



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

Recycle

Health & Wellness

Eat Healthy

Go Green

START

- 1 將膠樽放入回收機
- 2 機器將膠樽粉碎
- 3 膠樽碎片將即時回禮

RECYCLE
REWARD

膠樽回收
即時回禮

立即成為 Carbon Colles 會員以換取積分
Becomes a member to earn
Carbon Colles reward
Carbon Colles calculation
Technical Partner with SGS

- REMOVE THE CAP 移除瓶蓋
- EMPTY + CLEAN THE BOTTLES 確保樽空
- DO NOT CRUSH 請勿壓扁
- KEEP THE BARCODE 保留條碼
- NO. 1 & NO. 5 PLASTIC BOTTLES (PETE/PET/PP) 1號及5號膠樽

Bring your Own Bag

2020

Environmental, Social and Governance Report 環境、社會及管治報告





Naturally Made, Wholeheartedly Good



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2020 HIGHLIGHTS

OUR OPERATION



51.6% of HFT's beverage products are in low sugar content



13.0% of HFT's products are made vegetarian

324 key suppliers



OUR PEOPLE



891 employees

695 in Hong Kong, 196 in Mainland China



477 employees trained



approximately **3,000** training hours



OUR ENVIRONMENT

Achieved **ZERO** food waste disposed of in the landfill
1,299 tonnes of food waste recycled, resulting in the
reduction of **277 tonnes** of CO₂-e Greenhouse Gas emissions



Total Greenhouse Gas emissions decreased by **22%**

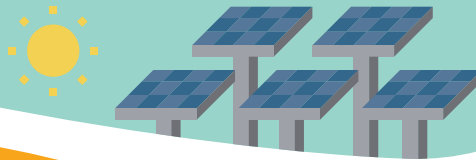


Total energy consumption decreased by **13%**

Total water consumption decreased by **17%**



Installed around **590** solar panels on the rooftop of the
Hong Kong factory, equivalent to **2,300 m²** in
surface area



OUR COMMUNITY

Supported more than **100** NGOs, schools and associations



Sponsored in-kind products and coupons valued at
more than **HK\$2.8 million**



Cash sponsorship of about **HK\$710,000**

Contributed **88** volunteer hours amidst the pandemic



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. With a market presence stretching over 30 years, HFT continues to develop diversified products and has transformed itself from a traditional Chinese herbal tea shop into a modern wellness concept food and beverage enterprise.

The Group manufactures its products at its 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. Its production plant in Kaiping City, Guangdong Province, is capable of supporting the demand for fresh and long-shelf life drinks in Hong Kong, Mainland China and other markets.

The Group’s products are marketed through two principal sales channels: retail and wholesale.

Retail business remained the Group’s most significant revenue contributor in 2020, contributing around 78% of the Group’s total revenue. In terms of the retail network size, the Group retained its position as the most prominent Chinese herbal products retailer in Hong Kong, with 119 self-operated retail shops as at the end of 2020. Additionally, HFT has continued to enhance and promote its mobile application for JIKA CLUB members which has become increasingly popular.

HFT’s wholesale business is primarily for the sales and distribution of its long-shelf life drinks and fresh drinks, comprising sales to third-party retailers and distributors in Hong Kong, Mainland China and overseas. As part of the business expansion in Hong Kong, the Group has introduced more imported food from other markets such as Taiwan and South Korea. In 2020, HFT reengineered its wholesale business processes in Mainland China which optimised its business model, and its products are sold in more than 6,400 convenience stores mainly in southern China.



AWARDS AND RECOGNITION

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

IN RECOGNITION OF ENVIRONMENTAL EFFORTS

- ▶ **Hong Kong Awards for Environmental Excellence 2019: Shops and Retailers – Certificate of Merit**
Environmental Campaign Committee
- ▶ **Hong Kong Green Organisation Environmental Campaign Committee**
- ▶ **Green Office 3+ Label and Eco-Healthy Workplace Label 2020**
World Green Organisation
- ▶ **CarbonCare® ESG Label (Level 3)**
CarbonCare InnoLab
- ▶ **InnoESG Prize 2020**
SocietyNext Foundation



香港環境卓越大獎
Hong Kong Awards for Environmental Excellence



IN RECOGNITION OF BRAND MANAGEMENT AND CUSTOMER SERVICE

- ▶ **The Hong Kong Q-Mark Service Scheme & Q-Mark Elite Brand Awards 2020**
The Federation of Hong Kong Industries
- ▶ **2020 Hong Kong Top Brand**
Hong Kong Brand Development Council & The Chinese Manufacturers' Association of Hong Kong
- ▶ **GS1 Consumer Caring 5 years+**
GS1 Hong Kong
- ▶ **Trusted Brands 2020 – Gold Award (Chinese Soup/Herbal Tea)**
Reader's Digest
- ▶ **Health Partnership Award 2020 – Outstanding Chinese Herbal Products Corporation**
ET Net Limited
- ▶ **2020 Quality E-Shop**
Hong Kong Retail Management Association
- ▶ **PARKnSHOP Super Brands Award 2019 – Premium Family Brand**
PARKnSHOP
- ▶ **2019 Outstanding Sales Performance Awards within a category – Beverages**
7-Eleven
- ▶ **Outlet Anti-Epidemic Measures Recognition**
Hong Kong Retail Management Association



IN RECOGNITION OF COMMUNITY INVESTMENT



10 Years plus Caring Company Logo 2006-2020

The Hong Kong Council of Social Service

Social Capital Builder Logo Award 2020-2022

Labour and Welfare Bureau –
Community Investment and Inclusion Fund

2018/19 Y-Care CSR Scheme (Silver Partner)

Chinese YMCA of Hong Kong

2019/2020 Award of Merit

The Community Chest of Hong Kong



IN RECOGNITION OF TALENT DEVELOPMENT



Happiness-at-Work 5 years+

The Hong Kong Productivity Council

Good Employer Charter 2020 – Family-friendly Good Employer Logo

Labour Department

Talent-Wise Employment Charter and Inclusive Organisations Recognition Scheme – Inclusive Organisation Logo

Labour and Welfare Bureau

ERB Manpower Developer Award Scheme: Manpower Developer (2011-2020)

Employees Retaining Board





ABOUT THE REPORT

This is the fifth Environmental, Social and Governance (“ESG”) report (the “Report”) published by HFT. By reporting the ESG policies, measures and performances of the Group, the Report allows stakeholders to learn more about its progresses and development direction in sustainability topics. 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 key operation of the core business segments of HFT (i.e. retail and wholesale), which are the primary sources of its revenue, during the financial year from 1 January 2020 to 31 December 2020 (“2020” or “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 office and factory in Kaiping City, Guangdong Province (“Kaiping office” and “Kaiping factory” respectively). There were no significant changes in the scope and boundaries of reporting compared to the previous reporting year.

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	The issuer shall report the environmental, social and governance issues which have important impacts on investors and other stakeholders.	<p>The Group has identified the important environmental, social and governance topics through formal stakeholder engagement exercises, including management interview, stakeholder survey and focus group.</p> <p>The Board verified the material topics identified. Please refer to the section headed “Stakeholder Engagement” for further details.</p>
Quantitative	<p>The key performance indicators (“KPI”) of historical data need to be measurable. The issuer shall set targets to reduce a particular impact so that the effectiveness of ESG policies and management systems can be evaluated and validated.</p> <p>Quantitative information should be accompanied by a description, explaining its purpose, impacts, and giving comparative data where appropriate.</p>	<p>The data of the Group’s KPIs are sourced from the statistics of relevant departments. Moreover, to ensure the accuracy of the environmental KPIs, the Group has commissioned Carbon Care Asia Limited, a professional consultation company, to conduct a carbon assessment in reference to local and international guidelines.</p> <p>Where applicable, the Group incorporates forward-looking statements into the Report, and the quantitative information is accompanied by a description and the criteria, methods, assumptions and/or calculation tools used.</p>



Reporting Principle	Definition	HFT's Response
Balance	The issuer shall report its performance impartially and avoid selections, omissions, or formats of presentation that may unduly affect the decision or judgment made by the readers of the Report.	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	The issuer should use consistent disclosure and statistical approach for meaningful comparisons of ESG data over time.	The Group has prepared the Report in the same manner as in previous years. It ensures that a consistent method is used to provide comparable ESG data with historical data.

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 topics material to the Group, this Report has been reviewed and approved by the Board on 29 June 2021.

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



MESSAGE FROM THE CHAIRMAN



Mr. Tse Po Tat
*Chairman and
Executive Director*



To our stakeholders,

2020 was an eventful year filled with catastrophic weather events, international tensions, and most notably, the COVID-19 pandemic. Facing these global challenges, businesses must respond quickly to the crisis, and sustainability is becoming a growing priority on the executive agenda.

Being the top retailer of Chinese herbal products in Hong Kong, the Group always recognises that driving sustainability is more than satisfying increasingly stringent regulatory requirements. To chart the Group's path to sustainability, the Board is responsible for overseeing the Group's sustainable development. The Board, with the support of the Executive Committee and the Audit Committee, assesses, evaluates and manages material sustainability topics. Looking forward, HFT will update its sustainability governance framework to integrate sustainability into business operations further.

Faced with the COVID-19 outbreak, the Group responded quickly by establishing emergency response procedures and implementing a series of pandemic prevention measures to safeguard the health of its employees and customers, such as work-from-home scheme, office and retail shop sanitisation. To support its employees and local communities in fighting against the virus, the Group has initiated an anti-pandemic campaign – "Staying Strong in the Pandemic¹ (疫境齊自強)", via which the Group distributed medical masks and healthy beverage products to its employees and local communities to foster a healthy lifestyle in the society amidst the pandemic.

In addition to the ongoing pandemic challenge, climate change is already at the top of the policy agenda – Mainland China aims to be carbon neutral by 2060, while Hong Kong has pledged to become carbon neutral by 2050. To prepare for the low-carbon transition and address the potential impacts of climate change, the Group will strengthen its approach to managing climate change-related issues, including developing policies, assessing the potential impacts of climate change on its operations and setting environmental targets.

Being part of the food and beverage industry, HFT recognised that packaging is an issue of high concern to society. Recently, the Hong Kong Government has launched a Public Consultation on the Producer Responsibility scheme on Plastic Beverage Containers ("PPRS"). HFT is eagerly looking for alternatives to plastic packaging and is working with organisations to divert plastic packaging from landfills.

2020 has reshaped the world and brought unprecedented challenges to humanity, and 2021 will remain full of uncertainty. By focusing on the "3H" business model, which includes the three pillars of "Health, Herbal and Home", the Group believes that it can tackle these challenges and create values for its stakeholders.

Tse Po Tat
Chairman and Executive Director
Hong Kong, 29 June 2021

¹ For identification purpose only.



OUR APPROACH TO SUSTAINABILITY

SUSTAINABILITY GOVERNANCE

Sustainability governance enables a company to implement sustainability strategies across its business, manage the goal-setting as well as reporting processes, reinforce relationships with external stakeholders, and ensure overall accountability.

At HFT, the Board of Directors is responsible for overseeing sustainability topics, including charting strategic direction, identifying, prioritising and managing material sustainability topics. Delegated by the Board, the Group’s Executive Committee is responsible for implementing sustainability strategies and monitoring the Group’s performance against the goals and objectives established. Performance and progresses are regularly reviewed, and the results are presented to the Board.



Future Plans

⊙ HFT recognises that sustainability has become a top priority at the global, regional and national levels. To better integrate sustainability into its corporate strategies, HFT explores ways to integrate Sustainable Development Goals (“SDGs”) set by the United Nations into its business strategy. Looking forward, HFT plans to establish an ESG Steering Committee and ESG Working Group in 2021 to enhance the existing governance structure and to ensure that sustainability is embedded in business operations.



SUSTAINABILITY RISK MANAGEMENT

Effective risk management is an essential part of corporate governance. The Group has a risk management and internal control system to ensure that the Group can effectively identify, monitor and respond to risks. The Group’s Audit Committee is responsible for maintaining oversight of the Group’s financial control, risk management and internal control processes. The risks management and internal control system are reviewed regularly to ensure its effectiveness.

All business units are included in the risk management process and the formation of risk responses. The Internal Audit Department is responsible for the coordination and recommendations on matters related to the identified risks. The Group has also appointed a firm of internal control consultants to work closely with the Internal Audit Department to achieve the above mentioned objectives. As part of its risk mitigation strategy, the Group has established a whistleblowing mechanism to enable stakeholders to communicate their concerns about any risks.



Future Plans

⊙ The Group has engaged external consultants to analyse potential sustainability risks in the industry and peers in the coming year. Looking ahead, the Group will review its existing risk management and internal control systems to fully incorporate them with the sustainability risk management. The Group plans to include sustainability risks into the risk management process in a comprehensive manner.



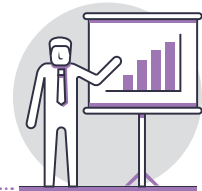
STAKEHOLDER ENGAGEMENT

The Group recognises that building positive relationships with stakeholders is the key to a company's long-term success. The Group collects stakeholders' views through communication in its daily operations, reviews its performance and potential risks, and continuously improves its business strategy and management. The Group's major stakeholders and the modes of communication are listed below.



Employees

The Group engages its employees through various training programs and team-building activities. The Group held a focus group during the reporting year to gather feedback from employees on the Group's sustainability strategy.



Customers

The Group engages its valued customers through its loyalty program - "JIKA CLUB". The Group distributes its latest information to JIKA CLUB members through the monthly newsletters and the JIKA CLUB mobile application. Customers can express their feedback and opinions through customer service hotline, email, company website and social media platforms.



Suppliers and business partners

The Group maintains close ties with its suppliers and business partners through inspection visits and active communication.



Community

The Group engages and supports the community, including non-governmental organisations ("NGOs") and beneficiaries, through various charitable activities, sponsorship, donation and volunteerism.



Shareholders and investors

The Group engages shareholders through its Annual General Meetings. It keeps the investors and shareholders informed of its latest news and earnings announcements through the company's website, media interviews and email updates.



FEEDBACK FROM STAKEHOLDERS

Provide mobile application training for frontline employee, in order to provide guidance for customers who experience difficulties when using the mobile application.

Showing care for the underprivileged and the elderlies. The Group can provide discounts to the needy.

RESPONSE FROM THE GROUP

HFT has been including relevant content to regular training sessions, so that the employees are aware of future updates on the mobile application.

The Group cares for the underprivileged and has been constantly supporting them, such as providing discounts for the elderlies. In addition, concerning the elderlies may experience difficulties in using mobile applications, the Group is launching a physical gift card for the elderlies with special offer.




Future Plans

Looking ahead, the Group is planning to further scale up its stakeholder engagement activities to gain an in-depth and comprehensive understanding of stakeholder views. It also plans to involve stakeholders in the sustainability decision-making process.



Materiality Assessment


The Group's sustainability efforts will only be meaningful and impactful if it focuses on addressing the issues that matter the most. Engaging its stakeholders in the materiality assessment process is key to its approach to sustainability. It helps the Group prioritise its focus and resources to the areas where the Group can significantly impact and ultimately make progress. With external consultant's support, the Group collected feedback from stakeholders, including customers, employees, business partners and NGOs, through management interview, an online questionnaire and a focus group. Based on the results of the engagement activities, the Group conducted a materiality assessment to identify key sustainability topics by importance to the Group's stakeholders and the Group's impact on the environment and society.



1

Identification

Through reviewing previous engagement results, as well as industry trends, HFT identified 24 sustainability topics covering environment, people, operation and community.



2

Data Collection


The Group has engaged various stakeholders in gathering feedback through questionnaires, focus group and interview. There were 185 valid questionnaire responses collected.



4

Validation

Results of the materiality assessment were reviewed and validated by the Board as the focus areas of the reporting year.



3

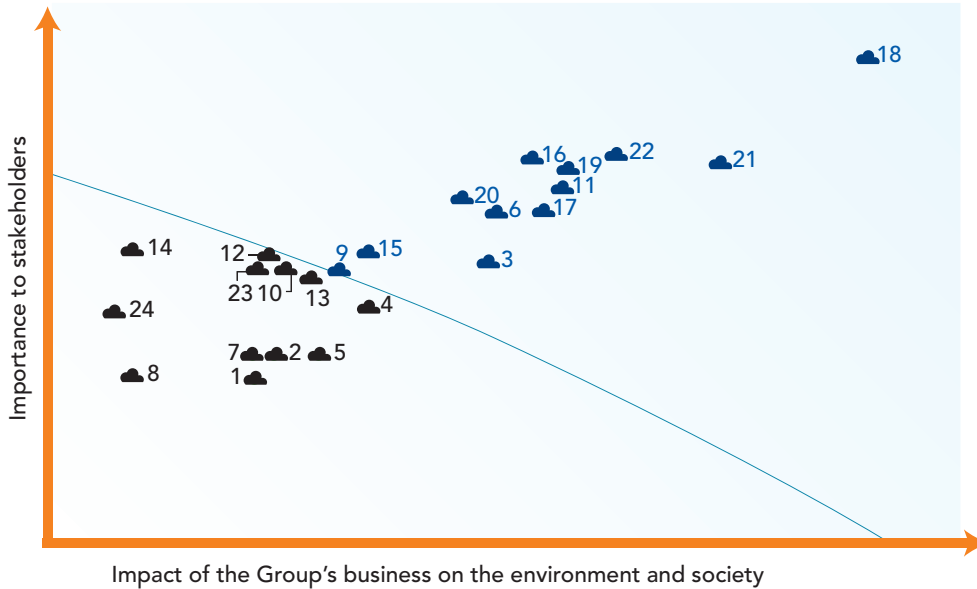
Analysis

The Group's external consultant analysed and developed a materiality matrix based on the results of the questionnaires. A total of 12 material sustainability topics were identified.



Materiality Matrix

Using all inputs gathered through the questionnaires, the Group generated a sustainability materiality matrix. 12 sustainability topics were identified as material for the reporting year (marked in blue).



The identified sustainability topics were listed below in descending order of materiality by aspects. The 12 material sustainability topics are marked in blue in the list below:

Focus Area	Index No.	Sustainability Topics	Material Topic	Addressed under Section
Our Operation	18	Customers' Health and Safe Production	✓	Safeguarding Product Safety and Quality
	21	Customers' and Business Partners' Interests Protection	✓	Protecting Customers' Rights
	22	Anti-corruption	✓	Upholding Business Standards
	19	Product Recalls for Quality	✓	Safeguarding Product Safety and Quality
	16	Product Quality and Sales Service Responsibility Management	✓	Safeguarding Product Safety and Quality, Enhancing Customers' Experience
	17	Responsible Advertising and Labelling Management System	✓	Protecting Customers' Rights
	20	Customer Complaints Handling and Response Mechanism	✓	Enhancing Customers' Experience
	15	Supply Chain Environmental and Social Risk Management	✓	Sourcing Responsibly
Our People	11	Healthy and Safe Workplace	✓	Protecting the Health and Safety of Employees
	9	Comprehensive Employment Management System	✓	Creating a Desirable Workplace
	12	Employee Welfare and Wellbeing		Creating a Desirable Workplace, Protecting the Health and Safety of Employees
	10	Equal and Diverse Workplace		Creating a Desirable Workplace
	13	Training and Development		Nurturing Talents
	14	Prevention of Child Labour and Forced Labour		Creating a Desirable Workplace

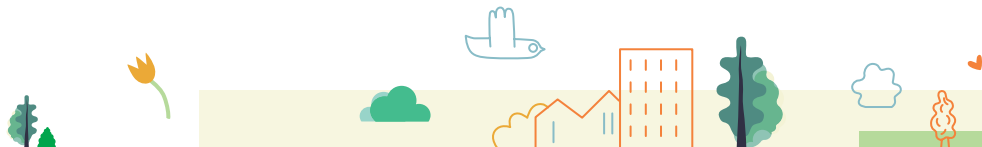


Focus Area	Index No.	Sustainability Topics	Material Topic	Addressed under Section
Our Environment	6	Efficient Use of Other Resources	✓	Managing Natural Resources Efficiently
	3	Waste Management	✓	Managing and Reducing Wastes
	4	Energy Efficiency		Managing Natural Resources Efficiently
	5	Water Efficiency		Managing Natural Resources Efficiently
	2	Effluent Management		Managing and Reducing Wastes
	7	Management of Environmental and Natural Resource Impacts from Operations		Managing Natural Resources Efficiently, Managing and Reducing Wastes
	1	Air and Greenhouse Gas Emissions Management		Responding to Climate Change
	8	Responding to Climate Change		Responding to Climate Change
Our Community	23	Consideration of Community Needs and Interests		Connecting Communities
	24	Community Investment		Connecting Communities

The Group is aware that “6) Efficient Use of Other Resources”, “9) Comprehensive Employment Management System” and “15) Supply Chain Environmental and Social Risk Management” are the new material sustainability topics.

The Group also acknowledges that stakeholders have also expressed their views about enhancing employee welfare and wellbeing, diversity, brand image, customer experience and community investment.





LEGAL COMPLIANCE

Compliance is the basis for HFT to continue operating in various regions. The Group is committed to complying with the legal and regulatory requirements. The Group's compliance department regularly reviews and monitors laws and regulations that significantly impact its business. It also ensures the compliance of day-to-day operations by regularly reviewing policies and measures that are important to the Group's operations. The Group has identified relevant laws and regulations that are significant to the Group's operation as below.

The Group recognises that the breach of these laws and regulations leads to reputational damage to HFT and potential fines or lawsuit due to noncompliance. The Group implements corresponding measures to ensure compliance with the relevant laws and regulations, which are articulated in the relevant sections of this Report.

Aspect	Relevant Laws and Regulations Significant to the Group's Operation	Compliance Status
Emissions	<ul style="list-style-type: none"> Air Pollution Control Ordinance (Cap. 311) Product Eco-responsibility Ordinance (Cap. 603) Waste Disposal Ordinance (Cap. 354) 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 and Labour Standards	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Competition Ordinance (Cap. 619) Patents Ordinance (Cap. 514) Personal Data (Privacy) Ordinance (Cap. 486) Trade Descriptions Ordinance (Cap. 362) Undesirable Medical Advertisements Ordinance (Cap. 231) Regulation of the People's Republic of China on Customs Protection of Intellectual Property Rights GB7718-2011 General Standards for the Labelling of Prepackaged 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	<ul style="list-style-type: none"> Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) 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.

OUR OPERATION

HFT understands that adherence to operational standards is key to building strong, long-term relationships with customers and business partners.

SAFEGUARDING PRODUCT SAFETY AND QUALITY

Consumers expect the highest standards of product safety and quality when consuming our products. HFT strives to deliver safe and quality food and beverage products to its customers.

Quality Management System

HFT implements internationally recognised management systems at our production plants. Both Hong Kong factory and Kaiping factory have been accredited for International Organization for Standardization (“ISO”) 22000 Food Safety Management System and Hazard Analysis and Critical Control Points (“HACCP”). The Hong Kong Factory is also accredited for Good Manufacturing Practices (“GMP”). These certifications are subject to annual independent audit by third parties.



The Group’s Food Safety Committee oversees the quality control system and compliance with standards, including implementing and reviewing action plans, monitoring and evaluating the effectiveness of the system, and developing training programs for employees on food safety and production.

Following these standards, HFT has implemented strict quality control procedures throughout its operations, including procurement, manufacturing, warehousing, and distribution. These procedures are implemented and monitored by the quality control department. Each batch of the finished product is randomly sampled for quality and microbiological content. Besides, the storage methods and shelf life of finished products and raw materials are defined according to established standards and procedures.

To assess the effectiveness of its quality management system, the Group has set a target of receiving less than 10 complaint cases per month regarding product health and safety.

Indicator	Target	2019	2020
Average number of complaints received per month relating to product health and safety	< 10 cases	1.75 cases	1.83 cases (4.6% more than 2019)

Product Recall

In the event of any food safety outbreak, the Group has a well-developed tracking system for all products and procedures to deal with such issue as set out in the Group’s Retail Operation Manual. If any possible causes of food safety issues are identified as coming from its supply chain, the Group will also take prompt corrective and preventive action to minimise disruption to our business operations. Once the product recall is initiated, 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 sets out the procedures for reviewing, labelling, isolating, handling and recording products that fail to meet customers’ expectations.

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 factories audits and quality inspection of the concerned product. If the product is considered to constitute potential hazards to the public, HFT calls for removing the product from all shelves. In the reporting year, there were no products subject to recall for health and safety reasons.



Responding to COVID-19

In response to the outbreak of COVID-19, the Group is committed to protecting the health of its customers. The Group closely monitors the provisions and recommendations of the precautionary measures for the food and beverage industry announced by the Hong Kong Government for pandemic preparedness. HFT implemented a series of measures at Hong Kong retail shops and Hong Kong factory, including but not limited to:

Hong Kong retail shops

- All employees must measure their body temperature before work and clean their hands regularly.
- Shop employees are provided with medical masks and face shields.
- Retail shops are equipped with contactless thermometers. Customers are required to measure their body temperature and wear masks before entering the shop.
- Professional cleaning services is engaged to sanitise retail shops if appropriate.
- Counters, refrigerator, and utensils are disinfected and cleaned regularly.
- "Leave Home Safe" (安心出行) QR code is posted at the entrance of all shops for customers to record their whereabouts with their mobile phones.

Hong Kong factory

- Allow only employees from relevant functions to enter the factory.
- All employees are required to wear masks and record their body temperature when they get onto the shuttle bus.
- Partitions have been installed between seats in employee dining area to minimise contact.
- Air purification equipment has been installed in different areas of the factory.





PROTECTING CUSTOMERS' RIGHTS

Customer Privacy and Intellectual Property Rights

With a large number of JIKA CLUB members, the Group is committed to safeguarding business integrity by safeguarding customer privacy and intellectual property rights. The Group collects and processes customer information lawfully and fairly. All personal data is collected only with the consent of the members.

HFT's Staff Handbook sets out the guideline to its employees on the proper procedures to protect customers' privacy and personal data security. All customers' data is stored in a highly secure Amazon Web Services data centre that is accessible only by the designated employees. In response to network and cyber security, HFT has introduced password protection and it regularly updates its firewall and anti-virus software. If customers suspect that their privacy has been breached, they can lodge their complaints through HFT's customer service channels (hotline, email, online form and social platforms). An investigation will be carried out promptly accordingly.

To protect 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 and Labelling

To ensure that customers can make informed food and beverage choices, HFT is committed to acting responsibly in marketing and product labelling.

Responsible Marketing

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

Product Labelling

HFT ensures that its product labels provide truthful, meaningful and easy-to-understand nutritional information. For every product, the nutritional contents are analysed and verified by independent professionals. The corresponding nutritional level is developed based on the standard procedures.

Apart from fully complying with local regulations and requirements, HFT continues to support the voluntary "Salt/Sugar Label Scheme for Prepackaged Food Products" (預先包裝食品「鹽／糖」標籤計劃), introduced jointly by the Committee on Reduction of Salt and Sugar in Food (CRSS), the Food and Health Bureau and the Centre for Food Safety of the Food and Environmental Hygiene Department. 51.6% of its fresh beverage products are so-labelled to indicate their low sugar content.

For each 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.

UPHOLDING BUSINESS STANDARDS

Integrity is the key to maintaining mutual trust with stakeholders. HFT is committed to maintaining the highest standards of openness, integrity and accountability. The Group does not tolerate any form of deception, bribery, breach of trust or abuse of power. All Directors and employees are required to adhere to the local laws and regulations relating to anti-corruption. The code of conduct and related policies are well communicated to employees through the employee handbook. 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 they have in the matter of conflict. 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.

Whistleblowing

To encourage our internal stakeholders to report any improper and unlawful conduct, the Group has established Whistleblowing Policy to provide a designated reporting channel. The Group makes every effort to keep the whistle-blower's identity confidential. The whistle-blower is guaranteed for protection from unfair dismissal, harm or unnecessary discipline, even if the matter raised is not substantiated.

The Group's Audit Committee oversees the investigation process and is responsible for monitoring and reviewing the effectiveness of the Whistleblowing Policy regularly.

Anti-corruption Training

To raise awareness of anti-corruption among employees, HFT has liaised with the Independent Commission Against Corruption to arrange anti-corruption seminars. With the outbreak of COVID-19, seminars scheduled to be held in 2020 have been cancelled. Looking ahead, HFT will resume relevant training.



DELIVERING BETTER AND HEALTHIER PRODUCT CHOICES

With growing nutritional and health concerns of customers, there was a shifting of customers' preference to healthier products, e.g., low-sugar, low calories. As a modern food and beverage company promoting a healthy lifestyle, HFT has been offering various healthy diet options to its customers.

Diverse Product Choices

Wider Choices

Understanding the needs of our customers as they move on to a new pages in their lives, HFT has designed a festive series (自家喜慶系列) to provide them with a healthy, additive-free and convenient selection of products for everything from weddings to postpartum recovery.

Engaged couples

Wedding Gift Voucher

- Customer can customise the vouchers (adding wedding photo and personalised messages).
- The voucher can redeem HFT products or popular Taiwanese food item – Hiwalk egg rolls or pineapple pastry (杏鳳椰酥).



Pregnant mothers-to-be

Organic Chicken Essence

- Since pregnant women require more nutrients during pregnancy, organic chicken essence can help to support their nutritional needs and replenish their energy.



Postpartum mothers

"Home-Made Stewed Pork Trotter and Ginger in Sweet Vinegar" Coupon

- Traditionally, stewed pork trotter and ginger in sweet vinegar are distributed to all family and friends 12 days after childbirth.
- Coupons are a more convenient options for new parents to share the joy of their baby's birth.
- The coupon can redeem homemade stewed pork trotter and ginger in sweet vinegar.



Breastfeeding mothers

Milkfish Essence

- This is a new product launched in 2020 suitable for breastfeeding mums to replenish their nutrient for nourishment.





Healthier Choices

When designing a food and beverage product, the Group highly concerns its health benefits for consumers.



Remarks: "Low Sugar" and "Low Salt" claims are adhered to the definitions set forth in the "Salt/Sugar Label Scheme for Prepackaged Food Products" (預先包裝食品「鹽／糖」標籤計劃)

ENHANCING CUSTOMERS' EXPERIENCE

HFT has been looking for ways to enhance customer experience by bringing new product choices and innovative service to our customers, providing a pleasant environment and delivering attentive customer service across retail shops.

Loyalty Programme

The Group's loyalty programme "JIKA CLUB" has been established since 2008, which serves as a platform to maintain communication with its customers, providing membership rewards and incentives. As at 31 December 2020, there were over 1,024,000 JIKA CLUB members in Hong Kong.



Innovative Services

JIKA CLUB Mobile Application

To enhance its members' shopping experience, the Group has developed a mobile application ("APP") for JIKA CLUB members to manage their membership and e-coupons. The design and functions of the mobile application have been continuously improved. The application now enables online top-up payment, electronic coupon sharing and personalised notifications. Looking forward, HFT will continue to improve the user experience of the mobile applications. The Group is adding new features to the APP such as electronic discount coupons and biometric authentication. The Group also understands that elderlies may experience difficulties when using the mobile application, thus it is rolling out an one-off programme for elderlies to enjoy exclusive offer with physical gift card.

Comprehensive Sales Channels

HUNG+ (鴻家) Vending Machines

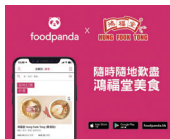
To increase exposure beyond traditional retail shops and provide 24/7 service to customers, "HUNG+ (鴻家)" intelligent vending machines were introduced in commercial buildings and residential estates. As at 31 December 2020, the Group has a total of 18 HUNG+ machines in service.



Food Delivery Services



The Group partnered with food delivery services such as foodpanda and Deliveroo to enable customers to enjoy HFT's products without visiting its retail shops.



Customers Services

Customers' feedback and opinions are the key drivers to improve HFT's products and services. Procedures are in place to guide the Customer Service Department to handle customer feedback. Customer feedback is divided into several categories, namely general inquiries, compliments, complaints and comments. Each case is recorded, and remedial measures are followed up promptly by the relevant departments.

Online Retailers and E-commerce Platforms

With an increasing number of customers moving online to conduct purchases, and subsequently expedited by COVID-19, HFT has tapped more online channels for the sales of its coupons and wellness products.



Future Plans

Looking forward, HFT will continue to improve the user experience for its mobile applications. Besides the Group plans to introduce more training for shop employee to improve their ability to respond to customer queries, particularly regarding the use of mobile applications.

Also to enhance the convenience of customers and employees, HFT will launch the "JIKA On! (自家On!)" online platform in 2021. The first phase of development of JIKA On! will encourage engagement with our employees, corporations and charitable organisations.



SOURCING RESPONSIBLY

A responsible supply chain is crucial to sustainable business growth. The quality of our products and services depends on a sustainable and responsible supply chain. As part of HFT’s ESG Policy, HFT encourages suppliers to support fair trading throughout the procurement process.

HFT’s major suppliers include suppliers of beverage bottles and other packaging materials, fresh food materials, dried seafood, other raw materials and herbal items. In 2020, the Group expanded the disclosure scope of supplier numbers to include suppliers for Kaiping factory. As at 31 December 2020, HFT has 324 major suppliers located in Hong Kong, Mainland China and other locations.

Procurement Practices

HFT 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. HFT considers and cooperates with suppliers that are accredited with fair trade practices by the World Fair Trade Organization.

Supplier Engagement Process

Document Review

HFT requires suppliers to render proofs of permits, quality safety certificates and third-party inspection reports. Qualified suppliers will be included in the list of qualified suppliers.



Risk Rating

The Group has established a risk rating system for the selection of new suppliers, which requires potential suppliers to identify their risk factors and propose controlling measures.



Continuous Evaluation

The Group examines the performance of suppliers in product quality, delivery timeframe and degree of cooperation etc. via a rating system. Due diligence or on-site evaluations are carried out along the production cycle. Suppliers that fail the examination or violate acceptable integrity standards would be eliminated from the Group’s list of qualified suppliers.



Sustainable and Quality Ingredient

Since the supply of most of our principal raw materials (except packaging materials) is affected by harvest and weather condition, the Group sometimes place bulk orders with suppliers at predetermined prices to reduce the effect of price fluctuation on our production costs.

As reflected in its motto of “Naturally Made, Wholeheartedly Good (真心製造·自然流露)”, HFT has adopted the “No additive (無添加)” approach and produce healthy, nutritious and high-quality products from quality and natural ingredients. The Group pays attention to whether any artificial additives, such as artificial preservatives, artificial colours and Monosodium Glutamate (“MSG”), are added to the raw materials supplied.



Future Plans

⊙ HFT recognises that suppliers’ potential environmental and social risks could impact the Group’s business, particularly physical risks due to climate change, which could disrupt its supply chain. Looking ahead, the Group will strengthen its supplier management (e.g. introducing supplier risk assessment) to gain a comprehensive understanding of the sustainability risks of its suppliers. It also plans to establish a sustainable procurement policy.

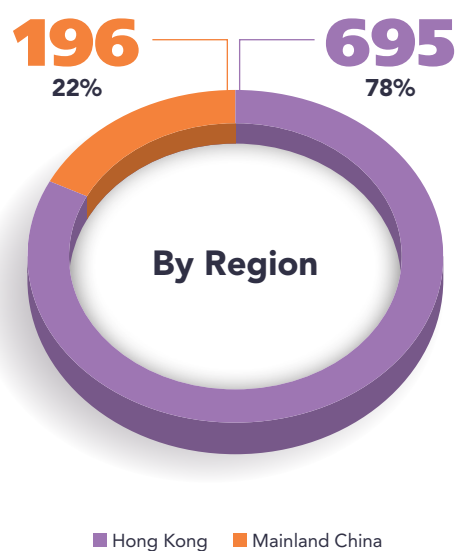
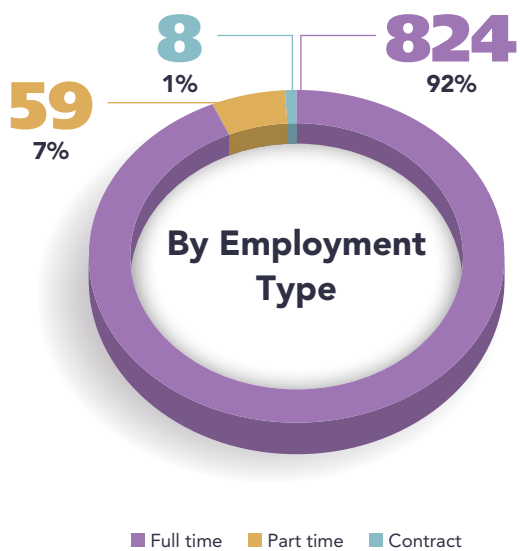
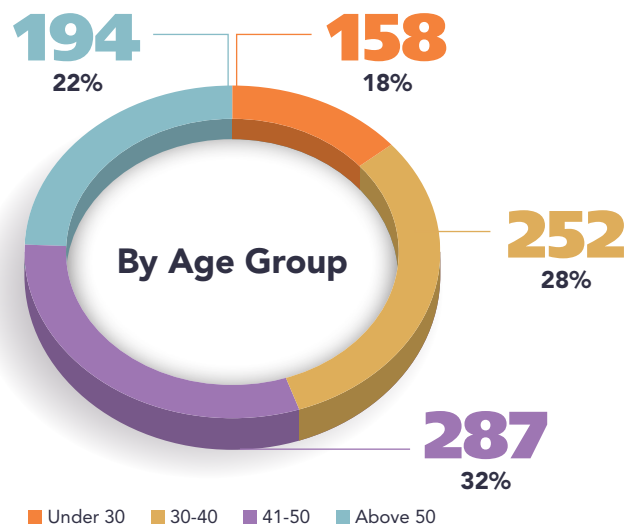
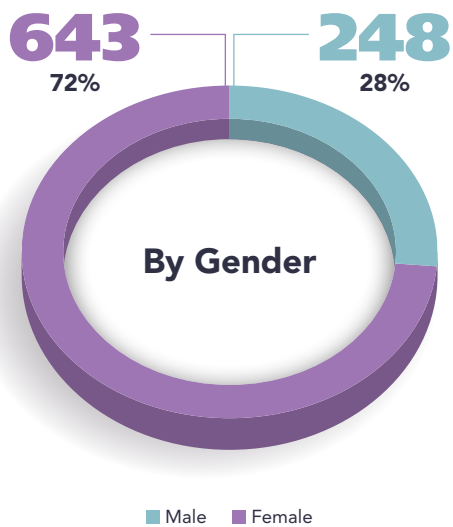
OUR PEOPLE

Employees are the key drivers of the Group's continued growth. HFT strives to create a joyful, positive, and "people-oriented" working environment, where employees respect and care for each other.

EMPLOYMENT PROFILE²

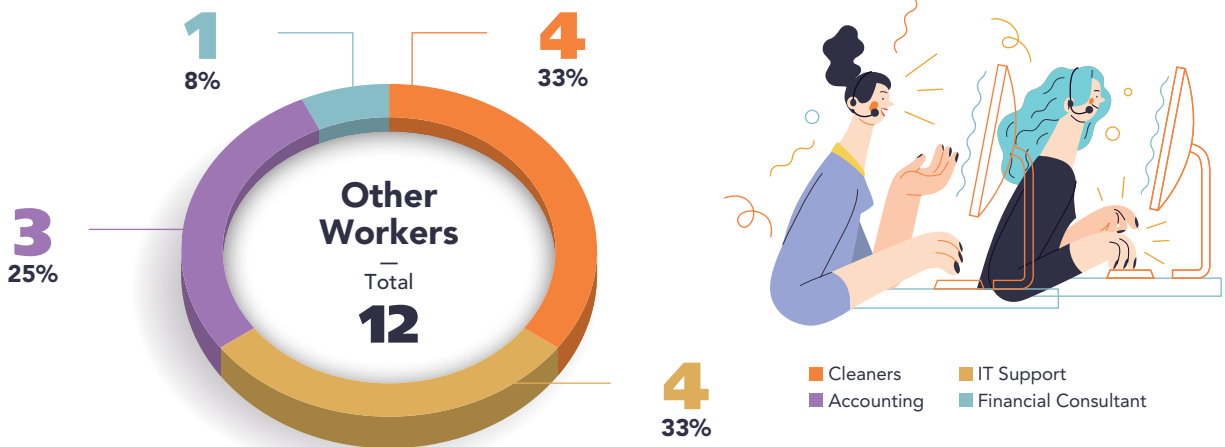
As of 31 December 2020, the Group had a workforce of 891 people. The breakdowns of employees by gender, age group, employment type and geographical location are as follows.

Total Workforce 891



² It covers Hong Kong Retail Shops, Hong Kong Office and Factory, Kaiping Office and Factory.

The Group also engaged other workers³ to perform duties for the Group, including cleaning, IT support, accounting and finance. The breakdown⁴ of other workers by job nature is as follows.



CREATING A DESIRABLE WORKPLACE

Creating meaningful employment is one of the most significant ways that business contributes to the livelihoods of individuals and communities. The Group strives to provide desirable working conditions for its employees. The Group's policies on remuneration, working hours, holidays, anti-discrimination, benefits, welfare and termination are set out in the Staff Handbook.

Fair Remuneration and Compensation

HFT is committed to providing fair remuneration and compensation to attract, motivate and retain talents. HFT has adopted an "equal pay for equal work" policy. Remuneration of employees is based on market price, individual qualification and experience, and the discretionary bonus is based on years of service and performance appraisal. Employees are entitled to an allowance according to their rank or duties which is specified in the employment contract.

Recruitment, Promotion and Dismissal

The Group is committed to the pursuit of equality and fair recruitment or promotion. The Group's hiring or promotion decisions are based on the candidate's competencies and annual performance evaluation, regardless of age, gender, sexual orientation, or race. The procedure for the dismissal of employees is in strict compliance with local employment laws and regulations. At his or her own will, the employee may terminate the employment contract following the terms and conditions outlined in the employment contract.

Working Hours and Holidays

The Group is committed to providing employees with reasonable working hours, which are set out in the Staff Handbook and employment contracts. HFT has implemented flexible working hours for clerical employees in Hong Kong since 2021. In addition to general statutory holidays and annual leaves, employees can also enjoy holidays such as marriage leave, 14-weeks maternity leave, 5-days paternity leave, continuing education leave, compassionate leave, welfare leave, birthday leave and leaves for other special celebration.

³ Other workers refer to the agents / contractors / suppliers hired by the Group to perform work at a workplace controlled by the Group.

⁴ Percentages may not add up to 100% due to rounding.



Fair, Inclusive and Diverse Workplace

HFT strives to create a fair, inclusive and diverse environment where differences are valued and accepted. The Group has zero tolerance for discrimination and harassment. The Group establishes a breastfeeding-friendly workplace by setting up a lactation room in the office.

To help people with disabilities integrate into society, HFT has worked with several social service organisations to provide job opportunities. For example, the Group employs members from Hong Chi Association to support its production departments.

Labour Standards

HFT respects human rights and strictly prohibits any form of child labour or forced labour. The Human Resources Department places particular emphasis on verifying the age of employees during the recruitment process. As stated in the Staff Handbook, HFT ensures that employees have sufficient rest period to avoid any form of forced labour.

Employee Welfare

HFT is committed to providing comprehensive welfare and benefits schemes for its employees. The Group offers 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. In our Hong Kong office, HFT offers discounts to employees for the purchase of HFT products. The Group also supports Wowlife (生活委員會), an employee-initiated lifestyle committee that organises various employee welfare activities.



Future Plans

Looking ahead, HFT plans to improve its people management in the following aspects. HFT sees diversity as a key driver in bringing new ideas to the company. To achieve this, HFT plans to hire more employees of other cultural backgrounds. To attract and retain talent, HFT will continue to review its remuneration package to ensure that it is competitive in the market.



PROTECTING THE HEALTH AND SAFETY OF EMPLOYEES

It is a moral and a business imperative that the Group does all it can to avoid harming people working for it. As stipulated in the Group’s ESG Policy, the Group is committed to providing a safe and healthy working environment to employees and preventing work-related accidents, injuries, and physical or mental illnesses.

Occupational Health and Safety Management

HFT has established workplace safety guidelines for clerical and non-clerical employees, respectively, and communicated through the Staff Handbook. The Retail Operations Manual provides safety guidelines for frontline employees working in retail shops.

HFT has implemented an occupational and health system at Hong Kong factory in accordance with local safety laws and regulations, while Kaiping factory manages occupational health and safety issues in accordance with the requirement from local government. Under this system, a Safety Committee, chaired by the Group’s Chief Executive Officer, oversees the safety management system and is supported by senior management and department heads in implementing safety measures and procedures.

Safety Audit

To assess and verify the efficiency, effectiveness and reliability of the safety management system, HFT has engaged a registered safety auditor to conduct an annual safety audit at Hong Kong factory. The Group can also identify opportunities in improving safety measures at the production plant from the safety audit.

Incident Investigation

In the event of an accident, it must be reported to senior management and in written report within 24 hours. The safety officer is responsible for investigating the accident and determining remedial action. In 2020, the Group did not identify any work-related fatalities. Other safety performance is shown below.

Indicators	2020	2019
Lost days due to work injury	506.5	341.5
Work-related injuries recorded	24	13
Work-related injury rate (per 1,000 workers)	28.8	14.0

Most of the injury cases were related to sprains, some of which were bruises and burns, primarily due to a lack of safety awareness among new employees. The Group ensured that all injured workers received appropriate treatment, the cause of the injuries investigated, and improvements were put in place to prevent similar injuries. More training was provided to employees to strengthen their safety awareness.

Training and Awareness

The Group’s training and skills development programs cover all aspects of safety and health, including regular safety briefings, toolkits, specialised safety training and fire drills. New employees at production plants in Hong Kong and Kaiping must attend safety training before starting work. To raise employee awareness, signs and posters have been posted at both the Hong Kong and Kaiping plants to remind employees of safe work procedures.



Lunch and Learn



Employee Wellbeing

HFT cares about the physical and mental health of its employees and supports a work-life balance lifestyle. HFT has introduced a variety of wellness programs for its employees. For example, the Group has set up the “Hung’s Mailbox” where professional Chinese medicine practitioners answer inquiries about herbal medicine and health issues submitted by employees.



Supporting Employees amid the Pandemic

Case Study

Throughout the year, HFT worked hard to ensure that employees stay safe and healthy at work and at home. HFT has implemented all the necessary procedures in the workplace. If confirmed cases are identified in the workplace, HFT has established an internal process to guide the departments. The Group has also kept the employees informed of new measures and working arrangements through various communication methods, such as briefing and emails.

To ensure employees’ health conditions in the workplace, employees must declare if they have ever been to an area with an outbreak. All employees are required to have their body temperature checked before entering the workplace. Alcoholic hand rubs have been placed in various locations in the workplace.

To minimise the risk of spreading disease, all employees are required to wear masks in the workplaces including retail shops, offices and factories. The Group has also engaged professional cleaning company to conduct sanitisation at office and retail shops. All public spaces, including lifts, dining area, and washrooms, are disinfected more frequently.

To maintain a safe social distancing in the workplace, changes have been made to the Group’s operation, including work from home arrangement and special duty roster. Besides, strict access control is implemented. All mail and shipments can only be collected at the entrance and must be disinfected.

HFT also distributed free supplies to employees, such as medical masks, alcohol-based hand rubs, face shields, herbal drinks, and mask envelopes. HFT offers discounts to its employees for COVID-19 testing service by a clinic as well as discounts on the purchase of additional medical masks.





NURTURING TALENTS



By enhancing the skills of its employees, HFT supports them in unleashing their potential and develops a flexible workforce capable of meeting the needs of its business in a constantly changing environment. As committed in the ESG policy, HFT strives to promote lifelong learning opportunities for employees to achieve a sense of fulfilment by improving their skills and knowledge.

Training Programmes

HFT designs targeted programmes to develop employee skills. Examples of training programmes include Point of Sales system handling, hospitality skill, complaints handling, shop managers meeting, and pregnancy and post-natal diet training. 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.



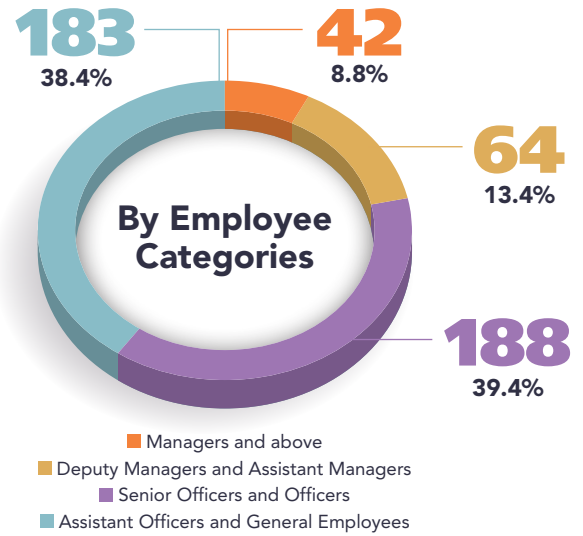
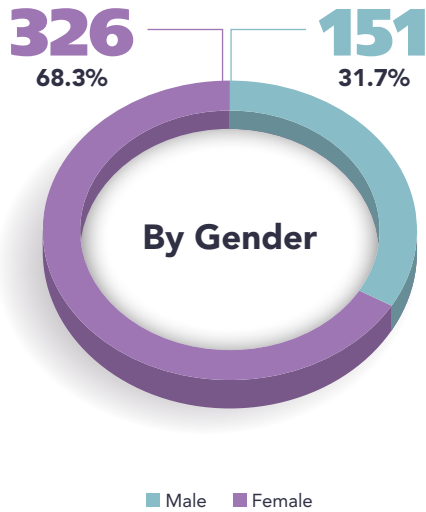
Although large-scale training and assessments were suspended due to COVID-19, the Group was able to conduct small-scale in-store trainings and digital communications. For example, HFT established an eLearning Platform to ensure that employees can learn and thrive even during the pandemic.

<p>eLearning Platform</p>	<p>This mobile APP contains various learning materials, including but not limited to English workshops, environmental protection tips, health tips, stretching exercise tutorials. Employees can learn anytime, anywhere.</p> 
<p>Moments of Truth (關鍵時刻)</p>	<p>To better understand the challenges and difficulties that frontline employees face in their work, back-office employees, including executive directors and department managers, will work alongside frontline employees in retail shops.</p> <p>Through this program, Group management can also collect feedback from frontline employees to continuously improve operational practices.</p> 

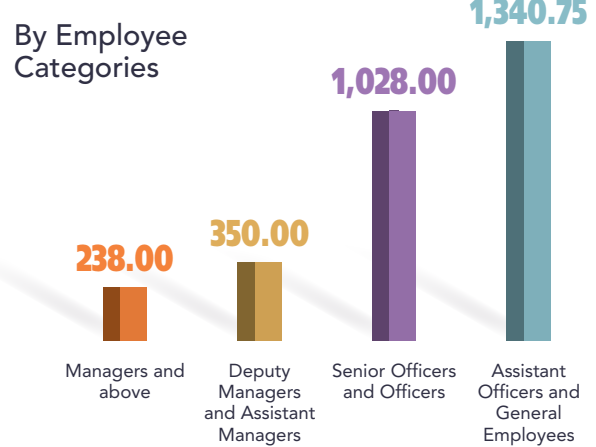
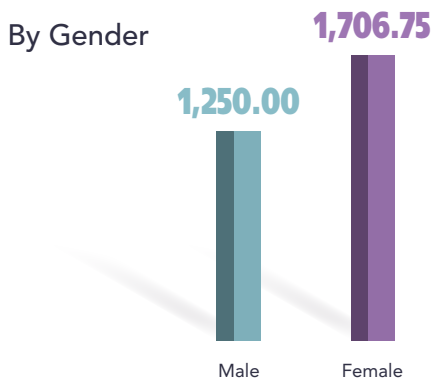
Training Scale

In 2020, the Group provided training to around 477 employees, with approximately 3,000 hours of training.

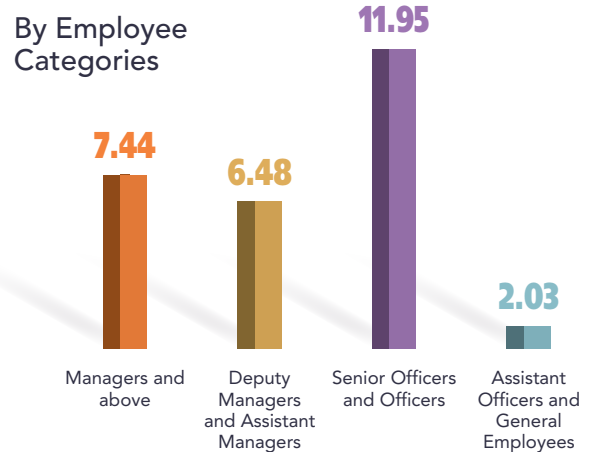
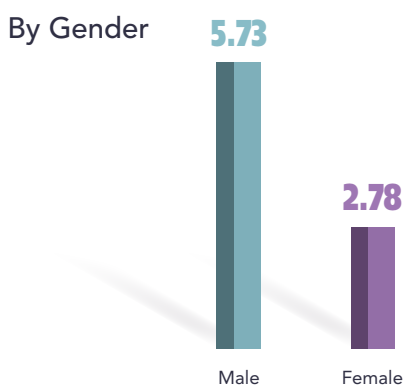
Number of Employees Who Received Training: 477



Total Training Hours: 2,956.75



Average Training Hours⁵ per Employee: 3.55



⁵ Average training hours = Total training hours in the specified category / Total number of employees in the specified category.

OUR ENVIRONMENT

HFT recognises how it uses and discards raw materials may contribute to resource scarcity, pollution, loss of biodiversity, land and water degradation, and climate crisis. To minimise the environmental impact of the workplace, the Group strives to implement a green office through measures such as encouraging employees to avoid prolonged use of office lighting and electrical appliances, placing recycled items in the office and using electronic media for internal and external communications.



The Group also recognises that its products have varying degrees of impact on the environment and natural resources throughout their life cycle. Energy, water, plastic and other raw materials are consumed in production and packaging. Air pollutants⁶, greenhouse gases and wastes are generated during production, distribution process and disposal. To minimise these impacts on the environment, the Group has implemented the measures described in the following sections.



Future Plans

- ◎ To better monitor their effectiveness, HFT will review its existing measures and set targets for the environmental aspects that are critical to its operations and long-term sustainability.

⁶ Majority of HFT's air pollutant emissions is generated directly from fossil fuel combustion of boilers. Regular inspection is conducted to ensure the boilers are in good condition.



MANAGING NATURAL RESOURCES EFFICIENTLY

Energy Efficiency

Energy efficiency is interrelated to other material issues, for example, greenhouse gas emissions and climate changes. The Group has implemented various measures to improve energy efficiency, as described below.

Energy Efficiency Measures

<p>Office</p>	<p>Hong Kong</p> <ul style="list-style-type: none"> • Development of energy policies covering different aspects, including but not limited to lighting, ventilation, air conditioning, office equipment • Ongoing monitoring of energy policy implementation • Educating and encouraging employees to avoid prolonged use of electrical appliances and posting notices to raise awareness of energy saving • Arrange employees to check daily that all unused electrical appliances and lights are properly switched off <p>Kaiping</p> <ul style="list-style-type: none"> • Installation of thermostats in the office to monitor the temperature
<p>Retails Shops in Hong Kong</p>	<ul style="list-style-type: none"> • Use of refrigerators with doors or plastic curtains in all retail shops to reduce air-conditioning loss • Turning off the outdoor lights at midnight • Use of LED lights wherever possible
<p>Factory</p>	<p>Hong Kong</p> <ul style="list-style-type: none"> • Regular maintenance of production equipment, such as cold storages, boilers, steam laminated pots, steam cabinets and circular clean-in-place system • Arrange employees to check that no electrical appliances are left unattended during non-working hours <p>Kaiping</p> <ul style="list-style-type: none"> • Installation of over 100 real-time energy usage monitoring devices • Adoption of building design with passive daylighting and installation of lights with individual switches near windows



Adoption of Renewable Energy Technologies

Case Study



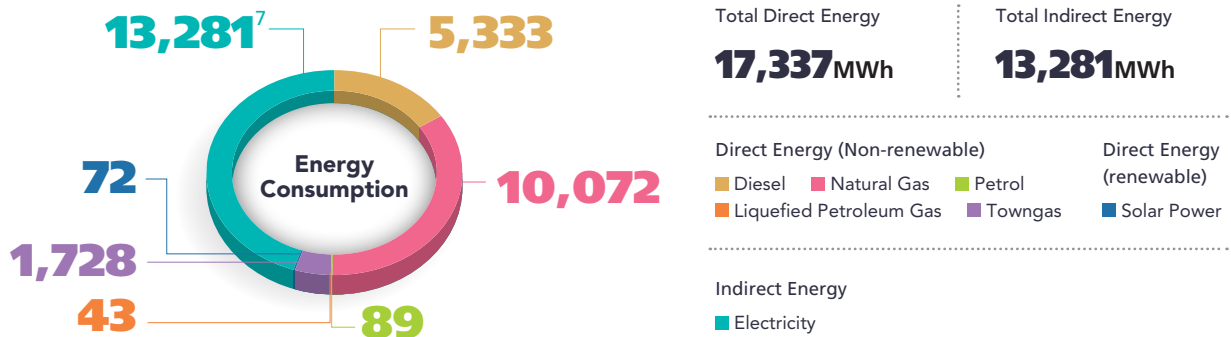
HFT continuously seeks for alternative energy options to further reduce carbon footprint at the Hong Kong factory. In September 2020, the Group completed the installation of around 590 solar panels on the rooftop of the Hong Kong factory, which is equivalent to 2,300 m² in surface area. As of 31 December 2020, the solar panels generated approximately 72MWh of green electrical energy.

Energy Consumption

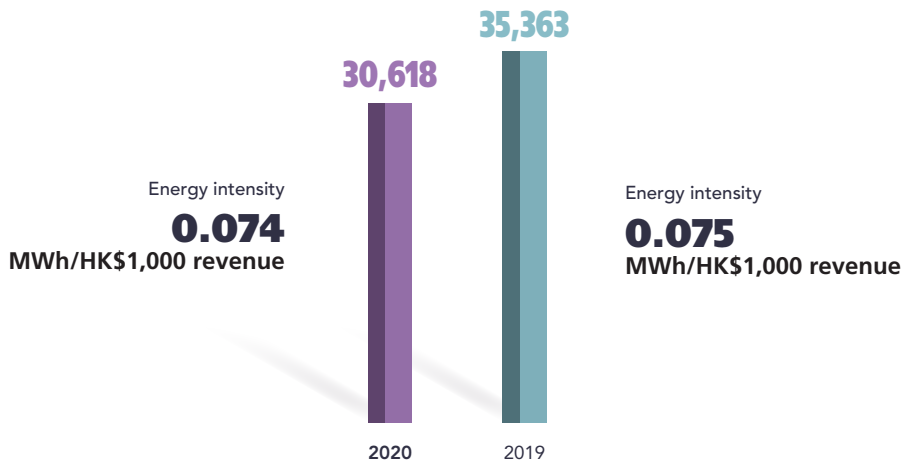
Compared to 2019, the total energy consumption decreased by 13%, with a decrease in direct and indirect energy consumption of 11% and 16%, respectively.



Energy Consumption by Types for the year 2020 (MWh)



Total Energy Consumption (MWh)



Resource Efficiency

Resource efficiency is relevant to many of the Group's material issues – from product design to minimising its environmental impacts and sourcing responsibly. HFT is committed to improving resources efficiency to reduce the use of resources when maintaining its daily production and operation.

Packaging

With the increasing public concerns about the impact of single-use plastic packaging on the environment, HFT aims to reduce packaging by looking for alternative packaging.

⁷ It includes the electricity consumption of the bottle blowing factory in Kaiping factory since 2020.

In 2020, HFT introduced a new bottle cap for some of its beverage products produced in Hong Kong. The new bottle cap is 3.5% lighter than the original material, which can further reduce the amount of plastic used in packaging. In addition, to reduce the amount of waste generated from the packaging in distribution, the Group has replaced carton boxes with plastic crates to distribute some of its products. In the meantime, the Group has been working with various organisations to support the recycling of plastic bottles.

- *Trial plastic bottle recycling programme*

Since 2019, HFT has partnered with the Jane Goodall Institute (Hong Kong) and V Cycle, a local green social enterprise, to co-organise a trial plastic bottle recycling programme. The recycled products were sent to overseas markets for processing and eventually turned into recycled Polyethylene Terephthalate ("rPET") products. Plastic bottles recycling bins were placed at four selected retail shops. In 2020, more than 2,700 plastic bottles made of PET or Polypropylene (PP) were collected via the trial program.



- *Support Recycling Machines*

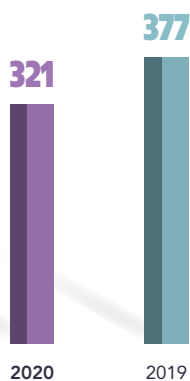
The Group has also continued to sponsor the "Recycle Actions of Returning Plastic Bottles" (「交」樽減碳回收行動) initiative managed by RVM Technology Limited, by offering discount coupons as incentives for using recycling machines found at over 70 locations across Hong Kong. Over 830,000 containers, comprising plastic bottles and aluminium cans, were subsequently collected and recycled in 2020 through this meaningful initiative.



Packaging Material Consumption

In the reporting year, 321 tonnes of plastic were used as packaging materials for finished products produced in the Hong Kong factory, while 130 tonnes of plastic were used as packaging materials for finished products produced in the Kaiping factory. The amount of plastic packaging used by the Hong Kong factory in 2020 was reduced by 15% as compared to 2019, as some product categories has less production. For the operations of the Hong Kong retail shops, 28 tonnes of plastic bags and 10 tonnes of plastic containers were used in 2020. This is 1% and 46% less than that used by the Hong Kong retail operations in 2019 respectively. The large drop in the use of plastic containers was mainly due to COVID-19 outbreak, as less hot snacks were served which consumed plastic containers.

Plastic packaging materials consumption in Hong Kong factory (tonnes)



Future Plans

Looking into the future, HFT is looking at the possibility of redesigning its packaging materials to minimise the use of plastics at the source.

Since April 2021, a plastic bottle recycling machine has been installed at one of HFT's shops. The Group plans to place recycling machines or recycling bins at more of its retail shops to encourage plastic bottles recycling by its customers.



Paperless Operation

Paper is another material that is significantly consumed in operation. HFT persists in its efforts to achieve paperless office and paperless retailing.

Paperless Office

The Group has developed an Office Waste Reduction Guide to guide employees on ways to reduce paper use, including following the electronic operating procedures, adopting secure printing and encouraging the use of FSC-certified or recycled paper.

In 2020, HFT launched a mobile application for human resources management, ec-Work (易做好). ec-Work enables employees to apply for leave, review payslip and tax returns. It simplifies and improves the efficiency of the application process and also significantly reduces the use of paper.

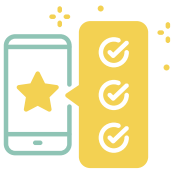



Paperless Retailing



The Group has enhanced and promoted the Hung Fook Tong mobile application from which incentives and special offers can be found. Digital membership cards and electronic coupons can be used via the APP which facilitated paperless retailing. Since the launch of the mobile application, over 20% of transactions are in digital form. Consequently, while new members secured have risen compared with 2019, both the numbers of physical membership cards and paper coupons issued have declined, highlighting members' migration to digital channels.



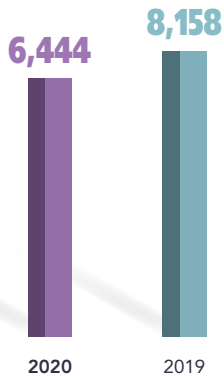
2020 vs 2019 (%)		
	Number of new members	+4.8%
	Physical membership cards issued (piece)	-9.6%



Office Paper Purchasing Volume

Compared to 2019, the total amount of office paper purchased decreased by 21%. As more employees worked from home during the COVID-19 period, emails and soft copies were more frequently used instead.

Office paper purchases volume (kg)



Future Plans

Looking ahead, HFT is going to explore measures to promote a paperless operation, such as using electronic operating circulars instead of the traditional paper form without affecting operating efficiency. The Group also plans to further reduce the number of physical membership cards and paper coupons as it shifts to promote digital transactions.

Water Efficiency

Water scarcity already affects every continent and will be exacerbated by population growth and climate change. Since water is one of the key natural resources for HFT's product, HFT aims to enhance water efficiency in its operation, including at the production plants, retail shops and office operations.

Water Efficiency Measures

At production, the Group installed a steam condensate recovery system to reuse production water for cleaning and product cooling purposes in both the Hong Kong factory and Kaiping factory. The Group adopted an extraction process to facilitate effective water use during the cooking process and improved production process or technologies to reduce water consumption.

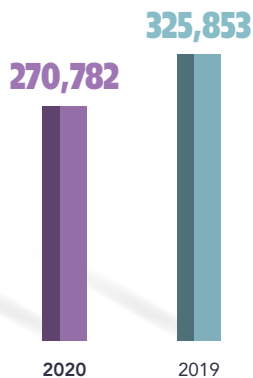
To extend the shelf life of water in water circuits, the Group applied a stabiliser to control the water quality. The Group implemented a new plastic bottle sanitisation system in 2019, which does not require water use, and it is estimated to reduce over 2,300 cubic meters of water each year.

Since 2019, HFT is committed to using no more than 260 cubic metres of water per day in the Hong Kong Factory to support the appeal of its leaseholder, Hong Kong Science and Technology Parks Corporation.

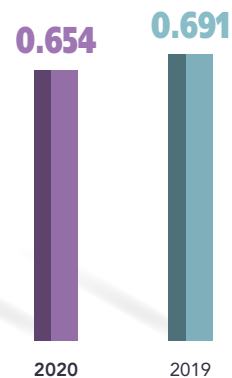
Water Consumption

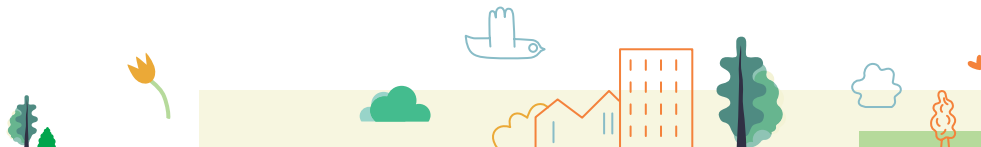
Compared to 2019, the total water volume used and water use intensity decreased by 17% and 5%, respectively. The decrease in water consumption is mainly due to the increase in efficiency in the operation of machinery in the Kaiping factory and improved productivity.

Water consumption (cubic meters)



Water intensity (cubic meter/HK\$1,000 revenue)





MANAGING AND REDUCING WASTES

The Group follows the principle of “3R” (i.e. reduce, reuse and recycle) for waste management. HFT actively looks for ways to divert waste out of landfills and turn it into other useful materials.

Waste Management Strategy

The Group classifies wastes produced and adopts different disposal strategies based on the waste category.

Category	Disposal Strategies
Food waste	<ul style="list-style-type: none"> • Donate surplus food to NGOs • Divert to the Organic Resources Recovery Centre Phase 1 • Process into fertilisers
Recyclables (e.g. paper, metal, plastics)	<ul style="list-style-type: none"> • Engage certified recyclers for re-selling or re-processing
Other general wastes	<ul style="list-style-type: none"> • Engage waste collectors to dispose of at landfills

Food Wastes

Food waste is the main category of waste produced at HFT. It primarily includes residues from the manufacturing of soup and herbal drink products. To ensure food wastes stays out of landfills, HFT has been actively looking for alternative handling options. HFT has installed food waste processing equipment in Hong Kong Factory. Food waste is sorted, stored, and some of it will be pre-treated before being processed and transferred to external parties for other uses.

HFT has been collaborating with external organisations on various programmes to give a second life to food waste.

Programme	Details
Food Waste/Sewage Sludge Anaerobic Co-digestion Trial Scheme	<p>As an initiative of the Environmental Protection Department (“EPD”) and the Drainage Services Department (“DSD”), HFT participated in the Food Waste/Sewage Sludge Anaerobic Co-digestion Trial Scheme since 2019. Food wastes are pre-treated by HFT and transferred by EPD to the sewage treatment plant for further processing. In the process, food waste is converted into biogas, which provides energy for the wastewater treatment plant.</p> <p>In the reporting year, 57.2 tonnes of residual food waste were sent to Food Waste/Sewage Sludge Anaerobic Co-digestion Trial Scheme.</p>
Supporting the Organic Resources Recovery Centre Phase 1 (“O·PARK1”)	<p>HFT continues to be one of the supporting organisations of the Organic Resources Recovery Centre Phase 1, O·PARK1⁸. HFT collects, separates and transports a significant portion of the residual food waste from the Hong Kong Factory, including soup dregs, herbal tea dregs and eggshells to O·PARK1.</p> <p>In the reporting year, 1,207.8 tonnes of residual food waste were diverted to O·PARK1.</p>
Collaborating with the Chinese University of Hong Kong	<p>HFT also partnered with a team from the Chinese University of Hong Kong, which collects a portion of food wastes (primarily the residue from herbal tea) and turns them into organic fertilisers for local farms.</p> <p>In the reporting year, 33.7 tonnes of residual food waste were collected through this project and were turned into organic fertilisers.</p>

⁸ O·PARK1, located in Siu Ho Wan of North Lantau, is the first organic resources recovery centre established by Hong Kong Government, and converts food waste into renewable energy for electricity generation whilst the residues from the process can be made into compost for landscaping and agriculture use.

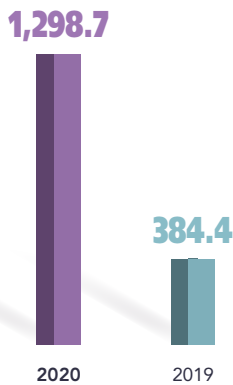


Besides, HFT also worked with food banks to donate surplus food items. For details, please refer to the section headed "Connecting Communities".

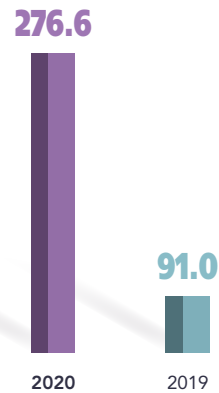
In 2020, HFT was pleased to have achieved zero food waste disposed at landfills, a long-term goal for its food waste management. About 1,300 tonnes of food waste were recycled, resulting in the reduction of Greenhouse gases emissions by over 270 tonnes of carbon dioxide equivalent ("CO₂-e"), 204% more than 2019.



Amount of food waste recycled (tonnes)



Greenhouse gases ("GHG") emissions reduced (tonnes of CO₂-e)



Other Wastes

In addition to food waste, HFT generates other waste during its operations, including non-hazardous wastes and hazardous wastes.

Non-hazardous wastes include plastic waste, wooden pallets, cartons, and scrap metals collected and disposed of in landfills. The Group's Office Waste Reduction Guideline encourages its employees to reduce waste generation by reducing the use of resources, including avoiding unnecessary use of paper and disposable cutlery.

Hazardous wastes include wasted fluorescent light and LCD backlight tubes. To prevent spillage and protect the health and safety of our employees, the Group strictly monitors the storage and disposal of hazardous waste. We engage qualified collectors to handle and dispose of hazardous waste.



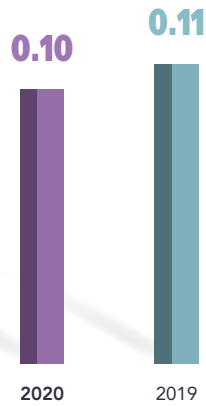
Future Plans

Looking ahead, HFT is exploring ways to expand its recycling scheme to collect packaging other than plastics bottles, including food packaging such as tortoise plastron jelly containers. In addition, to reduce the consumption of disposable containers in retail shops, HFT plans to offer discounts to customers who bring their containers such as coffee mugs.

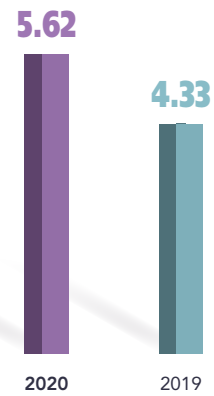


Waste Production

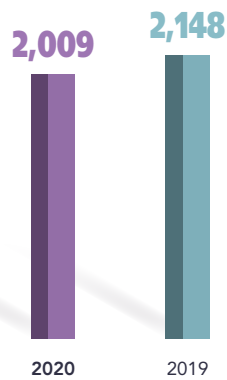
Hazardous waste⁹ (tonnes)



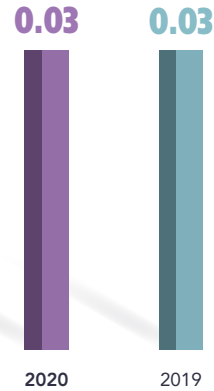
Hazardous waste intensity (tonnes/billion units of products)



Non-hazardous waste¹⁰ (tonnes)



Non-hazardous waste intensity (tonne/thousand units of products)



In the reporting year, 0.1 tonne of hazardous waste, such as waste fluorescent light, was generated by the Group in Hong Kong. In addition, 2,009 tonnes of non-hazardous waste, including domestic waste, production waste, kitchen waste, paper, plastic, and metal, were generated in the offices and factories in Hong Kong and Kaiping. Compared to 2019, the amount of hazardous waste decreased by 9%, while the amount of non-hazardous waste decreased by 6%.

RESPONDING TO CLIMATE CHANGE

Climate change has been at the top of the political agenda in all parts of the world. HFT recognises that climate change leads to more frequent extreme weather events and brings various impacts to businesses. It greatly disrupts the ecosystem, threatening ingredient supply and further impacting the food and beverage industry.

Carbon Management

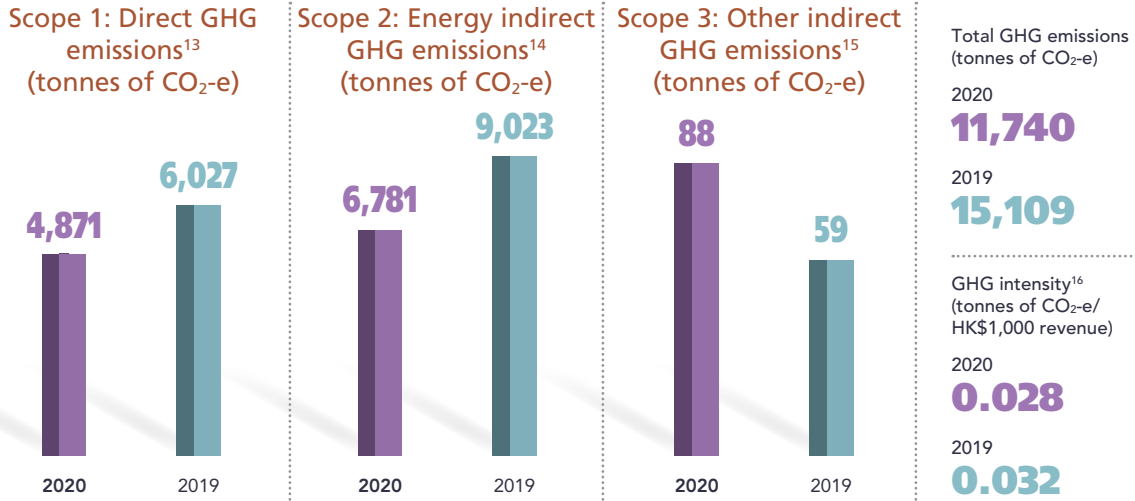
Greenhouse gases are significant contributors to climate change. HFT has been working to reduce and control its greenhouse gas emissions through various energy efficiency measures described in the "Energy Efficiency" section.

⁹ It includes data from Hong Kong only. Since Kaiping office and factory were newly implemented, there was no generation of hazardous waste.

¹⁰ It includes data from Hong Kong factory and from Kaiping office and factory.

Carbon Emissions

To monitor and evaluate the effectiveness of these measures, HFT has been measuring and projecting GHG emissions in its annual ESG reports. The quantification of GHG emissions has been referred to the Guidelines¹¹ compiled by the Environmental Protection Department and Electrical and Mechanical Services Department of Hong Kong, the Guidelines¹² 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.



The total GHG emissions in 2020 were 11,740 tonnes of CO₂-e (22% lower than 2019), while the GHG intensity was 0.028 (13% lower than 2019). For Scope 2 emission, the energy indirect GHG emissions constituted 57.8% of the total GHG emissions. Scope 1 and Scope 3, being the direct GHG emissions and other indirect GHG emissions, accounted for 41.5% and 0.7% of the total GHG emissions, respectively.

The decrease in total GHG emissions is mainly due to the decreases in Scope 2 and Scope 1 GHG emissions (decrease of about 25% and 19% respectively) while Scope 3 increased by 49%.

The main reason for the reduction in Scope 1 emissions was due to the increased efficiency of machinery operation in the Kaiping factory. In 2019, new machinery was in the stage of running-in and debugging, with a high frequency of testing and trial production, resulting in higher associated GHG emissions. After regular collection and review of energy consumption data, the production mode was continuously adjusted to achieve optimal production efficiency. The decrease in Scope 2 emissions was due to the reduction in consumption of purchased electricity in Hong Kong retail shops.



Future Plans

Looking ahead, HFT will continue to assess and monitor its GHG emissions and set up targets to better manage its environmental performance. The Group also will focus more on studying the impacts of climate change. HFT will develop a climate change policy that will guide the Group to move forward in climate action.

¹¹ Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong.

¹² Guidelines for Accounting and Reporting Greenhouse Gas Emissions – China Food, Tobacco, Alcohol, Beverage and Purified Tea Manufacturing Enterprises (Trial).

¹³ 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, emissions from its leakage is included in the assessment to provide a true and fair account of GHG-related information.

¹⁴ Scope 2 emissions cover purchased electricity from power companies and purchased town gas.

¹⁵ 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.

¹⁶ GHG intensity is calculated based on the total revenue of the Group presented in its annual report, which cover a slightly wider boundary beyond the scope of this Report.



OUR COMMUNITY

Building connections with the local community is vital to the development of HFT. At the same time, HFT also believes that its activities will affect the local community. HFT is committed to positively influencing local communities through partnerships, employee volunteering, and sponsorship and donations.

OUR FOCUS

HFT’s community investment strategy focuses on the following areas:



Employee Volunteering

The Group has established the Hung Fook Tong Volunteers Team (“HFT Volunteers Team”) to organise and participate in volunteer activities. To encourage HFT’s employees to participate in voluntary services, the Group provides up to 2 working days of welfare leave (公益假) every year to employees who volunteer for charitable activities during non-working hours.

In 2020, while most of the volunteering activities were cancelled in order to comply with the pandemic prevention measures set by the local authorities, the Group’s employees contributed 88 volunteer hours. In a volunteer event with the Hong Kong Society for Rehabilitation (“HKSR”) in March 2020, HFT volunteer team visited people with disabilities or chronic illnesses to provide support.

Sponsorship and Donation

HFT supports NGOs and community projects via in-kind sponsorship and donations. In 2020, the Group provided in-kind products and coupon sponsorships valued at more than HK\$2.8 million, and assisted more than 100 NGOs, schools and associations. The Group also provided cash sponsorships amounting to about HK\$710,000 in 2020.

Donation Boxes

The Group sets up donation boxes in over 70 of its retail shops for fundraising purpose. In 2020, about HK\$36,700 was raised via these donation boxes for various NGOs, such as the Hong Kong Young Women’s Christian Association, Friends of the Earth (HK), WWF Hong Kong, Hong Kong Red Cross and Christian Action.

CONNECTING COMMUNITIES

In 2020, HFT has maintained support for community initiatives despite social distancing measures implemented in the wake of COVID-19.

KEY HIGHLIGHTS IN 2020	
<p>Promoting health and wellness</p>	<p>HFT's Anti-Pandemic Campaign – “Staying Strong in the Pandemic”¹⁷ (疫境齊自強)</p> <p>To support its stakeholders and communities to fight against the pandemic, HFT has initiated an anti-pandemic campaign, namely “Staying Strong in the Pandemic” since early 2020. The aim of the campaign was to fight the virus together with the communities and to remind the importance of a healthy diet amidst the pandemic.</p> <p>As part of the campaign, HFT distributed up to 1,000,000 bottles of the newly launched additive-free herbal tea, namely Detox and Heat Relief Drink (清肺解毒飲), to the public through the JIKA CLUB member redemption programme, street booths and partnerships with various NGOs.</p> 
<p>Contributing to a loving community</p>	<p>The Community Chest “Skip Lunch Day”</p> <p>HFT supported the Skip Lunch Day for the 11th consecutive year by sponsoring up to 20,000 pieces of product coupons. The campaign was supported by nearly 250 organisations. Nearly HK\$1 million was raised for the Community Chest of Hong Kong through this campaign to support the homeless and underprivileged.</p>  <p>Supporting People with Disabilities or Chronic illnesses</p> <p>As part of the “Staying Strong in the Pandemic” campaign, HFT donated thousands of medical masks, homemade soup, and herbal drinks to people with disabilities or chronic illnesses through the Hong Kong Society for Rehabilitation. HFT volunteer team organised visits and delivered the supplies to those in need. About 1,500 families have benefited from this activity.</p> <p>In addition, HFT sponsored up to 2,000 “Anti-pandemic Packs” containing HFT’s healthy products and hand sanitising rub, to benefactors who donated a certain amount of money to the Hong Kong Society for Rehabilitation.</p> 

¹⁷ For identification purpose only.



KEY HIGHLIGHTS IN 2020

Contributing to a loving community

Assisting the Underprivileged Families

To empower the relief measures initiated by Hong Kong Church Network for the Poor, HFT sponsored 20,000 pieces of HK\$50 cash coupons, aiming to provide assistance to underprivileged families affected by the pandemic.



Supplies to the Communities

In 2020, the Kaiping factory donated over 36,000 bottles of health drinks to local communities, including but not limited to local governments, hospitals, health care centres, drug rehabilitation centre.



Treasuring our environment

Supporting Plastic Bottles Recycling

HFT partnered with the Jane Goodall Institute (Hong Kong) and V Cycle, a local green social enterprise, to co-organise a trial plastic bottle recycling programme. Plastic bottles recycling bins were placed at four selected retail shops. In 2020, more than 2,700 plastic bottles made of PET or Polypropylene were collected via the trial program.

The Group continued to sponsor the “Recycle Actions of Returning Plastic Bottles”, which is an initiative managed by RVM Technology Limited, by offering discount coupons as incentives for using recycling machines found at over 70 locations across Hong Kong. Over 830,000 containers, comprising plastic bottles and aluminium cans, were subsequently collected and recycled in 2020 through this meaningful initiative.

Surplus Food Donations

To reduce food waste, the Group continued to work with several food banks, such as People Service Centre (民社服務中心), to donate over 4,200 surplus food items from its retail shops or factory in 2020.



Future Plans

Looking ahead, HFT will continue its efforts to serve the community by, for example, investing more in environmental protection and further connecting with the communities by promoting the benefit of a positive and healthy lifestyle.

SUMMARY OF KEY PERFORMANCE INDICATORS

ENVIRONMENTAL PERFORMANCE

Indicators	Unit	2020	2019
Air Emissions			
Nitrogen oxides	tonnes	37.9	38.9
Sulphur oxides	tonnes	2.4	2.4
Particulate matter	tonnes	2.6	2.6
GHG Emissions			
Scope 1: Direct emissions	tonnes of CO ₂ -e	4,871	6,027
Scope 2: Energy indirect emissions	tonnes of CO ₂ -e	6,781	9,023
Scope 3: Other indirect emissions	tonnes of CO ₂ -e	88	59
GHG emissions in total (Scope 1, 2 and 3)	tonnes of CO ₂ -e	11,740	15,109
GHG intensity ¹⁸	tonnes of CO ₂ -e/ HK\$1,000 revenue	0.028	0.032
Wastes			
Hazardous waste ¹⁹	tonnes	0.10	0.11 ²⁰
Hazardous waste intensity	tonne(s)/billion units of products	5.62	4.33
Non-hazardous waste ²¹	tonnes	2,009	2,148
Non-hazardous waste intensity	tonnes/thousand units of products	0.03	0.03
Energy Consumption			
Direct energy (Non-renewable)			
<i>Diesel</i>	MWh	5,333	5,428
<i>Natural Gas</i>	MWh	10,072	12,419
<i>Petrol</i>	MWh	89	119
<i>Liquefied petroleum gas</i>	MWh	43	42
<i>Towngas</i>	MWh	1,728	1,502
Direct energy (Renewable)			
<i>Solar Power</i>	MWh	72	Not applicable
Total direct energy	MWh	17,337	19,510
Indirect energy			
<i>Electricity</i>	MWh	13,281²²	15,853
Total indirect energy	MWh	13,281	15,853
Total energy consumption	MWh	30,618	35,363
Energy intensity	MWh/HK\$1,000 revenue	0.074	0.075
Water Consumption			
Total water consumption	cubic meters	270,782	325,853
Water intensity	cubic meters/ HK\$1,000 revenue	0.654	0.691
Packaging			
Total packaging material used ²³	tonnes	572.2	424.6
Packaging material intensity	tonnes/thousand unit of products	0.009	0.025

¹⁸ GHG intensity is calculated based on the total revenue of the Group presented in its annual reports, which cover a slightly wider boundary beyond the scope of this Report.

¹⁹ It includes data from Hong Kong only. Since Kaiping office and factory were newly implemented, there was no generation of hazardous waste.

²⁰ Data is restated to ensure consistent comparison.

²¹ It includes data from Hong Kong factory and from Kaiping office and factory.

²² It includes the electricity consumption of the bottle blowing factory in Kaiping factory since 2020.

²³ It includes cartons and plastic.



SOCIAL PERFORMANCE

Total Workforce

Employee²⁴

	2020	2019
By Gender		
Male	248	251
Female	643	663
By Age Group		
Under 30	158	156
30-40	252	274
41-50	287	297
Above 50	194	187
By Employment Type		
Full time	824	NA
Part time	59	NA
Contract	8	NA
By Region		
Hong Kong	695	742
Mainland China	196	172
Total Workforce	891	914

Other Workers²⁵

	2020	2019
By Worker Type		
Cleaners	4	Not reported
IT support	4	Not reported
Accounting	3	Not reported
Financial consultant	1	Not reported
Total	12	Not reported

²⁴ Based on number of employees as at 31 December 2020.

²⁵ Other workers refer to the agents / contractors / suppliers hired by the Group to perform work at a workplace controlled by the Group.

New Hire and Turnover²⁶

Employee New Hire²⁷

	2020		2019	
	Number	Rate	Number	Rate
By Gender				
Male	70	32%	411	164%
Female	194	32%	476	72%
By Age Group				
Under 30	101	77%	280	179%
30-40	60	26%	284	104%
41-50	68	25%	226	76%
Above 50	35	17%	97	52%
By Region				
Hong Kong	239	35%	486	65%
Mainland China	25	16%	401	233%
Overall	264	32%	887	97%

Employee Turnover²⁸

	2020		2019	
	Number	Rate	Number	Rate
By Gender				
Male	103	47%	299	119%
Female	221	36%	502	76%
By Age Group				
Under 30	108	82%	255	163%
30-40	83	36%	234	85%
41-50	77	29%	190	64%
Above 50	56	28%	122	65%
By Region				
Hong Kong	285	42%	572	77%
Mainland China	39	25%	229	133%
Overall	324	39%	801	88%

²⁶ The high new hire rate and turnover rate in 2019 were due to the new implementation of the Kaiping office and factory.

²⁷ New Hire Rate = Total number of new hires in the reporting period / Total number of employees as at the end of the reporting period.

²⁸ Employee Turnover Rate = Total number of employees leaving employment in the reporting period / Total number of employees as at the end of the reporting period, covering the rejoined employees and contract employees which were required for continuous replacement.

Occupational Health and Safety

	2020	2019
Number of work-related fatalities	0	0
Rate of work-related fatalities (per 1,000 workers) ²⁹	0.0	0.0
Lost days due to work injury	506.5	341.5
Work-related injuries recorded	24	13
Work-related injury rate (per 1,000 workers) ³⁰	28.8	14.0

Training and Development³¹

Number of Employee Received Training³²

	2020		2019	
	Number of Employees Trained	Percentage of Employee Trained	Number of Employees Trained	Percentage of Employee Trained
By Gender				
Male	151	69%	234	93%
Female	326	53%	570	86%
By Employee Categories				
Managers and above	42	131%	Not reported	Not reported
Deputy managers and assistant managers	64	119%	Not reported	Not reported
Senior officers and officers	188	219%	Not reported	Not reported
Assistant officers and general employees	183	28%	Not reported	Not reported
Overall	477	57%	804	88%

Training Hours³³

	2020		2019	
	Number of Training Hours	Average Training Hours per Employee	Number of Training Hours	Average Training Hours per Employee
By Gender				
Male	1,250.00	5.73	1,175.50	4.68
Female	1,706.75	2.78	3,468.00	5.23
By Employee Categories				
Managers and above	238.00	7.44	Not reported	Not reported
Deputy managers and assistant managers	350.00	6.48	Not reported	Not reported
Senior officers and officers	1,028.00	11.95	Not reported	Not reported
Assistant officers and general employees	1,340.75	2.03	Not reported	Not reported
Overall	2,956.75	3.55	4,643.50	5.08

Supply Chain Management

	2020	2019
Number of Suppliers by Regions		
Hong Kong	148	160
Mainland China	139	42
Other regions	37	30
Total	324	232
Percentage of suppliers where relevant ESG practices are being implemented	93%	81%

²⁹ Rate of work-related fatalities (per 1,000 workers) = Total number of work-related fatalities cases / Total number of employees as at the end of the reporting period x 1,000

³⁰ Rate of work-related injury rate (per 1,000 workers) = Total number of work-related injury cases / Total number of employees as at the end of the reporting period x 1,000

³¹ It includes trained employees who have left the company during the reporting period. The percentage of employees trained and the average training time per employee are for reference only.

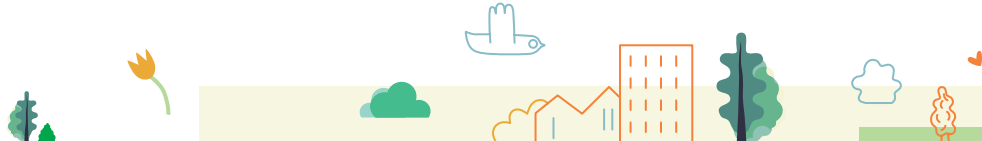
³² Percentage of employee trained = Total number of employee trained in the particular category / Total number of employees in the specified category

³³ Average training hours per employee = Total training hours in the specified category / Total number of employees in the specified category



ESG REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects and KPIs	Description	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.	16, 37-41
A1.1	The types of emissions and respective emissions data.	45
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	41
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	40
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	40
A1.5	Description of measures to mitigate emissions and results achieved.	41
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	38-40
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	33-37
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).	34
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	37
A2.3	Description of energy use efficiency initiatives and results achieved.	33-34
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	37 There is no issue in sourcing water that is fit for purpose.
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	34-35
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	32
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	32
<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.	16, 26-27
B1.1	Total workforce by gender, employment type, age group and geographical region.	25-26
B1.2	Employee turnover rate by gender, age group and geographical region.	47



Subject Areas, Aspects and KPIs	Description	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.	16, 28-29
B2.1	Number and rate of work-related fatalities.	28
B2.2	Lost days due to work injury.	28
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	28-29
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	30
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	31
B3.2	The average training hours completed per employee by gender and employee category.	31
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.	16, 27
B4.1	Description of measures to review employment practices to avoid child and forced labour.	27
B4.2	Description of steps taken to eliminate such practices when discovered.	No cases of child labour or forced labour were discovered
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	24
B5.1	Number of suppliers by geographical region.	48
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	24
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.	16, 17-19
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	17
B6.2	Number of products and service related complaints received and how they are dealt with.	17
B6.3	Description of practices relating to observing and protecting intellectual property rights.	19
B6.4	Description of quality assurance process and recall procedures.	17
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	19
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.	16, 20
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.	16
B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	20
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.	42-44
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	42-44
B8.2	Resources contributed (e.g. money or time) to the focus area.	42-44



HUNG FOOK TONG

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

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