

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2021

Fulum Group Holdings Limited (Stock Code : 1443)

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ABOUT THE GROUP

Commenced in 1992, the catering business of Fulum Group Holdings Limited (the “Company” or the “Fulum Group”, together with its subsidiaries, the “Group”) has been adhering to the spirit of “Three Quality Principle: Quality Environment, Quality Food and Quality Service” to achieve continuous and steady development in terms of brand innovation, geographical expansion and market direction.

The Group’s major businesses are restaurant operations, sale of food products and other operating items. Its portfolio of restaurants offers various cuisines under different brands to meet the evolving catering needs of local customers and improve their dining experience. During the Reporting Period, the Group continued to focus on its core businesses of “Fulum (富臨)” main brand and “Sportful Garden (陶源)” main brand. At the same time, the Group continued to expand into more diversified catering markets, of which the second and third “Foodeli”, a food hall brand under the “Fulum Concept (富臨概念)” main line, opened in August and September 2020, respectively.

Looking forward, the Fulum Group will continue to expand the “Fulum Concept (富臨概念)” main line in a prudent manner and actively explore more channels to provide the general public with unique dining experience and broaden different customer bases. During the Reporting Period, the Group launched the Fulum online ordering platform and various takeaway discounts and combos to enable the public to maintain their usual catering habit during the pandemic.

As at 31 March 2021, the Group owned the “Fulum (富臨)” main brand, the “Sportful Garden (陶源)” main brand and the “Fulum Concept (富臨概念)” main line, with 78 restaurants and 7 supermarkets in Hong Kong and mainland China:

<p>The “Fulum (富臨)” main brand</p> <p><i>18 restaurants in Hong Kong and 4 restaurants in mainland China</i></p> <ul style="list-style-type: none"> Focusing on Cantonese cuisine, it offers a wide variety of delicacies such as seafood, dim sum and hotpot, as well as venues with distinctive decoration and digital lighting effects and unique dining experience for wedding banquets and events. 	<p>“Sportful Garden (陶源)” main brand</p> <p><i>8 restaurants in Hong Kong</i></p> <ul style="list-style-type: none"> Focusing on serving mid-to-high end Cantonese cuisine, it attracts customers from the mid-to-high end market who emphasise quality.
<p>Sales of food and other operating items</p> <ul style="list-style-type: none"> This includes the production of processed foods and festive foods such as New year pudding, rice dumplings and mooncakes. 	<p>“Fulum Concept (富臨概念)” main line</p> <p><i>52 restaurants in Hong Kong</i></p> <ul style="list-style-type: none"> It offers a wide range of restaurant brands, including Korean barbecue brands and kid-friendly restaurants embedding the traditional culture of Korean local cuisines, as well as restaurants specializing in Japanese Wagyu beef hotpots. <p><i>7 supermarkets in Hong Kong</i></p> <ul style="list-style-type: none"> It sources different fresh and premium food ingredients around the world which are cut and packed in its own workshops to provide quality products to our customers at affordable prices.

ABOUT THIS REPORT

This report is the fifth Environmental, Social and Governance Report (the “Report”) published by the Group. By reporting the policies, measures, and performances of the Group in environmental, social and governance aspects from 1 April 2020 to 31 March 2021 (the “Reporting Period” or “2021”), it allows all stakeholders to better understand the progress and development direction of the Group in relation to sustainability issues. Information documented in the Report is sourced from the official documents, statistical data, management, and operation information of and collected by the Group from various channels. This Report, which is prepared in both Chinese and English, has been confirmed and approved by the board of directors of Group (the “Board”) in October 2021, and has been uploaded to the website of the Stock Exchange and the Group’s website www.fulumgroup.com. In case of any inconsistencies between the Chinese version and English version, the Chinese version shall prevail.

Reporting Scope

The Report focuses on the operation of the Hong Kong head office, restaurants owned by the Group in Hong Kong, the central kitchen and logistics centre, which is the same as the scope covered under the last reporting period. While the Report does not cover the Group’s operations in mainland China, the aim of the Group is to continuously upgrade the internal data collection procedure and gradually expand the scope of disclosure.

Reporting Criteria and Principles

The Report is prepared in accordance with the “comply or explain” requirements and some of the “recommended disclosure” provisions of Appendix 27 Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) of the Rules Governing the Listing of Securities on the Stock Exchange. The four reporting principles: materiality, quantitative, balance and consistency form the backbone of the Report.

Materiality	The Group invited internal and external stakeholders to help identify the key issues through questionnaire, the result of which was reviewed and confirmed by the Board. These issues, which are important to the stakeholders, reflect the significant impacts brought by the Group’s operation to the economy, environment and society.
Quantitative	Each department of the Group is responsible for recording the key environmental and social performance indicators, with an independent professional consultant appointed to conduct assessments for carbon emissions and other environmental key issues according to local guidelines and international standards. In addition, the Group ensures that the key performance data can be calculated and clearly state the criteria and method of calculation.
Balance	The Group elaborates on its achievements and challenges faced in sustainability based on the principles of accuracy, objectivity and fairness to let the stakeholders reasonably assess the Fulum Group’s overall performance.
Consistency	The Group adopts consistent statistical methods and provides historical data where feasible to demonstrate its performances and progress in sustainability.

Feedback

The Group values the opinion of stakeholders. If you have any questions or suggestions regarding the content or format of the Report, please contact the Group via the following channels:

Address: 26/F, Capital Tower, 38 Wai Yip Street, Kowloon Bay, Hong Kong

Email: info@fulum.com.hk

CHAIRMAN'S STATEMENT

The novel coronavirus (COVID-19) pandemic is still spreading across Hong Kong during 2021 and the daily life of the public has been affected to varying degrees, including restrictions on dining out, which has affected the Group's business significantly. In the midst of the pandemic, the Fulum Group still adheres to its responsibility as a corporate citizen and ensures that its operations are in compliance with laws and regulations. In order to foster good corporate governance, the Board of the Group has taken on more environmental, social and governance responsibilities to address different environmental and social risks.

Governance Performance

To enhance the Board's engagement in environmental, social and governance matters, the Fulum Group has established an Environmental, Social and Governance Committee during the Reporting Period to review and monitor the Group's environmental, social and governance policies and practices to ensure that the Group complies with relevant legal and regulatory requirements. The Group hopes that this committee will lead the Group to a more sustainable future in a more systematic way.

Environmental Performance

During the Reporting Period, the Group's overall emissions showed a downward trend, although the main reason was the limited opening hours of restaurants caused by the pandemic. The Group will study and implement more energy saving and emission reduction measures to avoid the rapid increase in emissions after the pandemic. In addition, in response to customers' demand for green diet, the Group added more plant-based meat dishes during the Reporting Period to promote green living habits.

Social Performance

Being people-oriented is one of the Group's operation directions. The Group values the expectations of its employees and other stakeholders and regularly reviews relevant policies and measures. During the Reporting Period, the Group updated the Personal Privacy Policy to protect the rights and interests of customers in line with the development of the Group's online ordering takeaway platform. In addition, to protect the health and safety of customers, the Fulum Group has implemented a number of preventive measures in 2021 in accordance with the guidelines of the Department of Health.

Looking ahead, the Group looks forward to make progress in terms of environmental, social and governance aspects. The Group will continue to improve its performance by further implementing environmental and social management measures and setting corresponding targets.

Fulum Group Holdings Limited
Mr. Yeung Wai
Chairman and Executive Director

ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES

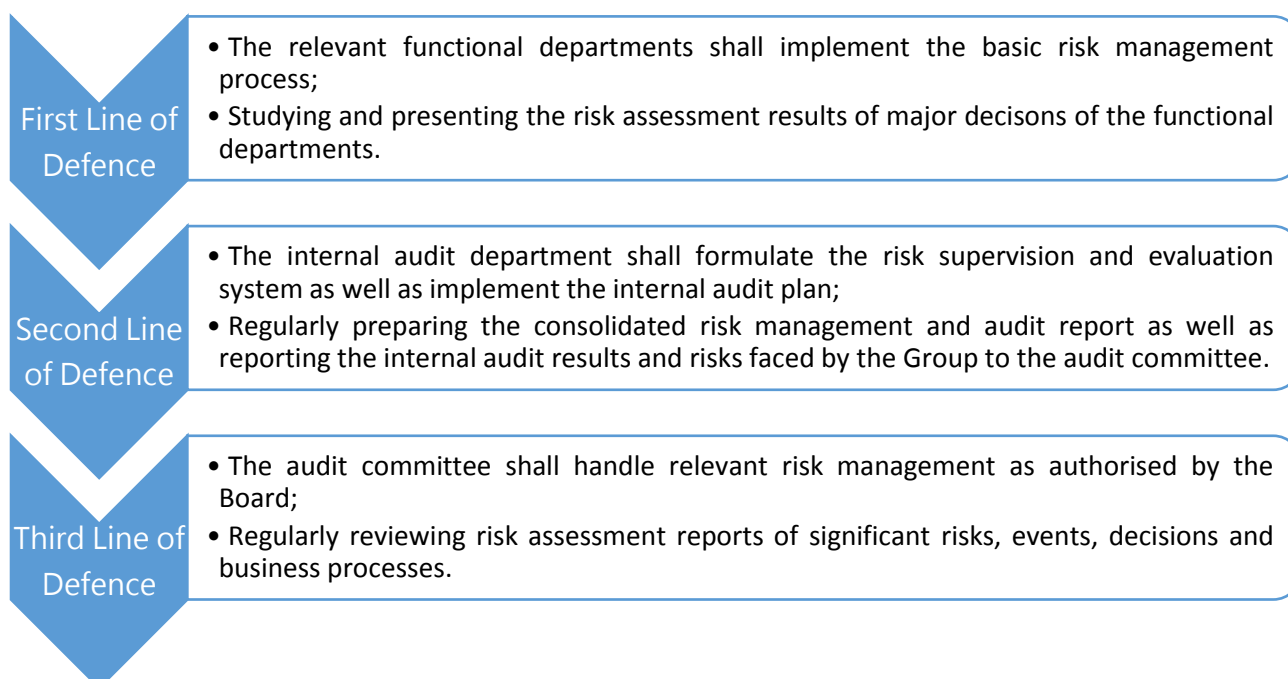
The Board of the Group assumes its full responsibility for managing the environmental, social and governance issues of the Fulum Group, while other departments are responsible for implementation of the related issues. To enhance the Board's engagement in environmental, social and governance issues, the Fulum Group has established the Environmental, Social and Governance Committee (the "Committee") during the Reporting Period. Comprising of the senior management of the Group, the Committee is responsible for reviewing and monitoring the Group's environmental, social and governance policies and practices to ensure the Group's compliance with relevant legal and regulatory requirements. In addition, the Committee also monitors and addresses the latest environmental, social and governance issues and makes relevant recommendations to the Board as and when appropriate to enhance the Group's environmental, social and governance performance. The Committee reports to the Board at least once a year to ensure that the Board has considered environmental, social and governance issues when formulating the Group's development strategies.

Management Approach of the Committee

- Formulating strategies to reduce the environmental impact of business operations;
- Formulating the overall community investment strategy;
- Establishing a working environment that values employees;
- Monitoring good conduct and standards of operation;
- Formulating sustainable supply chain management.

Risk Management

To ensure that the risks faced by the Group are managed systematically, the Group has adopted a risk management and internal control structure, referred to as the "Three Lines of Defence", to identify, manage and monitor the significant risks in its operation. The Board and the Audit Committee of the Fulum Group review and evaluate the risk management and internal control systems every six months to ensure the effectiveness of the management measures and systems.



With the government's carbon neutral target and people's preference for a more sustainable lifestyle since the pandemic, the Fulum Group is committed to reducing the impact of environmental and social risks on the Group. To this end, the Board will identify the risks which have significant impacts on the Group's operations and businesses, and gradually incorporate these risks into the risk management system and formulate relevant strategies in the next reporting period.

Compliance Management

Compliance is the cornerstone of the Group's operations. The Group ensures the legality of its daily operation by reviewing the operation and management system regularly as well as making timely adjustments to the operational rules. The Group relies on various departments to manage the relevant compliance requirements and effectively implement the Group's policies to ensure compliant operations. The Group's compliance department has identified laws and regulations that have a significant impact on the Fulum Group and their impact on the Group. The impact of violation of relevant laws and regulations on the Group includes:

- resulting in financial penalties, such as heavy fines;
- being subject to administrative penalties, resulting in suspension of business and affecting the progress of projects;
- damage to the reputation of the Group;
- resulting in a significant loss of talents;
- resulting in costly litigation.

To ensure that the Group's operations are legal and in compliance with the laws and regulations, the Group provides regular training and inspections to the heads of each operation site and logistics centre. The Group has established procedures to handle potential non-compliance incidents relating to emissions, employment and labour standards, health and safety, product liability and anti-corruption, including investigation, response and rectification of the non-compliance incidents. During 2021, the Group was not aware of any violation of laws and regulations that have a significant impact on the Group resulting in heavy fines or non-monetary sanctions. The Group has identified the following laws and regulations that have a significant impact on the Group:

Aspects	Relevant laws that have significant impacts on the Group	
Emissions	Air Pollution Control Ordinance Water Pollution Control Ordinance	Waste Disposal Ordinance
Employment and Labour Standards	Employment Ordinance Employees' Compensation Ordinance Sex Discrimination Ordinance	Disability Discrimination Ordinance Family Status Discrimination Ordinance Personal Data (Privacy) Ordinance
Health and Safety	Occupational Safety and Health Ordinance	Factories and Industrial Undertakings Ordinance
Product Responsibility	Food Safety Ordinance Public Health and Municipal Services Ordinance Trade Descriptions Ordinance Copyright Ordinance Trade Marks Ordinance	Patents Ordinance Broadcasting Ordinance Broadcasting (Miscellaneous Provisions) Ordinance Personal Data (Privacy) Ordinance
Anti-corruption	Prevention of Bribery Ordinance	Organised and Serious Crimes Ordinance

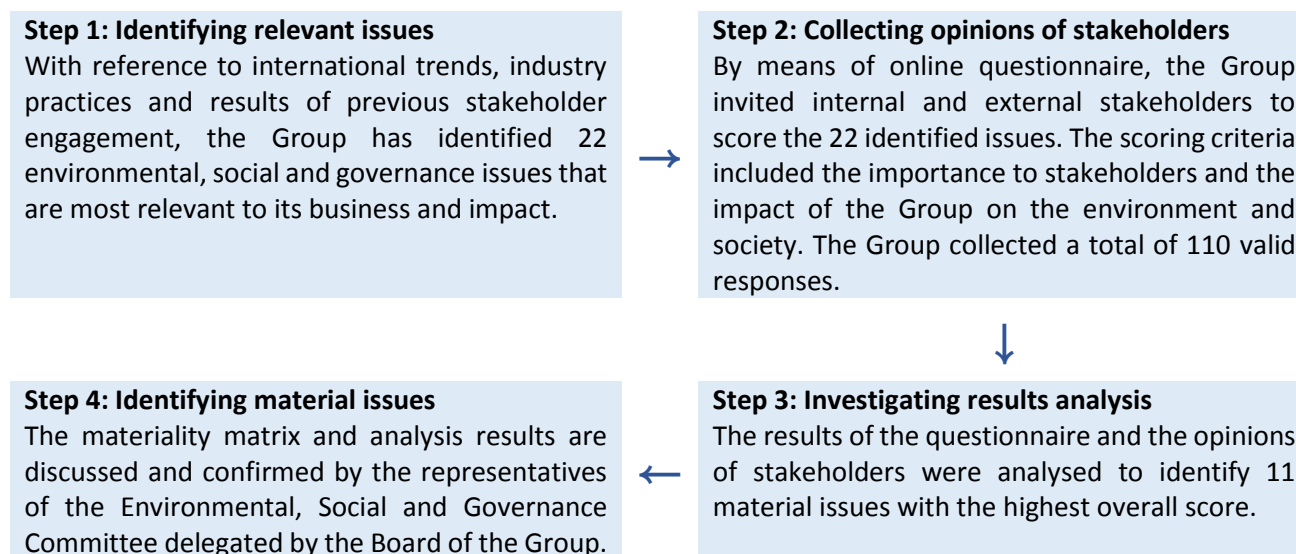
STAKEHOLDER ENGAGEMENT

The Fulum Group understands that the opinions of stakeholders must be taken into account of in order to fulfill social responsibilities, which is an important indicator for improving the Group's environmental, social and governance performance. Its stakeholders include both internal stakeholders (directors and employees) and external stakeholders (customers, suppliers, shareholders, investors and service recipients in the community). The Group is committed to establishing good communication channels with stakeholders to ensure that the Fulum Group can address the needs and expectations of various stakeholders in a timely manner.

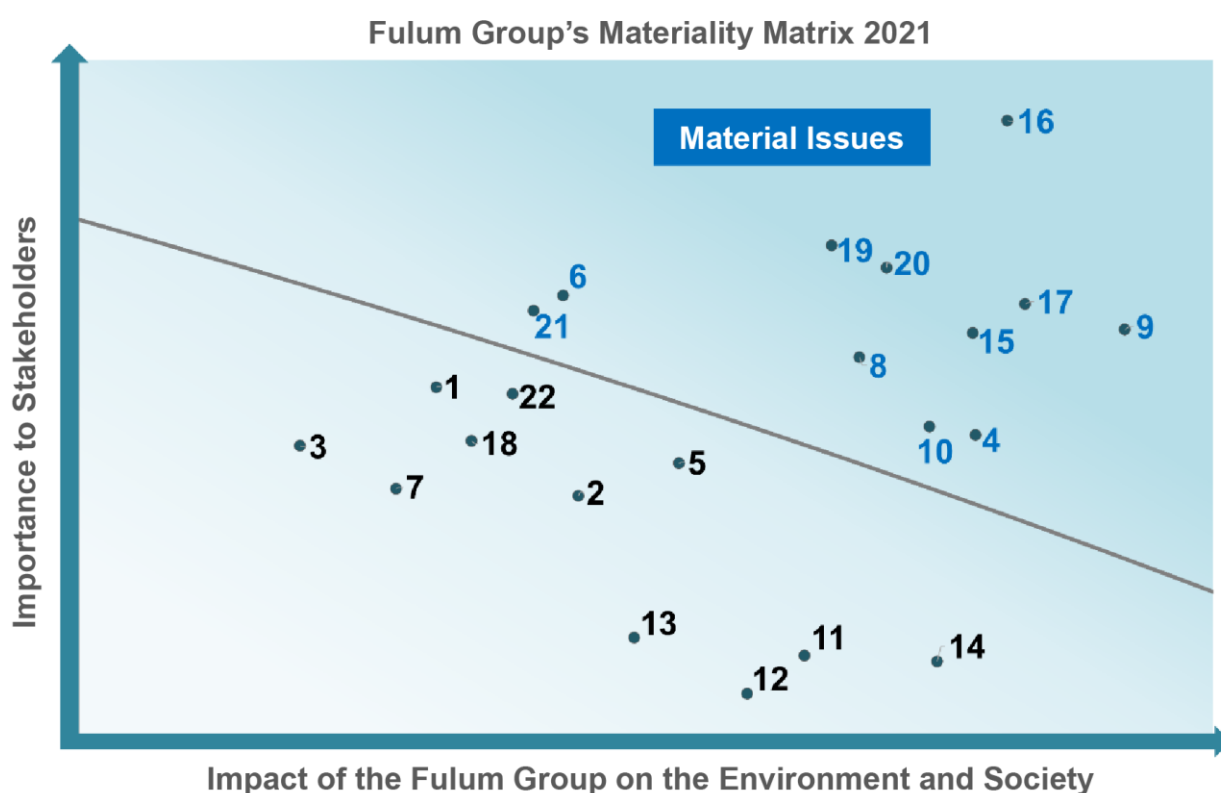
Communication Means of Stakeholders	
Employees	<ul style="list-style-type: none"> Employees' opinions are collected through emails, regular meetings and other channels.
Customers	<ul style="list-style-type: none"> Social media, telephone hotlines, suggestion boxes and other platforms are used to understand customers' opinions and feedback to the Group.
Suppliers	<ul style="list-style-type: none"> Evaluations for suppliers are conducted annually to ensure their performance compiles with the Group's environmental, social and governance policy.
Community	<ul style="list-style-type: none"> The Group actively participates in community activities and cooperates with various charitable organisations to show it cares towards the citizens in the operating regions.
Shareholders/Investors	<ul style="list-style-type: none"> Apart from the annual general meeting, shareholders and investors can access the Group's information from its website and HKEx's website.

Materiality Assessment

During the Reporting Period, the Group collected opinions from internal and external stakeholders on the environmental, social and governance issues related to the Group through questionnaires. The Fulum Group identifies and evaluates environmental, social and governance issues that are material to the Group through the following steps:



The Fulum Group has presented the materiality ranking of the identified environmental, social and governance issues during the Reporting Period in the form of matrix (the graph below). Among them, the 11 most important issues considered by stakeholders were listed as the material issues and are marked in blue:



Environmental, social and governance issues (in descending order of materiality):

Material Issue		Other Environmental, Social and Governance Issue	
Number		Number	
16	Protection of customer information	22	Promoting community development
9	Elimination of discrimination or harassment in the workplace	5	Improving the efficiency of the use of other resources
17	Improving product quality and service responsibility management	1	Air pollutants/greenhouse gas emission management
19	Protecting the interests of customers and business partners	18	Abiding by advertising and sales regulations
20	Prevention of bribery, extortion, fraud, and money laundering	2	Energy saving/improving energy efficiency
15	Assessing and managing environmental and social risks of the supply chain	14	Adoption measures to prevent forced labour
8	Developing a comprehensive employment management system	3	Management of wastewater and use of water
6	Managing the impact of operations on the environment and natural resources	7	Addressing climate change
4	Waste management	11	Providing employees with training
10	Providing employees with a healthy and safe working environment	13	Adopting measures to prevent child labour
21	Taking into account of the needs and interests of the community	12	Providing employees with personal development opportunities

OPERATING PRACTICES

The Fulum Group adheres to an ethical operating model and maintains quality services while protecting the interests of customers. In addition, the Group also maintains close cooperation with various suppliers to enhance its environmental, social and governance performance.

2021 Performance Highlights:



No material anti-corruption cases identified



Updating the Personal Privacy Policy



Conducting supplier assessment

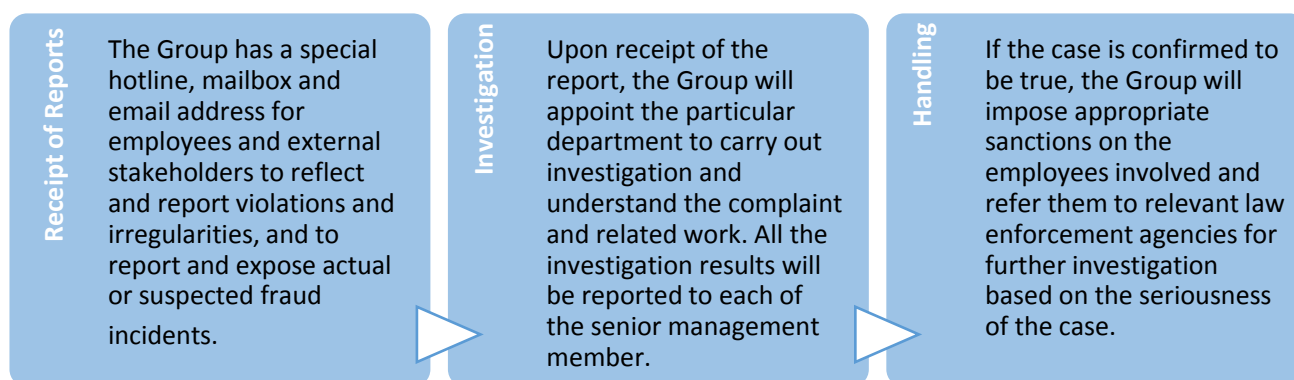
Ethical Operation

The policies of the Fulum Group such as the “Internal Operation and Management System” and the “Personal Privacy Policy” regulate the Group’s behavior in customer privacy, advertising and labelling and intellectual property rights. Under guidance of these policies, the Group implements the following measures to ensure that the interests of customers and business partners are protected:

Scope	Management Measures
Customer Privacy	<ul style="list-style-type: none"> It is ensured that the customers are aware of the policies and measures related to the collection, usage, storage, disclosure, transfer, protection and access of personal data when their personal data is collected. Besides, the Group protects customers’ personal data with various safety technology and procedures to prevent unauthorised access, usage or disclosure. The Group has also included the “Confidentiality Agreement” in the employment contract to require employees to protect customers’ personal data.
Advertising and Labelling	<ul style="list-style-type: none"> All promotional materials must be legal, healthy, honest and accurate. The Group prevented its promotional materials from making others a sense of anti-discrimination or discrimination. No promotional materials promoting hatred, discrimination, prejudice, sensitive events or violent content are allowed.
Intellectual Property	<ul style="list-style-type: none"> The Group undertakes that there is no infringement of intellectual property rights in its business. At the same time, it is ensured that data such as product recipes, knowledge and technology of partners is not violated in the business.

Anti-corruption

The “Human Resources Department Management System” and “Anti-fraud and Reporting and Complaint Management System” of the Group set out the regulations on corruption such as bribery, extortion, fraud and money laundering. It is stipulated that all employees must not engage in private dealings with the Group’s money or resources and must comply with the relevant laws, industry regulations and standards and the Group’s regulations and systems. In order to prevent anti-corruption, the Company has set up special channels for anti-fraud and reporting complaints:



The Fulum Group values the cooperation of business partners such as suppliers to achieve a clean operation. The Group evaluates the performance of suppliers (including the performance in anti-corruption behavior) annually. The Group promises to keep the personal information of whistleblowers confidential, and prohibits any form of discrimination or retaliation or hindrance, interference or antagonism against employees participating in the investigation.

Product Responsibility

The Fulum Group has always been strictly controlling the product and service quality to ensure customer satisfaction and protect their health and safety. The Group's "5S (Structurise, Systematise, Sanitise, Standardise and Self-discipline)" approach standardises measures relating to the management of product and service quality. The Group has established the 5S Committee, and its members and the frontline management will conduct monthly food safety meetings to regularly review food safety. As a catering industry player, food safety is the important issue that the Group values in quality management. The Fulum Group's central kitchen and logistics centre has obtained international standard certifications such as ISO 22000 and HACCP. The Group has established the "Fulum Group Food Hygiene Code" which stipulates the requirements in relation to the food handling environment at its restaurants and the central kitchen, the quality of food ingredients, the cleaning, sanitation and maintenance of equipment and tools as well as the definition of hygiene and safety standards. In addition, the Group's "Sino Rank Logistics Management System" lists detailed procedural specifications on inventory management, logistics and distribution management, production management and hygiene management, etc.

Scope	Measures
Restaurant Environmental Quality	<ul style="list-style-type: none"> The Group regularly arranges staff to attend inspection in accordance with the "Internal Audit Department (Operation) Management System" and the "5S" approach. Training is provided to employees to remind them to maintain environmental hygiene at all times.
Food Safety	<ul style="list-style-type: none"> When any food safety problems are reported, the Group will immediately notify the affected customers and immediately stop the production of related products until the root cause of the problem is identified and recorded in the "Corrective and Preventive Action Request". The food safety problem must be confirmed to be corrected by the food safety team leader before resuming production. During the Reporting Period, the Group had no products that need to be recalled due to safety and health issues.
Service Quality	<ul style="list-style-type: none"> The Group has set up diversified channels for the customers to provide their feedbacks, including a restaurant hotline, suggestion box set up at conspicuous locations in restaurants, the Group's website and social media. The Group consolidated and analysed customer feedbacks and produced a monthly summary of complaints to understand its deficiencies in service and product quality, and determined corresponding improvement measures.

- The Group has provided employees with trainings on service quality improvement to improve the product and service quality.
- During the Reporting Period, the Group received a total of 402 complaints, mostly about service, product and food hygiene. The Group has followed up and handled all complaints, and all the relevant customers have accepted the solutions proposed.

During 2021, with the outbreak of the COVID-19, the Group has implemented the government's disease prevention measures to provide a safe dining environment for customers:

Dining environment	Employee Safety and Hygiene
<ul style="list-style-type: none"> • Leaving at least 1.5 meters between tables or separating with partitions • Limiting the number of customers per table • No live performance or entertainment activities allowed • Requiring employees and customers to take their body temperature and clean their hands with alcohol-based hand-rub when they enter the restaurants • Using separate trays for serving food and collecting used utensils 	<ul style="list-style-type: none"> • Requiring the staff who collect the used utensils and clean used tables and partitions to take hand hygiene measures before performing other tasks • Requiring the staff to undergo a test every 14 days • Requiring new employees to present the SMS notification on "negative" test result

Supply Chain Management

The quality of food ingredients from suppliers is the first line of defence for the Group's food quality. In order to ensure that the performance of suppliers meets its expectations, the Group has established a set of procedures to screen and manage suppliers, which are set out in the "Sino Rank Logistics Management System". The "Fulum Group Environmental Policy" implemented by the Group stipulates the considerations on the supplier's environmental performance when selecting goods or services for procurement. Priority would be given to those suppliers who face environmental issues directly and reduce the environmental impacts actively. In order to reduce the carbon footprint of the operating cycle, the Group uses local suppliers as much as possible. In the future, the Group plans to further examine the environmental and social risks of suppliers to enhance the environmental, social and governance performance of the Fulum Group.

Supplier Management Process

Screening	Evaluation	Assessment
The Procurement Department of the Group would evaluate the scale, product or service quality, stability, price and other factors of potential suppliers. When needed, the Procurement Department would conduct on-site inspections to understand the actual operating conditions of the suppliers.	If the Procurement Department determines that the potential supplier is basically qualified, the Group will have trial orders first, and they can be added to the supplier system only after the product quality is confirmed.	The Group conducts evaluations every year to score them based on their product or service quality, delivery period, price, timely and effectiveness of complaint handling and degree of cooperation. The supplier who fails the assessments will either be suspended or removed from the system.

EMPLOYEE CARE

A well-established employment system has always been the foundation for the steady development of Fulum Group. The Group's Human Resources Management System covers Fulum Group's management systems in employment, health and safety, and development and training. In addition, the Group has established various policies and measures to safeguard the health and safety, rights and interests of employees and their well-being. The Group also reviews the effectiveness of various policies and measures in a timely manner to ensure that employees' needs are effectively addressed.

2021 Performance Highlights:



1,909 employees



Total average training hours:
4.65 hours



15 cases of work injury

EMPLOYMENT SYSTEM AND LABOUR STANDARDS

Fulum Group's "Human Resources Management System" specifies the Group's arrangements for compensation and dismissal, recruitment and promotion, working hours, rest periods, labour standards and other benefits and welfare to ensure that employees are properly protected.

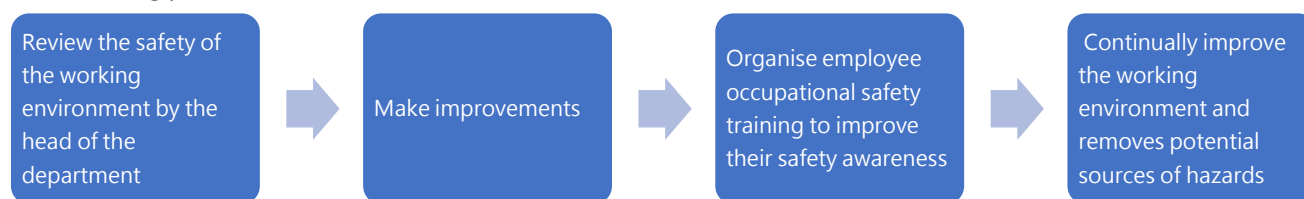
Scope	Measures
Remuneration	<ul style="list-style-type: none"> Remuneration is determined based on factors such as qualification, rank, work experience and performance. Remuneration adjustments are made regularly based on factors such as employees' work performance and rank.
Recruitment and Promotion	<ul style="list-style-type: none"> The recruitment and promotion processes are conducted in a fair, just, transparent and open manner. Recruitment and promotion are based on employees' competence and commensurate with their positions.
Labour Standards	<ul style="list-style-type: none"> In order to prevent the misuse of child labour, the Human Resources Department shall check the identification documents of employees when they join the Group. If an employee is under the legal working age, the Group will disqualify him/her. The Group also strictly prohibits forced labour, and does not require employees to pay deposits or deposit identity documents when they join the Group, nor detain employees' wages, benefits, properties or other certificates to force them to work continuously.
Equal Opportunity and Anti-discrimination	<ul style="list-style-type: none"> No one is discriminated against due to race, gender, age, disability, marital status, sexual orientation or religious belief. If an employee encounters any discrimination or unequal treatment, he/she can report to the department head.
Prevention of Sexual Harassment	<ul style="list-style-type: none"> Sexual harassment is not tolerated and the definition of sexual harassment is stated in the relevant policy. If any action relating to sexual harassment in the workplace is discovered, it is necessary to take all necessary actions to prevent employees from sexual harassment.
Diversity	<ul style="list-style-type: none"> Respecting the differences in skills, experience, style and background of employees should be and will contribute to the innovation, change and long-term growth of the business.

Health and Safety

The Group's policies such as "Risk and Safety Handbook", "Working Safety Rules for Occupational Safety and Health", "Guidelines for Safe Use of Gas Cooking Appliances" and "Fire Crisis Safety Guidelines" provide the employees with safe working procedures and guidelines, in order to manage the safety hazards and risks encountered by employees in their daily work. In addition, the Group has also established the Safety Policy Committee and the Shop Safety Committee to be responsible for managing issues related to environmental safety at the corporate management and branch operation level, including:

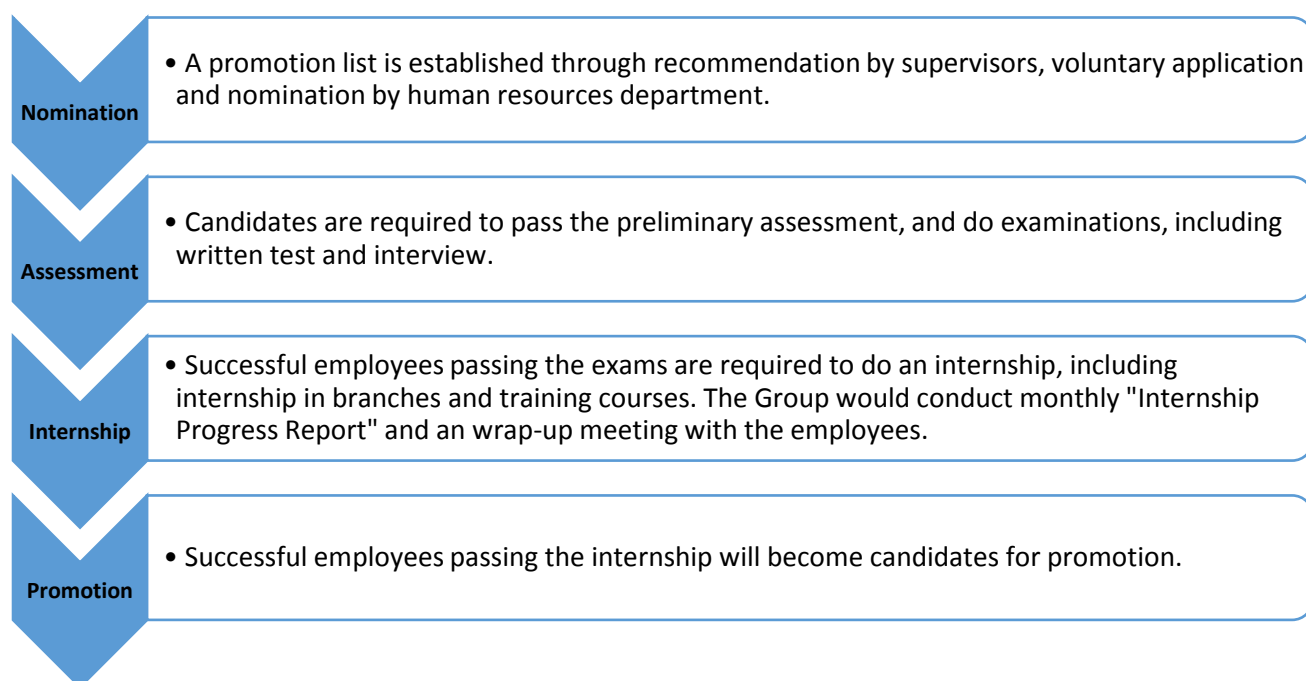
Safety Measures	Description
Inspection	<ul style="list-style-type: none"> Regularly review and revise the safety policies and procedures. Conduct regular environmental and safety reviews of the Group, and implement plans to resolve related issues. Require all operating points of the Group to participate in risk assessments. Take the steps of identifying potential dangers, evaluating different positions' risks, recording, and reviewing the evaluation results. Keep document records and review them regularly to determine potential hazards.
Safety Training	<ul style="list-style-type: none"> Ensure the proper maintenance of equipment. Arrange trainings for employees on safety policies and procedures. Arrange regular safety procedures drills such as fire drills and evacuation drills at various operating points (in accordance with the instructions of the property management company) and logistics centres. Require employees to wear appropriate protective equipment properly.

During the Reporting Period, there was no work-related fatal accidents. For work injury, there were 15 cases, representing a 40% decrease from last year. Most of the work injury cases were mainly burns, slips, cuts etc. All injured employees had already received timely treatment, and rectification had been made according to the following procedures:



Development and Training

Fulum Group attaches great importance to the vocational skills training of employees. While supporting the personal career development of employees, it can also ensure the service quality and enhance the catering experience, which helps the Group gain customer support in the highly competitive catering industry. In the "Human Resources Department Management System", the Group has referred to "Organisational Policy on Improving Employees' Knowledge and Skills in Fulfilling their Work Obligations" as the outline of the employee training system. Besides, the Group's "Talent Development and Cultivation Plan" has also provided employees with the promotion ladders to give them a clear direction by standardising the promotion criteria and procedures:



Fulum Group's training programs focus on improving employee's quality of service, and formulate a series of training activities according to the needs of employees at different grades and positions, providing them with professional knowledge, professional skills, occupational safety and health education and other training activities.

Training activities		Training content
Human Resources Manager Training	Target: Purpose:	Human resources managers <ul style="list-style-type: none"> • Provide the human resources managers with trainings on monthly follow-up matters and branch compliance, etc., to improve the working efficiency of the shop.
Orientation Ambassadors Training	Target: Purpose:	Shop orientation ambassadors <ul style="list-style-type: none"> • Provide the orientation ambassadors with training, enable them to guide the new employees to familiarise themselves with and adapt to the new work and environment as soon as possible.
Top-notch F9000 Talent Training Program	Target: Purpose:	Focus on training potential employees within the Company <ul style="list-style-type: none"> • Provide trainings on management, communication, beliefs and values to cultivate employees' competence. During the Reporting Period, the Group provided mentality education trainings for employees who participated in the talent training program and shared the attitude as managers. • Establish a talent training system and standardise training operation procedures, provide high-quality courses as well as learning and development environment, so as to encourage employees to improve their skills and develop into a learning-oriented organisation. • Work in line with the corporate business strategy, promote long-term development of talents, and in turn help enhance the overall competitiveness of the Company.
Restaurant Serving Training	Target: Purpose:	Frontline staff <ul style="list-style-type: none"> • Provide the frontline staff with trainings to improve the service quality and working efficiency, including restaurant serving procedures and beverages training.

PROTECTING THE ENVIRONMENT

Fulum Group is aware of the environmental impact of its operations, including resources used, emissions and wastes produced from restaurant operations, and emissions generated from food production in the central kitchen. In order to reduce the negative impact brought by operations to the environment, the Group has incorporated the “Environmental Policy” into the “Internal Operation Management System” to provide the work guidance, monitoring mechanism and specific measures covering the three major aspects of emissions, use of resources, and environmental and natural resources.

2021 Performance Highlights:



Total GHG emissions:
22,596.4 tonnes of CO₂ equivalent



Total water consumption:
985,834 cubic metres



Total energy consumption:
64,093.3 MWh



Add plant-based meat dishes

Emissions

Greenhouse gas (“GHG”) emissions management

During the Reporting Period, the Group continued to appoint the consultant to conduct carbon assessment to quantify the GHG emissions produced in its operations. The process of quantification follows the guidelines published by the Environmental Protection Department and the Electrical and Mechanical Services Department¹, and references international standards such as ISO14064-1 and the GHG Protocol Corporate Accounting and Reporting Standard.

The Group's total GHG emissions for the Reporting Period were 22,596.4 tonnes of CO₂ equivalent. The main source of emissions was indirect GHG emissions from the purchased electricity under scope 2 (accounting for 69% of the total emissions), followed by direct GHG emissions from a stationary source of fossil fuel combustion under scope 1 (accounting for 23% of the total emissions). During the Reporting Period, due to the pandemic, the Group's resource consumption decreased, resulting in a 43% reduction in the total GHG emissions compared to the previous reporting period. In order to reduce the Group's GHG emissions, the Group continues to implement various energy-saving solutions, conduct regular maintenance for kitchen equipment, and select more efficient cooking appliances when replacing kitchen equipment.

GHG Emissions		
Scope	Emissions	
	Year 2021	Year 2020 ²
Scope 1 – Direct GHG Emissions³		
Fossil fuel combustion – stationary source (tonnes of CO ₂ equivalent)	5,094.0	7,807.1
Fossil fuel combustion – mobile source (tonnes of CO ₂ equivalent)	135.5	171.6
GHG emitted by equipment and system during operation (tonnes of CO ₂ equivalent)	1,102.7	900.6

¹ “Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings of Commercial, Residential or Institutional Purposes in Hong Kong”.

² The GHG emission intensity in 2020 has been updated to reflect a more accurate figure.

³ Scope 1 is generated from the consumption of LPG and town gas in kitchen stoves, vehicle diesel and petrol.

Scope 2 – Energy Indirect GHG Emissions⁴		
Electricity purchased from power companies (tonnes of CO ₂ equivalent)	15,418.9	27,915.0
Town gas purchased from gas companies (tonnes of CO ₂ equivalent)	93.2	1,677.6
Total GHG emissions (Scope 1 and 2)	21,844.3	38,471.9
Scope 3 – Other indirect GHG emissions⁵		
Methane produced by waste paper in landfills in Hong Kong (tonnes of CO ₂ equivalent)	203.0	335.6
GHG emissions from electricity consumption in freshwater treatment by the Water Supplies Department (tonnes of CO ₂ equivalent)	411.1	507.3
GHG emissions from electricity consumption in wastewater treatment by the Drainage Services Department (tonnes of CO ₂ equivalent)	138.0	167.5
Total GHG emissions (Scope 1, 2 and 3) (tonnes of CO₂ equivalent)	22,596.4	39,482.3
GHG intensity (tonnes of CO₂ equivalent/HK\$ million of turnover)	19.3	21.3

Air emission management

The air emissions of the Group mainly came from kitchen equipment and vehicles of the logistics fleet. To reduce air pollution, the control measures at the exhaust outlets, including the installation of purifying facilities and venting equipment, were implemented in the Group's kitchen equipment to control the emissions of oily fume. During the Reporting Period, the air emissions generated by the Group included nitrogen oxides, sulphur oxides and respirable suspended particulates, which generated 1,591.8 kg, 2.8 kg and 119.5 kg respectively.

Waste management

The Group properly disposed of waste generated during operations to lower the potential impact on the environment. Non-hazardous waste of the Group mainly included waste oil, general waste, recyclable waste and food waste. Regarding food waste, certain restaurants under the “Fulum (富臨)” main brand and the “Sportful Garden (陶源)” main brand were awarded the Silver Class in the “Food Wise Eateries” Scheme by promoting reduction of food waste from the origin to the public through measures such as providing food portion selection and encouraging customers to take leftover away. In addition, the Group replaced the plastic straws in some restaurants by the eco-friendly sugarcane straws to reduce the amount of plastic consumed.

Regarding waste cooking oils produced daily, the Group established the “Waste Cooking Oils Regulation Procedure” and implemented the “Restaurant Waste Cooking Oils Recycling” Scheme to arrange qualified waste cooking oil recyclers to collaborate in handling waste cooking oils. During the Reporting Period, 64.9 tonnes of waste cooking oils were produced, all of which were resold to recyclers; other non-hazardous waste was collected and handled in a centralised manner by the property management company of each operating point, but the Group did not collect relevant data during the Reporting Period. Regarding hazardous waste, the Group did not record the amount of hazardous waste (such as waste batteries, waste mercury tubes and energy-saving bulbs) produced in 2021. In order to quantify the Group's measures in reducing waste production and establish relevant waste reduction targets, the Group is currently collecting the data of hazardous and non-hazardous waste from each operation point to disclose the amount of waste produced in the next reporting period.

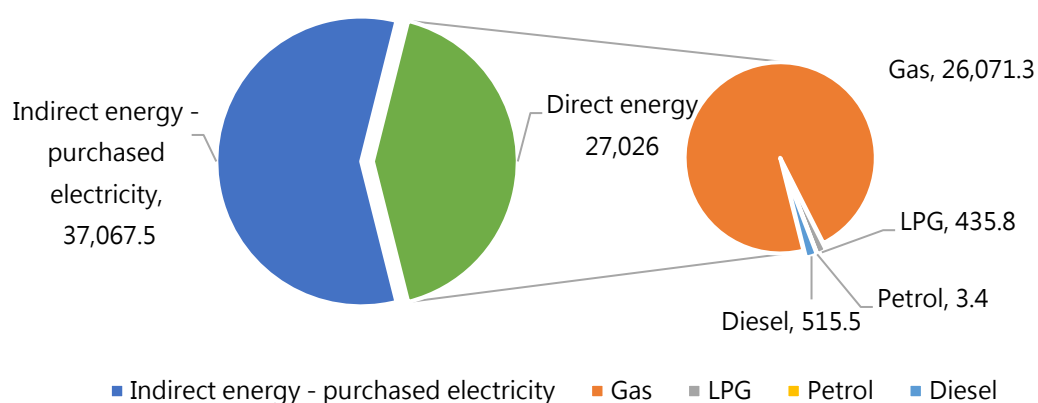
⁴ Scope 2 is generated from the consumption of purchased electricity and town gas.

⁵ Scope 3 is generated from water and sewage treatment, paper used in office and restaurant. A total of 10.7 tonnes of paper was recycled during the Reporting Period.

Use of Resources

The main resources used by the Group included town gas, electricity, water, paper used for order-taking and menus, as well as plastic bags and boxes for takeaway packaging. To enhance the efficiency in the use of resources continuously, the Group implemented the “Consumption Reduction Management” to formulate standardised consumption reduction data to assess the consumption of electricity, town gas and consumables of each department in restaurant branches on a monthly basis. The Internal Audit Department (Operation) is responsible for evaluating the reasonableness in the resources usage based on the consumption data. If the performance of a shop fails to meet the standard, the Group will schedule a meeting with the shop manager to evaluate the cause, or the Internal Audit Department (Operation) will conduct an inspection at the shop and discuss measures for improvement.

During the Reporting Period, the total energy consumption decreased by 31% compared to the previous reporting period, mainly due to the decrease in the overall energy consumption as the COVID-19 pandemic has affected the operating hours of restaurants, as a result of which the energy intensity was 0.055 MWh/HK\$ thousand turnover. In 2021, the Group’s total energy consumption was 64,093.3 MWh, which were mainly attributed to the electricity and town gas used in the operations. The total direct energy consumption and total indirect energy consumption decreased by 34% and 27% respectively, compared to the previous reporting period. During the Reporting Period, the Group’s total water consumption was 985,834.0 cubic metres with a drop of 18% compared to the previous reporting period. Compared to the previous reporting period, the consumption of paper was 53.0 tonnes, representing a decrease of 30.5%, while the consumption of packaging materials was 24.0 tonnes, representing an increase of 84.6%, mainly due to the increase in takeaway meals during the epidemic.



The Environment and Natural Resources

The Group pays attention to the impact of its business operations on the environment and natural resources, complies with laws and regulations during the course of its daily operations, and continuously monitors its operations to meet the emission requirements. Fulum Group understands that climate change can bring legal, compliance, operational and economic risks to the Group. In light of this, the Group plans to establish climate change policies, identify relevant climate change risks, and set relevant environmental targets in the coming year to manage the impact of climate change on the Group.

As the customers are getting more concerned about the use of ingredients and their impact on the environment, the Group continued to cooperate with environmental organisations, including the cooperation between its restaurant MeokBang and Green Monday to provide discounted vegetarian meals, the participation in the Hong Kong Green Day to provide discounts on designated meals, and the participation in the scheme of EatSmart Restaurant to promote the low-carbon living style and reduce customers’ carbon footprint. During the Reporting Period, Fulum Group added plant-based meat dishes to further promote green eating habits. In addition, apart from participated in the “Green Purchasewise Performance Scheme” launched by the Hong Kong Federation of Restaurants & Related Trades (the “HKFORT”), the Group also supported the “Hong Kong Green Purchasing Guidelines for Food and Beverage Sector” formulated by the HKFORT and the Green Council.

COMMUNITY INVESTMENT

The Group has formulated the “Fulum Group Community Investment Policy”. To give back to the society, the Group helped those in need through sponsorships and donation activities. The policy follows the six principles as the basis for planning community activities, including 1) meeting the needs and expectations of the community and complying with the local culture, customs and values; 2) setting up clear goals; 3) building long-term partnerships with community organisations; 4) encouraging employees to participate in community investment activities; 5) assessing the effectiveness and impact of community investment activities regularly; and 6) striving to avoid conflicts of interest and maintaining neutrality. The activities that the Group participated in and organised are based on the above principles. In addition, the Group’s Positive Energy Team serves as a bridge between the Fulum Group and the community. The Positive Energy Team provides services to the residents in different districts by leveraging on the Group’s advantages of owning operating points in every district in Hong Kong.

During the Reporting Period, the Group organised and participated in the following activities:

"Rice Dumplings Purchasing (糰有愛相隨)"

Donated HK\$25,000 to the Senior Citizen Home Safety Association, providing festive warmth and care for the elderly in need.

Flag Selling Day by Senior Citizen Home Safety Association

Recruited 12 volunteers to sell fund-raising flags for the Senior Citizen Home Safety Association. The total hours spent for voluntary activities were 36 hours.

Mooncake Sponsorship

Sponsored over 9,000 mooncakes for charitable activities to send festival blessings to those in need during Mid-Autumn Festival.

New Year Pudding Sponsorship

Sponsored 1,500 new year puddings for charitable activities to create a festive atmosphere for those in need during the Lunar New Year.

OVERVIEW OF KEY PERFORMANCE INDICATORS

Environmental Performance

	2021 ⁶	2020	Unit
Air Emissions			
Nitrogen oxides	1,591.8	1,452.1	kg
Sulphur oxides	2.8	4.0	kg
Respirable suspended particulates	119.5	85.6	kg
Greenhouse gas emissions in total and intensity			
Scope 1 ⁷	6,332.2	8,879.3	tonnes of CO ₂ equivalent
Scope 2 ⁸	15,512.1	29,592.6	tonnes of CO ₂ equivalent
Scope 3 ⁹	752.1	1,010.4	tonnes of CO ₂ equivalent
Total GHG emissions (Scope 1, 2 and 3)	22,596.4	39,482.3	tonnes of CO ₂ equivalent
GHG intensity (by turnover)	19.3	21.3	tonnes of CO ₂ equivalent/HK\$ million
Total non-hazardous waste and intensity¹⁰			
Total non-hazardous waste produced	64.9	79.7	tonnes
Non-hazardous waste intensity (by turnover)	0.06	0.04	tonnes/HK\$ million
Total energy consumption			
Direct energy ¹¹	27,025.9	41,222.9	MWh
Indirect energy ¹²	37,067.5	51,049.9	MWh
Total energy consumption	64,093.3	92,272.8	MWh
Energy intensity (by turnover)	0.055	0.049	MWh/HK\$ thousand
Water consumption in total			
Water consumption in total	985,834	1,196,357	cubic metre
Water consumption intensity (by turnover)	0.84	0.65	cubic metre/HK\$ thousand
Total packaging material used for finished products and intensity			
Total packaging materials used	24.0	13.0	tonnes
Intensity of packaging materials used (by turnover)	0.02	0.007	tonnes/HK\$ million

⁶ During the Reporting Period, most of the resources used by Fulum Group were in an upward trend, mainly due to the restricted operation under the COVID-19 pandemic, resulting in a decrease in turnover. The intensity of packaging materials used increased by nearly 186%, mainly due to the increase in the number of customers preferring takeaway options under the pandemic.

⁷ Scope 1 is generated from the consumption of LPG and town gas in kitchen stoves, vehicle diesel and petrol.

⁸ Scope 2 is generated from the consumption of purchased electricity and town gas.

⁹ Scope 3 is generated from water and sewage treatment, paper used in office and restaurant. A total of 10.7 tonnes of paper was recycled during the Reporting Period.

¹⁰ Only includes the disposal of edible oil.

¹¹ Direct energy includes the consumption of LPG and town gas in kitchen stoves, vehicle diesel and petrol.

¹² Indirect energy includes the consumption of purchased electricity.

Social Performance

Number of employees ¹³		Category number	Total staff number
By gender	Male	758	1,909
	Female	1,151	
By rank	Top management	7	
	Senior management	51	
	Middle management	290	
	General staff	1,561	
By age group	Below 30	338	
	30 - 40	290	
	40 - 50	422	
	Above 50	859	
By employment type	Full-time	1,810	
	Part-time	99	

Number of new employees and ratio of new hire ¹⁴		Category number	Total number	Average monthly ratio of new hires	
				2021	2020
By gender	Male	647	1,404	6.1%	9.0%
	Female	757			
By age group	Below 30	363			
	30 - 40	235			
	40 - 50	325			
	Above 50	481			

Number of employees turnover and turnover rate ¹⁵		Category number	Total number	Average monthly turnover rate	
				2021	2020
By gender	Male	254	606	2.6%	7.5%
	Female	352			
By age group	Below 30	95			
	30 - 40	294			
	40 - 50	152			
	Above 50	65			

¹³ Number of individuals as of 31 March 2021.

¹⁴ Due to the characteristics of the catering industry, some employees of the Group joined and left the Group more than once during the Reporting Period, which is also reflected in the new hire rate.

¹⁵ Due to the characteristics of the catering industry, some employees of the Group joined and left the Group more than once during the Reporting Period, which is reflected in the turnover rate.

Total number of reported work injuries and lost days due to work injury ¹⁶		Category number	Total
Reported cases of work injury	Male	8	15
	Female	7	
Lost days due to work injury	Male	1,567	2,447
	Female	880	

Number and rate of employees receiving training ^{17, 18, 19}		Category number		Total	
By gender	Male	698	92.1%	1,731	90.7%
	Female	1,033	89.7%		
By rank	Top management	5	71.4%		
	Senior management	38	74.5%		
	Middle management	219	75.5%		
	General staff	1,469	94.1%		

Average training hours of employees receiving training (hours)		Category average hours	Total average hours
By gender	Male	3.1	4.65
	Female	6.2	
By rank	Top management	3.7	
	Senior management	1.6	
	Middle management	2.2	
	General staff	4.5	

Number of suppliers ²⁰ and percentage of suppliers implementing relevant practices ²¹	Number	Percentage of suppliers implementing relevant practices
Hong Kong	607	66%
Mainland China	217	69%
Asia ²² (excluding China)	117	60%

¹⁶ From 2019 to 2021, the rate of fatality due to work is 0%.

¹⁷ The breakdown of employees receiving training by gender: female (59.7%) and male (40.3%); the breakdown of employees receiving training by employment category: top management (0.3%), senior management (2.2%), middle management (12.7%) and general staff (84.8%).

¹⁸ The percentage of employees receiving training = the number of employees in the relevant category/number of employees in the relevant category.

¹⁹ This includes trainings provided for employees who left, therefore the training rate may exceed 100%.

²⁰ All suppliers are active suppliers during the Reporting Period. The services provided by the suppliers to the Group include food provision, printing, packaging supplies, cleaning supplies, uniforms, fuels, tableware, installations, equipment, systems, repair and maintenance and laboratory service.

²¹ Relevant practices implemented include annual performance evaluation.

²² Includes Korea, Japan and Vietnam.

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