Approach 2016: Disclosure 103-2 | Our Suppliers | |
| KPI B5.2* | GRI 103: Management Approach 2016: Disclosure 103-2 | Our Suppliers: Responsible Sourcing | Partial disclosure – Description of practices relating to engaging suppliers on environmental and social risks of the supply chain |

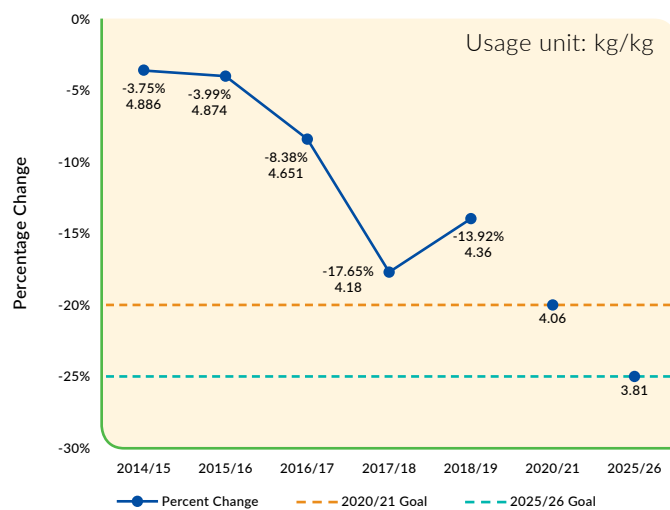
HKEX Content Index

| HKEX ESG Reporting Guide *Recommended Disclosures | Corresponding GRI Standards (2016) | Reporting Section | Explanation / Remarks |
|---|---|--|---|
| Aspect B6 Product Responsibility: General Disclosure | GRI 103: Management Approach 2016: Disclosure 103-2 GRI 416: Customer Health and Safety 2016: Disclosure 416-2 GRI 417: Marketing and Labeling 2016: Disclosures 417-2 and 417-3 GRI 418: Customer Privacy 2016: Disclosures 418-1 GRI 419: Socioeconomic Compliance 2016: Disclosure 419-1 | Communicating with Consumers: Consumer Protection | We comply with relevant laws and regulations regarding customer health and safety, advertising, labelling and privacy matters relating to products and services provided |
| KPI B6.2* | GRI 102: General Disclosures 2016: Disclosures 102-43 and 102-44 GRI 103: Management Approach 2016: Disclosure 103-2 | Communicating with Consumers: Consumer Protection | |
| KPI B6.4* | Insufficient disclosure to meet GRI Standards | Communicating with Consumers: Consumer Protection | |
| KPI B6.5* | GRI 103: Management Approach 2016: Disclosures 103-2 and 103-3 | Communicating with Consumers: Consumer Protection | |
| Aspect B7 Anti-corruption: General Disclosure | GRI 103: Management Approach 2016: Disclosure 103-2 GRI 419: Socioeconomic Compliance 2016: Disclosure 419-1 | Business Ethics and Integrity | |
| KPI B7.1* | GRI 205: Anti-corruption 2016: Disclosure 205-3 | Business Ethics and Integrity | There were no legal proceedings brought against Vitasoy or its employees during the reporting period |
| KPI B7.2* | GRI 102: General Disclosures 2016: Disclosure 102-17 GRI 103: Management Approach 2016: Disclosures 103-2 and 103-3 GRI 205: Anti-corruption 2016: Clause 1.2 | Corporate Governance Corporate Governance page on the Vitasoy website | |
| Aspect B8 Community Investment: General Disclosure | GRI 103: Management Approach 2016: Disclosure 103-2 | Our Community | Partial disclosure – Vitasoy does not have any policies on community engagement to understand the needs of the communities or to ensure our activities take into consideration the communities' interests |

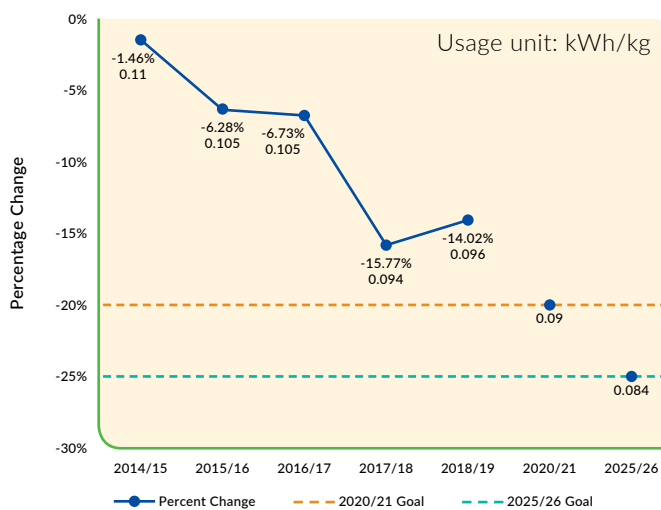
Appendix

Performance Data – Environmental

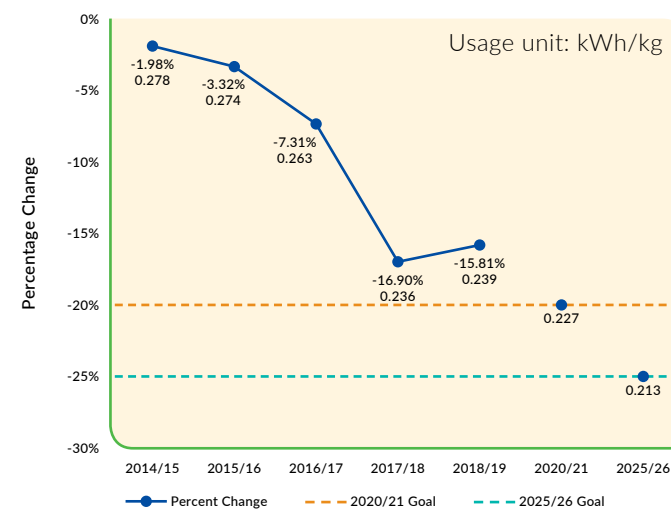
Water Usage* Percentage Change vs Base Year 2013/14



Electricity Usage* Percentage Change vs Base Year 2013/14

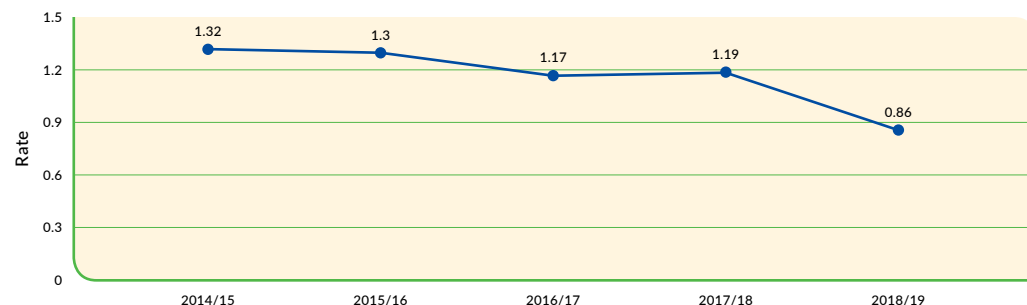


Fuel Usage* Percentage Change vs Base Year 2013/14



Performance Data – Social

Lost Time Injury Rate*



* Lost Time Injury Rate is calculated based on the number of lost time injury cases per 200,000 hours worked, which is approximately equal to the number of hours worked by 100 people in one year.

Total Workforce by Gender

| Year | Female | Male | Total |
|---------|--------|-------|-------|
| 2013/14 | 2,632 | 2,772 | 5,404 |
| 2014/15 | 2,754 | 3,194 | 5,948 |
| 2015/16 | 3,270 | 3,854 | 7,124 |
| 2016/17 | 3,340 | 3,988 | 7,328 |
| 2017/18 | 3,384 | 3,977 | 7,361 |
| 2018/19 | 3,195 | 4,324 | 7,519 |

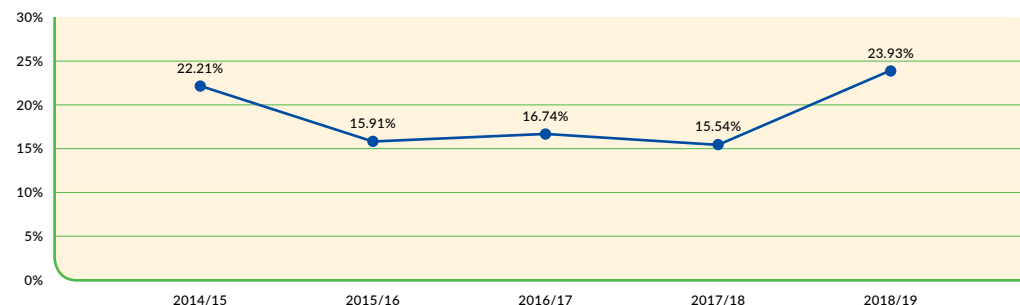
Employee Training

| Training | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|-----------------------------|---------|----------|----------|-----------|---------|
| Total Hours | 58,067 | 107,377* | 95,379** | 103,620** | 72,509 |
| Training Hours Per Employee | 9.76 | 15.07* | 13.30 | 14.33 | 9.64 |

* The large increase in training hours was due to the roll-out of the VSD training

** Includes training hours for the structured management trainee programme

Employee Turnover Rate



Highlights of training and development programmes offered during the reporting year:

Hong Kong

- Expansion of the **Management Trainee Programme** to cover sales, marketing, supply chain, finance and IT, offering a systematic development programme across our operations and providing regular group coaching.
- January 2019 launch of the **Supervisory Development Programme (SDP)**, a 9-month programme designed to help develop our first-time and new supervisors, giving them tools and insights into managing themselves, their tasks and their people. This programme focuses on four areas of competency development: supervisory capability, personal effectiveness, relationship management, and overall Vitasoy know-how.

Mainland China

- The **Vitasoy China Manufacturing Technology Academy** opened in Wuhan. The Academy provides various technical and supervisory training to enhance employee technical knowhow and competencies. This includes courses on World Class Manufacturing and Lean Management.
- Continuation of **Vitasoy New Gen** which was designed to attract young and high calibre (year 3/4 students) to join Vitasoy's internship programme, providing meaningful assignments and regular coaching to new recruits.
- Launch of an **e-Learning platform** which covers various sales training courses to enhance capability and work safety awareness. It provides on-the-job coaching to help participants put what they have learnt into practice.

“Nutritious beverage” criteria for plant-milk beverages

Plant milk beverage is defined as “nutritious” if it meets the following criteria:

- Is a “source of” one or more of the essential nutrients, namely protein, fibre or vitamins and minerals; AND
- Is “low in” one or more of the following: sugar, fat or saturated fat and trans-fat.

| | Australia ¹ | Mainland China ² and Hong Kong ³ | Other markets ⁴ |
|---|--|---|---|
| 1) Is a “source of” one or more of the essential nutrients | | | |
| Source of protein | At least 10g per serving | At least 3g per 100kcal | At least 2.5g per 100kcal or 5g per serving |
| Source of fibre | At least 4g per serving | At least 1.5g per 100ml | At least 1.5g per 100kcal |
| Source of essential vitamins/minerals, e.g. calcium, vitamin D, vitamin A | At least 25% Recommended Dietary Intake (RDI) of a vitamin or mineral per serving | At least 5% of the Chinese Nutrient Reference Value (NRV) of a vitamin or mineral per 100kcal | At least 5% of Nutrient Reference Value (NRV) of a vitamin or mineral per 100kcal |
| 2) Is “low in” one or more of the following | | | |
| Low sugar | Contains not more than 2.5g sugars per 100ml | Contains not more than 5g sugars per 100ml | Contains not more than 5g sugars per 100ml ⁵ |
| Low fat | Contains not more than 1.5g total fat per 100ml | | |
| Low saturated fat and zero trans fat | No detectable trans-fatty acids or not more than 0.3g trans fat per 100ml of food ⁵ ; Contains not more than 0.75g of saturated fat and trans-fatty acids combined per 100ml of food; and The sum of saturated fat and trans-fatty acids contributes not more than 10% of energy. | | |

Reference:

1. FSANZ – Australia New Zealand Food Standards Code – Standard 1.2.7 – Nutrition, Health and Related Claims
2. National Health and Family Planning Commission of the People’s Republic of China – National Food Safety Standard
3. Hong Kong Centre for Food Safety – Technical Guidance Notes on Nutrition Labelling and Nutrition Claims
4. Codex Alimentarius – Guidelines for Use of Nutrition and Health Claims (CAC/GL 23-1997)
5. No official definition for “low sugar” and “zero trans fat” in Codex Guidelines. Criteria is set based on Hong Kong and Mainland China regulations



www.vitasoy.com

Vitasoy International Holdings Limited

1 Kin Wong Street, Tuen Mun The New Territories, Hong Kong

Tel : (852) 2466 0333 Fax : (852) 2456 3441