



# 天福(開曼)控股有限公司

## Tenfu (Cayman) Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

**Stock Code: 6868**

### **Environmental, Social and Governance Report 2022**

# Environmental, Social and Governance Report

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# Environmental, Social and Governance Report

## • About the Report

Tenfu (Cayman) Holdings Company Limited (stock code: 6868) hereby releases the 2022 Environmental, Social and Governance (“ESG”) Report (the “Report”) of the Company and its subsidiaries (collectively referred to as “Tenfu”, the “Group” or “we”) to present the Group’s concepts and practices in ESG to all stakeholders. This is the seventh consecutive year for the Group to disclose the ESG report.

## Reporting Scope

The Report has covered the Group’s principal business endeavors and the reporting period is from January 1, 2022 to December 31, 2022 (the “Reporting Period”). The disclosure of key performance indicators in Environmental Subject Area and Social Subject Area during the Reporting Period covers the Group’s Zhangzhou Tenfu Tea Industry Co., Ltd., Zhangpu Tenfu Tourism Tea Garden Co., Ltd., Anxi Tenfu Tea Industry Co., Ltd., Guiding Tenfu Tourism Tea Garden Co., Ltd., Zhejiang Tenfu Tea Industry Co., Ltd., Jiajiang Tenfu Tourism Tea Garden Co., Ltd., Guangxi Tenfu Tea Industry Co., Ltd., and Hangzhou Yunqi Tenfu Tea Industry Co., Ltd. As compared with the ESG report for the year of 2021, Hangzhou Yunqi Tenfu Tea Industry Co., Ltd. has been added to the scope of disclosure in the Report. The Report complies with the disclosure requirement of “Comply or Explain” and explains the disclosure rules not applicable.

## Reporting Standard

The Report is prepared according to the Appendix 27 “Environmental, Social and Governance Reporting Guide” (“ESG Reporting Guide”) in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKEX”), accordingly explaining the environmental and social impacts arising from the business and operating activities of the Company in Environmental and Social Subject Area. The Report adheres to the “Materiality”, “Quantitative”, “Balance” and “Consistency” principles of the ESG Reporting Guide.

- **“Materiality” principle:** the Group identifies material ESG issues through stakeholder engagement and materiality assessment which have been disclosed in the Report;
- **“Quantitative” principle:** the Report has quantitatively reported on the Group’s key performance indicators in Environmental and Social Subject Area. The quantitative data in the Report has been attached with description explaining its purpose and impacts, and been applicable to valid comparisons;
- **“Balance” principle:** the Report should provide an unbiased picture of the Group’s environmental and social performance;
- **“Consistency” principle:** the disclosure and statistical methods of the key performance indicators in Environmental and Social Subject Area used in the Report are consistent with those of 2021.

## Publication

The Report is published online and available on the website of HKEX (<http://www.hkexnews.hk/>) and the Group’s official website (<http://www.tenfu.com>).



- **About Tenfu**



The Group is a leading traditional Chinese products enterprise in the PRC, engaged in the sales and marketing of various tea products and the development of product concepts, flavors and packaging designs. Over the past decades, the Group has developed into a full-service tea brand integrating tea processing, sales, research, culture and tourism.

Our main products are tea leaves, tea snacks and tea ware, which are sold through a nationwide network of our own and third-party retail outlets and specialty stores. In 2022, the Company was awarded the “2022 Top 100 Tea Industry Enterprises” and “2022 Competitive Benchmark Brand in the Tea Industry” by the China Tea Marketing Association.


With respect to marketing patterns, the Company adopts a multi-brand strategy of market segmentation, so as to make its presence in every market segment of China’s traditional Chinese style tea products. The brand “Tenfu” makes every effort to provide our customers with customized shopping experience, with high brand awareness among customers. The products under the brand “Tenfu Ten Xin” are sold mainly through the large scale supermarkets, while the products under the brands “彼物 BEAU”, “JustT 匠心茶” and others are sold through e-commerce platforms, both of which aim to provide more convenience for consumers to buy. The brand “Funnewspot (放牛斑)” mainly targets the younger generation and offers instant tea beverage products.



## Environmental, Social and Governance Report

With regard to product portfolio strategy, the Company's major business of traditional Chinese tea products combines China's tea resources with as many as over 1,800 Tenfu series products, including packaged tea and tea bags of oolong tea, green tea, black tea, Pu'er tea, scented tea, and white tea, as well as tea snacks, tea ware, tea art utensils and incense lore.


We attach importance to quality, safety and environment, and endeavor to fulfill social responsibilities and facilitate sustainable development of the tea industry.



天福茗茶  
TenFu's TEA

超1300家门店  
遍布您身边

天福茗茶 | 咱们的第二客厅

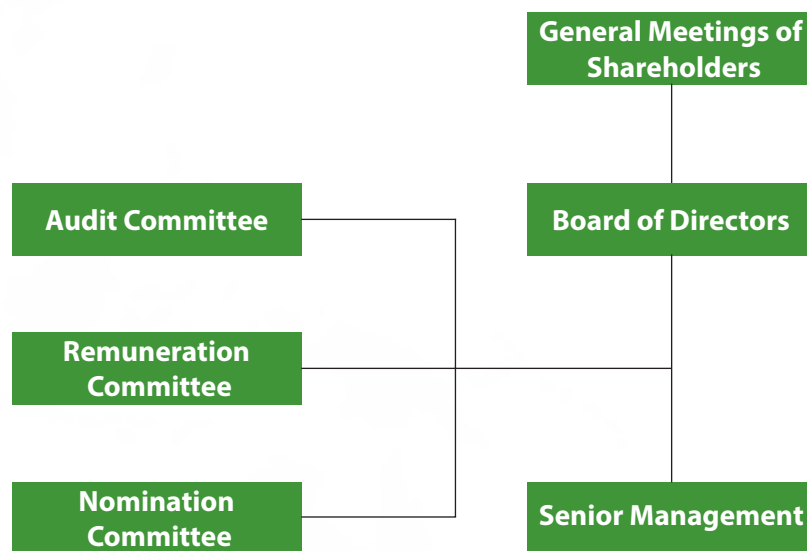


## Environmental, Social and Governance Report

- **Improving Corporate Governance and Adhering to the Bottom Line of Compliance**

- o **Corporate Governance**

The Group is committed to maintaining a high standard of corporate governance in order to enhance shareholder value and protect shareholders' interests. The Group's corporate governance principles emphasize the importance of a high-quality board of directors, effective internal controls and accountability to shareholders.



### 1) **Board of Directors**

The board of directors is responsible for leading and controlling the Company and overseeing the Group's business, strategic decision-making and performance. The board of directors has delegated authority to the chief executive officer and the directors have also assumed responsibility and have delegated powers and responsibilities to senior management through the chief executive officer for the day-to-day management and operation of the Group. In addition, the board of directors has established board committees and has delegated various responsibilities to these committees, which are set out in their respective terms of reference.

### 2) **Nomination Committee**

The main duties and responsibilities of the Nomination Committee include regularly reviewing the structure, size and composition of the board of directors, recommending director appointments and succession planning to the board of directors, and assessing the independence of independent non-executive directors. The Nomination Committee will give due consideration to the board diversity policy when performing its duties of identifying appropriately qualified candidates for membership of the board of directors. All appointments to the Board are based on meritocracy with due regard to the benefits of diversity of the Board. Selection of candidates of the Board will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional or other experience, skills and knowledge.



## Environmental, Social and Governance Report

### 3) *Remuneration Committee*

The main objectives of the Remuneration Committee include providing recommendations and giving approvals with respect to the remuneration policy and framework and the remuneration packages of executive directors and senior management. The Remuneration Committee is also responsible for formulating transparent procedures for the development of relevant remuneration policies and frameworks, ensuring that directors or any of their associates will not be involved in making decisions on their own remuneration. Such remuneration will be determined with reference to individual and the Company's performance as well as market practices and conditions.

### 4) *Audit Committee*

The main duties and responsibilities of the Audit Committee are as follows:

- reviewing the consolidated financial statements and reports and reviewing any material or unusual matters raised by the internal or external auditors before submitting them to the board of directors;
- reviewing the relationship with the external auditors in light of their work and fees and the terms of engagement and making recommendations to the board of directors on the appointment, re-appointment and removal of the external auditor;
- reviewing the adequacy and effectiveness of the Group's financial reporting system, internal control system, risk management system and related procedures.

### o *Risk Management*

The board of directors understands its responsibility to ensure that the Group establishes and maintains an appropriate and effective risk management and internal control system, and reviews the effectiveness of the system on an annual basis. As the highest decision-making body for comprehensive risk management, the board of directors bears the ultimate responsibility for the integrity and effectiveness of the comprehensive risk management system. The board of directors has authorized the Internal Audit Department under it to perform part of its overall risk management duties and responsibilities, supervising the effectiveness of the overall risk management system.

The Group adopts the "Three Lines of Defense" model to manage risks:

- **The first line of defense:** Operations managers are at the heart of the first line of defense and are responsible for identifying, reporting and initially managing risks in day-to-day operations.
- **The second line of defense:** The second line of defense aims to drive and monitor the efficient implementation of risk management measures by operations managers, assist risk owners to define risk exposures and report adequate risk information to the entire Group.
- **The third line of defense:** The internal audit function is the core of the third line of defense and is mainly responsible for checking, auditing and monitoring the work of the first and second lines of defense.



## Environmental, Social and Governance Report

According to the comprehensive risk assessment method established by us, the Group carries out risk identification starting from the business process. The Group conducts annual risk assessments on the macro-economy, industry, food safety, customer relationships, marketing, human resources, exchange rates, policies and information security, etc. The Group also analyses the causes of each type of risk and makes detailed reports to the board of directors on targeted risk responses. We select the main responsible persons in each business process as interviewees, identify the risks in the process, and aggregate them to form a final risk list. Each risk in the risk list is assessed on the basis of likelihood of occurrence and degree of impact, taking into account the internal controls currently in place to mitigate those risks. The results of the risk assessment are reported to senior management and the board of directors to confirm our risk response strategy based on factors such as their risk appetite, resources available to mitigate risks and existing internal controls.

We promptly communicate identified significant internal control deficiencies and carefully assess potential impacts. The department responsible for monitoring is required to propose corrective actions and obtain management approval prior to implementation. The management and the Internal Audit Department monitor the implementation to ensure that monitoring deficiencies are properly addressed in a timely manner.

The Group also has policies and procedures for handling and disseminating inside information. Information to be disclosed is duly reviewed and approved by the Compliance Department and management to ensure appropriateness and accuracy, and is closely monitored after disclosure. The Group intends to make every effort to continuously optimize the internal control system as and when necessary.



## Environmental, Social and Governance Report

### o Business Ethics and Compliance

#### • *Anti-corruption and business ethics*

The Group strictly complies with relevant laws and regulations, including Criminal Law of the PRC, Anti-Money Laundering Law of the PRC, Anti-Unfair Competition Law of the PRC, Contract Law of the PRC and Civil Code of the PRC. The Group has always been committed to integrity and has been promoting a culture of integrity in the industry. The Company has a comprehensive integrity system in place to ensure that it operates with integrity accordingly. Our Employee Handbook explicitly states that any employee must not engage in malpractices for personal gains, embezzle public funds, corrupt, and take bribes, and we have entered into integrity agreements with our business partners and require our suppliers and customers to follow relevant requirements for anti-corruption. We prohibit any employee from engaging in any illegal activities using personal positions, including but not limited to engaging in malpractices for personal gains, embezzling public funds, corruption, and taking bribes. Any employee may report such illegal activities to relevant administrative staff by telephone or email. We keep the whistleblower's information confidential, and the whistleblower can also report anonymously.

In order to maintain a clean and transparent business relationship, we add integrity clauses to our procurement contracts, stipulating that both parties refuse to solicit bribes, offer bribes and other improper business practices. We require our business partners to sign a Letter of Commitment to Business Integrity at the same time when concluding the business cooperation contract to regulate the business conduct of both parties to the contract and maintain fair competition, thus eliminating business corruption, promoting integrity building and providing guarantees for clean business.

The Company constantly enriches its integrity activities, actively conducts integrity training, promotes the building of a culture of integrity in the industry, and raises the integrity awareness of all staff and the Company's level of clean operation. The Group has a Legal Department responsible for instructing, supporting and monitoring compliance and anti-corruption works. It leads the liaison with the functional departments, and holds regular anti-corruption and anti-commercial bribes training courses for new employees. These training courses include commercial ethics and codes such as anti-corruption and anti-bribery, anti-official embezzlement, anti-money laundering, and other relevant legal knowledge. Meanwhile, it organizes employees to watch integrity promotional videos. In 2022, we also conducted business ethics training for the Group's board of directors and key (finance and warehouse management) positions to enhance the integrity awareness of the Company's management. A total of 167 of our employees received anti-corruption and business ethics training in 2022.

During the Reporting Period, there was no major corruption incident in the Group.



## Environmental, Social and Governance Report

### • *Label management*

The Group performs advertising and product trademark, package and label design strictly according to requirements of relevant laws and regulations such as Advertising Law of the PRC, Administrative Provisions on Food Labeling, General Rules for Labeling of Prepackaged Foods and General Rules for Nutrition Labeling of Prepackaged Foods, and keeps up to date with the standards. As a key member of the Zhangzhou Trademark Association, we consolidate and promote intellectual property management and protection measures, develop corresponding trademark licensing specification documents and process lists and establish a complete label approval process to ensure comprehensive protection for intellectual property rights such as trademarks.

Two drafts for national food safety standards, namely the General Rules for Labeling of Prepackaged Foods and the General Rules for Nutrition Labeling of Prepackaged Foods, were published at the end of 2019 and the formal standards are still in the formulation stage. In order to ensure that Tenfu can efficiently respond to the latest national standards, meet the compliance requirements and reduce the loss of our packaging materials, we have made adequate preparations for the change of packaging label.

At the same time, the Group carries out regular training courses on legal knowledge of food labels and marks for packing, design and business planning personnel from the tea, food and candied fruits factories, in an attempt to raise the employees' legal awareness and prevent risks by the interpretation of the legal rules on prepackaged food labels and of practical cases.



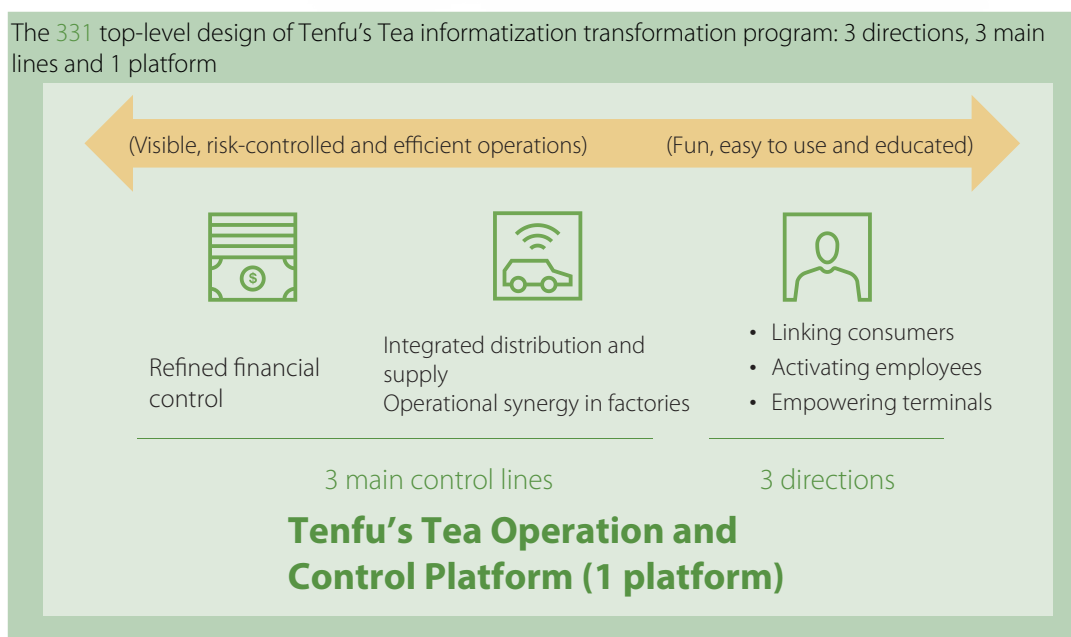


## Environmental, Social and Governance Report

### o Efficient Digital Management

With the continuous expansion of Tenfu's business territory, the Group attaches great importance to investing in digital transformation, constructing a core platform of informatization and integrating digital information with traditional industries from an integrated financial and business operation and control system to add to the core competitive advantage of the Company. In the face of the new economy and new models, we will aim to create value for our users, use data to drive business model innovation and promote Chinese tea culture.

In response to the demand for vertical business control and horizontal business integration, Tenfu has identified a digital transformation plan with "3 directions, 3 main lines and 1 platform". With the objectives of linking consumers, activating employees and empowering terminals, Tenfu focuses its efforts on building an integrated operation and control platform for the Group, and launches digitalization around three main lines: integrated distribution and supply, operational synergy in factories and refined financial control.



Tenfu vigorously promotes digital transformation with Enterprise Business Capability (EBC) as the core, transforming data assets into productivity and production factors that drive enterprise innovation, reconstructing enterprise digital combat power, meeting the end-to-end human-industry collaboration needs of terminals, distribution and factories, supporting the integration of industry and finance, providing effective support for managers to make strategic decisions and business judgments, and realizing visible, risk-controlled and efficient operations. It has achieved remarkable results in operational synergy, group control and data empowerment.

At the same time, the Group uses office software such as Weaver and WeCom to build and operate human resources system and WeChat approval platform, empowering employees to work efficiently with innovative ideas, digital transformation and resource saving.

## Environmental, Social and Governance Report

- **Building a Responsible Management System and Promoting Sustainable Development**

- o **ESG Management Strategy**

As a well-known food enterprise, the Group has been devoted to exploring how to combine business success with social responsibilities better, and has integrated sustainable development into the Group's development strategy while paying attention to its own development, making it a common value orientation of each manager and employee.

The Group exercises strict control over food safety and quality and devotes to energy saving and emission reduction. The Group provides its employees with safe and healthy working environment and scientific and well-established training programs, and actively promotes the construction of transparent and regular green supply chains and healthy industry environment.

We established a three-level ESG governance structure, which consists of the board of directors, the senior management and the ESG working group, to clarify their corresponding ESG governance functions, in order to achieve top-down supervision of ESG matters and ensure the smooth development of the Group's ESG work.

- The board of directors assumes full responsibility for the Group's ESG strategy and reporting. In charge of assessing and determining the ESG risk exposure and corresponding opportunities, the board of directors also ensures that the Group establishes appropriate and effective ESG risk management and internal control systems, formulates ESG management policy, strategy, priority and targets, as well as reviews regularly the performance of the Group in relation to ESG-related targets and approves the disclosure of information in ESG reports.
- It is the responsibility of the senior management to assess and determine the Group's ESG risk exposure, ensure that the Group establishes appropriate and effective ESG risk management and internal control systems, report to the board of directors on ESG related risks and opportunities, and ensure the effective operation of risk management and internal control systems.
- The ESG working group is composed of the major departments of the Group. It is responsible for implementing the ESG management policies approved by the senior management, carrying out ESG management and reporting, and reporting the progress of ESG management and reporting to the senior management of the Group.

On March 22, 2023, the board of directors of the Group held a board meeting to review the Group's ESG work summary and ESG report of 2022 and provide guidance on ESG management of 2023.

For further details on governance, please refer to Tenfu (Cayman) Holdings Company Limited Annual Report 2022.



## Environmental, Social and Governance Report

### o Statement of the Board of Directors

The board of directors and all directors of the Group undertake that the content of this report contains no false records, misleading statements or major omissions, and make the following statement with respect to the ESG supervision and management of the board of directors:

The board of directors, the Group's highest responsible body for ESG strategy and management, regularly discusses and reviews the Group's ESG risks and opportunities, performance and progress. To further strengthen the management of ESG matters, we have established a three-level ESG governance structure to ensure the smooth implementation of the Group's ESG efforts.

We have conducted extensive and in-depth communication with all stakeholders through various channels, summarizing the issues of concern, and continuing to make response to key issues. The Group has carried out active management targeting key issues such as product quality management, customer satisfaction management, and integrity and compliance operations, and will focus on how the above issues are managed in this report.








The Group has established ESG strategies and objectives to examine and manage the Group's impact on the ESG, and will integrate the concept of sustainable development into relevant operational aspects.

Looking ahead, the board of directors will continue to optimize ESG governance, actively respond to the concerns of stakeholders, formulate corresponding action plans, and regularly review the progress of relevant goals to promote the improvement of ESG management.

## Environmental, Social and Governance Report

### o Stakeholder Communication

The Group strongly believes that the effective engagement and continuous support of stakeholders play a pivotal role in its long-term development. Therefore, the Group has been actively communicating with the core stakeholders, building diversified and smooth communication channels, and encouraging them to monitor the implementation of the Group's ESG management strategy and express their opinions and advice on sustainable performance and future development strategy. The Group's stakeholders come from different categories and levels, including shareholders and investors, governments and regulators, customers, partners, industries, employees, communities and the environment etc.

Stakeholders	Expectations and Requirements	Communication mechanism
Governments and regulators 	<ul style="list-style-type: none"> <li>• Compliance with laws and regulations</li> <li>• Paying taxes according to the law</li> <li>• Contributing to society</li> </ul>	<ul style="list-style-type: none"> <li>• Direct communication</li> <li>• Monitoring and evaluation</li> <li>• Government and enterprise cooperation</li> <li>• Meetings</li> </ul>
Shareholders and investors 	<ul style="list-style-type: none"> <li>• Continued development and return to shareholders</li> <li>• Information disclosure</li> <li>• Corporate governance</li> <li>• Risk control</li> </ul>	<ul style="list-style-type: none"> <li>• Company's annual reports, interim reports and announcements</li> <li>• General meetings of shareholders</li> <li>• Meetings, road show and field investigation</li> </ul>
Customers 	<ul style="list-style-type: none"> <li>• Quality services</li> <li>• Protecting consumer's rights and interests</li> <li>• Product quality and safety</li> </ul>	<ul style="list-style-type: none"> <li>• Member activities</li> <li>• Transparent factories</li> <li>• Service hotline</li> <li>• Online platforms</li> </ul>
Partners 	<ul style="list-style-type: none"> <li>• Keeping promise</li> <li>• Equal, fair and open procurement</li> <li>• Win-win development</li> <li>• Anti-Corruption</li> </ul>	<ul style="list-style-type: none"> <li>• Project cooperation</li> <li>• Daily business communication</li> <li>• Regular review and field investigation</li> <li>• Meetings and negotiations</li> </ul>
Industries 	<ul style="list-style-type: none"> <li>• Mutual benefit</li> <li>• Joint development</li> </ul>	<ul style="list-style-type: none"> <li>• Research and cooperation</li> <li>• Communication conferences</li> <li>• Surveys and reciprocal visits</li> <li>• Communication activities</li> </ul>
Employees 	<ul style="list-style-type: none"> <li>• Salaries and welfare</li> <li>• Healthy and safe working environment</li> <li>• Equal opportunities for promotion and development</li> <li>• Ability enhancement</li> </ul>	<ul style="list-style-type: none"> <li>• Performance assessment</li> <li>• Staff welfare activities</li> <li>• Training and team building</li> <li>• Internal meetings</li> </ul>
Communities 	<ul style="list-style-type: none"> <li>• Facilitating the harmonious development of the community</li> </ul>	<ul style="list-style-type: none"> <li>• Community activities and cooperation</li> <li>• Public benefit and charity activities</li> <li>• Direct communication</li> <li>• Social media</li> </ul>

## Environmental, Social and Governance Report

### o ESG Issues and Materiality

#### • Issues materiality assessment process

##### Step 1: Identify ESG issues

Comprehensively considering the Group's industry, operating characteristics and strategic direction, we selected 16 ESG issues based on the ESG strategic objectives of the Group and the ESG Reporting Guide issued by HKEX:

ESG aspects set out in ESG Reporting Guide			ESG-related issues identified by the Group	
√ Environment	A1	Emissions	A.	Emissions management
			B.	Wastes management
	A2	Use of Resources	C.	Water resources management
			D.	Energy management
	A3	Environment and natural resources	E.	/
	A4	Climate changes	F.	Response to climate changes
√ Society	B1	Employment	G.	Diversity and equal opportunity
			H.	Employee rights and welfare
	B2	Health and safety	I.	Employee health and safety
	B3	Development and training	J.	Training and development opportunities
	B4	Labor Standards	K.	Prohibition of child and forced labor
	B5	Supply chain management	L.	Supplier environmental and social risk management
	B6	Product responsibility	M.	Product quality management
			N.	Customer satisfaction management
			O.	Intellectual property management
	B7	Anti-corruption	P.	Integrity and compliance in operations
	B8	Community investment	Q.	Public benefit and charity

##### Step 2: Identify key stakeholders

We identified the categories of stakeholders participating in the materiality assessment, taking into account the extent to which stakeholders are "affected by our business" and "affecting our business".

##### Step 3: Conduct stakeholders survey

We invited representatives of the internal and external stakeholders to participate in the materiality assessment of the ESG issues. Such survey activities were carried out from two perspectives namely "importance to the business of the Company" and "importance to stakeholders", through which we learnt about stakeholders' expectations and focus.



## Environmental, Social and Governance Report

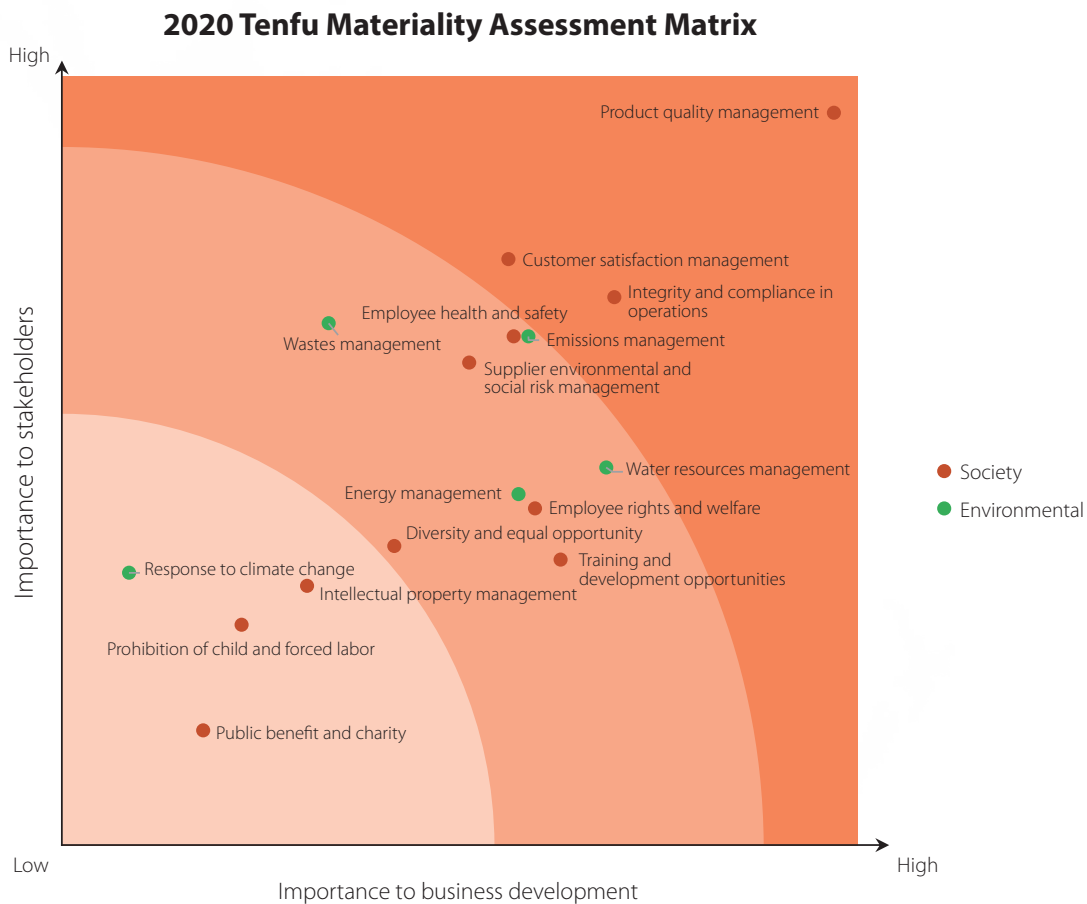
### Step 4: Formulating materiality assessment matrix

Through analyzing the results of materiality assessment questionnaires completed by internal and external stakeholders, we identified the priority of materiality of each ESG issues, and formulated materiality assessment matrix.

### Step 5: Internal confirmation

The results of materiality assessment were reviewed and confirmed by the management of the Group and ESG working group. In the course of preparing the 2022 report, the management of the Group and the ESG working group discussed the previous assessment results again and determined that the issues mentioned above still apply to the current state of ESG management of the Group.

### • Results of Materiality Assessment



# Environmental, Social and Governance Report

## o Response to SDGs

### • Response to United Nations Sustainable Development Goals

UN SDGs	Chapter	Issue
	About Tenfu	Economic performance
	Improving corporate governance and adhering to the bottom line of compliance Building a responsible management system and promoting sustainable development	Business ethics
		Regulated corporate governance
		Enterprise risk management
 	Building the foundation of food safety and delivering quality service	Product quality and safety
		Customer service and satisfaction
		Information security and privacy protection
  	Practicing green production and promoting low-carbon transformation	Climate change
		Energy management
		Water resource management
		Emissions management
  	Caring for employees and contributing to talents growth	Employee rights and care
		Talent development
		Health and safety
 	Partnering for a win-win situation	Sustainable supply chain
 	Giving back to the society and passing on the “human touch” of tea	Community charity

## Environmental, Social and Governance Report

- **Building the Foundation of Food Safety and Delivering Quality Service**



- o **Product Quality and Safety**

Tenfu regards product quality as life, strictly controls food safety, continuously guarantees and improves product quality. We are committed to producing safe, natural, high quality and healthy Chinese tea products and promoting the sustainable development of the tea industry. Through the establishment of an excellent quality management system, the Group conducts comprehensive and systematic management for the whole staff, the whole process and the whole industry chain, and guides the final presentation of products with the most stringent standards. During the Reporting Period, there were no product recalls by the Group.



## Environmental, Social and Governance Report

- Implementing one product, one barcode to safeguard food safety



To ensure quality and food safety risks are controlled, the Group relies on the traceability function of blockchain application technology to achieve full lifecycle traceability of products from production to consumers by giving a unique anti-counterfeiting QR code label for the smallest unit of sale of each product, which significantly increases the transparency of the supply chain and protects consumers' rights. The dual code identity of "QR code + barcode" ensures that the origin can be checked, the distribution process can be traced, and the responsible person can be held accountable, and also enables consumers to scan the code to learn the information about the products. The products are tested batch by batch by the Tiangkang Inspection Center, and through the traceability system, you can directly view the test reports and other records, providing consumers with the social responsibility of the Company.

## Environmental, Social and Governance Report

In 2022, the Group continued to improve the product traceability system and optimize the details of the “one product, one barcode” project, such as adding a new product problem feedback mechanism under the original anti-counterfeiting and traceability functions, so that consumers can directly give feedback on product-related problems to the factory by scanning the code, making it easier for sales staff to get advice and take action in the first instance. To ensure the effectiveness and success rate of traceability, the Group required mandatory scanning of codes at regional warehouses so that “one product, one barcode” can be implemented in the stores, ensuring coverage from tea gardens to terminal sales outlets. The QR code has also been upgraded to a non-removable anti-counterfeiting code, which cannot be scanned if damaged, to prevent complaints arising from wrong information obtained by customers. At the same time, to ensure that all products sold by the Group have a “one product, one barcode” and “one can, one label”, we required our stores to label products with a “one product, one barcode” if they were sold separately to ensure that consumers can purchase products with greater confidence.

### Anti-counterfeit label upgrade

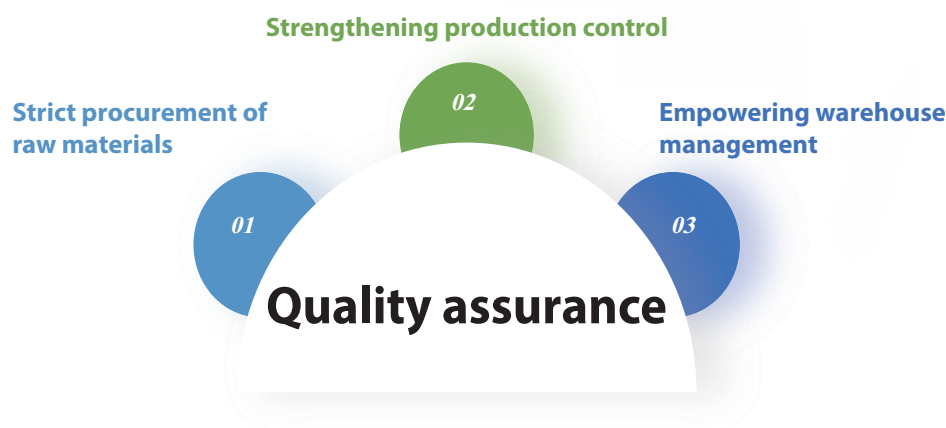


## Environmental, Social and Governance Report

- **Full process management of food safety**

The Group attaches great importance to the development idea of quality, safety, and environment, and actively implements the food safety concept of prevention, risk management, full-process control and social governance. A number of food safety practices have been implemented in three aspects – procurement, production and warehouse management – to ensure the food safety throughout the entire process and prevent and address food safety hazards at all levels.

Tenfu has fully implemented the Food Safety Law of the PRC, Product Safety Law of the PRC, Product Quality Law of the PRC and Technical Regulations for Tea Production and other laws and regulations as well as industry standards, continued to strengthen the awareness of compliance of the responsible subjects, as well as formulated internal food safety management systems such as the Tea Leave Processing System, the Tea Leave Storage System, the Food Safety Management System and the Instructions on Product Processing Operation to strictly control the product quality. To enhance the Group's food safety compliance, we have set up a dedicated team to collect food-related laws and regulations and optimize the list of external documents. At the same time, we update and apply new laws and regulations in a timely manner according to information publicly available on the websites of the State Administration for Market Regulation, the Ministry of Health and industry associations to ensure their timeliness and accuracy.



### **Strict procurement of raw materials**

The Group has developed a standard process for material access across the entire industrial chain and formed a quality management framework for full lifecycle of raw materials and ingredients procurement and supply. We continue to strengthen the inspection procedures for raw materials and ingredients, such as food packaging inspection procedures, air hygiene inspection procedures, tool hygiene inspection procedures, finger hygiene inspection procedures, production water inspection procedures and laboratory management practices, and conduct test for 106 pesticide residues in customized tea leaves to ensure that they are within reasonable values. In addition, we have added risk management assessments for suppliers' social and environmental aspects to standardize the assessment of the requirements on pesticides and fertilizers for suppliers.



## Environmental, Social and Governance Report

### Strengthening production control

The Group has been strengthening its internal production control capabilities, not only by strictly enforcing relevant standards and regulations such as the General Hygiene Rules for Food Production, the Sanitary Standard for Drinking Water and the Requirements for Safety and Sanitation of Export Food Production Enterprises, but also by formulating the Measures for Management of Food Production Sanitation, which sets out specific requirements on workshop hygiene such as microbiological coating, air sedimentation rate, pest control, management of food-grade inks/glues, health and hygiene of staff and management of hazardous chemicals. At the same time, we enhance our production process with a number of quality testing procedures, such as laboratory supporting professional documents, including air hygiene, tool hygiene, personnel hygiene and other inspection rules to ensure compliance with applicable quality regulations issued by the relevant authorities. In addition, allergenic ingredients are prominently displayed on the packaging to protect the health of consumers. The Group has formulated the Food Safety Management Manual to improve the effectiveness and suitability of the food safety management system and provide customers with high-quality and safe food.

In order to continuously improve our food quality and safety management, we have established a safety and quality risk management mechanism for our industrial chain in accordance with the requirements of the ISO9001 Quality Management System, ISO22000 Safety Management Certificate and HACCP (Hazard Analysis and Critical Control Point) certification and benchmarking with advanced model enterprises in the market, so as to further clarify the process and principles of safety and quality risk management and provide solid protection for the overall optimization of the Group's risk management level.



### Empowering warehouse management

Through the development and implementation of the Warehouse Management Measures, Product Storage and Protection Management Control Procedures and Product Lot Traceability Management Policy, we are able to prevent contamination, expiry and damage of raw materials during storage, and improve the accuracy of the incoming and outgoing goods and optimize industrial efficiency at the same time. In our day-to-day management, we strictly guide and regulate the daily conducts of our warehouse staff to improve efficiency, accurate inventory data, and ensure that materials are kept in an orderly manner according to plan, so that warehouse management is standardized, institutionalized and normalized. Meanwhile, in order to strengthen the management of the finished goods warehouse, we ensure the safety of our products, the consistency of our accounts, and the accuracy and timeliness of our incoming and outgoing inventory.

## Environmental, Social and Governance Report

### *Quality management for import and export trade*

In line with Mr. Lee Rie-Ho's corporate development objective of "promoting tea wide across the country and the world" at the beginning of the establishment of Tenfu, the Group is actively developing its overseas business in the hope of spreading tea culture in every corner of the world. With the mission of promoting the Chinese tea brand and ensuring the quality of its export products, the Group strictly complies with Import and Export Control Regulations of the PRC, Foreign Trade Law of the PRC, Customs Law of the PRC and Import and Export Commodity Inspection Law of the PRC, and has formulated the Quality Management Process for Export Products to regulate the requirements of its import and export products and make corresponding certification preparations according to local conditions. For example, some of our export products have been awarded the National Organic Program (NOP) certification in the United States, and SGS-cGMP certification and EC certification are required for products sold by e-commerce in the United States.

### **o Intellectual property protection**

The Group keeps researching and developing new products, provides the best quality products and services, popularizes the knowledge of tea culture and promotes a healthy and active lifestyle. The research and development of new products is an important symbol of our core competitiveness, and intellectual property rights are an important safeguard for the research and development of new products. We strictly abide by all laws and regulations related to intellectual property rights, such as Trademark Law of the PRC, Patent Law of the PRC, and Copyright Law of the PRC. In terms of intellectual property protection, the Legal Department of the Group will assist in filing applications for trademarks, patents or copyrights if there's any newly-developed product, and conduct professional audits at the legal level and provide feedback to various business departments to ensure the validity of the Company's intellectual property rights.



As of December 31, 2022, the Group has accumulated approximately 750 trademarks and 76 valid patents (including design patents, invention patents and utility model patents).

## Environmental, Social and Governance Report

### o Intimate Service

As a responsible social enterprise, we continue to comply with the Law of the PRC on the Protection of Consumer Rights and the Administrative Measures for Food Recalls. We are committed to protecting the privacy of our customers and promoting reasonable advertising. At the same time, we listen to our customers' voices and improve our service level, pay attention to the protection of consumer rights, and strive to create a quality consumer environment for our customers.

#### • *Continuous optimization to provide quality services*

Creating value for consumers is the source of business growth. In order to achieve the goal of "leading the way in consumer value", the Group has established an audit work mechanism and has provided relevant training for internal trainers, store managers, young cadres, etc. with focus on Group culture and requirements, service norms and etiquette, tea culture, and so forth, with the aim of standardizing the management of stores. The audit office of our headquarters conducts regional training, and through the progressive method of "training, audit, assessment and retraining", delivers the training content to the stores in various regions so as to gradually improve the customer service level of the stores. Regional trainers may also learn relevant courses on the online learning platform "Magic Academy" (魔學院) according to their own needs so that their knowledge base can be updated in a timely manner. In 2022, the participation rate of store employees in audit trainings was 33.65% and the participation rate of various counselling and training was 32.62%.



In addition, we have developed an auditing APP, whereby auditors will regularly conduct store audits, and the scope of which covers service norms, food safety, fire safety, epidemic prevention, etc., helping our stores to quickly carry out targeted rectification for the deficiencies found during the audit process. In 2022, a total of 20 sales units (including their stores), warehouses and one new business unit were audited. In addition to the traditional tea business department, all departments under the general management office of the Group/business division, such as new business and production business units, were within the scope of audit. We help units to manage their operations in a healthier and more standardized manner through auditing and training. In 2022, the audit coverage rate for the Group's self-managed retail outlets was 20.5%.



## Environmental, Social and Governance Report

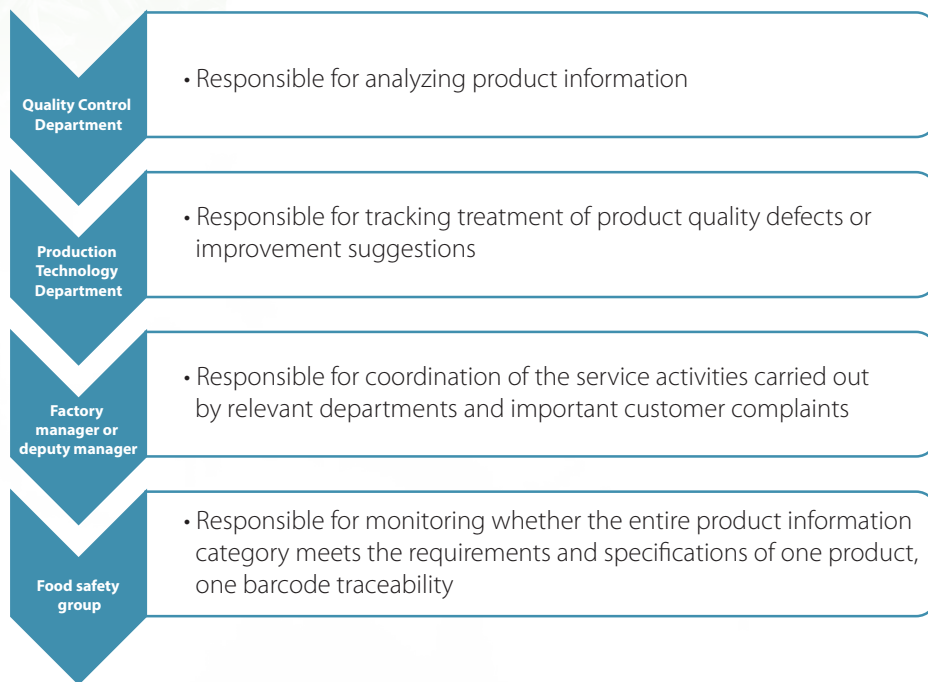
### • **Multi-channel feedbacks to enhance consumer satisfaction**

Our customer feedback and complaint management is carried out according to Procedures for Customer Service Hotline Operation of the Business Department, Customer Complaints Handling Procedures and One Product, One Barcode Anti-Counterfeiting Label-Feedback Procedure. The Group has consistently adhered to the customer service concept of “customer focus, speed and efficiency, and institutional protection” and has continued to improve its service strategic objectives. During the Reporting Period, for the purpose of “dealing with customer questions and making customers satisfied”, the Company was committed to optimizing its service model and attaching great importance to customer satisfaction so that customers’ problems could be resolved professionally and quickly. The Company attaches great importance to understanding customers’ opinions and their reasonable needs, and is aware of customers’ needs and expectations in a timely manner through various information channels and methods. Customers can submit feedbacks and complaints via various communication channels such as telephone and mails. In 2022, customers can also give direct feedback on the product by scanning the “anti-counterfeiting label” on the product. Through the customer service center, we ensure that we can listen to the feedback from customers in the first time. We record and analyze all complaints received in order to monitor customer satisfaction, as well as review them every six months and summarize the cases with guiding significance for further improvement of our production activities.



## Environmental, Social and Governance Report

With regard to outlet customers, in order to correctly understand and satisfy our customers' current and future needs and expectations and continuously increase their satisfaction, the Group has established an outlet satisfaction service system based on Customer Satisfaction Measurement and Control Procedures, to specify:



In order to improve service efficiency, the Group collects the real-time sales and inventory data of our retail outlets through our ERP (Enterprise Resource Planning) system for more efficient and systematical resource management and distribution. We integrate online and offline sales and logistics through digitalized and intelligent retail. The Group ensures the quick delivery of our products to the customers through the long-term cooperation with the online shopping platforms such as Tmall and JD.com.

## Environmental, Social and Governance Report



In terms of product recall, the Group carries out investigations on the production chain for any causes of unqualified products and records the production quantity and the quantity for marketing, distribution scope of sales areas and factory inventory of the unqualified batches of products into product recall plans as a basis for recall operations. Simulated traces are carried out by us on a yearly basis to ensure the sound operation of the traceability system and effectiveness of the recall process. During the Reporting Period, the Group has no product recall issues.

In 2022, the Group received a total of 1,492 complaints about our products and services, with a 100% customer response rate, a 100% customer complaint handling rate and a 100% customer satisfaction.

### • **Multifaceted layout for privacy and security**

The Group fully respects our customers' rights and interests and privacy and strictly abides by privacy laws and regulations such as Personal Information Protection Law of the PRC, and has put relevant protection clauses into Protection of Consumer Information and Privacy Policy. In this policy, we have clarified the scope of user information collection and usage rules, the disclosure provisions of users' personal information, user rights, and information protection measures to protect user privacy.

#### Information protection

- Strictly abide by the responsibility of protecting the privacy of customers, and never disclose any information not relating to the account in the process of reply. The express waybill will also be encrypted for customers during transportation
- Regularly conduct customer service training every month to enhance the importance of customer privacy protection, and encrypt customer privacy in background system to ensure the security and confidentiality of customer information

#### Data management

- The Group completed its data transformation in 2021 by transferring its local IDC (Internet Data Center) to the public cloud to enable dual backups online and offline, increasing the flexibility of its computing resources and network security and meeting system audit standards.

During the Reporting Period, the Group has no incident related to privacy breach.

## Environmental, Social and Governance Report

### • **Practicing Green Production and Promoting Low-Carbon Transformation**

The Group attaches importance to quality, safety and environment, endeavors to fulfill social responsibilities, strengthens the management of low-carbon green operation and facilitates sustainable development of the tea industry. Through the formulation of the “Tenfu Energy Conservation Management System”, the Group has continued to carry out energy saving and emission reduction work to enhance the efficiency of resource utilization and insist on low-carbon green operation. At the same time, we continue to strengthen environmental protection publicity, actively respond to policies such as the “National Double Carbon Target” and the “Plastic Ban”, increase the efforts in greenhouse gas emission reduction, actively practice waste sorting, reduce waste generation, reduce exhaust and wastewater emissions, and take positive actions to mitigate climate change and promote the simultaneous growth of economic, social and environmental benefits.

### o **Contributing to Low-Carbon Development**

#### • ***Response to climate change***



China announced its overall targets of “peaking carbon dioxide emissions by 2030” and “achieving carbon neutrality by 2060”. With the introduction of environmental policies such as carbon neutrality, the entire economy is transforming into a green and low-carbon society. The Group actively responds to the call of our country to address climate change. We have placed the responds to climate change as an important part of our sustainable development, strengthened the management of climate change risks, and carried out energy saving and emission reduction work in an orderly manner at all our operations to reduce greenhouse gas emissions.

The Group is deeply aware that climate change will have a tremendous impact on the natural environment and the development of the Group’s business. The Group strictly enforces the local government’s regulations and arrangements regarding extreme weather and has formulated the Emergency Response Plan for Public Emergencies of Natural Disasters based on possible unexpected weather conditions. In accordance with the Plan, we have set up an emergency response team to deal with flood and fire hazards, and members of the emergency response team carry out emergency response work according to their responsibilities. In addition, we regularly organize relevant drills and rectify any potential problems to protect the lives and health of our employees and the safety and stability of the Company’s property. At the same time, considering the potential impact of extreme weather such as typhoons and rainstorms on our business operations, the Group has established a diversified list of suppliers from different regions to mitigate the impact of force majeure on our business operations and to ensure the continuity of production and operations. In addition, we are aware that climate change may shorten the shelf life of products, resulting in unqualified product quality. Therefore, we correctly assess the shelf life and storage environment to ensure that no quality problems affect consumer reputation and the brand image of the Company.

The Group will also continue to pay attention to the risks brought about by climate change and develop effective and feasible management standards and mechanisms in the future, and actively improve the disclosure of carbon emissions, so as to closely link climate change to the Group’s future and make every effort to cope with climate change.



## Environmental, Social and Governance Report

### • **Promoting energy saving and emission reduction**

The Group always adheres to the sustainable development concept of green and environmental protection, attaches great importance to environmental protection and resource conservation, strictly complies with applicable laws and regulations such as the Energy Conservation Law of the PRC, integrates the concept of energy saving and emission reduction into its production and operation management, and strives to minimize the impact of its business on the environment in the course of production and operation, such as using energy-saving equipment and clean energy. In addition, the Group continues to promote photovoltaic projects to optimize its energy structure and reduce greenhouse gas emissions. In 2022, the cumulative electricity generated by photovoltaic equipment was 194,000 kWh of electricity, equivalent to a reduction of 136 tons of carbon dioxide emissions.

#### **Energy use efficiency goals**

- Advocate the use of renewable resources. At least 5% of production and domestic power consumption comes from photovoltaic power generation
- Purchase energy-saving and environmental protection equipment. The coverage rate of energy-saving LED lights in the factory is greater than 90%

#### **Energy management measures**

- Promote photovoltaic parking lot and photovoltaic rooftop projects
- Use photovoltaic insect traps in tea gardens
- Give priority to the purchase of energy-saving and environmental protection equipment
- Timely switch off the electrical appliance and equipment not in the use state, and arrange for special persons to inspect them

## Environmental, Social and Governance Report

The Group's energy use efficiency goals were fully achieved in 2022. During the Reporting Period, the key performance indicators for energy use and greenhouse gas of subsidiaries within the scope of the Report are shown in the table below:

Key performance indicators for energy use	2022	2021	2020
<b>Energy consumption</b>			
<b>Direct energy consumption (MWh)</b>	5,412.3	6,277.9	5,277.0
Of which: natural gas (10,000 cubic metres)	39.52	43.2	35.4
Of which: diesel (10,000 litres)	2.9	5.7	7.2
Of which: gasoline (10,000 litres)	9.7	9.4	8.1
<b>Indirect energy consumption (MWh)</b>	13,089.4	13,939.4	12,819.0
Of which: purchased electricity (MWh)	13,089.4	13,939.4	12,819.0
<b>Total energy consumption (MWh)<sup>1</sup></b>	18,501.7	20,017.3	18,096.0
<b>Energy consumption intensity (MWh/RMB million income)</b>	10.8	10.4	10.6
<b>GHG</b>			
Direct GHG emissions (Scope 1) (tCO <sub>2</sub> e)	1,137.8	1,287.6	1,131.6
Of which: fossil fuel combustion (tCO <sub>2</sub> e)	1,137.8	1,287.6	1,131.6
Energy indirect GHG emissions (Scope 2) (tCO <sub>2</sub> e)	8,549.0	9,136.4	8,464.9
Of which: purchased electricity (tCO <sub>2</sub> e)	8,549.0	9,136.4	8,464.9
<b>Total GHG emissions<sup>2</sup> (Scope 1 and Scope 2) (tCO<sub>2</sub>e)</b>	9,686.8	10,424.0	9,596.5
<b>GHG emission intensity (tCO<sub>2</sub>e/RMB million income)</b>	5.6	5.4	5.6

### Notes:

1. The calculation of the total energy consumption is based on the quantities of electricity purchased, natural gas, diesel, gasoline consumption, and the Guidelines for Greenhouse Gas Emission Accounting and Reporting for Food, Tobacco and Wine, Beverage and Refined Tea Enterprises, issued by the National Development and Reform Commission, Calculation of Default Values of Fossil Fuel Related Parameters in Appendix 1 and Default Values of Fuel Density in Appendix 2.
2. GHG accounting is presented in terms of carbon dioxide equivalent and is accounted in accordance with the Guidelines for Greenhouse Gas Emission Accounting and Reporting for Food, Tobacco and Wine, Beverage and Refined Tea Enterprises, issued by the National Development and Reform Commission.
3. The production activities of the Group are the production and processing of tea and food, and do not involve any other environmental or natural resources, Therefore, the aspect A3 (environment and natural resources) and A3.1 (Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them) are not applicable and are not disclosed in the Report.

## Environmental, Social and Governance Report

- o **Protecting Natural Resources**
- ***Strengthening water resources management***

Tenfu attaches great importance to the conservation and efficient use of water resources, and upholds the concept of “water management by laws, scientific utilization of water and conscious water conservation” to strengthen water management in all aspects. We continue to improve our energy-saving and environmentally-friendly production level, create a resource-saving and environmentally-optimized enterprise, and ensure the harmonious and stable development of the Company and the environment.

### Water efficiency goals

- 5% reduction in water consumption in 2025 compared to 2021

### Water resources management measures

- Reducing water pressure in the plant to reduce water waste
- Recycling the cooling water of central air conditioners
- Enhancing hidden pipeline drainage and leak prevention to prevent unnecessary water loss
- Garden greening irrigation using pond water (collected on rainy days) in the plant area



## Environmental, Social and Governance Report

During the Reporting Period, the key performance indicators for water resources use of the Group in 2022 are shown in the table below:

Key performance indicators for Water resources use	2022	2021	2020
Water consumption (tons)	214,728.4	229,001.2	278,211.8
Water consumption intensity (tons/RMB million income)	125.2	119.0	162.4

### • *Living in harmony with ecology*

The Group has incorporated green development into its corporate DNA, strictly complied with laws and regulations, established a sound internal environmental management system and promulgated and implemented the Tenfu Environmental Protection and Management Policy. In the face of the environmental pollution caused by the tea planting and the increasingly serious challenge of food safety, the Company is committed to exploring the establishment of a tea quality traceability system with “production records, information traceability, flow traceability, accountability and product recall”, and has formulated the “Tenfu Model Tea Garden Requirements and Regulations”, which restricts the hunting or gathering of wild animals and plants and prohibits the logging of primary and secondary forests. The Company will strengthen and improve its supplier management system, further emphasize and carry out technical training and promotion of green concepts for suppliers and farmers, and actively respond to the pesticide reduction targets set by the State by using bio-organic fertilizers in an effort to reduce the use of pesticides.

### o **Strengthening Emissions Management**

The Group promulgates and implements the Tenfu Environmental Protection and Management Policy and attaches great importance to the management of different types of emissions. The Group continues to strengthen the control of greenhouse gases, exhaust gas, waste water and waste products, and adopts proactive measures to reduce the impact of emissions on the environment through “reduction, innocuity and resource utilization”, thereby contributing to the development of green ecology in China. During the Reporting Period, the Company raised the awareness of environmental protection among its staff through a series of training and environmental protection activities, actively carried out waste sorting, and actively practiced emission reduction to reduce the amount of emissions generated and increase the recycling rate of emissions. In accordance with national laws and regulations, the Group has equipped each of its plants with corresponding environmental protection equipment and professional management staff to ensure that waste water and waste gas meet the emission standards.



## Environmental, Social and Governance Report

### Wastes reduction goals

- The packaging of the new products is all made of recyclable raw materials
- Ensure that all production and domestic wastewater meet the discharge standards of Integrated Wastewater Discharge Standard (GB8978-1996) after being treated by the sewage treatment stations

### Wastes management measures

- Reduced use of packaging materials in accordance with product packaging interspace ratio requirements
- Backfill the sludge from sewage treatment station with flowers and plants as organic fertilizer after treatment and testing qualified
- Recycle waste tea hair as fertilizer
- Use environment friendly packaging

### Case: Environmentally friendly design of package

We are now using a more environmentally friendly 2-in-1 biodegradable material for our vest bags instead of the regular ones formerly used, in response to the implementation of the national plastic ban law (the biodegradable mark is the "Double JJ Mark").



## Environmental, Social and Governance Report

### • Wastes management



The Group strictly complies with the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste, strictly regulates the process of wastes collection, storage and disposal, minimizes the generation of wastes, classifies hazardous wastes and harmless wastes and sets up the standardized temporary storage rooms. Hazardous wastes identified according to the National List of Hazardous Wastes are entrusted to qualified third party companies for innocuous treatment in order to reduce the impact of hazardous wastes on the environment. For harmless wastes with recycling values, such as waste materials, waste cartons and scrapped irons, the recycling is carried out for export-oriented

comprehensive utilization. The waste residue and sewage sludge produced in the production process are treated by composting and used as organic fertilizer for fertilization in tea gardens. Domestic wastes and other harmless wastes without recycling values will be contracted by a third-party company for incineration, landfill and other harmless treatment.

Key performance indicators for Wastes	2022	2021	2020
<b>Non-hazardous wastes</b>			
Total non-hazardous wastes (tons)	1,310.96	1,494.40	1,319.9
Emission density of non-hazardous wastes (tons/RMB million income)	0.76	0.78	0.77
<b>Hazardous wastes</b>			
Total hazardous wastes (tons)	0.084	0.018	0.051
Emission density of hazardous wastes (tons/RMB million income)	$4.90 \times 10^{-5}$	$9.35 \times 10^{-6}$	$3.0 \times 10^{-5}$
<b>Packaging material consumption<sup>1</sup></b>			
Packaging material consumption (tons)	274.56	378.2	466.6
Packaging material used per unit produced (tons of packaging/tons of products)	20.22%	30.4%	32.7%

Note:

1. Due to internal statistics using units of quantity, it is not possible to disclose the weight of all packages for the time being, and the top 10 products with the highest sales volume of 70 products in total of the subsidiaries within the scope of this report in 2022 are selected for disclosure.

## Environmental, Social and Governance Report

### • *Sewage management*

The Group strictly complies with laws and regulations such as the Law of the PRC on the Prevention and Control of Water Pollution, to make sure that all production and domestic wastewater meet the discharge standards of Integrated Wastewater Discharge Standard (GB8978-1996) after being treated by the sewage treatment stations. In order to respond to the national environmental protection policy and further enhance the sewage treatment capacity, Zhangzhou Tenfu Tea Industry Co., Ltd. has constructed a sewage treatment station and put it into operation in January 2020 for production and domestic wastewater treatment with a maximum wastewater treatment capacity of 1,500 tons, and the effluent quality exceeds relevant national standards.

Key performance indicators for Waste water emissions	2022	2021	2020
Waste water (10,000 tons)	18.3	16.0	18.8
Chemical oxygen demand COD (tons)	18.3	15.0	18.5
Ammonia nitrogen NH <sub>3</sub> -N (tons)	2.7	2.3	3.0
Suspended particulate matter SS (tons)	12.8	10.5	12.0

### • *Waste gas management*

The Group strictly abides by the Law of the PRC on the Prevention and Control of Atmospheric Pollution, and other laws and regulations. As a renowned tea brand, the Group places great emphasis on environmental protection in every major business decision it makes, pursuing ethical products from the factory to the shelf. For our sustainable business, we implement stringent environmental controls to reduce pollution in our production. The main component of waste gas produced in tea production is dust, which is discharged by bag dust collector, so that dust emission can be reduced. The boiler uses natural gas as fuel and we commission a third party to carry out periodic inspection to ensure that the boiler tail gas emission concentration meets the emission requirements of Emission Standard of Air pollutants for Boiler (GB13271-2014).





## Environmental, Social and Governance Report

### • Caring for Employees and Contributing to Talents Growth

The Group insists on a people-oriented talent philosophy and believes that employees are one of the core competencies for corporate development. The rights and interests of our employees are the cornerstone of Tenfu's sustainable development. We continue to cultivate outstanding talents in the industry, build an equal, diversified and harmonious team, focus on caring for our employees in a three-dimensional manner, pay attention to their continuous development and enhance their sense of belonging.

### o Creating an Equal and Diverse Working Environment

The Company strictly complies with relevant laws and regulations including but not limited to Labor Law of the PRC, Labor Contract Law of the PRC and Prohibition of Child Labor Provisions, in order to protect the rights and interests of our employees. The Employee Handbook enables the Group to standardize the recruitment process and management procedures, and also enables employees to understand the Group's policies and their rights.

As of December 31, 2022, the subsidiaries within the scope of this report had a total of 1,678 employees with the following workforce composition:

Key performance indicators		Total number of employees in 2022 (persons)
Gender	Male	525
	Female	1,153
Age	Aged below 35	400
	Aged 35 to 45	686
	Aged 45 to 60	592
Geographical region	Mainland China	1,664
	Overseas	14
Type of employment	Full-time	1,678
	Part-time	/
Position Level	Senior management	88
	Mid-level management	171
	Junior staff	1,419

## Environmental, Social and Governance Report

### • *Attracting diverse talents*

#### *Equal employment opportunity*

The Group strictly enforces national policies on gender, age and ethnicity, and adopts a diverse recruitment process that treats all employees equally. We provide anti-discrimination training to our interviewers to ensure that they do not discriminate against any applicant on the basis of gender, age, ethnicity, race, nationality, origin, religion, physical ability, political affiliation, marital status, sexual orientation or other social status. In addition, we respond to the local government's call to strengthen local recruitment and continue to address the local employment rate.

The Group signs Labor Contract with regular employees according to law and fulfills its obligations under such contracts. It also specifies the conditions for the termination of labor contracts. Any form of unfair or unreasonable dismissal is strictly prohibited to ensure the legitimate rights and interests of the Group and the departing employees.

We recruit the disabled for suitable jobs and provide them with employment opportunities, equal opportunities and additional subsidies in terms of pay rates, working hours, leaves, training and development.

During the Reporting Period, the subsidiaries within the scope of this report recruited a total of 25 disabled persons, and the localization of employees accounted for 89%. The employee turnover rate was 8.8% and the employee turnover rate by category is shown in the table below:

Key performance indicators		Employee turnover rate in 2022 (%)
Gender	Male	8.0%
	Female	9.1%
Age	Aged below 35	15.5%
	Aged 35 to 45	3.4%
	Aged 45 to 60	10.5%
Geographical region	Mainland China	8.8%
	Overseas	/
Type of employment	Full-time	8.8%
	Part-time	/

#### *Working hours and leaves*

The Group strictly complies with relevant national laws and regulations on working hours. Apart from statutory national holidays, our employees are entitled to paid annual leaves which shall accrue as they rise in seniority, in addition to paid sick leaves, paid condolence leaves, paid marriage leaves and maternity leaves.

## Environmental, Social and Governance Report

- ***Building an equitable and inclusive working environment***



### *Equal opportunities, resistance to discrimination*

The Group provides equal opportunities for its employees and each employee will enjoy fair treatment in terms of remuneration, working hours, holidays and other treatment and benefits, while discrimination against any employee on the grounds of race, gender, color, age, family background, ethnic tradition, religion, physical fitness and nationality of origin is strictly prohibited.

### *Human rights and fundamental rights protection*

We respect labor rights and comply with relevant laws and regulations such as Labor Law of the PRC and Prohibition of Child Labor Provisions, and eliminate the occurrence of child labor or forced labor. During the reporting period, the Group did not engage in child labor or forced labor.

During the recruitment, the Human Resource Department will require candidates to provide valid identification documents to ensure that their actual ages meet the requirement on labor age. To the extent that there is a misuse of child labor, we will immediately terminate the labor contract in strict accordance with laws and regulations and follow up properly.

The Group calls for its employees to finish their work tasks within statutory working hours. Any overtime for the works unfinished within this limit must be approved and compensatory time-offs or overtime pays will be arranged.

### *Equal communication*

In order to create a flat and equal communication environment and to listen to the voices of our employees, employees can directly give feedback to their supervisors or the Human Resources Department; the Group has also established a labor union to encourage employees to make suggestions and contribute to system improvement with mutual progress.



## Environmental, Social and Governance Report

### o Focusing on Talent Training and Development

We believe that employee training is the key to the Group's successful development. We provide a diversified and scientific training system for our employees to encourage continuous learning, enhance their personal career development and match their own and the Group's competitiveness.

#### • Improving career development plan

##### *Promotion channels and employee incentives*

The Group has established a transparent and fair internal promotion system and a well-defined career plan with clear promotion channels, respecting the diversified career development of its employees.

The Group has established a bonus mechanism to reward employees with excellent job performance based on performance. Bonuses include performance bonuses and estimates fulfilment rewards. Employees who meet the performance requirements of the Company or achieve the estimated requirements may enjoy corresponding awards.

##### *Tenfu internal employee entrepreneurship program*

The Group actively provides employees with entrepreneurial opportunities and supports experienced practitioners to start their own businesses to achieve a win-win situation. The Group's distributors provide technical support in all aspects to support employees in starting their own businesses and provide on-the-job training, communication, Q&A and other guidance. The Group also provides loans to our employees, helping Tenfu's business partners realize their aspirations for a better life.

## Environmental, Social and Governance Report

- **Strengthening capacity building**

### *Training system*

Tenfu attaches great importance to the self-growth and comprehensive quality of its employees, and provides a wide range of development opportunities for employees in different business areas by both online and offline training courses. We define a unified strategy and talent assessment criteria for the Group, and designate training programs for employees each year to meet their development needs, and introduce them the training system for different departments, areas, levels and categories through the relevant chapters in Employee Handbook. In addition, the Group's professional counseling team conducts training and teaching from time to time, and sets up corresponding training courses for assessment, evaluation and grading. Different training programs are offered to employees of different ranks, encouraging them to enhance their understanding of the corporate culture as well as professional skills training. The Group builds a good platform for their growth and development, and also prepares a large number of excellent talents for Tenfu's sound operation.

Meanwhile, in order to strengthen the cultivation and reserve of skilled personnel, further encourage employees to upgrade their vocational skills and enhance human resources protection to meet the needs of the Company's continuous development, the Group encourages employees to undertake vocational qualification level accreditation including a number of occupations (types of job) and corresponding levels, such as tea specialists, bakers and beautician, and provides subsidies and concessions for them. The skills certificates are nationally recognized, highly prestigious and authoritative.

During the Reporting Period, the employee training rate of the subsidiaries within the scope of this report was 100% and the total number of training sessions reached over 60; the average training hours per employee was 31.16 hours and the total training hours were 52,294. The specific training information is shown in the table below:

Key performance indicators		Percentage of trained employees (%)	Training hours per capita
Gender	Male	25%	29.18
	Female	75%	32.07
Position Level	Senior management	4%	39.89
	Mid-level management	15%	45.68
	Junior staff	81%	28.87

## Environmental, Social and Governance Report

### 2022 Talent Training Program



We integrate our WeCom online learning platform “Magic Academy” (魔學院) to upload various educational and training materials, and enhance the effectiveness and efficiency of online learning. We keep updating our courses in line with the development of our business and services, combining static electronic text materials with dynamic effects such as voice/video, and producing short videos as a model.



On-site photos of the comprehensive training program conducted by the audit office of our headquarters

## Environmental, Social and Governance Report

### 2022 Employee Training Program



#### Comprehensive training for new employees:

From June 22 to 24, 2022, we launched the first training session for new employees in 2022, with 35 new employees attending. The training provided new employees with a comprehensive understanding of corporate culture, management system, etiquette and manners, team spirit, workplace safety, general knowledge of preventive health care and tea culture knowledge seminar.



#### New apprenticeship training for enterprise:

The new type of apprenticeship training for enterprises which has been implemented for one year (from November 2021 to October 2022) follows the principles of government-led, enterprise-oriented and institutional participation. It adopts a model of “enterprise-school dual system, integration of working and learning” (i.e. enterprise and the college jointly train apprentices in the mode of enterprise-school dual apprenticeship and learning and working alternation) to train middle/senior skilled workers who meet the needs of the Company, including the training of tea specialists and tea tasters. The training covers professional knowledge, operational skills, professionalism and the cultivation of craftsmanship. The trainees passed all the tests and received the corresponding certificates by the end of October.



#### Cultivation of reserve talents:

In order to further cultivate reserve talents and provide human resources support for the sustainable development of the Company, the Group commenced the training for reserve talents in November 2022 to provide training in three areas, namely internal knowledge, management knowledge and practical skills.



## Environmental, Social and Governance Report

### o Enhancing the Happiness of Employees

#### • Remuneration and benefits

The Group adheres to the remuneration philosophy of “labor-based distribution, encouraging value creation and equality and fairness” and has established a competitive remuneration structure based on rank, performance and ability under a comprehensive performance-based remuneration system. While safeguarding the welfare of our employees, the Group has been able to fully mobilize their motivation and stimulate the vitality of the Group.

#### • Care for employee

### Difficult employee support

We offered condolences to employees who suffered from illness or family difficulties, spreading the spirit of care and devotion and continuously enhancing the happiness of our employees. During the Reporting Period, we provided condolences and care to employees in difficulty, with an accumulated amount of RMB21,000.



### Summer care class for children of Tenfu employees

To address employees' difficulties in taking care of the children during their holidays, Tenfu launched its first summer care class for children of Tenfu employees in August 2022. The Group has taken care of all aspects, including meals, staffing and curriculum, so that the children of 64 employees can have a meaningful summer vacation together.

### Tea Culture Education Foundation Scholarship of Mr. Lee Rie-Ho

In order to cultivate talents, the annual Award Ceremony of Tea Culture Education Foundation Scholarship of Mr. Lee Rie-Ho was held on August 31, 2022 as scheduled. 24 employees' children received grants and scholarships from the Zhangzhou Tea Culture Education Foundation of Mr. Lee Rie-Ho in 2022, with a total of RMB51,000 scholarships awarded.



### The eighth “Little Fish Cup” swimming competition

In order to enrich the cultural life of the Group, enhance the health awareness of the employees, motivate them to work and strengthen their team cohesion, the Group organized the “Little Fish Cup” swimming competition on July 9, 2022. 124 participants took part in the competition, which was a spectacular aquatic competition.

## Environmental, Social and Governance Report

### o Adhering to the Health and Safety Bottom Lines

#### *Operation health and safety management system*

The Group strictly complies with relevant national laws and regulations, including Production Safety Law of the PRC, Law of the PRC on the Prevention and Control of Occupational Diseases, Fire Services Law of the PRC and Measures for Management of Emergency Response Plans for Production Safety Accidents, and conducts a wide range of emergency drills to ensure the health and safety of its employees.

The Group focuses on the management of production safety and occupational health and has formulated the Tenfu Health and Safety Management Policy. The Group performs pre-assessment over occupational disease risks, evaluation of control performance and acceptance inspection of prevention measures for the operation areas with risks of occupational diseases. Based on the requirements of such pre-assessment, the Group takes a number of measures to protect the health and safety of the employees within operation areas, including providing necessary labor protection supplies, firefighting devices, first-aid kits and warning signs, strengthening routing inspection and maintenance on safety facilities, improving the standardized management system for production safety, and promoting the construction of informatization for production safety to ensure the solid implementation of various work in production safety.

In the Regulation on Work-Related Injury Insurance, the Group has set out the range, process and mechanism for identification of work-related injuries, making sure the employees suffering from injuries or occupational diseases due to work-related accidents receive medical treatment and financial compensations in a timely manner.

#### *Health and safety risk prevention and control*

In order to properly handle emergencies and ensure the continuity of the Company's business, the Group has formulated the Emergency Plan for Production Safety, and has established a production safety management team, strictly implementing the quarterly inspection of safety hazards and establishing a mechanism to prevent production safety risks with various measures to build up a solid production safety defence.

In 2022, the Group's production safety management team maintained the safety of the Company's employees and property, fully deployed the Company's various safety inspections, and coordinated, implemented and handled emergencies, whereas auditors from the headquarters conducted safety and fire inspections in local stores and completed the 2022 Risk Assessment Report.

## Environmental, Social and Governance Report

### *Daily management of health and safety*

The Group insists on a healthy and safe production system for its employees and continuously improves the safe production conditions and workshop environment, including incorporating safety precautions into the operation flow of each process. Operators of production equipment are required to strictly comply with specified safety and health guidelines and equipment operation procedures according to the functions of different production workshops (material circulation area, high temperature operation area and general production area), so as to achieve gate-keeping and source management:

- In daily work, the Group provides employees with annual physical examinations and adopts a series of measures to ensure the occupational health and safety of employees;
- New employees can only go to work after passing the pre-job training, and training on safety and operating procedures of production equipment is conducted regularly for all employees in the workshop;
- The original baking process used heavy oil combustion heating, now all replaced with electric heating, thus avoiding staff scalding accidents;
- Employees are required to wear personal protective devices before production, including work clothes, work shoes and hats, emergency lighting equipment, masks, temperature-resistant asbestos gloves, etc;
- Risk warning signs as shown below are provided in the workshop to avoid accidental injury to personnel:





## Environmental, Social and Governance Report

### 2022 Production Safety Training System

The Group organized various production safety education and training to enhance employees' awareness of safety and create an atmosphere of full participation in production safety, while ensuring continuous improvement in the safety quality of employees.

Assisting in building a safe community by joining hands with the fire and police stations to share fire safety knowledge and fraud prevention activities



Cooperating with Zhangpu Tenfu Hospital (漳浦天福醫院) to promote first aid knowledge (first aid for cardiac resuscitation, Heimlich maneuver, etc.) for the Group's employees



In 2022, the number of work days lost due to work-related injuries for the subsidiaries within the scope of this report is 690, and the work-related fatalities of the subsidiaries within the scope of this report in the past three years are shown in the table below:

Key performance indicators	Number of work-related fatalities	Percentage
2022	0	0%
2021	0	0%
2020 <sup>1</sup>	1	0.05%

<sup>1</sup> The work-related fatalities in 2020 were caused by traffic accidents involving employees on their way to work, and the Group has also increased awareness of the safety of its employees during the commute to and from work.



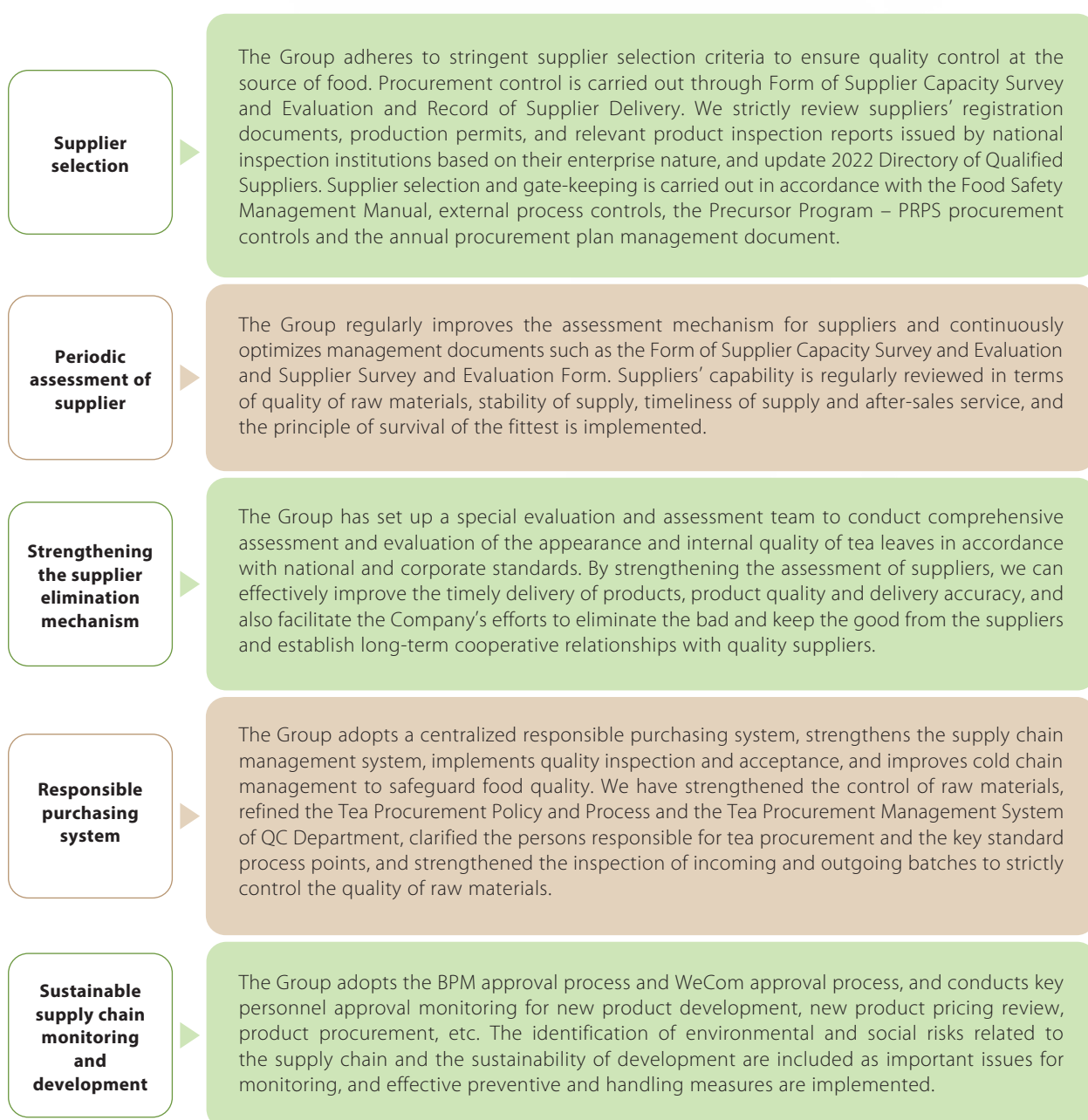
## Environmental, Social and Governance Report

### • Partnering for a Win-win Situation

#### o Supplier Management

Food safety is a principle and a bottom line for the Group, and the Company has been committed to building a transparent, resilient and sustainable supply chain. At the same time, we actively establish effective communication and management mechanisms with our suppliers and contractors in order to build long-term and mutually beneficial partnerships.

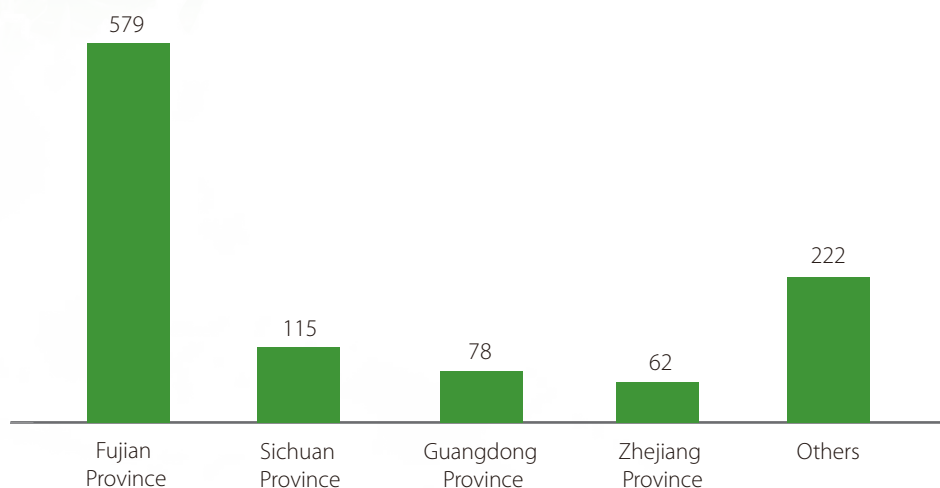
The Group adheres to a stringent and effective procurement management system, actively strengthens its supply chain management and strictly controls risks, and always regards food safety as the foundation of its survival.



## Environmental, Social and Governance Report

During the Reporting Period, the Group had a total of 1,056 suppliers, and the number of suppliers by region is shown in the table below:

**Number of suppliers by geographical region**



### o Responsible Procurement

#### • *Promoting the construction of green supply chain and spreading the concept of sustainable development*

In selecting suppliers, the Group actively incorporates environmental and social factors into the selection criteria and considerations, and attaches importance to the implementation of environmental protection concepts in the course of cooperation, in the hope of promoting the sustainable development of the entire industry chain through its own influence. Through the implementation of the Form of Environmental and Social Risk Assessment for Suppliers, which covers the establishment of an environmental management system, green procurement, product identification and traceability, labor rights, and labor health and safety, we insist on giving priority to suppliers with high awareness of social responsibility and sustainable development. We encourage suppliers to prioritize the use of environmentally friendly equipment and to eliminate national or local production processes that have been banned or have a negative impact on the environment. While avoiding the associated environmental and social risks, we will work together to achieve a mutually beneficial and win-win sustainable development goal.

In order to actively fulfil its environmental protection responsibilities, establish a green supply chain and implement green procurement practices, the Group has introduced new procurement rules and regulations for organic green tea, giving priority to suppliers of organic products that are environmentally friendly. At the same time, the Group has strengthened the monitoring of pesticide residues in tea leaves, and will immediately reject batches and eliminate suppliers found to have exceeded the national food safety standard “Maximum residue limits for pesticides in food”, so as to actively promote the green and low-carbon development of the industry.

## Environmental, Social and Governance Report

### • *Strengthening supplier management to uphold corporate integrity*

The Group keeps attaching great importance to integrity in procurement, clarifies the integrity clauses of procurement contracts, strictly prohibits any solicitation, bribery and other improper business conducts, improves the construction of corporate anti-corruption and supply chain risk management systems, abides by the bottom line of compliant procurement, continuously improves the Group's governance structure, and improves the Group's governance level.

### • *Adhere to the strict selection of local picking to help the development of local tea farmers*

With social responsibility in mind, Tenfu has been insisting on local sourcing for many years to reduce transportation costs in the supply chain and achieve energy saving and emission reduction, while better promoting local economic development and contributing to the community. Taking advantage of the strengths of local sourcing in all aspects of control, we can ensure maximum traceability and transparency of our products and ensure high stability and quality.



## Environmental, Social and Governance Report

### o Promoting Industry Development

#### 2022 “Tenfu Cup” Cross-Strait Famous Tea Invitational Competition – Fragrance of tea all over the world, the love between the two sides of the Strait

On December 27, 2022, “Tenfu Cup” Cross-Strait Famous Tea Invitational Competition was successfully held and the award presentation ceremony was held at the Tenfu Group International Exchange Center. A panel of 18 tea experts from both sides of the Strait judged 7,250 tea samples submitted by tea farmers from both sides of the Strait to select the best tea of the year. This year’s competition saw a 21% increase in sample size compared to last year, and the participation of tea farmers and tea merchants from Taiwan also continued to rise, with the number of entries reaching a record high. This “cross-strait” tea competition, which has been running for 12 years, has been recognized by tea farmers from both sides of the Strait for many years, attracting many tea farmers to make good tea, taste the aroma of tea, talk about tea and share the love between the two sides of the Strait.





## Environmental, Social and Governance Report

### • Giving Back to the Society and Passing on the “Human Touch” of Tea

Tenfu believes that, while pursuing corporate development, we also have the responsibility to give back to and make progress together with the society. Abiding by the Tenfu Management Policy of Charity and Public Welfare Activities, the Group actively fulfils its corporate social responsibility and leverages its strengths to innovate in areas such as tea culture dissemination, village revitalization and community welfare activities, spreading care and concern for social harmony.

In 2022, the subsidiaries within the scope of this report continued to invest public welfare resources in community investment, staff development, the dissemination of tea culture and other fields, cumulatively donating approximately RMB68,500.

#### o Devoting to Charity

The Group actively participates in social welfare, continues to organize public welfare activities such as caring for the disadvantaged groups, and promotes the development of charitable causes in a comprehensive manner, demonstrating its corporate ethos through practical actions.

In 2022, we continued our charity efforts to help prevent epidemics. We have donated hundreds of mineral water, protective clothing, face masks and isolation gowns.

#### *Respecting and loving the elderly on chongyang festival*

On October 4, 2022, the Group celebrated the annual Chongyang Festival for the elderly. In order to establish a social culture of “respecting, honoring, loving and helping the elderly”, the Group organized an activity to honor the elderly at the museum by conducting health check-ups, offering tea rituals and distributing gifts to the elderly, making a modest contribution to honoring and loving the elderly while spreading the traditional tea culture of the Company.



## Environmental, Social and Governance Report

### *The Mummy and Baby House*

Jiajiang Tenfu service area is located one kilometer from Jiajiang toll station of Chengle Expressway, and is an important base for Tenfu Group to invest in western China. Since April 2016, with the care and support of Leshan Federation of Labor Unions and Jiajiang Federation of Labor Unions, considering the geographical location of the Company, it established the “Mummy and Baby House”, in order to further develop women’s and children’s care actions through this platform and promote society-wide care and concern for female during pregnancy and breastfeeding.

### o Promoting Traditional Tea Culture

#### *The Group’s vision and philosophy to promote tea culture*

Tea, as one of the seven daily necessities (firewood, rice, oil, salt, sauce, vinegar and tea), has a history of more than 4,000 years, and is very common in ancient China. Chinese tea culture is also broad and profound, and rich in human touch. As a company that has transformed the tea industry from sunset to sunrise, Tenfu has taken the dissemination of tea culture as its mission and integrated it into its products, insisting on promoting tea culture and upholding the Group’s vision of “tea is being taught, discussed and appreciated in a universal manner”.





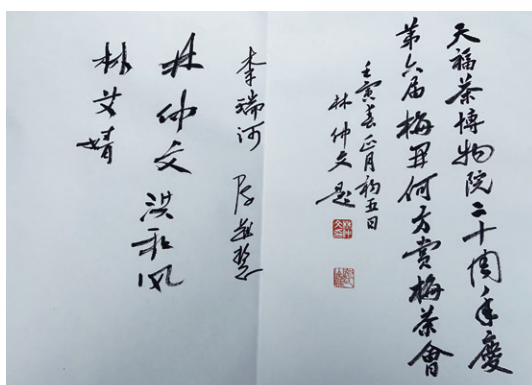
## Environmental, Social and Governance Report

### Various ways of spreading tea culture

#### *Taking tea culture as the core of Tenfu's corporate value*

In line with the concept of “rooted in Fujian, spreading the fragrance throughout the country, and spreading the tea to the world”, Tenfu is making a contribution to the cultural development of both sides of the Strait through both static and dynamic ways, allowing people to experience the charm of Chinese tea culture.

In 2022, we have organized dozens of tea culture activities, such as the “5.21 International Tea Day” and the “Plum Blossom Appreciation Tea Party”. In addition to inviting staff from various departments and visitors from both sides of the Strait to taste tea and learn more about tea culture, we have truly achieved the goal of “embracing Zhangzhou, holding hands with both sides of the Strait and going global”.



### Tea Grandpa IP

The IP image of Tenfu Tea Grandpa is taken from Mr. Lee Rie-Ho, the founder of Tenfu Group. Through simplification, symbolization and dramatic transformation, a unique IP image of “Tenfu Tea Grandpa” has been drawn, aiming to present the brand in a vivid and visualized way that will link the new generation of consumers and encourage more young people to experience tea culture, thus expanding the brand influence.

Pondering over the question of “how to make the spread of Chinese tea culture more down to earth” and upholding the values of “worthiness, experience, and culture”, Tenfu Tea Grandpa’s IP will create and output IP content from multiple dimensions, multiple scenarios and multiple paths. Tenfu Tea Grandpa has settled in media such as Douyin and Bilibili at which it outputs “IP + emotion” content. We have launched Tenfu Tea Grandpa WeChat emoji packs, snack products paying attention to children’s health, derivative products and services close to family life scenes, combined and cross-border/joint exhibitions of Tenfu’s cultural and tourism projects and so forth to conduct new explorations on the way of disseminating tea culture, hoping to make more people fall in love with Chinese tea.

## Environmental, Social and Governance Report





## Environmental, Social and Governance Report

- **Appendix**

- o **ESG Report Index**

KPI	Description	Chapter name
<b>A Environment</b>		
<b>A1</b>	<b>Emissions</b>	
A1.1	The types of emissions and respective emissions data	Practicing green production and promoting low-carbon transformation – Strengthening emissions management
A1.2	Direct (scope 1) and energy indirect (scope 2) GHG emissions (tons) and (if applicable) intensity (e.g. per production unit, per facility)	Practicing green production and promoting low-carbon transformation – Contributing to low-carbon development
A1.3	Total hazardous waste produced (tons) and (if applicable) intensity (e.g. per production unit, per facility)	Practicing green production and promoting low-carbon transformation – Strengthening emissions management
A1.4	Total non-hazardous waste produced (tons) and (if applicable) intensity (e.g. per production unit, per facility)	Practicing green production and promoting low-carbon transformation – Strengthening emissions management
A1.5	Description of measures to mitigate emissions and results achieved	Practicing green production and promoting low-carbon transformation – Strengthening emissions management
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Practicing green production and promoting low-carbon transformation – Strengthening emissions management

## Environmental, Social and Governance Report

KPI	Description	Chapter name
<b>A2</b>	<b>Use of Resources</b>	
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per production unit, per facility)	Practicing green production and promoting low-carbon transformation – Contributing to low-carbon development
A2.2	Water consumption in total and intensity (e.g. per production unit, per facility)	Practicing green production and promoting low-carbon transformation – Protecting Natural Resources
A2.3	Description of energy use efficiency initiatives and results achieved	Practicing green production and promoting low-carbon transformation – Contributing to low-carbon development
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Practicing green production and promoting low-carbon transformation – Protecting Natural Resources
A2.5	Total packaging material used for finished products (tons) with reference to per unit produced (if applicable)	Practicing green production and promoting low-carbon transformation – Strengthening emissions management
<b>A3</b>	<b>Environment and natural resources</b>	
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Not applicable
<b>A4</b>	<b>Climate changes</b>	
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Practicing green production and promoting low-carbon transformation – Contributing to low-carbon development

## Environmental, Social and Governance Report

KPI	Description	Chapter name
<b>B Society</b>		
<b>B1</b>	<b>Employment</b>	
B1.1	Total number of employees categorized by gender, type of employment (e.g. full-time or part-time), age and geographical region	Caring for Employees and contributing to talents growth – Creating an equal and diverse working environment
B1.2	Employee turnover rate categorized by gender, age and geographical region	Caring for Employees and contributing to talents growth – Creating an equal and diverse working environment
<b>B2</b>	<b>Health and safety</b>	
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Caring for Employees and contributing to talents growth – Adhering to the health and safety bottom lines
B2.2	Lost days due to work injury	Caring for Employees and contributing to talents growth – Adhering to the health and safety bottom lines
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	Caring for Employees and contributing to talents growth – Adhering to the health and safety bottom lines
<b>B3</b>	<b>Development and training</b>	
B3.1	Percentage of employees trained categorized by gender and type of employee (e.g. senior management, mid-level management)	Caring for Employees and contributing to talents growth—Strengthening capacity building
B3.2	Average training hours per employee categorized by gender and type of employee	Caring for Employees and contributing to talents growth—Strengthening capacity building
<b>B4</b>	<b>Labor Standards</b>	
B4.1	Description of measures to review employment practices to avoid child and forced labor	Caring for Employees and contributing to talents growth – Creating an equal and diverse working environment
B4.2	Description of steps taken to eliminate such practices when discovered	Caring for Employees and contributing to talents growth – Creating an equal and diverse working environment

## Environmental, Social and Governance Report

KPI	Description	Chapter name
<b>B5</b>	<b>Supply chain management</b>	
B5.1	Number of suppliers by geographical region	Partnering for a win-win situation – Supplier management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	Partnering for a win-win situation – Supplier management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Partnering for a win-win situation – Responsible procurement
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Partnering for a win-win situation – Responsible procurement
<b>B6</b>	<b>Product responsibility</b>	
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Building the foundation of food safety and delivering quality service – Intimate service
B6.2	Number of products and service related complaints received and how they are dealt with	Building the foundation of food safety and delivering quality service – Intimate service
B6.3	Description of practices relating to observing and protecting intellectual property rights	Building the foundation of food safety and delivering quality service – Product innovation Improving corporate governance and adhering to the bottom line of compliance – Business ethics and compliance
B6.4	Description of quality assurance process and recall procedures	Building the foundation of food safety and delivering quality service – Intimate service
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	Building the foundation of food safety and delivering quality service – Intimate service



## Environmental, Social and Governance Report

KPI	Description	Chapter name
<b>B7</b>	<b>Anti-corruption</b>	
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Improving corporate governance and adhering to the bottom line of compliance – Business ethics and compliance
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Improving corporate governance and adhering to the bottom line of compliance – Business ethics and compliance
B7.3	Description of anti-corruption training provided to directors and staff	Improving corporate governance and adhering to the bottom line of compliance – Business ethics and compliance
<b>B8</b>	<b>Community investment</b>	
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport)	Giving back to the society and passing on the “human touch” of tea – Revitalizing Chinese tea and promoting tea culture
B8.2	Resources contributed (e.g. money or time) to the focus area	Giving back to the society and passing on the “human touch” of tea – Devoting to charity

## Environmental, Social and Governance Report

### o Form of Readers' Feedback

Thank you for reading the Company's 2022 Environmental, Social and Governance Report of Tenfu (Cayman) Holdings Company Limited. In order to better provide stakeholders with valuable information and improve our ability and level of fulfilling social responsibilities, the Company sincerely invites you to give your valuable comments and suggestions to this report.

You may fill in the form and send it to the following email: [ESG@tenfu.com](mailto:ESG@tenfu.com)

Your overall evaluation of the Company's ESG report:

- ☐ Extremely satisfactory    ☐ Very satisfactory    ☐ Satisfactory    ☐ Not quite satisfactory  
☐ Not satisfactory

Your evaluation of the Company's performance of ESG responsibilities:

- |                              |  |   |                                       |
|------------------------------|--|---|---------------------------------------|
| Economic responsibility      | <input type="checkbox"/> Extremely satisfactory<br><input type="checkbox"/> Not quite satisfactory | <input type="checkbox"/> Very satisfactory<br><input type="checkbox"/> Not satisfactory | <input type="checkbox"/> Satisfactory |
| Social responsibility        | <input type="checkbox"/> Extremely satisfactory<br><input type="checkbox"/> Not quite satisfactory | <input type="checkbox"/> Very satisfactory<br><input type="checkbox"/> Not satisfactory | <input type="checkbox"/> Satisfactory |
| Environmental responsibility | <input type="checkbox"/> Extremely satisfactory<br><input type="checkbox"/> Not quite satisfactory | <input type="checkbox"/> Very satisfactory<br><input type="checkbox"/> Not satisfactory | <input type="checkbox"/> Satisfactory |

Do you think this report can reflect the impact of the Company's social responsibility practices on the economy, society and environment?

- ☐ Very capable of reflecting it    ☐ Quite capable of reflecting it    ☐ Generally capable of reflecting it  
☐ Not quite capable of reflecting it    ☐ Not capable of reflecting it

## Environmental, Social and Governance Report

In your view, how are the clarity, accuracy and completeness of the information, data and indicators disclosed in this report?

Clarity	<input type="checkbox"/> Extremely satisfactory	<input type="checkbox"/> Very satisfactory	<input type="checkbox"/> Satisfactory
	<input type="checkbox"/> Not quite satisfactory	<input type="checkbox"/> Not satisfactory	
Accuracy	<input type="checkbox"/> Extremely satisfactory	<input type="checkbox"/> Very satisfactory	<input type="checkbox"/> Satisfactory
	<input type="checkbox"/> Not quite satisfactory	<input type="checkbox"/> Not satisfactory	
Completeness	<input type="checkbox"/> Extremely satisfactory	<input type="checkbox"/> Very satisfactory	<input type="checkbox"/> Satisfactory
	<input type="checkbox"/> Not quite satisfactory	<input type="checkbox"/> Not satisfactory	

Do you think the content arrangement and layout of this report are easy to read?

☐ Yes      ☐ Fair      ☐ No

Your other comments and suggestions on the Company's ESG work and this report:

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