

2021

# SUSTAINABILITY REPORT

**Health and Happiness (H&H) International  
Holdings Limited 健合(H&H)國際控股有限公司**

*(Incorporated in the Cayman Islands with limited  
liability)* (於開曼群島註冊成立之有限公司)

(Stock Code 股份代號: 1112)

FOR THE LOVE OF GENERATIONS TO COME

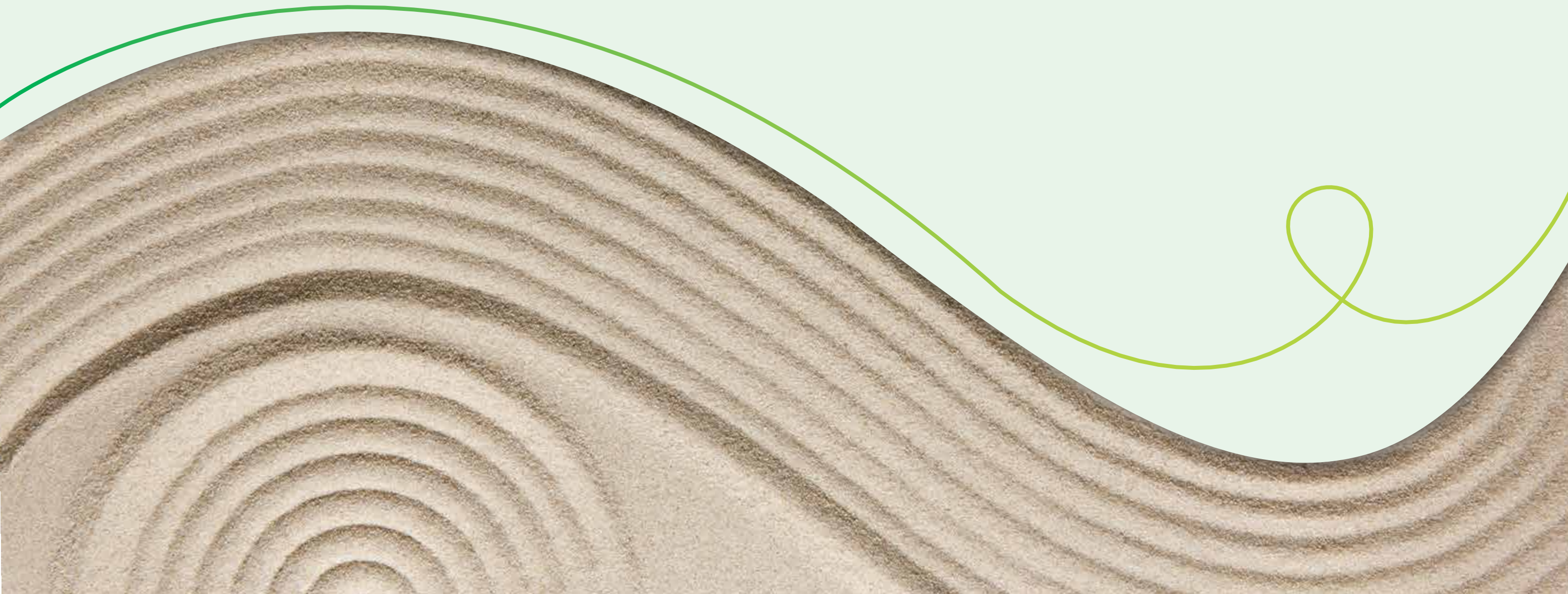


**H&H STANDS FOR  
HEALTH AND HAPPINESS.**

IT'S IN OUR NAME.

IT'S IN OUR EVERY DAY.

IT'S IN EVERYTHING WE DO.





## ABOUT THIS REPORT

This Sustainability Report has been prepared by Health and Happiness (H&H) International Holdings Limited (the “Company”, together with its subsidiaries, the “Group”), an entity incorporated in the Cayman Islands with limited liability. The Group – also referred to as H&H Group – is globally headquartered in Hong Kong SAR and has a second head office in London. It has been listed on the Hong Kong Stock Exchange (HKEx) since 2010.

### Reporting and content period

This Report provides a comprehensive overview of H&H Group’s vision, strategic approach, and performance in the environmental, social and governance areas relevant to our stakeholders.

The content of this Report covers H&H’s global operations, including our brands – Biostime, Swisse, Zesty Paws, Solid Gold, Dodie, Good Goût, Aurelia London and CBII – and associated manufacturing, warehouse and distribution facilities and corporate offices. Please note that this Report does not include comprehensive information and data on our new Zesty Paws brand, acquired in October 2021, due to timelines in incorporating this business into our Group. We have, however, included some references to, and examples about, Zesty Paws throughout this Report. The H&H operational entities covered in this Report are listed in [Appendix 1](#).

The data presented in this Report is for the 2021 calendar year (i.e. 1 January to 31 December 2021). The reporting structure is aligned to the findings of our assessment of material sustainability issues, involving engagement with internal and external stakeholders and verified by the Board. The process identified 23 topics that were the most important to our stakeholders, referred to as ‘material topics’ throughout this Report.

The content is organised to report our respective performance throughout the value chain against our four sustainability impact areas: ‘Advancing the

Story of Good Health’; ‘Reducing our Footprint on the Planet’; ‘Honouring Human Rights and Fairness’; and ‘Supporting Good Governance’.

Details on the financial performance of the Group can be found in our 2021 Annual Report, which was released concurrently to this report on 25 March 2022.

### Reporting cycle and the most recent report

The H&H Group has reported annually on our sustainability performance since 2016. This is the sixth Group-wide edition. To see our previous Sustainability Reports, please visit [hh.global/EsgSustainabilityReporting](https://hh.global/EsgSustainabilityReporting)

### Reporting principles and external standards

This Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: ‘Core option’ and Appendix 27: Environmental, Social and Governance Reporting Guide (the “Guide”) of the Main Board Listing Rules of the HKEx.

Please refer to our Disclosure Index listed in the Appendix for a complete listing of GRI disclosures included in this Report. The GRI has not verified the contents of this Report, nor does it take a position on the reliability of information reported herein. For further information about the GRI, please visit [www.globalreporting.org](https://www.globalreporting.org).

The H&H Group sought external professional advice on materiality assessment, stakeholder engagement and Report content and format.

CECEP (HK) Advisory Company Limited was appointed to perform independent limited assurance on this Report in accordance with the AA 1000 Assurance Standard v3 (2020). The assurance statement is included at the end of this Report. The process of assurance has allowed us to strengthen the confidence we have in our reporting as well as develop both compelling and robust reporting processes. We trust that this external assurance provides additional credibility and confidence to our disclosures.

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### GET IN TOUCH

We are happy to speak with you about the contents of this Report and H&H’s journey to more sustainable business practices. Please reach out to our Group Sustainability team leader:

Pascale Laborde  
105 rue Anatole France  
92300 Levallois-Perret  
Email:  
[pascale.laborde@hh.global](mailto:pascale.laborde@hh.global)

## NOTE FROM OUR CHAIRMAN

The global COVID pandemic and resulting restrictions have reinforced to all of us – as individuals and members of communities and business sectors – the chief importance of human health, connection and happiness. It has confirmed how these values are intrinsically linked to our quality of life and social purpose.

As a company with a name and mission to deliver 'Health and Happiness', we are proud to be championing positive outcomes for the health of people and the planet.

Despite 2021 being another tumultuous and challenging year, our team members worldwide have shown immense resilience and adaptability, while remaining focused and committed to our sustainability targets and practices.

At H&H Group, sustainability is integrated throughout our strategy and operations, and the Board has ultimate responsibility for sustainability governance. In 2021 we increased our engagement on – and oversight of – the Group's sustainability strategy. We were involved in the review and validation of the Group's materiality assessment, which informs the development of our sustainability goals. We dedicated time to sustainability performance and governance in every Board meeting, to monitor our progress. We also undertook ESG training as a Board, to further enhance and strengthen our knowledge and ability to perform our duties.

We are pleased with the overall progress the Group has made in 2021, including towards our goal to achieve B Corp certification by 2025.

On behalf of the Board, I would like to take this opportunity to particularly thank our team, suppliers, retailers and investors for their partnership on our H&H sustainability journey.

We look forward to delivering further, meaningful progress together in 2022 and beyond.



**FEI LUO**  
CHAIRMAN



## NOTE FROM OUR CEO

Over the past year, we have noticed an accelerated groundswell in stakeholder – particularly employee and consumer – expectations around company and brand purpose. Having a clear purpose is increasingly important to attract, recruit and retain talent, and greater public awareness of environmental and ethical issues has seen a rise in 'conscious' or 'purpose-driven' consumers who select brands based on sustainability credentials and alignment with their personal principles.

Our H&H purpose-led mission to make people healthier and happier has never been so meaningful. As we journey towards a shared value position which benefits all stakeholders, society and the planet, we know that we need to continue to make progress across all areas of our business.

Through a united effort as One Big Team, the Group has been able to achieve positive progress on numerous fronts and we are delighted to share some of the highlights in this Report.

### Keeping our materiality up to date

We review and update our priority sustainability topics on an ongoing basis – taking into account internal and external stakeholder perspectives as well as expert analysis – to ensure that our material topics and corresponding strategy and commitments remain relevant.

The Group's four core sustainability impact areas continue to be 'Advancing the Story of Good Health', 'Our Footprint on the Planet', 'Honouring Human Rights and Fairness', and 'Supporting Good Governance' (the latter of which covers all areas).

As part of our 2021 review, while we have made no addition to our material topics list nor change in boundaries, we have identified three topics to further focus on. These include: animal welfare; greenhouse gas emissions and energy within the global context of climate change and COP26; and labour rights and modern slavery.

### 2021 achievements and highlights

In 2021, our Morgan Stanley Capital International (MSCI) ESG rating of 'A' and Hong Kong Quality Assurance Agency (HKQAA) rating of 'A' for ESG performance were confirmed.

With our acquisition of pet nutrition and supplement brand Zesty Paws in the United States completed in October 2021, our entry into new markets such as Thailand and Malaysia and our significant product innovation pipeline, the complexity of our business continued to increase. We know this makes it more important than ever to be across our global supply chain and be mindful of our impacts on people and the planet.

Throughout the year, we worked to deliver measurable progress across our function areas, and we invite you to deep-dive into the sections of this Report to gain a holistic view of these achievements.

Some highlights, to name just a few, include the launch of the Swisse Earth range of supplements, featuring 'hero' native Australian ingredients, such as Kakadu plum - and see Swisse partner with a not-for-profit organisation that is empowering local Aboriginal communities by supporting professional development, economic independence and representation. This shared value partnership also aims to improve soil health, reduce negative environmental impact, enhance yield and increase understanding and knowledge of native flora.

Our new 5Rs Packaging Framework – prioritising the sustainable practices of Reduce, Renew, Recycle, Reuse, Regenerate – has now been applied to our new product development process to be further rolled out in 2022.

Through our H&H Foundation, we continue to advocate, educate, and support our local communities in living a healthy lifestyle, with particular focus on our H&H wellbeing pillars of Nutrition, Movement and Mindfulness. In 2021, our total community investment reached USD2.267 million, which represented a 56.2% increase compared to the previous year. We also contributed in-kind products and other supplies to the value of USD490,000, and were delighted to have our team members across the globe dedicating 7,642 hours to volunteering within their local communities throughout the year.

Our Biostime China Foundation for Mother and Child, in its 14th year of operation in partnership with the China Red Cross, continued to raise public awareness and support for mothers and families raising children while facing financial hardship.

We continue to aim to be an employer of choice, and promote safe, meaningful and fairly-renumerated employment for our team.

### Moving towards B Corp by 2025

To guide us in achieving our broader sustainability ambitions, we are committed to achieving Group-wide B Corp certification by 2025.

Certified B Corporations are enterprises that have been officially verified by B Lab, a non-profit organisation that evaluates how a company is contributing to social good that goes beyond financial interest. In short, B Corp companies use business as a force for good to benefit all people, communities, and the planet.

In 2021, we made significant progress in our course towards B Corp certification – a seven-phase process. To date, we have completed the 'discovery', 'pre-screening' and 'scoping' phases, which gives us a clear roadmap for further H&H entity assessments and verification in 2022.

### Next frontier in climate action

Over recent years net zero has been the subject of many government and corporate pledges, and we recognise that H&H's commitment and action to reducing greenhouse gases is an important topic for us and our stakeholders.

Since 2017 we have been assessing our carbon footprint, and making conscious efforts to reduce as well as offset our emissions to contribute to the trajectory towards global carbon neutrality.



**LAETITIA GARNIER**  
CEO





# SUSTAINABILITY GOVERNANCE

## BOARD OF DIRECTORS

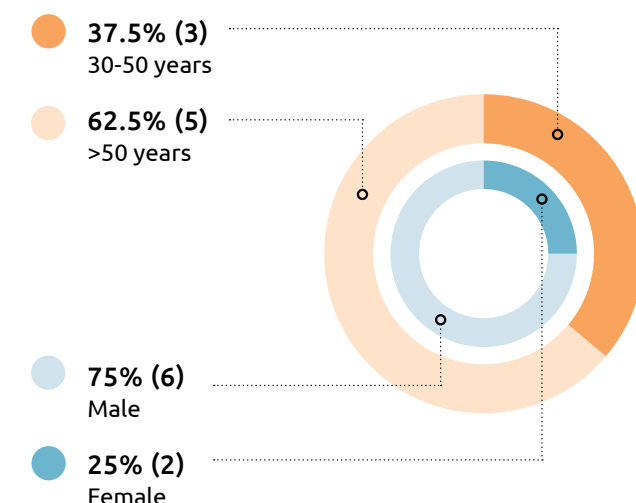
The Board has ultimate responsibility for sustainability governance.

In 2021, we:

- ✓ maintained monthly sustainability updates to the Board
- ✓ increased the Board's engagement on materiality and validation of topics
- ✓ increased the Board's oversight of sustainability strategy
- ✓ undertook ESG training by an external provider
- ✓ dedicated time to sustainability performance and governance in all Board meetings
- ✓ ensured all Board members completed an annual conflict of interest questionnaire.

The Board has three committees – the Audit Committee, the Nomination Committee, and the Remuneration Committee. These all consist of a majority of Independent Non-executive Directors. Please refer to our H&H Group 2021 Annual Report and/or the Investor Relations section on our website for more details on our Directors' roles and responsibilities.

## BOARD MEMBERS BY AGE GROUP AND BY GENDER



EXECUTIVE DIRECTORS



**Fei Luo**  
Executive Director  
Chairman



**Laetitia Garnier**  
Executive Director  
CEO



**Yidong Wang**  
Executive Director  
CFO



NON-EXECUTIVE DIRECTORS



**Wenhui Zhang**  
Non-executive  
Director



**Yun Luo**  
Non-executive  
Director



INDEPENDENT NON-EXECUTIVE DIRECTORS



**Wee Seng Tan**  
Independent  
Non-executive Director



**Yin Ching Lok Lau**  
Independent  
Non-executive Director



**Mr. Can Wang**  
Independent  
Non-executive Director



\*F = Female, M = Male

## SENIOR EXECUTIVE TEAM

The H&H senior executive team\* manages business performance in line with our financial, environmental, social and governance goals and objectives.

- ✓ All senior executives have specific sustainability key performance indicators (KPIs) set at the beginning of the year and incorporated into their reward scheme, making up to 20% of their annual bonus
- ✓ Each senior executive also has periodic meetings with the sustainability team to monitor progress throughout the year
- ✓ Each senior executive has represented the Group's sustainability position and approach to external audiences, e.g. through articles, opinion pieces, media interviews and/or presenting at conferences.

## SUSTAINABILITY TEAM

Our sustainability team sets our sustainability strategy, works with relevant function areas to translate it into tangible action plans, and monitors progress and performance.

In 2021, we:

- ✓ refreshed our materiality assessment
- ✓ identified opportunities for shared value across the Group
- ✓ conducted at least one self-assessment using the B Impact Assessment in four of our regions, following our clear action plan to progress towards B Corp certification by 2025
- ✓ submitted the B Impact Assessment for our France entity in July 2021.

## ALL TEAM

All team members are responsible for considering how they can contribute to our sustainability journey and impact areas.

In 2021, we:

- ✓ had more than 130 passionate Sustainability Champions throughout our global business, to positively engage colleagues within their regions
- ✓ held our first global sustainability workshop about sustainable packaging, defining a global and ambitious roadmap to rethink our packaging design process. Our new 5Rs framework – Reduce, Renew, Recycle, Reuse, Regenerate – discussed during this workshop has now been shared with local teams
- ✓ encouraged our entire global team to participate in our H&H World Community Day and Wellness Week
- ✓ focused on sustainability as a win-win-win for consumers, the company and the planet through our Quality Week awareness-raising activities.

From 2022, all 350-plus senior managers will have specific sustainability KPIs, set at the beginning of the year and incorporated into their goals and performance review.

\*To review the composition of this team, please see the 'Biography of Directors and Senior Management' section in the 2021 H&H Group Annual Report.



WELCOME TO THE  
WORLD OF H&H

FOR THE LOVE OF HUMANS

01



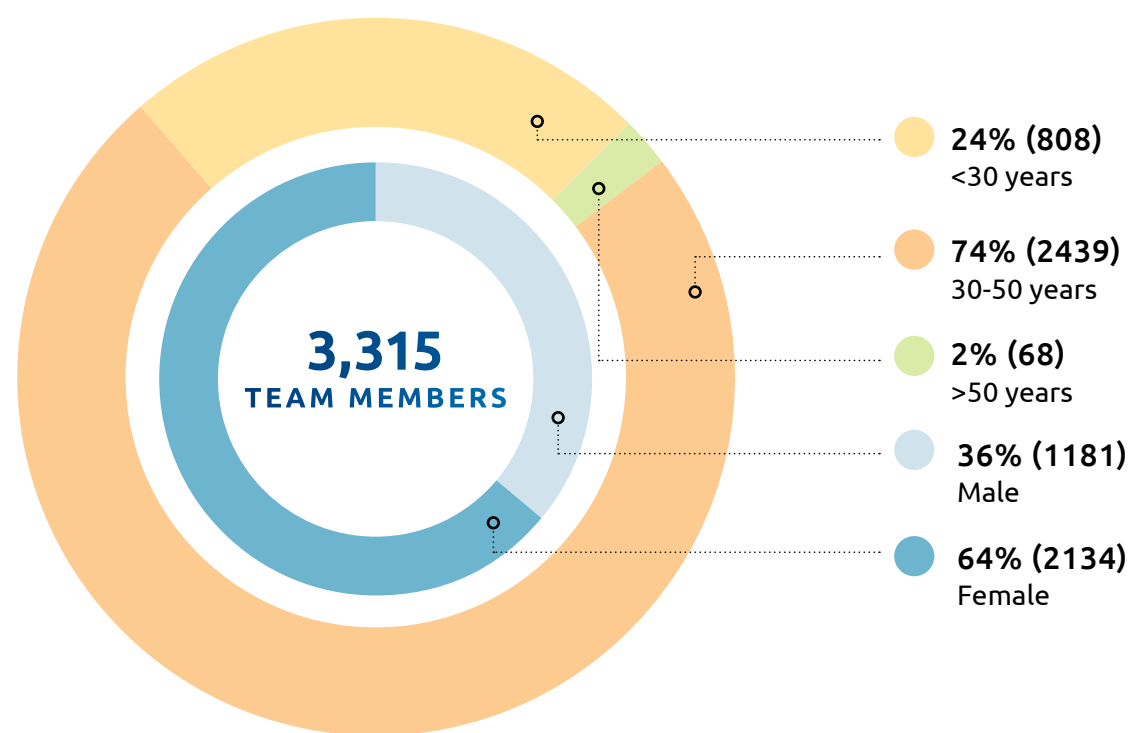


# WELCOME TO THE WORLD OF H&H

H&H Group is a global health and nutrition company. We are dynamic, courageous and ambitious in our mission to inspire wellness and make millions of people healthier and happier, while contributing positively to the needs of society and the planet. The Group has three business segments – Baby Nutrition & Care (BNC), Adult Nutrition & Care (ANC) and Pet Nutrition & Care (PNC) – supporting whole-family health and happiness, with premium consumer brands providing nutrition and wellness solutions backed by science.

## OUR PEOPLE

TEAM MEMBERS BY GENDER AND AGE BRACKET



Please see [Appendix 3](#) for further information on our team members.

REVENUE CONTRIBUTION ACROSS MARKETS



## OUR GLOBAL PRESENCE

H&H Group is globally headquartered in Hong Kong SAR and our team members are located across 15 countries – Australia, New Zealand, China, Singapore, India, Thailand, Malaysia, Indonesia, Switzerland, France, Italy, the Netherlands, Ireland, the United Kingdom (UK) and the United States (US).

We will establish a second head office in London in the first quarter of 2022. This will:

- support our strategy to grow and globalise our business
- accelerate our plans by being in a centrally located time zone, which will enable relevant executives and team members to communicate with colleagues based in the Asia-Pacific, North America and Europe/UK within the same-day working hours
- be beneficial for our relationships with supply chain partners in Europe.

Our H&H presence in Hong Kong will not change.

|                                 |          |                             |
|---------------------------------|----------|-----------------------------|
| MAINLAND CHINA                  | 84 SITES | 81.4% OF TOTAL TEAM MEMBERS |
| AUSTRALIA AND NEW ZEALAND       | 4 SITES  | 8.1% OF TOTAL TEAM MEMBERS  |
| EUROPE                          | 9 SITES  | 7.4% OF TOTAL TEAM MEMBERS  |
| ASIA (EXCLUDING MAINLAND CHINA) | 5 SITES  | 2.2% OF TOTAL TEAM MEMBERS  |
| NORTH AMERICA                   | 3 SITES  | 0.8% OF TOTAL TEAM MEMBERS  |



\*We use headcount as the measurement. Data is as at 31 December 2021.



## OUR BRANDS

Our eight premium brands – Biostime, Swisse, Zesty Paws, Solid Gold, Dodie, Good Goût, Aurelia London and CBII – provide nutrition and wellness solutions backed by science.

## OUR BUSINESS SEGMENTS

We divide our brands into three key business segments – Baby Nutrition & Care (BNC), Adult Nutrition & Care (ANC), and Pet Nutrition & Care (PNC).

**130,063,166**  
PRODUCT UNITS SOLD IN TOTAL

### BABY NUTRITION & CARE (BNC)

**RMB6,612.2 MILLION**  
REVENUE CONTRIBUTION

Biostime®

Children's Probiotics, Prebiotics, Supplements and Infant Milk Formula



dodie

Baby Bottles, Diapers, Accessories and Skincare



GOOD GOÛT

Organic Baby and Children's Food



### ADULT NUTRITION & CARE (ANC)

**RMB4,209.2 MILLION**  
REVENUE CONTRIBUTION

Swisse

Vitamins, Supplements, Functional Food and Skincare



AURELIA LONDON

BioOrganic Skincare and Supplements



cbii

CBD Supplements, and Skincare



### PET NUTRITION & CARE (PNC)

**RMB726.4 MILLION\***  
REVENUE CONTRIBUTION

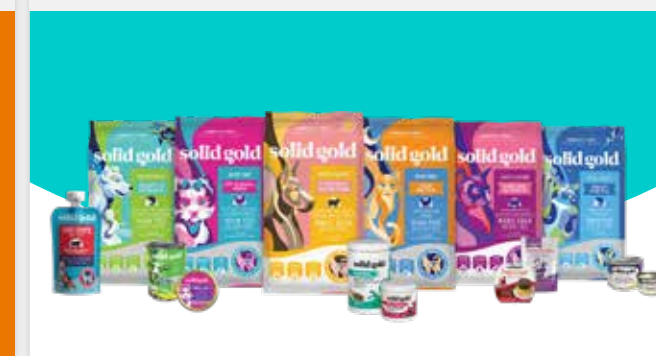
Zesty Paws®

Dog and Cat Nutrition and Supplements



solid gold

Dog and Cat Nutrition



\*Zesty Paws revenue is consolidated for the period from 4th Oct to 31st Dec 2021

\*Please note CBD products are banned in some markets. We do not sell CBD products in any markets where CBD is banned.



# OUR BUSINESS STRATEGY AND VISION

Our Group strategy is anchored in our desire to create long-term value for all our stakeholders, including shareholders.

Our consumer focus underpins an 'outside in' approach which drives a greater emphasis on making considered choices in the way we expand.

Our primary growth contributors remain organic growth in our existing markets, expanding into new markets and new product categories, and through strategic mergers and acquisitions and partnerships. We believe we can continue to build from our strong core business and scale up our PNC business, expanding our holistic wellness offering through targeted innovation in product development and new technology, and solutions such as personalisation.

When faced with both challenges and opportunities, we have always positioned H&H Group as a mission-driven and sustainable company that is committed to investing for the future and creating a platform for profitable growth.

We also strongly believe that sustainable development is a necessity and not a choice. The concept of shared value plays an increasingly

present role in our global strategy across each of our ANC, BNC and PNC business segments.

We have a robust development plan for the next three years which outlines a return to our traditional fast-growing path of achieving sustainable and profitable growth and growing market share in all major categories.



TO BECOME A GLOBAL LEADER  
IN PREMIUM NUTRITION AND WELLNESS  
THROUGH SUPERIOR PRODUCTS AND ASPIRATIONAL BRANDS



## WINNING IN CORE

Clear leadership for core brands in their stronghold market(s)

- ✓ Biostime China
- ✓ Swisse China
- ✓ Swisse Australia and New Zealand
- ✓ Solid Gold China and United States
- ✓ Zesty Paws United States

## GLOBALISATION AND DIVERSIFICATION

Expanding our core brands into new markets and fast-growing new categories with right to win

- ✓ Zesty Paws and Solid Gold globalisation
- ✓ Swisse globalisation
- ✓ Biostime globalisation
- ✓ Adjacent sub-category (baby food, baby care, skincare)

## INVESTING FOR THE FUTURE

Seeding and new business models with a longer time horizon

- ✓ Digitisation, including DTC
- ✓ Sustainability embedded in Innovation
- ✓ Breakthrough innovation, including NewH<sup>2</sup> and customisation

CONTINUED PROFITABLE GROWTH

MAKING RIGHT CHOICES

CONSUMER CENTRIC

SUSTAINABILITY AS SUCCESS DRIVER

EFFECTIVE CAPITAL MANAGEMENT

## OUR SHARED VALUE MODEL

As an enabler for our vision, our Group strategy aims to deliver long-term business growth that benefits our stakeholders, communities, and the environment.

Our business success is intertwined with the needs of society and the health and happiness of our people, pets and planet. In this way, we continue to evolve towards a shared value model.



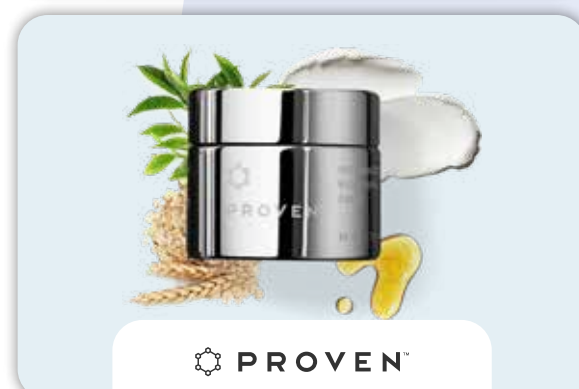


Our NewH<sup>2</sup> corporate innovation fund invests – usually taking minority stakes – in entrepreneurial businesses developing innovative brands, products and technologies in health and wellness. The fund, launched in 2018 with initial funding of USD60 million, focuses on unique and differentiated businesses across the health and wellness sector that are striving to disrupt and outperform industry growth.

Key interest areas include infant formula, baby care, probiotics, skincare, vitamins and supplements, lifestyle nutrition, personalised nutrition, women/ pregnancy nutrition and digital technology. Impact investing is top-of-mind for our team, and we proactively seek opportunities to contribute positively to people and the planet.

In 2021 we invested an additional USD8 million in Proven Skincare, the world's most personalised skincare company. As part of this, we entered into a collaboration and license agreement with Proven Skincare to develop an artificial intelligence (AI)-backed customised solution for our PNC business segment. This investment will enable Proven Skincare to further innovate its proprietary AI technology and scale its success across new product types, categories, channels and markets.

Separately, our Australian team supported Metaflow – a company NewH<sup>2</sup> invested in during 2019 – to launch its handheld metabolism tracking device Lumen in Australian retail channels in 2021.





## ASSOCIATIONS AND EXTERNAL INITIATIVES

We engage with various associations and hold memberships where we see shared value within certain topics, require certification, or have opportunities for collaboration – whether it be in science, innovation, operations or broader advocacy. We do this with an awareness of our responsibility as a multinational company that has the ability to enhance the social and economic environment in which we operate.





# OUR AREAS OF FOCUS



FOR THE LOVE OF PEOPLE AND THE PLANET

02



# SUSTAINABILITY AT H&H

2021 was another VUCA (volatile, uncertain, complex and ambiguous) year for global citizens, economies and supply chains, and the state of the planet. At H&H we were pleased to continue to positively engage our stakeholders, including our strategic partners and consumers, in our sustainability journey.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RATINGS

H&H is regularly evaluated by ESG rating agencies. In 2021, our Morgan Stanley Capital International (MSCI) ESG rating of 'A' and Hong Kong Quality Assurance Agency rating of 'A' for ESG performance were confirmed.



### Disclaimer statement:

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## KEEPING OUR MATERIALITY UP TO DATE

Regular, open and transparent communication with our stakeholders is essential in sustaining responsible growth and progress across the Group.

We conduct a formal comprehensive materiality assessment at least every two years, which we review on an ongoing basis as part of our daily activities and regular engagement with our internal and external stakeholders. We use our materiality assessment to identify our priority sustainability topics and ensure that our commitments and strategy are aligned accordingly. This also allows us to identify our sustainability challenges and opportunities.

Our most recent formal materiality assessment was conducted in 2020. We reviewed our materiality in 2021 to identify any new or emerging issues to be included, after conducting interviews and gaining inputs from internal and external stakeholders.

## H&H'S JOURNEY TO B CORP CERTIFICATION BY 2025

### OUR PROGRESS TO B CORP

In 2020, we began the B Corp Multinational Certification process which has seven phases. To date, we have completed the 'discovery', 'pre-screening' and 'scoping' phases, which gives us a clear roadmap for entity assessments and verification.

We have proactively completed the business impact self-assessments in our major regions and have begun implementing improvement plans across target markets. We have prioritised Australia and New Zealand entity clusters for certification in 2023. We are therefore on track to achieve Group-wide B Corp certification by the end of 2025.

### WHY B CORP?

Certified B Corporations are a community of leaders driving a global movement of people using business as a force for good. For H&H, being part of the B Corp community and being certified is an integral part of our sustainability strategy. We introduced our commitment to becoming a B Corp to our internal and external stakeholders in 2020. We believe this is an important action to take as a business to ensure that beyond profitability, our business delivers value and relevance to society and the planet, through voluntarily meeting higher standards of transparency, accountability and performance via the certification.

## OUR MATERIALITY PROCESS

2020

### 1. ISSUE IDENTIFICATION

- **Internal Interviews:** Nine key internal stakeholders across H&H Group brands, functions and locations.
- **Document Review:** Corporate risk assessments, previous materiality assessments, policies and standards.
- **Peer Review:** Benchmarking against six publicly-listed international peers.
- **Media Review:** Coverage of H&H Group, its brands and industry.
- **External Review:** Key topics raised by stakeholders (customers, investors, suppliers and industry associations)
- **Compliance Review:** Cross-check against the requirements of the HKEx.

**Output:** a total of 46 topics identified

### 2. ISSUE PRIORITISATION

- **Priority Criteria & Weighting:** Review against existing priorities.
- **Brand-specific Priorities:** Cross-checking brand and market-specific priorities.
- **Issue Boundaries:** Understanding the impacts the business has control over.
- **ESG Investor Benchmarks:** MSCI, Dow Jones Sustainability Index (DJSI), Sustainability Accounting Standards Board (SASB), and Task Force on Climate-related Financial Disclosures (TCFD) frameworks reviewed and incorporated.
- **Strategic Alignment:** Reference against H&H Group's four Sustainability Impact Areas.
- **Definitions:** Providing clarity on topic scope.
- **Research Contribution:** The Sustainability Consortium's independent research-based 'Thesis industry hotspots' provide insights into the most important issues at each stage of the value chain.
- **Impact Indicators:** Global Reporting Initiative (GRI) Framework, UN SDG Industry Matrix and WHO International Code of Marketing of Breast-milk Substitutes.

### 3. ISSUE VALIDATION

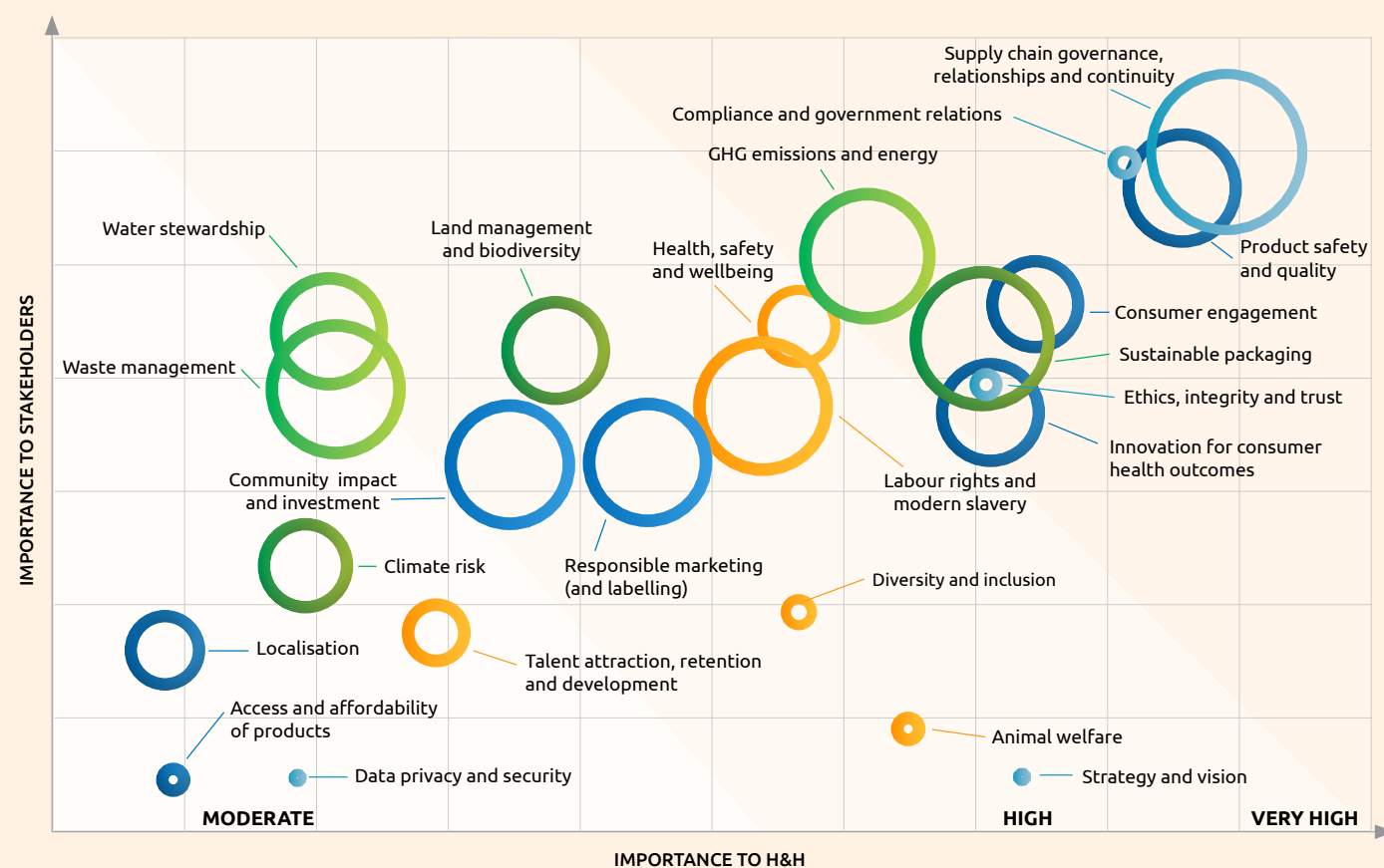
- **Internal Workshop:** Board-led validation workshop in July 2020.
- **Sign-off:** The Board and executive team made issues a declared management priority and aligned on strategy to manage this.

2021

### 4. ISSUE REVIEW

- **Examination and update:** Review of the material topics to reflect the international community's evolution in considering and addressing ESG challenges over the past year.
- **Sign-off:** Board's review and sign-off on the revised materiality matrix.

This process identified the following 23 topics as important to the long-term sustainable growth of H&H:



As part of our 2021 review, while there is no addition to the list of our material topics and no change in their boundaries, we have identified three topics for further focus on:

**The growing importance of animal welfare:** H&H has decided to launch a comprehensive animal welfare and animal testing policy in 2022. This is also important in the context of our B Corp certification process.

**The significance of GHG emissions and energy within the global context of climate change and the recent UN Climate Change Conference of the Parties (COP26):** In 2022, H&H will identify climate risks and complete scenario analysis in line with TCFD recommendations and develop carbon emission reduction targets via the Science Based Targets initiative (SBTi).

**Labour rights and modern slavery:** Respecting human rights and dignity is part of how we perform our mission, and this is why H&H is committed to improving our practices to protect human rights and avoid any violation within our sphere of influence. This is aligned with our commitment that 70% of our Tier 1 suppliers (by spend) will have a social assessment completed by 2023.



We actively engage with our stakeholders and maintain an up-to-date and comprehensive stakeholder engagement table. Some stakeholder engagement activities include, for example:

- our investors regularly request information and have conversations with us regarding specific topics, such as climate risk and responsible marketing
- we conduct one-on-one briefings to ensure our clear understanding of investors' expectations and that their concerns are considered in our materiality assessments
- our Sustainability Reports and other key information are readily accessible on our H&H website, and product-specific details on our brand webpages
- our consumers can ask about our products' ingredients, formulations and packaging through our customer service channels.

## INVESTOR PERCEPTION STUDY

In May 2021, we commissioned Think Alliance Group to conduct a comprehensive perception study to gauge investor and analyst views on H&H and our disclosure, growth, financial strategies and ESG efforts. This study was based on 20 phone interviews conducted with both buy-side and sell-side representatives of financial institutions based in mainland China, Hong Kong SAR and Singapore. Key insights included:

### Investor relations efforts:

95% of respondents considered both H&H's financial and ESG disclosure to be either "very good" or "good."

### Sustainability efforts:

70% of respondents believed that H&H was doing enough to reduce its carbon footprint and 90% considered that H&H contributes positively to society.

### ESG topics most important for H&H to manage:

While respondents believed that it is important for H&H to manage all parts of ESG, slightly more respondents considered governance to be more important than environment and social aspects.



# ALIGNMENT TO THE UN GLOBAL COMPACT TEN PRINCIPLES AND THE SDGS

Since 2018, we have been participating in the United Nations (UN) Global Compact. This is a global call to companies to align strategies and operations with universal principles (the “Ten Principles”) regarding human rights, labour, environment and anti-corruption and take actions that advance societal goals.

These principles are derived from the Universal Declaration of Human Rights, the International Labour Organization’s Declaration

on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the UN Convention against Corruption.

We incorporate the UN Global Compact and its Ten Principles into H&H Group’s strategy, culture and day-to-day operations. We also contribute to the UN Sustainable Development Goals (SDGs), which define global sustainable development priorities and aspirations for 2030.

Our four sustainability impact areas – Advancing the Story of Good Health, Reducing our Footprint on the Planet, Honouring Human Rights and Fairness, and Supporting Good Governance – encompass the material topics identified during our materiality process, and guide our sustainability commitments and strategy. The sustainability impact areas are closely linked to the Ten Principles of the UN Global Compact, and the eight SDGs we have particularly identified as priority areas of focus.



OUR AREAS OF FOCUS

### ADVANCING THE STORY OF GOOD HEALTH

2 ZERO HUNGER

3 GOOD HEALTH AND WELL-BEING

17 PARTNERSHIPS FOR THE GOALS

WE ADVOCATE AND EDUCATE TO SHARE THE BENEFITS OF A HEALTHY LIFESTYLE, SPREAD WELLNESS, AND TEAM UP WITH LIKE-MINDED PARTNERS

### REDUCING OUR FOOTPRINT ON THE PLANET

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

WE USE RESOURCES EFFICIENTLY AND ACT ON CLIMATE CHANGE TO PRESERVE OUR ENVIRONMENT FOR FUTURE GENERATIONS

### HONOURING HUMAN RIGHTS AND FAIRNESS

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

WE PROTECT HUMAN RIGHTS AS THE FOUNDATION OF HEALTH AND HAPPINESS

### SUPPORTING GOOD GOVERNANCE

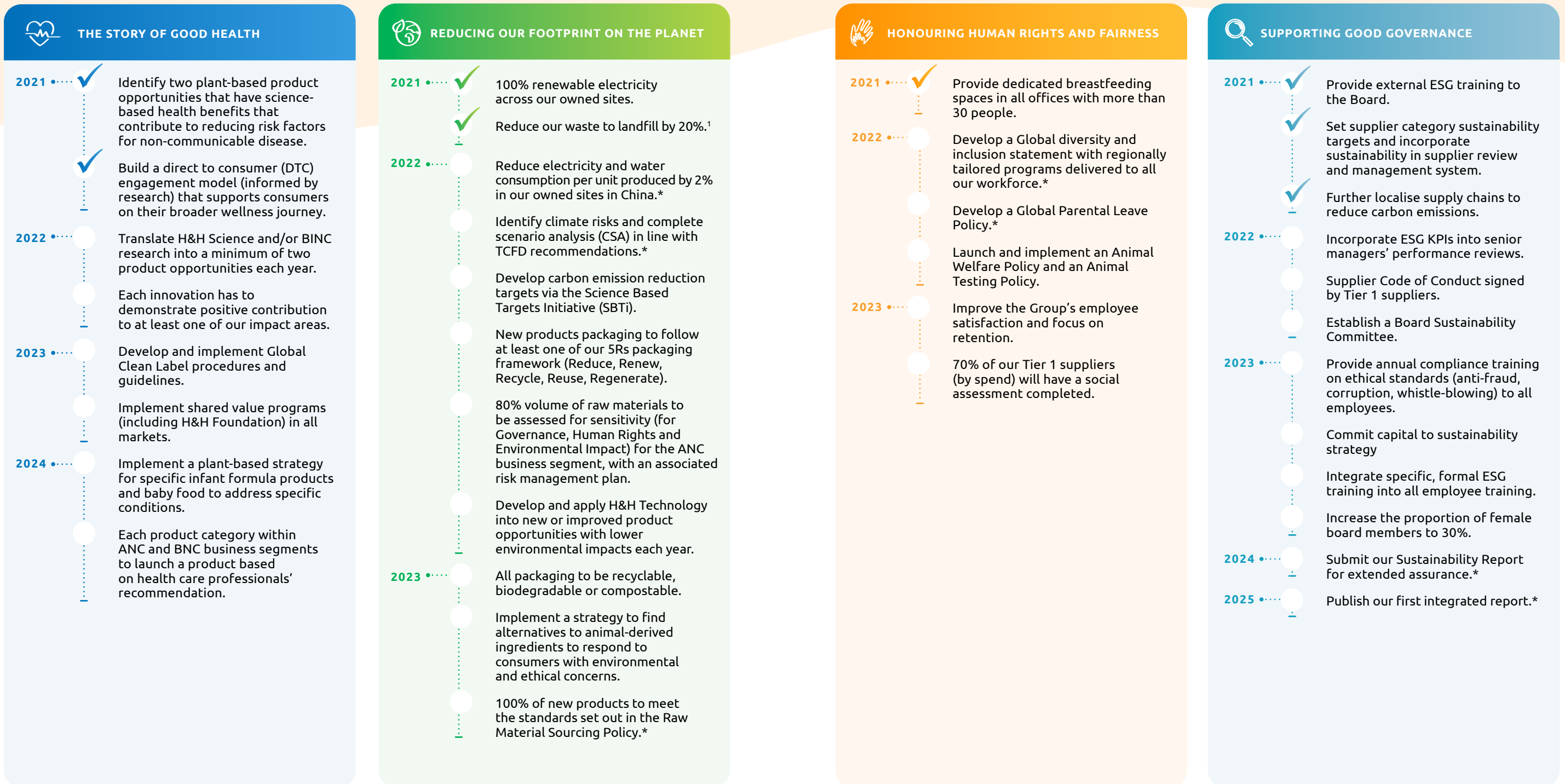
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

WE POSITIVELY INFLUENCE ENVIRONMENTAL, SOCIAL AND ECONOMIC DEVELOPMENT THROUGH OUR GOVERNANCE PRACTICES, CREATING LONG-TERM VALUE FOR OUR STAKEHOLDERS.

# COMMITMENTS

What has become abundantly clear over the past two years is that the world has changed dramatically – and with these shifts have come the emergence of new stakeholder demands. In today’s increasingly conscious and rapidly evolving society, we must remain acutely aware of the needs of our stakeholders, and be constantly listening to the latest business, social, environmental and emotional intelligence. We must embrace this new ‘playbook’ and directive to thrive and create shared value. We are taking this moment as an opportunity to reflect and embark on a new phase of our sustainability journey – reassessing our priorities and unlocking new opportunities for progress and innovation.

Our commitments have been repurposed to better respond to the most material topics of our stakeholders and contribute towards solving emerging issues that we may have an impact on, or be impacted by. Partnering with our suppliers to scale our response and impact, addressing the urgency of the climate crisis, elevating our ethical standards and promoting a more diverse and inclusive culture will be driving our 2022 agenda. We are also conscious that sustainability is a journey. To ensure positive progress to achieve our goals, we need to translate our convictions into measurable actions, and create milestones that will guide us along our path. In this respect, we have in particular taken the decision to reset most of our resource consumption targets in 2022 under an umbrella GHG emissions reduction target in line with a science-based approach.



1. In accordance with our target of 2,268 tonnes of waste to landfill disclosed in our 2019 Sustainability Report

\*Commitments have been extended due to various internal and external factors

✓ = Complete

2025 • A key commitment across all four sustainability impact areas is to achieve B Corp certification by 2025



# OUR SUSTAINABILITY IMPACT AREAS

FOR THE LOVE OF PEOPLE AND THE PLANET

03





## ADVANCING THE STORY OF GOOD HEALTH

We advocate and educate to share the benefits of a healthy lifestyle, spread wellness, and team up with like-minded partners.

We invest in activities that help people to live healthy lives and promote wellbeing for all ages through the pillars of Nutrition, Movement and Mindfulness.

We create products that contribute to the health and wellbeing of consumers worldwide.

We build a healthier and happier world by cooperating with partners and suppliers that share our values regarding people and sustainability.

## 2021 HIGHLIGHTS

**USD2,267,426**

in community investment across the Group,  
a 56.2% increase year-on-year

**7,642 hours**

contributed in employees time to  
community activities

**8**

proposals selected for funding  
through a Biostime Institute of  
Nutrition and Care (BINC) program.





## COMMUNITY SUPPORT AND ENGAGEMENT



Our H&H Foundation's purpose is very clear: we advocate, educate, and support our local communities in living a healthy lifestyle, with particular focus on our H&H health and wellbeing pillars of Nutrition, Movement and Mindfulness. This important work contributes to our sustainability focus area, The Story of Good Health, and unites our H&H team around a higher purpose. The Foundation's contributions include financial and in-kind, such as through our team members volunteering in their local communities.

This H&H Foundation follows our H&H Community Investment Policy available on the Group website.

Across the Group in 2021, our total community investment reached USD2.26 million, which represented a 56.2%\* increase compared to 2020. We also contributed in-kind donations, such as product and medical supplies to support COVID responses and other activities, to the value of USD491,063. Our team members across the globe dedicated 7,642 hours to volunteering within their local communities throughout the year.

Our regional teams actively promote local charitable initiatives they partner with to encourage members of the public to participate and/or broaden the reach and outcomes. Our team in China – our largest market – is particularly active and was recognised with five community awards in 2021.



### H&H GROUP WINS PRESTIGIOUS PHILANTHROPY AWARD IN CHINA

H&H Group won the Public Welfare Communications Award at the 2021 Philanthropy Festival. This event, supported by China's largest media organisations, promotes charity efforts and encourages in-depth dialogue, cooperation and communication across the country. Our China team was recognised for its outstanding efforts in engaging and encouraging the public to participate in charity and other community activities.

## A NEW STEP IN OUR COMMUNITY ENGAGEMENT PROGRAM

We have been members of the Business for Societal Impact network (B4SI), formerly known as LBG, since 2014. B4SI is a global partnership of approximately 180 multinational companies which are committed to advancing their social impact, and the B4SI certification is the global standard in measuring and managing a company's social impact. Its vision for transparency in the world of charitable activities is similar to ours, where we recognise the importance of measuring and communicating contributions in an open and consistent way.

In 2020, we made the decision to further enhance our reporting practices by working with the B4SI to vet and accredit our contributions as part of our sustainability reporting.

In 2021, we gained this B4SI accreditation, which has supported us to:

- Make a measurable social impact with these programs across our communities.
- Increase our transparency and improve our reporting systems.
- Help us clarify our roadmap, with comparable data to other similar organisations, and accelerate our continued dedication to protect the communities in which we operate.

In accordance with the B4SI framework, and in line with our own H&H Group mission, the majority of our community contributions and impacts are centred around Health (59.8%), Social Welfare (20.1%), Emergency Relief (10%), Education and Young People (6.2%) and the Environment (3.9%)

We supported 28 programs across the globe, in 14 markets, with 1,325 employees participating during company time.

### LOOKING AHEAD

Supporting local communities remains a key focus for us. Moving forward, we will continue to:

- Take collective action to respond to the needs of these communities and empower H&H teams to address social solutions that are meaningful to them.
- Enable our team members to feel connected to the communities around them and have a positive impact at a local level.
- Provide meaning around our H&H brand and brand portfolio, to communicate what we stand for to our customers and consumers.

\*The B4SI framework we began using in 2021 also takes into consideration staff voluntary hours during work hours, which is new compared to our 2020 reported numbers, and reflects some of this increase. Please note this does not include employee contributions relating to our Zesty Paws brand, which was acquired in late October 2021.

### OUR ACHIEVEMENTS IN 2021

In 2021, our total community investment represented **USD2,267,426**, an increase of **56.2%** year-on-year\*.

Key details include:

**USD830,376**

In cash contributions

**1,325**

Employees involved during company working hours

**7,642**

Hours in company time

**USD673,705**

Value of employees' time

**USD491,062**

Value of in-kind contributions

**USD272,282**

Total management costs (i.e. staff salaries)



## SUPPORTING INDIA DURING ITS SEVERE COVID OUTBREAK

The H&H Foundation donated AUD200,000 to two Indian charities to support individuals and families affected by the country's rapid COVID spike in early 2021, where the healthcare system was largely overwhelmed. The donations aimed to provide medical supplies as well as nutrition goods to individuals and households, and included the following.

👉 AUD100,000 to the Prime Minister's Citizen Assistance and Relief in Emergency Situations (PM CARES) Fund. The PM CARES Fund was established in 2020 in response to COVID and is headed by the Indian Prime Minister.

👉 AUD100,000 to the Akshaya Patra Foundation, an organisation close to the heart of H&H Group in aiming to promote nutritional wellbeing. This non-government organisation (NGO) was established to eliminate classroom hunger by providing school meals to socio-economically disadvantaged children. To provide aid during the pandemic, it provided food deliveries to millions of people isolating at home.



FONDATION  
**GoodPlanet**

## BACKING INITIATIVES THAT ADVANCE GREATER UNDERSTANDING OF MENTAL HEALTH

The H&H Foundation provided HKD200,000 funding to MindHK, an organisation committed to improving awareness and understanding of mental health in Hong Kong SAR, through public campaigns, research, online resources and events.

One of its programs is running the internationally accredited and evidence-based first aid training course, which originated in Australia and is now in 24 countries, with more than four million people worldwide having completed it.

This intensive two-day course aims to educate people on various types of mental health conditions, and ways to encourage or help an individual who is experiencing symptoms or in crisis to seek professional support. This course uses one key model – known as ALGEE

– as a basis for assisting others, which can be adapted depending on the circumstances. The aim is to be the “bridge” to the professionals, similar to how traditional (physical) first aid works.

The H&H donation focused on supporting MindHK to ‘train new trainers’, to increase the number of trained instructors in the community and therefore the number of courses that can be run per year, and the number of people who can attend.

H&H team members in Hong Kong were also encouraged to attend the course and gain their mental health first aid certificate, or participate in other workshops MindHK offers, such as ‘Mental health 101’ and ‘LGBTQ+ mental health workshop: Resilience ally’.



## GOODPLANET PARTNERSHIP

In France, our Biostime, Dodie and Good Goût brands sponsor GoodPlanet, a French NGO founded by Yann Arthus-Bertrand, a famous French photographer and environmentalist. GoodPlanet actively supports sustainable food and biodiversity. Since our partnership began in 2019, H&H has donated almost EUR100,000 to GoodPlanet.

Among its activities, GoodPlanet provides educational workshops particularly focused on eco-friendly parenting and responsible consumerism, food diversity, nutrition during pregnancy and breastfeeding.

In 2021, our financial contribution supported workshops to help parents and their children learn about and experience sustainable nutrition through healthy cooking lessons. These will continue in 2022 as we have committed ourselves to extending our partnership to create a new series of seven workshops. These workshops will focus on the topic of ‘Supporting future and young parents in responsible parenthood’, and will be sponsored by our Biostime and Dodie brands.





## BIOSTIME CHINA FOUNDATION FOR MOTHER AND CHILD

Biostime China Foundation for Mother and Child ("the Foundation") in partnership with the China Red Cross has arranged and contributed to public welfare activities since its establishment in 2007.

Over the past 14 years, the Foundation has donated more than RMB60 million in cash towards projects supporting families and communities in need.

The Foundation aims to engage broader society across China, to raise public awareness and support for mothers and families raising young children while facing financial hardship.

In 2021, the Foundation generally followed a "You participate, I give" model to maximise engagement – when people participated in physical as well as virtual activities, the Foundation donated on their behalf.

In 2021, key activities included:

### DONATIONS TOWARDS PANDEMIC AND DISASTER RELIEF SUPPORT

- The Foundation supported families affected by COVID outbreak responses (such as quarantine measures) by donating products from H&H Group brands valued at RMB1.67 million to communities in Guangzhou, Shenzhen, Xiamen, Yangzhou and Nanjing, as well as people impacted by Henan floods.



### BIOSTIME CHARITY RUN FUNDRAISING PROJECT

- In 2021, the Foundation organised family fun runs in cities across China to support children with congenital heart disease as well as environmental protection efforts. During the year, 17 fun-runs were held and 23,000 people participated.
  - In total, RMB1 million was donated to support children with congenital heart disease.
  - To promote environmental protection and awareness of people living in remote communities, the Foundation supported the planting of 10,000 medlar trees in the Zhongning County in Zhongwei, Ningxia Hui Autonomous Region.

### MEDICAL TREATMENT AND POVERTY ALLEVIATION SUPPORT FOR MOTHERS AND CHILDREN

- Medical treatment costs:** The Foundation provided funding to support 290 mothers in need across 20 hospitals, to help pay for their and/or their child's medical treatment. The China Centre for Disease Control assisted to provide documentation to identify the recipients in need. The total amount donated was RMB2.58 million.
- Financial subsidy support:** The Foundation provided financial assistance to 57 people, including mothers (during pregnancy and childcare of children under three years) and children (aged 0 to 14 years) to pay for medical treatment. The Foundation provided between RMB5,000-20,000 each, depending on the type of medical condition. In total, the Foundation provided RMB443,900 towards this.
- Screening and treatment for children with congenital heart disease:** The 'Angel Tour' program is one of the Foundation's longest-running initiatives since 2013. It involves the Foundation, in conjunction with its partner the China Red Cross and local hospitals, travelling to mountainous rural areas to screen children for congenital heart disease. If a child is confirmed to

have the disease, he or she is then supported to travel to a first-tier city such as Beijing to undergo surgery as necessary, and other treatment.

- In 2021, the Foundation launched the 'One heart with you' fundraising activity on Tencent's public welfare platform, which engaged netizens across mainland China to walk to "donate" their steps to this activity. In one day, 700,000 people across China participated and donated their total 10 billion steps to the activity, which resulted in the Foundation contributing RMB500,000 for the Angel Tour.
- In July, the Foundation in conjunction with Beijing Anzhen Hospital travelled to Shanxi Province to screen children in Luliang, Xinzhou and Changzhi. Using the funds from the 'One heart with you' community fundraising project, as well as other Foundation resources, 309 children were screened, and 15 identified with congenital heart disease. Those children have now successfully undergone their surgeries.

### ONLINE CAMPAIGN TO PROMOTE BREASTMILK



- The Foundation has participated in China's nation-wide '99 Charity Day' event for five consecutive years. In 2021, the Foundation ran a 'Breastmilk and premature infant support' campaign to raise awareness that breast milk is the best nutrition for babies. In total, RMB950,000 was raised for 29 hospitals to support premature infants. Individuals who responded to the campaign donated around RMB200,000, while the Foundation donated RMB750,000.



## BINC GENEVA

Since 2018, BINC Geneva has invested EUR590,000 in 19 research projects to advance maternal and infant health science.

In 2021, the BINC Scientific Advisory Board selected four projects for funding. The selection was made following an application process in which BINC Geneva received 117 high quality submissions from scientists based at reputable universities, academic institutions and hospitals around the world. The applications were aligned with our five research focus areas: microbiota, brain development, nutrition and feeding, maternal health and allergies.

The grants were up to EUR50,000 per project for pre-clinical research, and up to EUR100,000 per project for clinical research.

### THE FOUR SUCCESSFUL PROJECT APPLICATIONS IN 2021 WERE:



#### INFANT BRAIN DEVELOPMENT

Strupp, B. (Cornell University, U.S):  
**Effects of maternal choline supplementation on infant neurobehavioral development.**



#### NUTRITION AND FEEDING

Schellekens, H. University College Cork, Ireland:  
**Priming for healthy eating via the diet-microbiota-gut-brain axis.**



#### INFANT BRAIN DEVELOPMENT

Giron, M.C. (University of Padova, Italy):  
**Exploring the role of the enteric nervous system on myelination during early life.**



#### MICROBIOTA

Vonaesch, P. (UNIL, Switzerland):  
**Maternal malnutrition: mother-infant microbiota transmission and susceptibility to metabolic disease.**  
(Eligible for 100,000 EUR Clinical Trial Criteria of Selection)

In addition to its research grants program, BINC sponsors and/or supports various conferences and symposia. For example, in 2021:

- BINC sponsored a five-day summer school course titled *From gut to brain: how our microbiome influences our emotions and behaviours*. This brought together Masters and PhD students from Europe and China to attend seminars and practical workshops run by internationally recognised scientific experts within these fields. It was co-organised with the Micalis Institute (INRAE, AGroParis-Tech, Paris-Saclay University) and the Brain Cognition and Brain Disease Institute of the Chinese Academy of Science.
- BINC sponsored the 11th *Probiotics, prebiotics and new foods; nutraceuticals and botanicals for nutrition and human and microbiota health* congress held in Rome. In this congress, BINC sponsored a symposium addressing early gut colonisation.

Throughout the year, BINC also collaborated with many key opinion leaders and launched a series of scientific webinars and interviews with experts in the field, contributing to the dissemination of scientific knowledge aimed at health care professionals. BINC extended its efforts in science communications through developing a series of informative videos, webinars, infographics and articles, aimed at parents to address their parental concerns and challenges.

## BINC CHINA

BINC China aims to bolster scientific research and technical understanding in nutrition and care for mothers and children in China. It draws on resources from across the globe to form a world-class research team of maternal and child nutrition and care experts. BINC China annually contributes RMB1 million for scientific research in these areas.

### THE FOUR SUCCESSFUL PROJECT APPLICATIONS CHOSEN BY BINC CHINA IN 2021 ARE LISTED BELOW.



Guangzhou Medical University:  
**The antiviral activity of OPN (osteopontin), a breast milk active protein, and its mechanism.**



Sun Yat-sen University:  
**Associations of dietary intake and erythrocyte fatty acids during pregnancy with allergic diseases in offspring: a cohort study.**



Huazhong University of Science and Technology:  
**Study on the mechanism of miRNA-486-5p in human milk-derived exosomes regulating infant skeletal muscle growth.**



The Seventh Medical Center of the Chinese PLA General Hospital:  
**Study on intestinal microecological characteristics and intervention effect of probiotics in children with attention deficit hyperactivity disorder.**

### BINC PARTICIPATES AT CHINA MATERNAL AND CHILD NUTRITION CONFERENCE

BINC China participated at the 2021 Academic Conference on Maternal and Child Nutrition in Nanchang, Jiangxi province in early December 2021.

This conference, organised by the China Nutrition Society, aimed to promote interdisciplinary exchanges between academics and professionals working in the field of maternal and child nutrition and health. In particular, it focused on the health impact of nutrition in early life. More than 600 people participated, both in-person and through a live broadcast.

BINC China invited Professor Yumei Zhang from Peking University's School of Public Health to share the clinical research results of lactopontin (LPN) led by synbiotics, and its role in the healthy growth and development of infants and young children. BINC China's project leader, Professor Ming Li from Dalian Medical University's School of Medicine, also shared the latest research results of his recent project and the benefits of human milk oligosaccharides (HMO) on infant immune health.

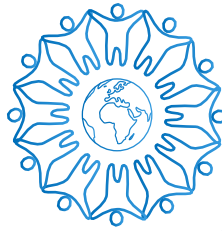




# H&H TEAM MEMBERS 'STEP WITH PURPOSE' FOR WORLD COMMUNITY DAY

More than 1,300 H&H team members across 12 countries joined in to 'Step with purpose' and raised money for our local charity partners in October 2021.

This day provided our team with great opportunity to connect and walk together, while raising over USD47,000. Each team member was able to choose one of 15 of our charity partners to donate their 'steps' to. The H&H Foundation then donated to that charity partner USD20 for the team members' 10,000-plus steps; USD50 for 15,000-plus steps; and USD80 for 20,000-plus steps.



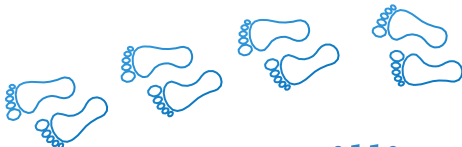
1,309

participated across 12 countries



USD47,180

total donated to 15 charity partners



12.9 million

total steps taken



H&H Foundation donations specifically for World Community Day included:

|                                                                                                                         |                                                                                                                                |                                                                                                                                   |                                                                                                                                   |                                                                                                                                                       |
|-------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| <br><b>\$1,730</b><br>BABY2BABY     | <br><b>\$3,500</b><br>BLUEARTH FOUNDATION  | <br><b>\$1,590</b><br>BODY & SOUL             | <br><b>\$2,010</b><br>CAR ELLES BUTINENT      | <br><b>\$1,000</b><br>CORK PENNY DINNERS                          |
| <br><b>\$1,000</b><br>EAT MY LUNCH | <br><b>\$1,000</b><br>FOOD FROM THE HEART | <br><b>\$2,260</b><br>GOODPLANET FOUNDATION  | <br><b>\$1,200</b><br>GREATER GOOD CHARITIES | <br><b>\$26,390</b><br>GUANGDONG YOUTH SPORTS FEDERATION (GDYSF) |
| <br><b>\$1,500</b><br>MIND HK      | <br><b>\$1,000</b><br>NUTRIMENTE          | <br><b>\$1,000</b><br>SMILE FOUNDATION INDIA | <br><b>\$1,000</b><br>SOS FUTURE MOTHERS     | <br><b>\$1,000</b><br>WARRIOR CANINE CONNECTION                  |





## REDUCING OUR FOOTPRINT ON THE PLANET

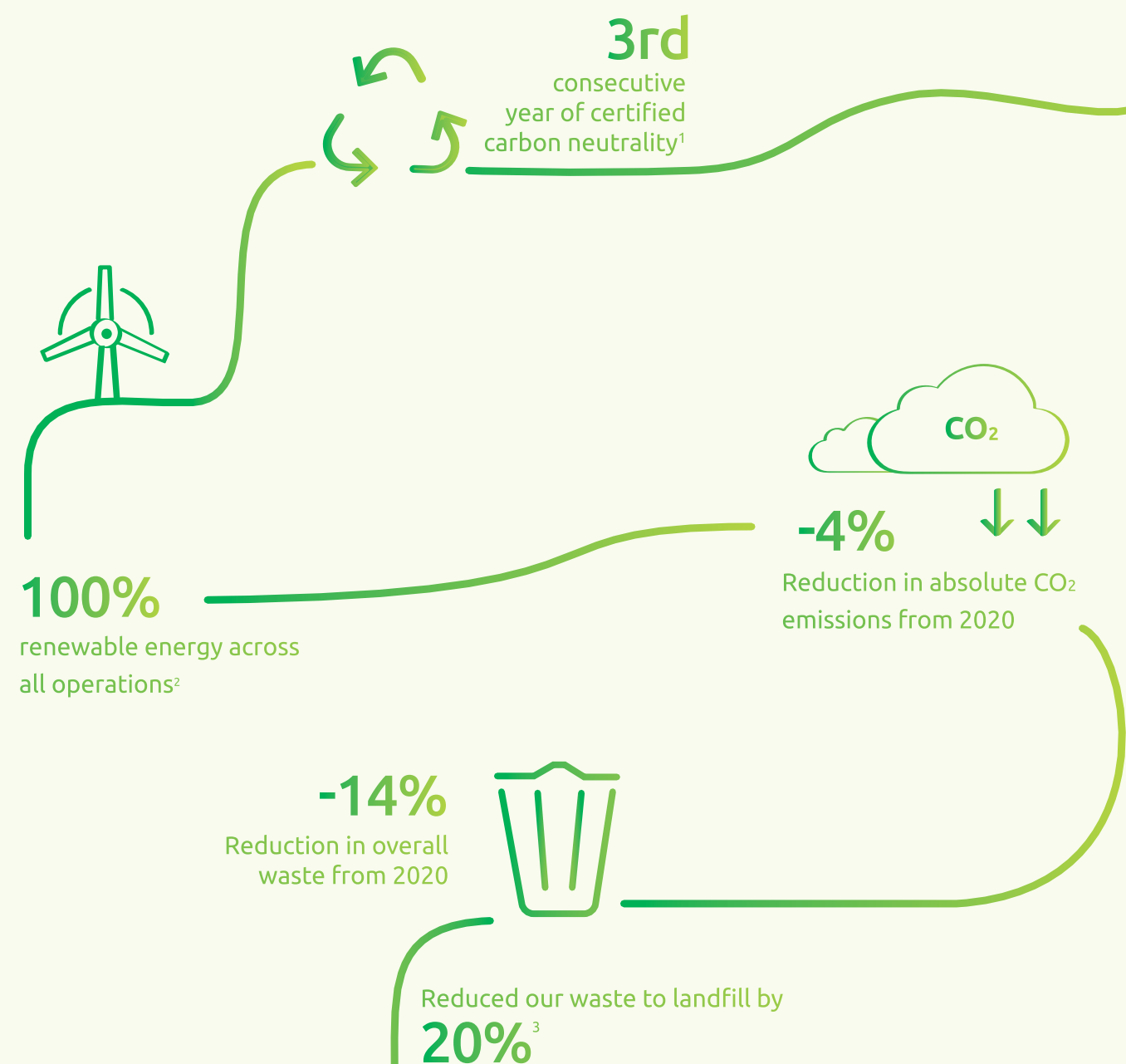
We use resources efficiently and act on climate change to preserve our environment for future generations.

We aim to achieve economic growth while engaging in sustainable procurement practices and protecting the ecosystems on which we rely for raw ingredients.

We provide consumers with information through standards and labels to ensure traceability and transparency.

We continuously strive to use resources more efficiently, be mindful of our carbon footprint and make conscious decisions to reduce and offset our emissions.

## 2021 HIGHLIGHTS



1. The H&H Group through its subsidiary Swisse Wellness is a certified carbon neutral organisation under the Australian Government's Climate Active program. More information here: <https://www.climateactive.org.au/buy-climate-active/certified-members/swisse-wellness>

2. Using international renewable energy certificates (iRECs) for all regions

3. In accordance with our target of 2,268 tonnes of waste to landfill disclosed in our 2019 Sustainability Report





## REDUCING OUR FOOTPRINT ON THE PLANET

### FOCUSES IN 2021

Our participation in the United Nations (UN) Global Compact requires us to demonstrate our commitment to the environment, in a time where one of the biggest challenges we face as a planet is global warming and the subsequent impacts of climate change. We recognise that the world is changing and with that comes contributory risks across our value chain. Each part of the process of the product supply chain has unique challenges in relation to climate change.

To have a clearer and more comprehensive mapping of the potential impacts of climate change on our Group's business, we are committed to completing scenario analysis and providing full disclosure of our climate risks in accordance with the Taskforce on Climate-related Financial Disclosure (TCFD) framework in 2022. This will enable us to adjust the Group's strategy to increase its resiliency to those identified potential climate-related risks.

Some of the risks we identified during a preliminary analysis we conducted in 2020 continue to be relevant in 2021, such as:

- upstream Scope 3 emissions;
- suppliers facing transitional and physical risks;
- policy risks impacting our ability to trade and market.

We are determined to play our role in the transition to a low-carbon global economy. We have been assessing our Group-wide carbon footprint since 2017 and make conscious decisions to reduce our emissions, and offset the emissions that we cannot immediately reduce. In this respect, we invest in high-quality carbon credits that help fund carbon reduction and sequestration projects outside of our value chain. We have been certified carbon neutral by Climate Active since 2019\*. In January 2022, we signed up to the Climate Ambition Accelerator led by the United Nations Global Compact, and 100% of our

electricity consumption was covered by electricity from renewable sources.

We now aim to adopt a science-based approach and clearly define our plan to reduce our greenhouse gas (GHG) emissions in line with the Paris Agreement goals.

Most of our sites across the world are corporate offices, with only four being operational sites. Our operational sites are the focus of our environmental efforts, as those account for 73% of our environmental footprint across energy, waste and water emissions.

We have extended the analysis of our sites to ensure our measurement is as relevant as possible. For example, at our offices we use intensity per person as a measure; at our operational sites we use intensity per unit of production; at our manufacturing sites we use intensity per unit of production; and at our packing sites we use intensity per unit packed.

Each of our sites fully comply with all relevant environmental laws and regulations, and set operational expectations through their own environmental policies and standard operating procedures (SOPs). Our internal H&H Code of Conduct, which addresses the UN Global Compact Ten Principles, sets global standards for our Group and defines the guiding principles for our team members behaviours, including relating to the environment. In particular, it encourages our team members to consider the impacts on the environment as well as cost when procuring products and services and to be mindful of the environmental implications in such areas as new product development, marketing activation plans, trade marketing, packaging and content recycling.

We also expect our team members to understand and comply with environmental regulations. We had no incidents of non-compliance relating to environmental law or regulation in 2021.

In 2021, we called upon a third party to inspect the production of nitrogen oxides (NO<sub>x</sub>) by a steam generator at one of our factories in China and the possible emission of sulphur oxides (SO<sub>x</sub>) by one of our facility's heating systems. Pursuant to the results of this inspection, the steam generator produces an estimated amount of 2.433 tonnes of NO<sub>x</sub> per year and the concentration of SO<sub>x</sub> emitted was almost nil. Those results are below stipulated emissions allowances.

Our Guangzhou factory is the only factory that produces a material stream of wastewater. The wastewater comes from equipment cleaning, quality testing, office domestic sewage, canteen dishwashing sewage, concentrated water produced by a pure water machine and from washing clothing. We comply with

the Local Standard of Guangdong Province (Peoples Republic of China) "Water Pollutant Discharge Limits" (DB44/26-2001) in Guangdong Province. After we ensure the water does not contain pollutants beyond the maximum allowable discharge concentration as specified in the local standard, the wastewater is discharged into the municipal sewage pipe network and treated by the Dashadi Sewage Treatment Plant.

We do not source water from any water-stressed regions for our direct operations.

### OUR CONTRIBUTION TO A LOW-CARBON GLOBAL ECONOMY

2011

Our Swisse brand certified **carbon neutral** by Climate Active



2019

H&H Group certified **carbon neutral** by Climate Active\*



2021

- **100% renewable electricity** across our owned sites
- **-4% reduction in GHG emissions** compared to 2020
- Reduced our waste to landfill by **20%\***

2020

Reduction targets adopted on **water and electricity**

2017

- **First Group-wide GHG inventory** (scope 1, 2, and selected scope 3)
- Target reduction adopted on **waste**

2018

Participant of the **UN Global Compact**



2022

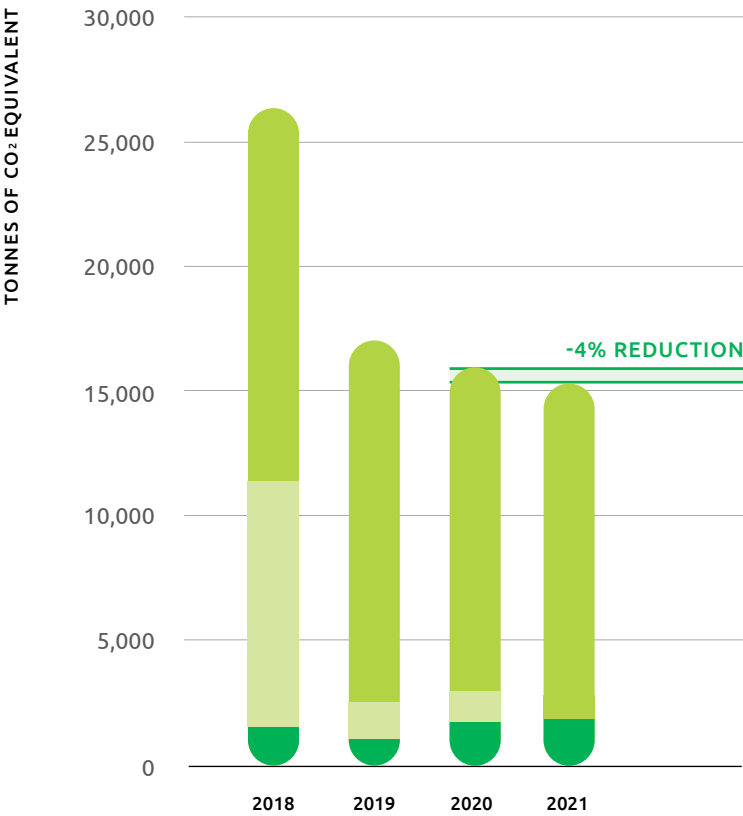
- Member of the **Climate Ambition Accelerator**
- Screening of **scope 3** GHG emissions
- Develop carbon emission reduction targets via the Science Based Targets Initiative (SBTi)



\*The H&H Group through its subsidiary Swisse Wellness is a certified carbon neutral organisation under the Australian Government's Climate Active program. More information here: <https://www.climateactive.org.au/buy-climate-active/certified-members/swisse-wellness>

\* In accordance with our target of 2,268 tonnes of waste to landfill disclosed in our 2019 Sustainability Report

EMISSIONS



**15,291t**  
Total CO<sub>2</sub> Emissions

**4,83t CO<sub>2</sub> equivalent per person**  
Per team member for our offices

**34g CO<sub>2</sub> equivalent per unit**  
Per unit produced at manufacturing sites

**67g CO<sub>2</sub> equivalent per unit**  
Per unit packed at packing sites

● Scope 1

● Scope 2

● Scope 3

A NOTE ON OUR INTENSITY METRICS

We strive for meaningful environmental performance indicators and therefore also report intensity metrics in addition to totals for GHG emissions, water, waste and all energy. We note that these are highly sensitive to the underlying modelling assumptions of the GHG inventory, and can therefore vary significantly year on year.

In 2021, we used the following calculation methods:

- 1) Intensity per team member** is calculated by dividing total emissions or resources from laboratory and office facilities only by the total FTE in in these facilities.
- 2) Intensity per unit** produced at manufacturing sites is calculated by dividing total emissions or resources from factory sites by total units produced.
- 3) Intensity per unit** packaged at packaging sites is calculated by dividing total emissions or resources from packaging sites by total units packaged.

A NOTE ON OUR EMISSIONS BOUNDARY

Scope 3 emissions from energy production have been included in Scope 1 emissions, as we have used full value chain emissions factors. GHG emissions accounting for the Australian and New Zealand part of the inventory follow the locally applicable Climate Active Carbon Neutral Standard for Organizations, which requires the measurement and reporting of additional, relevant scope 3 emission sources. In 2021, these included diesel for business travel, transport of products, office consumables, catering, repairs and maintenance, taxis and other hire cars, and business travel accommodation. The 2020 boundary erroneously did not list water as scope 3 source, which has been corrected for 2021.

EMISSIONS BOUNDARY

| Scope 1<br>1,857t CO <sub>2</sub> -e | Scope 2<br>0t CO <sub>2</sub> -e | Scope 3<br>13,433t CO <sub>2</sub> -e |
|--------------------------------------|----------------------------------|---------------------------------------|
| Refrigerants                         |                                  | Waste                                 |
|                                      |                                  | Flights                               |
| Natural gas                          |                                  | Water                                 |
| Diesel generators                    |                                  | Employee commuting                    |
| ULP for transport                    | Electricity                      | Procured transport of products        |
| LPG                                  |                                  | Office consumables                    |
| Diesel combustion for transport      |                                  | Catering                              |
|                                      |                                  | Repairs and maintenance               |
|                                      |                                  | Taxis and other hire cars             |
|                                      |                                  | Accommodation                         |

Green highlighted are only included for the Australia and New Zealand region.

WATER CONSUMPTION

**58,684kL**  
Total water consumption

**2,35kL per person**  
Per team member for our offices

**870mL per unit**  
Per unit produced at manufacturing sites

**48mL per unit**  
Per unit packed at packing sites

A new production facility for Swisse was built, put into trial and set up in 2021 within H&H's Science Park location in Guangzhou. The water used to commission this new equipment amounted to 13,200kL in 2021 and is a new addition to the operational boundary, representing approximately 25% of the water used in manufacturing in China.

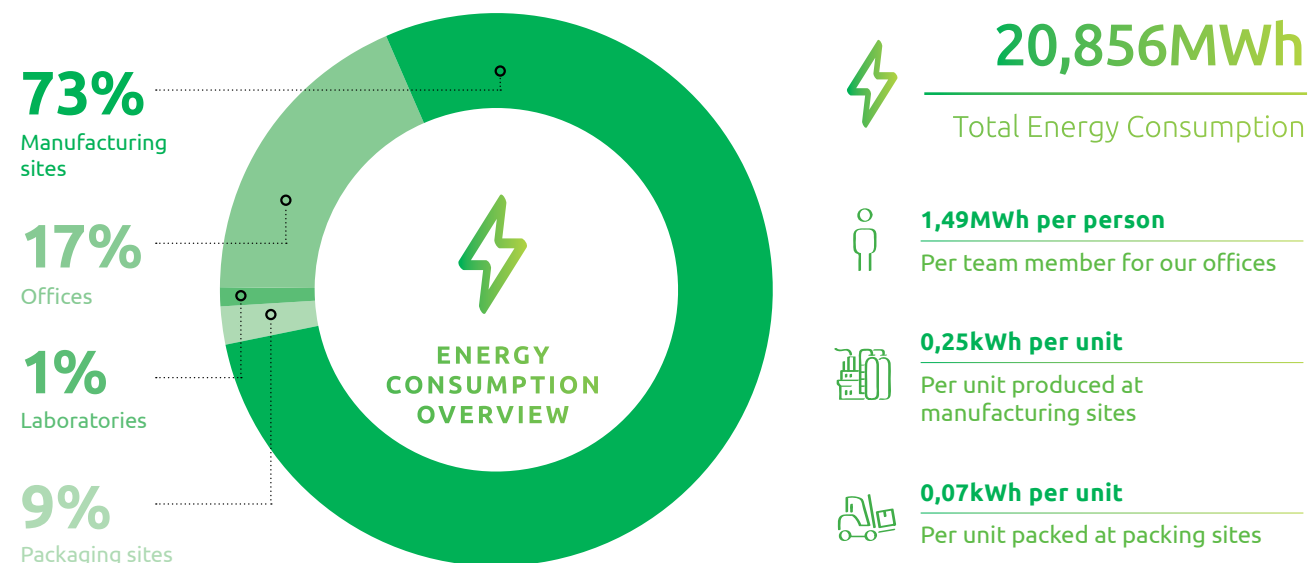
Excluding the water needed to commission this new equipment, the total water consumption was 45,484kL in 2021, corresponding to a 8.4% decrease compared to 2020.

Note that our owned China sites accounted for 90% of our total water consumption in 2021.





## ENERGY CONSUMPTION



A new production facility for Swisse was built, put into trial and set up in 2021 within H&H's Science Park location in Guangzhou. The electricity used to commission this new equipment amounted to 759.1 MWh in 2021 and is a new addition to the operational boundary, representing approximately 7% of the electricity used in manufacturing in China.

Excluding the electricity needed to commission this new equipment, the total electricity consumption was 13,206 MWh in 2021, corresponding to a 4.5% decrease compared to 2020.

Note that our owned China sites accounted for 83% of our total electricity consumption in 2021.

## REDUCING OUR ELECTRICITY CONSUMPTION IN OUR MANUFACTURING SITES

We prioritised five projects in our manufacturing sites in Guangzhou and Changsha, China

Some examples of projects are summarised below.

- **Replacing the ice water main engine at our Changsha site:** Our new engine, with a cool capacity of 886kW, allows us to save 270,000kWh per year – representing 7.8% of the total electricity consumption of the site.
- **Upgrading the refrigeration machine in our R&D centre and manufacturing facility in Science City, Guangzhou:** We transformed the cool control storage to add a precise Programmable Logic Control system, which supports a more sustainable optimization of the system. This optimizes the reactive power through reducing the running time of the compressor and air cooler, allowing us to save 300,000kWh per year – representing around 4% of the total electricity consumption of the site.
- **Launching an energy efficiency monitoring and analysis platform, to identify electricity saving options:** We will implement this digital energy data collection and analysis system in March 2022. It will provide real-time electricity, water and compressed air consumption monitoring across the site, factory and include a reporting function to show the unit energy consumption versus our reduction target. It will also be equipped with artificial intelligence (AI) analysis, aiming to identify further electricity saving opportunities.



## WASTE MANAGEMENT

We are aware that avoiding the generation of waste in the first place and minimising waste are crucial measures in any waste management and reduction strategy. As such, our team members are encouraged to make a conscious effort to reduce waste. When waste has been generated, our team members are requested to recycle where possible and to employ special streams of reusing waste, like composting organic waste or collecting batteries separately for proper recycling. We have procedures in place at site level which cover how team members should use resources more efficiently (including in order to limit paper, food or water waste) and dispose of waste guiding them on proper recovery or recycling measures when they are available. In 2021, in our pursuit to achieve our waste reduction target, waste management and resource efficiency procedures were implemented in more of our sites and we upgraded our waste management procedure in our Guangzhou and Changsha facilities to ensure

our non-recyclable industrial solid waste, recyclable industrial solid waste, hazardous waste and kitchen waste are treated properly.

Our efforts also focus on engaging with our supply chain to manage and reduce waste. Pursuant to our Supplier Code of Conduct, we expect our suppliers to implement and maintain a waste management system or similar process to measure, manage and minimise adverse environmental impacts.

Finally, we are very conscious of our role in minimising the waste generated by our packaging or increasing its recyclability, notably at the end of the life cycle of our products. During our product development process, we implement systematic measures to reduce waste at source or improve materials recovery. Please see the 'Packaging section' for more details on our committed journey to improve the sustainability of our packaging.

## WASTE

**4,269t**

Total waste



**750kg per person**

Per team member for our offices



**18g per unit**

Per unit produced at manufacturing sites

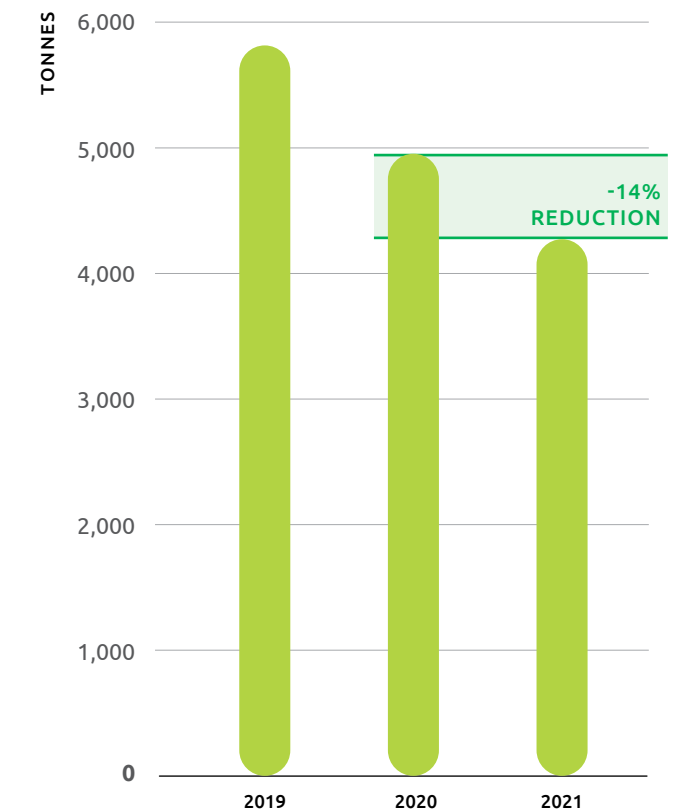


**255g\* per unit**

Per unit packed at packing sites



\*Our efforts to continually improve the quality of data reported by each of our sites has led us to identifying a significant increase in the amount of waste reported at our packing sites than in previous years, which has caused an increase in the amount of waste reported per unit produced at our manufacturing sites.



### RECYCLING IN OUR FRENCH OFFICE MADE EASY WITH 'LES JOYEUX RECYCLEURS'

Our French Biostime, Dodie and Good Goût office works with 'Les Joyeux Recycleurs' to simplify the collection and recycling of its everyday waste (including paper, plastic bottles, cans, glass, ink cartridges, batteries, bulbs and plastic caps). 'Les Joyeux Recycleurs' installs colourful recycling boxes dedicated to each type of waste to be recycled, provides clear instructions on how to use the boxes, collects the waste and ensures it is recycled in France. This measure is part of a larger resource efficiency and recycling plan detailed in the Green Charter of our French office.

### OUR GLOBAL HEADQUARTERS IN HONG KONG SAR

We have chosen to locate our global headquarters in Hong Kong at a property that actively manages sustainability impacts through a range of technologies and strategies, such as reducing energy and water usage to improving waste management. In 2021, we:

- Moved the Hong Kong team to one consolidated office space within the building (rather than using two spaces) and reused existing furniture;
- Installed a water flow restriction device in the kitchenette from mid-May;
- Provided recycling bins for various types of materials to feed into the building waste recycling program;
- Promoted further printing and paper saving measures, such as setting up individual printing codes to minimise printing waste.

### BREAKDOWN OF WASTE TYPES PER VOLUMES (2021)

**0%**  
3t – Hazardous\*

**47%**  
2,012t – Recycling

**53%**  
2,253t – Landfill



\*Any hazardous waste is collected by third parties and processed in line with local regulations.





## HONOURING HUMAN RIGHTS AND FAIRNESS

We protect human rights as the foundation of health and happiness.

We work to ensure that individuals touched by our business are granted basic rights and fundamental freedoms to which all humans are entitled.

We respect and enhance human life in our workplaces.

We put in place formal and informal structures to reduce inequalities and eliminate discrimination.

Please note the data throughout this 'Honouring human rights and fairness' section (p56-63) does not include that relating to our Zesty Paws brand, as it was acquired in late October 2021. Employee data uses headcount as the measurement.

## 2021 HIGHLIGHTS



WORLDWIDE WEEKLY WORKOUTS continued throughout 2021

5

employer of choice, great places to work and healthy workplace awards won in 2021



All team members globally have access to **HEALTH AND WELLBEING INITIATIVES AND BENEFITS**



**USD1.66 million**

spent on health and wellbeing activities for employees globally

## HONOURING HUMAN RIGHTS AND FAIRNESS

Our philosophy of health and happiness begins with the people touched by our business – encompassing both our team members employed by the entities within the Group and the people within our supply chain. We recognise our people are one of our greatest assets and protect their basic human rights as the foundation of health and happiness.

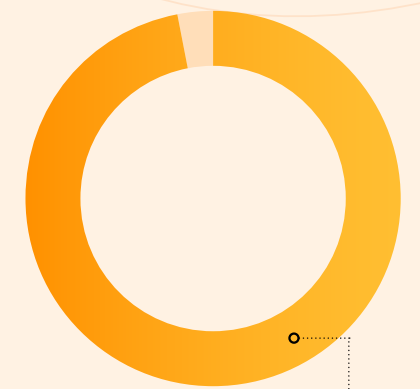
In 2020 we launched Our H&H Code of Conduct across all markets and in 2021 we continued the embedment of this across the business to ensure education and alignment to the Code. The Code sets out our global standards which are supported by our values, driven by our behaviours and which each team member must follow every day. Having a collective Code of Conduct unites us as One Big Team and helps to ensure cultural consistency across all our regions while still allowing for localised

information to be laid out in regional employee handbooks and contracts.

Our People and Culture teams across the business units manage employee working conditions, remuneration and wellbeing as well as compliance with relevant regulations. They are committed to promoting diversity, inclusiveness, fair recruitment, employee retention and development. At all stages of talent development we assess, give feedback, develop, reward and promote our talent using the following three factors:

- **Ability** – technical skills and experience
- **Influence** – how we behave, in line with our five key values – Power Our Passion, I Trust You, Let's Be Brave, One Big Team and Celebrate Life Every Day
- **Drive** – our mindset and how we think – we encourage all team members to think like a disruptor and an owner.

In late 2020 we launched our AID (incorporating the key attributes of ability, influence and drive listed above) Talent Management framework to help us in assessing, developing and rewarding our team members. We embedded this across most areas of the talent cycle throughout 2021 and will continue this throughout 2022. The framework helps us assess, target development opportunities, potential and how we reward and recognise our people based on three core areas of ability, influence and drive. No area is more important than the other and it ensures we don't focus too much on one, to the detriment of the other. It has elevated our approach to attracting, engaging and growing our talent in a personalised way.



97%

OF OUR TEAM MEMBERS RECEIVED PERFORMANCE REVIEWS IN 2021 AT A MINIMUM OF ANNUALLY.

## WORKING CONDITIONS AND ADDITIONAL BENEFITS

All of our team members are of an appropriate age; all work is conducted on a voluntary basis and working hours are reasonable to the standards set by local regulatory bodies and clearly stated in employment agreements.

We offer many additional health and wellbeing benefits to our team members across the regions, including team fitness classes, gym allowances, vaccinations, healthy team lunches and guided meditation. Our regional People and Culture teams determine the best health-related benefits that are relevant for team members in each location.

We also offer life insurance, parental leave, retirement provision, health care and disability and invalidity coverage, all helping to keep our team members healthy, happy and financially secure. In 2021 we spent USD1.66 million on health and wellbeing for employees globally.

In 2021 we had no incidents of non-compliance relating to compensation, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare and national labour laws and standards. In 2021, we had no cases of unfair dismissal.

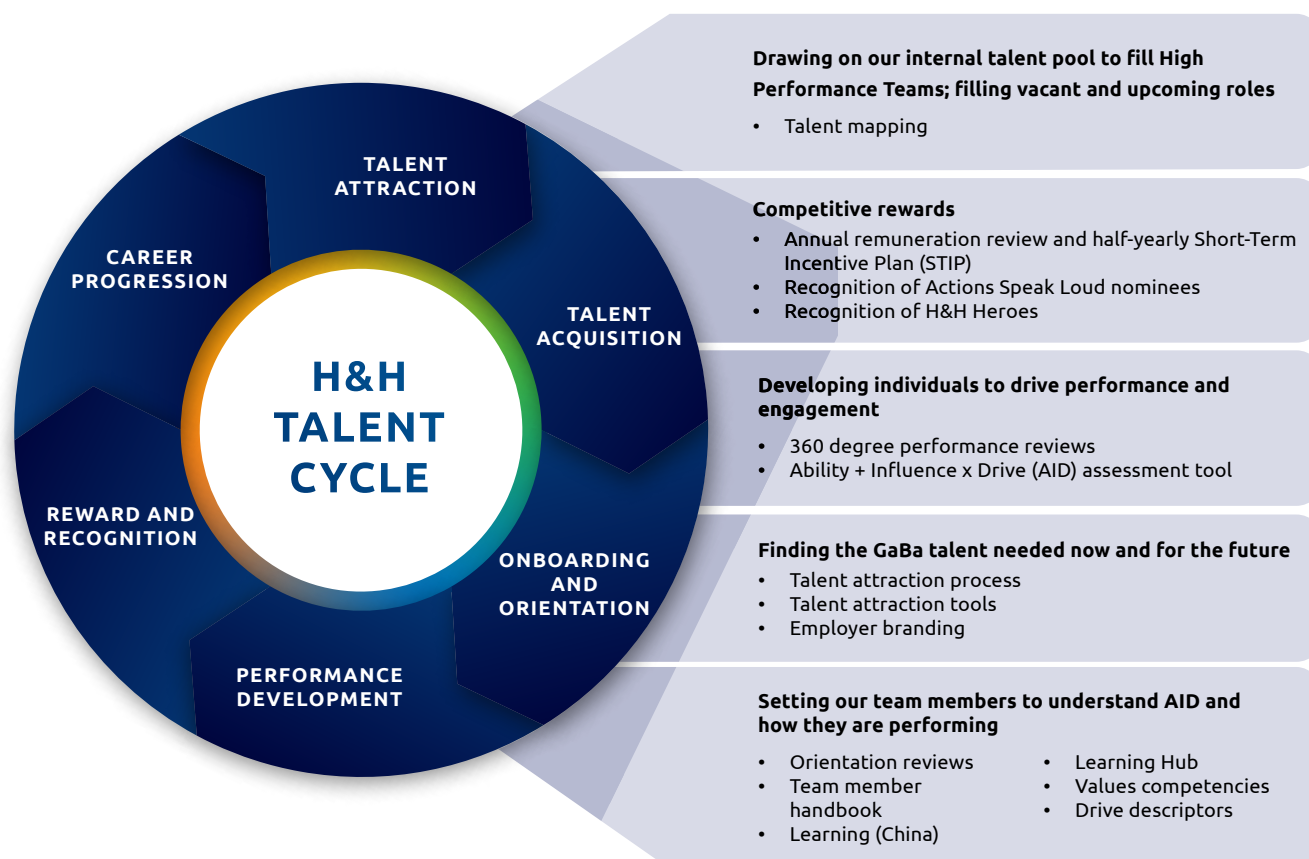


**USD1.66 MILLION**  
spent on health and wellbeing for employees globally in 2021.

Examples of health and wellbeing activities include in-person and virtual exercise classes, healthy snacks and meals, presentations from external providers and medical health checks in some markets.

*Please note this figure does not include medical insurance coverage provided in some markets.*

THIS DIAGRAM SHOWS THE CYCLE OF HOW WE AID TALENT AT H&H GROUP.





## RECRUITMENT

To ensure we offer equal opportunity to prospective team members, our Talent Acquisition team ensures that for each role, we interview a diverse mix of candidates. We understand that age, race, gender, religion and ability can result in unfavourable treatment or discrimination and whilst our team are consciously trying to avoid this, we know that there may be unconscious bias. All our regions except mainland China (where LinkedIn is not available) use LinkedIn as a proactive search tool and the tool supports 'blind' CV/profile reviews by removing a candidate's name to ensure no unconscious bias based on an individual's name that could infer their gender, nationality, or race. In 2021 we recruited 780 new team members globally.

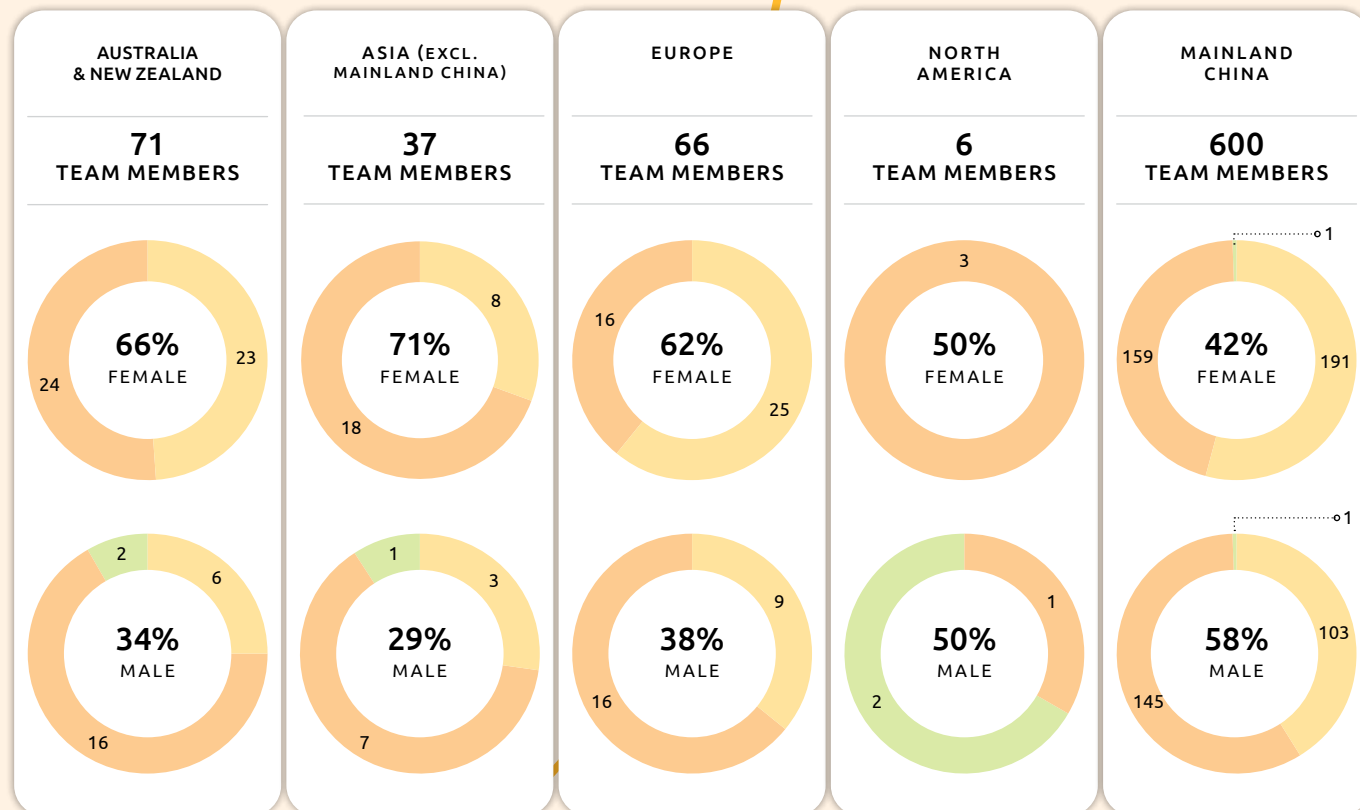


780

new team members recruited in total

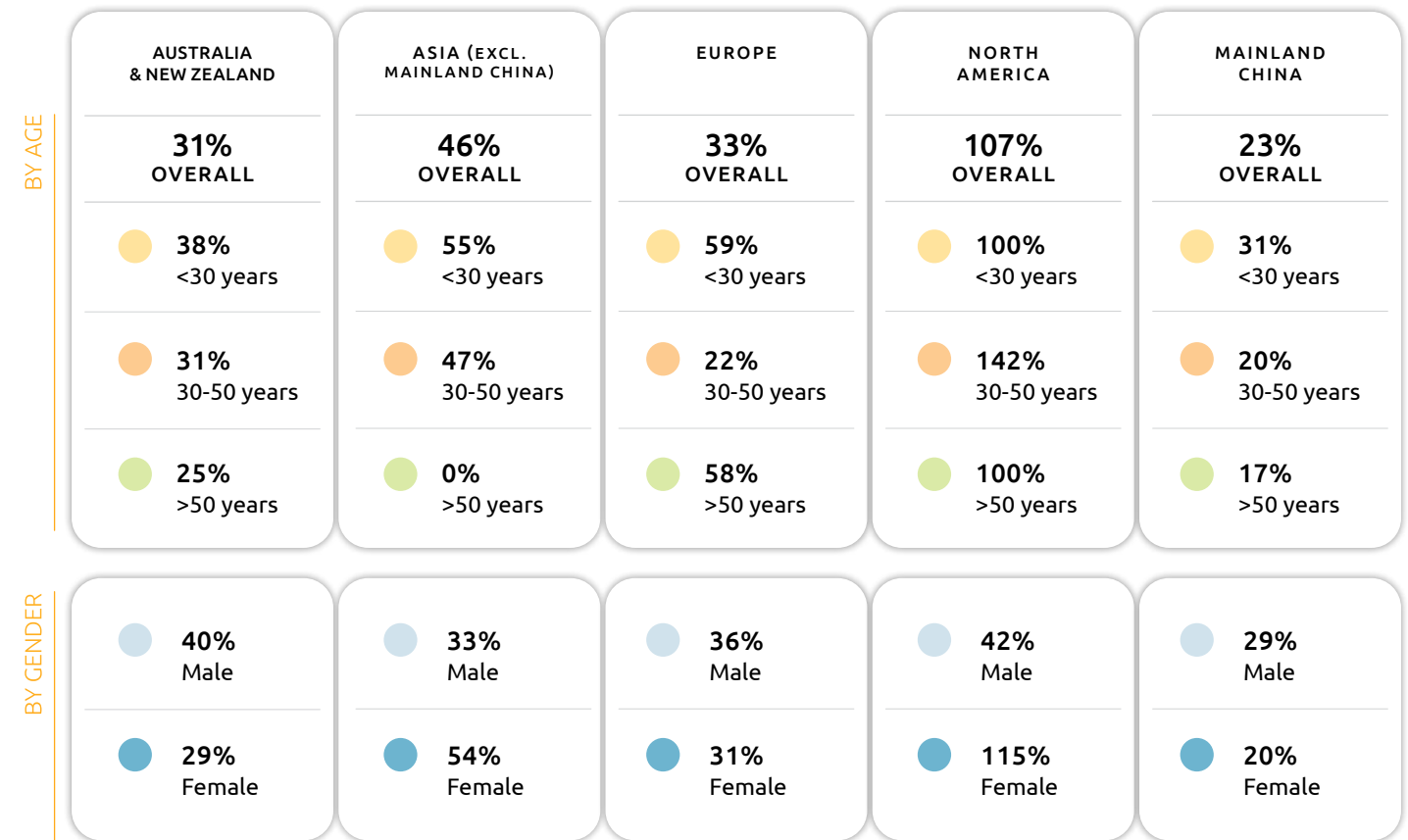
TOTAL NUMBER AND RATE OF NEW EMPLOYEE HIRES IN 2021, BY AGE GROUP, GENDER AND REGION

● <30 years ● 30-50 years ● >50 years



All employee numbers use 'headcount' as the measurement

## TURNOVER



While turnover remained higher than expected, three out of five regions saw an improvement on their turnover compared with 2020 rates: Australia and New Zealand; Asia excluding mainland China; and Europe and the United Kingdom. We have proactive plans in place to ensure this continues into 2022 and beyond. The turnover rates for our female team members dropped significantly in 2021 in all regions except North America. The turnover rates for our male team members increased in four out of five regions (all excluding mainland China). The turnover rates in North America are driven by restructuring this region to align to a change in strategy and shift in focus from ANC to PNC as the key opportunity of growth for H&H within this region. This restructure involved the closing of an office in California, which contributed to the high turnover rates.

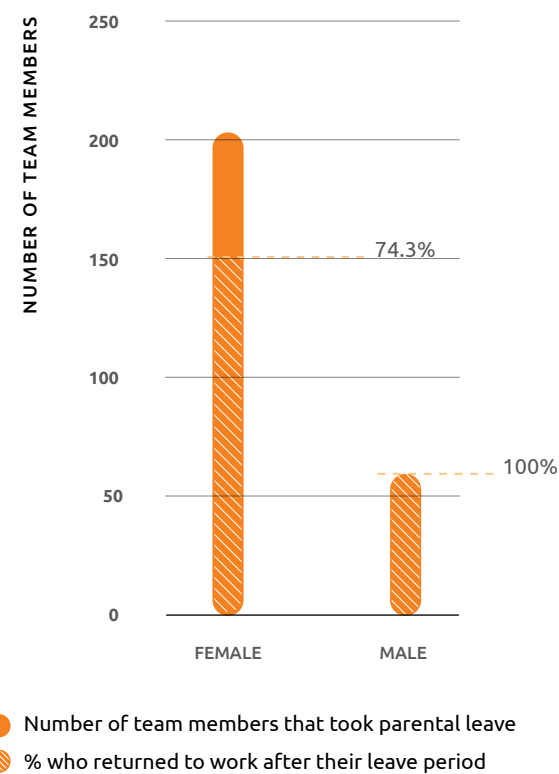
## RETENTION

We monitor employee retention, seeking to understand why our employees sometimes choose to leave. During 2021, we experienced high business volatility due to the pandemic and other macro factors, along with restructuring in some of our regions to realign the organisation to the future strategy. This led to a turnover rate of 26.4% for 2021 – a 1.4% increase in turnover from 2020 levels. We will continue to monitor turnover with more frequent reporting, hold in-depth exit interviews to draw insights and set benchmarks for target rates. Most markets and businesses have experienced higher than usual turnover rates in 2021 due to the macro factors mentioned above. We are being proactive to retain team members by leveraging a number of development and retention strategies.



## PARENTAL LEAVE

We report on parental leave and return to work rates as a means of measuring how we are supporting employees as they grow their families. Given we are in the business of inspiring wellness at every life stage, and have a huge focus on baby nutrition and care, we think it's particularly important that we 'walk the talk' and give the mums and dads in our teams the chance to take time off work and return to their jobs without impacting their career progression. All our team members are entitled to parental leave, although the eligibility criteria and amount available varies from region to region. We go beyond regulatory requirements in two of our five regions – Australia and New Zealand and Europe/United Kingdom – providing additional paid leave or financial support. We also recognise this is a way of supporting gender equality across our operations.



## FINANCIAL SECURITY

Our benchmark for remuneration is often set far above the minimum requirements. We ensure that every team member is paid a fair wage. We monitor market rates in all regions utilising our banding structure to ensure we are providing attractive benefits for team members at varying stages in their career or levels of management. We incentivise and reward our team members with industry benchmarked salaries and bonuses for meeting or exceeding goals and targets.

Salaries are reviewed at least once per annum, with consideration given to the competitive market rate and the individual's role, responsibilities and performance. Salary increases are then calibrated amongst senior managers to ensure a fair and equitable process and assessment against our AID Talent framework.

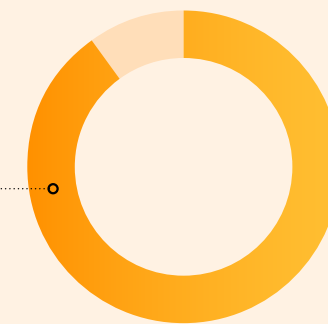
In 2021, all 110 team members in France (constituting 43.7% of total team members in our Europe and

90.2%

OF NON-EXECUTIVE TEAM MEMBERS RECEIVED A BONUS

United Kingdom region) were covered by collective bargaining agreements. In China, 85% of our team members were covered by unions (however not specifically collective bargaining arrangements). We did not employ team members under collective bargaining arrangements in any other regions.

During 2021, 90.2% of team members received a bonus. This is a lower percentage compared to the 97% of team members who received bonuses during 2020, due to challenging macro factors facing the business in 2021.



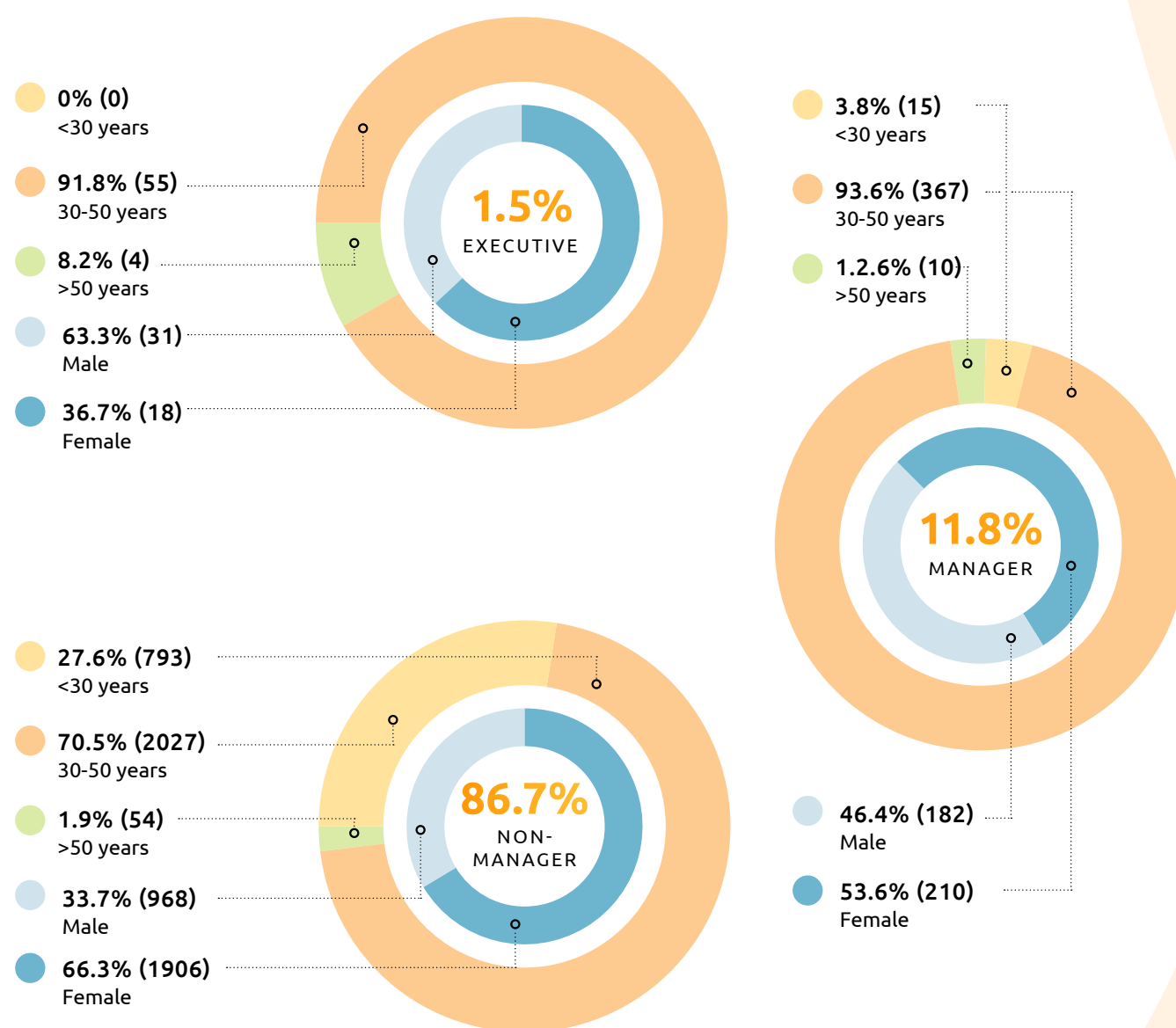


## DIVERSITY, EQUITY AND INCLUSION

Driving a diverse, equitable and inclusive culture has always been important, but has become a more pivotal focus for the Group in recent years. Our Australia and New Zealand region has been leading the way by establishing a committee of passionate team members to support our progress in this space. This committee is called 'CLEW' which means 'Celebrate Life Every Way' and is linked to our core value of 'Celebrate Life Every Day'. CLEW is made up of 26 team members who have volunteered to help foster our Diverse & Inclusive (D&I) culture. There are six sub pillars that the team focus on and there is a strategy and a roadmap for improving across each pillar. Australia and New Zealand will be sharing their learnings with all other regions, and we will establish a D&I approach and focus for all regions during 2022. These will be tailored to the local market to ensure relevance.

### TEAM MEMBERS BY LEVEL, AGE BRACKET AND GENDER

Numbers are by headcount at the end of the reporting period



## HEALTH AND SAFETY

Our Global Health and Safety Policy has been implemented at all sites across the world, covering 100% of our team members, since 2020. The Policy covers how to raise and manage health or safety risks, and log and manage incidents.

We are proud to report that across the Group we have had no incidents of non-compliance with relevant laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards in 2021.

In 2021, we had two work-related injuries (both during a home-work trip) which resulted in a total of 50 lost days of work. There have been no fatalities at H&H for as long as we have been reporting, since 2017.

### SAFETY IN 2021

- No fatalities reported
- Two work-related injuries resulting in a total of 50 days in work lost
- No acute, recurring or chronic health problems caused by work conditions
- No incidents of non-compliance with laws and regulations relating to safe working environments and/or protecting team members from occupational hazards
- Health & Safety Committees in Australia and New Zealand, mainland China and Singapore
- 100% of team members in Australia and New Zealand and mainland China received training on Occupational Health and Safety (OH&S).

## MODERN SLAVERY

H&H has a Modern Slavery Statement, which we review and update each year. This Statement covers H&H Group and our operational entities globally. This outlines the actions we have taken to reduce the likelihood of Modern Slavery across our business, such as (but not limited to): identifying material risks and topics; launching and rolling out our Supplier Code of Conduct (which includes a section on our stance on human rights and freely chosen employment); implementing a formal process for carrying out due diligence across our direct suppliers; and pursuing our B Corp certification journey. Our suppliers must sign the Supplier Code of Conduct when the supply relationship commences, and follow the guidelines within this to continue partnering with us. Our 2021 Modern Slavery Statement can be accessed [here](#).

In Australia and New Zealand, our OH&S training covered aspects relevant to types of work. For example, for office and home-based team members, this includes an office tour including fire exits, what to do in case of fire, and who our fire wardens and first aid trainers are (there are also posters on every floor with these team members and their contact details). For employees who work from home (or those whom work hybrid) this includes how to ensure an ergonomic setup and how to report health and safety risks. For our Sales Field Team, they receive training specific to driving and on the road in their cars, which is delivered by a specialised training provider. For our teams based onsite at our packing facility, this includes training specific to the site and may include job-based training on driving and managing equipment (i.e. forklifts). We also have mental health first aiders across our Australia and New Zealand team ready to support our team members if and when needed.

## HEALTH AND WELLBEING TO SUPPORT OUR TEAM MEMBERS' WELLNESS JOURNEYS

At H&H we provide opportunities to all team members to celebrate and share what wellness means to one another, as it is a very important part of our company's culture. We not only want to ensure our consumers and customers are healthy and happy, but also our team members. During the second week of June, all H&H team members celebrated Wellness Week. This week provided us with the opportunity to partake in a wellness activity each day, a Group-level movement goal, mindful music, tasty and nourishing recipes shared by our team members, worldwide workouts, and tips and advice to nourish and support our bodies, ecosystems, and communities. Each activity brought one of our three pillars of wellness – Nutrition, Movement and Mindfulness – to life. Wellness Week was a great initiative that enabled all team members to become even healthier and happier, and encouraged us to participate and incorporate activities into Wellness Week and beyond.



## WELLNESS WORKING GROUP INITIATIVE IN AUSTRALIA AND NEW ZEALAND

A fundamental part of workplace wellness at H&H lies within our core values. We endeavour to provide a safe and healthy environment at work. Our values 'I Trust You' and 'Let's Be Brave' encourage team members to raise challenges and concerns, and we expect our leaders and managers to respond swiftly and appropriately to provide support and solutions.

Our regions take different approaches to providing working environments which support both mental and physical health and wellness. For example, in mid-2021, our Australian team set up a 'Wellness Working Group' holistic workplace wellness initiative. This has the vision to empower team members to be their authentic best selves in a safe and healthy environment every day. This encourages team members to look after their physical and mental health and wellbeing.

The working group uses a framework called 'Thrive at Work' which is a workplace wellbeing model developed by Curtin University's Future of Work Institute, which incorporates input from world-leading experts on work design and employee wellbeing. Using this 'Thrive at Work' framework as guiding principles, the working group developed four pillars to approach wellbeing as a continuum to get well, stay well and thrive. The four pillars

are designed to support team members at every stage of their career and wellness journey:

- **Mentally resilient:** Supporting team members to be mentally resilient
- **Healthy relationships:** Building positive and healthy relationships
- **Secure and safe:** Ensuring H&H is a secure and safe organization
- **Physical best:** Supporting team members to be physically healthy.

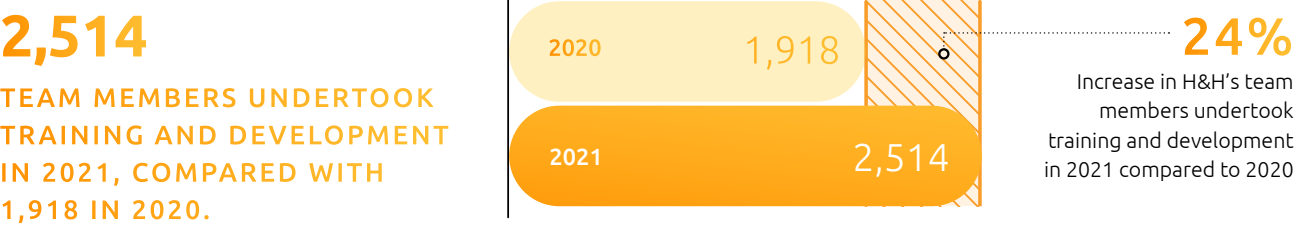
Each of these pillars is supported by a sub-group that includes a cross-section of the Australia and New Zealand team. Each group/pillar provides all team members with support, training, information and guidance to provide preventative health initiatives and information. Team members can seek advice and support from this working group with any challenges or situations that may cause injury or ill health.

In 2021, the working group also encouraged team members to identify and share any specific areas of concerns, including through a comprehensive survey of all Australia and New Zealand team members which was reported back to management.



TRAINING AND DEVELOPMENT

We provide team members with training and development opportunities through internal and/or external courses covering leadership, diversity, culture and technical training. Some key highlights include:

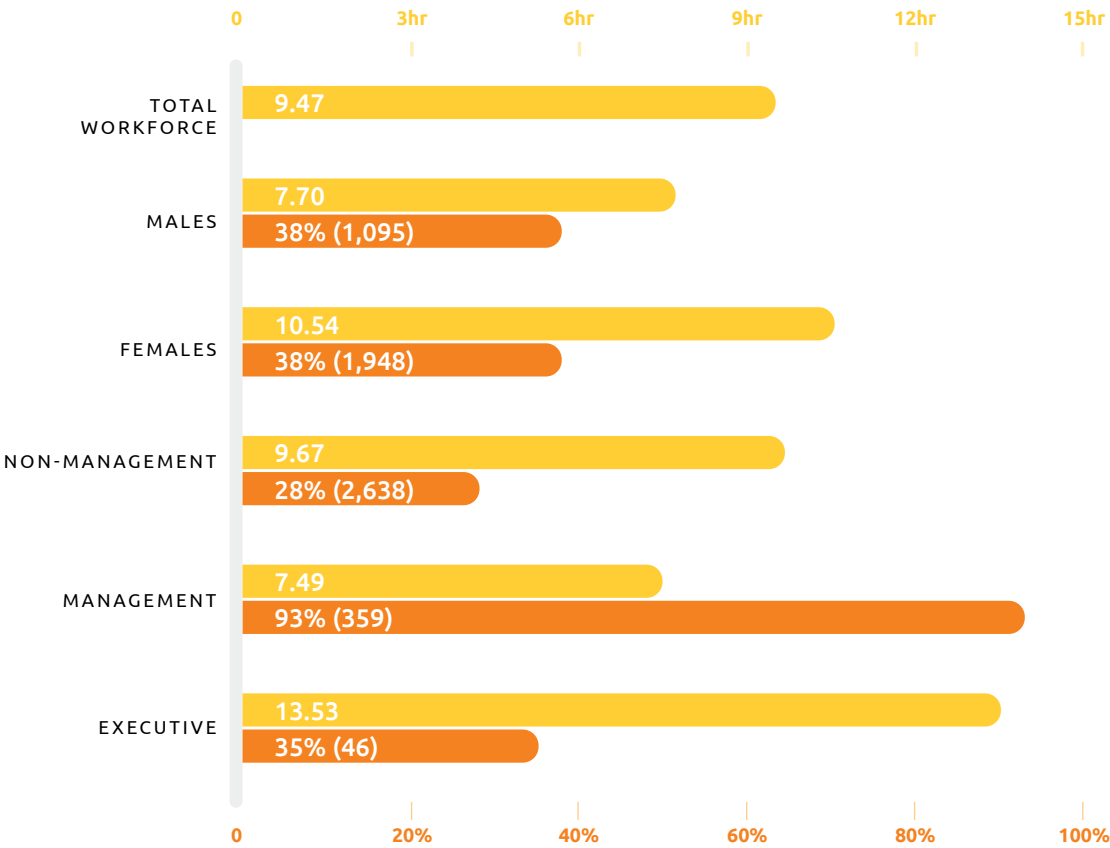


- The total number of hours of training and development undertaken across the Group in 2021 totalled 32,290, compared with 31,524 hours in 2020.

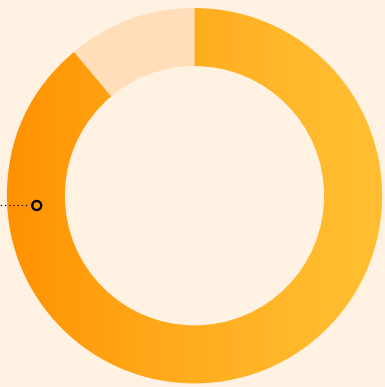
These increases demonstrate our ongoing commitment to the growth and development of our team. We also recognise that career opportunities and development are key retention strategies, so this focus will continue throughout 2022.

TRAINING AND DEVELOPMENT IN 2021 BY CATEGORY:

- Average number of hours of training and development
- Percentage and number of team members that undertook training and development



Please note the 'number and percentage of team members that undertook training and development' data does not include the Europe and United States employees (representing 8.2% of global employees) due to time constraints in collecting this information.



88.92%

OVERALL SATISFACTION RATING FROM TEAM MEMBERS IN RELATION TO TRAINING AND DEVELOPMENT (VERSUS 85.67% IN 2020).

We had to pivot our training and development programs during the pandemic and run the majority of these sessions virtually, so it is pleasing to see satisfaction levels have increased.

*\*Satisfaction has been calculated on a weighted average to give a true and accurate representation*



32,290 HOURS

Total number of hours of training and development undertaken across the Group





## SUPPORTING GOOD GOVERNANCE

We make decisions taking all stakeholders into account, ultimately serving our purpose to make people healthier and happier.

We act with strong principles and put in place structures, processes and monitoring systems that work towards a sustainable future. We monitor and mitigate risks and capture opportunities that support our mission.

We transparently share information relating to company performance.

## COMBATING POTENTIAL FRAUD AND CORRUPTION

### ANTI-FRAUD AND ANTI-CORRUPTION POLICIES

H&H Group strictly abides by laws and regulations on anti-corruption, integrity, and business ethics. In 2021, we created and disseminated our 'Group Anti-Fraud Policy' and 'Whistleblower Protection Policy' to team members at all levels, and all suppliers and business partners. Prior to this, we had regional policies in place in China, Australia and New Zealand. All policies have explicitly conveyed our consistent zero tolerance approach towards any type of fraud or corruption.

Our Anti-Fraud Policy stipulates that the Group and all its employees are responsible for preventing any fraudulent actions including, but not limited to, corrupt practices (e.g. soliciting/accepting inappropriate commercial interests), disregard of conflict of interests, embezzlements, and/or misappropriation of company assets. The policy clearly states the company's authority to conduct anti-fraud investigations, the principles of reporting in good faith, and protecting whistleblowing.

Our Whistleblower Protection Policy outlines the multiple whistleblowing channels available to all team members and business partners, including our supply chain. It also outlines our measures to protect whistleblowers, to encourage those to report in good faith without fear of any reprisal or retaliation.

### INDEPENDENT ROLE OF THE INTERNAL AUDIT FUNCTION

We have applied Three Lines of Defence in our anti-fraud management approach. The Group's Internal Audit function acts as the independent role of the Third Line in coordinating and conducting fraud investigations. This team directly reports to the Board's Audit Committee and the Group's Executive team, so that they can be free from any interference when working to combat any potential fraud or corruption.

### ANTI-FRAUD AND ANTI-CORRUPTION COMMUNICATIONS WITH THE BOARD'S AUDIT COMMITTEE

Our Internal Audit function holds semi-annual meetings with the H&H Group Board's Audit Committee and H&H senior executive team to review their audit and anti-fraud and anti-corruption work. This team also reports the Group's anti-fraud and anti-corruption performance to the Audit Committee on a quarterly basis and on an as-necessary basis. This ongoing communication ensures the Audit Committee can effectively oversee the Group's practices. The Audit Committee then reports to the entire Board if there is any significant fraud or corruption case.

### ANTI-FRAUD AND ANTI-CORRUPTION COMMUNICATION AND TRAINING

We attach great importance to improving our team members' knowledge and awareness of anti-fraud and anti-corruption measures, and provide training using a variety of approaches. Our on-boarding training for new team members include specialised and deep-dive topics, which clearly explain our whistle-blowing channels and our requirements to prevent fraud and corruption.

In 2021, our Group Risk Management function initiated an 'Annual Compliance Training Program'. The program first rolled out in mainland China, and included systematic training and tests covering a wide range of topics, including but not limited to the employee Code of Conduct, finance compliance, anti-monopoly, information security, inside information and securities dealing, and conflict of interest. By the end of September 2021, more than 99% of team members in mainland China had fully completed the training and acknowledged their conformity with our compliance requirements. We are currently rolling out the program across our offices in Europe, and expecting team members to complete the program by April 2022.

We will then implement the program in Australia and New Zealand, North America and other markets within the Asia region within the next year.

Our directors are expected to comply with high standards of professional and ethical conduct. As part of our corporate governance practices, they receive a specific training on their fiduciary duties and responsibilities when they are appointed and on a continuous basis. They are also regularly informed and updated on directors' duties including anti-corruption matters.

Our Internal Audit function performs quarterly audits for mainland China, which is our largest market. These risk-based sample tests cover a variety of expense reimbursements, employee's claims of conflicts of interests, contracting processes and other fraud risk-related areas. The team then shares the results, and any control weaknesses identified, to all mainland China team members to draw their attention to these.

We are committed to H&H as a fair and transparent workplace. To continue to foster this, our H&H's 'Supplier Code of Conduct' promotes values that advocate compliance and integrity, and outline our supplier anti-corruption and anti-money laundering principles. In addition, information about our whistleblowing channels is semi-annually communicated to all our suppliers and business partners via emails and/or attachments to contracts, to ensure their proper acknowledgement.

Based on our policies, when any fraud is substantiated, the relevant team members or parties are subject to appropriate disciplinary measures. We also internally publicise case summaries to enhance our team members' anti-fraud knowledge and awareness.





## WHISTLEBLOWER REPORTING

Our whistleblower reporting platform 'HH Speak Up' has been functioning well since its introduction in 2019. This platform is managed by external provider Deloitte to guarantee the confidentiality of anonymous reports, and prevent any communication distortion. The platform is available to all team members, suppliers and retailers across regions on a 24/7 basis, through multiple reporting channels – such as an official website, telephone and email contacts. Upon receipt of a report, the report is put on file and investigations begin immediately.

This 'HH Speak Up' reporting platform, along with our policies and training programs, provides an integrated framework for our anti-fraud and anti-corruption practices.

In 2021, 33 cases were reported to the Group's Internal Audit function via reporting channels, including 'HH Speak Up'. All cases have been investigated, and 17 employees were dismissed due to violation of the Group's rules and policies. One team member was referred to the police, due to his misappropriation of the company's assets. Meanwhile, we sought the support of external consultants for five cases which significantly assisted these investigations.

## RISK MANAGEMENT

Our risk management follows the Three Lines of Defence model, which is explicitly stipulated by the 'Group Risk Management Framework'. This framework applies to all team members and entities within H&H Group, and delineates the accountability and responsibilities of each party for risk management and the control environment.

We attach great importance to effective risk management. We have a 'Group Risk Management Framework' as a general guidance to our practice of risk management, which echoes the principles issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The framework defines the organisation structure, roles and responsibilities, annual and daily risk assessment processes. This aims to continuously improve the Group's risk management and internal compliance system.

Our risk management function conducts semi-annual enterprise risk assessments which covers every region and function within the Group. A holistic risk map is then reported to the Board, Audit Committee and Executive team to support their strategic decision making.

## GOVERNMENT AFFAIRS

Our Communications team managed our engagements with government departments, policy makers and industry associations in 2021, including participating in industry forums and events. This aimed to strengthen our relationships and position the company as a trusted industry leader on a range of important industry development issues. We do not have any government entity in our shareholding structure. The H&H Group did not make any financial or in-kind political contributions in 2021.

## PRIVACY

All H&H Group brands fully comply with privacy legal requirements in the markets in which we operate.

To provide some examples, in 2021, we remained compliant with the General Data Protection Regulation (GDPR) in the European Union, The Privacy Act in Australia, Personal Data (Privacy) Ordinance in Hong Kong SAR, The Personal Information Protection Law of the People's Republic of China, the California Consumer Privacy Act (CCPA) in the United States, and the Personal Data Protection Bill in India. We follow the principle of 'Privacy and Security by Design and by Default' throughout our information security systems.

We continued to use our 'Personal Data Breach Response Procedure' and 'H&H Privacy Impact Analysis Procedure' across markets to better respond to privacy challenges. We have specific consumer data protection and privacy policies in place, and deploy Information Security Management Systems or equivalents to prevent breaches and resolve incidents. Examples include: our China team conducts periodic awareness training, global risk assessments and tests the resilience of key business processes and systems against security breaches; and in Australia, we ensure our customers first agree to clear terms and conditions at the point of data collection.

Globally, we had no incidents of non-compliance relating to privacy matters in 2021. We did not have any identified leaks, thefts, or losses of customer data.

## INTELLECTUAL PROPERTY (IP)

We maintain a central, Group-wide Intellectual Property and Trademark Register, which is administered by the Group's Legal department with support from external law firms. This process manages disputes alongside any other IP challenge.

Each brand also monitors the market for local infringements on IP rights and trademarks, and escalates issues to the Legal department for their region. We had no incidents of non-compliance related to IP across our regions. We also maintained the Group's product information database, where confidential product information on our brands and product categories can be safely stored and used.

# TAX TRANSPARENCY

H&H Group supports tax transparency to ensure the building of trust in the many tax jurisdictions in which we operate.

We pursue a proactive approach to tax strategy. Long-term tax planning seeks to enhance sustainability and shareholder value whilst having full regard to all relevant tax laws and regulations. These principles are governed by the Group Tax Risk Management Policy.

This policy is approved by the Board of H&H Group and covers:

- tax strategy
- tax governance principles
- tax risk appetite
- tax risk management.

This Policy is reviewed annually and supported by the Group Delegation of Authority, Group Risk Management Policy, and the Group Transfer Pricing Policy.

# EFFECTIVE TAX RATE

The effective tax rate is an accounting concept and reflects the income tax accrued on the profit for a particular year. It differs from the actual income tax payable in that year due to timing differences, where the timing of income and expense recognition differs for accounting and tax purposes.

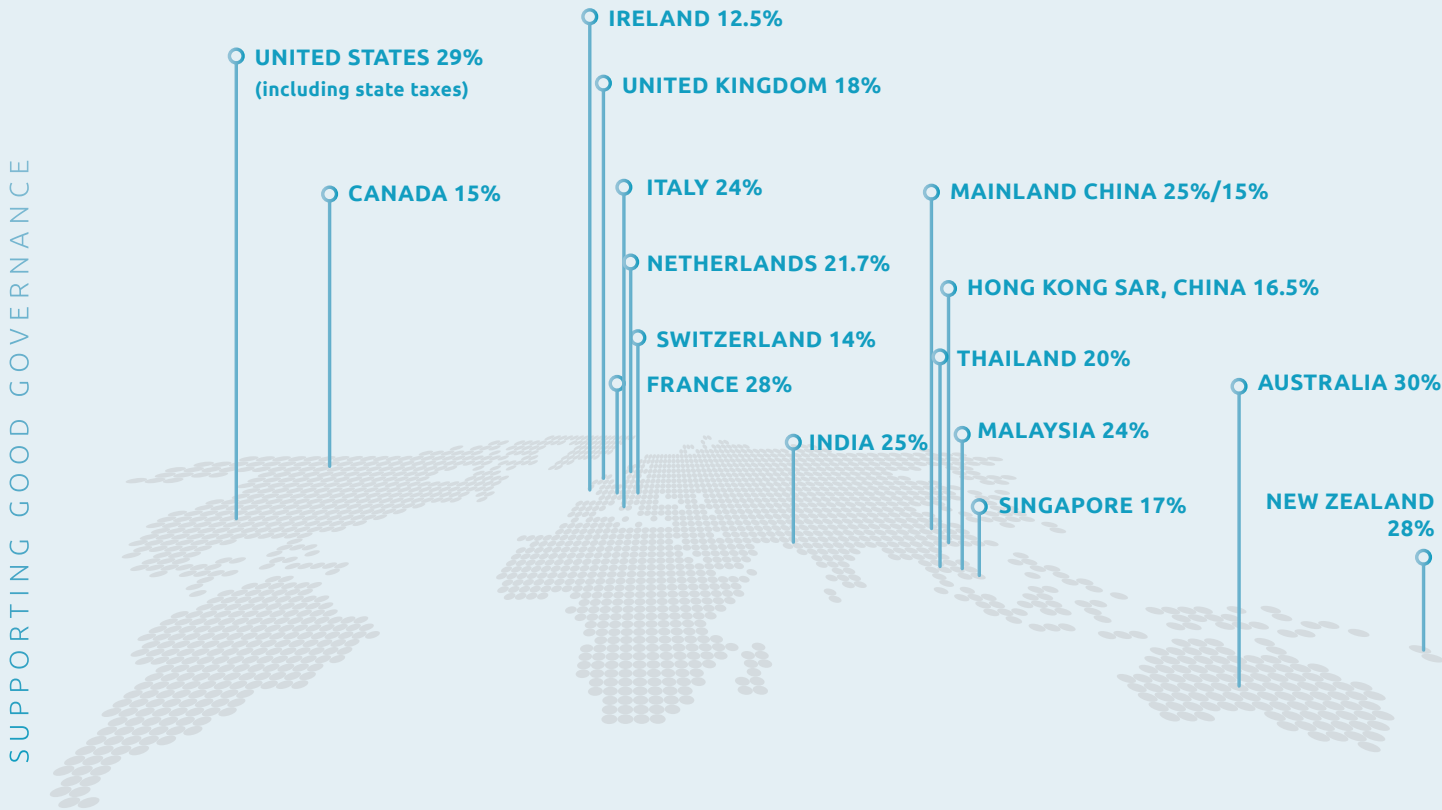
H&H Group’s effective tax rate (i.e. its accounting income tax expense expressed as a percentage of the profit before tax) was 40.2% in 2021 and reflects:

- non-deductible expenses
- tax losses not being recognised
- regional tax rate differential
- tax concessions.

# OUR TAX CONTRIBUTION

H&H Group operates in numerous countries and as a corporate taxpayer contributes to the economies of the regions in which we operate. The distribution of taxes paid by the Group reflects the geographical spread of our businesses.

## THE 2021 CORPORATE INCOME TAX RATES OF THE TERRITORIES IN WHICH THE H&H GROUP OPERATES ARE:



The company is a Hong Kong tax resident. The principal subsidiaries are disclosed in the 2021 Annual Report.

All related party transactions are conducted under arm’s length methodologies prescribed by the Organisation of Economic Cooperation and Development (OECD) – at both normal market prices and on normal commercial terms – and in accordance with global transfer pricing laws.

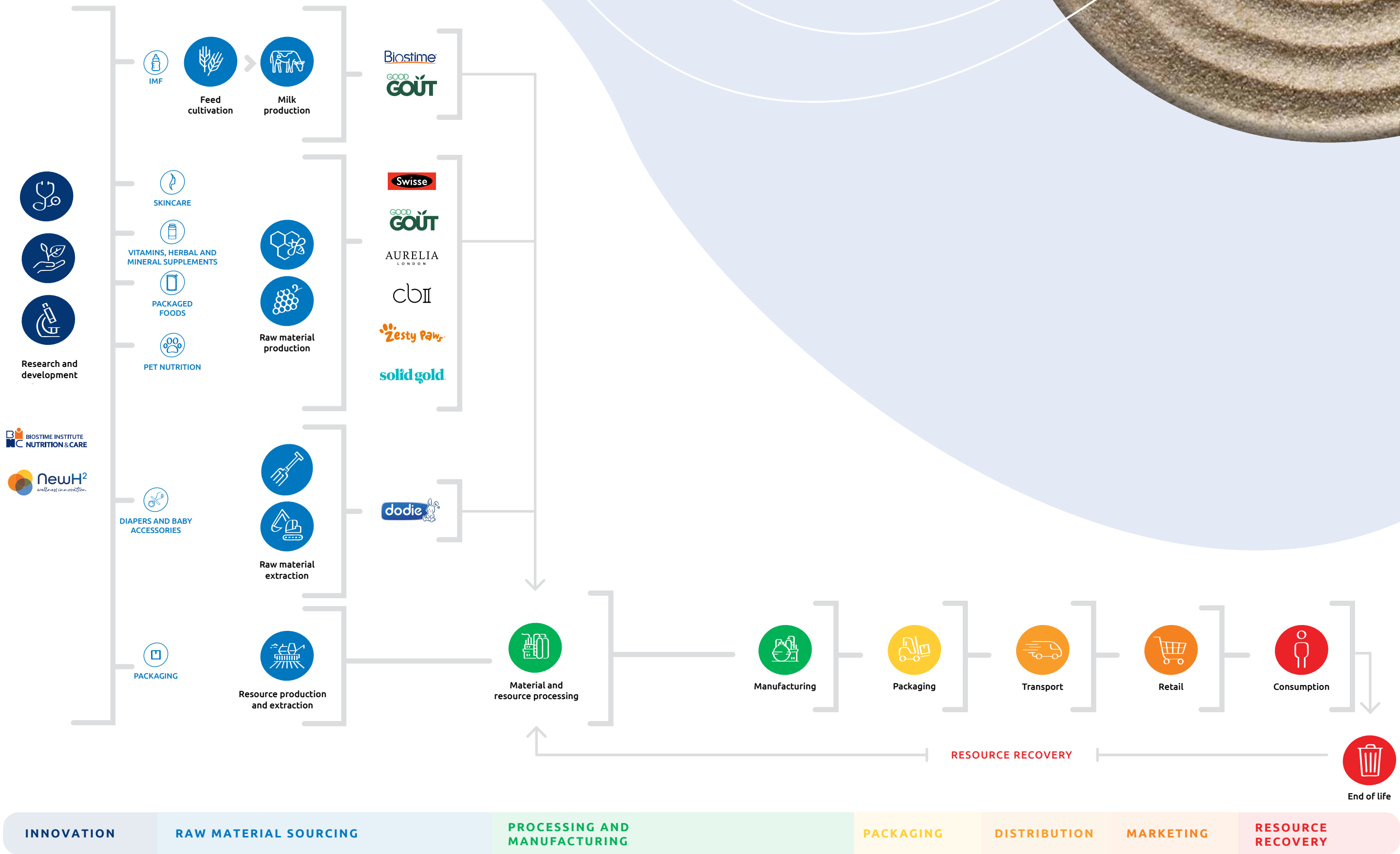
## DURING 2021, THE KEY BUSINESS DEALINGS BETWEEN RELATED ENTITIES OF THE H&H GROUP CONCERNED:

- sales of tangible goods
- provision of funds or loans for short-term or working capital requirements and investments
- licensing of brand names, trademarks and other intellectual property owned by H&H for use
- payment and receiving of dividends
- provision of contract R&D services
- provision of value-added services.



# OUR VALUE CHAIN

OUR VALUE CHAIN



# INNOVATION

H&H Group’s vision is to become a global leader in premium nutrition and wellness through superior products and aspirational brands. Product innovation is at the heart of this, as we focus on delivering meaningful products to our customers to support their health and wellness journey throughout life. We provide science-based products with innovative formulations, new ingredients, and disruptive formats through a tailored portfolio, across the whole family life span, ranging from Baby to Adult and Pet Nutrition and Care.

In 2021, we deepened and enhanced the Group’s Innovation Strategy, strongly rooted in our H&H three pillars of wellness: Nutrition, Movement and Mindfulness. We have revisited the consumer benefits that we aspire to bring and aligned these across the full life spectrum from pre-conception to healthy longevity and across our business categories. We have defined the three key enablers to innovation across our categories to be: Consumer Experience; Personalisation; and Naturalness and Sustainability. This renewed Innovation Strategy provides our businesses – and particularly our R&D teams and our partners – a clear framework for new projects, new products and sustainable business growth.

## NEW PRODUCT HIGHLIGHTS

### NEW PRODUCTS BY CATEGORY

|                                                                                     |                         |    |                   |
|-------------------------------------------------------------------------------------|-------------------------|----|-------------------|
|  | FORMULA PRODUCTS        | 29 | VERSUS 3 IN 2020  |
|  | SUPPLEMENT PRODUCTS     | 73 | VERSUS 65 IN 2020 |
|  | SKINCARE PRODUCTS       | 33 | VERSUS 21 IN 2020 |
|  | BABY ACCESSORY PRODUCTS | 23 | VERSUS 41 IN 2020 |
|  | PACKAGED FOOD PRODUCTS  | 27 | VERSUS 21 IN 2020 |
|  | PET NUTRITION           | 37 | VERSUS 0 IN 2020* |

## 222 NEW PRODUCTS

Launched across the Group in 2021

\*Note: We acquired our first PNC brand, Solid Gold, in late 2020, and Zesty Paws in October 2021. Accordingly, we did not record that H&H created new products in this category in 2020. This also reflects the increase in products from 0 in 2020 to 37 in 2021.

## BNC



### BIOSTIME® 2'-FL HMO PROBOOST + VIT D

Our Biostime brand launched Australia’s first-to-market HMO supplement in 2021. In line with our commitment to supporting ‘The story of good health’, Biostime® 2'-FL HMO ProBoost + Vit D features 2'-FL HMO. This is a human milk oligosaccharides found abundantly in breastmilk, that acts as a prebiotic and supports immune system development, reinforcing Biostime’s position as an expert in immune and microbiome health.

### ORGANIC GOAT INFANT MILK FORMULA RANGE IN FRANCE TO SUPPORT LESS METHANE EMISSIONS

Biostime France launched an Organic Goat infant milk formula range in 2021, supporting our commitment to reduce our footprint on the planet. Goats emit six times less methane than cows to produce one litre of milk. The formula offers an optimal nutritional profile with SN2 and pre- and probiotics. This innovative product offering reflects Biostime’s position as the No.1 organic infant milk formula brand in French pharmacies, with 40.3% value market share at the end of 31 December 2021 (source: Gers).



### DODIE DIAPERS NOW ECO-FRIENDLY

In early 2021, our Dodie brand launched its first range of eco- and baby-friendly diapers. These diapers are manufactured in France, and are produced using materials of 100% natural origin. The outer packaging is made from 80% recycled plastic.





### SWISSE EARTH RANGE

Swisse Earth – a certified ethically, responsibly and sustainably sourced vitamin and supplement range – launched in Australia in December 2021. It has clean, cruelty-free and plant-based formulas, and uses recycled and recyclable packaging.

The range includes four premium quality powder blends. These formulations contain nourishing, locally and sustainably sourced ingredients for a light touch on the earth.

The Swisse Earth range is consciously packed with components that use bio-based materials. The primary packaging consists of a cannister made from 70% recycled paper, which is fully recyclable. For more details on the Swisse Earth range, please see the 'Consumer Engagement' section.



### AURELIA LONDON CONDITIONING EYE AND LASH CLEANSER

Aurelia London launched a clever new cleanser containing ancient Inca maca root extract which stimulates the eyelash hair follicles to support optimal nutrient uptake and has been shown to boost thickness and increase growth.



### SWISSE GUMMIES

In 2021, our Swisse brand launched supplements in the format of chewable gummies. Our scientifically formulated gummy products contain no added sugar, and have only natural colours, flavours and sweeteners. Our Swisse Kids gummies are 99.9% sugar free, and our Swisse gummies for adults are 99% sugar free.

Prior to developing these, we were hearing anecdotal feedback about "tablet fatigue" and could also see through our market research and global trend data that consumers were increasingly seeking new formats to experience. This was particularly true for young adult consumers, who were looking for an engaging experience when looking after their health, and also seeking beauty-from-the-inside-out support.

A key benefit we see for gummies is that if children and adults enjoy taking them, they are more likely to be consumed on a regular basis. This is particularly the case with children, who are more likely to consume products with health benefits that are appealing, for example for their daily immune and healthy growth support. For adults, if gummies can seamlessly fit into their lifestyles – for example, by having a jar of gummies on their work desk or living room at home – it's both convenient and a tasty way to gain supplementation as needed.





## PLANT-BASED ALTERNATIVES TO SUPPORT OUR CONSUMERS AND THE PLANET

### SWISSE BEAUTY VEGAN COLLAGEN BUILDER

While a number of our existing products within our Swisse range were already plant-based and/or vegan, in 2021, we decided to focus on creating a wider innovation pipeline of vegan supplements targeted at South-East Asian (SEA) markets. We anticipated that the burgeoning interest among consumers in sustainability across SEA would spur demand for such supplements.

This involved bringing together multiple function areas of our business, such as our product development and R&D (H&H Research) teams, marketing, sustainability as well as commercial leads. We also embedded KPIs into our business unit growth strategies to ensure we would deliver.

In 2021, we launched our first product of this vegan range – Swisse Beauty Vegan Collagen Builder.

This product is a premium quality formulation to support skin repair, regeneration and collagen formation. Key ingredients include vitamin C, nicotinamide, vitamin E and zinc, and proline,

lysine and glycine, which are essential building blocks of collagen protein. As is widely known, collagen is a major protein found in the dermis of the skin, where the first signs of ageing occur.

We initially launched in Australia and Singapore, and are preparing to launch it across additional markets in the region in 2022. We're also planning to launch a broader range of vegan supplements targeting other specific consumer health and beauty needs in 2022.



### GOOD GOÛT'S PLANT-BASED PORTFOLIO: A GREAT WAY FOR BABIES AND YOUNG CHILDREN TO EXPAND THEIR TASTE PALETTE

Good Goût's consideration for consumers and the environment are at the core of its product portfolio. The brand has a wide range of plant-based products, ranging from meals with delicious plant-based recipes, to desserts, yoghurts and drinks containing alternatives to cow's milk.

The rationale behind these tasty alternatives is not only to make a flexitarian lifestyle more accessible to families, but to also expand babies' taste palettes through discovering new tastes and flavours.



### GOOD GOÛT'S 'BISCUITS DU BOULANGER': ANTI-WASTE BISCUITS

Good Goût, our premium children's nutrition brand, recently launched a new product called 'Biscuits du Boulanger' which contains recycled bread.

The bread is collected from local businesses around Good Goût's manufacturing plant in France, where it has gone unsold and would otherwise be thrown away. It's crushed on the same day it's collected, transformed into flour, and then incorporated into Good Goût's recipe – in total, 18% recycled, organic bread is used.

The anti-waste cookies do not contain palm oil and come in recyclable packaging.

Good Goût achieved B Corp status in 2020 and has also been officially recognised as an 'Entreprise à Mission' in France.



### PNC

#### NUTRITION FOR HEALTHY PETS

Because our cats and dogs also deserve to live healthy and happy lives, our Solid Gold brand launched a premium range of nutrition products powered by plasma in 2021. This NutrientBoost™ range improves digestion and nutrient absorption, with protein-packed plasma that is rich in essential minerals, amino acids and antibodies.





# RESEARCH & DEVELOPMENT

In 2021, we established a new and diverse R&D leadership team, building on our talents and experience in our regions combined with new experienced leaders in Science, Innovation and Quality from other Nutrition and Consumer Health industries. The leadership team now comprises 14 team members, covering Research & Innovation, Translational Science, Product & Technology Development, Quality & Regulatory – who represent eight nationalities and 43% female to 57% male ratio.

We have structured our newly established H&H Research organisation to maximise collaboration across our functions, categories and regions, and to establish a new global R&D footprint for H&H with proximity to all our key markets. The Group’s two sister Research & Innovation Centres continue to be based in China and Ireland/European Union. We have strengthened our Translational Science Teams in Australia and Switzerland, as well as our Regional Innovation & Product Development Centres in China, Australia, Europe and the US.



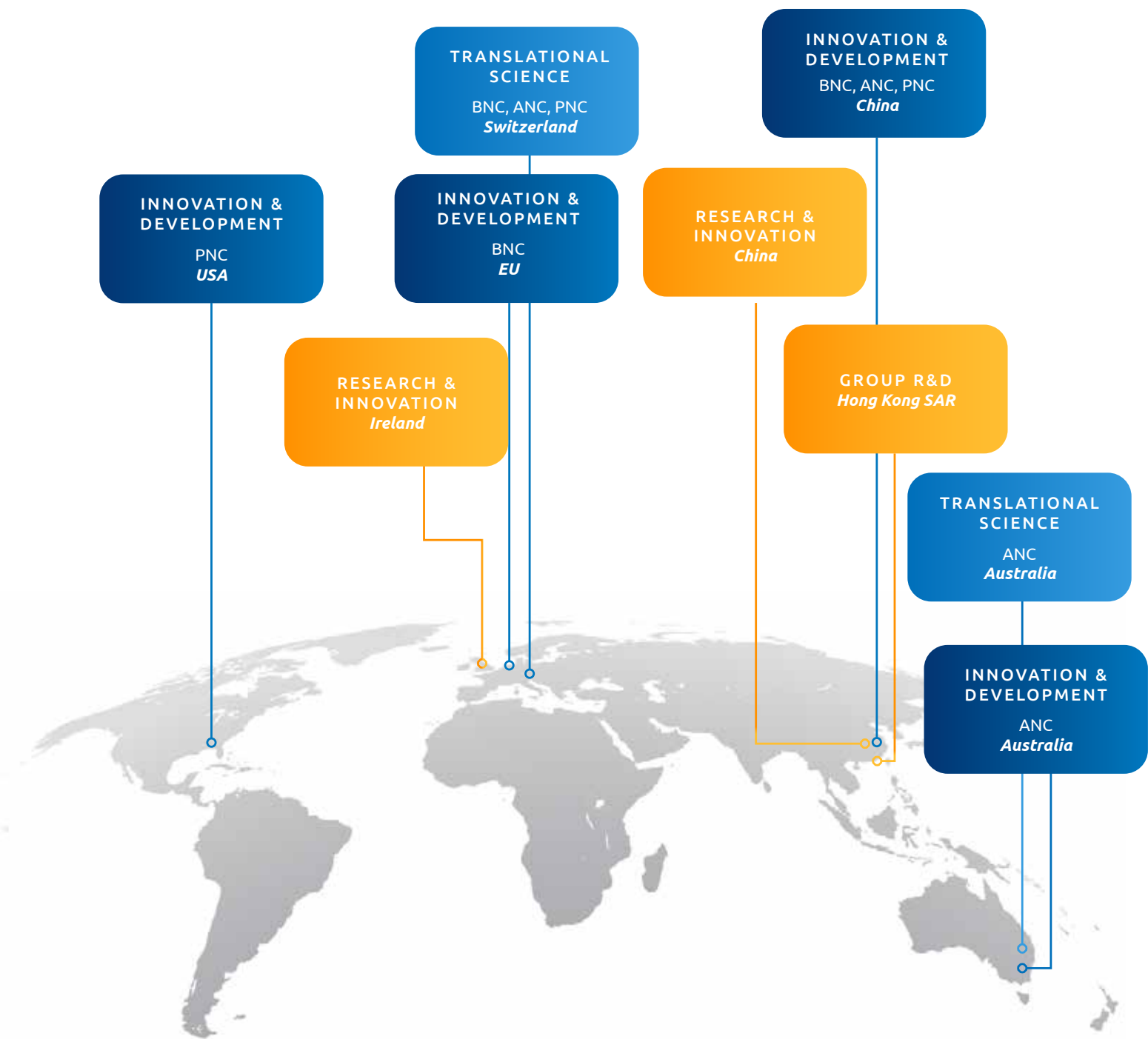
H&H Research is the newly established global R&D organisation that represents all our scientists, technologists, quality, regulatory and innovation professionals across the H&H Group. It powers and enables innovation within the H&H Group and fuels the innovation pipelines for our portfolio of brands.

It drives research and innovation, new product and technology development, translating the science of ingredients, its sensorial and health effects into new formulations, formats and packaging, while ensuring regulatory compliance and quality assurance. This enables the Group to consistently deliver new and exciting premium, science-based products to human and pet consumers across the entire life cycle.



# ESTABLISHING A GLOBAL FOOTPRINT FOR H&H RESEARCH

We have **Research & Innovation Centers** in China and Ireland, **Translational Science teams** in Australia and Switzerland, and regional **Product Development Centres** in China, Australia, France and the US.



With these teams and our enhanced Innovation Strategy we have significantly extended our New Product Development (NPD) and innovation pipelines to extend our reach to more consumers, drive differentiation and consumer experience, enhance our naturalness and sustainability credentials, and to enable our short-, mid- and long-term business growth.

Our Research & Innovation and Science teams continued to work on some ground-breaking research that is fuelling our innovation pipelines across our regions and product categories, including:

- advanced pre-clinical models that facilitate the identification of ingredients and ingredient combinations for the development of next generation products for immunity, digestion, healthy longevity, mobility support and beauty benefits
- gene sequencing profiling gut microbiome, breastmilk microbiome and skin microbiome compositions
- exploration of different biotics (pre-, pro-, syn-, and post-biotics) concepts with promising gut health function, microbial interactions and gut-axis consumer benefits
- development of HMO combinations for applications in infant and children's supplement products
- investigative trials and overall formulation optimisation for infant formula natural fat blends and protein nutritional quality
- human studies on formulations that are designed to support health outcomes for consumers who experience urinary tract infections, complaints related to osteoarthritis, high cholesterol, neurocognitive functions and mood
- development of new sustainable packaging concepts to reduce virgin plastic usage, enhance recyclability and design of completely new renewable packaging options.

We have intensified our research projects and partnerships to reduce the environmental impacts of our ingredients, processes and final products. For example, the assessment of plant- and algae-based ingredients and fermentation-derived ingredients as alternatives for chemically synthesized or animal-derived ingredients. These opportunities guide our plant-based and sustainability strategy and innovation projects, and stimulate research and co-development partnerships that will lead to a more innovative and sustainable product portfolio.

## ENGAGING WITH THE SCIENTIFIC COMMUNITY

To engage the broader scientific community, our H&H Research representatives attended a number of high-profile international conferences in paediatric nutrition, the microbiome and maternal health, with a specific focus on early gut colonisation. An example of this is H&H participating in the 'Probiotics, prebiotics new foods, nutraceuticals and botanicals for nutrition and human and microbiota health' conference held in Rome in September 2021.

Our team members also presented at, and participated in, online forums such as Vitafoods, HealthSpan, Probiotia and the Veeva Quality Summit to connect with other thought leaders and contribute our perspectives to the discussion.

## OUR KEY STRATEGIC COLLABORATIONS

- South China University of Technology, China
- Dalian Institute of Chemical Physics, Chinese Academy of Sciences, China
- Southern Medical University, China
- Jiangnan University, China
- Beijing University of Chemical and Technology, China
- Shenzhen Institute of Advanced Technology, Chinese Academy of Sciences, China
- Chinese Society of Nutrition, China
- Teagasc, Ireland
- University College Cork, Ireland
- APC Microbiome Institute, Ireland
- Maynooth National University of Ireland
- VistaMilk, Ireland
- Isigny Sainte-Mère, France
- Commonwealth Scientific and Industrial Research Organisation (CSIRO), Australia
- Swinburne University, Australia

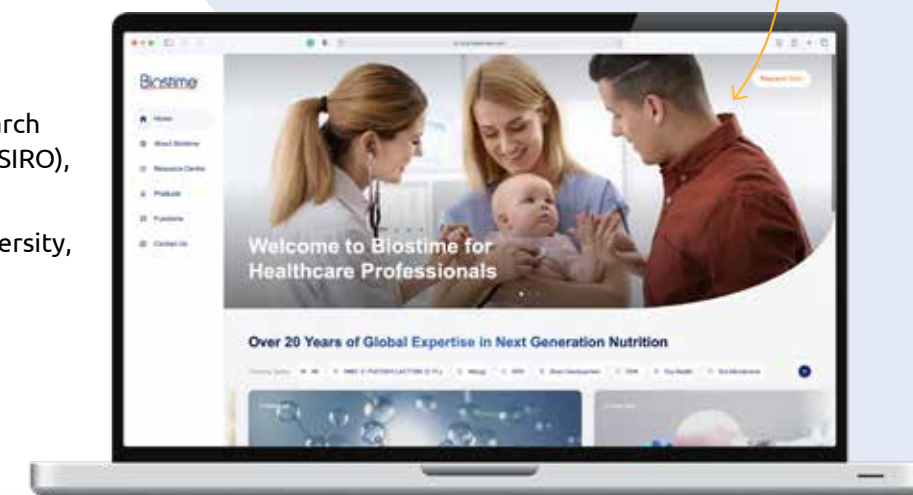
## BIOSTIME LAUNCHES AN ONLINE PLATFORM TO ENGAGE WITH HEALTH CARE PROFESSIONALS

In December 2021, Biostime launched a new and innovative website ([hcp.biostime.com](http://hcp.biostime.com)) dedicated to providing high value content to health care professionals (HCPs). This initiative aims to reinforce Biostime's standing as an expert in paediatric nutrition among HCPs, and enhance the brand's credibility in following proven science. This platform is:

a hub for detailed product information, scientific publications, the latest clinical research and interactive webinars

user-friendly with a quality interface, designed to provide a great user experience and enable easy daily usage.

It will also support Biostime in strengthening its position as a digital and innovative brand among HCPs.



## INNOVATION STATISTICS:

USD22.4 million

spent on R&D in 2021



19

Research projects



16

Patents filed

5

Team publications in peer-reviewed scientific journals



# QUALITY MANAGEMENT

We maintain a robust approach to quality and safety across our brands, and actively manage the potential health and safety impacts of all our products.

## H&H GLOBAL QUALITY MANUAL AND COMPLIANCE

Our H&H Global Quality Manual, launched in 2019, covers key topics such as our suppliers’ required qualifications, bulk vendor specifications, and finished product vendor specifications.

Our products are subject to category and brand-specific regulatory compliance checks, as well as product quality checks and reviews – with an approach based on continuous improvement.

We complete reviews during the research and development phase prior to products reaching the market, throughout the product life cycle, as well as in response to consumer enquiries and/or feedback from regulators.

## CONSUMER FEEDBACK AND COMPLAINTS

We assess 100% of all consumer feedback – positive and negative, including complaints – which supports our continuous improvement approach to quality.

We have a Standard Operating Procedures (SOPs) for complaint management regarding product quality. The main steps include:

- receiving the complaint, and issuing a request for the maximum available information from the external contact at the origin of the complaint
- a preliminary investigation is then conducted with the contract manufacturer based on batch record, in-process controls and retention samples – which allows for a preliminary investigation report
- checking for possible associated vigilance cases
- an in-depth investigation is then conducted with the contract manufacturer, resulting in the production of a detailed investigation report
- providing a detailed response or answer to the complainant
- if necessary, conducting a withdraw or recall, and following crisis management SOPs.

We conduct a complaint status report each quarter, and at the end of each year. This includes analysis of the volume of complaints in terms of percentage of sales. This gives an overview of complaints trends, allows us to compare across periods, and supports the establishment of improvement actions as well as audit plans.

We have begun to roll out e-trainings about this process. In 2021, we conducted a simulated crisis exercise in France in 2021, which will be rolled out to other European Union countries in 2022.

## REGULATORY INTELLIGENCE AS AN INTEGRAL SUPPORT

Our H&H Global Quality Manual and SOPs outline our priority of staying up-to-date through regulatory intelligence. We continually collect information from official and validated sources such as government websites, external consultants and associated validated data, training programs; and through participation in trade union and industry association meetings.

We also regularly share various markets’ regulatory intelligence updates across our global team to anticipate how regulators’ actions in one market may potentially influence another. This ensures teams are well-informed on new information and/or issues that may affect their cross-border projects.



**3,347,481**  
PRODUCT ENQUIRIES

100% OF ENQUIRIES  
RESPONDED TO

100% OF ENQUIRIES  
RESOLVED



**1.5%**  
OF THE ENQUIRIES  
WERE COMPLAINTS\*

100% OF  
COMPLAINTS  
RESPONDED TO

100% OF  
COMPLAINTS  
RESOLVED

\*Representing 49,005 complaints  
Please note pages 88-93 do not include data relating to the Zesty Paws brand, as it was acquired in October 2021.

## QUALITY ASSURANCE, RECALL AND WITHDRAWALS

Our brands follow market- and product-specific quality requirements and processes, depending on whether products are classified and regulated as infant milk formula, baby food, food, therapeutic goods, cosmetics, pet food or other categories within our H&H portfolio. Please refer to Appendix 5 for more information on the regulatory standards we follow across our regions.

Our quality assurance processes and recall procedures are periodically tested through mock recalls. Where necessary, we respond quickly to enact any product recall or withdrawal to protect our consumers, customers and our brand.

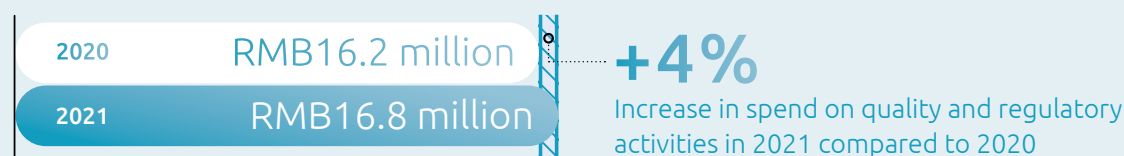
In 2021 we had one product recall and one product withdrawal in France, both which did not result in any consumer harm.

- 1. Good Goût's baby meal 'Fondue de poireaux pomme de terre, cabillaud':** We recalled a single batch of Good Goût's baby meal 'Fondue de poireaux pomme de terre, cabillaud' following evidence of ethylene oxide in one of the ingredients of the recipe (i.e. curry representing 0.1% of the total product), being higher than the European regulation related to this specific ingredient. The final level of ethylene oxide in the finished product was below the maximum level of pesticide residues described in the baby food regulation, which is 0.01mg/kg. While health effects are observed in the long term if there is a high and repeated exposure, it was not the case here. We confirmed and publicly communicated that there was no health risk if any baby had consumed this. The percentage of products sold subject to the recall represented 6.4% (3,160 units) of the total 'Fondue de poireaux pomme de terre, cabillaud' units sold in 2021.
- 2. Good Goût 'Mini Cookidz Vanilla' and 'Mini Cookidz Chocolate':** We withdrew two product batches of 'Mini Cookidz Vanilla' and 'Mini Cookidz Chocolate' following analysis conducted by the local authority (DDPP) – as part of its usual monitoring activities – detected chlorpyrifos at a rate higher than the European regulation limit (limit of detection of the analysis method). However, in the European regulation there is an Acceptable Daily Intake (ADI) for chlorpyrifos of 0.01mg/kg. Considering this ADI, we confirmed that the consumption of the products within these batches by children aged three years in relation to the category (or even younger than three years if the product was accidentally consumed) did not present a risk to their health. For this reason, in agreement with the French authorities, we carried out a withdrawal – not a recall.

We incurred a fine/penalty in mainland China in 2021, for a product withdrawal that occurred in 2020. The details are:

- Cute Betty IMF Stage 3:** On 30 November 2020, our mainland China team received information that the national authority detected that the vitamin A content of a batch of products was lower than the standard of that market. After leaving our warehouse, this batch of products was transported to our distributor by a freight company entrusted by us. During this process, 54 tins of products were not transported according to the regulations, resulting in the vitamin A content of the sampled products falling below the standard. We immediately started the active withdrawal procedure of this batch of products on the same day of receiving the notice, and completed the withdrawal (which totalled 1308 tins), in December 2020. The authority issued a fine of RMB467,532 in April 2021.

## TOTAL SPENDING ON QUALITY AND REGULATORY ACTIVITIES



\*Please note there is a difference in the way we have reported our spend on quality in this 2021 report compared to our 2020 report. In 2021, we have chosen to display the total spend on quality and regulatory activities together, to show the Group's total investment in quality control and compliance. This does not include people (i.e. team member compensation) costs. In our 2020 Sustainability Report, we reported that our 2020 spend on quality included quality activities and people costs, without the regulatory component.

## THE INTERSECTION OF QUALITY AND SUSTAINABILITY

A fascinating shift has been occurring with regards to the relationship between Quality and Sustainability. As our Chief Technology Officer Hanno Cappon said to our H&H global team in a video message during our 2021 Quality Week:

*"Originally, Quality was to ensure that the quality of the product was within specifications when leaving the factory. This was primarily a 'win' for the company.*

*Today, Quality is determining the value of your product for the consumer and the total consumer experience, so this is a 'win-win' for both the consumer and the company.*

*Tomorrow, Quality and Sustainability will also determine the impact of your product for the environment. So if we do this well, Quality will become a 'win-win-win' for the consumer, the company and the planet."*

Across the spectrum of quality management – from sourcing, product development and supplier relationships, to name a few examples – there is an increasing need to use a sustainability lens. This shift has been largely led by consumer demand and technological advancements, and has led us to exploring how we can harness this to create sustainable solutions for the Group, people and the earth.

**Developing and implementing global clean label standards and procedures, including a clean label register:** to clearly list the ingredients – by product category and region – that are forbidden ('black list'), authorised ('positive list'), and sensitive and/or debated but not forbidden that we want to avoid in our formulas ('controversial list'). For example, an ingredient on the controversial list may be one not forbidden by law, but that has debated safety issues or negatively skewed consumer perception that we want to avoid in our formulas.

This clean list register was created through collaboration across our Quality, Regulatory, Marketing and R&D/Product Development teams. We will regularly update this list based on our regulatory intelligence activities. We will continue to roll out this clean label register across our categories and regions until 2023.

To provide an example of how we have practically applied this clean label register: in anticipation of the upcoming Titanium Dioxide ban in the European Union (which was confirmed on 18 January 2022), our EU and Italian team members worked together in 2021 to change the coating of the Swisse tablets for the Italian market. Production using this new coating began in January 2022.



*New Swisse tablet coating that follows our H&H clean label register and does not use Titanium Dioxide.*



## QUALITY DIGITALISATION

We began the implementation of our global electronic Quality Management System (eQMS) database with the supplier Veeva in 2021. The objective of this Group-wide system is to ensure consistency and timeliness of our quality management approach. This will support real-time collaboration, visibility, agility and compliance across our entire supply chain. The roll-out will continue in 2022 and 2023. This will allow our team to work more efficiently with all brands and regions, to support speed-to-market and the growth and evolution of our business.

## H&H WORLD QUALITY WEEK

We celebrated our inaugural H&H World Quality Week – themed ‘Sustainability improving our products, people and planet’ – in 2021. This was an even broader program compared to the World Quality Days of previous years. This initiative aimed to engage all H&H team members across function areas, through training sessions and interactive activities such as games and quizzes to enhance knowledge about H&H’s approach to quality and sustainability.

### THE WEEK’S PROGRAM INCLUDED:

- video messages from our CEO and other H&H Executive Committee members, such as our Chief Technology Officer who runs H&H Research
- H&H’s journey to B Corp certification
- the key UN Sustainability Development Goals (SDGs) that H&H focuses on
- H&H’s quality evolution and the connection with sustainability
- organic certifications for infant milk formula and cosmetics
- H&H’s clean label policy and applications
- examples of actions taken within our brands and manufacturing partners to improve sustainability practices
- training sessions led by external organisations to cater to team members in local markets, e.g. in Hong Kong SAR, a representative from the Hong Kong Quality Assurance Agency ran a seminar on quality management and sustainability integration.



## MARKETING AND LABELLING COMPLIANCE

Below is a summary of the incidents of non-compliance with marketing and/or labelling recorded across H&H’s regions during 2021.

### • France:

One recommendation made by the national authority to make a minor adaption to the labelling (specifically packaging artwork) for two brand product ranges for the next printing run. This was rectified and did not result in any consumer complaints, legal action, fines or penalties.

### • Australia:

Two minor incidents of non-compliance for a website marketing claim, that were rectified and did not result in any consumer complaints, legal action, fines or penalties.

One minor incident of non-compliance with labelling, which was rectified and did not result in any consumer complaints, legal action, fines or penalties.

### • United States of America:

We have not included data on Zesty Paws due to our acquisition of this brand in October 2021. No incidents occurred from October onwards.

## SOLID GOLD PRESENTS AT THE 2021 CHINA PET INDUSTRY CONFERENCE

Solid Gold China’s General Manager Niki Ding and colleagues met with key ecommerce partners and government authorities at a conference held in Chengdu, Sichuan province in mid-December 2021.

At the conference, Ms Ding shared insights from Solid Gold’s entry to the China market (as an imported pet nutrition brand) and consumer purchasing trends. She explained that to continue to provide high quality, in-demand products, we must focus our new product innovation and development on the latest consumer needs.

Other conference topics included pet food regulations and imported pet food trends, as well as the state of the market and opportunities considering the dynamic global trade environment and COVID prevention measures in China.



# RAW MATERIAL SOURCING

We have developed strong long-term relationships with our key raw material suppliers that are world-class organisations. Through these partnerships we focus on improving quality, reliability and cost, while engaging in sustainable procurement practices and protecting the ecosystems where we source our raw ingredients from. We do this through cooperating with partners and suppliers that share our values regarding people and sustainability. Together, we continually look for opportunities to improve our processes to enhance the quality of our products and business performance.

In 2019, we developed a Raw Material Sourcing Policy in partnership with The Sustainability Consortium (a global non-profit organisation), which outlines the known sustainability hotspots (i.e. activities within a product's life cycle that are identified as having a substantial environmental

or social impact) that lie in our supply chain for the different types of ingredients that we source for products. Some of the known sustainability hotspots for our industry notably include health and safety in relation to chemicals used in the production process, biodiversity risk, and human rights violation risks. Over the past three years, we have provided annual training to all of our Product Development and Marketing team members in every region to enable them to collect information from potential suppliers on those hotspots, to avoid any negative environmental or social impacts.

In 2021, to provide additional clarity for all markets, we established 10 Innovation Golden Rules for our new products. These principles are now used throughout our product innovation cycle, including our stage-gate process, to better inform and guide our teams and manufacturers. We have particularly identified strong interest for plant-based natural ingredients across multiple stakeholder groups, including consumers, suppliers, local community organisations and investors.

According to Euromonitor's Health and Nutrition Survey (2020), while vegans and vegetarians constitute just 4% and 6.4% of global consumers respectively, people who restrict certain animal-based products – but do not follow a strict vegan/vegetarian diet – constitute a much larger group, accounting for 42% of consumers globally in 2020.

Considering this, in 2021, we integrated our plant-based strategy across the organisation. This outlines preferences for ingredients and formulations that provide health outcomes for consumers and are sourced from plants. Examples include our new Swisse Beauty Vegan Collagen Builder, which initially launched in Australia in September 2021. In France, our Good Goût brand launched four additional plant-based meals in recyclable bowls. In 2021, the total plant-based offer accounted for 77% of Good Goût's total revenue.

## PLANT-BASED AND/OR VEGAN PRODUCTS BY CATEGORY:

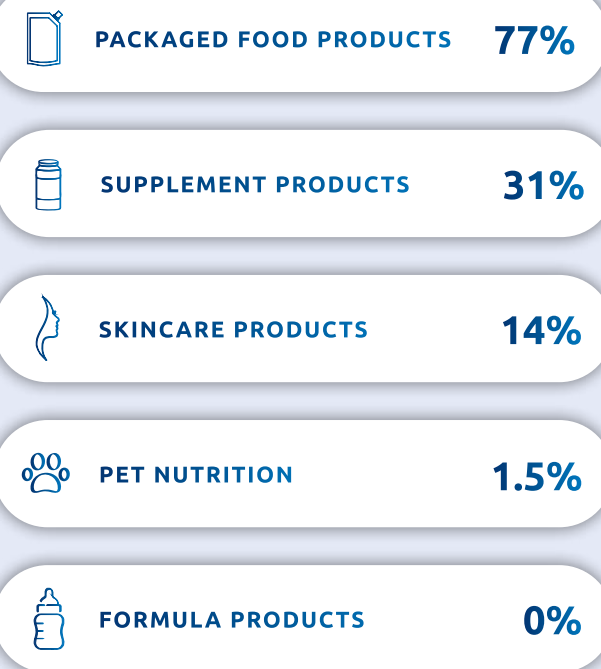
The term 'plant-based' does not have a strict definition or governing body controlling its use. Through assessing available materials and consulting with industry associations, our H&H interpretation of these in 2021 are:

'Plant-based' can refer to products with ingredients that are only sourced from plants, including algae. It can also refer to products that are predominantly made of ingredients of plant origin

'Vegan' refers to products that do not contain animal-based ingredients or animal by-products, such as meat, eggs, milk, and honey

'Vegetarian' refers to products that do not contain animal-based ingredients (i.e. meat) but may include animal by-products such as eggs, milk and honey.

Total percentage of plant-based and/or vegan products across H&H brands:



## H&H 10 GOLDEN RULES

- #1

ENGAGE THROUGH CONSUMER-LED TRENDS AND SENSORIAL EXPERIENCES
- #2

ENSURE MEANINGFUL HEALTH BENEFITS THROUGH SCIENTIFIC SUBSTANTIATION AND REASONS TO BELIEVE
- #3

PROMOTE FORMULA SUPERIORITY AND DIFFERENTIATION HOLDING TO OUR HEALTH AND HAPPINESS PURPOSE AND PPAE STANDARDS
- #4

CONTRIBUTE THROUGH HIGHER MARGIN DRIVERS AND SUSTAINABLE GROWTH
- #5

HOLD TO GROUP QUALITY STANDARDS AND SECURE INGREDIENT TRACEABILITY
- #6

DRIVE SCALE FOR SYNERGIES AND EFFICIENCIES ACROSS REGIONS AND CATEGORIES WHERE POSSIBLE
- #7

PROMOTE THE USE OF RENEWABLE INGREDIENTS FROM SUSTAINABLE AND RESPONSIBLE SOURCES
- #8

DEVELOP TO CLEAN LABEL, SIMPLIFYING FORMULATIONS AND USING NATURAL INGREDIENTS AND ADDITIVES
- #9

PROMOTE THE USE OF SUSTAINABLE PACKAGING AND ENGAGE CONSUMERS INTO CLOSED LOOP CYCLES
- #10

OPTIMISE SUPPLY CHAIN AND PRIORITISE REGIONAL SOURCING WHERE POSSIBLE TO REDUCE CARBON FOOTPRINT



## KEY INGREDIENT CATEGORIES

Our Biostime and Swisse brands represent the largest percentage of our overall ingredient usage. We have identified the following ingredient types as most critical to these brands: dairy; fish and krill oil; oils and fats; and botanicals. Please see some examples of our approaches to supporting sustainability practices as follows.



### DAIRY

- All our directly procured dairy suppliers follow ISO 14001 standards for Environmental Management Systems and have environmental targets and KPIs in place.
- H&H Group continues to invest USD500,000 annually in a partnership with Isigny Sainte-Mère to protect the Normande breed of cow and support local farmers in keeping the cows within the region, to ensure ongoing sustainable supply.
- In 2021, our main dairy partner Isigny Sainte-Mère started a B Corp certification process and submitted the assessment materials in December 2021.



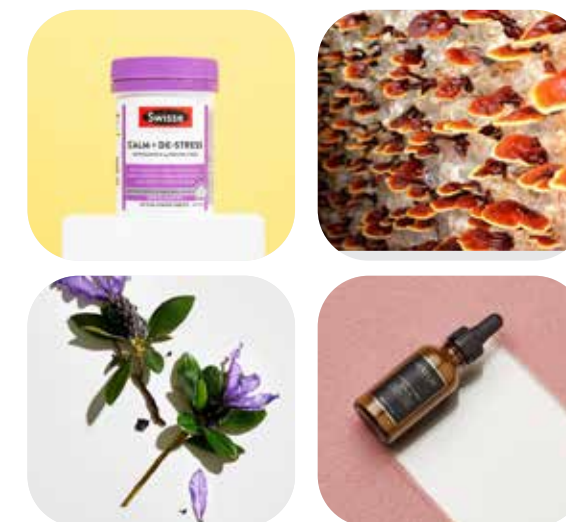
### FISH AND KRILL OIL

- 100% of products that contain fish and krill oil ingredients carry a sustainably sourced certification from either:
  - MSC
  - Friends of the Sea
  - MarinTrust.
- We support the Antarctic Wildlife Research Fund which facilitates and promotes research on the Antarctic ecosystem.



### OIL AND FAT SOLUTIONS

- Fatty acids profiles are critical for our infant milk formulas, to ensure the nutritional profile is as close to human breast milk as possible. We currently source these from either vegetable or milk fats.
- Regarding vegetal oils, we are pleased to announce that we have transitioned 100% of our infant milk formula from palm oil to RSPO mass balance Certified Sustainable Palm Oil.
- Regarding milk fats, in 2021, we initiated a new program called 'Low carbon farms' with Isigny Sainte-Mère Cooperative, our dairy partner for Biostime.



### BOTANICALS

- We are committed to increasingly choosing and sourcing natural ingredients from botanical sources where possible. For example:
  - We recently introduced natural bakuchiol – a botanical derived from the seeds and leaves of Eastern Asia's 'babchi' plant and used as a skin-healing treatment in traditional medicine – rather than retinol, in both a new Swisse Beauty range and new Aurelia London Resurfacing Serum product.
  - We launched Swisse Calm + De-Stress powder with reishi mushroom, used in traditional medicine for its health benefits.

## LOWERING OUR CARBON IMPACT

Following COP26, and more than ever, we are deeply conscious of the impact of our products on the planet and specifically on climate change.

During 2021, H&H and Isigny Sainte-Mère – our largest strategic supply partner for dairy, which represented 78% of our spend on dairy in 2021 – jointly initiated a ‘Low carbon farms’ program to reduce the carbon impact of the 40 organic farms that supply dairy for Biostime France.

This ambitious five-year program aims to obtain the new French Government’s ‘Low carbon label’ – the first and only state label that guarantees the environmental quality of practices implemented and recently created to mitigate greenhouse gas effects and encourage carbon sequestration.

The program is based on scientific methodology approved by the French Government and technical experts, including from the Normandy Agriculture State Institute, to measure carbon emissions and establish projects to reduce carbon impacts. This initiative will contribute to the B Corp certification process for both H&H France and Isigny Sainte-Mère.

In 2021, 10 organic farms initiated the diagnosis phase to measure their carbon emissions. The diagnosis tool, CAP’2ER®, is scientifically based, conducted by technical experts, and approved by French Government.

In 2022, we will continue the diagnosis phase within the other 30 organic farms. Following those assessments as well as technical advice obtained from the Normandy Agriculture State Institute, Isigny and Biostime representatives, we will then plan detailed projects for each farm. To provide a few examples, likely projects include the planting of hedges and protein crops.

**LABEL BAS  
CARBONE**

## INTERVIEW WITH DENIS THOMAS, RESPONSIBLE FOR MANAGING DAIRY FARMERS AT ISIGNY

### Why did the Isigny Sainte-Mère cooperative decide to initiate the program with H&H?

**DT :** “Global warming and climate change, and extreme weather events, now affect us all in one way or another and we know for a fact that greenhouse gas emissions (GHG) are largely responsible for these changes. Our agriculture and our cooperative cannot remain deaf and impassive. Both highly exposed and vulnerable to climate change, agriculture is responsible for 24% of global GHG emissions.

We obviously wish to improve our practices, and to protect our land and pastures, which are the “raison d’être” of our Cooperative.”

### Why is it important to follow a credible and scientific approach?

**DT :** “The CAP’2ER® evaluation tool developed by the French Agriculture State Institute measures the carbon footprint of each farm and, in addition to the environmental impacts, estimates the positive contributions of the farm as well as its economic and social performance. The CAP’2ER® diagnosis allows for a detailed and precise measurement of GHG emissions. Unlike other programs, this is not just a diagnosis, but rather a process aimed to implement concrete actions to reduce our emissions.”

### What is the motivation for the farmers being part of such a program?

**DT :** “Our organic farmers are particularly invested to develop a model of sustainable agriculture. Our farmers try to maximise the time of grazing during the summer season, thus avoiding the mechanical and energy-consuming distribution of fodder. Generally speaking, the economic performance of a farm is closely related to its low carbon emissions. Any measure or investment aimed at reducing the carbon footprint results in an economic return for the farmer. A real hunt for “waste” can be just as positive for the environment as it is for the producer’s wallet. Finally, the commitments we make are totally in line with the philosophy of organic agriculture, which aims to minimise its impact on the environment while offering healthy products that respect nature.”





## ANIMAL WELFARE

Animal welfare is an important material topic for H&H, as well as our stakeholders. Accordingly, this will continue to be a key pillar of our sustainability strategy. We are committed to working with farmers and other partners to co-build agricultural models that respect natural resources and foster animal welfare. We also endeavour to be considerate in our choice of ingredients and formulations, as well as in any decisions to use animal-derived ingredients and/or involve animals to support health and safety outcomes. Our overall aim is to achieve better conditions for all animals in our supply chain, while ensuring we provide quality nutrition and care products for our consumers.

Our approach regarding animal welfare has two aspects:

### 1 ANIMAL WELFARE IN THE PRODUCTION OF ANIMAL-DERIVED INGREDIENTS

Animal-derived ingredients are present within our diverse product portfolio. For example (non-exhaustive list), we source dairy for IMF products, collagen and fish oil for our vitamin and supplement category, and beef, chicken and fish for our dog and cat nutrition products. We plan to release our H&H Animal Welfare policy in 2022, which will outline our expectations regarding the treatment of animals across our supply chain. In creating this policy, we will engage relevant function areas (such as Procurement, Sourcing, H&H Research and our Product Development teams), consider global information sources on best practice approaches, as well as The Sustainability Consortium's hotspots for animal welfare. Our H&H Chief Strategy and Operations Officer will have responsibility for the implementation of this policy.

### 2 ANIMAL WELFARE IN THE RESEARCH AND DEVELOPMENT AND TESTING OF OUR PRODUCTS

H&H develops and releases nutrition and wellness products without the use of animal testing in most cases. However, animal testing may be required in some circumstances; for example, where national or international regulatory authorities require this for pre-market approval for infant nutrition products.

We are currently developing an animal testing policy, including promoting the use of non-animal alternatives whenever feasible – and where animal testing is necessary, eliminating or reducing to the minimum any possible pain, suffering, distress or lasting harm to the animal. We intend to launch this policy, which will be applicable to animal testing performed internally by H&H and externally by our research collaborators, in 2022. Our H&H Chief Technology Officer will have responsibility for the implementation of this policy.

#### CONSUMERS DEMONSTRATING STRONG INTEREST IN ANIMAL WELFARE IN CONSUMER RESEARCH

In consumer research for our Swisse brand conducted by the market research company Qualtrics in Australia, mainland China and Italy in June 2021:

- Animal welfare was the highest scoring choice in response to the question "Which of the following sustainability causes are the most important to you?" - with 48% of respondents selecting this as the top cause in Australia, 35% in China and 37% in Italy;
- In terms of product claims that most appealed to consumers out of 20 options: 'Cruelty Free' was voted No.3 among Australian respondents, No.6 among mainland China respondents, and No.9 in Italy.

#### H&H PLANT-BASED STRATEGY

We integrated our plant-based strategy across the organisation in 2021, in response to – and in anticipation of – increased consumer interest for vegan-friendly products in our key markets. This provides additional impetus for us to provide brand ranges suited to consumers seeking products that do not require the use of animal products. An example of a new vegan product we released in 2021 was our Swisse Vegan Collagen Builder (for more details on this product, please see the 'Innovation' section).

#### AURELIA LONDON – A 'LEAPING BUNNY' BRAND

We do not test our Aurelia London brand's products on animals. Aurelia London is a 'Leaping Bunny' certified brand by Cruelty Free International. The Cruelty Free International Leaping Bunny Program is the recognised global gold standard for cruelty free skincare and beauty. Aurelia London has also joined People for the Ethical Treatment of Animals (PETA) cruelty free certification program.



## SPOTLIGHT ON TWO OF H&H STRATEGIC SUPPLY PARTNERS FOR DAIRY – ISIGNY SAINTE-MÈRE AND ARLA

### ISIGNY SAINTE-MÈRE



H&H's largest supplier and dairy partner for Biostime is Isigny Sainte-Mère cooperative ("Isigny"), which constituted 78% of our spend on dairy in 2021.

We work closely with Isigny on its journey to B Corp, and it has been engaged in sustainable farming practices for many years. Isigny has Agriculture Biologique and AgriConfiance® certifications, which guarantee livestock farming practices that care both for the environment and the animals.

In addition, Isigny has committed that 100% of its dairy farmers will comply with the new version of the Charter of Good Breeding Practices by 2025, and will be audited accordingly via a diagnostic tool called 'Boviwell'. This Charter includes requirements about animal welfare based on the internationally recognised Five Freedoms:

- Freedom from hunger and thirst
- Freedom from discomfort
- Freedom from pain, injury and disease
- Freedom to express normal behaviour
- Freedom from fear and distress.

Isigny is already on track to achieve its commitment and aims to assess the majority of its dairy farmers in 2022 in preparation for the audit. This will be supported by the recent hiring of additional staff member. Identifying non-compliant farmers as soon as possible will help to improve the cooperative's animal welfare management through implementing appropriate measures.



### ARLA

Arla is another one of our long-term dairy partners, and accounted for 7.2% of our spend on dairy in 2021. In the Arla cooperative, farmers manage their farms professionally and responsibly.

For the past 17 years, Arla's Arlagården® program (which stands for 'ONE Globally Aligned Farm Standard') has helped lift dairy farming standards across the industry in northern Europe. This holistic farm management program and audit system allows Arla to better monitor and support the individual farmer to deliver high standards across four focus areas: Milk Quality and Food Safety; Animal Welfare; Climate and Nature; and People. Some of their monitoring activities include:

- Every three months, all Arla farmers evaluate and document their on-farm practices against all Arlagården® requirements.
- To ensure a globally aligned and calibrated approach to the auditing of Arlagården®, all on-farm audits to assess farmers' compliance are conducted by SGS (a leading international inspection, verification, testing and certification company). Every farm will have an on-farm audit at a minimum of once every three years.
- Since 2020, it has been a compulsory requirement for all Arla farmers to assess and report animal welfare on a quarterly basis, within the framework of four animal-based indicators: cow mobility; cleanliness; absence of injuries; and body condition. The Arlagården® requirements and compliance criteria demand that where the minimum performance levels are not met, prompt actions are taken by the farm to address any causative factors.

#### ARLA'S FOUR KEY FOCUS AREAS FOR THEIR ORGANIC MILK PRODUCTION



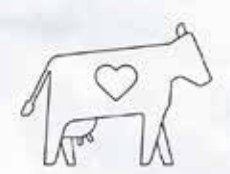
Soil health



Biodiversity



Climate



Animal welfare

#### SOME EXAMPLES OF ARLA'S LATEST COMMITMENTS FOR 2021/2022



Convert to 100% green electricity from renewable energy sources (wind, solar, biogas, hydro-power)



Increase the minimum number of days that cows are on grass from 120 to 150



Provide all animals above 6 months of age access to cow brushes



Farms have committed to improve soil health and promote biodiversity



## SUPPORTING ORGANIC AGRICULTURE FOR PEOPLE AND THE PLANET

Farmlands and grasslands are some of our most vital ecosystems. As well as supplying food and grazing land, they also house a tremendous variety of organisms. However, society's constant use of these of many years has been exhausting them. Ploughing, overgrazing, and removing hedges and trees are destroying soil and vegetation. Agrochemicals are polluting waterways and harming wildlife, including bees that pollinate crops.<sup>1</sup>

That's why we are working to reduce the impacts of our supply chain on land, soils, and biodiversity, especially where ingredients are scarce or drawn from vulnerable ecosystems. The benefits of adopting organic farming practices are well documented. At an agricultural level, studies have

indicated it leads to a reduction in pollution of water resources, while the ban on pesticides generates fewer negative impacts on wildlife, and is better for biodiversity.<sup>2</sup> It also appears to lead to higher soil and carbon stock levels,<sup>3</sup> which contributes to nutrient retention and turnover, soil structure, moisture retention and availability, degradation of pollutants, and carbon sequestration.<sup>4</sup>

These benefits extend beyond agriculture. The French BioNutriNet Project on Organic Food revealed that organic consumers had diets that were healthier and richer in plant-based food than non-organic consumers. Their diets were associated with lower environmental impacts and reduced exposure to certain pesticide residues. Regular consumption of organic food was associated with reduced risks of obesity, type 2 diabetes, postmenopausal breast cancer, and lymphoma.<sup>5</sup>

In light of this, we are looking at how we can support sustainable agriculture practices, or better yet, regenerative ones, that will, in turn, ensure long-term, high-quality supply. By ensuring our ingredients and formulations carry an organic certification, we can verify we are not damaging the soil or water quality, and avoiding the use of harmful fertilizers in our supply chain.

For example, 100% of our Good Goût and Biostime products in France carry the organic certification: Agriculture Biologique certified by Bureau Veritas SAS (FR-BIO-10). In China, our Biostime's Healthy Times Organic IMF range has been awarded dual organic certification for both China (by the China Organic Food Certification Centre) and Europe (FR-BIO-10 certification), where the products are made.

We are also witnessing the popularity of organically farmed products with our consumers. In France, our Biostime brand holds the No.1 position in the organic IMF market in the pharmacy channel.<sup>6</sup>

According to Nielsen China IMF Market Key Finding (November 2021), the sales volume of Biostime's Healthy Times Organic IMF range has long ranked in the Top 6 in the China organic formula market, and this range is favoured by consumers because of its high quality, advanced technology, good taste, and internationalisation.

In our Australia and New Zealand region, over half (52%) of our BNC sales (including Chinese consumer-to-consumer sales) were organic in 2021, and it was pleasing to see our Biostime brand quickly achieve the No.3 position in organic IMF brands in Australia, following its launch there in 2018.

1. United Nations' Ecosystem Restoration Playbook: A Practical Guide to Healing the Planet, 2021

2. Sautereau N., Benoit M., 2016. Quantification et chiffrage des externalités de l'agriculture biologique, Rapport d'étude ITAB, 136

3. Sautereau N., Benoit M., 2016. Quantification et chiffrage des externalités de l'agriculture biologique, Rapport d'étude ITAB, 136

4. <https://www.agric.wa.gov.au/measuring-and-assessing-soils/what-soil-organic-carbon>

5. Emmanuelle Kesse-Guyot, Denis Lairon, Benjamin Allès, Louise Seconda, Pauline Rebouillat, Joséphine Brunin, Rodolphe Vidal, Bruno Taupier-Letage, Pilar Galan, Marie-Josèphe Amiot, Sandrine Péneau, Mathilde Touvier, Christine Boizot-Santai, Véronique Ducros, Louis-Georges Soler, Jean-Pierre Cravedi, Laurent Debrauwer, Serge Hercberg, Brigitte Langevin, Philippe Pointereau, Julia Baudry, Key Findings of the French BioNutriNet Project on Organic Food-Based Diets: Description, Determinants, and Relationships to Health and the Environment, *Advances in Nutrition*, Volume 13, Issue 1, January 2022, Pages 208–224, <https://doi.org/10.1093/advances/nmab105>

6. GERS DATA – Sell-out Pharmacy channel, VMS MAT Dec 2021

## PROCESSING AND MANUFACTURING

Our supply chain consists of contract manufacturers and raw material, packaging, transport, and logistics, and warehouse suppliers. We have direct relationships with suppliers across these categories, however our contract manufacturers manage the sourcing of many of our raw materials, and in some cases, packaging. Across our three business segments (BNC, ANC and PNC), we had approximately 250 suppliers including contract manufacturers as at the end of 2021.

Our Supplier Code of Conduct, which has been publicly available on H&H's website since December 2018, has been the first building block in discussions with suppliers around our sustainability journey. The Code outlines our sustainability strategy and goals as well as specific expectations and values regarding:

- Labour rights
- Health, safety and quality
- Environmental issues.

The policy applies to all direct suppliers, including upstream supply chain, raw material suppliers, manufacturing and packaging suppliers. It stipulates that it is the responsibility of direct suppliers to disseminate to their supply base, to educate and exercise due diligence in implementing requirements equivalent or similar to those within this policy.

Since its launch, we have made it mandatory that all new suppliers sign the Supplier Code of Conduct within the procurement process, including compliance to the policy within supply agreements and new supplier forms. We have also included several new clauses relating to ethics, environmental and social responsibility in our standard template agreements.

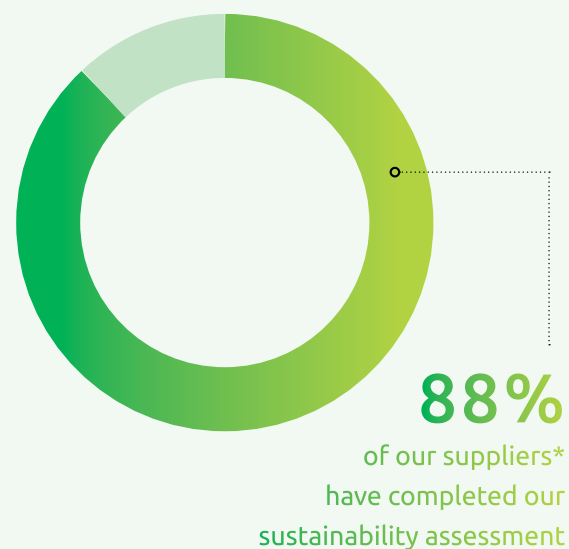
We have implemented a formal process for carrying out due diligence across all our direct suppliers through the development of our H&H Suppliers Sustainability Survey. The survey is tailored to the topics (both environmental and social) specifically identified as material for the industries we operate in, largely focused on The Sustainability Consortium's Thesis Industry hotspots for the

following product categories:

- vitamins and supplements
- dairy
- personal care
- soup and convenience meals
- diapers
- baby accessories.

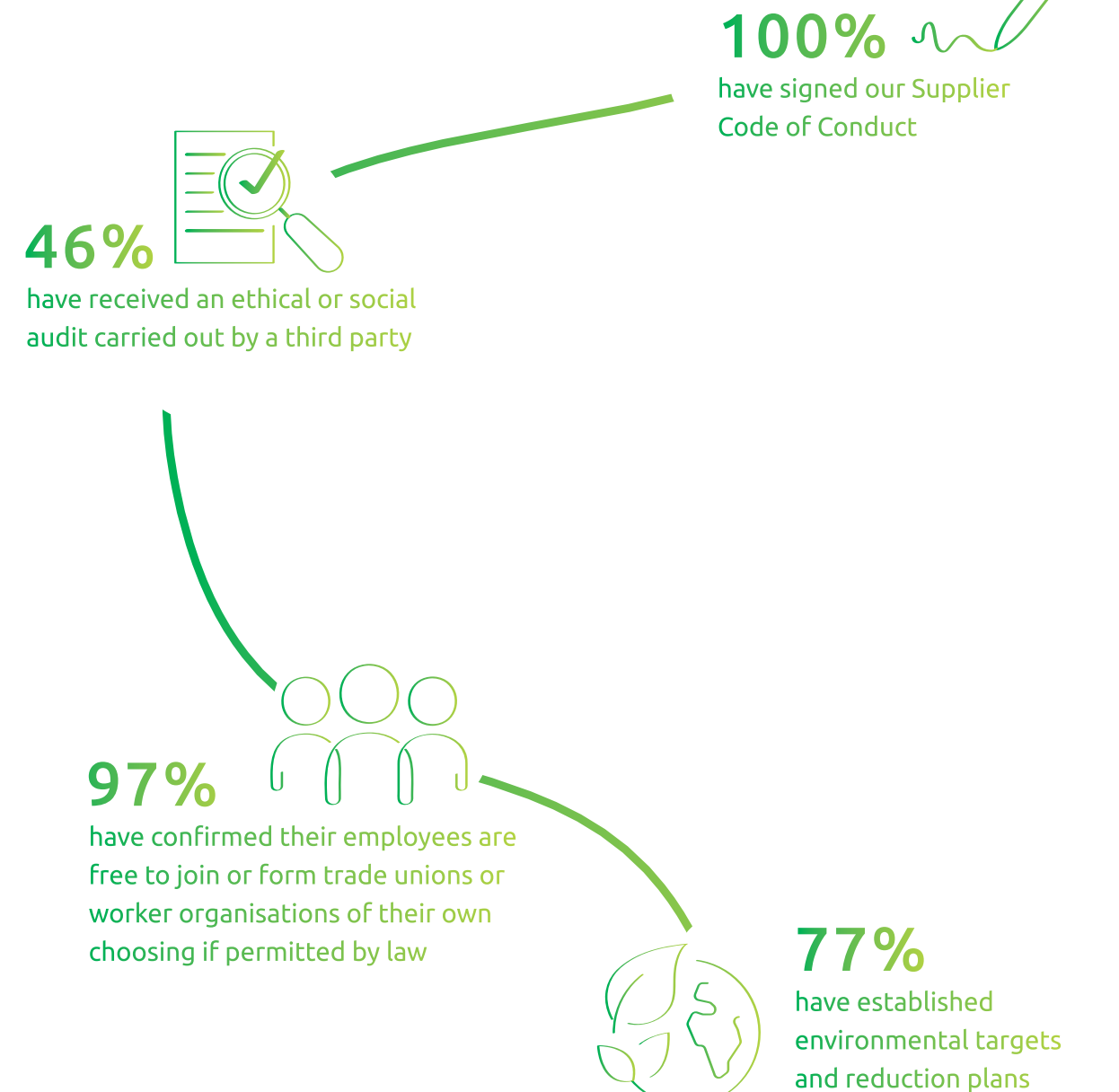
In 2021, we worked towards achieving full transparency and governance over our complex supply chain across our portfolio of products including:

- Supply team member engagement and training on roll out of Sustainability Assessment
- Supplier sustainability performance management platform implemented through Supplyshift, an end-to-end supply chain data management, responsible sourcing, and supplier engagement cloud-based platform
- High-risk direct suppliers identified.



## 2021 HIGHLIGHTS

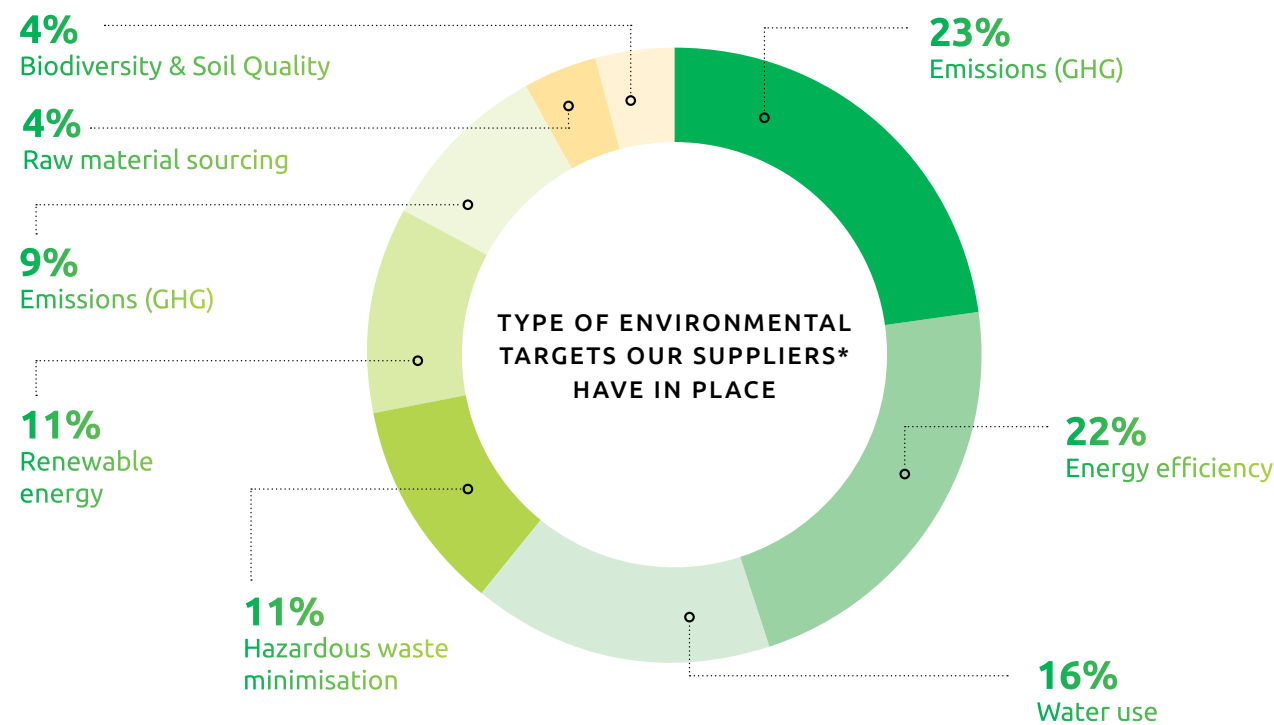
At the end of 2021, among the 88% of our suppliers\* who have completed our sustainability assessment:



\*These represent the Group's top 41 suppliers which accounted for 95% of the Group's expenditure on the cost of goods sold.

Please note p106-107 does not include data relating to the Zesty Paws brand, as it was acquired in October 2021.





\*Suppliers accounting for 95% of our total spend, which have completed our sustainability assessment. Please note this does not include data relating to the Zesty Paws brand, as it was acquired in October 2021.

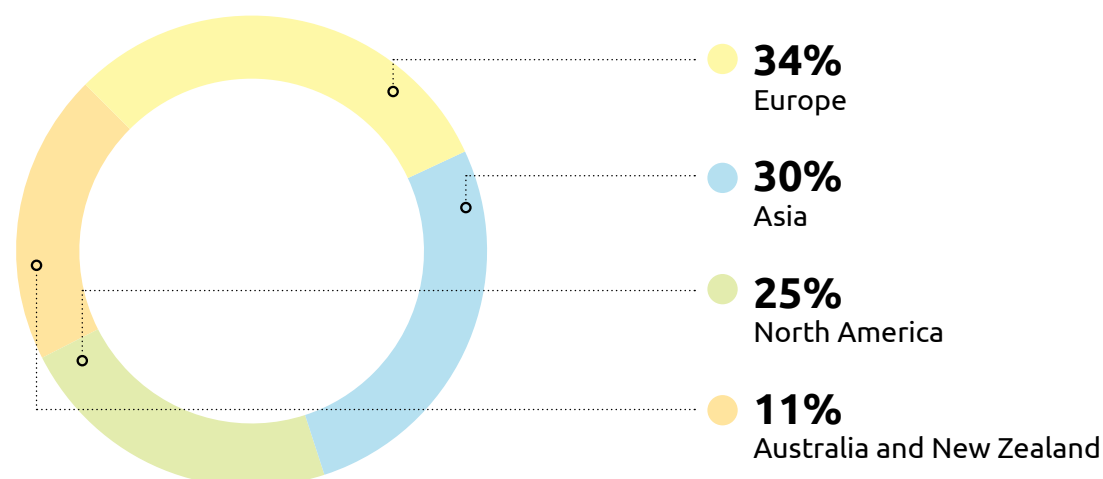
These actions have laid good foundations for supply chain sustainability by creating a database of information on our supply chain and progress in sustainability to benchmark and build on. To go further, we are planning to:

- Roll out in the other regions the approach that we adopted in Europe in 2021 where we have integrated social and environmental evaluation criteria into our audit analysis grids that we apply to our European contract manufacturers before

we engage them. Sustainability metrics will be incorporated into the quality auditing schedule and process that we apply to our new and existing suppliers globally;

- Continue with our Supplier Code of Conduct roll-out plan to our new suppliers and our PNC suppliers;
- Ensure 100% of our new products meet the requirements in our Raw Material Sourcing Policy;
- Integrate key supply chain targets into the supplier management process

#### PERCENTAGE OF SUPPLIERS PER GEOGRAPHICAL REGION



#### KEY CONTRACT MANUFACTURERS



## PACKAGING

### SAFE AND SUSTAINABLE PACKAGING

Packaging plays an important role in ensuring the stability of active ingredients in our formulations, particularly in our two largest product categories (IMF and VHMS).

We continually aim to identify and implement packaging solutions which are more environmentally friendly, yet can still meet high quality and safety standards to safeguard the health and wellbeing of our consumers.

In 2021, we introduced a new 5Rs packaging framework to particularly inform our new product development process.

#### REDUCE

Cut down on the amount of material to minimise environmental impact for both primary and secondary product packaging and other logistical packaging where possible.

#### RENEW

Integrate and optimise the proportion of renewable materials in packaging.

#### RECYCLE

Optimise the use of recycled materials to improve recyclability and reduce the amount of virgin materials created.

#### REUSE

Extend the life of packaging and encourage opportunity for consumers to reuse.

#### REGENERATE

Improve the ability of packaging to be reutilised and minimise carbon footprint across supply chain.

Some examples of local market implementations guided by the 5Rs Packaging Framework include:

**REDUCE:** In mainland China, the team has been working hard to reduce our packaging use and started an impactful project on the Biostime Star Series 800G Infant Milk Formula. The project aims to optimise the internal structure of the carton to reduce the quantity and size of the paper partition, and the overall carton size. This project was launched in April 2021 and will allow the brand to save more than 1,700 tonnes of paper per year.

**REDUCE:** In France, the team has successfully relaunched Dodie Baby Wipes to help reduce the environmental impact of the brand. The relaunch includes removing the outer protective case of Dodie Baby Wipes, which is the No.1 Stock-Keeping Unit (SKU) (in sales value) of the Dodie brand. This initiative allows the brand to use 65% less plastic and save 10 tonnes of raw plastics per year. Importantly, it allows the same level of product protection without compromising on the brand's high standard for quality and safety.



**RENEW:** Dodie's baby bottle packaging now uses 70% of recycled cartons that are certified as FSC. Swisse has also embarked on the same journey with its recent HEMP+ range packaging.



**RECYCLE:** Good Goût in France has replaced its former non-recyclable pouches with recyclable bowls, allowing around 12 tonnes of packaging to be recycled per year.



**REUSE:** Aurelia London in the UK used reusable aluminium tins and plastic-free gift packaging in its 2021 Christmas Set offerings. This allowed consumers to reuse the packaging.

**REGENERATE:** In Australia, the team has launched an exciting range – Swisse Earth. This range is formulated with nourishing, locally and sustainably sourced ingredients. While the range aims to support wellness from within, the packaging is also consciously selected to use bio-based materials. The primary packaging is a premium cannister made from 70% recycled paper and is fully recyclable.

It is our committed journey to improve the sustainability of our packaging. Our goal remains to have all our product packaging to be either recyclable, compostable or biodegradable by 2023. In order to achieve our goal, we will continue to carefully consider the following:

- selecting materials that are renewable or have been recycled where possible
- ensuring safety of materials used
- designing for material recovery, litter minimisation, consumer accessibility, transport efficiency and reduced product waste
- optimising material efficiency
- ensuring our products meet the high standards of quality and safety.

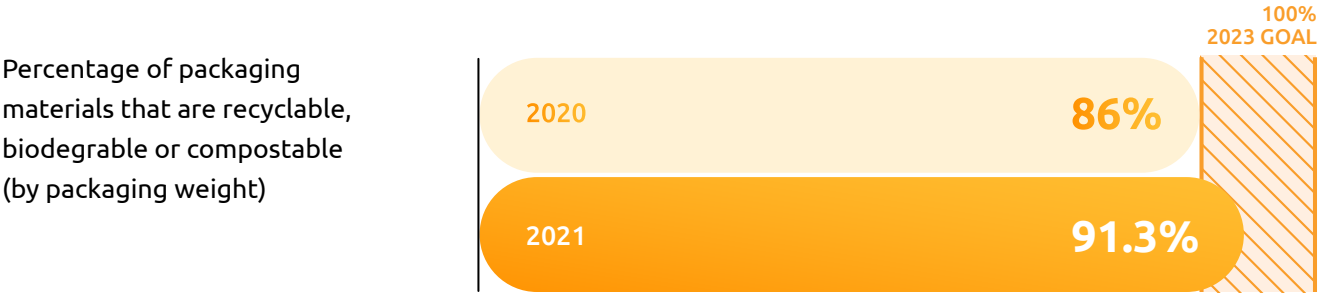


OUR PACKAGING PROGRESS

In 2021, we collected packaging data from H&H facilities and supply chain partners that produced products representing approximately 90% of total revenue. We expanded the scope from 2020.\*

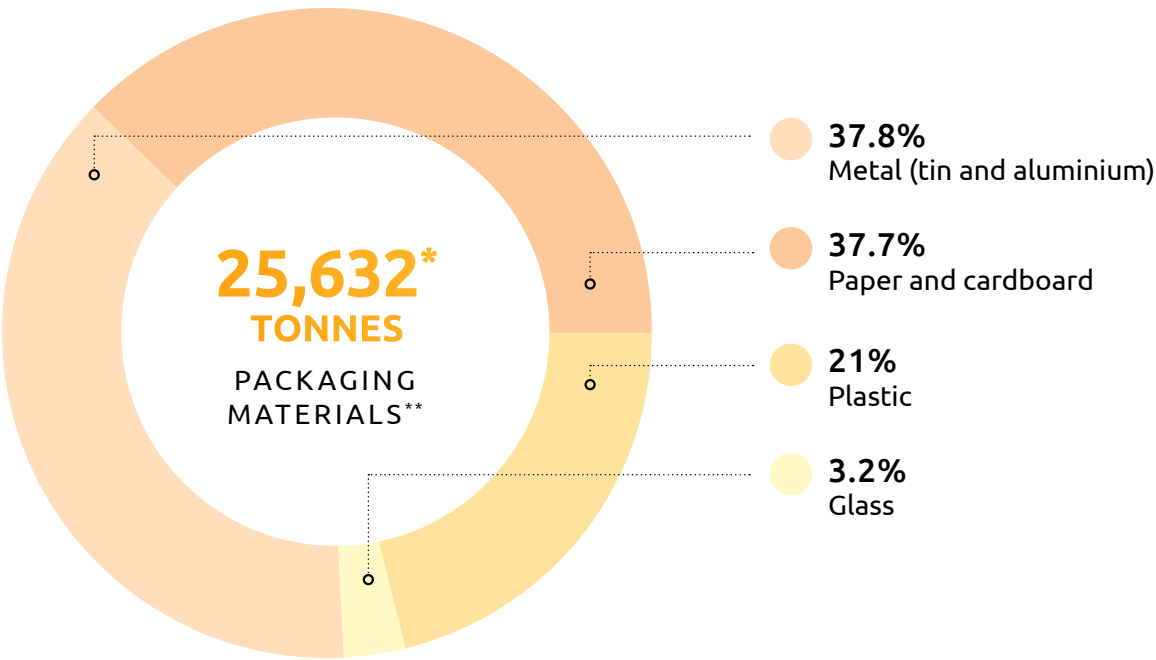
The data is expressed in tonnes of material, and covers the life cycle of products. It also includes logistics packaging, except for France where calculations are based on the CITEO Declaration.

RECYCLABLE, BIODEGRADABLE OR COMPOSTABLE PACKAGING



\*The data relating to packaging covers Biostime, Swisse, Dodie and Good Goût products in Australia, New Zealand, China, Hong Kong, France and Italy

PACKAGING MATERIAL TYPE



\*This is a saving of 1,242 tonnes of packaging compared to 2020, based on a constant consolidation scope.  
\*\*Packaging composed of more than one type of material are reported per material contained in the packaging. This provides a more granular overview of the use of materials compared to 2020.

PROMOTING A CIRCULAR ECONOMY – RECYCLING WITH TERRACYCLE



In 2021, we partnered with recycling solution company TerraCycle in France. TerraCycle collects, reuses and recycles materials and waste that are hard to recycle or have no existing local or national recycling system, which reduces the amount of waste sent to landfill.

This initiative encourages local consumers in France to recycle their used Dodie and Good Goût products, where we use plastic in either the product itself or its packaging. For example,

we work with TerraCycle to recycle our Dodie baby soothers. Once TerraCycle collects these from participating consumers, the soothers are shredded, heated and extruded to turn into plastic particles. Those plastic particles can then be converted into new objects such as pens, storage boxes and watering cans. For Good Goût, we partnered with TerraCycle mostly for the brand’s multi-layered plastic pouches which contain fruit and/or vegetable puree.

IN TOTAL, WE RECYCLED 160,959 UNITS THROUGH TERRACYCLE IN 2021.



We aim to follow industry best practice in the markets in which we operate. For example, Swisse has been a signatory to the Australian Packaging Covenant since 2012.



**5,076 TONNES**  
OF MATERIAL WITH  
RECYCLED CONTENT  
THIS REPRESENTED  
**19.8% OF OUR TOTAL**  
**PACKAGING MATERIAL**



WE PRODUCED 1KG  
OF PACKAGING FOR  
EVERY RMB450 IN  
REVENUE.

Please note pages 112-113 does not include data relating to the Zesty Paws brand, as it was acquired in October 2021.

## DISTRIBUTION

### TRANSPORT AND LOGISTICS

H&H Group has rapidly grown from a single brand in one market in 2014 to eight brands across 15 markets in 2021. This has significantly increased the complexity of our supply chain, including transport and logistics.

Following our unique Premium, Proven, Aspirational and Engaging model, we select premium ingredients to use in formulating our products. This means that while we source locally where we can, we do actively source high-quality ingredients from across the world. This is particularly the case for vitamins and supplements and infant milk formula product categories which are particularly stringently regulated in our key consumer markets. Accordingly, we are aware that the transport of ingredients to the manufacturing location does have an environmental footprint.

For example, we will move the production of Good Goût's largest category, fruit purée pouches (which represented 44% of the brand's revenue in 2021), from Spain to France in 2022. As we currently sell Good Goût mainly in the French market,

this will allow us to further localise production and our supply chain, and therefore reduce our transportation carbon emissions.

Our team has been working on this major project for more than two years. We used many sustainability criteria in selecting our manufacturing partner, including the evaluation of, for example: how the factory reduces their carbon emissions during production; how they manage water and energy waste treatment; their involvement and management of sustainable sourcing; and whether they encourage the transition to more sustainable agriculture. After this move, ~80% of Good Goût production will be in France.

#### CONTINUING TO USE THE EUROPE-CHINA RAILWAY NETWORK TO REDUCE CARBON EMISSIONS

We began our project to change our transportation method for Biostime IMF from France to China for urgent product orders in 2020. In 2021, we continued this through transporting 104 containers with a net weight of 1.067 million kilograms via rail rather than air. This represents a comparative reduction of 7,343 tonnes of carbon dioxide than if we had used air transportation instead.

### ACCESS TO OUR PRODUCTS

To continue to realise our H&H Group vision of becoming a global leader in premium nutrition and wellness, we focused on expanding the availability of our products to our target consumers across our regions in 2021. This aims to enable more consumers to be able to find our products where and how they prefer to shop.

This includes through the online channel – including our brand web stores and/or via e-commerce platforms – as well as offline, depending on the market.

To provide some examples:

- In mainland China – our largest market globally – our ANC business segment increased by 10.8% year-on-year on a like-for-like basis, and Swisse maintained its leading position in mainland China's overall online supplement market. These results reflect our efforts to expand our innovative product categories, and achieve more regulatory approvals for normal trade products both online and offline to allow more consumers access to our products.
- In Australia, our ecommerce sales grew 77.0% as we increased our focus on this channel in the context of the pandemic to help more Australian access premium health products from their home or office. Swisse was recognised at a key distributor's national supplier forum for excellence in online sales and marketing campaigns during the year. We worked on a 'hyper-care' mode to ensure we remained 'in stock' at all times, and also increased our product availability in Australia and New Zealand. This was particularly evident in the grocery channel, where our sales grew 8.1% year-on-year.
- The Group reported a 69.9% revenue increase in year-on-year for territories outside its core markets of mainland China and Australia and New Zealand, reflecting our progress in strategically globalising our brands to reach more consumers. For example, in India, we significantly expanded Swisse's presence across ecommerce platforms during the year. We also strengthened our direct-to-consumer webstore to provide an improved customer experience and nationwide shipping.
- We also continued to enhance user experience for our consumers using our direct-to-consumer (DTC) channel. Our digitally native brands Aurelia London, CBII and SwisseMe (a sub-brand of Swisse) use the DTC channel more than any other channel to reach consumers.





# MARKETING

## CONSUMER ENGAGEMENT

At H&H, our brands are Premium, Proven, Aspirational and Engaging (PPAE). Our unique (PPAE) model guides how we develop, market and communicate our products across our brands, and engage consumers on their health and wellness journey. It also guides us in how we communicate our brands' and products' sustainability attributes.



### PREMIUM

- Premium positioning and pricing
- Leveraging on naturality positioning
- Working with our supply chain partners to source high-quality and premium ingredients and products



### PROVEN

- Science-based approach in developing and marketing products
- Efficacy and consumer feedback
- Health advocacy and consumer education on the benefits of our products



### ASPIRATIONAL

- Inspiring consumers to enhance their lives and lifestyles through using our products
- Global and local ambassadors and Key Opinion Leaders (KOLs) help us inspire consumers



### ENGAGING

- Two-way communications approach connecting with our current and potential consumers
- Visually appealing, exciting and informative digital content and experiential moments

## PURPOSE-LED BRANDS

Over the past two years, we have seen accelerated consumer expectations around brand purpose. It has become increasingly important for brands and businesses to clearly demonstrate how they are purpose-led, collectively conscious and authentically sustainable.

## KNOWLEDGE SHARING IS FUELING CONSUMER AWARENESS

The ubiquity of social media and news online means information relating to sustainability, including outcomes of scientific studies, is readily shared and accessed. As a result, consumers are increasingly conscious of their impact on the earth and are looking to brands to provide sustainably sourced and produced products that minimise their individual impacts on climate change and support other economic and social issues, such as fair trade.

In 2021, we worked to highlight the sustainability attributes of our brands through social media and other marketing. For example, our Biostime team in Australia created a new 'Purity and Transparency' campaign for an existing product (Biostime SN-2 BIO PLUS Premium Organic Toddler Milk Drink product) to highlight the sustainability aspects of that product, including that it's Australian certified organic and 100% palm oil free.



At Swisse, our Global Marketing team created new icons for ecommerce stores such as Amazon, Lazada and Shopee for some of our clean label claims, such as 'no artificial sweetener', 'suitable for vegans' and 'non-GMO'.



In 2022, we will continue to communicate our sustainability attributes more readily and accessibly to our current and potential consumers, to inform their purchasing decisions.

“To respond to the rise of the “conscious consumer”, it is pivotal for us at H&H to continue our journey as a purpose-led company. Our purpose is supported by our B Corp commitment. This is the most holistic approach for us, standing for something beyond just profit and taking action to protect our people and our planet. We are, and will continue to be, a purpose-led company that is leading the movement to drive societal change, using business as a force for good.”

**Pascale Laborde, Global Director**  
Marketing, Communications & Sustainability



## SWISSE CHINA X CHRIS HEMSWORTH LIVESTREAM ENGAGES FOLLOWERS ACROSS CHINA

Swisse global ambassador Chris Hemsworth joined an interactive livestream with fans on the brand's Douyin (Chinese version of TikTok) account in 2021.

The livestream ran for 20 minutes and attracted more than 2.86 million real-time viewers, with people also able to watch the recorded video afterwards.

Chris Hemsworth and the local host engaged in some fun and lively conversation, with Chris sharing his approach to health and wellness and responding to live comments. Chris promoted the importance of nutrition, movement and mindfulness in leading a healthy life.

This reflected our approach of interactively engaging and inspiring our consumers for their own health and wellness journey.



## SWISSE AND BIOSTIME WIN 2021 HEALTHY CHINA INNOVATION CASE STUDY AWARDS

Our Biostime and Swisse brands were highlighted as positive examples in promoting sound health guidance at a conference organised by the government's Healthy China Promotion Committee and the Chinese Preventative Medicine Association.

Swisse's 'National Love Your Liver Day' campaign and Biostime's 'Maternal and Infant Nutrition Day' (highlighting the 1,000 Day Plan to support infant health) were recognised in providing scientific-based and effective information for hundreds of millions of families in China. H&H China CEO Suceka Li was interviewed by mainstream national media Renmin.com at the conference.



## AURELIA | B.I.O.

BESPOKE INSIDE + OUT

### PERSONALISED PRODUCT RECOMMENDATION TOOL

The Aurelia London B.I.O – which stands for Bespoke Inside & Out – is a personalised product recommendation tool that aims to engage a broader and more diverse customer base. This showcases the benefits of specific Aurelia routines for all skin types, ages and ethnicities.

The B.I.O tool was devised and developed in 2021 as the brand's first foray into customisable skincare routines to help customers target specific skin concerns and needs. The tool covers frequently asked skincare-related questions as well as lifestyle and wellbeing queries.

The technology used to create the Aurelia B.I.O experience involved working with a skincare

tool provider Jebbit. Our Aurelia designers and project leads worked with the Jebbit team to customise a comprehensive, beautiful and user-friendly tool which has already seen some of the highest completion rates since launching.

With the additional benefits of detailed data collection, we are also able to utilise the tool to gain commercial and customer insight gaps, including, enhanced customer data, detailed purchase insights, customer acquisition and increased customer loyalty.

Aurelia's marketing strategy for the B.I.O project began with a 'soft' launch in Q4 of 2021, building to a bespoke B.I.O campaign in February 2022.

## AURELIA | B.I.O.

BESPOKE INSIDE + OUT

Our Aurelia B.I.O personalisation tool is designed to offer you a bespoke inside and out beauty routine alongside recommendations and advice perfectly aligned to your own personal skin goals.





## LOCALISATION

### CONSUMER INSIGHTS AND LOCALISATION – PROVIDING PRODUCTS TO SUIT LOCAL CONSUMER DEMANDS

As H&H globally operates across 15 countries, we need to be mindful when selecting the brands and product ranges we make available in these individual markets. We know that a brand's product range in one market may not suit the customs or tastes of another.

We, therefore, champion a 'glocal' approach within our product innovation and product selection strategy – where our global brands' product ranges are tailored to local consumer needs.

We engage in quantitative and qualitative research to stay up-to-date with – and anticipate – global as well as market-specific consumer trends and demands. This ensures our consumers' health and wellness needs and priorities are an integral part of our new product development decisions. It supports us to evolve our brands and product portfolios to ensure relevancy.

Here, we will use our Swisse brand to provide some examples of how we use consumer insights and localisation strategies to ensure we tailor our approach adequately across markets.

Some consumer insights<sup>1</sup> which have guided us for our product range selections in some of our key markets (Australia, mainland China and Italy) include that consumers:

- will be more likely to purchase when the vitamin is able to deliver the health benefits that he/she is looking for;
- are hesitant to buy the vitamins if they have doubts about the scientific efficacy and/or a brand or country of manufacture that they are not familiar with;
- use advice from local and trusted healthcare professionals as one of the key factors that influence their purchase decision;
- tend to associate a sustainable brand with natural ingredients and recyclable packaging.

We work to consider local cultural norms, including religion. For example, in South-East Asia, we know there is a significant proportion of the population who seek halal-certified products. Accordingly, Swisse launched four halal-certified vitamin and supplement products in 2021, including Swisse Ultivite E-sential Multivitamin, Swisse Beauty Vegan Vita-Skin, Swisse Ultiboost Omega 3 with Vitamin E, and Swisse Biotin Forte with Vitamin C + Zinc.

We also know it is important to respond to specific health concerns held by a large proportion of our consumer base. For example, in mainland China, consumers are particularly concerned about liver health. Peking University People's Hospital has reported that liver cancer is estimated to be within the top four malignant tumour cases in China, and is the type of cancer with the second highest fatality rate. Considering the high mortality rate, early prevention is crucial to local consumers.

This consumer need is further validated by the sales statistics of large Chinese ecommerce platform JD.com's JD Health platform, which shows that from 2017 to 2020, the overall liver care product category's compound annual growth rate (CAGR) increased by 64%, and related liver health product sales CAGR increased by 59%. We also noticed that as at June 2021, the 'Detox' segment had 37.1% market share in the health supplement category in mainland China's cross-border ecommerce channel (source: Easy Data).

In 2021, we launched a new product – Swisse Plus Liver Detox Tonic & Cleanse – to respond to this consumer need. In the lead-up to this launch, we conducted a pre-clinical study on anti-ageing and liver detoxification, to ensure we could deliver a high quality, efficacious product for our consumers.

Source: 1. Vitamin Buyer Usage and Attitudes Research – Australia, Italy and China, (June 2021), conducted by Qualtrics Research Services





## GLOBAL BRANDS USING LOCAL APPROACHES

Our marketing approach for our brands aims to be inclusive, positive and informative, to engage and support as many consumers as possible on their health and wellness journey.

We use a 'glocal' model, where we empower our regional teams to market our global brands to suit local consumers.



### A LOCAL AND SUSTAINABLE RANGE

Designing a localised product portfolio to suit our target consumers also extends to the use of domestic ingredients and manufacturing, where possible – as well as supporting local sustainability initiatives.

The launch of Swisse Earth in Australia in December 2021 demonstrates our increasing commitment to local sourcing, manufacturing and sustainable practices, including to the local communities we partner with. To produce the Swisse Earth range, our Swisse team in Australia worked with local ingredient suppliers with sustainable and ethical practices, both for the environment and communities involved. These nutrient-rich Australian native 'hero' ingredients harvested and grown locally include Kakadu plum, lemon myrtle and Davidson's plum.

Our supply partner for the Kakadu plum ingredient is Mamabulanjin Aboriginal Corporation, a not-for-profit organisation based in the rural Western Australian town of Broome. This organisation empowers Aboriginal communities through supporting professional development, economic independence, representation and education initiatives. Swisse's shared value partnership with this organisation also aims to improve soil health,

reduce negative environmental impact, enhance yield and increase understanding and knowledge of the native flora.

Our team focused on highlighting the sustainable features of this range, to promote sustainability as an aspirational goal among consumers. Swisse selected and worked with Australian model Magnolia Maymuru as the range's ambassador. Swisse global ambassador, actor Chris Hemsworth, also supported the launch through a live Australian TV morning show interview, as well as an Instagram social media post to his 53 million-plus followers, where he shared the range's promotional video featuring Ms Maymuru.

In launching the range, we also took the opportunity to further educate and inform our Australian team members as well as suppliers and retail sales partners on our broader H&H sustainability commitments.



## RESPONSIBLE MARKETING OF BREAST MILK SUBSTITUTES

At H&H, we understand that there is no real substitute for human breast milk as the best nutritional start in life. We know that as an organisation that produces infant formula, we need to be sensitive to the implications of any marketing and communications relating to our product claims about impacts on the wellbeing of both mothers and newborns.

In 2018, we published our Responsible Marketing of Breast Milk Substitutes Policy (BMS Policy) which aims to provide guidance on how the Group conducts marketing activity with regard to breastmilk substitutes. In 2021, and in addition to our BMS Policy, we reviewed our baby nutrition product strategy implementing key research and development (R&D) and science projects that will promote and enhance a mother's ability to effectively breastfeed. We also continued to strengthen our BMS Policy and implement key articles, particularly within key markets such as China where regulation is less stringent than our BMS Policy.

**Our Baby Nutrition and Care (BNC) Council, made up of marketing and regulatory representatives from every brand and region in which we operate, continued to meet regularly to:**

- keep up-to-date with local and global industry developments and changes
- oversee our approach and positioning in relation to baby nutrition and care matters (including breastmilk substitutes)
- report on regional training of the BMS Policy
- raise and discuss any concerns with the BMS Policy
- report on compliance with the BMS Policy to the Group's Global Risk team and the Board
- discuss any concerns and cases of non-compliance raised through the 'H&H Responsible Marketing Non-Compliance form', and respond accordingly (including assigning roles and responsibilities).



APPENDIX

05

FOR THE LOVE OF GENERATIONS TO COME



## H&amp;H GROUP OPERATIONAL ENTITIES

| Australia and New Zealand                                    | Location of Incorporation |
|--------------------------------------------------------------|---------------------------|
| Farmland Dairy Pty Ltd                                       | Australia                 |
| SW Translink Packaging Pty Ltd                               | Australia                 |
| Swisse Wellness Pty Ltd (Australia)                          | Australia                 |
| Swisse Wellness Group Pty Ltd                                | Australia                 |
| SWG Holdco Pty Ltd                                           | Australia                 |
| S W International Pty Ltd                                    | Australia                 |
| SW Production Holdings Pty Ltd                               | Australia                 |
| Health and Happiness (H&H) Australia Pty Ltd                 | Australia                 |
| Swisse Wellness Pty Ltd (New Zealand)                        | New Zealand               |
| Mainland China                                               | Location of Incorporation |
| Biostime (Changsha) Nutrition Foods Limited                  | Mainland China            |
| Biostime (Guangzhou) Health Products Limited                 | Mainland China            |
| Dodie Baby Products Inc. (Guangzhou)                         | Mainland China            |
| Guangzhou Biostime Institute of Nutrition and Care           | Mainland China            |
| Guangzhou Hapai Information Technology Co., Ltd              | Mainland China            |
| Guangzhou Mama100 E-commerce Limited                         | Mainland China            |
| Health and Happiness (H&H) China Limited                     | Mainland China            |
| Swisse Wellness (Guangzhou) Limited                          | Mainland China            |
| Health and Happiness (H&H) Hainan Nutrition Products Limited | Mainland China            |
| Asia (excluding mainland China)                              | Location of Incorporation |
| Health and Happiness (H&H) Hong Kong Limited                 | Hong Kong SAR             |
| Swisse China Limited                                         | Hong Kong SAR             |
| New H <sup>2</sup> Limited                                   | Hong Kong SAR             |
| Health and Happiness (H&H) Taiwan Limited                    | Taiwan                    |
| Health and Happiness (H&H) Malaysia Sdn Bhd                  | Malaysia                  |
| Health and Happiness (H&H) Trading India Private Limited     | India                     |
| PT Health and Happiness Indonesia                            | Indonesia                 |
| Health and Happiness (H&H) Singapore PTE. LIMITED            | Singapore                 |
| Health and Happiness (H&H) (Thailand) Co., Ltd.              | Thailand                  |
| H&H Group DMCC                                               | United Arab Emirates      |
| Europe                                                       | Location of Incorporation |
| Biostime Institute for Nutrition and Care                    | Switzerland               |
| BBB                                                          | France                    |
| Health and Happiness France Holding                          | France                    |
| Biostime Pharma                                              | France                    |
| Laboratoires Polive                                          | France                    |
| Health and Happiness (H&H) Research Limited (Ireland)        | Ireland                   |
| Health and Happiness (H&H) Italy S.R.L                       | Italy                     |
| Health and Happiness (H&H) Netherlands B.V.                  | The Netherlands           |
| Swisse Wellness GmbH                                         | Switzerland               |
| Aurelia Skincare Limited                                     | United Kingdom            |
| Health and Happiness (H&H) UK Limited                        | United Kingdom            |
| North America                                                | Location of Incorporation |
| Solid Gold Pet, LLC                                          | United States of America  |
| Zesty Paws, LLC*                                             | United States of America  |

Operational entities as at 31 December 2021

\*Acquired in October 2021 - Only partially covered in the Report

## METHODOLOGY

Data was collected through a series of online surveys broken up by topic, location or function. A total of 72 surveys were completed by team members from different functions and locations across the H&H Group. Each of these surveys capture information relating to our material topics. Once collected analysis is conducted to pick up trends, capture any large outliers or possible data entry mistakes and cross-checks are made against documentation such as invoices, general ledger data or other platforms that are used to monitor key topics.

Environmental data was collected through a site-based survey covering the 11 most material sites that represent the different countries in which the Group operates and the different site types, e.g. warehouse, factory or office. Most of our sites have team members from different brands and entities across the Group so this is the most efficient way to capture environmental data.

We are continuously improving this process, however, as a global business with diverse operations we face data availability and quality challenges. Our data capture focuses on China and Australia, where over 90% of emissions within the Group occur. The Australian operations benefit from over 10 years of experience in capturing environmental performance data and we therefore have reliable data. We make a concerted effort in collecting data for the manufacturing sites in China and our largest office location in China (IFC), but the vast majority of regional headquarters have utilities built into the rent and can therefore not provide specifics.

Overall, the 2021 GHG account is based on activity data for 11 out of the 105 sites (~10% of sites) with the remaining data being modelled by extrapolation. This was by using comparable 2020 or 2019 intensities per FTEs by country and facility type to the sites without activity data. The H&H Group countries of operation include Australia, New Zealand, China, Singapore, India, Thailand, Malaysia, Indonesia, Switzerland, France, Italy, the Netherlands, Ireland, the United Kingdom and the United States. Organisation types represented include factories, laboratories, warehouses, packing facilities and offices. Where there was insufficient information, we used the next most comparable option. Overall, the 2021 inventory includes activity data for 49% of total electricity, 64% of waste, 7% of water and 97% of business travel. All data for employee commute was estimated using standard calculator.

We are committed to improving data quality in future reporting periods in line with the data quality hierarchy to reduce uncertainty within this inventory for future reporting periods. The GHG inventory is based on the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard' ('GHG Protocol Corporate Standard') and its additional applicable guidance.



METHODOLOGY (CONTINUED)

SOME FURTHER NOTES TO MODELLING ASSUMPTIONS:

- As we use FTE numbers for extrapolation, sites without activity and a small number of FTEs are prone to significant YOY increases if FTEs go up (e.g, electricity usage by 30 - 50 % as FTE increased India and Geneva)
- All regional office sites in China have been modelled based on activity data provided for the HQ (IFC site).
- For two new sites in America; Orlando and Chesterfield, data was modelled based on last year's calculations for Los Angles as a proxy
- Modelling for the Thailand office was based on activity data from the Hong Kong office
- The impact of COVID-19 lockdowns has been modelled into our calculations for emissions from business travel, employee commute, waste and water use. To do this we took the number of days each country was in lockdown listed in Wikipedia.
- The following sites were identified to be impacted by COVID lockdowns in 2021:
  - Cambridge Street:** 50% of the year under lockdown orders
  - Auburn:** 30% of the year under lockdown orders
  - Auckland:** 50% of the year under lockdown orders
  - Amsterdam:** 50% of the year under lockdown orders
  - Cork:** 30% of the year under lockdown orders
  - Geneva:** 11% of the year under lockdown orders
  - London:** 22% of the year under lockdown orders
  - Milan:** 12% of the year under lockdown orders
  - Paris:** 8% of the year under lockdown orders
  - Singapore:** 60% of the year under lockdown orders
- Total FTE across all sites have reduced from 3,463 in 2020 to 3,283 FTE in 2021
- As the Indian site was only in operation to September last year, we have modelled its operation for 75% of the year.

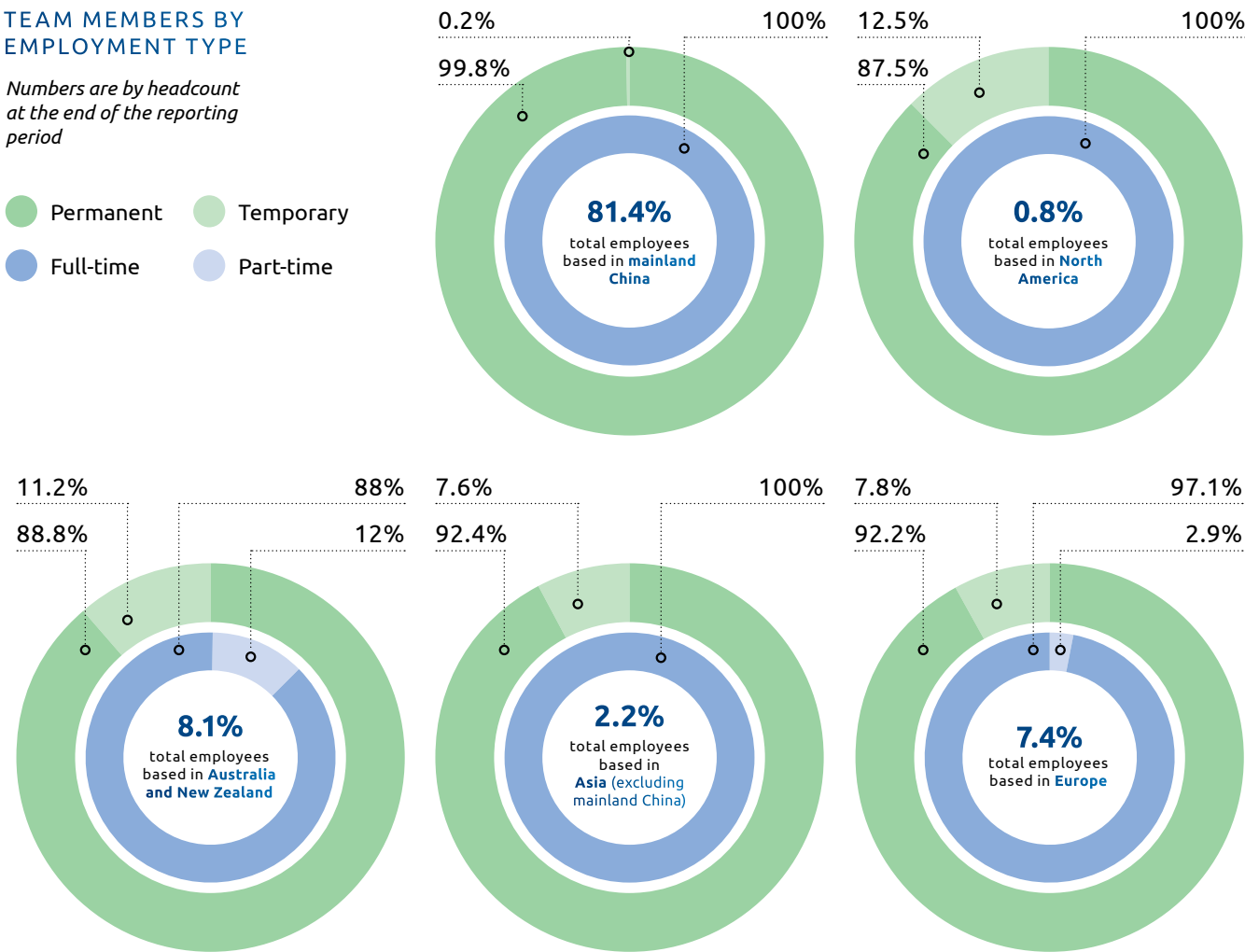
APPENDIX 3

FURTHER INFORMATION ON OUR PEOPLE

TEAM MEMBERS BY EMPLOYMENT TYPE

Numbers are by headcount at the end of the reporting period

- Permanent
- Temporary
- Full-time
- Part-time



TOTAL EMPLOYEES BY EMPLOYMENT CONTRACT (PERMANENT AND TEMPORARY)

|                                                     |  |       |
|-----------------------------------------------------|--|-------|
| We mostly employ team members on a permanent basis: |  |       |
| Permanent employees                                 |  | 97.8% |
| Temporary employees                                 |  | 2.2%  |

|                                             |              |            |  |
|---------------------------------------------|--------------|------------|--|
| The female/male gender split is as follows: |              |            |  |
| Permanent employees                         | 64.2% Female | 35.8% Male |  |
| Temporary employees                         | 80.8% Female | 19.2% Male |  |

TOTAL EMPLOYEES BY EMPLOYMENT TYPE (FULL-TIME AND PART-TIME)

|                                                     |  |       |
|-----------------------------------------------------|--|-------|
| We mostly employ team members on a full-time basis: |  |       |
| Full-time employees                                 |  | 98.7% |
| Part-time employees                                 |  | 1.3%  |

|                                             |              |            |  |
|---------------------------------------------|--------------|------------|--|
| The female/male gender split is as follows: |              |            |  |
| Full-time employees                         | 64.5% Female | 35.5% Male |  |
| Part-time employees                         | 90.9% Female | 9.1% Male  |  |

\*Note:  
• China's three-year standard employment contract system is included as permanent for the purposes of reporting given this is the standard system.  
• We use headcount as the measurement. Data is as at 31 December 2021.  
• We had a total of seven non-guaranteed hours team members in 2021 - four of whom were female, and three were male.

## MATERIAL TOPICS

ADVANCING THE STORY  
OF GOOD HEALTH**PRODUCT SAFETY AND QUALITY**

Ensuring our products, and all ingredients and processes, are tested, safe for consumers, and of the highest quality. This includes enabling traceability throughout the supply chain to prevent counterfeiting and protect consumers' safety.

**CONSUMER ENGAGEMENT**

Connecting with our consumers to engage and educate them on H&H's brands, products (and benefits), and how they may embark on their broader wellness journey. This includes developing trusting and lasting relationships between our brands and consumers, to support business growth across international markets. A focus on digitisation will be a key means for H&H to do so.

**INNOVATION FOR CONSUMER HEALTH OUTCOMES**

Investing in the research and development of new products, and the continuous improvement of the nutrition and efficacy of our existing products. Focusing on serving the health and wellbeing needs of our consumers, and utilising the power of digital technology to do so.

**RESPONSIBLE MARKETING (AND LABELLING)**

Transparently communicating the effects, benefits, limitations and alternatives for H&H's products. This includes ensuring products are accurately and transparently labelled with product ingredients, the nutritional profile and sourcing information to be easily understandable for consumers and empower them to make better health decisions.

**COMMUNITY IMPACT AND INVESTMENT**

H&H's contribution to community impact, engagement, investment in social solutions and inclusive growth. This includes for communities across our value chain, from upstream suppliers to consumers and end-of-life management.

**LOCALISATION**

Tailoring our product portfolio for the specific tastes and health needs of local consumers. Using local ingredients and manufacturing, and sustainable practices that support the local environment, such as regenerative agriculture.

**ACCESS AND AFFORDABILITY OF PRODUCTS**

Considering whether our products are accessible and affordable to meet communities' health and nutrition needs. Helping to address inequality and potential food scarcity resulting from geo-political, social or environmental disruption, and use of digital platforms to do so.

REDUCING OUR FOOTPRINT  
ON THE PLANET**SUSTAINABLE PACKAGING**

Designing our packaging to reduce energy consumption in production and transportation, reduce waste and facilitate recycling. Partnering with suppliers and research institutions to understand and manage lifecycle impacts.

**GHG EMISSIONS AND ENERGY**

Actively working to reduce the greenhouse gas emissions and energy consumption of our operations and value chain, including from raw ingredients and transportation as well as manufacturing. Increasing our use of low-impact, renewable sources of energy.

**LAND MANAGEMENT AND BIODIVERSITY**

Understanding and working to reduce the impacts of our supply chain on land, soils and biodiversity, especially where ingredients are scarce, drawn from vulnerable ecosystems and/or ecosystems which support endangered species. Supporting sustainable agriculture practices that will in turn, ensure long-term, high-quality supply.

**WASTE MANAGEMENT**

Our aim to reduce waste sent to landfill and increase resource recovery. This includes a focus on managing waste outputs in our supply chain and operations, with both partners and suppliers.

**WATER STEWARDSHIP**

Both our water consumption and wastewater practices. Water consumption focuses on our operations and supply chain, and working with our supply chain to reduce usage. Our focus on waste water aims to ensure that water used in our production operations is treated responsibly and does not contribute to water pollution, or adversely affect local communities or environments. Plus, designing our products to avoid water pollution from use or disposal.

**CLIMATE RISK**

Understanding and managing our exposure to climate-related risks and opportunities throughout our value chain. This includes considering the impacts of the transition to a zero-carbon economy and the physical impacts of climate change.

HONOURING HUMAN  
RIGHTS AND FAIRNESS**HEALTH, SAFETY AND WELLBEING**

Actively managing and monitoring the health and safety risks for our own employees and in our supply chain. Creating supportive policies, procedures and an environment that supports health, safety and wellbeing.

**TALENT ATTRACTION, RETENTION AND DEVELOPMENT**

Attracting, developing and retaining a skilled workforce as a strategic priority; ensuring that we have and develop the human capital to innovate, grow and navigate the global consumer goods markets. This includes training, and investing in the long-run, sustainable success of our teams.

**LABOUR RIGHTS AND MODERN SLAVERY**

Ensuring consistent, fair and attractive remuneration and working conditions for own employees in the workplace and in our supply chain. Respecting and protecting the rights of all contributing to the value of H&H's business. This includes actively identifying and managing modern slavery risks within our supply chain.

**DIVERSITY AND INCLUSION**

Embracing and being inclusive of the diversity of staff at all levels and in all regions of our organisation. Recognising the value this brings to our organisation. Supporting diversity and inclusion in our supply chain and local communities.

**ANIMAL WELFARE**

Actively managing animals' quality of life and welfare in the production of animal-derived ingredients, research and development and testing of products in H&H's brands.

SUPPORTING GOOD  
GOVERNANCE**SUPPLY CHAIN GOVERNANCE,  
RELATIONSHIPS AND CONTINUITY**

Ensuring our supplier partnerships and relationships are governed to ensure high-quality, reliable supply; and to manage social and environmental impacts (especially those highlighted in our material topics). This includes not only raw material sourcing, but also R&D relationships, manufacturing and packaging processes.

**COMPLIANCE AND GOVERNMENT RELATIONS**

Actively participating in policy and engaging with government at all levels on behalf of the industry and to ensure regulatory compliance. Increasingly, positive relationships with governments are pertinent to enable the long-term security of trade and the business future.

**ETHICS, INTEGRITY AND TRUST**

Ensuring our business operates to clear and high ethical, legal and moral standards, both internally and when managing external relationships with our suppliers, partners, and engagement with customers. Includes having policies and procedures in place to combat bribery and corruption.

**STRATEGY AND VISION**

Global integration of strategy and vision including integrating and managing H&H's strategy across multiple brands, countries and varied cultures. Managing the risks and challenges of a fast-paced strategy in a young company assimilating multiple acquisitions. This includes integrating our ways of working and communication and leveraging our diversity for business success.

**DATA PRIVACY AND SECURITY**

Ensuring the compliance of H&H's partners and employees with data protection, cyber security laws and internal policies. Beyond compliance, this is a focus on the robustness of our systems to protect customer, employee and partner data.





REGULATORY STANDARDS

The below table outlines the main regulatory standards we follow across our regions depending on the classification of our products.

| PRODUCT CATEGORY                                        | AUSTRALIA & NEW ZEALAND*                                                                                                                                      | MAINLAND CHINA                                                                                                         | EUROPE                                                                                 |
|---------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| Complementary or Traditional Medicines                  | Therapeutic Goods Administration (TGA - Australia)<br><br>Australian Competition and Consumer Commission (ACCC)<br><br>Medsafe (New Zealand)                  |                                                                                                                        |                                                                                        |
| Health Foods                                            |                                                                                                                                                               |                                                                                                                        |                                                                                        |
| Foods                                                   | Food Standards Australia and New Zealand (FSANZ)<br><br>Australian Competition and Consumer Commission (ACCC)                                                 | State Administration for Market Administration (SAMR)<br><br>Guobiao Standards (GB Standards) and China Customs (GACC) | European Food Safety Authority (EFSA) and/or national authorities                      |
| Infant Formula                                          | Food Standards Australia and New Zealand (FSANZ)<br><br>Marketing of Infant Formula in Australia<br><br>Australian Competition and Consumer Commission (ACCC) | National Health Commission (NHC)                                                                                       |                                                                                        |
| (The above categories also compliant with the WHO Code) |                                                                                                                                                               |                                                                                                                        |                                                                                        |
| Pet Food                                                | Australian Pesticides and Veterinary Medicines Authority (APVMA)<br><br>Australian Competition and Consumer Commission (ACCC)                                 | Ministry of Agriculture and Rural Affairs (MARA)                                                                       | European Food Safety Authority (EFSA)<br><br>plus national authorities for each market |
| Skincare                                                | Australian Industrial Chemicals Introduction Scheme (AICIS)<br><br>Australian Competition and Consumer Commission (ACCC)                                      | National Medical Products Administration (NMPA)<br><br>Cosmetic Supervision and Administration Regulation (CSAR)       | National Authorities (i.e. ANSM and DGCCRF in France)                                  |

| UNITED KINGDOM                                                                                | UNITED STATES                                                                                                                                      | ASIA (EXCLUDING MAINLAND CHINA)                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| *For traditional herbal medicines, Medicines and Healthcare products Regulatory Agency (MHRA) | USA Food and Drug Administration (FDA)                                                                                                             | Singapore: Health Sciences Authority (HSA)<br><br>Hong Kong SAR: Centre for Food Safety<br><br>Malaysia: National Pharmaceutical Regulatory Agency (NPRA)<br><br>Thailand: The Thailand Food and Drug Administration (FDA)<br><br>Indonesia: Badan Pengawas Obat dan Makanan (BPOM)<br><br>Vietnam: Vietnam Food Administration (VFA) under Ministry of Health                                                                                                 |
|                                                                                               |                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|                                                                                               | USA Food and Drug Administration (FDA)                                                                                                             | Singapore: Singapore Food Agency (SFA)<br><br>Hong Kong SAR: Centre for Food Safety (Hong Kong)<br><br>Malaysia: Food Safety and Quality Division (FSQD)<br><br>Thailand: The Thailand Food and Drug Administration (FDA)<br><br>Indonesia: Badan Pengawas Obat dan Makanan (BPOM)<br><br>Vietnam: Vietnam Food Administration (VFA) under Ministry of Health                                                                                                  |
| Food Standards Agency (FSA)                                                                   |                                                                                                                                                    | Hong Kong SAR: Centre for Food Safety (Hong Kong)<br><br>Singapore: Singapore Food Agency (SFA)<br><br>Malaysia: Food Safety and Quality Division (FSQD)<br><br>Thailand: The Thailand Food and Drug Administration (FDA)<br><br>Indonesia: Badan Pengawas Obat dan Makanan (BPOM)<br><br>Vietnam: Vietnam Food Administration (VFA) under Ministry of Health                                                                                                  |
| (The above categories also compliant with the WHO Code)                                       |                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Food Standards Agency (FSA)                                                                   | Center for Veterinary Medicine, DFA<br><br>Association of American Feed Control Officials (AAFCO)<br><br>National Animal Supplement Council (NASC) | Hong Kong SAR: Agriculture, Fisheries and Conservation Department (Hong Kong)<br><br>Singapore: Singapore Food Agency (Livestock and Animal Products)<br><br>Malaysia: Department of Veterinary Services Malaysia (DVS)<br><br>Thailand: Animal Feed and Veterinary Product Control (AFVC)<br><br>Indonesia: Ministry of Agriculture (Directorate Animal Husbandry and Health)<br><br>Vietnam: Vietnam's Ministry of Agricultural and Rural Development (MARD) |
| Office for Product Safety and Standards (OPSS)                                                |                                                                                                                                                    | HK: Consumer Goods Safety<br><br>SG: Health Sciences Authority (HSA)<br><br>MY: National Pharmaceutical Regulatory Agency (NPRA)<br><br>TH: The Thailand Food and Drug Administration (FDA)<br><br>ID: Badan Pengawas Obat dan Makanan (BPOM)<br><br>VN: Drug Administration of Vietnam (DAV) under the Ministry of Health                                                                                                                                     |

DISCLOSURE INDEX

(INCLUDING GRI CONTENT INDEX AND HKEx REPORTING ESG GUIDE INDEX)

| GRI Standard Title                | GRI Disclosure Number | Topic                                                        | Chapter                                                                                                 | Page             | HKEx ESG Reporting Guide | Notes                                                                                    |
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| H&H ORGANIZATIONAL PROFILE        |                       |                                                              |                                                                                                         |                  |                          |                                                                                          |
| GRI 102: General Disclosures 2016 | 102-1                 | Name of the organisation                                     | About this Report                                                                                       | 4                |                          |                                                                                          |
| GRI 102: General Disclosures 2016 | 102-2                 | Activities, brands, products, and services                   | Our Brands<br>Our Business Segments                                                                     | 14-15            |                          |                                                                                          |
| GRI 102: General Disclosures 2016 | 102-3                 | Location of headquarters                                     | About this Report<br>Our Global Presence                                                                | 4<br>12-13       |                          |                                                                                          |
| GRI 102: General Disclosures 2016 | 102-4                 | Location of operations                                       | Our Global Presence                                                                                     | 12-13            |                          |                                                                                          |
| GRI 102: General Disclosures 2016 | 102-5                 | Ownership and legal form                                     | About this Report                                                                                       | 4                |                          |                                                                                          |
| GRI 102: General Disclosures 2016 | 102-6                 | Markets served                                               | Our Global Presence                                                                                     | 12-13            |                          |                                                                                          |
| GRI 102: General Disclosures 2016 | 102-7                 | Scale of the organisation                                    | About this report<br>Welcome to the World of H&H                                                        | 4<br>12-21       |                          | Details on the financial performance of the Group can be found in the 2021 Annual Report |
| GRI 102: General Disclosures 2016 | 102-8                 | Information on employees and other workers                   | Our People<br>Appendix 3                                                                                | 12<br>129        | B1.1                     |                                                                                          |
| GRI 102: General Disclosures 2016 | 102-9                 | Supply chain                                                 | Value Chain<br>Manufacturing and Processing                                                             | 76-77<br>106-109 |                          |                                                                                          |
| GRI 102: General Disclosures 2016 | 102-10                | Significant changes to the organisation and its supply chain | About this Report                                                                                       | 4                |                          |                                                                                          |
| GRI 102: General Disclosures 2016 | 102-11                | Precautionary principle or approach                          | Reducing our Footprint on the Planet > Focuses in 2021<br>Supporting Good Governance > Risk Management  | 48-49<br>72      |                          |                                                                                          |
| GRI 102: General Disclosures 2016 | 102-12                | External initiatives                                         | Associations and External Initiatives<br>Alignment to the UN Global Compact Ten Principles and the SDGs | 20-21<br>28-29   |                          |                                                                                          |
| GRI 102: General Disclosures 2016 | 102-13                | Membership of associations                                   | Associations and External Initiatives                                                                   | 20-21            |                          |                                                                                          |
| Other                             |                       | Intellectual property                                        | Supporting Good Governance > Intellectual Property                                                      | 73               | B6.3                     |                                                                                          |

| GRI Standard Title                | GRI Disclosure Number | Topic                                                                         | Chapter                                                  | Page             | HKEx ESG Reporting Guide                                                            | Notes |
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| SUSTAINABILITY AT H&H             |                       |                                                                               |                                                          |                  |                                                                                     |       |
| GRI 102: General Disclosures 2016 | 102-14                | Statement from senior decision-maker                                          | Note from our Chairman<br><br>Note from our CEO          | 6-7              | Mandatory Disclosure Requirements > Governance Structure > Statement from the Board |       |
| GRI 102: General Disclosures 2016 | 102-18                | Governance structure                                                          | Sustainability Governance                                | 8-9              |                                                                                     |       |
| GRI 102: General Disclosures 2016 | 102-20                | Executive-level responsibility for economic, environmental, and social topics | Sustainability Governance                                | 8-9              |                                                                                     |       |
| GRI 102: General Disclosures 2016 | 102-22                | Composition of the highest governance body and its committees                 | Sustainability Governance                                | 8-9              |                                                                                     |       |
| GRI 102: General Disclosures 2016 | 102-31                | Review of economic, environmental, and social topics                          | Sustainability Governance                                | 8-9              |                                                                                     |       |
| GRI 102: General Disclosures 2016 | 102-40                | List of stakeholder groups                                                    | Sustainability at H&H                                    | 24-27            | Mandatory Disclosure Requirements > Reporting Principles > Materiality              |       |
| GRI 102: General Disclosures 2016 | 102-41                | Collective bargaining agreements                                              | Honouring Human Rights and Fairness > Financial Security | 60               |                                                                                     |       |
| GRI 102: General Disclosures 2016 | 102-42                | Identifying and selecting stakeholders                                        | Sustainability at H&H                                    | 24-27            | Mandatory Disclosure Requirements > Reporting Principles > Materiality              |       |
| GRI 102: General Disclosures 2016 | 102-43                | Approach to stakeholder engagement                                            | Sustainability at H&H                                    | 24-27            | Mandatory Disclosure Requirements > Reporting Principles > Materiality              |       |
| GRI 102: General Disclosures 2016 | 102-44                | Key topics and concerns raised                                                | Sustainability at H&H                                    | 24-27            | Mandatory Disclosure Requirements > Reporting Principles > Materiality              |       |
| GRI 102: General Disclosures 2016 | 102-47                | List of material topics                                                       | Sustainability at H&H<br>Appendix 4                      | 24-27<br>130-131 | Mandatory Disclosure Requirements > Reporting Principles                            |       |



| GRI Standard Title                     | GRI Disclosure Number | Topic                                                               | Chapter                                                               | Page       | HKEx ESG Reporting Guide                               | Notes                                                                                    |
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| REPORTING PRACTICE                     |                       |                                                                     |                                                                       |            |                                                        |                                                                                          |
| GRI 102: General Disclosures 2016      | 102-45                | Entities included in the consolidated financial statements          | About this Report                                                     | 4          | Mandatory Disclosure Requirements > Reporting Boundary |                                                                                          |
|                                        |                       |                                                                     | Appendix 1                                                            | 126        |                                                        |                                                                                          |
| GRI 102: General Disclosures 2016      | 102-46                | Defining report content and topic boundaries                        | About this Report<br>Sustainability at H&H                            | 4<br>24-27 |                                                        |                                                                                          |
| GRI 102: General Disclosures 2016      | 102-48                | Restatements of information                                         | Appendix 7                                                            | 144        |                                                        |                                                                                          |
| GRI 102: General Disclosures 2016      | 102-49                | Changes in reporting                                                | Sustainability at H&H                                                 | 24-27      |                                                        |                                                                                          |
| GRI 102: General Disclosures 2016      | 102-50                | Reporting period                                                    | About this Report                                                     | 4          |                                                        |                                                                                          |
| GRI 102: General Disclosures 2016      | 102-51                | Date of most recent report                                          | About this Report                                                     | 4          |                                                        |                                                                                          |
| GRI 102: General Disclosures 2016      | 102-52                | Reporting cycle                                                     | About this Report                                                     | 4          |                                                        |                                                                                          |
| GRI 102: General Disclosures 2016      | 102-53                | Contact point for questions regarding the report                    | Get in touch                                                          | 5          |                                                        |                                                                                          |
| GRI 102: General Disclosures 2016      | 102-54                | Claims of reporting in accordance with the GRI Standards            | About this Report                                                     | 4          |                                                        |                                                                                          |
| GRI 102: General Disclosures 2016      | 102-55                | GRI content index                                                   | Appendix 6                                                            | 134-143    |                                                        |                                                                                          |
| GRI 102: General Disclosures 2016      | 102-56                | External assurance                                                  | About this Report                                                     | 4          |                                                        |                                                                                          |
|                                        |                       |                                                                     | Appendix 8                                                            | 145-147    |                                                        |                                                                                          |
| COMMUNITY IMPACT AND INVESTMENT        |                       |                                                                     |                                                                       |            |                                                        |                                                                                          |
| GRI 103: Management Approach 2016      | 103-1, 103-2, 103-3   | Management approach                                                 | Advancing the story of good health > Community support and engagement | 36-45      | B8, B8.1                                               |                                                                                          |
| GRI 201: Economic Performance          | 201-1                 | Direct economic value generated and distributed                     | About this Report                                                     | 4          | B8.2                                                   | Details on the financial performance of the Group can be found in the 2021 Annual Report |
|                                        |                       |                                                                     | Our Global Presence                                                   | 12-13      |                                                        |                                                                                          |
|                                        |                       |                                                                     | Advancing the story of good health > Community support and engagement | 36-37      |                                                        |                                                                                          |
| INNOVATION FOR CONSUMER HEALTH OUTCOME |                       |                                                                     |                                                                       |            |                                                        |                                                                                          |
| GRI 103: Management Approach 2016      | 103-1, 103-2, 103-3   | Management approach                                                 | Innovation                                                            | 78-87      |                                                        |                                                                                          |
| Other                                  |                       | Number of new products launched                                     | Innovation                                                            | 78         |                                                        |                                                                                          |
|                                        |                       | Number of patents filed, spend on R&D, spend on R&D, collaborations | Innovation > Research and Development                                 | 86         |                                                        |                                                                                          |

| GRI Standard Title                    | GRI Disclosure Number | Topic                                                                                         | Chapter                               | Page    | HKEx ESG Reporting Guide | Notes                                                                                                                                             |
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| PRODUCT SAFETY AND QUALITY            |                       |                                                                                               |                                       |         |                          |                                                                                                                                                   |
| GRI 103: Management Approach 2016     | 103-1, 103-2, 103-3   | Management approach                                                                           | Quality Management                    | 88-93   | B6, B6.4                 |                                                                                                                                                   |
| GRI 416: Customer Health and Safety   | 416-1                 | Assessment of the health and safety impacts of product and service categories                 | Quality Management                    | 88-93   | B6.1, B6.2               |                                                                                                                                                   |
|                                       | 416-2                 | Incidents of non-compliance concerning the health and safety impacts of products and services | Quality Management                    | 90      | B6                       |                                                                                                                                                   |
| ACCESS AND AFFORDABILITY OF PRODUCTS  |                       |                                                                                               |                                       |         |                          |                                                                                                                                                   |
| GRI 103: Management Approach 2016     | 103-1, 103-2, 103-3   | Management approach                                                                           | Distribution > Access to our products | 115     |                          |                                                                                                                                                   |
| Other                                 |                       | Direct to consumer sales growth                                                               | Distribution > Access to our products | 115     |                          |                                                                                                                                                   |
|                                       |                       | New countries where H&H products are available                                                | Distribution > Access to our products | 115     |                          |                                                                                                                                                   |
| CONSUMER ENGAGEMENT                   |                       |                                                                                               |                                       |         |                          |                                                                                                                                                   |
| GRI 103: Management Approach 2016     | 103-1, 103-2, 103-3   | Management approach                                                                           | Our Business Strategy and Vision      | 16-19   |                          |                                                                                                                                                   |
|                                       |                       |                                                                                               | Marketing > Consumer Engagement       | 116-119 |                          |                                                                                                                                                   |
| Other                                 |                       | PPAE approach and consumer engagement initiatives                                             | Marketing > Consumer Engagement       | 116-119 |                          |                                                                                                                                                   |
| LOCALISATION                          |                       |                                                                                               |                                       |         |                          |                                                                                                                                                   |
| GRI 103: Management Approach 2016     | 103-1, 103-2, 103-3   | Management approach                                                                           | Marketing > Localisation              | 120-121 |                          |                                                                                                                                                   |
| Other                                 |                       | Qualitative disclosures on the 'glocal' approach                                              | Marketing > Localisation              | 120-121 |                          |                                                                                                                                                   |
| RESPONSIBLE MARKETING (AND LABELLING) |                       |                                                                                               |                                       |         |                          |                                                                                                                                                   |
| GRI 103: Management Approach 2016     | 103-1, 103-2, 103-3   | Management approach                                                                           | Marketing                             | 116-123 | B6                       | H&H Responsible Marketing of Breast-Milk Substitutes Policy is available on the H&H Group website (Our Impact > Corporate Policies and Practices) |
| GRI 417: Marketing and Labelling 2016 | 417-2                 | Incidents of non-compliance concerning product and service information and labeling           | Quality Management                    | 93      |                          |                                                                                                                                                   |
|                                       | 417-3                 | Incidents of non-compliance concerning marketing communications                               | Quality Management                    | 93      |                          |                                                                                                                                                   |

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| GHG EMISSIONS AND ENERGY                                 |                                       |                                                                                 |                                                           |        |                              |       |
| GRI 103: Management Approach 2016                        | 103-1, 103-2, 103-3                   | Management approach                                                             | Reducing our footprint on the planet                      | 48-53  | A1, A1.5, A2, A2.3, A3, A3.1 |       |
| GRI 305: Emissions 2016                                  | 305-1                                 | Direct (Scope 1) GHG emissions                                                  | Reducing our footprint on the planet > Emissions          | 51     | A1.2                         |       |
|                                                          | 305-2                                 | Energy indirect (Scope 2) GHG emissions                                         | Reducing our footprint on the planet > Emissions          | 51     | A1.2                         |       |
|                                                          | 305-3                                 | Other indirect (Scope 3) GHG emissions                                          | Reducing our footprint on the planet > Emissions          | 51     |                              |       |
|                                                          | 305-4                                 | GHG emissions intensity                                                         | Reducing our footprint on the planet > Emissions          | 51     | A1.2                         |       |
|                                                          | 305-7                                 | Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions | Reducing our footprint on the planet > Focuses in 2021    | 48-49  | A1.1                         |       |
| GRI 302: Energy 2016                                     | 302-1                                 | Energy consumption within the organisation                                      | Reducing our footprint on the planet > Energy Consumption | 52     | A2.1                         |       |
|                                                          | 302-3                                 | Energy intensity                                                                | Reducing our footprint on the planet > Energy Consumption | 52     | A2.1                         |       |
| GRI 307: Environmental Compliance 2016                   | 307-1                                 | Non-compliance with environmental laws and regulations                          | Reducing our footprint on the planet > Focuses in 2021    | 48-49  | A1                           |       |
| WASTE MANAGEMENT                                         |                                       |                                                                                 |                                                           |        |                              |       |
| GRI 103: Management Approach 2016<br>GRI 306: Waste 2020 | 103-1, 103-2, 103-3<br>306-1<br>306-2 | Management approach                                                             | Reducing our footprint on the planet > Focuses in 2021    | 48-49  | A1, A1.6, A2, A3             |       |
|                                                          |                                       |                                                                                 | Reducing our footprint on the planet > Waste management   | 54-55  |                              |       |
| GRI 306: Waste 2020                                      | 306-3                                 | Waste generated                                                                 | Reducing our footprint on the planet > Waste              | 55     | A1.3, A1.4                   |       |
| WATER STEWARDSHIP                                        |                                       |                                                                                 |                                                           |        |                              |       |
| GRI 103: Management Approach 2016                        | 103-1, 103-2, 103-3<br>303-1<br>303-2 | Management approach                                                             | Reducing our footprint on the planet                      | 48-49  | A2, A2.4                     |       |
| GRI 303: Water and effluents 2018                        | 303-5                                 | Water consumption                                                               | Reducing our footprint on the planet > Water Consumption  | 51     | A2.2                         |       |
| CLIMATE RISK                                             |                                       |                                                                                 |                                                           |        |                              |       |
| GRI 103: Management Approach 2016                        | 103-1, 103-2, 103-3                   | Management approach                                                             | Reducing our footprint on the planet                      | 48-49  | A4, A4.1                     |       |
| Other                                                    |                                       | Climate risks already identified                                                | Reducing our footprint on the planet                      | 48-49  |                              |       |
| LAND MANAGEMENT AND BIODIVERSITY                         |                                       |                                                                                 |                                                           |        |                              |       |
| GRI 103: Management Approach 2016                        | 103-1, 103-2, 103-3                   | Management approach                                                             | Raw Material Sourcing                                     | 94-105 | A2, A3, A3.1                 |       |

| GRI Standard Title                | GRI Disclosure Number | Topic                                            | Chapter                                                                                                   | Page    | HKEx ESG Reporting Guide | Notes                                                                                                                                                                                                               |
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| GRI 304: Biodiversity 2016        |                       |                                                  |                                                                                                           |         |                          | The information is currently unavailable. We do not currently have the resources or systems in place to collect and analyse the relevant information but are working to include relevant data for future reporting. |
| SUSTAINABLE PACKAGING             |                       |                                                  |                                                                                                           |         |                          |                                                                                                                                                                                                                     |
| GRI 103: Management Approach 2016 | 103-1, 103-2, 103-3   | Management approach                              | Packaging                                                                                                 | 110-111 |                          |                                                                                                                                                                                                                     |
| GRI 301: Materials 2016           | 301-1                 | Materials used by weight or volume               | Packaging > Packaging Data                                                                                | 112-113 | A2.5                     | Not reported for input materials - only for packaging materials, which is a H&H material topic. The Report provides a breakdown of packaging by material type.                                                      |
|                                   | 301-2                 | Recycled input materials used                    | Packaging > Packaging Data                                                                                | 112-113 |                          | Not reported for input materials - only for packaging materials, which is a H&H material topic.                                                                                                                     |
|                                   | 301-3                 | Reclaimed products and their packaging materials | Packaging > Packaging Data                                                                                | 112-113 |                          | Not reported for input materials - only for packaging materials, which is a H&H material topic.                                                                                                                     |
| HEALTH, SAFETY AND WELLBEING      |                       |                                                  |                                                                                                           |         |                          |                                                                                                                                                                                                                     |
| GRI 103: Management Approach 2016 | 103-1, 103-2, 103-3   | Management approach                              | Honouring Human Rights and Fairness > Working conditions and Additional Benefits                          | 59      | B2, B2.3                 |                                                                                                                                                                                                                     |
|                                   |                       |                                                  | Honouring Human Rights and Fairness > Health and Safety                                                   | 62      |                          |                                                                                                                                                                                                                     |
|                                   |                       |                                                  | Honouring Human Rights and Fairness > Health and Wellbeing to support our team members' wellness journeys | 66-67   |                          |                                                                                                                                                                                                                     |



| GRI Standard Title                           | GRI Disclosure Number | Topic                                                                                   | Chapter                                                                                                   | Page  | HKEx ESG Reporting Guide | Notes |
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| GRI 403: Occupational Health and Safety 2018 | 403-4                 | Worker participation, consultation, and communication on occupational health and safety | Honouring Human Rights and Fairness > Health and Safety                                                   | 62    |                          |       |
|                                              | 403-5                 | Worker training on occupational health and safety                                       | Honouring Human Rights and Fairness > Health and Safety                                                   | 62    |                          |       |
|                                              | 403-6                 | Promotion of worker health                                                              | Honouring Human Rights and Fairness > Working conditions and Additional Benefits                          | 59    |                          |       |
|                                              |                       |                                                                                         | Honouring Human Rights and Fairness > Health and Wellbeing to support our team members' wellness journeys | 66-67 |                          |       |
|                                              | 403-8                 | Workers covered by an occupational health and safety management system                  | Honouring Human Rights and Fairness > Health and Safety                                                   | 62    |                          |       |
|                                              | 403-9                 | Work-related injuries                                                                   | Honouring Human Rights and Fairness > Health and Safety                                                   | 62    | B2.2                     |       |
| Other                                        |                       | Work-related fatalities                                                                 | Honouring Human Rights and Fairness > Health and Safety                                                   | 62    | B2.1                     |       |
| TALENT ATTRACTION, RETENTION AND DEVELOPMENT |                       |                                                                                         |                                                                                                           |       |                          |       |
| GRI 103: Management Approach 2016            | 103-1, 103-2, 103-3   | Management approach                                                                     | Honouring Human Rights and Fairness > H&H Talent Cycle                                                    | 58    | B1, B3                   |       |
|                                              |                       |                                                                                         | Honouring Human Rights and Fairness > AID Talent Management                                               | 59    |                          |       |
|                                              |                       |                                                                                         | Honouring Human Rights and Fairness > Training and development                                            | 68-69 |                          |       |
| GRI 401: Employment 2016                     | 401-1                 | New employee hires and employee turnover                                                | Honouring Human Rights and Fairness > Recruitment                                                         | 60    | B1.2                     |       |
|                                              |                       |                                                                                         | Honouring Human Rights and Fairness > Turnover                                                            | 61    |                          |       |
| GRI 404: Training and education 2016         | 404-1                 | Average hours of training per year per employee                                         | Honouring Human Rights and Fairness > Training and development                                            | 68-69 | B3.2                     |       |
|                                              | 404-3                 | Percentage of employees receiving regular performance and career development reviews    | Honouring Human Rights and Fairness > AID Talent Management                                               | 59    |                          |       |
| Other                                        |                       | Percentage of employees trained                                                         | Honouring Human Rights and Fairness > Training and development                                            | 68-69 | B3.1                     |       |

| GRI Standard Title                                             | GRI Disclosure Number | Topic                                                                                                          | Chapter                                                                          | Page    | HKEx ESG Reporting Guide | Notes                                                                                                              |
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| LABOUR RIGHTS AND MODERN SLAVERY                               |                       |                                                                                                                |                                                                                  |         |                          |                                                                                                                    |
| GRI 103: Management Approach 2016                              | 103-1, 103-2, 103-3   | Management approach                                                                                            | Honouring Human Rights and Fairness > Working conditions and Additional Benefits | 59      | B1, B4, B4.1, B4.2       | H&H Modern Slavery Statement is available on the H&H Group website (Our Impact > Corporate Policies and Practices) |
|                                                                |                       |                                                                                                                | Honouring Human Rights and Fairness > Modern Slavery                             | 62      |                          |                                                                                                                    |
|                                                                |                       |                                                                                                                | Processing and Manufacturing                                                     | 106-109 |                          |                                                                                                                    |
| GRI 407: Freedom of association and collective bargaining 2016 | 407-1                 | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | Honouring Human Rights and Fairness > Working conditions and benefits            | 59      |                          |                                                                                                                    |
|                                                                |                       |                                                                                                                | Honouring Human Rights and Fairness > Financial security                         | 60      |                          |                                                                                                                    |
|                                                                |                       |                                                                                                                | Processing and Manufacturing                                                     | 106-109 |                          |                                                                                                                    |
| GRI 408: Child labour 2016                                     | 408-1                 | Operations and suppliers at significant risk for incidents of child labor                                      | Honouring Human Rights and Fairness > Working conditions and Additional Benefits | 59      |                          |                                                                                                                    |
|                                                                |                       |                                                                                                                | Honouring Human Rights and Fairness > Modern Slavery                             | 62      |                          |                                                                                                                    |
|                                                                |                       |                                                                                                                | Processing and Manufacturing                                                     | 106-109 |                          |                                                                                                                    |
| GRI 409: Forced or compulsory labour 2016                      | 409-1                 | Operations and suppliers at significant risk for incidents of forced or compulsory labor                       | Honouring Human Rights and Fairness > Working conditions and Additional Benefits | 59      |                          |                                                                                                                    |
|                                                                |                       |                                                                                                                | Honouring Human Rights and Fairness > Modern Slavery                             | 62      |                          |                                                                                                                    |
|                                                                |                       |                                                                                                                | Processing and Manufacturing                                                     | 106-109 |                          |                                                                                                                    |
| DIVERSITY AND INCLUSION                                        |                       |                                                                                                                |                                                                                  |         |                          |                                                                                                                    |
| GRI 103: Management Approach 2016                              | 103-1, 103-2, 103-3   | Management approach                                                                                            | Honouring Human Rights and Fairness > Working conditions and Additional Benefits | 59      | B1                       |                                                                                                                    |
|                                                                |                       |                                                                                                                | Honouring Human Rights and Fairness > Recruitment                                | 60      |                          |                                                                                                                    |
|                                                                |                       |                                                                                                                | Honouring Human Rights and Fairness > Diversity, Equity and Inclusion            | 64      |                          |                                                                                                                    |
| GRI 405: Diversity and Equal Opportunity 2016                  | 405-1                 | Diversity of governance bodies and employees                                                                   | Sustainability Governance                                                        | 8       |                          |                                                                                                                    |
|                                                                |                       |                                                                                                                | Honouring Human Rights and Fairness > Diversity, Equity and Inclusion            | 64      |                          |                                                                                                                    |
| Other                                                          |                       | Parental leave                                                                                                 | Honouring Human Rights and Fairness > Parental Leave                             | 63      |                          |                                                                                                                    |

| GRI Standard Title                                    | GRI Disclosure Number | Topic                                                                                        | Chapter                                                               | Page         | HKEx ESG Reporting Guide | Notes                                                                                                               |
|-------------------------------------------------------|-----------------------|----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|--------------|--------------------------|---------------------------------------------------------------------------------------------------------------------|
| ANIMAL WELFARE                                        |                       |                                                                                              |                                                                       |              |                          |                                                                                                                     |
| GRI 103: Management Approach 2016                     | 103-1, 103-2, 103-3   | Management approach                                                                          | Raw Material Sourcing > Animal Welfare                                | 100-103      |                          |                                                                                                                     |
| Other                                                 |                       | Plant-based strategy and percentage of plant-based and/or vegan products across H&H brands   | Raw Material Sourcing                                                 | 94-95<br>101 |                          |                                                                                                                     |
|                                                       |                       | Cruelty-free certification                                                                   | Raw Material Sourcing > Animal Welfare                                | 101          |                          |                                                                                                                     |
| STRATEGY AND VISION                                   |                       |                                                                                              |                                                                       |              |                          |                                                                                                                     |
| GRI 103: Management Approach 2016                     | 103-1, 103-2, 103-3   | Management approach                                                                          | Our Business Strategy and Vision                                      | 16-19        |                          |                                                                                                                     |
| Other                                                 |                       | Qualitative disclosure on strategic initiatives                                              | Our Business Strategy and Vision                                      | 16-19        |                          |                                                                                                                     |
| ETHICS, INTEGRITY AND TRUST                           |                       |                                                                                              |                                                                       |              |                          |                                                                                                                     |
| GRI 103: Management Approach 2016                     | 103-1, 103-2, 103-3   | Management approach                                                                          | Supporting Good Governance                                            | 70-73        | B7, B7.2, B7.3           |                                                                                                                     |
| GRI 102: General Disclosures 2016                     | 102-16                | Values, principles, standards, and norms of behavior                                         | Honouring Human Rights and Fairness > Introduction                    | 58           |                          |                                                                                                                     |
| GRI 102: General Disclosures 2016                     | 102-17                | Mechanisms for advice and concerns about ethics                                              | Supporting Good Governance> Combating Potential Fraud and Corruption  | 70-72        |                          |                                                                                                                     |
| GRI 205: Anti-corruption 2016                         | 205-3                 | Confirmed incidents of corruption and action taken                                           | Supporting Good Governance > Combating Potential Fraud and Corruption | 70-72        | B7.1                     |                                                                                                                     |
| COMPLIANCE AND GOVERNMENT RELATIONS                   |                       |                                                                                              |                                                                       |              |                          |                                                                                                                     |
| GRI 103: Management Approach 2016                     | 103-1, 103-2, 103-3   | Management approach                                                                          | Supporting Good Governance > Government Affairs                       | 73           | B7                       |                                                                                                                     |
| GRI 415: Public Policy 2016                           | 415-1                 | Political contributions                                                                      | Supporting Good Governance > Government Affairs                       | 73           |                          |                                                                                                                     |
| DATA PRIVACY AND SECURITY                             |                       |                                                                                              |                                                                       |              |                          |                                                                                                                     |
| GRI 103: Management Approach 2016                     | 103-1, 103-2, 103-3   | Management approach                                                                          | Supporting Good Governance > Privacy                                  | 73           | B6, B6.5                 |                                                                                                                     |
| GRI 418: Customer Privacy 2016                        | 418-1                 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | Supporting Good Governance > Privacy                                  | 73           |                          |                                                                                                                     |
| SUPPLY CHAIN GOVERNANCE, RELATIONSHIPS AND CONTINUITY |                       |                                                                                              |                                                                       |              |                          |                                                                                                                     |
| GRI 103: Management Approach 2016                     | 103-1, 103-2, 103-3   | Management approach                                                                          | Raw Material Sourcing                                                 | 94-105       | B5, B5.2, B5.3, B5.4     | H&H Suppliers Code of Conduct is available on the H&H Group website (Our Impact > Corporate Policies and Practices) |
|                                                       |                       |                                                                                              | Processing and Manufacturing                                          | 106-109      |                          |                                                                                                                     |

| GRI Standard Title                              | GRI Disclosure Number | Topic                                                         | Chapter                      | Page    | HKEx ESG Reporting Guide | Notes |
|-------------------------------------------------|-----------------------|---------------------------------------------------------------|------------------------------|---------|--------------------------|-------|
| GRI 308: Supplier Environmental Assessment 2016 | 308-1                 | New suppliers that were screened using environmental criteria | Processing and Manufacturing | 106-109 | B5.2                     |       |
| GRI 414: Supplier Social Assessment 2016        | 414-1                 | New suppliers that were screened using social criteria        | Processing and Manufacturing | 106-109 | B5.2                     |       |
| Other                                           |                       | Number of suppliers by geographical regions                   | Processing and Manufacturing | 108-109 | B5.1                     |       |



## APPENDIX 7

## RESTATEMENTS

In 2021, we have increased the level of scrutiny applied to our disclosure data points in terms of completeness, closing our data gaps and reducing assumptions and frequency. This, in addition to the assurance process, has allowed us to uncover some errors in our previous data points.

The two reporting errors that we wish to correct relate to:

- The 2020 intensity metrics for all energy in MWh ‘per team member for our offices’ and ‘per unit produced at manufacturing sites’ were subjected to a conversion error and therefore out by a factor of 1000 and 100 respectively. These should have read as 1.8 MWh per person and 0.25 kWh per unit respectively.
- The 2020 boundary erroneously did not list water as a scope 3 source, which has been corrected for 2021.

Whilst we regret that a number of our previous disclosures were inaccurate, the H&H Group is genuinely committed to transparency and constant improvement in our sustainability performance reporting.

## APPENDIX 8

## ASSURANCE STATEMENT

CECEP (HK) Advisory Company Limited (“CECEPAC (HK)” or “We”) has been engaged by Health and Happiness (H&H) International Holdings Limited (“H&H Group”) to conduct an independent limited assurance engagement (“Assurance Engagement”) on the information and data related to sustainable development in the 2021 Sustainability Report (the “*Sustainability Report*”) of H&H Group, providing assurance conclusions to users of Sustainability Report through the independent assurance statement.

CECEPAC (HK) has been engaged to assure H&H Group’s adherence to the four AA1000 Accountability Principles (Inclusivity, Materiality, Responsiveness and Impact) set out in the AA1000 Assurance Standard v3 (“AA1000AS v3”). Moreover, CECEPAC (HK) has also been engaged to conduct limited Assurance Engagement on the reliability and quality of specified performance information disclosed in the Sustainability Report in accordance with the Environmental, Social and Governance Reporting Guide (“*ESG Reporting Guide*”) published by the Stock Exchange of Hong Kong Limited (“SEHK”).

This independent assurance statement has been prepared in Chinese and English versions. Should there be any discrepancies between these versions, the English version shall prevail.

#### I. Independence and Competence

CECEPAC (HK) was not involved in collecting and calculating data or in the development of the *Sustainability Report*. CECEPAC (HK)’s activities are independent from H&H Group. There is no relationship between CECEPAC (HK) and H&H Group beyond the contractual agreement for providing this Assurance Engagement.

The assurance team of CECEPAC (HK) is composed of experienced consultants in the industry who have had professional training of standards related to sustainable development, including *GRI Standards* issued by Global Reporting Initiative, AA1000AS v3, *ESG Reporting Guide* issued by SEHK, ISO 14064, ISO 9001, etc.

The assurance team of CECEPAC (HK) has extensive experience in conducting the Assurance Engagement and has sufficient understanding and capabilities of implementation of AA1000AS v3. Moreover, the Assurance Engagement related to sustainable development issues is carried out in line with CECEPAC (HK)’s internal assurance protocol.

#### II. H&H Group’s Responsibilities

H&H Group is responsible for the preparation and presentation of the *Sustainability Report* in accordance with the *ESG Reporting Guide* published by SEHK. H&H Group is also responsible for implementing relevant internal control procedures to ensure that the contents of the *Sustainability Report* are free from material misstatement, whether due to fraud or error.

#### III. Assurance Provider’s Responsibilities

CECEPAC (HK) is responsible for issuing an independent assurance statement according to AA1000AS v3 and the *ESG Reporting Guide* by SEHK to the Board of H&H Group. This independent assurance statement applies solely to the *Sustainability Report* in the specified scope, expresses a conclusion on the assurance work, and does not serve any other intents or purposes.

CECEPAC (HK) ensures that all personnel involved in the Assurance Engagement meet professional qualification, training, and relevant work experience requirements, and are demonstrably competent in conducting assurance engagements. All results of assurance are internally reviewed by senior staff to ensure that methodologies used in the process are sufficiently stringent and transparent.

#### IV. Scope of the Assurance Engagement

- The scope of the Assurance Engagement is limited to information and data in the *Sustainability Report* that relate to H&H Group and its subsidiaries only and does not include H&H Group’s suppliers, contractors, and information or data provided by other third parties.



- A Type 2 Moderate Level of Assurance was adopted by CECEPAC (HK) to evaluate the nature and extent of H&H Group's adherence to the four AA1000 Accountability Principles (Inclusivity, Materiality, Responsiveness and Impact) in accordance with AA1000AS v3.
- Specified performance information disclosed in the *Sustainability Report* was agreed upon and selected between H&H Group and CECEPAC (HK) for assurance. The specified performance information is as follows:
  - Total electricity consumption
  - Total hazardous waste
  - Total packaging material
  - Employee turnover rate in mainland China
  - Lost days due to work injury
  - Total hours dedicated to volunteering within local communities
- CECEPAC (HK)'s assurance work was with respect to information disclosed from 1 January 2021 to 31 December 2021 only. We have not performed any procedures with respect to earlier periods or any other elements included in the *Sustainability Report*, and therefore, these do not constitute a part of our conclusions.
- The scope of the Assurance Engagement is confined to the information and data provided by H&H Group only. Any queries regarding the content or related matters within this independent assurance statement should be addressed to H&H Group only.

## V. Methodology of the Assurance Engagement

CECEPAC (HK) conducted Assurance Engagement only within the scope of H&H Group's headquarters as well as its office and factory located in Guangzhou, China, and the assurance work included:

- An assessment on the suitability of H&H Group's stakeholder engagement participation process;
- Online interviews with sustainability management and relevant operation sites involved in the preparation and provision of the content and information in the *Sustainability Report*;
- An assessment on whether the reporting and management approach disclosed in the *Sustainability*

*Report* responded to the principles of Inclusivity, Materiality, Responsiveness and Impact as defined in the AA1000AS v3;

- An Assessment on the supporting evidence for selected specified performance information. Random sampling of evidence pertaining to data reliability and quality for selected specified performance information;
- Recalculation of selected specified performance information;
- An assessment on the degree of conformity of the *Sustainability Report* with the *ESG Reporting Guide*; and
- Other procedures we deemed necessary.

Assurance work was performed and the conclusions within were based upon information and data provided by H&H Group to CECEPAC (HK), and on assumptions that the information provided was complete and accurate.

## VI. Limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. Moreover, due to the COVID pandemic, the absence of on-site interviews may lead to inadequate assurance of the implementation of policies learned in online interviews.

## VII. Conclusions

In accordance with the principles of Inclusivity, Materiality, Responsiveness, and Impact in the AA1000AS v3, the specified performance information and the *ESG Reporting Guide* published by SEHK, our conclusions are as follows:

### Inclusivity

H&H Group has identified key stakeholders, actively engaged with them, and maintained an up-to-date and comprehensive stakeholder engagement table to track the channels and frequency of interactions. On this basis, H&H Group has fully considered the expectations and concerns of stakeholders in formulating its sustainability strategy. In our professional opinion, H&H Group adheres to the Principle of Inclusivity.

## Materiality

H&H Group conducts a formal comprehensive materiality assessment at least every two years. By reviewing its latest formal materiality assessment conducted in the previous year, H&H Group has revised its materiality matrix in 2021. The directional shifts of material topics in the matrix have been supported by external perspectives from stakeholders and have been ultimately reviewed and confirmed by the Board. In our professional opinion, H&H Group adheres to the Principle of Materiality.

## Responsiveness

H&H Group has established channels for its stakeholders to understand their expectations and concerns, and has relevant mechanisms in place to respond to the issues concerned by stakeholders. Moreover, through the *Sustainability Report*, H&H Group has disclosed its sustainability commitments and strategies, management systems, as well as stakeholder engagement activities, and has responded to stakeholders on the material topics related to sustainable development. In our professional opinion, H&H Group adheres to the Principle of Responsiveness.

## Impact

H&H Group has revised its materiality matrix where the significance of impact has been incorporated into the results of materiality assessment. Those identified impacts support the revised sustainability strategy for the coming years and how H&H Group defines its commitments and associated key performance indicators. In our professional opinion, H&H Group adheres to the Principle of Impact.

## Specified Performance Information

Based on the assurance procedures that CECEPAC (HK) has performed and the evidence we have obtained, no specific issue has come to our attention that causes us to believe that the disclosures of selected specified performance information in the *Sustainability Report* are unreliable or of poor quality.

## SEHK's ESG Reporting Guide

Disclosures for general disclosures of environmental and social subject areas and key performance indicators in the *Sustainability Report* have been provided in accordance with the "Comply or Explain" provision, in all material aspects, in alignment with the *ESG Reporting Guide* issued by SEHK. Disclosures of governance structure, reporting principles and reporting boundary have also been provided in accordance with the mandatory disclosure requirements in alignment with the *ESG Reporting Guide*. H&H Group has disclosed the assessment process and the result of the materiality assessment; impacts caused by business are objectively disclosed; relevant environmental and social data are calculated and disclosed. Our assurance findings and comments for the *Sustainability Report* have been either adopted or responded by H&H Group before the issuance of this independent assurance statement.

## VIII. Recommendations

We recommend that H&H Group considers strengthening the below items in the future:

- Strengthen the mechanism for identifying material topics, disclose the ranking of the material topics identified, and continuously increase the participation of stakeholders in the process of the materiality assessment, so as to better understand and respond to the expectations and concerns of stakeholders;
- Strengthen the risk management and internal monitoring mechanism, and progressively expand the scope of risk assessment to cover all parts of ESG to cope with the impacts brought by material topics.



25<sup>th</sup> March 2022

Hong Kong SAR, China





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