

# 未來發展控股有限公司 Prosperous Future Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1259



## 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



<b>ABOUT THIS REPORT</b>	<b>2</b>
<b>STAKEHOLDERS ENGAGEMENT</b>	<b>3</b>
<b>ENVIRONMENTAL ASPECTS</b>	<b>5</b>
<b>A1 EMISSIONS</b>	<b>5</b>
<b>A2 USE OF RESOURCES</b>	<b>7</b>
<b>A3 THE ENVIRONMENT AND NATURAL RESOURCES</b>	<b>9</b>
<b>SOCIAL ASPECTS</b>	<b>10</b>
<b>B1 EMPLOYMENT</b>	<b>10</b>
<b>B2 HEALTH AND SAFETY</b>	<b>12</b>
<b>B3 DEVELOPMENT AND TRAINING</b>	<b>13</b>
<b>B4 LABOUR STANDARDS</b>	<b>14</b>
<b>B5 SUPPLY CHAIN MANAGEMENT</b>	<b>15</b>
<b>B6 PRODUCT RESPONSIBILITY</b>	<b>16</b>
<b>B7 ANTI-CORRUPTION</b>	<b>16</b>
<b>B8 COMMUNITY INVESTMENT</b>	<b>17</b>
<b>THE STOCK EXCHANGE OF HONG KONG LIMITED'S ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE</b>	<b>19</b>



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THIS REPORT

Prosperous Future Holdings Limited (the “Company” together with its subsidiaries, hereinafter referred to as the “Group”) is pleased to present our annual Environmental, Social and Governance Report (the “Report”) for year ended 31 December 2020 to provide an overview of the Group’s management of significant issues affecting the operation, including environmental, social and governance (“ESG”) issues.

The Board has overall responsibility for the Group’s ESG strategy and reporting. The Board is responsible for evaluating and determining the Group’s ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place.

### Reporting Period

The Report illustrates the Group’s policies and performance regarding the environmental and social aspects during the reporting period from 1 January 2020 to 31 December 2020 (the “Reporting Period”).

### Reporting Scope

The Report covers the Group’s core business which is considered material by the Group: manufacturing and sales of personal care products in the People’s Republic of China (the “PRC”), representing approximately 63% of our total revenue of the Reporting Period.

The Group will continue to optimize and improve the coverage of disclosure in the ESG Report.

### Reporting Basis

The Report is prepared in accordance with the “ESG Reporting Guide” in Appendix 27 to the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The Group has complied with the disclosure requirements of the “comply or explain” provisions set out in the Listing Rules. The Group will continue to optimize and improve the disclosure of key performance indicators (“KPIs”) as certain KPIs which is considered as material by the Group during the Reporting Period are disclosed in the Report. This Report shall be published in both English and Chinese. Should there be any discrepancy between the English and Chinese version, the English version shall prevail.

### Reporting Principles

### Interpretation

### The Group’s Application

Materiality

The report should disclose significant impacts on the environment and society, or aspects that materially affect how the stakeholders assess the Group and make decisions.

The Group conducts questionnaires to understand stakeholders’ expectations. Based on the results of the questionnaires, the Group identifies and reports the Group’s material sustainability issues.

Reporting Principles	Interpretation	The Group's Application
Quantitative	The KPIs disclosed in the report shall be calculable and comparable where applicable.	Under feasible situation, the Group records, calculates and discloses quantitative information and conducts comparisons with past performance.
Balance	The issuer should objectively and truthfully report its current year ESG performance	The Group follows the principles of accuracy, objectivity, and fairness to report its achievements and challenges in sustainable development.
Consistency	The ESG report should be prepared in a consistent manner, its ESG's KPIs can be compared to understand corporate performance.	The Group ensures consistency in preparing the report and managing its ESG data for future comparisons

### Contact Information

The Group welcomes your feedback on the Report for our sustainability initiatives. Please contact us by email to [ir@pfh.hk](mailto:ir@pfh.hk).

### Sustainability Vision and Focus

The Group takes an integrated approach to sustainability, incorporating environmental and social considerations into our decision-making and actions. We focus on minimizing the impact of our manufacturing operations in Fujian Province, PRC on the environment and creating positive impact in the community through our business. In doing so, we are guided by a set of core sustainability values and an effective governance structure.

Our Group believes that promoting sustainability is as important as achieving medium and long-term business growth. It has therefore made continuous efforts to maintain a high degree of sustainability in its Group Office & the subsidiaries in Hong Kong, as well as Head Office and manufacturing site in Zhangzhou City, Fujian Province, PRC. Moreover, it values opportunities to learn more about the needs and expectations of the communities in which it operates, as well as those of other stakeholders.

## STAKEHOLDERS ENGAGEMENT

Stakeholder engagement is an integral part of our business development and commitment to corporate sustainability. We develop medium and long-term relationships with stakeholders and consider their views on our business development through various formal and informal, independent and internal stakeholder engagement exercises.

Through our stakeholder engagement exercise for the Report and regular engagement activities, we are able to keep an ongoing dialogue with our stakeholders, enabling us to make more informed decisions, and better assess and manage any resulting impact.

(1) Investors and shareholders

- Annual General Meeting
- Investor briefings and press conferences
- Face-to-face meetings
- Conference calls
- Corporate website

(2) Customers

- Annual customer satisfaction survey
- Organizing public events
- Periodic campaign to raise service standards and maintain customer satisfaction
- Guest comment card and client feedback survey
- Designated customer hotline
- Corporate website
- Social media (e.g. mobile app)

(3) Business partners

- Face-to-face meetings
- Independent interviews
- Briefing sessions and seminars

(4) Suppliers

- Face-to-face meetings
- Daily work review
- Supplier assessment
- Independent interviews

(5) Employees

- Training, seminars, briefing sessions
- Social club activities
- Face-to-face meetings
- Independent focus groups and interviews
- Recreational and volunteering activities

(6) Communities and NGOs

- Employee volunteering activities
- Participation in programs initiated by NGOs
- Organizing public events
- Independent interviews

## ENVIRONMENTAL ASPECTS

The Group is committed to protect the environment and environmental considerations are taken into account very seriously during our decision-making process. Our Board of Directors has overall responsibility for environmental considerations across the Group while each business segment has its own responsibility to implement appropriate environmental measures.

### A1 Emissions

Our Group's key air pollutants are mainly nitrogen oxides ("NO<sub>x</sub>"), sulphur oxides ("SO<sub>x</sub>") and respiratory suspended particles ("RSP", also known as Particulate Matter ("PM")). These pollutants tend to be generated from gaseous fuel consumption and vehicles of our operations.

Another area of emission is known as greenhouse gas ("GHG") emissions. The majority of GHGs are indirect emissions from the generation of purchased electricity consumed by the Group.

The Group has established a series of policies and guidelines to meet the local statutory requirement on emission. To meet the requirement of relevant China Laws, our manufacturing site in Zhangzhou City, Fujian Province, PRC, we have successfully obtained "Certificate on Pollution Control arising from Air Emission" 《污染物排放許可證》 which is valid and effective up to 28 May 2025.

Hazardous waste mainly include acidic waste, waste activated carbon and waste mineral oils. Non-hazardous waste mainly include domestic waste generated/consumed at various stages of the manufacturing process. All of our hazardous waste and non-hazardous waste from manufacturing site in Zhangzhou City, Fujian Province, PRC are separately stored and recorded. We applied for the approval from the local Environmental Bureau in Zhangzhou City, Fujian Province, PRC. With the "transfer permit", we appointed a professional waste treatment & disposal service provider Fujian Chuxin Environmental Protection Technology Co., Ltd\* (福建省儲鑫環保科技有限公司) for disposition.

We try to make use of the recycle process to reduce unnecessary solid waste to minimize the adverse impact on the environment in Zhangzhou City, Fujian Province, PRC. For those unused material or those could not be recycled, we appointed a professional service provider Zhangzhou Environment Group Co., Ltd\* (漳州環境集團有限公司) for disposition.

During the Reporting Period, the Group is not aware of any material violation in all applicable environmental laws and regulations.

\* For identification purpose only

Major air pollutants emission from gaseous fuel consumption and vehicles during the Reporting Period and the corresponding period in 2019 as follows:

Type of Air Pollutants	Air Pollutants Emission	
	2020 Air Pollutant Emission (kg)	2019* Air pollutant emission (kg)
SOx (Note 1)	0.07	4.07
NOx (Note 2)	2,258.19	2,890.70
PM (Note 1)	0.29	27.21

Note 1: The emission of SOx and PM was primarily from the consumption of diesel and petrol from motor vehicles. The significant decrease in SOx and PM emission is mainly due to the disposal of subsidiaries with motor vehicles in the corresponding period.

Note 2: The emission of NOx was mainly from the consumption of liquefied natural gas ("LNG").

During the Reporting Period and the corresponding period in 2019, the GHG emissions from the operation are set out below:

Type of GHG emissions	GHG Emissions	
	2020 Equivalent CO <sub>2</sub> emission (tonne)	2019* Equivalent CO <sub>2</sub> emission (tonne)
Scope 1 Direct emissions	177,966.20	191,129.03
Scope 2 Indirect emissions	8,314.00	6,681.36
<b>Total</b>	<b>186,280.20</b>	<b>197,810.39</b>
<b>Intensity (Tonne/revenue RMB\$'000)</b>	<b>0.16</b>	<b>0.24</b>

Note:

The calculation of the GHG emissions are based on the "A Corporate Accounting and Reporting Standard" from The Greenhouse Gas Protocol.

Scope 1: Direct emissions from sources that are owned by the Group

Scope 2: Indirect emissions from the generation of purchased electricity consumed by the Group

Scope 3: is not disclosed as it is an optional disclosure and the corresponding emission is not controlled by the Group.

\* Updated due to improved data collection methods for the consumption of LNG in 2019.

During the Reporting Period and the corresponding period in 2019, the hazardous and non-hazardous waste from the operation are set out below:

Hazardous and Non-hazardous Waste		
	2020	2019
Hazardous waste (tonne)	0.74	0.21
Non-hazardous waste (tonne)	431.87	273.60
<b>Total (tonne)</b>	<b>432.61</b>	<b>273.81</b>
<b>Intensity (kg/revenue RMB\$'000)</b>	<b>0.37</b>	<b>0.33</b>

The Group generated around 18,230m<sup>3</sup> of sewage water for the year ended 31 December 2020. During the Reporting Period, we had developed a sewage treatment system to process the sewage water from our production facilities. The system was composed of several treatment stages: (1) pretreatment process; (2) coagulation and primary sedimentation; (3) Upflow Anaerobic Sludge Blanket (UASB) reactor treatment; (4) contact oxidation process; (5) secondary sedimentation process; and (6) discharge of the processed sewage water which would meet environmental standards. The Group also appointed a water treatment service provider Huasheng Cleaning Company\* (華升保潔公司) to collect the solid waste generated from the water treatment process.

\* For identification purpose only

## A2 Use of Resources

By implementing appropriate Energy & Material Management Program in each business segment where we operate, we can positively influence our environmental and economic impact while ensuring business continuity.

Our short and medium-term goals are to:

- Implement a good energy & material usage performance monitoring system
- Engage third party logistics services suppliers that meet our environmental standards (as necessary & appropriate)
- Report energy & material usage performance in the annual reporting cycle
- Invest in energy-efficient hardware that is in line with our environmental policies
- Increase staff awareness and commitment

Our long-term goals are to:

- Reduce energy & material costs, wherever possible
- Define best practice benchmarks for energy consumption & material usage within our Group
- Measure our performance against benchmark levels
- Give higher priority to energy efficiency equipment & investments
- Where possible, to use energy & material from sustainable sources
- Where possible, to negotiate better energy costs with utilities companies

Regarding usage of water, the Group did not encounter any problems in sourcing water that is fit for its purpose.

Energy consumption by the Group during the Reporting Period and the corresponding period in 2019 is set out below:

Type of energy	Energy Consumption	
	2020 Energy consumed (kWh)	2019* Energy consumed (kWh)
Petrol	44,241.08	96,861.71
Diesel	–	55,182.21
Purchased electricity	9,936,655.00	8,473,762.00
LNG	1,045,123,293.06	1,122,284,814.09
<b>Total</b>	<b>1,055,104,189.14</b>	<b>1,130,910,620.01</b>
<b>Energy intensity (kWh/revenue RMB\$'000)</b>	<b>897.96</b>	<b>1,362.27</b>

Water consumption by the Group during the Reporting Period and the corresponding period in 2019 is set out below:

	Water Consumption	
	2020 (m <sup>3</sup> )	2019 (m <sup>3</sup> )
Water	171,035.00	149,367.00
<b>Intensity (m<sup>3</sup>/revenue RMB\$'000)</b>	<b>0.15</b>	<b>0.18</b>

Packaging materials consumption by the Group during the Reporting Period and the corresponding period in 2019 is set out below:

Type of packaging materials	Packaging Materials Consumption	
	2020 (tonne)	2019 (tonne)
Plastic	1,638.22	3,083.00
Paper	19,138.04	12,498.00
Glass	837.93	N/A
<b>Total</b>	<b>21,614.19</b>	<b>15,581.00</b>

\* Updated due to improved date collection methods for the consumption of LNG in 2019.

### A3 The Environment and Natural Resources

We strive to minimize the environmental impact of our operations by implementing a variety of green measures, including responsible use of resources, reducing carbon emissions, energy saving, waste management and pollution prevention.

We recognize that our operations have an environmental impact, particularly through:

- Lighting, heating and cooling of our offices, stores and warehouses
- Fuel consumption of distribution fleets
- Use of water
- Generation of certain hazardous (e.g. bulb use) and non-hazardous waste
- The manufacturing of chemical products in Zhangzhou City, Fujian Province, PRC

As a result, the Group is committed to:

- Enhancing our contributions to environmental sustainability through sustainable development initiatives and implementing good environmental practices
- Regularly reviewing our business practices to identify how we can use resources like energy, water and other raw materials sustainably and more efficiently, while reducing waste and greenhouse gas emissions
- Communicating to suppliers our expectations of responsible and sustainable sourcing and manufacturing will cover relevant aspects respectively
- Recycling program for unused or damaged electrical and electronic equipment
- Reduction of printing paper and finished good packing paper usage
- Encouraging staff to reduce water wastage, for example, by not running water taps in the pantry and toilet
- Various energy savings initiatives, including LED light usage
- Reducing distribution of single-use plastic carrier bags and encouraging the use of more environmentally-friendly carrier bags

Our Head Office and manufacturing site in Zhangzhou City, Fujian Province, PRC, we successfully obtained "Certificate of Environmental Protection and Management" ISO14001 which is valid and effective up to 5 July 2021.

## SOCIAL ASPECTS

### B1 Employment

Generally speaking, the Head Office and manufacturing site in Zhangzhou City, Fujian Province, PRC has a series of written policies and guidelines on the following areas for reference:

- Compensation & dismissal
- Recruitment & promotion
- Working hour
- Rest period
- Equal opportunity
- Diversity
- Anti-discrimination
- Other benefit & welfare

The Group is not aware of any material non-compliance with related laws and regulations during the Reporting Period.

Below is a detailed breakdown of our employees by gender, age group and employment category as at 31 December 2020 and 2019:

	2020		2019	
	Number of staff	% of total	Number of staff	% of total
<b>By gender</b>				
Male	301	32	246	30
Female	634	68	580	70
Total	935	100	826	100
<b>By age group</b>				
30 or below	275	29	238	29
31-40	428	46	387	47
41-50	193	21	175	21
51 or above	39	4	26	3
Total	935	100	826	100
<b>By employment category</b>				
Normal	901	96	770	93
Middle	32	3	46	6
Senior	2	1	10	1
Total	935	100	826	100

The Group adopted average staff number as the calculation base for staff turnover. Below is a detailed breakdown of our employees turnover rate by gender and age group for the year ended 31 December 2020 and 2019:

	2020	2019
<b>Turnover rate by gender</b>		
Male	21%	66%
Female	24%	67%
<b>Turnover rate by age group</b>		
30 or below	37%	100%
31-40	18%	46%
41-50	16%	37%
51 or above	6%	15%

## B2 Health and Safety

Health and safety issues are important focus areas across all our operations in Zhangzhou City, Fujian Province, PRC.

The Group is committed to:

- Creating a safe, healthy and supportive environment for all employees
- Providing a working environment that is free from all forms of discrimination
- Ensuring employees at every level receive an appropriate induction so they have the best possible start in our organization
- Providing ample opportunities to enhance one's skill, optimize performance and progress one's career through on-the-job training and well-defined career pathways
- Maintaining proper systems to ensure equal opportunities and competitiveness in staff remuneration and recognition
- Ensuring the company sets clear expectations for individual behavior. This is an integral part of the Group's Human Resources Policy

### *Head Office and Manufacturing site in PRC*

In Mainland China, our Head Office in Zhangzhou City, Fujian Province, PRC, our child cares products continued to run Safety Operation periodic training to reinforce the culture of safe operation, strengthen employees' awareness on safety and improve their knowledge of work safety law. We also published safety management regulations and guidelines which were distributed to relevant staff.

Our Head Office in Zhangzhou City, Fujian Province, PRC set medium and long term targets on the overall operation safety and established an occupational health and safety committee. Committee members include senior management staff of the Head Office, are responsible for internet security, road safety, fire safety, occupational safety and health, risk management and safety training. We have conducted various training and workshops during the year, covering safe storage of hazardous chemicals, fire rescue and first aid.

During the Reporting Period, there were 11 work related injury cases and no death was resulted due to work injury. There were no non-compliance cases noted in relation to laws and regulations for health and safety. The Group would continue to improve its data collection method in work related injury cases and their related lost days.

### B3 Development and Training

We aim to recruit the best talent who fit our business needs. We create an environment where employees can develop their full potential and contribute their skills and experiences to the medium & long-term development of the Group:

- Organized in-house and external training courses and seminars for staff
- Emphasized health and safety
- Encouraged work-life balance
- Employee Assistance Program offered
- Stress management and wellness-related training and counselling services
- Created a new internship program to provide job training and career coaching opportunities

To meet the urgent needs for building a team of talents to cope with the development of the Group, our Head Office in Fujian Province, PRC set up an internal department named Frog Prince Business College in 2013 to provide training to employees and help them to master relevant skills. The college offered 3,040 hours of courses, among which, 501 hours of courses in business school, 148 hours of internal training, 405 hours of other training, and 671 hours of health and safety training, covered fields, such as corporate strategy and culture, industry overview, professional knowledge, etc., in 2020.

Below is a detailed breakdown of the percentage of employees trained by gender and employment category during the Reporting Period and the corresponding period in 2019:

	2020	2019
<b>Employee trained by gender</b>		
Male	40%	29%
Female	60%	71%
<b>Employee trained by employment category</b>		
Normal	89%	96%
Middle	10%	3%
Senior	1%	1%

The average training hours for employees by gender and employment category during the Reporting Period and the corresponding period in 2019 are as follows:

	2020 Hours per employee	2019 Hours per employee
<b>By gender</b>		
Male	3.89	1.32
Female	2.95	0.56
<b>By employment category</b>		
Normal	2.54	0.59
Middle	13.37	2.67
Senior	14.20	7.20

## B4 Labour Standards

The Group has formulated recruitment and dismissal standards in accordance with the Labour related Laws and regulations in the Fujian Province, PRC.

In particular, the Group is committed to ensuring that all goods and services produced/provided by our operations in Fujian Province, PRC do not involve the employment of child labour or illegal employees/workers.

The following outlines the steps we have taken to ensure that there are no child labour or illegal/forced workers in our supply chain under all circumstances.

- *Engage consumers & customers*

It is the Group's belief that most consumers and customers around the world are willing to pay more for goods and services produced/provided responsibly. If a corporation can demonstrate to consumers that its production does not involve child labour or illegal/forced workers, the corporation could be benefited from this growing demand.

- *Support employee & worker feedbacks*

Listening to employees and workers is one of the most effective ways for a corporation to monitor its supply chain. The Group respects the employees and workers in its supply chain and is committed to ensure that any labour abuse in its supply chain is eliminated and prohibited.

- *Be transparent*

It is the Group's belief that comprehensive disclosure can effectively demonstrate the Group's commitment to doing things in the right way.

- *Practice know-your-supplier procedures*

We conduct risk and impact assessments to help us better understand our supply chain partners. These assessments are an integral part of the accountability supplier investigation process and are an important tool for the Group to seek sustainable development of its supply chain.

- *Establish meaningful complaint mechanisms*

It is the Group's belief that we should ensure that all employees and workers are provided with safe and convenient channels to lodge complaints on any issues related to code of conduct. We have also established standard procedures for handling and following up complaints to protect employees and workers from retaliation.

- *Incorporate with other supplier incentives*

The Group is committed to incorporating the consideration of child labour and other human rights issues into the dealings with suppliers where appropriate, so that the terms proposed on different occasions for those considerations would complement and reinforce each other.

During the Reporting Period, the Group has complied with policies and relevant laws and regulations regarding prevention of child labour or forced labour.

## B5 Supply Chain Management

During the Reporting Period, the Group identified 16 major suppliers from the PRC. The Group is committed to:

- Supporting the interests of our customers by focusing on product and service quality, value and safety
- Providing products and service that comply with all applicable legislations in their distribution markets
- Maintaining clear and constant customer communications channels, listening actively to feedback and responding swiftly to complaints
- Safeguarding our operations against unfair business practices
- Ensuring business contracts clearly set out the agreed terms, conditions and the basis of our relationship
- Communicating to our suppliers the importance of responsible sourcing and social compliance in the areas of health, safety and worker welfare
- Encouraging suppliers and contractors to adopt responsible business policies and practices for mutual benefit
- Offering more sustainable own brand products and choices to our customers

### *Own Brand Product Packaging*

The Group readily reports information on packaging waste generated by own brand products as legally required in various markets. Together with our internal development teams and suppliers, we aim to reduce the amount of packaging used in our own brand products, wherever possible, while ensuring they still perform two essential functions:

- To contain and preserve our products throughout their lifetime
- To provide all required legal written information to our customers

## B6 Product Responsibility

### *Business Segment: Manufacture and Sales of Personal Care Products*

- All our products manufactured by our manufacturing site in Zhangzhou City, Fujian Province, PRC, we go through rigorous quality controls, both internally and externally, with ISO9001, ISO14001, ISO22716 and OHSMS/ISO45001, accredited third party laboratories and other quality experts.
- We make use of a mix of controls before shipment and upon reception in our warehouses. Controls include labeling review, product conformity and other safety checks.
- We make use of a mix of internal audits with our qualified engineers and external audits with independent auditors.

Post-Market surveillance for own brand products: Ongoing post market surveillance is conducted with regular assessment of our own brand products in store. Our product sampling program ensures on-going quality and safety by rechecking selected products against original specifications.

The Group would continue to review its policies and improve its handling and data collection method for customer complains and potential product returns. During the Reporting Period, the Group did not identify significant product recalls due to safety or health reasons.

## B7 Anti-corruption

The Group has a set of anti-corruption policy to ensure compliance by all employees, officers and directors of the Group, and its subsidiaries and affiliates, with the Foreign Corrupt Practices Act (FCPA) and related anti-corruption laws of Hong Kong and PRC in which the business segment does or intends to do business.

### *Bribes, Kickbacks or Other Corrupt Payments*

All employees are prohibited from directly or indirectly offering, giving, soliciting or receiving any form of bribe, kickback or other corrupt payment, or anything of value, to or from any person or organization, including government agencies, individual government officials, private companies and employees of those private companies under any circumstances.

### *Facilitation Payments*

Generally speaking, the Group prohibits the payment of facilitation payments except under very exceptional special occasions and only with prior approval by the Board of Directors (or, if prior approval is not reasonably possible given the circumstances, as soon as possible following such payment).

### *Relationships with Third Parties*

The Group prohibits offering bribes, promises and payments made through partners, intermediary agents, joint ventures, or third parties. In addition, contracts with agents or third-party representatives and joint venture partners should, to the extent possible, include provisions to mitigate against the risk of potential illicit payments.

The Group has been in strict compliance with law and regulation related to anti-corruption. During the Reporting Period, there was no any legal case regarding corrupt practices brought against the Group or its employees.

## B8 Community Investment

Through our Social & Community initiatives, the Group is committed to supporting and encouraging our Head Office in Zhangzhou City, Fujian Province, PRC, to:

- Initiate dialogue with local communities for mutual benefits
- Develop programs with local community organizations that are relevant to our business and beneficial to local community needs
- Get employees involved in local community organizations and activities
- Establish a long-term partnership with relevant charitable organization(s) and to make local donations and sponsorships that are in line with the company's policy
- Support and care for the elderly, persons with disabilities, children and women
- Environmental awareness
- Support for child athletes
- Beauty empowerment and self-confidence campaigns
- Cooperated with South China University of Technology to enhance the capability in R&D
- Cooperated with leading raw material suppliers in the industry to develop more natural and moisturizing products
- Cooperated with domestically well-known R&D agencies to develop products designed for alleviating children's skin problems

Our core sustainability values:

- We believe a thriving community facilitates our continuing business success
- We consider ongoing communication with our stakeholders as vitally important to upholding the well-being of the community
- We will continue to engage with our stakeholders' views and work together with them to achieve a win-win scenario

During the Reporting Period, the Group continuously contributed to the sustainable development of the community by serving with care and concern for the underprivileged through the activities as follows:

- The Group emphasizes on supporting the medical operation in PRC in combating the outbreak of coronavirus disease of 2019 ("COVID-19"). To support the medical personnel during the COVID-19 outbreak, the Group donated RMB 2,580,000 to China Women's Development Foundation\* (中國婦女發展基金會) to fund the project titled "Go! Anti-epidemic Angels\*" (加油！抗疫天使). The target recipients of this project are frontline medical workers and their families, which the project provided them with daily protective supplies, daily necessities and daily family care services. The first phase of this project was launched in Hubei, Henan, Hunan, Anhui, Jiangxi, Chongqing, Sichuan and Shandong provinces and was extended to other provinces at a later stage. Also, the Group donated RMB 67,000 to Huangshi Women's and Children's Hospital\* in Hubei (湖北黃石市婦女兒童醫院) during the Reporting Period.
- The Group also strives for fostering the education development in the PRC. To protect the health of school teachers and students from COVID-19, the Group cooperated with Haixi Bowen Bookstore\* (海西博文書店), and donated 5,000 protection gift packs to a primary school and four municipal kindergartens. The gift pack contains masks, hand sanitizers and sanitary wipes, etc.
- Moreover, to support students' education development, during the Reporting Period, the Group donated RMB 280,000 to Zhangzhou Longwen District Education Bureau\* (漳州龍文區教育局), Zhangzhou Experimental Middle School\* (漳州實驗中學), Longwen District Second Experimental Primary School\* (龍文區第二實驗小學) and Zhangzhou Vocational Technology College Office\* (漳州職業技術學院辦).

\* For identification purpose only

## THE STOCK EXCHANGE OF HONG KONG LIMITED'S ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Subject areas, aspects, general disclosures and KPIs	Section	Page
<b>A . Environmental</b>		
<i>Aspect A1: Emissions</i>		
General Disclosure	"Emissions"	5
KPI A1.1 The types of emissions and respective emissions data	"Emissions"	5-6
KPI A1.2 Greenhouse gas emissions in total and, where appropriate, intensity	"Emissions"	6
KPI A1.3 Total hazardous waste produced and intensity	"Emissions"	6
KPI A1.4 Total non-hazardous waste produced and intensity	"Emissions"	6
KPI A1.5 Description of measures to mitigate emissions and results achieved	"Emissions"	5
KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	"Emissions"	7
<i>Aspect A2: Use of Resources</i>		
General Disclosure	"Use of Resources"	7
KPI A2.1 Direct and indirect energy consumption by type in total	"Use of Resources"	8
KPI A2.2 Water consumption in total and intensity	"Use of Resources"	8
KPI A2.3 Description of energy use efficiency initiatives and results achieved	"The Environment and Natural Resources"	9
KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	"The Environment and Natural Resources"	9
KPI A2.5 Total packaging material used for finished products (in tonnes)	"Use of Resources"	8
<i>Aspect A3: The Environment and Natural Resources</i>		
General Disclosure	"The Environment and Natural Resources"	9
KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	"Emissions", "Use of Resources" & "The Environment and Natural Resources"	5-9

Subject areas, aspects, general disclosures and KPIs	Section	Page
<b>B. Social</b>		
<i>Aspect B1: Employment and Labour Practices</i>		
General Disclosure	"Employment"	10
KPI B1.1 Total workforce by gender, employment type and age group	"Employment"	11
KPI B1.2 Employee turnover rate by gender and age group	"Employment"	11
<i>Aspect B2: Health and Safety</i>		
General Disclosure	"Health and Safety"	12
<i>Aspect B3: Development and Training</i>		
General Disclosure	"Development and Training"	13
KPI B3.1 The percentage of employees trained by gender and employee category	"Development and Training"	13
KPI B3.2 The average training hours completed per employee by gender and employee category	"Development and Training"	13
<i>Aspect B4: Labour Standards</i>		
General Disclosure	"Labour Standards"	14-15
KPI B4.1 Description of measures to review employment practices to avoid child and forced labour	"Labour Standards"	14-15
<i>Aspect B5: Supply Chain Management</i>		
General Disclosure	"Supply Chain Management"	15
KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	"Supply Chain Management"	15
<i>Aspect B6: Product Responsibility</i>		
General Disclosure	"Product Responsibility"	16
KPI B6.4 Description of quality assurance process and recall procedures	"Product Responsibility – Quality Assurance"	16

<b>Subject areas, aspects, general disclosures and KPIs</b>	<b>Section</b>	<b>Page</b>
<i>Aspect B7: Anti-corruption</i>		
General Disclosure	"Anti-Corruption"	16
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the case	No concluded cases during the Reporting Period /
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored	"Anti-Corruption" 16
<i>Aspect B8: Community Investment</i>		
General Disclosure	"Community Investment"	17
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	"Community Investment" 18