

五谷磨房

—— 自然之养 ——

Natural Food International Holding Limited
五谷磨房食品國際控股有限公司

(Registered by way of continuation in the Cayman Islands with limited liability)

Stock code : 1837



Environmental,
Social and
Governance Report

2019

Contents

About the report	2
Our Vision for Sustainability	2
Compliance and Scope	2
Sustainability Working Group	2
Stakeholder Engagement	3
Sustainability Materiality Assessment	4
Operating practices	5
Supply Chain Management	5
Product Safety	6
Customer Service	8
Employment practices	9
Diversity and Equal Opportunity	9
Employee Structure	10
Employee Benefits and Welfare	11
Training, Education and Development	12
Occupational Health and Safety	12
Anti-corruption	13
Community Involvement	13
Environmental performance	14
Use of Resources	14
Consumption Management	14
Waste Management	15
Compliance Operation	15
Environmental key performance Indicators	16
Appendix 1: SEHK ESG Reporting Guide Index	17

About the report

OUR VISION FOR SUSTAINABILITY

Natural Food International Holding Limited (hereinafter referred to as “the Company”, or “We”) was listed on the Main Board of The Hong Kong Stock Exchange in 2018 (stock code: 1837). The Company and its subsidiaries (collectively as “The Group”) are principally engaged in the processing and selling of natural health food and acting as a food producer serving mainly PRC market. Our mission is to offer value-priced high-quality health and natural food products with one-stop production services to our customers, as well as providing opportunities to our employees for their career development while delivering profitable returns to our shareholders. In addition, we strive to create a sustainable business model taking into account of social-economic and environmental development. We inculcate a sustainability culture within the Group raising our sense of duty, awareness and commitment to sustainability.

Our multi-dimensional approach to sustainability is driven by our core values to deliver quality products with caring service and supported by a profound framework of practice guide that extends across our operations, continuous quality assessment, human resources, risk and control, and investor relations. Our commitment in social responsibility is further supported by our many efforts on behalf of our customers, employees, and communities.

COMPLIANCE AND SCOPE

We are pleased to issue our Environmental, Social and Governance (“ESG”) report for the year ended 31st December 2019. This report is an important channel for us to communicate to our stakeholders regarding the efforts we have made and our achievement in social responsibility and sustainability. The report covers our major business activities and operations of our headquarter and our major production facility located at Tuanfeng county of Hubei.

The report is prepared in accordance with the Environment, Social and Governance Reporting Guide contained in Appendix 27 of the Rules Governing the Listing of Securities (“Listing Rules”) on The Hong Kong Stock Exchange and follows the “comply or explain” provisions. The report focuses on the activities implemented during fiscal year of 2019 (1 January 2019 to 31 December 2019).

We value your feedback on this report and our sustainability plan. Should you have any comments and suggestions, please feel free to contact us by email to ir@szwgmf.com.

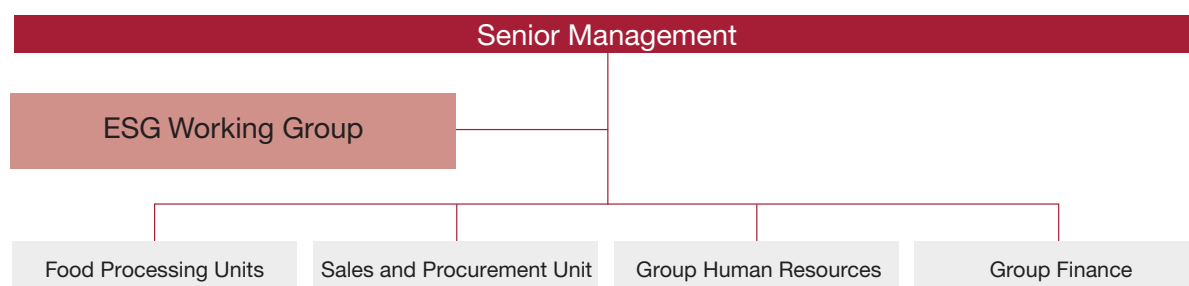
SUSTAINABILITY WORKING GROUP

The Board of Directors has the overall responsibility for ESG strategy, materiality assessment, initiatives, policy and reporting of the Group.

Sustainability focuses on meeting the needs of the present without compromising the ability of future generations to meet their needs. The concept of sustainability is composed of three major pillars: economic, environmental and social. It is integrated in our operation as profits, environment and people. We have instilled in our employees the sustainability notion which has become an integral part of our manufacturing and operational activities, seeing to deliver profit and environmental & social benefits in a continuous and synergistic manner.

About the report

To implement the ESG initiative and formulate our sustainability strategy, the Group has established a committee which comprises of senior management and other members staff with sufficient ESG knowledge, and the authority to promote a company-wide awareness of the importance of the Company's ESG efforts. The sustainability committee members span across various functional departments, including the operational, human resources, and finance departments, aiming to ensure that the environmental and social responsibility considerations are integrated into our daily management decision as well as daily operation. The ESG Working Group is also responsible for executing our ESG initiatives, collecting and calculating ESG data and Key Performance Index ("KPI") and reporting of ESG-related matters across our major businesses and operations.



The Sustainability Working Group directly reports to the Board of Directors on ESG matters, progress and results.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is an incubator of our sustainable development plan, which is also an important step to gather valuable ideas about ESG issues for materiality assessment in order to sharpen the focus of our sustainability strategy. In preparing our ESG report, we have primarily engaged major stakeholders through a number of channels. We believe that trust is built on effective communication. Ongoing interaction with stakeholders is an integral part of our day to day operations. Our communication channels such as comments left in our social platform, meetings, interviews enable stakeholders to express their ideas, opinions and suggestions. Our identified stakeholders include investors, employees, customers, suppliers, business partners, media, government agencies, regulators and the community.





In view of materiality analysis, we have identified for a materiality matrix four key topics with sixteen aspects which become the basic elements in formulating our sustainability plan.

About the report

SUSTAINABILITY MATERIALITY ASSESSMENT

A list of sustainability topics are identified which are potentially material to our Group in the context of our business and day-to-day operations. A materiality matrix is developed from the result of stakeholder engagement exercises conducted for key staffs and top management. The materiality assessment and prioritization are summarized in the below matrix.

Material issues that are concerned to the Group

 Governance	 Environmental	 Labour	 Society Aspect
Business Performance	Energy Consumption and Management	Employee Diversity and Equal Opportunity	Anti corruption
Risk Management	Water Management	Talent Attraction & Retention	Community Engagement
Law Compliance	Greenhouse Gas Emission	Employee Benefits	
	Use of Materials	Career Development and Training	
	Waste Management	Occupational Safety and Health	
		Employee and Labour Practice	

Operating practices

SUPPLY CHAIN MANAGEMENT



As a natural health food company in China market, we source raw materials within China and from overseas. The Group believes the quality of raw materials directly affects the production process and the quality of the final product. To enhance the supervision of supply chain, we have implemented different policies which include supplier development, supplier certification policy, supplier site visit guideline and other related management procedures. When assessing suppliers, on-site audit, sample testing and license audit are performed.

We believe a systematic and efficient supply chain is fundamental to ensure the stability of our production and operation. We endeavor to provide products and services with the highest quality to customers. We strictly implement the “Supplier Quality Management Manual” and “Food Fraud Prevention and Control Procedures”, and at the same time, include supplier integrity in the scope of credit, which is reflected in the supply and marketing contract to guarantee the safety of raw materials. Regularly review is conducted to ensure each supplier’s and business partner’s product standards and they follow safety standards and regulatory requirements. The frequency of supplier quality audits is determined by material risk level, supplier site risk level, supply quality performance, material importance and other factors, such as semi-annual, annual, or multiple times a year. For those qualified suppliers who supply large quantities of important materials, we inspect incoming material from suppliers which is carried out on a batch-by-batch basis and perform factory audit once a year. Besides, we also purchase agricultural product from farmers and agricultural cooperatives. General purchases are made through agricultural cooperatives or jointly contracted with companies to ensure quality assurance and traceability. All agriculture providers must hold licenses approved by the government and all goods to be sold must be imported in an appropriate way.

Quality department and R & D department jointly develop the acceptance standard of raw and auxiliary materials. After products are delivered to our factory, the quality control personnel take samples in batches for testing, perform inspection and report the results according to the acceptance standard. If we found unqualified raw materials, we generally return the materials.

Operating practices

We are offering four different product categories and approximately 90 product types. Automation management systems are applied to strengthen quality assurance and traceability of our supply chain and food safety. With our robust technology infrastructure and stringent quality control measures, our sales network has rapidly and successfully expanded across China by providing high-quality products.

To enhance our efficiency and diversify operational and compliance risks, we use outsourced logistics companies which provide third-party logistic service. Our products are delivered by trucks from our production facilities to customers' warehouses or designated locations with this comprehensive transportation system. Third-party logistic service providers are required to handle products with extra care during transportation to protect their labels and prevent damage to their packaging. We also require that third-party logistic service providers should keep all containers, tools and equipment used for storage, transportation and containing of food safe, harmless and clean so as to prevent food contamination and ensure meeting specific requirements like temperature for food safety. We regularly review third-party logistic service providers' operational and compliance aspects while they bear the liabilities for any damage or loss during transportation.

PRODUCT SAFETY



The Group has always paid high attention to food safety. Product and customer demand are of our high priorities. We strive to meet all relevant national food safety laws and regulations and standards to ensure that our products are safe and of quality.

We have established policies and practices that our workforce should be vigilant of any quality concerns and responsive to customer feedback in compliance with all regulatory requirements.

All our production facilities obtain SC Food Production Licenses issued by Food and Drug Administration. We are also certified to FSSC 22000 Food Safety System. The Group is fully in line with local and international standards which entrust our quality control system and production process.

Procurement is our first defense. We understand that the quality of raw materials is of paramount importance.

Operating practices

The procurement department purchases the raw materials from accredited suppliers according to our quality standards and reliability assessment which ensures the availability of valid inspection reports and production licenses. The Group has developed a procurement management system to conduct assessment, selection, review and appraisal of its suppliers. Our suppliers and subcontractors are selected based on their background, pricing, service, quality, reputation, and after-sales support, as well as capacity to ensure stable and adequate supply. Qualified suppliers, which have been confirmed by the review and appraisal results, shall have the proven ability to meet the Company's requirements for the quality of materials to be procured.

The Group requires raw materials suppliers to possess valid business licenses, related food production licenses in compliance with the related quality, hygiene and sanitary regulations. Submitting corresponding independent third-party assurance report and/or the results of laboratory tests of their products are also required during inception or when requested.

Stringent guidelines on inspection, sampling, specifications, and testing requirements are set up. Employees are required to follow guidelines throughout the process before accepting incoming raw materials. It is required to return sub-standard raw materials.

To manage the risks of supplies in terms of climate changes, harvest, price, quality, traffic, we have established diversified suppliers base for each major type of key raw materials. In the past 3 years (2017, 2018, 2019), the aggregated amount of supplies from our top 5 suppliers are below 30% of our annual raw materials purchase cost. In overall, we believe we have established a reliable source comparable alternative within China and other foreign countries.



We believe a systematic, consistent and regulated production process is the key to improve product quality.

The measurement carries out comprehensive inspection and tests in the whole production process by our quality control department. We aim to provide an efficient and safe operation and zero food contamination. For instance, we inspect the final quality control of the product process before our product is delivered for sale. Besides, our automated production line makes much of the process pollution-free to produce healthy and safe healthy food. All must wear neat uniforms before entering the production area and undergo disinfection as required. Both our production facilities and warehouses have installed pest control equipment to ensure these areas are well ventilated.

Operating practices

Finished products are properly packaged and stored in designated zones. Warehouse staff are required to store finished products appropriately according to the storage period and conditions, regularly inspect their appearance and shelf-life, and prevent fire, moisture, water, mold and leakage. Handling staff is required to keep all containers, tools and equipment used for storage, transportation and containing of food safe, harmless and clean so as to prevent food contamination and ensure meeting specific requirements like temperature for food safety.

CUSTOMER SERVICE



We aim to provide a superior service experience to our customers. In order to improve our business, we perform customer service evaluations regularly. For online channels, we continue to strengthen process management. While providing consumers services through our WeChat public account, and customer hotline, we also improve our ability to collect and handle customer feedback.

The Group values every customer's complaint. Our customer service team apply an internal policy which promotes real-time response to product complaints, enabling us to take requisite precautions to prevent related issues from reoccurrence.

We set out policy in compliance of goods and services with the Consumer Protection Law and Product Quality Law of PRC. We attach great importance to customer information security and privacy protection. We implement a set of corresponding customer privacy protection measures to strictly safeguard the personal information of each customer. We prohibit unwarranted sharing of screenshot and revealing of personal privacy. Specific personnel are also assigned to file and archive customer information while unauthorized access is prohibited.

In a responsible manner to consumers, the Group has established stricter guidelines, to ensure the sales and marketing departments of the Group provide precise product descriptions and information that comply with the relevant local laws and regulations to the customers. For instance, we perform a comprehensive review of existing product labels, have joint departmental approval on upcoming items, engage external professionals to provide professional opinion, reference to external laboratory inspection results, and conduct periodic review current practice with industry norm and regulations update.

Employment practices

DIVERSITY AND EQUAL OPPORTUNITY

We believe that employees are the most important assets of an enterprise and the core driving force for continuous development. We are committed to improving the employment system and striving to provide employees with comprehensive protection of their rights and interests. As we uphold the principles of openness, fairness, and impartiality, we advocate employee diversity and resolutely oppose discrimination, striving to eliminate any injustice to candidates and employees arising from factors such as gender, age, race, religious beliefs and gender orientations.

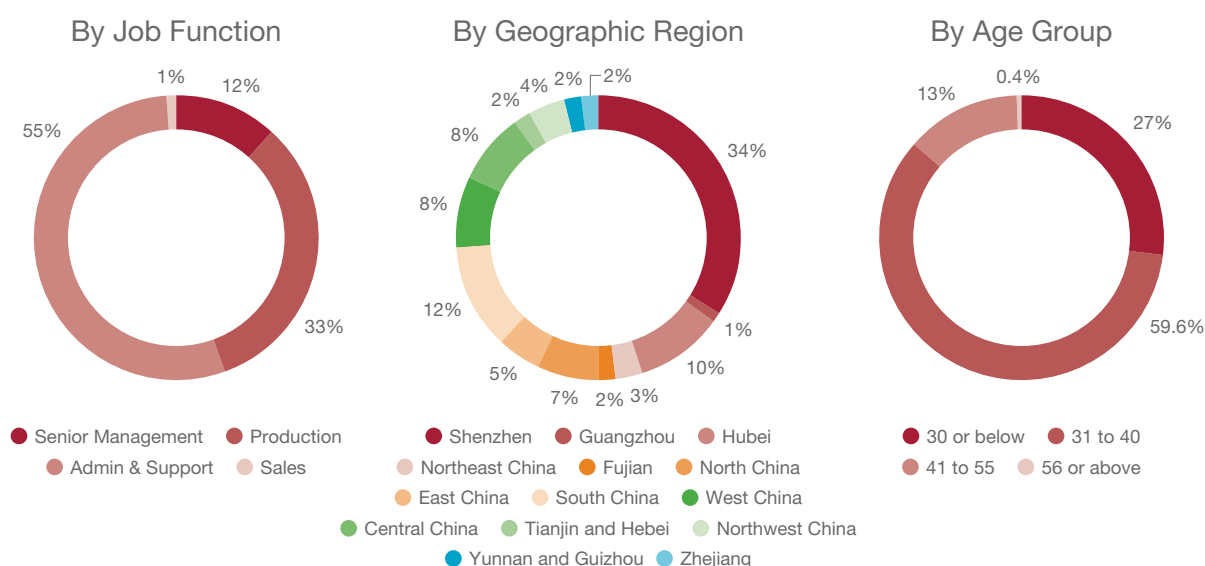
With a view to protecting the legitimate rights and interests of employees, the Group's working hour policies for its employees have been in strict compliance with national laws and regulations. Our employees have standardized working hours, and enjoy paid leave, maternity leave, sick leave, public holidays, and designated rest periods, which guarantee they have sufficient rest time and appropriate work-life balance. Besides, we prohibited the use of child and forced labor. In the recruitment and selection of talents, those under 16 years of age must not be recruited by reviewing the identification of personnel. Any material non-compliance with our protocol may result in summary dismissal. Illustrated below our workforce diversity as at 31 December 2019: –



Employment practices

EMPLOYEE STRUCTURE

In 2019, we have 838 full time employees. In the course of our operation and industrial characteristic, front line staff tend to come and go simultaneously. As at 31 December 2019, our employee composition by job function, geographical region and age group were as follows:-



An employee handbook is established for regulating recruitment, promotion, discipline, working hours and vacations. It is required staff must have a good understanding of the contents of the handbook. Employees who fail to comply with the company's regulations are first given a warning notice and, in serious cases, are dismissed. We have created a harmonious working environment as well as a safe and comfortable workplace to build a business platform for every staff to grow with the Group. Our employment practices are well written according to relevant PRC law and regulations, namely Labour law, Production Safety Law and Prevention and Control of Occupational Diseases. In the Review Year, the Group follows relevant laws and regulations in relation to providing a safe working environment and protecting employees from occupational hazards, in all material aspects.

We have established a consistent recruitment process that aims to recruit and attract talent to our teams suited to the job requirements of each department. The Group's recruitment method is mainly network social recruitment, internal recommendation, campus recruitment with reference to factors such as their experience, qualifications and expertise required for our business operations. Applicants who meet the requirements for a post are given equal interview opportunities regardless of gender, age, race, religion or disability. A detailed description of the job, including duties, welfare and salary packages are also provided. Applicants who have relatives who work in the same Group must clarify personal relationships and that family members' work in the Group is not affected.

Employment practices

Our employee's remuneration is determined based on factors such as qualification, contribution, and years of experience. We regularly conduct employee performance assessments and those with excellent performance are given promotion opportunities.

To enhance our internal control on the social insurance premium and housing provident funds, we have obtained legal advice and assigned our finance and human resource department to monitor the status of monthly payments. Also, we provide entry-level employees with insurance policies.

In the Review Year, the Group follows relevant laws and regulations in relation to staff compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other staff benefits, in all material aspects.

EMPLOYEE BENEFITS AND WELFARE

We are committed to providing employees with competitive compensation and comprehensive welfare and protections. We regularly review our compensation and benefits programs in order to attract, motivate and retain talented employees. Annual reviews are conducted to exchange comments, offer adjustments and/or promotions to employee which are commensurate with their performance.

In order to maintain the smooth and sound relationship between employees and employers, we regularly organize social and recreational activities for employees to enrich work and social life. In the Review year, the Group arranged a number of meaningful activities for its employees, including annual dinner, staff award programs and team building trips.



Employment practices

TRAINING, EDUCATION AND DEVELOPMENT

The Group is committed to providing employees with comprehensive training that caters for job requirements and career planning, which in turn provides a dynamic and innovative talent pool for the long-term development of the Company. Through a combination of orientation in-house training and on-the-job training, the Group strives to make sure that all employees are equipped with operational abilities. It helps employees learn and grow in practice, supporting and encouraging them to pursue for self-improvement and life-long learning. We offer continuing education programs in place to cultivate our employees' professional skills and capabilities. For example, we organized a supplier on-site assessment class for law department and product department to strengthen their professionalism, inspection skills and our procurement management. In the Review Year, a total of approximately 7,350 hours are provided to the Group's staffs.



Besides, we recognized the contributions of our employee and provide career development opportunity. During the year, there are 51 staff being internal promoted involving middle and senior management positions among whom 75% are female.

OCCUPATIONAL HEALTH AND SAFETY

To provide and maintain a safe, clean and environmentally friendly working condition for employees, the Group has established a series of work safety policy and standard operating procedures. We have implemented the responsibility for production safety and accountability, comprehensively carrying out the investigation and handling of hidden hazards in production safety. We also provide information, training, and protective equipment to ensure employees' safety. We strictly comply with all applicable local health and safety regulations.

In addition, the Group provides occupational safety education and training to employees to enhance their safety awareness. We strove to raise employees' safety awareness and improve their risk prevention capabilities on a continuous basis. The Group provides work protocol and safety guideline. With the goal to effectively manage occupational safety and health, the Group adopts appropriate and adequate tools in order to improve the effectiveness of the operation. Besides, the Group posts safety and operational instructions in conspicuous places, and thereby reducing the possibilities of significant occupational safety and health impacts.

Employment practices

An occupational hazard contributes to severe health problems among workers. Interventions on awareness-raising will be continued to lessen the risk of safety hazards. In the Review Year, the Group follows relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards, in all material aspects. For FY2019, the Group has not encountered any work-related fatality incidents. We monitor the effectiveness of safety-related controls continually and conduct assessments on its health and safety performance in order to conserve a healthy and safe workplace for our employees and protect them from work-related injuries.

ANTI-CORRUPTION



The Group realizes the importance of staff integrity.

We strive to promote business activities within the Group are carried out in good faith and in ethical and lawful manner. The Group has established internal controls, authority limits and segregation of duties for our major processes, assigned senior management of finance department to design, implement and revise the internal controls regularly and set up an internal audit department to review and monitor the related measures independently.

We prohibit all forms of bribery, extortion, fraud and money laundering and encourage reporting of non-compliance incidents or potential conflicts of interests to our senior management and/or independent internal audit function by our stakeholders. Any material non-compliance with our protocol may result in summary dismissal and/or court actions.

In the Review year, we follow relevant laws and regulations in relation to bribery, extortion, fraud and money laundering, in all material aspects.

COMMUNITY INVOLVEMENT



As a responsible corporation, the Group has been working towards to building a beautiful and healthy community and maintaining communication and interaction with the community to contribute to the development of the community. For promoting the awareness of environmental protection of the Yangtze river's ecosystem, the Company has been engaged in a continuous donation program with an environmental protection association which is registered with The Sichuan Provincial Civil Affairs Department.



Environmental performance

We believe that quality living is about enriching lives today as well as caring for future generations, environmental protection is a fundamental part of our sustainable development. As a healthy food provider, we offer consumers a wider range of natural health foods. We concentrate our resource on managing our core operation (procurement, production and sales) by engaging external professional parties to take up auxiliary workflow (logistic) to enhance the overall efficiency.

In FY2019, our major environmental impacts on the environment and natural resources are Greenhouse gas and GHG emissions which were mainly attributed to the consumption of electricity and fuels. The related KPIs are presented in the succeeding section “ENVIRONMENTAL KEY PERFORMANCE INDICATORS”.

USE OF RESOURCES

Our major resource consumption are raw materials in our food processing operation while the major source of GHG emissions emitted by the Group is the use of purchased electricity, LPG and water.

Reassessed work practices apply across our businesses to improve resource utilization, reduce our emissions and manage waste responsibly. With numbers of locations including warehouses, offices, and production units, we continually identify ways to improve energy efficiency by replacing energy intensive equipment, actively conserving resource and regularly assessing operating performance.

We rely on the water supply of the government. We do not and do not anticipate to have problem in sourcing water for our operation.

CONSUMPTION MANAGEMENT

We have outlined practical resource conservation measures for all staff including turning off lights, monitors and air conditioning when leaving the office, as well as maintaining optimal office temperature.

We are encouraging modern telecommunication system to avoid unnecessary travel arrangement; and encouraging employees to switch off IT devices, such as computers and monitors when not in use.

We have established policies which outline measures for employees to switch off engines for idle vehicles, advise drivers to plan routes to avoid heavy traffic and encourage employees to take public transportation when travelling locally.

Environmental performance

WASTE MANAGEMENT

Emission generated by our operations primarily consist of oxides from vehicular exhaust, purchased electricity and water. In order to reduce our impact on the environment, we carefully monitor the fuel-efficiency of our in-house fleets. In our production plant, designated personnel are assigned to oversee the existing wastewater treatment facilities according to GB8978-1996 PRC discharge standard of water pollutants.

Regarding to hazardous waste (raw materials with metal content detected), our business units follow strict procedures for proper treatment, collection and hand hazardous waste over external hazard waste collectors.

COMPLIANCE OPERATION

Compliance operation always come first.

The operation policy and process comply with all relevant environmental laws and regulations in PRC during our daily operation including prevention and Control of Water Pollution, Prevention and Control of Environmental Pollution by Solid Wastes, Environmental Protection Law and Conserving Energy Law. The Company has not encountered any material non-compliance issues nor received any related regulatory notices regarding these areas during the Review period.

To improve our operation efficiency, our management team strictly monitor, manages and evaluate to make every possible improvement in our operation (efficient resource consumption, waste minimization, recycle and reuse promotion).

Environmental key performance indicators

Emission Type	Indicator	FY2019	FY2018	Note
Greenhouse gas³	Direct emissions – Scope 1 ⁵ (tonnes CO ₂)	1,814	1,592	(1)
	Indirect emissions – Scope 2 ⁶ (tonnes CO ₂)	4,240	2,077	(1) (4)
	Indirect emissions – Scope 3 ⁷ (tonnes CO ₂)	18.5	17.5	(1)
Exhaust gas	Sulphur Dioxide (SO _x) – tonnes	10	10	(1)
	Nitrogen Oxides (NO _x) – tonnes	2,022	2,109	(1)

Major resource consumed	Unit	FY 2019 Amount	FY2019 Intensity ²	FY2018 Intensity ²	Note
Electricity – processing	kWh	4,680,580	2,623.64	2,724.8	(1)
LPG – processing	Unit	503,017	281.96	288.5	(1)
Packaging box and materials	tonnes	5,148	2.89	2.6	(1)
Water – processing	tonnes	78,585	44.5	41.1	(1)

Notes to above table:

- 1 The Group considers that it has achieved a reasonable maintenance of the emission level and resources consumption in a +/- 10% range taking into account of various factors, including production volume, pricing and emission factors applied.
- 2 Intensity is calculated based on the Group's revenue of relevant year.
- 3 GHG emissions data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "Appendix II: Reporting Guidance on Environmental KPIs" issued by the Hong Kong Stock Exchange.
4. For FY2019, the emission factors applied are taking the latest referential standards at 0.8367 and 0.9014 for South and Central China respectively (2018:0.51).
- 5 Major source of Scope 1 emission came from usage of LPG.
- 6 Major source of Scope 2 emission came from usage of purchased electricity.
- 7 Major source of Scope 3 emission came from processing fresh water and sewage by government departments.
- 8 Hazardous waste means raw material with metal content which has been return to raw materials supplier or disposed where quantity immaterial to our operation and did not include in the scope of this report.
- 9 Domestic waste totals have been deemed immaterial to our operations and are not included in the scope of this report.

Appendix 1:

SEHK ESG Reporting Guide Index

SEHK ESG Reporting Guide General Disclosures		Reference Section/ Remark	Comply or Explain
A. Environment			
A1 Emission	Information on:	Environmental Performance	Comply
	(a) the policies; and		
	(b) compliance and material non-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, generation of hazardous and non-hazardous wastes, etc.		
KPI A1.1	The types of emissions and respective emissions data.	Environmental Key Performance Indicators	Comply
KPI A1.2	Greenhouse gas emissions in total, and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Key Performance Indicators	Comply
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable – total hazardous waste produced in operation were insignificant.	Explain
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Key Performance Indicators	Comply
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Use of Resources	Comply
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Waste Management	Comply

Appendix 1:

SEHK ESG Reporting Guide Index

SEHK ESG Reporting Guide General Disclosures		Reference Section/ Remark	Comply or Explain
A2 Use of Resource	Policies on efficient use of resources including energy, water and other raw materials.	Consumption Management	Comply
KPI 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).	Environmental Key Performance Indicators	Comply
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Key Performance Indicators	Comply
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Environmental Key Performance Indicators	Comply
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	We rely on the water supply of the government. We do not and do not anticipate to have problem in sourcing water for our operation.	Explain
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Key Performance Indicators	Comply
A3 The Environment and Natural Resources	Policies on minimizing the operation's significant impact on the environment and natural resources.	Compliance Operation	Comply
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Performance	Comply

Appendix 1:

SEHK ESG Reporting Guide Index

SEHK ESG Reporting Guide General Disclosures		Reference Section/ Remark	Comply or Explain
B. Social			
B1 Employment	Information on:	Employment Practices	Comply
	(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.		
B2 Health and Safety	Information on:	Occupational Health and Safety	Comply
	(a) the policies; and		
	(b) compliance and material non-compliance with relevant standards, rules and regulations on providing a safe working environment and protecting employees from occupational hazards.		
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Training, Education and Development	Comply
B4 Labour Standard	Information on:	Diversity and Equal Opportunity	Comply
	(a) the policies; and		
	(b) compliance and material non-compliance with relevant standards, rules and regulations on preventing child or forced labour.		

Appendix 1:

SEHK ESG Reporting Guide Index

SEHK ESG Reporting Guide General Disclosures		Reference Section/ Remark	Comply or Explain
B5 Supply Chain Management	Policies on managing environmental and social risks of supply chain.	Supply Chain Management	Comply
B6 Product Responsibility	Information on: (a) the policies; and (b) compliance and material non-compliance with relevant standards, rules and regulations on health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Safety	Comply
B7 Anti-corruption	Information on: (a) the policies; and (b) compliance and material non-compliance with relevant standards, rules and regulations on bribery, extortion, fraud and money laundering.	Anti-Corruption	Comply
B8 Community Investment	Policies on community engagement to understand the community's needs where it operates and to ensure its activities take into consideration communities' interests.	Community Involvement	Comply