



HUNG FOOK TONG

Hung Fook Tong Group Holdings Limited
鴻福堂集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號: 1446



Naturally Made Wholeheartedly Good



CONTENTS

2019 Highlights	2
About Hung Fook Tong	4
Message from the Chairman	5
Awards and Recognition	6
About the Report	8
ESG Governance	10
Stakeholder Engagement	11
Operation Practices	14
Caring for Employees	19
Environmental Stewardship	23
Investing in the Community	28
Compliance Management	31
Summary of Key Performance Indicators	32
ESG Reporting Guide Content Index	35



2019 Highlights

For the financial year ended 31 December 2019 / as of 31 December 2019, Hung Fook Tong Group Holdings Limited had:

15,109 tonnes of CO₂-e
of Greenhouse Gas Emissions



325,853 m³
of water consumed



384.4 tonnes
of food waste recycled



reduced **91.0 tonnes**
of CO₂-e of Greenhouse
Gas Emissions



914 employees
742 in Hong Kong
172 in Mainland China



232 key suppliers



152 training courses
involving **804 employees**



 鴻福堂 | HUNG FOOK TONG

GOOD FOR HEALTH



115 self-operated shops in Hong Kong



Over **HK\$2.5 million** of cash and in-kind products sponsored

Supported over
220 community projects
and **188** NGOs



Contributed
349 service hours
to the community



Received
**Hong Kong Awards for
Environmental Excellence
2019: Shops and Retailers –
Certificate of Merit**



ECO

Awarded the
**Green Office Label and
Eco-Healthy Workplace Label 2019**



ECO-Healthy
WORKPLACE



Best Practice In ESG Reporting - Level 3
Awarded Year 2019 (CCEL-2019-3-42)

and
**CarbonCare®
ESG Label (Level 3)**

ABOUT HUNG FOOK TONG



Established in 1986 and listed on the Main Board of The Stock Exchange of Hong Kong Limited ("SEHK") since 2014, Hung Fook Tong Group Holdings Limited ("HFT" or the "Company") and its subsidiaries (collectively as the "Group") are principally engaged in the production and sales of a variety of herbal and non-herbal products with the Hung Fook Tong brand. During its 33 years of development, the Group continues to develop diversified products and has transformed itself from traditional Chinese herbal tea shop into a modern wellness concept food and beverage enterprise.

The Group manufactures its products at its own production facilities located in Hong Kong and Mainland China. Its Tai Po plant mainly produces fresh food products and drinks to be sold at Hung Fook Tong retail shops in Hong Kong. In the second quarter of 2019, the Group's new production facility in Kaiping City, Guangdong Province, has become fully operational. The new production facility is equipped with a high level of automation to provide additional capacities and to facilitate cost-effective production with an enhanced quality control mechanism. It is capable of supporting the demand for fresh and long-shelf life drinks in Mainland China and other markets.

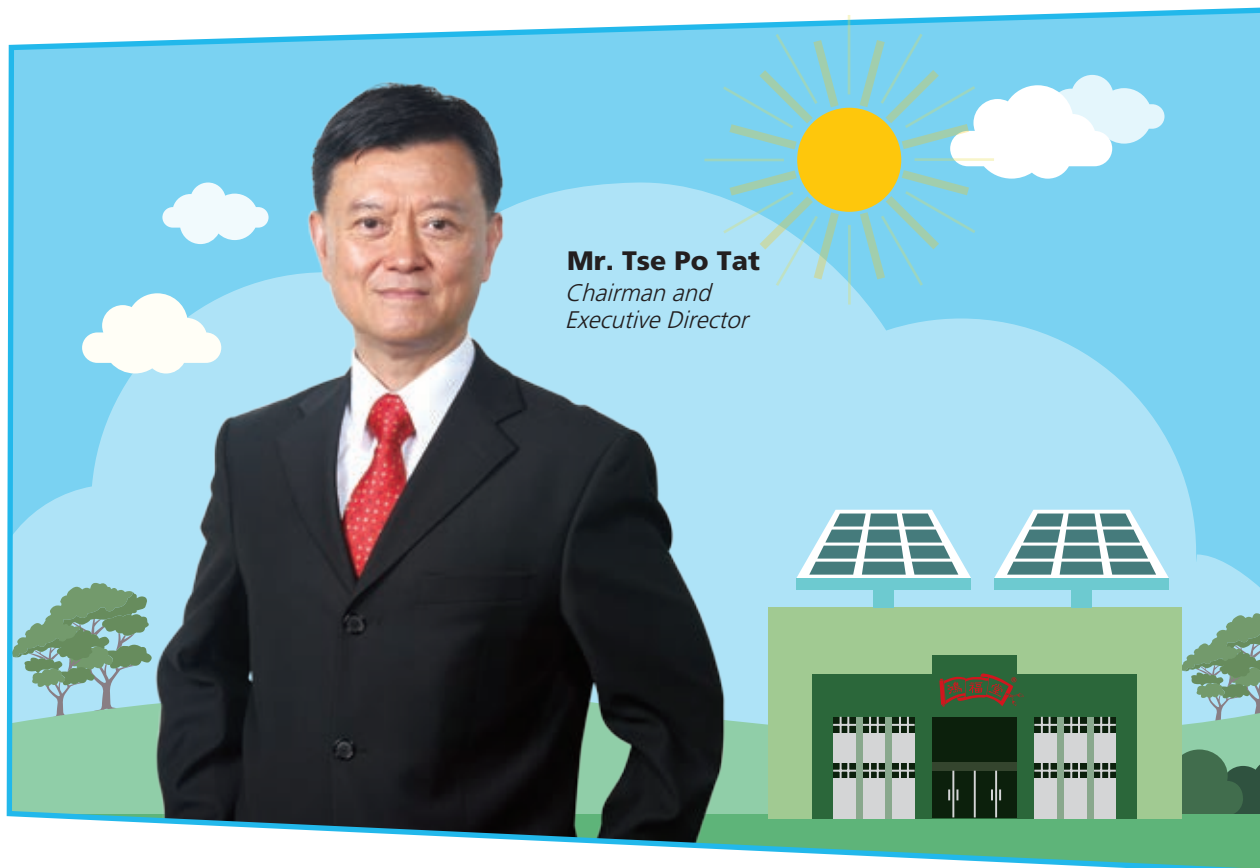
The Group's products are marketed through two sales channels: retail and wholesale. As the largest revenue contributor of the Group, the Hong Kong retail business continues to grow during the year. The Group opened nine new shops in 2019, totalling 115 self-operated shops as at 31 December 2019, which enabled the Group to retain its position as the largest herbal retailer in Hong Kong based on retail network size.

For the 17th consecutive year, HFT has been recognised as the top market leader in the Hong Kong Wellness Drink Category, with 37.8% market share by sales volume (litre)¹. The Group has also developed its wholesale business in Mainland China and other markets such as Vietnam and Malaysia during the reporting year.



¹ Validated by Nielsen.

MESSAGE FROM THE CHAIRMAN



Mr. Tse Po Tat

*Chairman and
Executive Director*

To our stakeholders,

As a leading food and beverage manufacturer, the Group upholds the principle of enhancing the wellbeing of its stakeholders, in order to create a sustainable community at the locations where we operate. Despite the challenges HFT has faced during the past year due to the global economic downturn and social instability, the Group sees the challenges as an opportunity to better connect with stakeholders in providing affordable products with high quality standards.

The Group relies on responsible corporate governance to manage its sustainability strategies. Through effective coordination between committees including Executive Committee and Audit Committee, the Board of Directors ("the Board") is liable for the overall responsibility to oversee HFT's sustainable development progress. HFT recognises the significance of a sound and well established sustainability governance structure, it is on our agenda to establish a formal structure to manage matters in relation to sustainability strategies.

In the reporting year, HFT has engaged stakeholders from different sectors to collect their thoughts and

opinions. Based on their inputs, we have identified 13 material issues, covering operating practices, labour practices, environmental stewardship and community investment, as the Group's focuses in this Report. The Group endeavours to provide a fair, harmonious and safe occupational environment for employees, while creating positive impacts on the community. HFT also concerns about the environment, not only does the Group strive to minimise the impacts of its production and operation on the environment, but HFT also hopes to create an environmentally friendly working environment for our employees.

Looking into the future, the Group seeks to continuously improve its performance through an effective approach, including to install solar panels at Hong Kong factory's rooftop in the next reporting year for reduction in the use of non-renewable energy resources, to drive a reduction in the use of plastic packaging and seek for alternative packaging materials in the long run, as well as to develop innovative shopping experience for our customers as the retail landscape evolves in the digital era.

Tse Po Tat

Chairman and Executive Director

Hong Kong, 23 July 2020

Environmental, Social and Governance Report 2019

25
AWARDS

AWARDS AND RECOGNITION

HFT has been awarded in recognition of the Group's effort on environment, labour practice, customer experience enhancement and community investment. The awards HFT has received during the reporting year are listed below:



HAPPY 開心企業
COMPANY
5years+

In Recognition of Labour Practice

Happiness-at-Work 5 years +
The Hong Kong Productivity Council

**ERB Manpower Developer Award Scheme:
Manpower Developer (2011-2020)**
Employees Retaining Board

Joyful@Healthy Workplace
Occupational Safety and Health Council

**Hong Kong Smoke-free Leading Company
Awards 2019 – Certificate of Merit**
Hong Kong Council on Smoking and Health



In Recognition of Customer Service and Operation Excellence

**The Hong Kong Q-Mark Service Scheme &
Q-Mark Elite Brand Awards 2019**
The Federation of Hong Kong Industries

Hong Kong Service Awards 2019
East Week

2019 Hong Kong Top Brand
Hong Kong Brand Development Council & The Chinese Manufacturers' Association of Hong Kong

GS1 Consumer Caring 5 years+
GS1 Hong Kong

2019 Quality E-Shop
Hong Kong Retail Management Association

PARKnSHOP Super Brands Award 2018 – Healthy Drinks
PARKnSHOP

**Trusted Brands 2019 – Platinum Award
(Chinese Soup/Herbal Tea Shop)**
Reader's Digest

Hong Kong's Most Outstanding Service Awards 2019
CorpHub

Food Safety Enterprise 2019-2020
International Food Safety Association

The 4th Hong Kong Creativity Industries Award 2019
Asia Pacific Creativity Industries Association

Fair Trade Corporate Label 2019-2020 (Bronze)
Fair Trade Hong Kong



香港名牌十年成就獎
Hong Kong Top Brand Ten Year
Achievement Award



By GS1 Hong Kong 香港商品編碼協會





In Recognition of Environmental Efforts

CarbonCare® ESG Label (Level 3)

CarbonCare InnoLab

Hong Kong ESG Reporting Awards 2019: Best Small Cap ESG Report Grand Award

Alaya Consulting Limited

BOCHK Corporate Environmental Leadership Awards 2018 – Services Sector Bronze Award & EcoChallenger

The Federation of Hong Kong Industries

Hong Kong Awards for Environmental Excellence 2019: Shops and Retailers – Certificate of Merit

Environmental Campaign Committee

Green Office Label and Eco-Healthy Workplace Label 2019

World Green Organisation

Charter on External Lighting Award (Gold Award)

The Environment Bureau



In Recognition of Community Investment

10 Years plus Caring Company 2006-2019

The Hong Kong Council of Social Service

Social Capital Builder 2018-2020

Labour and Welfare Bureau
– Community Investment and Inclusion Fund

2017/18 Y-Care CSR Scheme (Silver Partner)

Chinese YMCA of Hong Kong

2018/2019 Award of Excellence

The Community Chest of Hong Kong



2018-20 Social Capital Builder Awards
社會資本動力獎





ABOUT THE REPORT

This is the fourth Environmental, Social and Governance (“ESG”) report (“Report”) published by HFT. By reporting the ESG policies, measures and performances of the Group, the Report allows stakeholders to learn more about its progress and development direction in sustainability issues.

Available in both Chinese and English, the Report has been uploaded to the websites of SEHK and the Company (www.hungfooktongholdings.com).

REPORTING SCOPE

The Report focuses on the operation of the core businesses of HFT, i.e. retail and wholesale during the financial year from 1 January 2019 to 31 December 2019 (the “reporting year”). The reporting scope covers the ESG performances of the operation of retail shops in Hong Kong (“Hong Kong

retail shops”), office and factory in Hong Kong (“Hong Kong office” and “Hong Kong factory” respectively), as well as the operation of the newly implemented office and factory in Kaiping City, Guangdong Province (“Kaiping office” and “Kaiping factory” respectively).

While this Report does not cover all operations of the Group, it is on its agenda to gradually improve the Group’s data collection system and expand the reporting scope in the future.

REPORTING STANDARD

This Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) as contained in Appendix 27 of the Rules Governing the Listing of Securities on SEHK. The four reporting principles, namely the principles of materiality, quantitative, balance and consistency, form the backbone of this Report.

Reporting Principle	Definition	HFT’s Response
Materiality	Issues that the Group has posed significant impacts on the economy, environment and society, shall be reported.	The Group has identified issues that are considered as important to the stakeholders via management interview, stakeholder questionnaire and focus group. The material issues identified were verified by the Board. Please refer to p.13 for further details.
Quantitative	The Group shall ensure the Key Performance Indicators (KPIs) are measurable and accompanied by a narrative explaining its purposes, impacts and calculation methodologies.	The Group has assigned responsible personnel in collecting and managing environmental and social KPIs. The Group has also commissioned an independent consultant in assessing emissions and other environmental KPIs in accordance with local and international guidelines.
Balance	The Report should provide an unbiased picture of the Group’s performance. Presentation formats that may inappropriately influence a decision or judgement by the report readers should be avoided.	The Group is committed to upholding an unbiased reporting principle. The Group does not only report the achievements it has made but also the challenges it has faced.
Consistency	Consistent methodologies should be adopted to allow meaningful comparison on the Group’s ESG performance.	The Group adopts consistent data collection and calculation methodologies and provides historical data where appropriate.

To ensure the accuracy of environmental KPIs, the Group's greenhouse gas ("GHG") emissions from its operations were quantified through carbon assessment conducted by an independent professional consultancy, Carbon Care Asia. A complete index is inserted in the last section of this Report for reference.

CONFIRMATION AND APPROVAL

The Group has established internal controls and a formal review process to ensure that any information presented in this Report is as accurate and reliable as possible. The Board of the Company has overall responsibility for the establishment and disclosure of relevant measures and KPIs. To ensure that the Report covers environmental and social issues material to the Group, this Report has been reviewed and approved by the Board on 23 July 2020.

FEEDBACK MECHANISM

Comments and suggestions of stakeholders can help the Group to establish a more detailed and sound sustainability strategy. If you have any questions or suggestions regarding the content or format of the Report, please contact the Company via the following channels:

Address: 11 Dai King Street, Tai Po Industrial Estate,
Tai Po, New Territories, Hong Kong
Email: enquiry@hungfooktong.com.hk
Telephone: (852) 3651 2000
Fax: (852) 3651 2265





ESG GOVERNANCE

HFT upholds the principle of good corporate governance, which facilitates the development of the Group's ESG strategies. The Board is fully committed to supporting the realisation of HFT's corporate responsibility and is responsible for setting goals and objectives of sustainability directions for the Group. In order to ensure the effectiveness of the policies and measures in relation to ESG matters, the Group conducts review regularly for continuous improvement on its performance.

The Executive Committee is responsible for the implementation of goals and objectives and monitoring the Group's performance in relation to ESG matters. The committee meets regularly regarding the progress of the set goals and objectives and reports to the Board.

Looking into the future, HFT understands that the stakeholders now have a higher standard upon the Group's sustainability performance, the Group is actively considering on the establishment of an ESG working group to manage and monitor the progress in HFT's sustainable development.

ESG RISK MANAGEMENT

The Group believes that risk management is essential to maintain the smooth operation of HFT. The Board has appointed the Audit Committee to assist the Board in identifying, evaluating, managing and reviewing the potential risks that could cause impacts to the Group's operation. The identified risks are managed within the risk management and internal control systems and are evaluated regularly to ensure the effectiveness of the control and preventive measures.






The Group requires all operating departments to be involved in the process of identifying and assessing risks, as well as the formulation of mitigation measures, while the Internal Audit Department is responsible for coordinating and advising on the matters in relation to the identified risks. As part of the risk mitigation strategies, the Group has established a whistleblowing mechanism to enable stakeholders to communicate their concerns regarding any incurring risks.

HFT understands that the current risk management and internal control systems have not considered environmental and social risks in a comprehensive manner. The Group is planning to include such risks in its risk assessment process gradually and formulate corresponding action plans to better manage the environmental and social risks imposed by or on the Group's operation.



STAKEHOLDER ENGAGEMENT

Stakeholders are key to HFT's continuous improvement of its sustainability performance. Throughout the years, the Group has been collecting feedback and opinions from its stakeholders via questionnaires, focus groups and interviews etc. During the reporting year, key stakeholders have been engaged through various channels.

Key Stakeholders	Engagement Activities Highlights
Employees 	The Group provides a variety of training programmes and team building activities for its employees. During the reporting year, a focus group is held to gather feedback from employees regarding the Group's sustainability strategies.
Customers 	The loyalty programme – "JIKI CLUB" is used as the major channel in communicating with our valued customers. JIKI CLUB members are able to receive the latest updates from the Group via monthly newsletters and the JIKI CLUB mobile application. Customers can submit their feedback and opinions via customer service hotlines, email, company website and social platforms.
Suppliers and business partners 	HFT maintained active communication with suppliers and business partners throughout the reporting year; inspection visits have also been paid to suppliers for performance monitoring.
Community 	The Group engaged and supported the community with various charitable activities and volunteering services. Through communication with the non-governmental organisations ("NGOs") and the beneficiaries, the Group seeks to understand the needs of the community.
Shareholders and investors 	The 2019 annual general meeting was held on 6 June 2019. Moreover, the Group keeps shareholders and investors informed of its latest news and earnings announcements via the company website, media interviews and email updates.

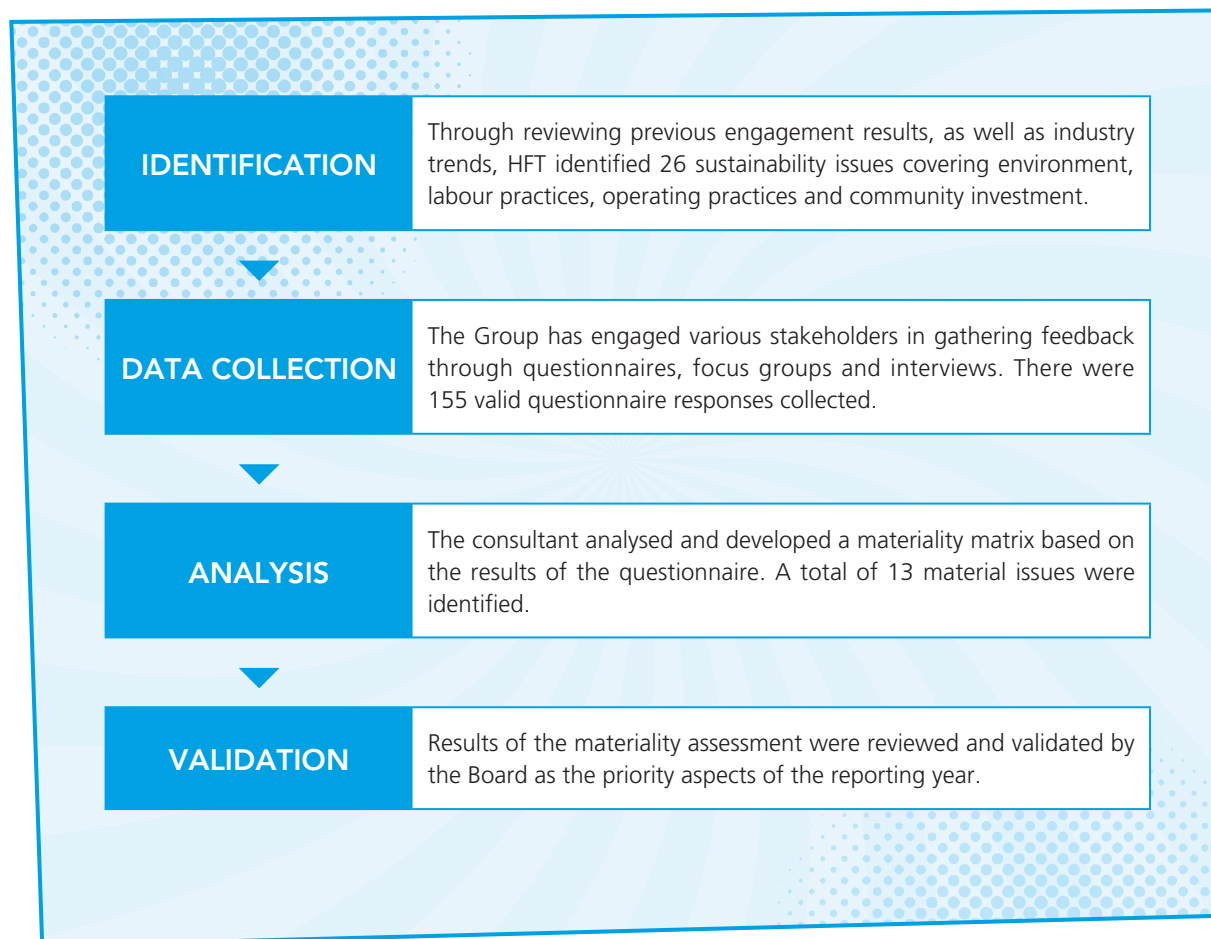
The Group strives to gain a better understanding to stakeholders' opinion, in the future, HFT is planning to further expand the scale of stakeholder engagement activities and involve stakeholders in the participation of sustainability decision making process.



MATERIALITY ASSESSMENT

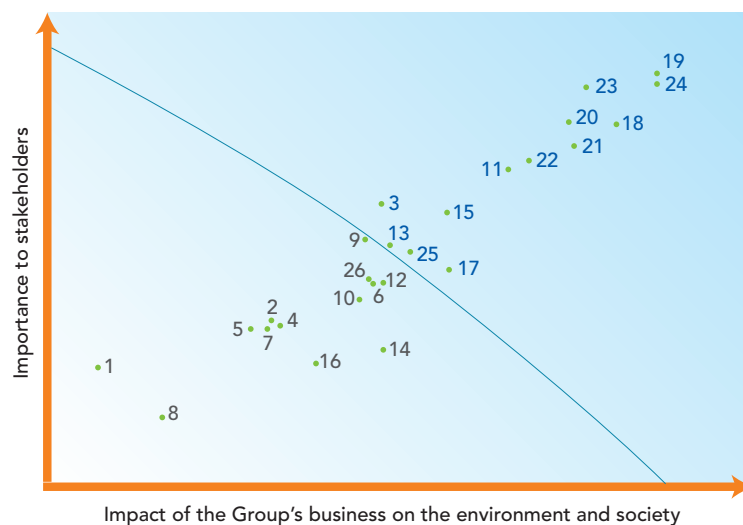
Materiality assessment allows the Group to focus on the aspects that are considered important by the stakeholders and that the Group's operation has a significant impact on. Consistent with the previous reporting years, HFT has commissioned external consultants to assist in conducting materiality assessment to identify sustainability aspects that are material to the Group.

HFT has conducted a focus group for further engagement of stakeholders groups during the reporting year. The Group seeks to gather feedback and opinions from different segments. Similar to the past three reporting years, the Group has engaged stakeholders representing business partners, NGOs, customers and employees from different departments.



MATERIALITY MATRIX

According to the results of the questionnaire, 13 sustainability issues were identified as material for the reporting year (marked in blue) and a materiality matrix was developed.



The identified sustainability issues were listed below in descending order of materiality by aspects. The 13 material issues are marked in blue in the list below:

Aspect	Issue No.	Sustainability Issue	Material Issues
Operating Practice	19	Ensuring product quality, customer services and customer health and safety	✓
	24	Anti-corruption	✓
	23	Ensuring customers' and business partners' rights	✓
	18	Procurement	✓
	20	Responsible product labelling and advertising	✓
	21	Product recalls	✓
	22	Handling of customer complaints	✓
	17	Selection of suppliers with responsible environmental and social performance	✓
Labour Practice	16	Assessment and management of suppliers' environmental and social risks	
	11	Employee health and safety	✓
	15	Prevention of forced labour	✓
	13	Training and development	✓
	9	Establishing a sound employment system	
	12	Employee welfare and wellbeing	
	10	Anti-discrimination, diversity and equal opportunities	
Environment	14	Prevention of child labour	
	3	Waste management	✓
	6	Efficient use of resources	
	4	Improving energy efficiency and energy saving	
	2	Effluent management	
	7	Managing impacts on environment and natural resources due to business operation	
	5	Improving water efficiency	
	1	Air and GHG emissions management	
Community Investment	8	Responding to climate change risks	
	25	Ensuring the impacts on community due to business operation	✓
	26	Community investment	

The Group noticed that stakeholders also expressed their concerns on establishing sound employment system, employee welfare and wellbeing and community investment.

OPERATION PRACTICES

HFT values the experience of customers while consuming the Group's products. The Group endeavours to provide safe and healthy products for customers while upholding integrity when working with business partners. Policies and measures have been set up to stipulate the procedures and practices with respect to quality control, supply chain management, product labelling and anti-corruption.

PROVIDING QUALITY PRODUCTS

Product quality is recognised as the most important material issue of the reporting year, the Group monitors product quality at every stage of the production and sales through the established quality control system.

Product Design and Labelling

A healthy lifestyle has been a rising trend, and the public is looking for healthy alternatives in recent years. In response to the public's needs for a healthier diet, the Group has developed products that address the needs of different customers.

HEALTHY DIET ALTERNATIVES FOR CUSTOMERS

Low salt and sugar content products



HFT introduces products with low salt and sugar content for customers who seek for a healthy diet. Currently, 48.6% of HFT's fresh beverage products are labelled with low sugar content, and its Organic Chicken Essence products are labelled with low salt content, referencing the related guidelines provided by the Centre for Food Safety. The Group has set a target to have 50% of its products in low salt or low sugar content within three years.

Vegetarian alternatives



The Group provides vegetarian alternatives to encourage a green diet culture. Currently, 14.3% of the HFT's products are made vegetarian.

Low-calorie Rare Sugar (稀少糖) products



Rare Sugar is known for its property in inhibiting glucose absorption in the body. The low-calorie Rare Sugar beverage products are designed for customers with diabetes or customers who are seeking for a reduced sugar diet. Currently, Rare Sugar is used in 10.8% fresh beverage products of HFT.

During the design stage of a product, the Group considers the nutritional values of each product. HFT commissions independent professionals to analyse and verify the nutritional contents of the new products and develops nutritional label through the standardised procedures. On the other hand, HFT continues to feature product labels in line with the "Salt/Sugar Label Scheme for Prepackaged Food Products" (預先包裝食品「鹽／糖」標籤計劃) to cater to the needs of health-conscious customers. 48.6% of its fresh beverage products are so-labelled to indicate their low sugar content.

For each of the product developed, HFT formulates a product specification document to record the ingredients, storage, packaging features, storage period etc. It is to ensure the products are kept at optimal quality at all times.

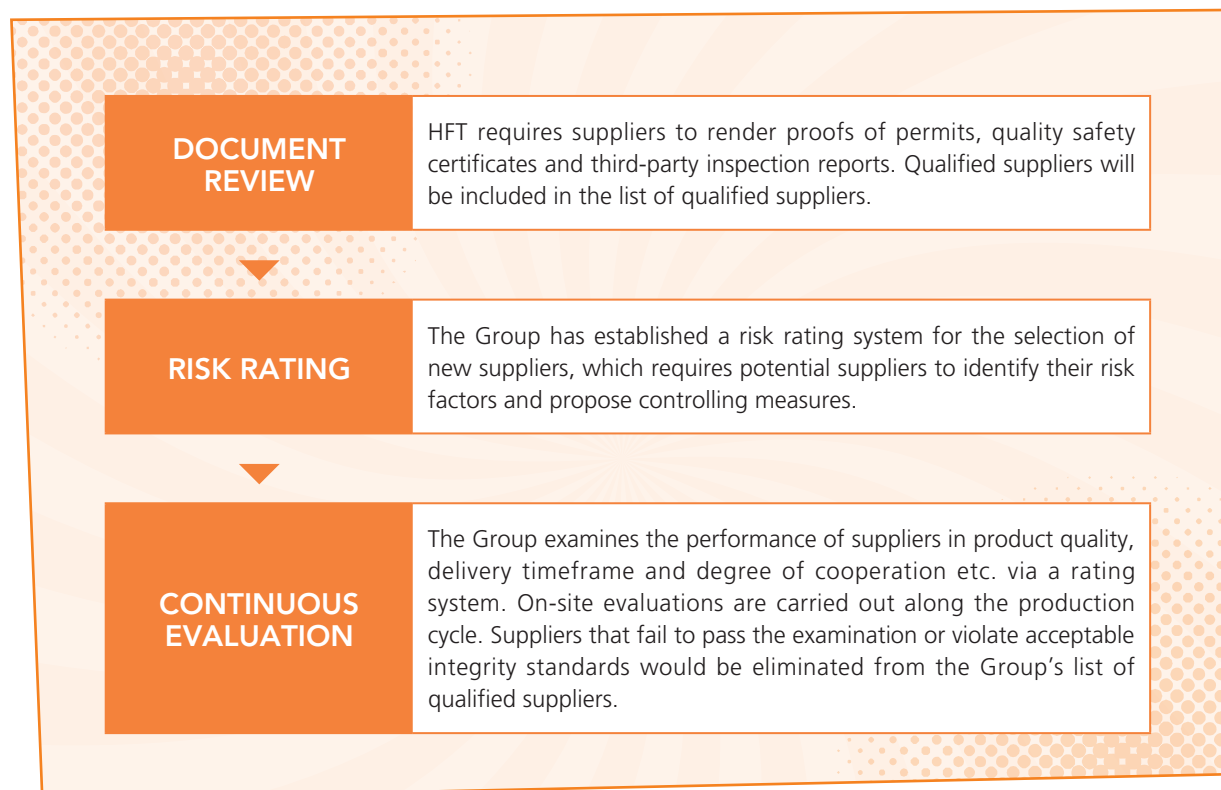
Supply Chain Management

Suppliers are vital partners in the Group's production. HFT manages its suppliers under the ESG Policy and supply chain management procedures to standardise the process of procurement of raw materials.

HFT promotes sustainability among suppliers and supports fair trading throughout the procurement process. The Group considers and cooperates with suppliers that are accredited with fair trade practices by the World Fair Trade Organization. Meanwhile, HFT strives to produce healthy, nutritious and high quality products with quality natural ingredients. The Group pays attention to whether any artificial additives, such as artificial preservatives, artificial colouring and Monosodium Glutamate ("MSG") are added to the raw materials supplied.



The Group has established procedures and guidelines in the selection of suppliers. Potential suppliers are required to comply with the Group's environmental and social responsibility guidelines.



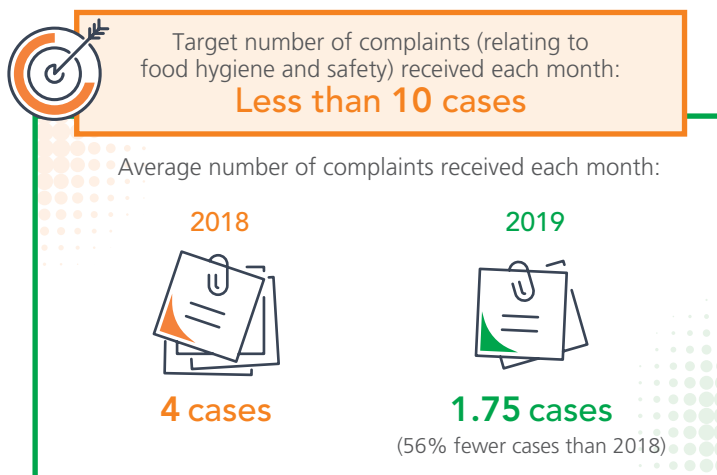
Product Quality Control

The Group is committed to producing products at its highest quality for its customers while avoiding risks of food safety through its production process. The Group's Hong Kong factory at Tai Po has been accredited for major quality management systems, including the ISO22000 Food Safety Management System, Good Manufacturing Practices ("GMP") and Hazard Analysis and Critical Control Points ("HACCP"). The newly implemented factory in Kaiping has also obtained ISO22000 food safety management system and HACCP accreditation.



HFT has established procedures in controlling quality of raw materials, final products and packaging materials in accordance with the abovementioned quality management systems. The quality control department is responsible for monitoring quality of products throughout all production stages to ensure it has met the quality and safety standards set out by the Group. Random samples are tested on quality and microbiological content of the finished product in each batch of products to minimise the risk of food safety issues. As a food and beverage producer, the Group applies strict standards and procedures in the storage of finished products and raw materials with specified storage methods and shelf life.

The Group has established a Food Safety Committee to review and monitor the effectiveness of the quality management systems at least once a year, as well as develop training programmes for employees on food safety and production. The Group has set out targets in receiving less than 10 complaint cases relating to food hygiene and safety each month.



Product Recall

The Group's product recall procedures are stipulated by the Retail Operation Manual to recall any potentially unsafe products for customers. Upon the commencement of product recall procedures, the Crisis Management Team would be alerted to trigger the crisis management procedures to stop all distribution and sales of the concerned products from the marketplace. The Group's Control Procedures on Non-conforming Products have also been established for reviewing, labelling, isolating, handling and recording of products that fail to meet customers' expectation.

For wholesale products in Hong Kong and Mainland China, the Group has implemented a separate set of product recall procedures. Upon receiving complaints from customers, third-party retailers or distributors, the Group conducts product factories audits and quality inspection of the concerned product. If the product is considered to constitute potential hazards to the public, HFT calls for removal of the product from all shelves.

In the reporting year, there were no products subject to recall for health and safety reasons.

ENHANCING CUSTOMERS' EXPERIENCE

HFT endeavours to enhance customers' satisfaction continuously through quality products and services. The Group's loyalty programme – "JIKI CLUB" is established since 2008 as a platform to maintain communication with its customers. The programme has attracted over 924,000 members in Hong Kong by the end of 2019.

To further enhance customer experience, the Group developed various tools via new technology including a mobile application ("APP") for JIKI CLUB members to manage their membership and electronic coupons, which offers added convenience on their shopping experience. During the reporting year, HFT has introduced new design and functions to the JIKI CLUB APP to enrich user experience, enabling online top-up payment, electronic coupon sharing and personalised notifications. In addition, in response to the increasing demand for online shopping, Hung Fook Tong Online ("HFT Online") has been employed to provide a viable alternative to technology inclined consumers in Hong Kong. HFT Online has been recognised as "Quality E-shop" for three consecutive years since 2017.



The Group introduced Smart Vendors, known as "HUNG+ (鴻家)" to increase exposure beyond traditional shops and provide customers with 24/7 personalised services. The machines are configured with functions of artificial intelligence to perform simple diagnostics, make health recommendations for customers, and suggest products that are most appropriate for their needs. During the reporting year, the Group has a total of 17 HUNG+ machines in service at commercial buildings, residential estates and the airport.

In 2019, the Group also expanded its sales channel to food delivery service including partnership with Foodpanda (and subsequently Deliveroo in 2020), allowing customers to enjoy HFT's products without visiting our retail stores.

HFT regards the feedback and opinions from customers as the drive to improve its products and services. The Group has established procedures in handling customers' feedback by the Customer Service Department. Customers' feedback is grouped into categories, namely general enquiries, compliments, complaints, and opinions. Each case was documented and followed up with remedial actions in a timely manner by respective departments.





ETHICAL BUSINESS OPERATION

With a large number of members in JIKA CLUB, the Group is committed to safeguarding the business integrity by protecting customer privacy and intellectual property rights, ensuring responsible marketing and communications and last but not least, maintaining an honest and respectful operation which is free of corruption.

Customer Privacy and Intellectual Property Rights

The Group collects and handles customer information by lawful and fair means. The Group only collects the personal data with the consent from members. Guidelines have also been set in HFT's Staff Handbook to guide its employees the proper procedures in protection of customers' privacy and personal data security. All personal data of customers are stored in the highly secure Amazon Web Services data centre with limited access to relevant employees. If customers suspect that their privacy has been violated, they can submit their complaints through HFT's customer service channels (hotline, email, online form and social platforms), and investigation will be carried out.

For the protection of intellectual property rights, the Staff Handbook has set out instructions to stipulate employees from infringing or violating any patents, trademarks, copyrights etc. of any third parties.

Responsible Marketing

HFT seeks to act responsibly in relation to marketing and advertising. The Group provides clear and reliable information regarding its products, such as information on allergens, safe consumption advice and inspected shelf dates on product labels, allowing customers to make informed choices.

The Group has put in place standardised criteria and procedures in the selection of advertising media and advertising content. The Marketing Department reviews the credibility and reputation of the media to ensure it is an appropriate channel to carry the Group's marketing and promotional messages. When determining the advertised content, HFT ensures the content is able to deliver the key benefit and product information to target customers in an honest and appropriate tone and manner.

Anti-corruption

The Group does not tolerate deception, bribery, breach of confidence or abuse of power of any kind. HFT understands the importance of maintaining integrity throughout its operation. The Group monitors and regulates activities regarding anti-corruption under the ESG policy. New employees are required to complete the Declaration and Disclosure of Interests Form to disclose any matter that raises a conflict with their duties and particulars of any monetary or other personal interest that they have in the matter of conflict.

The Group has established the Whistleblowing Policy and encouraged employees to report any improper and unlawful conduct through a designated reporting channel. The Board's Audit Committee is responsible for the monitoring and execution of the Whistleblowing Policy. The Whistleblowing Policy is monitored and reviewed regularly to ensure its effectiveness.

In addition, the Group requires its employees to adhere to the Procurement Code of Conduct, to avoid hospitality and gifts from suppliers or business partners that could potentially lead to bribery or other forms of corruption activities.

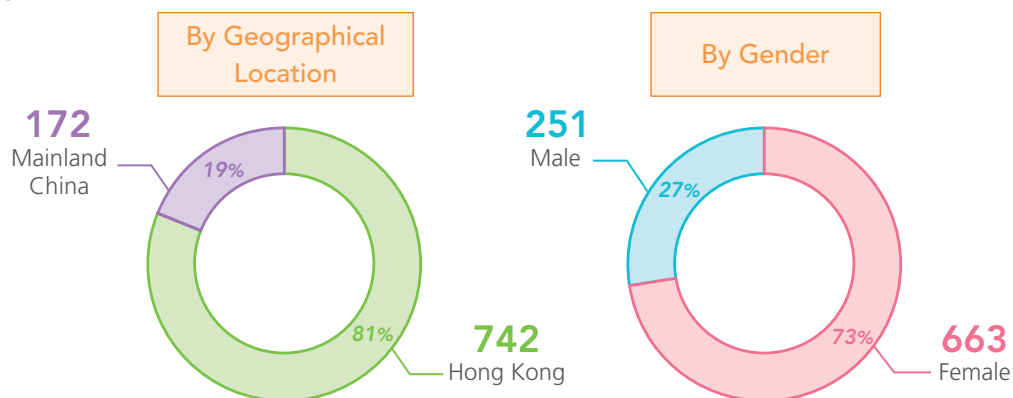
CARING FOR EMPLOYEES

The Group strives to provide a fair and pleasant working environment for its employees. HFT manages matters pertaining to employment system, labour standards, health and safety, as well as training and development with its Staff Handbook and supplemented by relevant policies and procedures.

EMPLOYMENT SYSTEM

The Group has stipulated policies relating to remuneration, dismissal, working hours, holidays, anti-discrimination, benefits and welfare in the Staff Handbook. Remuneration of employees is based on market price, individual qualification and experience, and discretionary bonus is based on years of service and performance appraisal.

As of 31 December 2019, the Group had a workforce of 914 people, comprising 742 employees in Hong Kong and 172 employees in Mainland China within the reporting boundary. Among the 914 employees, 27% were male, and 73% were female.



During the reporting year, HFT has updated its Staff Handbook to refine procedures on attendance and change of personal information, allowing improved management of the employment system.

HFT respects human rights and strictly prohibits child or forced labour in any form to maintain a sustainable workforce within the Group. The Human Resources Department places special emphasis on verifying the age of employees during the recruitment process. HFT also ensures employees are given enough rest days, as stated in the Staff Handbook to avoid forced labour in any form.

Employee Welfare

In recognition of the importance of work-life balance working style, HFT is committed to providing comprehensive welfare and benefits schemes for its employees. The Group values the precious moments of our employees, in addition to statutory holidays and annual leaves, employees are entitled to extra holidays such as marriage leave, 14-week paid maternity leave, five-day paternity leave, welfare leave, birthday leave and compassionate leave. The Group also provides benefits including medical insurance, seniority awards, birthday benefits, wedding gifts and shopping discounts for HFT's products. For Kaiping office and factory, employees enjoy benefits including the application of cross-border permit, provision of accommodation, complimentary work meals and beverages.

Fair and Inclusive Workplace

In order to create a harmonious workplace, HFT ensures its employees could enjoy a workplace which is free from discrimination. The Group makes hiring or promotion decisions without regard to age, gender, sexual orientation, race. HFT also adopts the policy of equal pay for work of equal value.



The Group adopts measures to improve its amenities as an inclusive workplace, including the establishment of a lactation room with necessary breastfeeding friendly facilities. HFT supports an inclusive workforce by offering job opportunities to persons with disabilities through various non-governmental organisations such as Hong Chi Association.

HEALTH AND SAFETY

Promoting a healthy and safe workplace is essential to HFT's operation, recognising its daily production of food and beverage products. The Group strives to make every effort to protect its employees from injuries. The Group has in place the Work Safety Guidelines of the Clerical and Non-clerical Staff Handbooks and the Retail Operation Manual, as well as the Safety and Health Policy for factory production to help the employees to understand the health and safety measures. HFT has received the Eco-Healthy Workplace Label during the reporting year for its efforts in ensuring a healthy working environment.

The Group's Safety Committee is established to monitor the overall safety management system and performance of Hong Kong factory and Kaiping factory. The committee is also responsible for managing hazardous risks throughout the production stages of HFT's products. During the reporting year, the Hong Kong factory has put in place a Safety and Health Policy, to stipulate its responsibility in safeguarding health and safety of employees, visitors and contractors.

Safety Management

The Group has put in place the Occupational Safety and Health Plan with supplementary procedures to provide guidance in safe working procedures including prolonged outdoor work, machinery operation, working at height, electrical works, working in confined space and chemical storage.

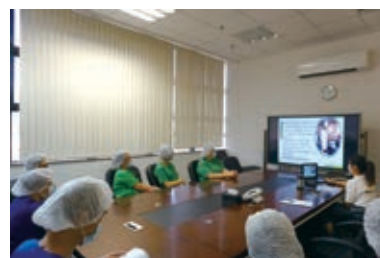
During the reporting year, the Group commissioned an external party to conduct a safety audit to further improve product safety. The aim of the safety audit was to assess and verify the efficiency, effectiveness and reliability of the safety management system and identify opportunities in improving safety measures at the Hong Kong factory. The Group has implemented improvement measures in accordance with the audit result, including improving storage location of chemicals and fire extinguishing system. The Group has also put in place a working instruction for operating cranes, working platforms and step platforms.

The Group strives to reduce work-related injuries over the years, there were 13 work-related injuries recorded during the year, equivalent to a work-related injury rate (per 1,000 workforces) of 14. Comparing to 2018, such injury rate has decreased by 11. The Group ensured all injured workers had received proper medical treatment, the cause of injuries investigated and it has developed improvement measures to prevent similar injuries.

Health and Safety Awareness

HFT organises safety training sessions and fire drills for Hong Kong office and factory employees, to promote safe occupational habits. The Group requires all new employees at Hong Kong factory and Kaiping factory to attend safety training before the commencement of their work.

To keep up with the employees' awareness, the Group puts up signs and posters at Hong Kong factory and Kaiping factory to remind employees of safe working procedures.



Employee Wellbeing

In supporting a work-life balanced lifestyle, the Group organises activities for employees to raise awareness of their health and encourage regular exercise. In the reporting year, the Group has implemented the “seven habits programme” to promote a healthy living style.

Seven Habits Programme Highlights



Lunch and Learn

HFT organised workshops in teaching employees to make healthy and delicious salad for lunch, in support of Green Monday.

Walk by the Sea

For four consecutive Thursdays in 2019, HFT invited employees to go for a walk and stretch together after lunch at Tai Po Waterfront Park, promoting regular exercise habits.



The Group organises team building activities regularly to promote a healthy culture within HFT. In the reporting year, employees of HFT were encouraged to join or form teams to participate in sports racing events, including Race for Water, Sowers Action Challenging 12 Hours and Standard Chartered Hong Kong Marathon.



As a herbal products manufacturer, HFT encourages its employees to pay more attention to their health. The Group provides one-day body check leave every year to promote health consciousness. The Group has also set up the “Hung’s Mailbox” with professional Chinese medicine practitioners to answer enquiries submitted by employees regarding herbal medicine and health concerns.

In 2019, the Group has refurbished the area at the ground floor of its Hong Kong office into a leisure area for employees to relax at their leisure time. HFT aims to create a harmonious environment for its employees at the office to promote a pressure-free working environment.



TRAINING AND DEVELOPMENT

In order to overcome the challenges of the Group's expanding business, HFT develops its own talent pool by organising training programmes in accordance with the employees' needs. The ESG Policy has stated the Group's commitment to promoting life-long learning opportunities for employees and enabling employees to gain a sense of accomplishment through skills and knowledge enhancement.



During the reporting year, the Group has organised various programmes for employee skills and knowledge enhancement, including hospitality skill, complaints handling, shop managers meetings, and pregnancy and post-natal diet training for retail shops employees. For office employees, other than orientation training and professional skills training, the Group has organised the "Moments of Truth" (關鍵時刻) programme for clerical employees to experience retail shop operations.

Hung's Conference (鴻人會)



To enhance the sense of belonging of the Group's employees, HFT organises the Hung's Conference regularly. The conference allows employees to share their thoughts and insights towards the Group. It also serves as an opportunity to promote interaction between employees from different departments.

Moments of Truth (關鍵時刻)

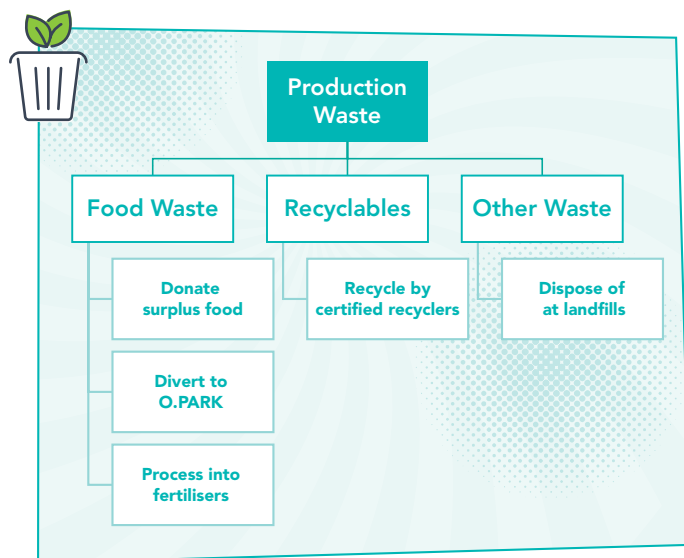
At least once per year, back-office employees including executive directors and department managers will work with frontline staff at retail shops to understand challenges and difficulties the frontline employees face at work. The programme also allows the Group's management staff to collect feedback from frontline employees directly for continuous improvement on operation practices.



ENVIRONMENTAL STEWARDSHIP

HFT cares about the environment and natural resources and is committed to reducing the negative impact of its business operation. The Group demonstrates its commitment to protecting the environment as stated in the ESG Policy through the implementation of measures to reduce emissions, waste generation and the use of resources.

REDUCING WASTE



The Group follows the principle of “reduce, reuse and recycle”, striving to reduce the waste disposed of at landfills. Production waste generated by the Group could be categorised as food waste, recyclables and other waste. The Group has established procedures in storing and treating the three categories of waste separately.

Food Waste

Food waste is the main form of non-hazardous waste produced by the Group. In 2019, the Group continued to donate surplus food to NGOs, including People Service Centre and Tin Shui Wai Community Development Network. More than 31,000 surplus food items were collected from Hong Kong retail shops and Hong Kong factory, which were distributed to the needed community.

HFT collects the residual food waste during production, including soup remains, herbal tea remains and eggshells, etc. and divert part of the food waste to O.PARK, the first organic resources recovery centre located in Siu Ho Wan of North Lantau, for the production of biogas and compost. In addition, part of the food waste was collected by a team from the Chinese University of Hong Kong (“CUHK”), which processed the food waste into fertilisers for local farms. In 2019, 384 tonnes of food waste were recycled, resulting in the reduction of GHG emissions by over 90 tonnes of carbon dioxide equivalent (“CO₂-e”), 301% more than in 2018.

	2019	2018
Amount of food waste recycled (tonnes)	384.4	107
GHG emissions reduced (tonnes of CO ₂ -e)	91.0	22.7

31,000 pieces
of surplus food donated

Among the
384.4 tonnes
of food waste recycled:

377.9 tonnes
of residual food waste
diverted to O.PARK

6.5 tonnes
of residual food waste
collected by CUHK and
turned into fertilisers

Furthermore, the Group has installed food waste processing equipment in its Hong Kong factory, with the objective of reducing food waste disposal by around 50% in the coming years. The ultimate goal will be to cut food waste disposal completely, and thus help address the landfill problem in Hong Kong.

Other Non-Hazardous and Hazardous Waste

There were other non-hazardous waste for commercial and production purposes, of comparatively less amount, such as plastic waste, wooden pallets, cartons and scrap metals. They were collected and recycled by designated collectors. Non-hazardous waste which were non-recyclable were collected and disposed of at landfills. Moreover, the Group strictly monitors the storing and treatment of hazardous waste and commissions qualified collectors to handle and dispose hazardous waste.

In the reporting year, 491 tonnes of hazardous waste, such as waste fluorescent light and LCD backlight tubes, was generated by the Group. In addition, 2,148 tonnes of non-hazardous waste, including domestic waste, paper, plastic and metal, was generated in the Hong Kong and Kaiping office and factory.

Waste	Type	Amount	
		2019	2018
	Hazardous waste (tonnes)	0.07²	Not applicable
	Hazardous waste intensity (tonnes/billion pieces of products)	4.33	
	Non-hazardous waste (tonnes)	2,148³	1,560 ⁴
	Non-hazardous waste intensity (tonnes/thousand pieces of products)	0.03	0.10

The Group's Office Waste Reduction Guideline encourages its employees to reduce the waste generation by reducing the use of resources, including avoiding unnecessary use of paper and disposable cutlery.

ENERGY EFFICIENCY

The Group is devoted to improving energy efficiency at its locations. HFT has implemented initiatives to reduce energy consumption as below:

INITIATIVES ON ENERGY EFFICIENCY	
HK Factory	<ul style="list-style-type: none"> ■ Conducted regular maintenance to production equipment, like cold storages, boilers, steam laminated pots, steam cabinets and circular clean-in-place system ■ Conducted inspections in factory area by security guards at night to check any idling electrical appliances
HK Retail Shops	<ul style="list-style-type: none"> ■ Fitted refrigerators either with doors or plastic curtains at all Hong Kong retail shops to reduce electricity consumption ■ Turned off external lighting after midnight ■ Adopted LED lighting whenever possible
HK Office	<ul style="list-style-type: none"> ■ Established a documented Energy Policy covering lighting, ventilation, air conditioning, office appliances, etc. to conserve energy ■ Monitored the implementation of energy policy daily ■ Educated and encouraged staff to avoid prolonged use of appliances, with reminders to promote awareness
Kaiping Office and Factory	<ul style="list-style-type: none"> ■ Installed over 100 devices for real time monitoring of energy usage ■ Adopted design to allow more sunlight entering the building, where lightings nearby windows are able to be turned on/off individually to avoid unnecessary use of electricity ■ Installed thermostat in the office to monitor temperature

² Includes hazardous waste data from Hong Kong only, as Kaiping office and factory was newly implemented, replacement records of batteries and fluorescent lamps etc. that generate hazardous waste were not available.

³ Includes non-hazardous waste data from Hong Kong factory and from Kaiping office and factory.

⁴ Includes data from the Hong Kong factory only. Data from Hong Kong retail and office and from the Mainland office and factory were not available.

Compared to 2018, the total energy used increased by 18%, with the increase in direct and indirect energy consumption of 13% and 25% respectively.

	2019	2018
Direct energy consumption (MWh-e)	19,510	17,211
Indirect energy consumption (MWh)	15,853	12,645

The increase in direct energy consumption was due to the increase in the installation of new production equipment in Kaiping factory, which is equipped with a higher production speed. The new equipment also allows full automation of production including the production of plastic bottles, to replace the previously purchased bottles for packaging, thereby increasing power consumption. The increase in production speed and additional production of packaging bottles led to an increase in energy consumption of production.

Solar Panel Installation Plan

HFT continuously seeks for alternative energy options to further reduce carbon footprint at Hong Kong factory. The Group is planning to install solar panels on the rooftop of Hong Kong factory in the coming reporting year, covering about 2,400m². The solar panels are expected to generate up to 90MWh in the next reporting year after installation is completed. In the future, the solar panels are expected to generate up to 3% of total electricity consumption of the Hong Kong factory.

RESOURCE EFFICIENCY

The Group is aware of the impact of its production and operation on the natural resources, and it is committed to improving resource efficiency to reduce the use of resources when maintaining its daily production.

Plastic Packaging Materials

Plastic is a major material of HFT's products packaging. HFT understands the public concerns toward the impact of single-use plastic containers on the environment. The Group is committed to seeking a reduction in the amount of plastic packaging by using alternative environmentally friendly packaging materials.

The Group has taken the step in raising awareness of the public. The Group has supported the "Recycle Actions of Returning Plastic Bottles" by sponsoring discount coupons for over 60 plastic bottles and cans recycling machines across Hong Kong. In the reporting year, over 290,000 plastic bottles and cans were recycled via these machines.

In the reporting year, the Group co-organised a trial plastic bottle recycling programme with the Jane Goodall Institute (Hong Kong) & V Cycle, a local green social enterprise. Plastic bottles recycling bins were placed at two selected retail shops since November 2019, nearly 500 plastic bottles (PET or PP) were collected within the first two months. The recycled products were sent to overseas markets for processing and eventually turned in to rPET products. Plastic recycling workshops on clean recycling tips were held for customer education, and a total of four workshops were held at shops in 2019.

In addition, HFT supports plastic reduction campaigns organised by various organisation. The Group has become a "No Straw Partner" since 2018 to support the "No Straw Campaign" initiated by Ocean Park Conservation Foundation Hong Kong. In the Hong Kong retail shops, straws and disposable cups are only provided upon request.

For the plastic bag levies collected at Hong Kong retail shops, they were donated to WWF-Hong Kong to support its "Plastic is Not Fantastic" scheme for their environmental protection and conservation programmes.





In the reporting year, 377 tonnes of plastic were used as packaging materials for finished products produced in the Hong Kong factory, while 28 tonnes of plastic bags and 19 tonnes of plastic containers were consumed during the operations of Hong Kong retail shops.

	2019	2018
Plastic packaging materials ⁵ (tonnes)	377	369

Water Consumption

Water is a scarce resource around the world, HFT strives to improve water efficiency throughout all production stages and at its daily office and retail shops operation. To enhance water efficiency, the Group installed a steam condensate recovery system to reuse production water for cleaning and product cooling purposes in both Hong Kong factory and Kaiping factory. The Group adopted an extraction process to facilitate effective use of water during the cooking process and improved production process or technologies to reduce water consumption. To extend the shelf life of water in water circuits, the Group applied a stabiliser to control the water quality. In June 2019, the Group implemented a new plastic bottle sanitisation system, which does not require the use of water. The new system is expected to reduce over 2,300 cubic meter of water each year.

Compared to 2018, the total water volume used and water use intensity increased by 24% and 106% respectively. The increase in water consumption is mainly due to the increase of productivity.

	2019	2018
Water consumption (cubic meter)	325,853	262,989
Water intensity (cubic meter/HK\$1,000 revenue)	0.691	0.336

Use of Paper

The Group has set up the Office Waste Reduction Guideline to encourage its employees in reducing the use of paper, measures include the utilisation of electronic operational procedures and encouraging the use of FSC-certified or recycled paper etc. Compared to 2018, the total amount of office paper purchased decreased by 10%.



	2019	2018
Purchase of office paper (kg)	8,158	9,059

To cut down paper usage over the long term, the Group has been actively promoting the use of digital membership cards and electronic coupons for its loyalty program "JIKA CLUB", so as to gradually reduce the use of their paper or plastic counterparts.



⁵ Includes packaging material used for the production in Hong Kong factory only.

EMISSIONS

For the quantification of GHG emissions, reference has been made to the Guidelines⁶ compiled by the Environmental Protection Department and Electrical and Mechanical Services Department of Hong Kong, the Guidelines⁷ released by the National Development and Reform Commission of the People's Republic of China and international standards including ISO 14064-1 and GHG Protocol.

Scope	GHG Emissions	
	2019	2018
Scope 1: Direct GHG emissions ⁸ (tonnes of CO ₂ -e)	6,027	3,805
Scope 2: Energy indirect GHG emissions ⁹ (tonnes of CO ₂ -e)	9,023	10,112
Scope 3: Other indirect GHG emissions ¹⁰ (tonnes of CO ₂ -e)	59	61
Total GHG emissions (tonnes of CO ₂ -e)	15,109	13,978
GHG intensity ¹¹ (tonnes of CO ₂ -e/HK\$1,000 revenue)	0.032	0.018

The total GHG emissions in 2019 were 15,109 tonnes of CO₂-e (8% higher than 2018), while the GHG intensity was 0.032 (78% higher than 2018). For Scope 2 emissions, the energy indirect GHG emissions, constituted 59.7% of the total GHG emissions. Scope 1 and Scope 3, being the direct GHG emissions and other indirect GHG emissions, accounted for 39.9% and 0.4% of the total GHG emissions, respectively. The increase in GHG emissions is mainly due to the increase in Scope 1 GHG emissions (about 58% increase), as Scope 2 and Scope 3 emissions decreased by 11% and 3% respectively. The increase in Scope 1 emissions is related to the increased consumption of R22 and R404a refrigerant used in the air-conditioning and refrigeration equipment.

In order to further reduce emissions generated by the Group, HFT will continue to assess and monitor its GHG emissions and set up targets to better manage its environmental performance.

RAISING EMPLOYEES' ENVIRONMENTAL AWARENESS

The Group actively promotes environmental awareness of its employees. A number of green offices measures were implemented, such as encouraging staff to prevent prolonged use of office's lightings and appliances. Three-coloured recycling bins including paper, metal and plastic are available at office. Electronic support medium are widely adopted for internal and external communications to promote a paperless culture. The Group has been awarded the Green Office Label by World Green Organisation for its environmentally friendly practices in 2019.



⁶ Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong.

⁷ Guidelines for Accounting and Reporting Greenhouse Gas Emissions – China Food, Tobacco, Alcohol, Beverage and Purified Tea Manufacturing Enterprises (Trial).

⁸ Scope 1 are direct GHG emissions from operations that are owned or controlled by the Group, which cover stationary sources combustion, mobile sources combustion, and fugitive emissions from refrigerant consumption. Although refrigerant R22 used in the refrigeration equipment is not within the six GHGs covered in the Kyoto Protocol, its emissions are included in the assessment to provide a true and fair account of GHG-related information.

⁹ Scope 2 emissions cover purchased electricity from power companies and purchased town gas.

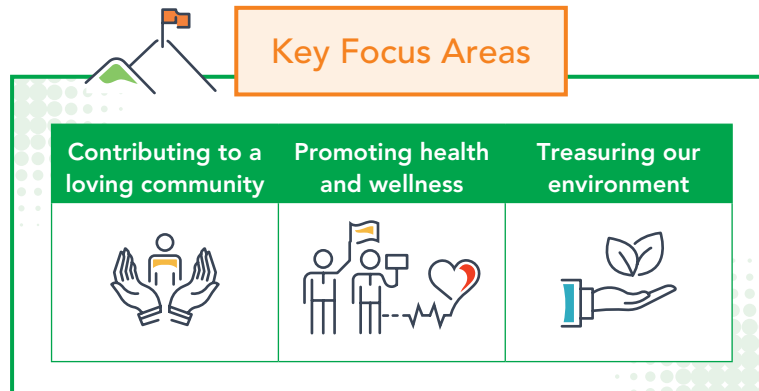
¹⁰ Scope 3 emissions cover emissions from paper waste disposal, use of fresh water, sewage discharge from domestic and catering use in Hong Kong operations, and business travel by air in Hong Kong and Mainland China operations.

¹¹ The figures are calculated based on the total revenue of the Group as presented in its 2019 and 2018 annual reports, which cover a slightly wider boundary beyond the scope of this Report.

INVESTING IN THE COMMUNITY

As a leading wellness food and beverage manufacturer in Hong Kong, HFT is committed to understanding and responding to the community needs. The Group concerns about the health, safety and development of the community as stated in the ESG Policy. Not only does HFT actively participate in charitable and cultural activities through sponsorship, but the Group also encourages its employees to participate in voluntary activities. The Group endeavours to impose a positive influence on society and promote community pluralism and harmony.

In the reporting year, the Group focuses on three key areas in its charity support and volunteer activities, namely:



The Group has established the Hung Fook Tong Volunteers Team ("HFT Volunteers Team") to organise volunteer activities. To encourage HFT's employees in contributing to voluntary services, the Group provides a maximum of two working days of welfare leaves (公益假) each year for volunteering for charitable activities during non-working hours.

Apart from sponsorship and supporting community projects, the Group sets up donation boxes in about 85 of its retail shops for fundraising purpose. Aligning the efforts with the focus areas, in the reporting year, the donation boxes have raised funds to help organisations such as the Community Chest of Hong Kong, Médecins Sans Frontières, Non-Profit making Veterinary Services Society, Heifer Hong Kong and Christian Action.



FOCUS AREAS AND KEY HIGHLIGHTS IN 2019



Contributing to a Loving Community



Volunteer Service for House of Joy & Mercy (阿棍屋)

The HFT Volunteers Team visited the House of Joy and Mercy, a non-profit making sanctuary for cats and dogs, to help with the general care of the animals including cage cleaning and dog walking.

The Community Chest Skip Lunch Day

HFT supported the Skip Lunch Day for the 10th consecutive year by sponsoring over 31,800 pieces of food coupons. In 2019, a total of HK\$1,800,000 was raised for the Community Chest of Hong Kong via this event.



Promoting Health and Wellness



Support Sports Events

The Group sponsored food for a number of sports races, including the Race for Water 2019 (fundraising event organised by A Drop of Life), 2019 Garmin 100 km, Rebel Walker 2019 in the reporting year. Additionally, to promote physical wellbeing among employees, two corporate teams of HFT participated in Race for Water and one team received the first runner up in the 30 km category.

FOCUS AREAS AND KEY HIGHLIGHTS IN 2019 *(Continued)*



Treasuring Our Environment



Cherish Food

In 2019, the HFT Volunteers Team participated in the "Cherish Food" activity held by the Hong Kong Federation of Women's Centres. The activity aimed at promoting a food wise and sharing culture. The volunteers made pastries out of recycled surplus food and distributed the pastries with gift packs to local residents.

Community Education on Plastic Recycling

HFT co-organised a trial plastic bottles recycling programme with the Jane Goodall Institute (Hong Kong) & V Cycle, a local green social enterprise. Plastic bottles recycling bins were placed at selected retail shops from November 2019, and plastic recycling workshops on clean recycling were held for customers. A total of four workshops were held in 2019.



COMPLIANCE MANAGEMENT

The Group's compliance department reviews laws and regulations with significant impacts to the Group's operation regularly, the breach of these laws and regulation does not only lead to reputational damage to HFT but also potential fines or lawsuit due to noncompliance. Therefore, the compliance department monitors the Group's daily operation through regular review of policies and measures to ensure it is compliant with relevant laws and regulations. Below listed relevant laws and regulations that are significant to the Group's operation and its compliance status during the reporting year.

Aspect	Relevant Laws and Regulations Significant to the Group's Operation	Compliance Status
Environment	Air Pollution Control Ordinance (Cap. 311) Waste Disposal Ordinance (Cap. 354) Product Eco-responsibility Ordinance (Cap. 603) Environmental Protection Law of the People's Republic of China	There were no noncompliance cases related to the relevant laws and regulations during the reporting year.
Employment	Employment Ordinance (Cap. 57) Labour Law of the People's Republic of China The Provisions on the Prohibition of Using Child Labour of the People's Republic of China	There were no noncompliance cases related to the relevant laws and regulations during the reporting year.
Health and Safety	Occupational Safety and Health Ordinance (Cap. 509)	There were no noncompliance cases related to the relevant laws and regulations during the reporting year.
Product Responsibility	Undesirable Medical Advertisements Ordinance (Cap. 231) Trade Descriptions Ordinance (Cap. 362) Personal Data (Privacy) Ordinance (Cap. 486) Regulation of the People's Republic of China on Customs Protection of Intellectual Property Rights GB7718-2011 General Standards for the Labelling of Pre-packaged Foods GB28050-2011 General Standards for the Nutrition Labelling of Prepackaged Foods	There were no noncompliance cases related to the relevant laws and regulations during the reporting year.
Anti-corruption	Prevention of Bribery Ordinance (Cap. 201)	There were no noncompliance cases, corruption litigation in relation to the Group nor its employees during the reporting year.



SUMMARY OF KEY PERFORMANCE INDICATORS

ENVIRONMENTAL PERFORMANCE

	Type	Emissions	
		2019	2018 ¹²
Air emissions	Nitrogen oxides (tonnes)	38.9	41.7
	Sulphur oxides (tonnes)	2.4	2.7
	Particulate matter (tonnes)	2.6	2.9

	Scope	Emissions	
		2019	2018
GHG emissions	Scope 1: Direct emissions (tonnes of CO ₂ -e)	6,027	3,805
	Scope 2: Energy indirect emissions (tonnes of CO ₂ -e)	9,023	10,112
	Scope 3: Other indirect emissions (tonnes of CO ₂ -e)	59	61
	Total GHG emissions (Scope 1, 2 and 3)	15,109	13,978
	GHG intensity ¹³ (tonnes of CO ₂ -e/HK\$1,000 revenue)	0.032	0.018

	Type	Amount	
		2019	2018
Waste	Hazardous waste (tonnes)	0.07¹⁴	Not applicable
	Hazardous waste intensity (tonnes/ billion pieces of products)	4.33	
	Non-hazardous waste (tonnes)	2,148¹⁵	1,560 ¹⁶
	Non-hazardous waste intensity (tonnes/ thousand pieces of products)	0.03	0.10

¹² Emissions of Nitrogen oxides and Sulphur oxides are recalculated in accordance with US EPA AP42 Air emissions calculation guideline.

¹³ The figures are calculated based on the total revenue of the Group as presented in its 2019 and 2018 annual reports, which cover a slightly wider boundary beyond the scope of this Report.

¹⁴ Includes hazardous waste data from Hong Kong only, as Kaiping office and factory was newly implemented, replacement records of batteries and fluorescent lamps etc. that generate hazardous waste were not available.

¹⁵ Includes non-hazardous waste data from Hong Kong factory and from Kaiping office and factory.

¹⁶ Includes data from the Hong Kong factory only. Data from Hong Kong retail and office and from the Mainland office and factory were not available.

Resources	Type		Amount of consumption	
			2019	2018
Energy consumption	Direct energy	Diesel (MWh-e)	5,428	5,898
		Natural Gas (MWh-e)	12,419	9,534
		Petrol (MWh-e)	119	254
		LPG (MWh-e)	42	31
		Towngas (MWh-e)	1,502	1,494
	Indirect energy	Electricity (MWh)	15,853	12,645
	Total energy consumption (MWh-e)		35,363	29,856
	Energy intensity ¹³ (MWh-e/HK\$1,000 revenue)		0.075	0.038
Water consumption	Total water consumption (cubic meter)		325,853	262,989
	Water intensity ¹³ (cubic meter/ HK\$1,000 revenue)		0.691	0.336
Packaging materials	Total packaging material used (tonnes)		424.6	389.2
	Packaging material intensity (tonnes/1,000 pieces of products)		0.025	0.024

SOCIAL PERFORMANCE

Total workforce	Full-time	853
	Part-time	54
	Contract	7
	Total	914

Total workforce by gender, age group and region		Under 30	30 to 40	41 to 50	Above 50	Total	Gender ratio
Hong Kong	Male	23	39	25	34	742	1:2.64 (male: female)
	Female	88	163	224	146		
Mainland China	Male	34	50	40	6	172	
	Female	11	22	8	1		
Total	Male	57	89	65	40	251	
	Female	99	185	232	147	663	
Total (by age group)		156	274	297	187	914	—

Total workforce by employment type ¹⁷		Managers & above	Deputy Managers & Assistant Managers	Senior Officers & Officers	Assistant Officers & general employees	Total
Hong Kong	Male	10	17	26	68	742
	Female	12	18	66	525	
Mainland China	Male	0	7	0	123	172
	Female	0	0	0	42	
Total	Male	10	24	26	191	251
	Female	12	18	66	567	663
Total (by employment type)		22	42	92	758	914

¹⁷ In the statistics, all employees from Hong Kong retail shops are put into the type of "Assistant Officers & General Employees".

			Under 30	30 to 40	41 to 50	Above 50	Total (by region)	Ratio to total employee
New employees ¹⁹	Hong Kong	Male	49	22	12	22	486	97.1% ¹⁸
		Female	117	105	105	54		
	Mainland China	Male	88	107	91	20	401	
		Female	26	50	18	1		
Employee turnover ¹⁹	Hong Kong	Male	64	25	12	22	572	87.6% ¹⁸
		Female	122	124	117	86		
	Mainland China	Male	54	57	51	14	229	
		Female	15	28	10	0		

		2019	2018
Employee turnover rate by region ²⁰	Hong Kong	77.1%	75.8%
	Mainland China	133.1%	15.0%
Employee turnover rate by gender ²⁰	Male	119.1%	36.9%
	Female	75.7%	73.8%
Employee turnover rate by age group ²⁰	Under 30	163.5%	87.4%
	30 to 40	85.4%	48.7%
	41 to 50	64.0%	54.6%
	Above 50	65.2%	49.7%

Work related fatality and/or injury	Gender	Number of work-related fatalities	Number of work-related injury	Work-related injury rate (per 1,000 workforce)	Lost days due to work injury
	Male	0	3	14	18.5
	Female	0	10		323

Number of employees trained and training hours ²¹	Gender	No. of employees trained	Total training hours	Average training hours ²²	Percentage of training
	Male	234	1,175.5	4.7	88.0%
	Female	570	3,468	5.2	
	Total	804	4,643.5	5.1	

		2019	2018
Number of key suppliers by geographical region	Hong Kong	160	152
	Mainland China	42	27
	Others Regions	30	13
	Total	232	192
	Percentage of suppliers where relevant ESG practices are being implemented	81%	75%

¹⁸ The high ratios of new employees and employee turnover are mainly due to the new implementation of the Kaiping office and factory.

¹⁹ The figures are calculated based on the employee number as at 31 December 2019 (within the reporting scope). They covered the rejoined employees and contract employees which were required for continuous replacement.

²⁰ Includes employees who left and re-joined the Group during the reporting year.

²¹ Among the employees who received training during the reporting year, 29.1% was male employees and 70.9% was female employees.

²² The figures are calculated based on the total training hours divided by total number of employees in the specified category.

ESG REPORTING GUIDE CONTENT INDEX

Material Aspect	Content	Page Index/ Remarks
<i>A.Environmental</i>		
A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	23-24, 27, 31
A1.1	The types of emissions and respective emissions data.	32
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	27, 32
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	24, 32
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	24, 32
A1.5	Description of measures to mitigate emissions and results achieved.	27
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	23-24
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	24-26
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	25, 33
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	26, 33
A2.3	Description of energy use efficiency initiatives and results achieved.	24-25
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	26
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	26, 33
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	23
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	23
<i>B.Social</i>		
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	19, 31
B1.1	Total workforce by gender, employment type, age group and geographical region.	19, 33
B1.2	Employee turnover rate by gender, age group and geographical region.	34



Material Aspect	Content	Page Index/ Remarks
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	20-21, 31
B2.1	Number and rate of work-related fatalities.	34
B2.2	Lost days due to work injury.	34
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	20
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	22
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	34
B3.2	The average training hours completed per employee by gender and employee category.	34
B4 Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	19, 31
B4.1	Description of measures to review employment practices to avoid child and forced labour.	19
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	15
B5.1	Number of suppliers by geographical region.	34
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	15
B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	14-16, 18, 31
B6.2	Number of products and service related complaints received and how they are dealt with.	16
B6.3	Description of practices relating to observing and protecting intellectual property rights.	18
B6.4	Description of quality assurance process and recall procedures.	16
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	18
B7 Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	18, 31
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.	31
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	18
B8 Community Investment		
General Disclosure	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.	28
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	28-30
B8.2	Resources contributed (e.g. money or time) to the focus area.	28-30



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