



HUNG FOOK TONG

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

(Incorporated in the Cayman Islands with limited liability)

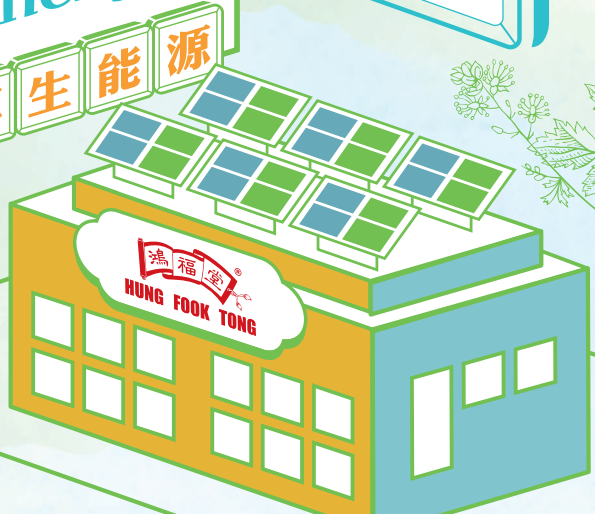
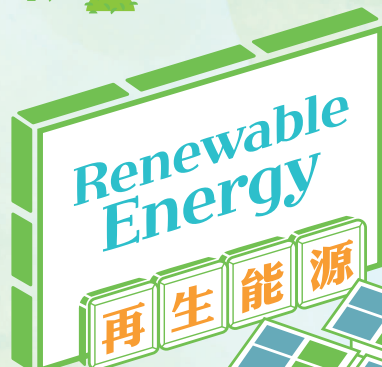
(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 1446

2022

Environmental, Social and Governance Report

環境、社會及管治報告



真心製造
Naturally Made
Wholeheartedly Good
自然流露



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JIKA
自家 ON!



2022 HIGHLIGHTS

OUR OPERATION



- **0** complaint case related to product health and safety received in 2022

- Lost days due to work injury decreased by **59.3%**



- **63.6%** of Hung Fook Tong's fresh beverage products are sugar-free or in low sugar content

- **357** key suppliers



OUR PEOPLE



- **864** employees – **713** in Hong Kong, **151** in Mainland China

- **3,178** training hours involving **572** employees



- **66%** of employees trained, with **3.68** average training hours per employee



OUR ENVIRONMENT

• **12,026 tonnes** of CO₂-e of Greenhouse Gas (GHG) Emissions, representing a GHG intensity of **0.016**



• GHG emission decreased by **7.0%**



• **31,242 MWh** of energy consumed, decreased by **7.3%**

• **957.7 tonnes** of food waste recycled, reducing **204.0 tonnes** of CO₂-e of Greenhouse Gas Emissions



OUR COMMUNITY



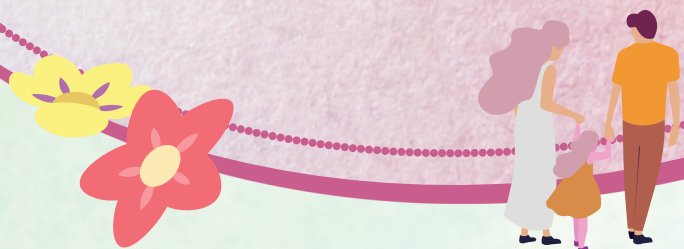
• Contributed **302** service hours to the community



• Supported over **159** community projects and **198** organisations



• Over **HK\$2.1 million** of cash, coupons and in-kind products sponsored





ABOUT HUNG FOOK TONG

Hung Fook Tong Group Holdings Limited (“HFT” or the “Company”) and its subsidiaries (collectively as the “Group” or “we”) are principally engaged in the production and sales of a variety of herbal and non-herbal products with the Hung Fook Tong brand. HFT was founded in 1986 and listed on the Main Board of the Stock Exchange of Hong Kong Limited (“SEHK”, stock code: 1446) in 2014. We have been promoting the wellness concept for more than 35 years, transformed from a traditional Chinese herbal tea shop into a modern food and beverage enterprise. Our café-inspired “HFT Life” brand, introduced in 2021, is offering an amalgam of Western and Chinese food cultures.

The Group manufactures all of the products at the production facilities located in Hong Kong and Mainland China. Our Tai Po plant mainly produces fresh food products and drinks to be sold at HFT retail shops in Hong Kong while the production plant in Kaiping City, Guangdong Province, is capable of supporting the demand for fresh and long shelf-life drinks in Hong Kong, Mainland China and other markets.

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

HFT’s retail business remained our most significant revenue contributor in 2022, contributing around 75% of the Group’s total revenue. At present, the Group has about 120 retail stores in Hong Kong, being the largest Chinese herbal product retailer in terms of retail network size. Complemented by various promotions aimed at boosting membership and engagement, HFT now has over 1,258,000 JIKA CLUB members as at the end of 2022. Launched in 2021, HFT’s online shopping platform “JIKA ON!” has been offering a wide spectrum of products including health, beauty and household products.

HFT’s wholesale business is primarily for the sales and distribution of its long shelf-life drinks and fresh drinks, comprising sales to third-party retailers and distributors in Hong Kong, Mainland China and overseas. In Mainland China, principally in Guangdong Province, an array of HFT bottled drinks are available at convenience stores, supermarkets, department stores, local grocery stores and through online platforms.



AWARDS AND RECOGNITION

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

In Recognition of Environmental and Governance Efforts



- Hong Kong Awards for Environmental Excellence 2021: Shops and Retailers – Silver Award
- Hong Kong Green Organisation Environmental Campaign Committee
- Green Office 5+ Label and Eco-Healthy Workplace Label 2022 World Green Organisation
- CarbonCare® Star Label
- CarbonCare® ESG Label (Level 4) CarbonCare Innolab
- HKMA Best Annual Reports Awards 2022: Certificate of Excellence in Environmental, Social and Governance Reporting
- HKMA Best Annual Reports Awards 2022: Best New Entry – “General” Category The Hong Kong Management Association



In Recognition of Talent Development



- Happiness-at-Work Promotional Scheme – Happy Company 10 Years Promoting Happiness Index Foundation
- ERB Manpower Developer Award Scheme: Manpower Developer (2011-2022) Employees Retaining Board
- Sport-Friendly Action – Awarded Corporate Chinese YMCA of Hong Kong



In Recognition of Brand Management and Customer Service



香港卓越名牌

- **2022 Hong Kong Top Brand**
Hong Kong Brand Development Council & The Chinese Manufacturers' Association of Hong Kong
- **The Hong Kong Q-Mark Service Scheme & Q-Mark Elite Brand Awards 2021**
Federation of Hong Kong Industries
- **GS1 Consumer Caring Scheme 10 Years Award**
GS1 Hong Kong
- **Outlet Anti-epidemic Measures Recognition**
Hong Kong Retail Management Association
- **Health Partnership Award 2022 – Outstanding Chinese Herbal Products Corporation with a Modern Wellness Concept**
ET Net Limited
- **“Meet the Heroes” Top Brand Awards: Top Favourite Brands – Beverages**
Wellcome (Hong Kong)
- **PARKnSHOP Super Brands Award 2021**
PARKnSHOP Supermarket
- **2022 Outstanding Sales Performance Awards within a category – Beverages**
7-Eleven
- **Trusted Brands 2022 – Gold Award (Chinese Soup/Herbal Tea)**
Reader's Digest



2022 健康同行夥伴大獎
Health Partnership Awards 2022

In Recognition of Community Investment



- **15 Years Plus Caring Company Logo 2006-2022**
The Hong Kong Council of Social Service
- **Social Capital Builder Logo Award 2020-2022**
Labour and Welfare Bureau –
Community Investment and Inclusion Fund
- **2021/2022 Award of Merit**
The Community Chest of Hong Kong
- **Social Enterprise Supporter 2022**
Fullness Social Enterprises Society





ABOUT THE REPORT

This Environmental, Social and Governance (“ESG”) report (the “Report”) is published by HFT. By reporting the ESG policies, measures and performances of the Group, the Report allows stakeholders to learn more about its progress and development direction in sustainability topics. Available in both Chinese and English, the Report has been uploaded to the websites of SEHK and the Company (www.hungfooktongholdings.com).

REPORTING SCOPE

The Report focuses on the operation of the core businesses of HFT, i.e. retail and wholesale, accounting for 100% of the Group’s revenue in 2022. The Report covers the Group’s financial year from 1 January 2022 to 31 December 2022 (“2022” or “reporting year”).

The reporting scope covers the ESG performances of the operation of retail shops in Hong Kong (“Hong Kong retail shops”), office and factory in Hong Kong (“Hong Kong office” and “Hong Kong factory” respectively), as well as the operation of the office and factory in Kaiping City, Guangdong Province (“Kaiping office” and “Kaiping factory” respectively). There were no significant changes in the scope and boundaries of reporting compared to the previous reporting year.

REPORTING STANDARD

This Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) as contained in Appendix 27 of the Rules Governing the Listing of Securities on SEHK. The four reporting principles, namely the principles of materiality, quantitative, balance and consistency, form the backbone of this Report.

Reporting Principles:

Materiality	The Group engages stakeholders with management interview, stakeholder surveys and focus group, throughout the process of identifying material ESG topics. The material topics are confirmed by the ESG Steering Committee appointed by the Board of Directors (the “Board”). Please refer to the section headed “Stakeholder Engagement” for further details.
Quantitative	The data of the Group’s environmental and social Key Performance Indicators (“KPI”) are sourced from the statistics of relevant departments. Moreover, to ensure the accuracy of the environmental KPIs, the Group has commissioned a professional consultant to conduct a carbon assessment in reference to local and international guidelines. The quantitative information is accompanied by a description of the criteria, methods, assumptions and/or calculation tools used.
Balance	The Group is committed to upholding an unbiased reporting principle. The Group does not only report the achievements it has made but also the challenges it has faced, as well as the response of the Group.
Consistency	The Group has prepared the Report in the same manner as in previous years. It ensures that a consistent method is used to provide ESG data comparable with historical data.





CONFIRMATION AND APPROVAL

The Group has established internal controls and a formal review process to ensure that any information presented in this Report is as accurate and reliable as possible. The Board of the Company has overall responsibility for the establishment and disclosure of relevant measures and KPIs. To ensure that the Report covers environmental and social topics material to the Group, this Report has been reviewed and approved by the ESG Steering Committee, then endorsed by the Board on 27 April 2023.

FEEDBACK MECHANISM

Comments and suggestions of stakeholders can help the Group to establish a more detailed and sound sustainability strategy. If you have any questions or suggestions regarding the content or format of the Report, please contact the Company via the following channels:

Address: 11 Dai King Street, Tai Po Industrial Estate,
Tai Po, New Territories, Hong Kong
Email: enquiry@hungfooktong.com.hk
Telephone: (852) 3651 2000
Fax: (852) 3651 2265





BOARD STATEMENT

At Hung Fook Tong, our purpose to promote wellness concept and preserve our herbal heritage dates back more than three decades ago. With this purpose comes a vision and mission statement that enables us to adopt a larger sense of sustainability. In 2022, we prioritized our people and the environment in delivering our core values, against a backdrop of global challenges from climate change, the COVID-19 pandemic to economic instability. Whether it is the efforts to develop better and healthier product choices, our partnerships to reduce food waste or our support to charitable organisations to contribute to our communities, HFT believes in the power of collaboration and caring for people. While the society is recovering from the pandemic, we, as a caring business for our employees, continue to promote the importance of wellbeing and create healthy diet options to enhance the living quality of community.

A SOUND GOVERNANCE STRUCTURE

As a responsible corporate, HFT recognizes the significance of sound and competent governance on striving for sustainability excellence. The Board of HFT leads the Group to develop its sustainability agenda with the aim of delivering values to its employees, customers and other stakeholders. Under the delegation of the Board, the Group’s ESG Steering Committee and the ESG Working Group ensure sustainability topics management aligns with the corporate vision. ESG issues are reported to the Board regularly to ensure informed decisions are made by the Board.

EFFECTIVE MANAGEMENT ON MATERIAL SUSTAINABILITY ASPECTS

As outlined by the Group’s ESG Management Approach, HFT identifies and manages relevant sustainability risks that have significant impacts on the Group.

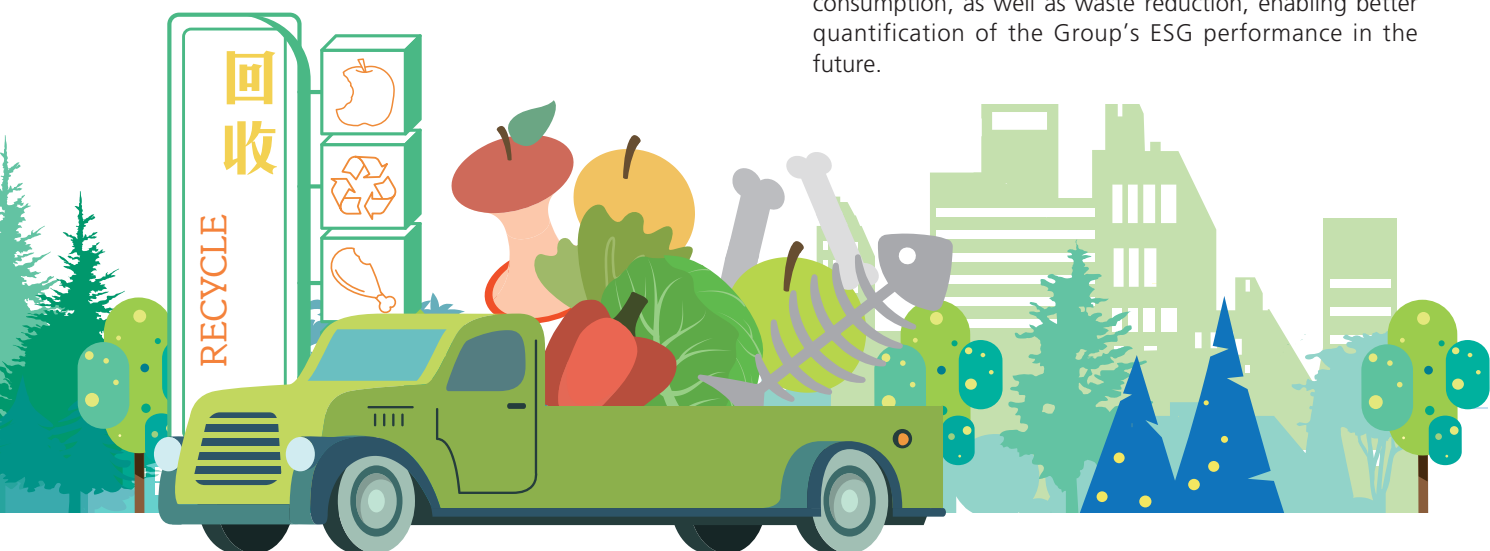
For instance, climate change is at the top of the environmental agenda. To align with local and national climate action plan, we minimize our carbon emission along the value chain through energy efficiency measures in our operations, adoption of renewable energy, optimised logistics planning, reduction in packaging and responsible sourcing with sustainability considerations. In response to Hong Kong Government’s pledge to become carbon neutral by 2050, HFT has been considering to conduct a study on Scope 3 carbon emissions in the supply chain, to prepare us for setting the Science-Based Target.

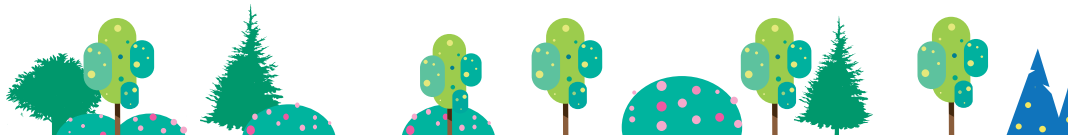
Also, we recognize our stakeholder’s concerns on product safety and quality, thus we strive to deliver safe and reliable products. We align strictly to internationally recognized standards in our facilities, along with the implementation of more stringent control procedures on product quality. As a result, we managed to lower our average number of complaints relating to product health and safety to 0 case per month in 2022.

Taking care of the wellbeing of our employees is at the heart of HFT’s core values. In the post-pandemic era, talent recruitment and retention has been a rising challenge for retailers. Our newly implemented flexible working arrangements respond to the post-COVID “New Normal” of working from anywhere, and meet the changing needs of different employees. We continue to create a desirable workplace that can protect the health and safety of our employees and retain our talents. In the meantime, training and development are essential to motivate and align the team members in the same direction, enabling HFT to be fully prepared for future development.

GOALS AND TARGETS

Going forward, while the existing targets such as on product quality cases and food waste recycling have been met, the Group will continue to develop and enhance its sustainability strategy. We are already working on setting quantitative targets to reduce electricity, fossil fuel, water consumption, as well as waste reduction, enabling better quantification of the Group’s ESG performance in the future.





VISION AND MISSION STATEMENT

OUR VISION

Our vision is to become a leader in sustainable food and beverage production business promoting healthy lifestyles for the welling of community.

OUR MISSION

Our mission is to leverage our industrial strengths and know-how to create long term values for corporate sustainable development. We aim to keep the authentic herbal tradition while producing products in a modern and innovative way, thus bringing healthy and high-quality food and beverage products to customers. As a retailer and manufacturer, Hung Fook Tong strives to conserve the resources used during production and business operation to help ensuring a sustainable environment for future generations.

We also believe that promoting wellbeing of people is the core of a positive society. We will manifest this as a caring business for our employees and create healthy diet options to enhance the life quality of the community.

OUR CORE VALUES

Our core values are driving us towards the sustainable vision and the manifestation of a positive future.

Authentic Operation

Keeping tradition in an authentic and innovative way

Sustainable Environment

Conserving resources for future generation

Caring People

Caring the well-being of our people

Healthy Community

Enhancing health and quality of life



OUR APPROACH TO SUSTAINABILITY

SUSTAINABILITY GOVERNANCE

HFT’s sustainability success is built on the basis of sound governance. In 2022, the Group strictly follows the ESG policy, maintaining a high level of transparency, accountability, responsibility and fairness. The policy emphatically indicates HFT’s responsibilities towards the environmental performance, supplier selections, corporate social responsibilities, operating principles and corporate governance.

ESG Management Approach	
Environment <ul style="list-style-type: none"> • Energy efficiency • Environmental protection • Carbon emission reduction 	Suppliers, Customers and the Public <ul style="list-style-type: none"> • Fair trading • Food safety • Quality control
Corporate Social Responsibilities <i>Employee</i> <ul style="list-style-type: none"> • Safe and healthy working environment • Human rights • Talent development 	<i>Community Involvement</i> <ul style="list-style-type: none"> • Influence on the society • Understand and respond to the socially vulnerable groups • Quality of life and wellbeing
Operating Principles <ul style="list-style-type: none"> • Operation compliance • Operating ethics 	Corporate Governance <ul style="list-style-type: none"> • Transparent • Responsible

The Group understands the effective implementation of the ESG management approach requires the cooperation at different levels. At the highest level of decision making, the Board holds overall accountability for sustainability management, including charting strategic direction, identifying, prioritising and managing material sustainability topics. Under the oversight of the Board, our ESG Steering Committee is responsible for implementing sustainability strategies and monitoring the Group’s performance against the goals and objectives established. Our Audit Committee is responsible for overseeing the Company’s overall risk management, including the ESG risks. HFT’s ESG performance and progress are regularly reviewed, and the results are presented to the Board.

Future Plan



In 2021, HFT has set out a 3-year plan to formulate a sustainability strategy and quantified targets. The ESG steering committee has been set up for giving directions to the management and implementation of sustainability action plans. This year, the Group has established a vision and mission statement for its sustainability journey. Looking forward, the Group will continue to collect feedback from stakeholders and explore ways to integrate United Nation’s Sustainable Development Goals (“UNSDG”) into its business. These will serve as the foundation of the Group’s sustainability strategy.





Board Level

The Board

- Oversee overall ESG management, ensuring it aligns with international and local regulations
- Anchor strategic ESG management approach for the Group
- Drive the integration of sustainability concepts into day-to-day operations



Committee

ESG Steering Committee

- Evaluate and monitor the Group's ESG performance
- Review progress and effectiveness of ESG targets and objectives
- Review and assess ESG risks that are significant to the Group
- Report to the Board on ESG issues

Audit Committee

- Review and approve the internal audit plans
- Review reports prepared by the independent internal control consultants engaged by the Company
- Review the risk management (including ESG risks) and internal control systems
- Oversee the Company's corporate governance functions including reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements

Working Group

ESG Working Group

- Communicate across operations and geographies, integrating sustainability concepts into day-to-day operations
- Support ESG Steering Committee in policies implementation and action plan execution





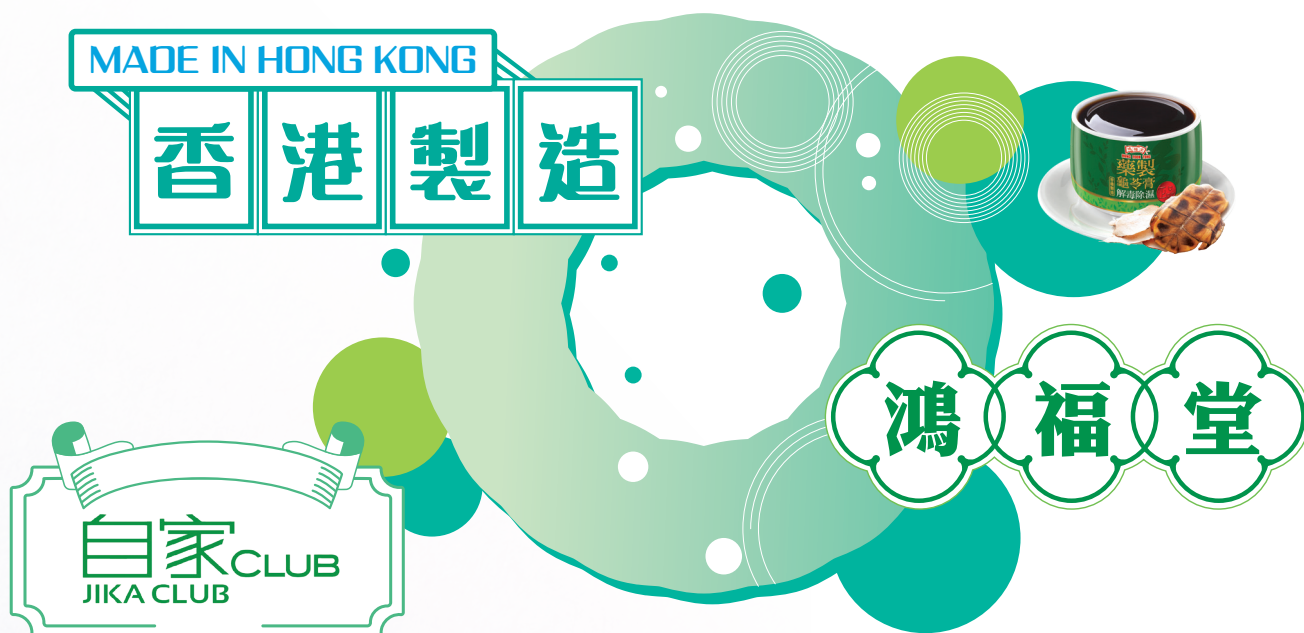
SUSTAINABILITY RISK MANAGEMENT


HFT has a comprehensive ESG risk management framework. The Group has established a set of risk management policies and measures, which have been codified in its policies for adoption. The ESG Steering Committee and the Audit Committee are auxiliary to the Board in managing relevant sustainability risks, as they are responsible for risk evaluation, identification and management.

All operating departments are responsible for identifying and analysing the ESG risks associated with their respective functions, preparing risk mitigation plans, measuring effectiveness of such risk mitigation plans and reporting status of risk management. The internal audit department is responsible for coordinating and advising on matters in relation to risk management and corporate governance matters of the Group, while the Audit Committee and ultimately the Board will supervise the implementation of the Group's risk management policies and measures.

1. Identify potential sustainability risks that have impact on the Group
2. Assess the likelihood and impact of the potential sustainability risks on the Group
3. Confirm sustainability risks that are material
4. Implement risk management measures
5. Monitor and review the effectiveness of management measures

Continuously utilizing an effective risk management framework enables the Group to reinforce resilience to the ESG risks, and validated ESG risks have been incorporated into the Group's risk inventory.





To fully leverage the risk management framework to consistently understand the operating landscape and the Group's preparedness, the Group conducted a sustainability risk assessment in 2022 across multiple risk categories, and identified potential risks, outcomes, and mitigation measures for each category:

Environmental Compliance Risks

Risk to HFT:

Risk exposure to litigation, fines or penalties resulting from non-compliance with national and local laws and regulations relating to pollution prevention and hazardous materials/waste management.

HFT's response:

- Established standardized policies and procedures to ensure manufacturing and operational processes are in compliance. In addition, audits are arranged regularly to detect and rectify any potential non-compliance.

Packaging Material Selection Risks

Risk to HFT:

With rising public awareness on environmental protection, customers paid more attention to the packaging material of the products they select, which may affect their consumption choice.

Meanwhile, the local regulation of the Producer Responsibility Scheme on Plastic Beverage Containers ("PPRS") started public consultation in 2021. The community responded positively to the proposal in general. Having considered the views received and relevant experiences in other places, the government is now refining the suitable regulatory framework for the PPRS and examining the necessary legislative amendments for further consulting the relevant trades on the regulatory details in the future.

HFT's response:

- Adopted recycled packaging material (rPET, Recycled Polyethylene Terephthalate) in certain beverage bottles in 2022.
- Actively explored the feasibility to minimise the use of disposable plastic tableware. Starting from 1 January 2023, Hung Fook Tong gradually stops handing out plastic tableware in all of its over 120 HFT stores and HFT Life in Hong Kong. They will be replaced by paper or wooden tableware including paper soup cups, paper meal boxes, wooden spoons, wooden forks and small bamboo forks.

Climate Risks

Risk to HFT:

Physical climate risks include disruptions of operations in our retail business, supplies and inventory due to flooding, typhoons, and high temperatures, which become more frequent. Transition risks include risks associated with lower carbon economy transition, for example, increasing regulatory pressures to reduce climate change impacts such as constraints on emissions, carbon pricing/taxation; and changes in demand/supply due to technology and/or customer preference shift to low-carbon products.

HFT's response:

- Adhere to the Group's Climate Change Policy established in 2021 in our operations.
- The Policy covers governance, mitigation, adaptation, resilience and disclosures regarding climate-related issues.
- Details of the Climate Change Policy can be found at the section "Responding to Climate Change".



STAKEHOLDER ENGAGEMENT

The Group understands how a stakeholder engagement helps HFT to keep ahead of market trends and developments, as well as to meet evolving stakeholder expectations. Every customer, employee, supplier, cooperative partner and shareholder are mandatory to our key of success, and drive our improvement to better environmental, social and governance performances.

To ensure a holistic understanding of the needs of its community at large, HFT collects and considers feedback and opinion from various sectors, including internal stakeholders such as the management team and general staff, as well as external stakeholders, such as customers and suppliers.

Employees

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



Customers

The Group mainly engages with its valued customers through its loyalty program – “JIKA CLUB”. The Group distributes its latest information to JIKA CLUB members through newsletters and the Hung Fook Tong mobile application.

Customers can express their feedback and opinions through customer service hotline, email, company website and social media platforms.



Suppliers and business partners

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



Community

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



Shareholders and investors

The Group engages shareholders through its annual general meetings. It keeps the investors and shareholders informed of its latest news and earnings announcements through the company’s website, media interviews and email updates.





Similar to previous years, a focus group with stakeholders was conducted. Feedback collected is taken into consideration and prioritised by the level of relevancy, importance and urgency. Highlights of the feedback from stakeholders and the Group’s response are disclosed below:

FEEDBACK FROM STAKEHOLDERS

RESPONSE FROM THE GROUP

It is suggested to minimise the use of disposable utensils and packaging materials, or adopt alternative product packaging materials that are more environmentally friendly.

- We are looking for more environmentally-friendly packaging materials. Since 2022, HFT has started using rPET (“Recycled Polyethylene Terephthalate”) in the production of some of its beverage bottles. It plans to increase the proportion of packaging containing rPET going forward.
- From 1 January 2023, all of the Group’s 120+ Hung Fook Tong stores and café concept stores “HFT Life” will gradually ban plastic tableware and switch to wooden or paper counterparts.

It is suggested to provide more support and care for frontline staff.

- To ensure our frontline staff can balance between work and life, a number of flexible working arrangement have been introduced, such as increasing holiday leaves and adjusting daily working hours.
- Provide HFT beverages to all staff on duty if the Hong Kong Observatory issues a cold weather, very hot weather or frost warning.
- Provide emergency support and counselling to the frontline staff who faces extreme life challenges.

It is suggested to introduce more sugar-free or low-sugar beverages.

- Acknowledging the increasing concern on the health impact of over-consumption of sugar, HFT has sought to address the concerns by introducing sugar-free herbal tea series in 2022, proving highly popular among customers.





Materiality Assessment

Based on the results of the engagement activities, the Group conducted a materiality assessment to identify key sustainability topics by importance to the Group's stakeholders and the Group's impact on the environment and society.



1

Identification


HFT reviewed sustainability issues from previous years and focused on 20 topics that respond to global sustainability trends in the food and beverage industry, peers performance, as well as local and international reporting standards relevant to its operation.



2

Engagement


Feedbacks from stakeholders were gathered via an online survey, interviews and focus group. During the engagement sessions, stakeholders are encouraged to express their views on the identified sustainability topics and re-examine the materiality of each topic to HFT. In 2022, HFT received 317 valid questionnaire responses (2021: 217).



4

Validation

Results and conclusion of the materiality assessment were reviewed and approved by the ESG Steering Committee and the Board.



3

Prioritisation

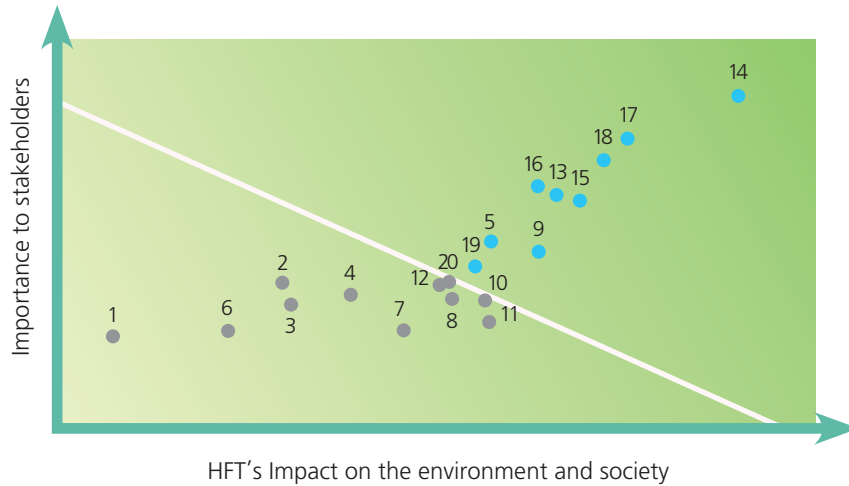
Following the stakeholder engagement process mentioned above, 9 sustainability topics are considered as material in 2022.





Materiality Matrix

The materiality matrix presents the top sustainability topics to our stakeholders that impact our business success. HFT carefully manages these topics throughout our value chain. As customers’ health and safety protection is our top priority, we strive to ensure our products are in highest quality to meet the expectations of our stakeholders.



The 20 sustainability topics identified were listed by four focus aspects. The 9 material sustainability topics are marked in blue in the list below:

Focus Area	Index No.	Sustainability Topic	Material Topic
Our Environment	1	Air and Greenhouse Gas (“GHG”) emissions management	
	2	Waste management	
	3	Energy efficiency	
	4	Water management	
	5	Efficient use of packaging resources	✓
	6	Climate change	
Our People	7	Comprehensive employment management system	
	8	Labour rights	
	9	Healthy and safe workplace	✓
	10	Employee welfare and wellbeing	
	11	Training and development	
Our Operation	12	Supply chain management	
	13	Product quality and sales service responsibility management	✓
	14	Customers’ health and safety protection	✓
	15	Product recalls for quality	✓
	16	Customer complaints handling and response mechanism	✓
	17	Customers’ and business partners’ interests protection	✓
	18	Anti-corruption	✓
Our Community	19	Consideration of community needs and interests	✓
	20	Community investment	



In addition to the impact of the Group on the environment and the society, HFT also collected feedback from stakeholders on areas that the Group can contribute:

Sustainability topics	How HFT may contribute
Efficient use of packaging resources	HFT is actively looking for circular packaging opportunities, for example, reducing the plastic content of packaging, adopting alternative packaging materials and facilitating recycling of plastic bottles.
Consideration of community needs and interests	HFT is constantly looking for community investment opportunities and providing support and sponsorship to different communities in need.
Product quality and sales service responsibility management	HFT has a robust Quality Management System and product recall process to ensure the quality of products we offer are adhering to the highest standards.
Employee welfare and wellbeing	HFT aims to create a fair and diverse workplace that promotes health and well-being by continuously listening to employees' needs and concerns.

LEGAL COMPLIANCE

Adherence to all applicable laws and regulations sets out the foundation for HFT's daily operation. The Group has established a framework for managing internal controls and business risk management processes. Through effective management of relevant policies and measures, risks of repercussions such as enforcement actions, fines, penalties and lawsuits due to non-compliance with relevant laws and regulations are minimised. There was no incidence of non-compliance with relevant laws and regulations which have significant impacts on HFT's operations during the reporting year.

The following lists out laws and regulations that have significant impacts on HFT's operations categorised in aspects:

Aspect	Relevant laws and regulations significant to the Group's operation
Emissions	<ul style="list-style-type: none"> Air Pollution Control Ordinance (Cap. 311) Waste Disposal Ordinance (Cap. 354) Product Eco-responsibility Ordinance (Cap. 603) Environmental Protection Law of the People's Republic of China
Employment and Labour Standards	<ul style="list-style-type: none"> Employment Ordinance (Cap.57) Labour Law of the People's Republic of China The Provisions on the Prohibition of Using Child Labour of the People's Republic of China
Health and Safety	<ul style="list-style-type: none"> Occupational Safety and Health Ordinance (Cap. 509)
Product Responsibility	<ul style="list-style-type: none"> Personal Data (Privacy) Ordinance (Cap. 486) Trade Descriptions Ordinance (Cap. 362) Undesirable Medical Advertisements Ordinance (Cap. 231) Regulation of the People's Republic of China on Customs Protection of Intellectual Property Rights GB7718-2011 General Standards for the Labelling of Pre-packaged Foods GB28050-2011 General Standards for the Nutrition Labelling of Pre-packaged Foods
Anti-corruption	<ul style="list-style-type: none"> Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) Prevention of Bribery Ordinance (Cap. 201)



OUR OPERATION

To achieve HFT’s long term vision, our mission is to leverage our industrial strengths and know-how to create long term value for corporate sustainable development. We aim to keep the authentic herbal tradition while producing products in a modern and innovative way. We are committed to our corporate motto of “Naturally Made, Wholeheartedly Good (真心製造·自然流露)” by safeguarding product safety and quality, protecting customers’ rights, upholding business ethics, and enhancing customers’ experiences.

SAFEGUARDING PRODUCT SAFETY AND QUALITY

As a responsible manufacturer of food and beverages, HFT has always placed a premium on ensuring the quality and safety of our products. From the acquisition of raw materials to packaging, the Group strives to deliver safe and reliable products into the hands of consumers.

Quality Management System

International Organization for Standardization (“ISO 22000”) Food Safety Management System and the Hazard Analysis and Critical Control Points (“HACCP”) are the internationally recognized standards that our Hong Kong and Kaiping production sites strictly aligned to. Our Hong Kong Factory is also accredited for Good Manufacturing Practices (“GMP”). The Food Safety Committee is responsible for overseeing our quality management systems, which are subject to annual independent audits by third parties. The committee is also in charge of reviewing and implementing measures as well as monitoring the efficacy of the systems.



Under the oversight of the Food Safety Committee and the Quality Management Department of the Group, quality control procedures are strictly implemented. Finished products at both Hong Kong and Kaiping factories are randomly sampled for quality and microbiological inspection. Further details of the Group’s quality management systems could be referred to HFT’s previous ESG Reports.

Key Role in Food Safety and Quality Management	Scope of Work
Site Manager	<ul style="list-style-type: none"> Oversee the management of personnel, procedures and plant operations. Coordinate with different departments and organise training for site staff. Liaise with government representatives and handle concerns related to food safety. Implement the ISO22000 standard and guidelines.
Food Safety Committee Chairperson	<ul style="list-style-type: none"> Ensure established food safety systems are implemented, maintained and updated. Manage the food safety committee and ensure competence of the food safety committee members. Report to the top management on the effectiveness of food safety system.
Quality Control Manager	<ul style="list-style-type: none"> Responsible for the quality control system by handling complaints related to product quality, inspecting raw materials and arranging test samples. Ensure compliance with international and local food quality standards and regulations, and implement follow up actions based on audit results.



HFT has set a target on product quality to receive fewer than 10 health and safety-related complaint cases each month. Due to the implementation of more stringent control procedures for improving our product quality, no complaint relating to product health and safety was received in 2022. The Group has put in place enhanced measures throughout the year, such as providing more comprehensive guidelines for periodic monitoring and reporting of production quality, and improving product temperature control, transportation, and storage conditions.

Indicator	Target	2022	2021	2020
Average number of complaints received per month relating to product health and safety	< 10 cases	0 case (Target achieved)	1.33 cases	1.83 cases



Product Recall

Recall Procedures for Retail Products

As stipulated in the Group’s Retail Operation Manual, a well-developed tracking system for all retail products is established. The Manual also sets out measures and guidelines in monitoring food safety issues from procurement, production, distribution and retail stages. The Group’s Control Procedures on Non-conforming Products sets out the procedures for reviewing, labelling, isolating, handling and recording products that fail to meet customers’ expectations:

1. Identification

Whenever any possible causes of food safety issues are identified as coming from its supply chain, the Crisis Management Team will be notified.

2. Investigation

The Crisis Management Team will initiate an investigation to understand the causes of food safety issues and their impacts on its products.

3. Recall

Once the product recall is confirmed, the Crisis Management Team would be alerted to trigger the crisis management procedures to stop all distribution and sales of the concerned products from the retail shops and the marketplace.

4. Recording

Cases were recorded for evaluation and potential rectification.

Recall Procedures for Wholesale Products

For wholesale products in Hong Kong and Mainland China, the Group has implemented a separate set of product recall procedures. Upon receiving complaints from customers, third-party retailers or distributors, we will immediately conduct factories audits and quality inspections of the concerned product. If the product is found to be a potential food hazard to the public, HFT calls for removing the product from all shelves.

In the reporting year, there were no retail or wholesale products being recalled for health and safety reasons.



PROTECTING CUSTOMERS' RIGHTS

Customer Privacy and Intellectual Property Rights

As the Group continues to expand its JIKA CLUB member base, the Group adheres to its business integrity by protecting customer privacy and intellectual properties. HFT shows a transparent privacy policy on its website for customers and JIKA CLUB members to access relevant policies. The Group collects and processes customer information lawfully and fairly. All personal data is collected only with the consent of the individual concerned.

The Group's Staff Handbook has also set out instructions to stipulate employees from protecting customers' privacy on storage and access of customers' personal information, as well as protecting intellectual rights from infringing or violating any patents, trademarks, copyrights etc., of any third parties. In 2022, we have updated the Code of Data Usage in our Staff Handbook, which defined the framework of how our employees should utilize and access to company's data, as well as the employees' responsibility for customer data protection. Abided by the code, our employees are required to log in VPN prior to accessing company data outside of the office locations.

Responsible Marketing and Labelling

We guarantee our marketing, promotion, and product labeling are truthful and non-misleading by a set of standardised procedures. The procedures ensure our marketing strategy and promotional materials accurately and correctly communicate our product information. Our marketing department selects credible channels and reviews marketing messages that align with our Company's core values. We provide accurate and reliable information on our goods, including information on allergens, safe consumption advice and inspected shelf dates on product labels.

Product labels are designed to be easy-to-understand and can present the product information with clarity. Nutritional contents on product labels are developed and verified by independent professionals according to standard procedures on food safety and quality. In addition, HFT supports the voluntary "Salt/Sugar Label Scheme for Pre-packaged Food Products" (預先包裝食品「鹽／糖」標籤計劃). Following the launch of the new sugar-free herbal tea series in 2022, 63.6% of our fresh beverage products are so-labelled as low sugar or sugar-free (2021: 51.6%).

UPHOLDING BUSINESS STANDARDS

HFT is committed to maintaining the highest standards of commercial integrity and corporate ethics. Our Code of Conduct and Staff Handbook clearly sets out the proper standards of business conducts and all applicable laws and regulations that every employee of the Group and its operating sites must adhere. We have zero tolerance for any type of fraud, bribery, breach of trust, or misuse of authority. Abided by local anti-corruption laws and regulations, HFT avoids all forms of conflict of interests and requires all our directors and employees to declare matters that raise a conflict with their duties. To maintain a fair relationship among business partners, the handling procedures of hospitality and gifts from suppliers and business partners are guided by the Group's Procurement Code of Conduct.

Whistleblowing

The Group's Whistleblowing Policy sets out the handling procedures of reports of potential improper and unlawful conduct. We encourage employees to report matters of serious concern, such as fraud, financial irregularities, bribery or other illicit payments, discrimination or harassment, failure to comply with legal or regulatory obligations, actions that put the health and safety of our employees at risk and deliberate concealment relating to any matters of serious concern. All reports are treated confidentially and no retaliation against a person reporting a potential breach of the Code of Conduct in good faith will be tolerated. The Whistleblowing Policy is periodically monitored and reviewed by the Group's Audit Committee, which also oversees the investigation process.

Anti-corruption Training

Anti-corruption training by the Independent Commission Against Corruption is organised regularly to ensure and raise the awareness level of employees against potential corruption cases at the workplace.

In 2022,

Total number of employees trained for anti-corruption: 43 employees	Total anti-corruption training hours: 172 hours
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DELIVERING BETTER AND HEALTHIER PRODUCT CHOICES

Consumers nowadays are becoming more conscious about making informed purchase decision. We also understand there is a growing concern regarding the health impacts of excessive sugar and salt consumption. To provide customers with a more diversified product choice that cater to different dietary preferences, the Group has been actively developing healthier options.

Diverse Product Choices

HFT is open to hearing customer’s needs and is constantly modifying our product formulas to suit market needs. We have been expanding our product offerings in different product categories, incorporating sugar-free/low sugar, low salt or lower calorie and other green products into our collection.

Sugar-free, low sugar or low salt content products

Sugar-free, low sugar and low salt products are labelled in accordance to the definitions outlined in the “Salt/Sugar Label Scheme for Pre-packaged Food Products” (預先包裝食品「鹽／糖」標籤計劃). In 2019, the Group has set a target that 50% of its products would be in low salt or sugar content in three years’ time. As of 2022, 63.6% of HFT’s fresh beverage products are labelled as sugar-free or low sugar, while 20.8% of its food products are labelled as low salt. We have introduced 13 new fresh beverage products in 2022, including 7 sugar-free drinks and 4 low-sugar drinks.



Low-calorie rare sugar (稀少糖) products



Products containing rare sugar typically has lower calorie than products that use traditional sugar. Beverage products with rare sugar are designed for customers with nutritional needs to restrict sugar intake, such as diabetes patients. Same as last year, HFT provides two beverage products with low-calorie rare sugar, comprising 4.5% of all the fresh beverage products.

Other products

We have also expanded our product collection in 2022 to cater to customers’ needs, including but not limited to vegetarian options, organic products, zero fat and zero cholesterol products, regimen products. In 2022, there were 19 new products categorised as green products.





ENHANCING CUSTOMERS' EXPERIENCE

As our society is relying more on digital technology, especially in the post-COVID era, HFT has been exploring ways to improve our customer experience by offering online and digital services and channels. The loyalty program "JIKA CLUB" is one of the key platforms used by the Group to keep in touch with the customers. As of 31 December 2022, there were over 1,258,000 registered JIKA CLUB members in Hong Kong.

Customer Services

In 2022, we have received a total of 336 cases of customer complaints mainly on quality and terms of service. Through various customer service channels, including the customer service hotline, email, WhatsApp messaging, online form and social media, the complaints are received, logged and handled by the Customer Service Department. All cases were investigated and reported to the relevant departments for follow up actions or remediation plans. Related departments have acted promptly to understand and respond to customers according to the stated procedures. Depending on the severity of incidents reported, HFT is committed to following up on customer enquiries within two working days by email or telephone. Individual cases requiring assistance from other departments are usually handled within three to five working days.

Innovative Services

<p>Hung Fook Tong mobile application ("APP")</p>	<p>A series of upgrades on the interface and functions of the Hung Fook Tong mobile application have been completed to enhance user experience. It includes:</p> <ol style="list-style-type: none"> 1. Introducing a new e-form for new member registration, which speeds up the account processing and; 2. Launching electronic discount coupons in the third quarter of 2022 to promote the download and use of the APP.
<p>JIKA ON! online platform</p>	<p>Launched in late 2021, the JIKA ON! online platform provides a wide spectrum of products focusing on household needs. In 2022, HFT has carried out the following programs to enhance the services of the JIKA ON! online platform:</p> <ol style="list-style-type: none"> 1. Expanding product range: a wide range of healthy food items, imported food and pet products that appeal to health-conscious and family-oriented customers were introduced. 2. Focus Group: several focus group meetings with stakeholders were held to discuss on improvement plans on user experiences of JIKA ON!. 3. Mystery Shopper Program: invited HFT customers to join the Mystery Shopper Program to evaluate the purchasing process and gather feedback about products or service.





SOURCING RESPONSIBLY

HFT is dedicated to sourcing raw materials from responsible suppliers throughout all phases of manufacturing. As stated in the Group’s ESG Policy, HFT encourages ethical business practices and promotes the concept of sustainability throughout our entire supply chain, including vendors of fresh food materials, dried seafood, other raw materials, and herbal products. The Group also prioritises cooperation with the vendors that are accredited with fair trade practices by the World Fair Trade Organization or other ESG accreditations. As of 31 December 2022, HFT has 357 major suppliers located in Hong Kong, Mainland China and other locations.

Procurement Practices

HFT selects, engages, and evaluates our suppliers according to defined procedures and standards. Both new and existing suppliers must comply with the Group’s environmental and social responsibility policies.

Supplier Selection and Engagement Process

1. HFT requires suppliers to render proofs of permits, quality safety certificates and third-party inspection reports.
2. The Group has established a risk rating system for the selection of new suppliers, which requires potential suppliers to identify their risk factors and propose controlling measures.
3. The Group evaluates the performance of suppliers in terms of product quality, delivery schedule, level of collaboration, etc. Along the production cycle, due diligence or on-site evaluations are regularly conducted to ensure compliance with HFT’s standards and requirements. Failure in quality test or violations of integrity requirements could result in suspension of engagement with supplier and elimination from the Group’s list of approved suppliers.

The Group makes every effort to use raw resources that are sustainable. The Group is conscious of whether the supplied raw materials contain any artificial additives, such as artificial preservatives, artificial coloring, and Monosodium Glutamate (“MSG”).

Future Plan

“ HFT understands that environmental and social issues could pose impacts on operation and supply chain. Looking ahead, the Group will strengthen its supplier management (e.g. introducing supplier risk assessment) to gain a comprehensive understanding of the sustainability risks of its suppliers. We also plan to establish a sustainable procurement policy. ”





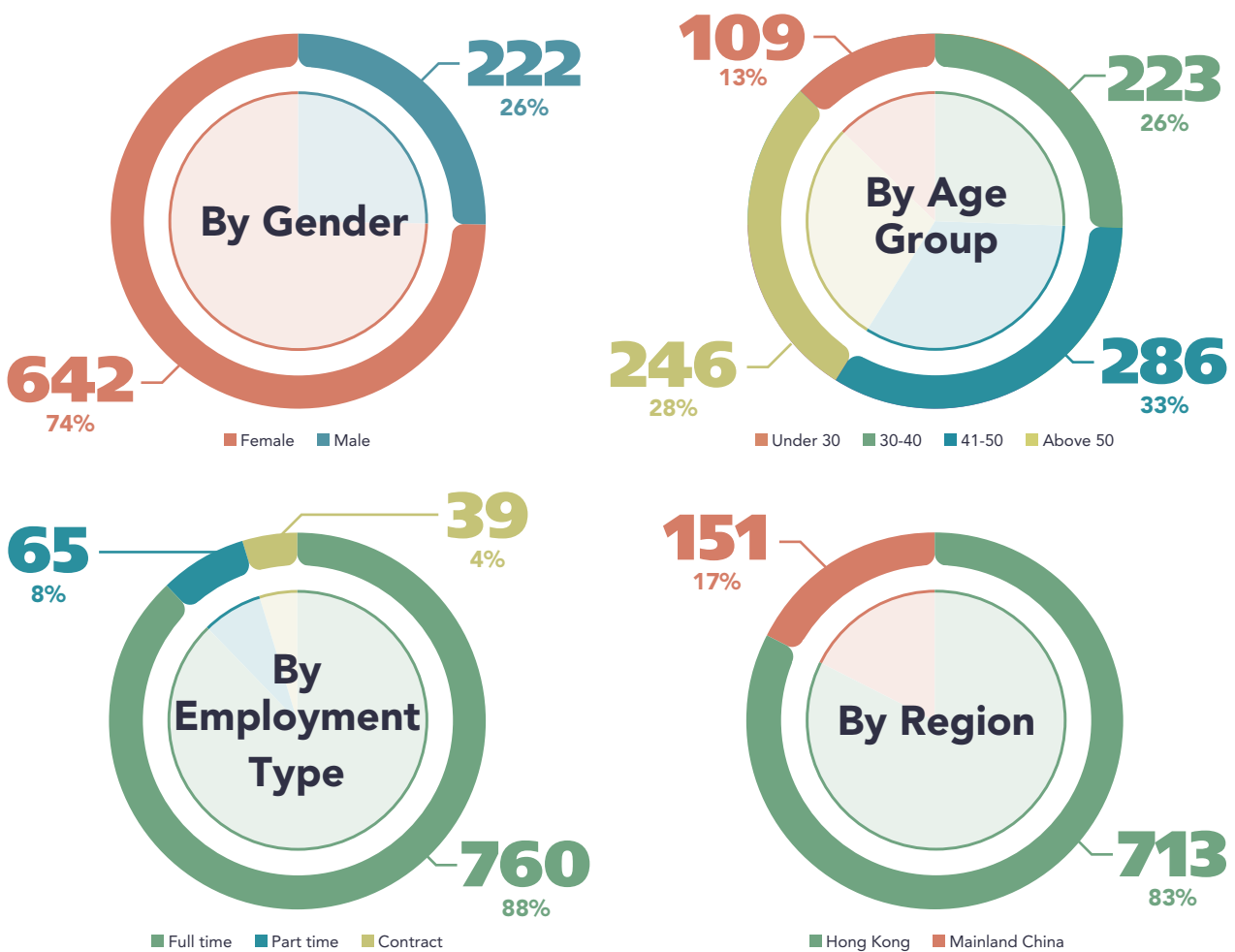
OUR PEOPLE

Our employees are our most valued asset. We keep a close eye on market trends and review our human resources policy regularly to formulate appropriate and feasible measures. The aim is to improve our working environment for enhancing employee satisfaction. We believe that a people-oriented working culture can enhance our staff's sense of belonging to the company and thus enhance work efficiency, achieving a win-win outcome.

CREATING A DESIRABLE WORKPLACE

As a corporate with over 864 employees¹, HFT continuously promotes a fair, desirable, safe and healthy workplace for its employees and workers². HFT strives to maintain an equal and inclusive working environment as regulated by the Group's ESG Policy, Staff Handbook and Workplace Safety Guidelines etc., which specify guidelines on employment practices, employees' health and safety, training and development and labour standards. We have established a sound human resources management system with regular monitoring on the policies execution on employees' remuneration and welfare. Our Staff Handbook contains all human resources-related details including working hours, holidays, anti-discrimination, benefits, welfare, and termination.

Total Workforce: 864¹



¹ As of 31 December 2022, there are a total of 901 employees in HFT, where 713 employees are located in Hong Kong and 188 employees in Mainland China. Among the 188 employees in Mainland China, 151 of them are located at the Kaiping office and factory which are covered in the reporting scope. Thus the total workforce reported in this Report is 864.

² Other workers refer to the agents/contractors/suppliers hired by the Group to perform work at a workplace controlled by the Group.



Ongoing Measure or Policy in 2022:

Remuneration and Compensation

- Remuneration of employees is based on market price, individual qualification and experience.
- Adopt an “equal pay for equal work” policy to ensure relevant policies are executed fairly.



Recruitment, Promotion and Dismissal


- Recruitment and promotion decisions are based on the candidate’s competencies and annual performance evaluation, regardless of age, gender, sexual orientation, or race. HFT encourages employees to take the annual performance evaluation as an opportunity for reflection on personal aspirations and provide feedback to management.
- Employees may terminate the employment contract following the terms and conditions outlined in the employment contract.

Working Hours and Holidays

- In 2022, HFT has introduced more flexible and family-friendly working arrangements for office employees in Hong Kong:
 - Flexible working hours (staff can get off work as early as 4:30pm) and our employees can enjoy a “Relax Friday” meaning they can end work one hour earlier every Friday.
 - All office employees can choose to work remotely from home one day per week.
 - The “Summer Vacation at the Office” programme allows employees to bring their children to the office at their discretion during summer holiday. Furthermore, for staff who are “pawrents”, they too have the option of bringing their furry friend to the office on the “PAWsome Pet-friendly Day”, thus creating a harmonious workplace.
- New benefit for frontline workers include public welfare leave and child vaccination leave.
- In addition to general statutory holidays and annual leaves, employees can also enjoy other leaves such as:



Marriage Leave	14-weeks paid Maternity Leave	5-days Paternity Leave
Continuing Education Leave	Public Welfare Leave	Birthday Leave
Half-day Paid Leave for New Year’s Eve, Mid-Autumn Festival and Winter Solstice	COVID-19 Vaccination Leave and Child Vaccination Leave ³	
Anniversary Leave	Childcare Leave (for parents to help their kindergarten children to adapt to the first day of school)	



³ COVID-19 Vaccination Leave and Child Vaccination Leave (for COVID-19) can be taken after the staff or his/her child is vaccinated. They are considered as paid leaves.



Fair, Inclusive and Diverse Workplace

- In collaboration with organisations such as Hong Chi Association, offering job opportunities to people with disabilities for the past few years. Although the cooperation was suspended in 2022 due to COVID, we expected to continue our partnership in the future.
- Zero tolerance for discrimination and harassment.
- Setting up a lactation room at the office to create a breastfeeding-friendly workplace.

Employee Welfare

- Comprehensive welfare and benefits schemes for its employees, including:

For all employees		
Seniority Awards	Birthday Benefits	
Medical Insurance	Wedding Gifts	Shopping Discounts for HFT's Products
For Tai Po factory		
Free shuttle bus service between Tai Po Industrial Estate and different locations in the city.		
For Kaiping office and factory		
Application of cross-border permit	Provision of accommodation	Complimentary work meals and beverages

- Established Wowlife (生活委員會), an employee-initiated lifestyle committee that organises various employee welfare activities.

Labour Standards

- We guarantee sufficient rest periods for our employees to prevent any type of forced labour.
- Our Human Resources Department places particular emphasis on verifying the age of employees during the recruitment process and eliminates any chances of child labour.

Future Plan

“ In 2023, HFT intends to invite various levels of employees to join surveys conducted by Wowlife and external consultant so as to understand their needs for further enhancing the working environment. ”



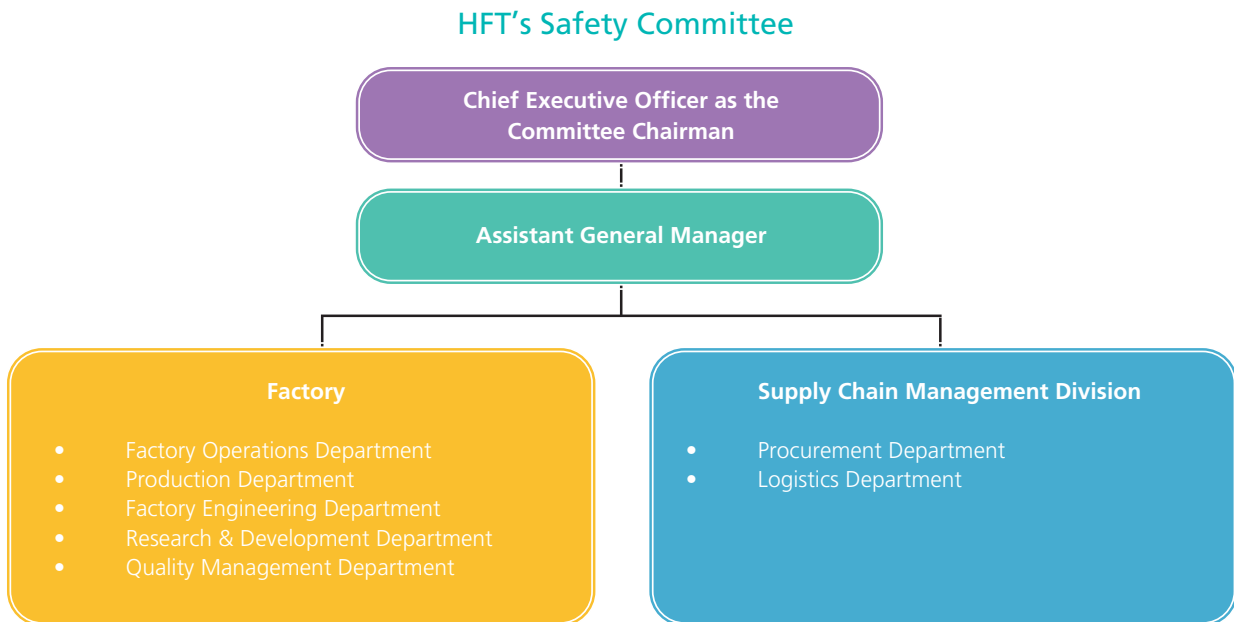


PROTECTING THE HEALTH AND SAFETY OF EMPLOYEES

HFT strives for zero harm to employees across all aspects of operations, from office operation to purchasing, manufacturing, and logistics, as well as retail store operations. We prevent all types of work-related accidents, injuries, risks, as well as physical and mental harm at all cost. All of these actions are taken in accordance with the Group’s ESG Policy, and we aim to offer employees and workers a secure and healthy workplace.

Occupational Health and Safety Management

The Group’s Safety Committee, comprised of representatives from various departments and chaired by the Chief Executive Officer, oversees the overall health and safety management. We have established the Workplace Safety Guidelines for monitoring the workplace of both clerical and non-clerical employees which are clearly stated in our Staff Handbook. The Group’s occupational health and safety system is effectively implemented with timely communication between the Safety Committee, staff members (both clerical and non-clerical), along with the stated policies on health and safety. The production plants in Kaiping and Hong Kong are operating in full compliance with the health and safety requirements and local safety legislation.





To maintain an effective and efficient health and safety system, the Group engages independent safety auditors to conduct annual safety audits at the Hong Kong Factory. In 2022, the Hong Kong Factory has obtained an audit score of 90%. The Group acted promptly to improve the factory environment according to the auditor’s suggestions.

Indicators	2022	2021	2020
Lost days due to work injury	226.0	555.0	506.5
Work-related injuries recorded	7	15	24
Work-related injury rate (per 1,000 workers)	8.1	17.3	28.8

All near-miss or injury related incidents must be reported to senior management in a written report within 24 hours. Members of the Safety Committee are responsible for investigating the accident and determining appropriate remediation. The Group did not identify any work-related fatalities in the past six years since 2017. In 2022, 7 work-related injuries were recorded, and most of the injury cases happened during manual handling and lifting of goods due to a lack of safety awareness. The Group ensured that all injured workers received appropriate treatment and we conducted detailed investigation on the cause for each injury case for strengthening our remedial actions and precautions on similar injuries and improving our existing safety trainings.

HFT organises safety training sessions and fire drills for Hong Kong office and factory employees, to promote safe occupational habits. The Group requires all new employees at Hong Kong Factory and Kaiping Factory to attend safety training before the commencement of their work.





Employee Wellbeing

The Group continuously supports a work-life balanced lifestyle. We organise employee caring activities to enhance the mental and physical wellbeing of our staff. In 2022, HFT has carried out a variety of wellness programs for our employees, for example:

Summer Vacation at the Office (返工放暑假)	We allow our staff to bring their children to office during summer vacation, making it easier for parents to take care of their kids during summer vacation. Kids could participate in craft workshops, while at the same time get to know the work environment of their parents.
HFT Life Health Awareness Zoom Sharing Session	Through ZOOM meeting, frontline colleagues were trained to understand more on the healthy living concept of HFT Life, which also further enhanced their health awareness.
Body Check	Conduct simple body check for frontline and office staff as we care about our staff's physical health. Health reminders were given to employees to maintain healthy living habits and regular exercise.
Fitness and Entertainment Facilities	Fitness equipment, a pool table, a claw machine and other amenities have been set up at Hong Kong Office for employees to use in their leisure time.
PAWsome Pet-friendly Day	Create a harmonious work space by allowing colleagues to bring their furry friends to the workplace.
Local Tour for Frontline Staff	Organise local tours for frontline staff to enjoy a relaxing and meaningful weekend.
Shop Manager's Club	Shop managers could get to know each other and share their work details in the club, facilitating them to exchange work experience and build up a cohesive network.
HFT's Movie Club	Selected movies with positive messages about family, love and health are played in the club. Our staff can relax and enjoy the movie while taking away key messages from the movies and spread the positive energy to their close ones.





NURTURING TALENTS

The Group’s training and development strategy aims to nurture a talented and motivated workforce. Employees are equipped with knowledge and skillsets essential for their professional and personal growth, enabling the workforce to be ready for upcoming business opportunities and challenges. Committed to talent development, HFT encourages all staff to continue learning for expanding their abilities and knowledge.

Training Programmes

HFT gathers opinions from colleagues and designs tailored programmes to develop employee skills. HFT Management Institute (鴻福堂管理學院) has organised various training activities for clerical and non-clerical employees during the reporting year. For example, the “HFT Retreat” programme invited external professional speakers to share leadership and other skills with our managers from all departments, allowing our colleagues to reflect on organizational effectiveness. Also, the annual “Moments of Truth” programme (關鍵時刻) allows clerical employees to experience the daily work of retail shop operations.

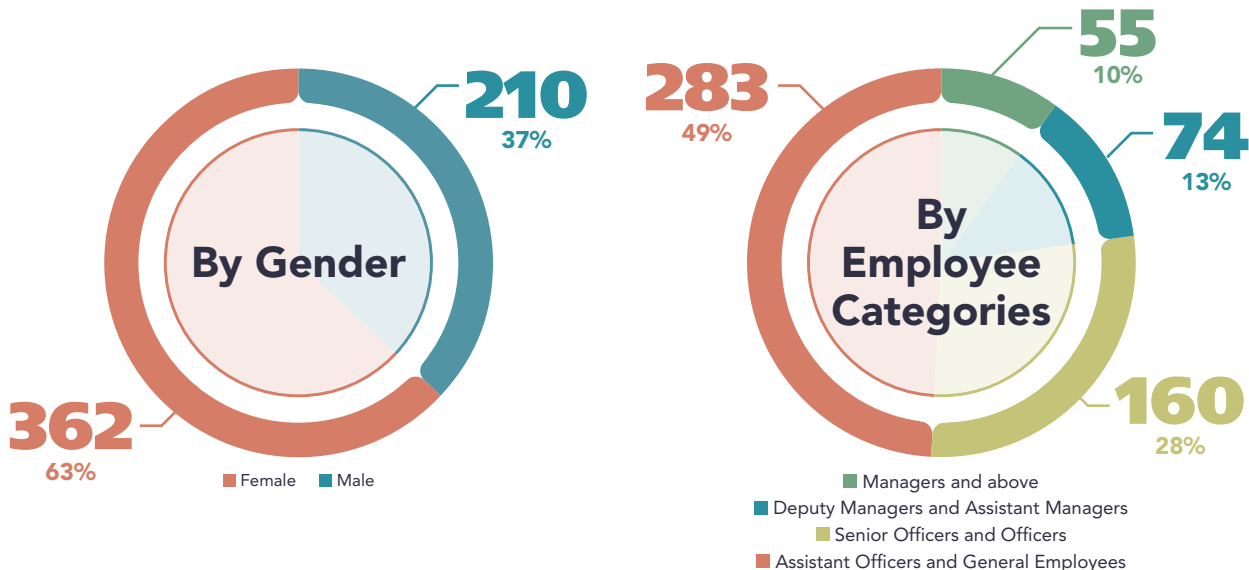
HFT Life Training	Employees of “HFT Life” café-concept stores received training on cafe operations, food preparation techniques, and customer service.
Food Safety Training	To guarantee our workers at the factories in Hong Kong and Kaiping are well aware of potential risks and appropriate production practices as stated in the manufacturing procedures, food safety training is periodically organised.
E-Learning Mobile Application	Launched in 2021, the e-learning mobile application allows employees to learn virtually, as it contains various learning materials, including customer service skills, English workshops, green lifestyle and health tips, stretching exercises tutorials, etc.



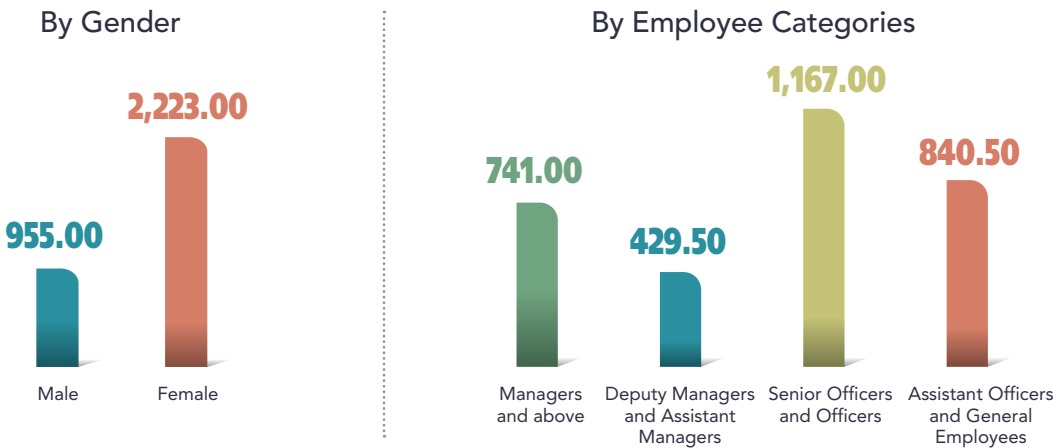


In 2022, the Group provided training to around 572 employees, with over 3,000 total training hours. Average training hours per employee are 3.68 hours (2021: 4.89 hours).

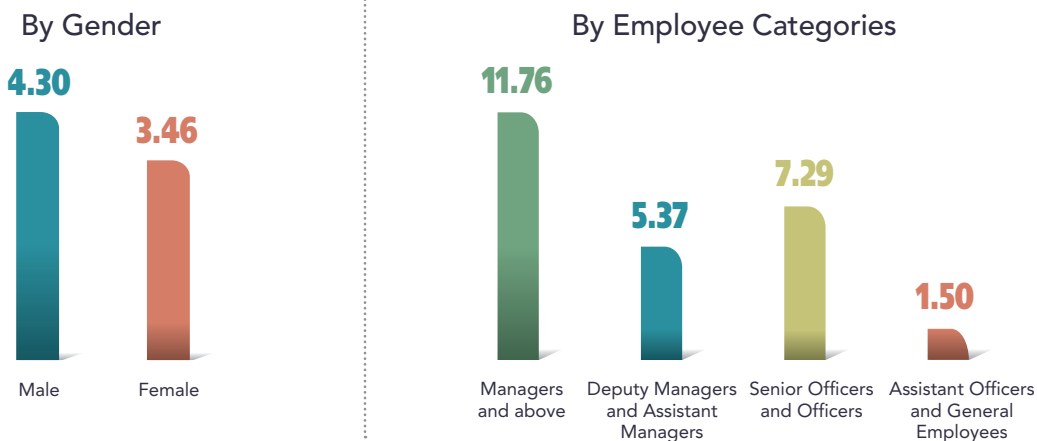
Number of Employees Who Received Training: 572



Total Training Hours: 3,178



Average Training Hours per Employee⁴: 3.68



⁴ Average training hours = total training hours of the specified category/ total number of employees in the specified category.



OUR ENVIRONMENT

HFT recognises the potential environmental impact generated from its operations, especially pollution from manufacturing process and packaging at the end-use phase, carbon footprints of raw material usage and disposal. To better respond to and mitigate the impact caused by climate change, HFT strives to promote clean energy consumption and resources efficiency, with an aim to driving decarbonisation movement, reducing emission of air pollutants and waste generation.

MANAGING AND REDUCING WASTES

As a food and beverage manufacturer, production waste is inevitably generated from raw material extraction to packaging stage. Moving towards a zero waste future, HFT focuses on approaches such as circular packaging, reuse and recovery of materials, to minimise the amount of waste being sent to incineration, landfill and the natural environment. We aim to support the zero-waste development by reducing the waste footprint of our operation in collaboration with all of our partners.

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

Food waste

- Donate surplus food to NGOs
- Divert to Organic Resources Recovery Centre Phase 1
- Process into compost

Recyclables

- Engage certified recyclers for re-selling or re-processing for materials like paper, metal, plastics

Other general wastes

- Engage waste collectors to dispose of at landfills





Food Wastes

The primary source of food waste includes residues from the manufacturing of soup and herbal drink products, which account for the majority of the Group's waste production. HFT actively works with government departments and waste disposal partners to keep food waste away from landfills. Through the below means and efforts, HFT was pleased to have continued to achieve zero food waste disposal at landfills for 2022.

Within the factory:

To handle food waste more efficiently, HFT has set a list of internal procedures for sorting, storing, and pre-treatment of food waste before transferring them via transportation to third parties.

Food Waste/Sewage Sludge Anaerobic Co-digestion Trial Scheme by the Environmental Protection Department

891.6⁵ tonnes of soup dregs were pre-treated by HFT and transferred to the sewage treatment plant for anaerobic digestion process. The biogas generated by food residues will help electricity generation to supplement the sewage treatment facilities' internal power consumption in Tai Po.

Organic Resources Recovery Centre Phase 1 (O · PARK 1)⁶

HFT collects, separates and transports a significant portion of the residual food waste from the Hong Kong Factory, including soup dregs, herbal tea dregs and eggshells to O · PARK 1.

In the reporting year, 908.4 tonnes of residual food waste were diverted to O · PARK 1, including 891.6 tonnes of food waste transferred to the Food Waste/Sewage Sludge Anaerobic Co-digestion Trial Scheme.

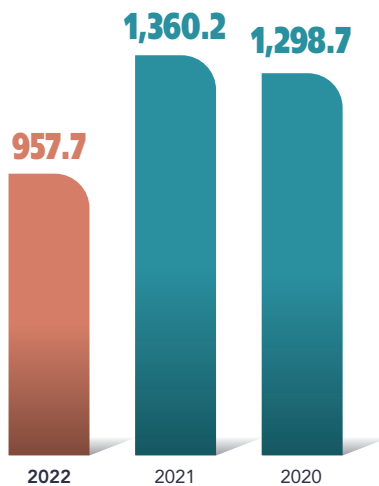
The decrease in recycled amount is due to the outbreak of the fifth wave of COVID-19 in early 2022, as less products were produced leading to less food waste.

Collaboration with FoodCycle+

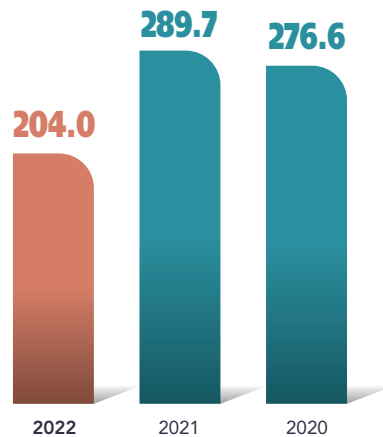
HFT sent a portion of food wastes (primarily the residue from herbal tea) to FoodCycle+ (a green social enterprise) which turns them into organic compost called "MixO' Plus".

In the reporting year, 49.3 tonnes of residual food waste were collected by FoodCycle+ and turned into organic compost.

Amount of food waste recycled (tonnes)



GHG emissions reduced (tonnes of CO₂-e)



⁵ 98% of food waste that was sent to the O · PARK1 was also pre-processed in the Food Waste/Sewage Sludge Anaerobic Co-digestion Trial Scheme.

⁶ O · PARK 1 is the first organic resources recovery centre established by Hong Kong Government, located in Siu Ho Wan of North Lantau, and converts food waste into renewable energy for electricity generation whilst the residues from the process can be made into compost for landscaping and agriculture use.



Other Wastes

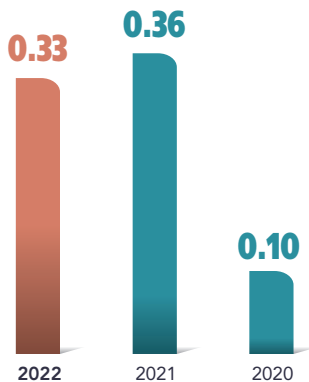
Non-hazardous wastes including plastic waste, wooden pallets, cartons, and scrap metals are collected by a qualified contractor and disposed of in landfills. In 2022, we have updated The Waste Reduction Guideline for HFT’s office to remind employees the green measures adopted in offices. For example, we have set up recycling bins for aluminium cans, plastic bottles and paper in the office. Recycling trays for single-sided paper and envelopes are also placed next to the photocopiers to encourage our employees to reuse paper as much as they can.

In order to further reduce other wastes, we seek to promote awareness on waste reduction within the community where we operate. The Group has phased out the distribution of disposable plastic tableware and replaced by paper or wooden tablewares from January 2023. Moving forward, HFT will continue to look for more partnerships and collaborations with recycling organisations or service providers in waste reduction.

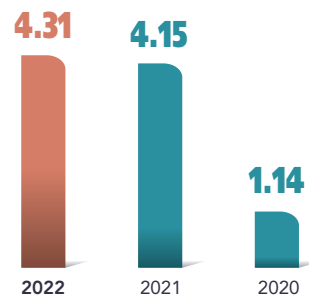
HFT’s hazardous wastes include fluorescent lights and LCD backlight tubes. We understand the consequences of contamination from spillage events and the related health impacts on our employees. Therefore, we strictly follow the internal waste management protocol and engage qualified collectors to handle and dispose of hazardous waste.

Furthermore, with the target of reducing e-waste by 2030, HFT will be securely and responsibly reusing, recycling and managing the disposal of IT equipment and electronic products in a legally compliant, data secure, fully traceable and environmentally sustainable manner.

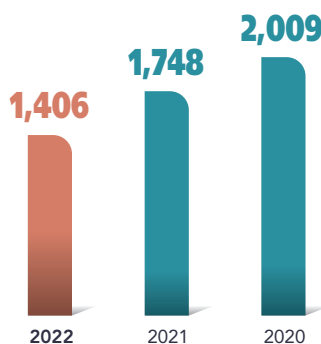
Hazardous waste⁷ (tonnes)



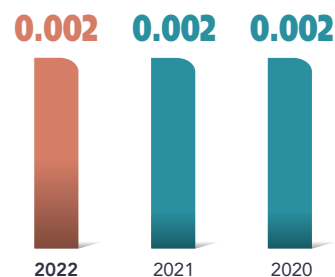
Hazardous waste intensity (tonnes/HK\$ billion revenue)



Non-hazardous waste⁸ (tonnes)



Non-hazardous waste intensity (tonnes/HK\$1,000 revenue)



⁷ Major source: LCD monitors, waste battery, waste fluorescent light, LCD backlight tubes generated from Hong Kong office, Hong Kong factory and Kaiping factory.

⁸ It includes data from Hong Kong factory and from Kaiping office and factory. Major source: production waste, domestic waste, paper, plastic and metal waste.







Resource Efficiency

Improving resource efficiency is among the top priorities in today's world, as governments, businesses and civil societies are increasingly concerned about natural resources use, environmental impacts, material prices and supply chain security.

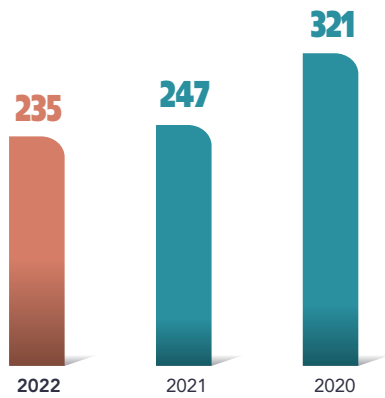
Packaging

We understand that there is an increasing expectation of sustainable packaging from the consumers and investors. As the Hong Kong government has been conducting public consultation on Producer Responsibility Scheme for Plastic Beverage Containers, HFT aspires to take a step ahead on adopting sustainable packaging across our business, and echoes with Government's strategy on plastic waste management.

On-going measures	
<p>Use of rPET materials in beverage bottles packaging</p> <ul style="list-style-type: none"> Since 2022, we are using rPET that made from recycled plastics in the production of some of its Ice Lemon Tea Drink bottles. It is estimated that 3.2 tonnes of carbon emissions are reduced with every tonne of rPET used compared to using new plastics - which means that every 500ml rPET bottle reduces carbon emissions by an amount equal to that produced by turning on a 1 HP air conditioner for 10 minutes. 	
<p>Phase out plastic tableware distribution</p> <ul style="list-style-type: none"> In December 2022, HFT announced that it will phase out plastic cutlery including plastic forks, spoons, soup cups and lids and meal boxes from 1 January 2023. They are replaced by paper or wooden alternatives at 120 HFT branches and HFT Life stores in Hong Kong. 40 tonnes of single-use plastics are expected to be avoided each year, which is equivalent to a 94% year-on-year reduction in plastic after the implementation of the new policy. 	
<p>Packaging in distribution</p> <ul style="list-style-type: none"> The Group has replaced carton boxes with reusable plastic crates to distribute a significant portion of its products. 	
<p>Plastic bottle recycling at retail stores</p> <ul style="list-style-type: none"> Two reverse vending machines for plastic bottle recycling were installed at HFT stores, located at Cyberport and Tuen Mun Hospital, to encourage customers to clean and recycle beverage bottles. The machines led to the recycling of approximately 180kg of plastic bottles in 2022, equivalent to a reduction of carbon emission of about 215kg of CO₂-e. In partnership with V Cycle, plastic bottle recycling bins were placed at three selected HFT retail shops. Subsequently, more than 100kg of plastic beverage bottles were collected and recycled via these bins in 2022. The amount of recycled plastics was less than that collected in 2021, as the fifth wave of COVID-19 resulted in a drop in shop footfall particularly during the first quarter of 2022. 	
<p>Support bottle recycling schemes</p> <ul style="list-style-type: none"> HFT continues to support the "Recycle Actions of Returning Plastic Bottles" (「交」樽減碳回收行動) initiative managed by EcoMedia RVM Technology Limited, by offering discount coupons as incentives for using recycling machines found at over 90 locations across Hong Kong. As a result, over 765,000 plastic bottles/cans were recycled in 2022, which were sent to overseas markets for processing and turned into rPET products. 	



Plastic packaging materials consumption in Hong Kong factory (tonnes)



Future Plan



“

We are actively searching for opportunities to redesign products and adopt more environmental-friendly packaging materials like rPET to reduce waste at the source.

”

Paperless operation

HFT persists in its efforts to achieve a paperless office and paperless retailing in the long run.

<p>Paperless Office</p> 	<ul style="list-style-type: none"> HFT's ecWork mobile application allows employees to conduct administrative works at the app, including but not limited to leave application, payslips review and check tax return, thus paper consumption is largely reduced. All paper for office printing are FSC-certified. The Group's Office Waste Reduction Guide encourages employees to reduce paper use, including following the electronic operating procedures, adopting security printing and using recycled paper for printing.
<p>Paperless Retailing</p> 	<ul style="list-style-type: none"> We promote the use of the HFT mobile application with incentives and special offers. Digital membership cards and electronic coupons can be used via the app which facilitated paperless retailing. The number of APP downloads increased by 42% year-on-year, and over 30% of total member transactions were completed through the APP, which has greatly reduced the amount of paper and card consumption. The Group also adopts digital marketing channels in stores (such as digital display) which in turn reduce the need for printing promotional materials.



Office paper purchases volume (kg)



Future Plan

“ Looking ahead, HFT is going to explore and enhance eCWork APP functions, such as using digital booking system for office resources and operating circulars to reduce paper printings. ”

Water Efficiency

Water is the key component of HFT’s product. To reduce unnecessary leakage and increase water efficiency, HFT has implemented the following measures at the production plants:

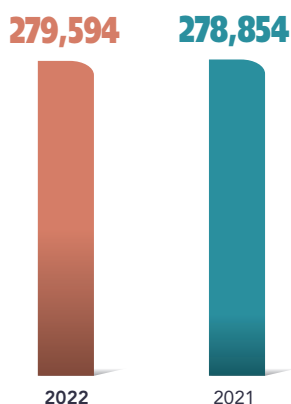
- HFT conducted regular inspection on steam condensate recovery system¹⁰ at both the Hong Kong and Kaiping factory, to make sure our systems are operating in high water efficiency.
- Various ways are adopted to reduce water use: an extraction process to facilitate effective water use during the cooking process; installation of water stabilizer at Hong Kong and Kaiping factory to extend the shelf life of water in water circuits; and implementation of a bottle sanitisation system for water saving as it does not require water use – it is estimated to reduce over 2,300 cubic meters of water each year.
- HFT is committed to using no more than 260 cubic meters of water per day in the Hong Kong factory to support the appeal of its leaseholder, Hong Kong Science and Technology Parks Corporation. In 2022, our water consumption was reduced to about 226 cubic meters per day in average.



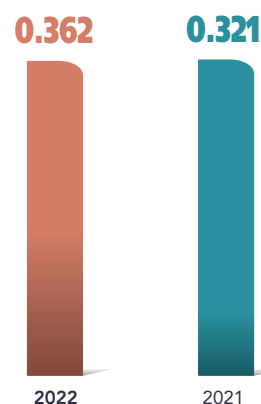
Future Plan

“ To achieve the reduction target of water footprint by 2050, HFT is going to set up a water efficiency plan with a goal to improve water consumption in the supply chain and to safeguard water supply in high water risk regions. ”

Total Water Consumption (cubic meters)



Water Intensity (cubic meters / HK\$1,000 revenue)



¹⁰ Production water can be reused for cleaning and product cooling purposes.

¹¹ Updated the quantity of paper purchased in 2021 from 5,571 kg to 5,665 kg to reflect the adjusted quantity in paper consumption.



RESPONDING TO CLIMATE CHANGE

Climate change is not only posing physical and transition risks to our operations but also having significant financial implications on our business. It is almost certain that extreme weather events will occur more frequently in the coming decade. In response to this, HFT has established a climate change policy, covering governance, mitigation, adaptation, resilience and disclosures regarding climate-related issues management.

Highlights of HFT's Climate Change Policy	
Governance	<ul style="list-style-type: none"> The Board has the overall responsibility on decision-making for management of all risks and opportunities of climate-related issues and overseeing all climate-related matters. The ESG Steering Committee is responsible to assist the Board in implementing the climate change related policies and corresponding initiatives.
Mitigation	<ul style="list-style-type: none"> Establish a decarbonisation pathway by setting realistic reduction targets. Understand GHG emissions profile associated with business activities throughout the value chain. Prioritise climate change as a key criteria in the procurement process and facilitate the procurement of low-carbon products. Encourage employees and suppliers to reduce carbon footprint in their daily business activities.
Adaptation	<ul style="list-style-type: none"> Closely monitor on emerging climate-related risks, gather insights from our stakeholders including staff and value chain partners, and integrate climate-related risks into the Group's risk management system in a timely manner. Refine emergency response plans to address the climate-related impacts.
Resilience	<ul style="list-style-type: none"> Establish operational procedures and measures to reduce the potential damage to the Group's operations caused by climate change. Conduct climate resilience assessments for the factories and require our production facilities to comply with International standard.
Disclosure	<ul style="list-style-type: none"> Disclose our approach, measures and progress in the Group's ESG Report. Enhance our climate-related disclosure to communicate more effectively with investors.

Carbon Management and Emissions

As part of the Group's response to climate change, HFT actively explores ways to reduce its greenhouse gas ("GHG") emissions. HFT has been working to reduce and control its GHG emissions through various energy efficiency measures described in the next section.

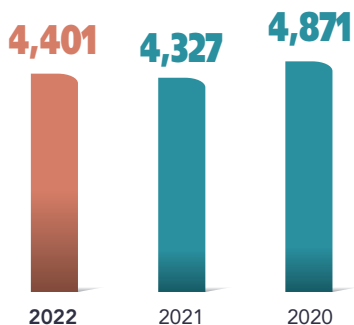
To monitor and evaluate the effectiveness of these measures, HFT has been measuring and projecting GHG emissions. The quantification of GHG emissions has been referred to the Guidelines¹² compiled by the Environmental Protection Department and Electrical and Mechanical Services Department of Hong Kong, the Guidelines¹³ released by the National Development and Reform Commission of the People's Republic of China and international standards including ISO 14064-1 and GHG Protocol.

¹² Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong.

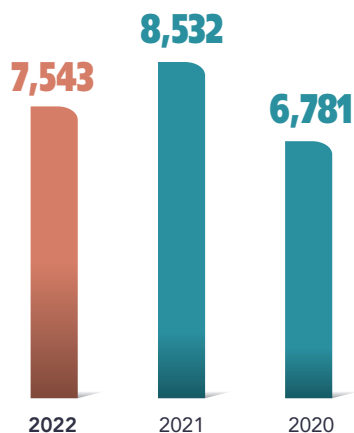
¹³ Guidelines for Accounting and Reporting Greenhouse Gas Emissions – China Food, Tobacco, Alcohol, Beverage and Purified Tea Manufacturing Enterprises (Trial).



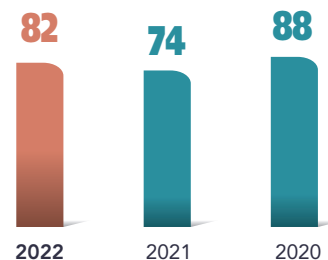
Scope 1: Direct GHG emissions¹⁴
(tonnes of CO₂-e)



Scope 2: Energy indirect GHG emissions¹⁵
(tonnes of CO₂-e)



Scope 3: Other indirect GHG emissions¹⁶
(tonnes of CO₂-e)



Total GHG emissions (tonnes of CO ₂ -e)			GHG intensity ¹⁷ (tonnes of CO ₂ -e/ HK\$1,000 revenue)		
2022	2021	2020	2022	2021	2020
12,026	12,933	11,740	0.016	0.015	0.014

To achieve the goal of carbon neutrality in 2050, HFT has been considering to conduct a study on Scope 3 carbon emissions in the supply chain, to prepare us for setting the Science-Based Target. At the same time, we continued to engage different geographical markets and functional teams during the year to enhance their understanding of climate-related risks and opportunities as well as the corresponding response measures.

Carbon Offset via Supporting Tree Planting ❏

“ To reduce carbon footprint, the Group supported the “Planting on the Mine” scheme hosted by Grace Youth Camp of The Evangelical Lutheran Church of Hong Kong in 2022. More than 20 tree seedlings were planted on Luk Chau Shan in Ma On Shan Country Park by the HFT volunteer team. ”



¹⁴ Scope 1 emissions are direct GHG emissions from operations that are owned or controlled by the Group, which cover stationary sources combustion, mobile sources combustion, and fugitive emissions from refrigerant consumption. Although refrigerant R22 used in the refrigeration equipment is not within the six GHGs covered in the Kyoto Protocol, emissions from its leakage is included in the assessment to provide a true and fair account of GHG-related information.

¹⁵ Scope 2 emissions cover purchased electricity from power companies and purchased town gas.

¹⁶ Scope 3 emissions cover emissions from paper waste disposal, use of fresh water, sewage discharge from domestic and catering use in Hong Kong operations, and business travel by air in Hong Kong and Mainland China operations.

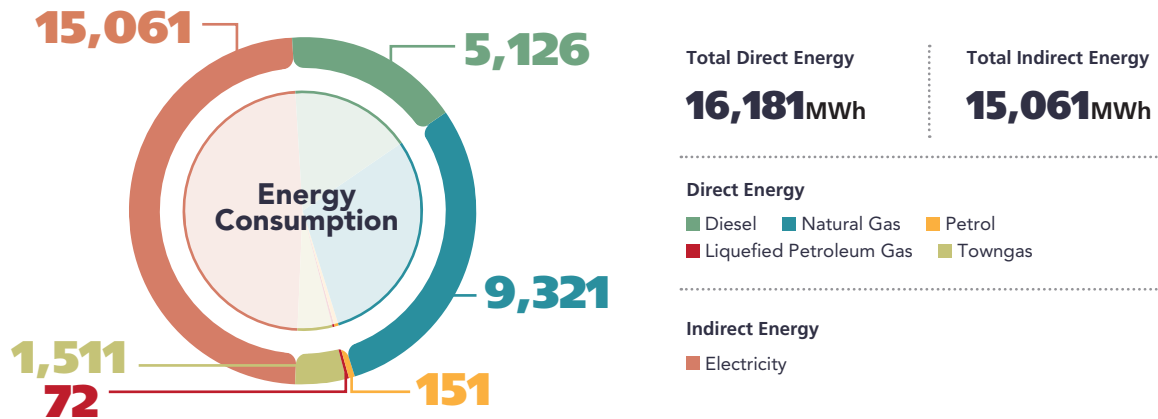
¹⁷ GHG intensity is calculated based on the total revenue of the Group presented in its annual report, which covers a slightly wider boundary beyond the scope of this Report.



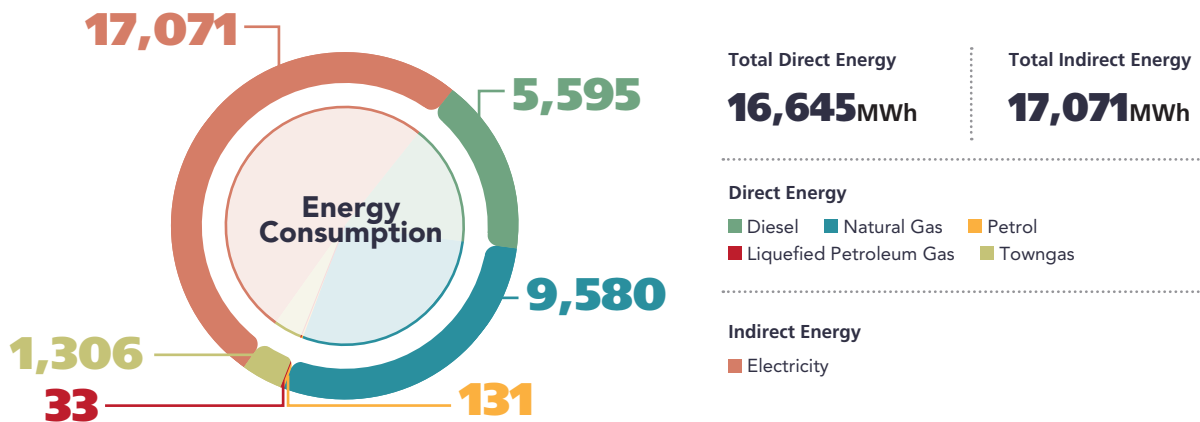
MANAGING NATURAL RESOURCES EFFICIENTLY

Energy Consumption and Efficiency

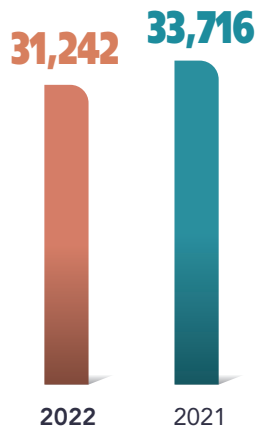
Energy Consumption by Types for the year 2022 (MWh)



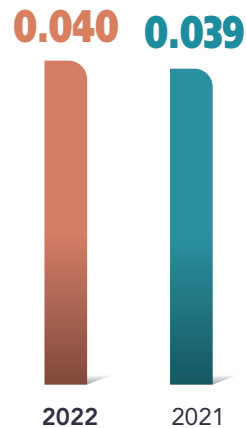
Energy Consumption by Types for the year 2021 (MWh)



Total Energy Consumption (MWh)



Energy intensity (MWh/HK\$1,000 revenue)





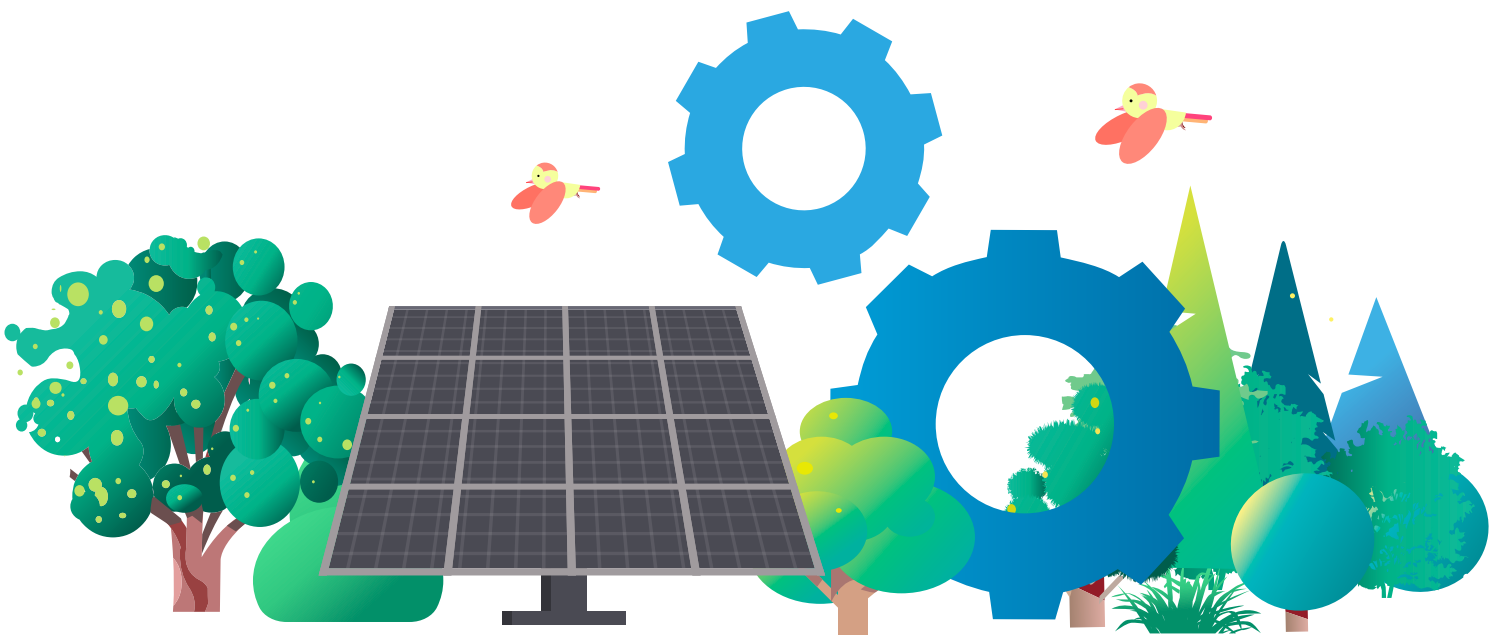
Energy Efficiency Measures

Energy was consumed during different stages of production and the Group's operation. Diesel, natural gas, and purchased electricity were the major types of energy consumed. To reduce energy consumption, measures have been implemented under the framework of the Group's ESG policy as follows:

Logistics
<ul style="list-style-type: none">• Transport route adjustment to reduce fuel consumption

Offices
<ul style="list-style-type: none">• Guidance on the use of lighting, ventilation, air conditioning and office equipment are given and monitored as per the Energy Guidance• Educating and encouraging employees to avoid prolonged use of electrical appliances and posting notices to raise awareness of energy saving• Installation of a clear and effective light zoning and air conditioning zoning system to avoid excessive electricity consumption• Arranging employees to check daily that all unused electrical appliances and lights are properly switched off• Installing thermostats in Kaiping office to monitor the temperature

Retails Shops in Hong Kong
<ul style="list-style-type: none">• Use refrigerators with doors or plastic curtains in most retail shops to reduce air-conditioning and energy loss• Turn off the outdoor lights by midnight• Use LED lights wherever possible





Factory

Hong Kong

- Adopt a 24/7 real-time energy monitoring system to keep track of the energy efficiency
- Regular maintenance of production equipment, such as cold storages, boilers, steam laminated pots, steam cabinets and circular clean-in-place system
- Arrange employees to check that no electrical appliances are left unattended during non-working hours
- Following the installation of solar panels on the rooftop in 2020, the Group has generated approximately 195 MWh of renewable energy during 2022 and contributed all the energy generated to the CLP's Feed in Tariff (FIT) Scheme.



Kaiping

- In 2022, the Group has also installed solar panels (approximately 25,000m² in area) at its Kaiping factory. In 2022, the installation generated 1,339 MWh of renewable energy which was partly used for operation, leading to potential GHG emissions reduction of 778¹⁸ tonnes of CO₂-e.
- Installation of over 100 real-time energy usage monitoring devices
- Adoption of building design with passive daylighting and installation of lights with individual switches near windows



Future Plan

“

HFT will fuel a significant proportion of its operations with renewable energy by 2050, including the use of renewable energy for manufacturing as well as through investment in advanced technology manufacturing equipment. HFT also aims to reduce air emissions due to fossil fuel usage during the manufacturing process with the replacement of energy sources. We are working on setting quantitative targets to reduce electricity and fossil fuel consumption.

”

¹⁸ According to National Standard: Enterprise Guidelines for Accounting and Reporting Greenhouse Gas Emissions for Power Stations (2021 Revised Version).



OUR COMMUNITY

Support from the community is the key to sustainable development of our business, therefore we aspire to give back to the community by investing in meaningful areas that could benefit a healthy and positive community. Promoting a green and sustainability lifestyle among staff and the community is a key focus of HFT’s social investment in 2022 and we achieved it via collaboration with local partners.

OUR FOCUSES

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

Treasuring the Environment	Contributing to a Loving Community
Driving Inclusion	Promoting Health and Wellness

During 2022:

In-kind Products, Coupons and Cash Sponsorship: Valued at HK\$2.1 million	Total Volunteering Hours: 302 hours	Community Projects Supported: 159 projects from 198 organisations
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Employee Volunteering

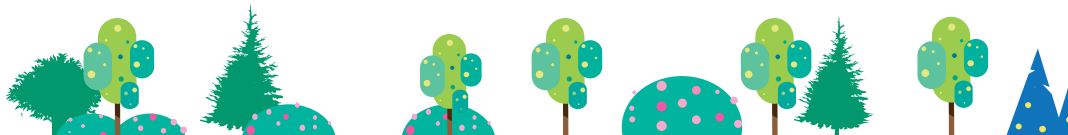
Hung Fook Tong Volunteers Team (“HFT Volunteers Team”) organised various volunteer activities to support the community and advocate environmental protection.

To encourage our employees to participate in voluntary services, the Group provides up to 2 working days of welfare leave (公益假) every year to employees who volunteer for charitable activities during non-working hours. In 2022, HFT’s employees have contributed a total of 302 service hours amidst the pandemic.

Sponsorship and Donation

HFT supports NGOs and community projects via in-kind sponsorship (products and coupons) and cash donations. It also sets up donation boxes at about 70 of its retail stores for fundraising purpose. In 2022, fund was raised via these donation boxes for various NGOs, such as Ocean Park Conservation Foundation Hong Kong (香港海洋公園保育基金), Christian Action (基督教勵行會) and the animal shelter House of Joy & Mercy (阿棍屋) etc.





CONNECTING COMMUNITIES

Even though COVID-19 continued to have a tight grip on the society in 2022, the Group maintained its efforts in community engagement, supporting different stakeholders through various means.

Contributing to a loving community

Anti-Pandemic Relief Support

As a responsible corporate citizen, the Group provided in-kind sponsorships of anti-pandemic items such as rapid antigen test kits and healthy food products to families in-need, the elderly and patients with chronic illness through our connection with various Non-Governmental Organisations. These included The Boys' and Girls' Clubs Association of Hong Kong, Hong Kong Young Women's Christian Association and The Hong Kong Society for Rehabilitation.

To further express our appreciation to frontline medical staff and teaching staff for their dedication, the Group also gave away tens of thousands of herbal drinks to these groups.



Skip Lunch Day 2022 (公益行善「折」食日)

HFT has been supporting the Skip Lunch Day organised by the Community Chest of Hong Kong for 13 consecutive years by sponsoring up to 20,000 pieces of product coupons. With the participation of about 270 companies and organisations, nearly HK\$800,000 was raised for the Community Chest of Hong Kong through the event in 2022.



Support Social Enterprises and Local Businesses

To promote a sustainable lifestyle among staff, as well as supporting local businesses, HFT partnered with Fullness Social Enterprises Society (豐盛社企學會) to host a social enterprises staff bazaar under the theme of "green and sustainability". A total of 10 social enterprises (such as Hello Cocoa, Dress Green, Yi O Groceries, Very Ginger, etc.) participated in the bazaar or staff workshop.



HFT Blood Donation Day

Employees were encouraged to participate in blood donation voluntarily to save lives. In 2022, 10 HFT staff joined the Blood Donation Day.

Volunteering in Kaiping

Recognising the huge burden of COVID-19 on the healthcare system, HFT donated supplies to Kaiping Central Hospital and Kaiping Transportation Bureau, hoping to support frontline teams.

Also, HFT organised 3 volunteering events in Kaiping to support and show gratitude to frontline medical workers, such as the "1st May International Labor Day – Salute to the Most Beautiful Workers Volunteer Service" activity, and "Sending Cold Drinks in the hot summer".



Treasuring our environment

Support Tree Planting

To reduce carbon footprint and raise the green awareness of our staff, the Group supported the “Planting on the Mine” scheme hosted by Grace Youth Camp of The Evangelical Lutheran Church of Hong Kong.

More than 20 tree seedlings were planted on Luk Chau Shan in Ma On Shan Country Park by the HFT volunteer team in June 2022. HFT also financially supported the program development with cash donation.



Surplus Food Donation

HFT has been joining hands with different food banks for years, such as People Service Centre (民社服務中心), which collect surplus food items from designated retail stores and Hong Kong factory. In 2022, over 114,000 food and drink items were collected from our shops or factory.



Herbal Tea Residues Upcycling

HFT partnered with FoodCycle+ (a local green social enterprise) to organise a green tour for HFT's staff in late 2022 to raise their awareness on food waste recycling. HFT has been donating part of its herbal tea residues to FoodCycle+ since 2019, which then turned them into organic compost “MixO’ Plus” (加樂泥).



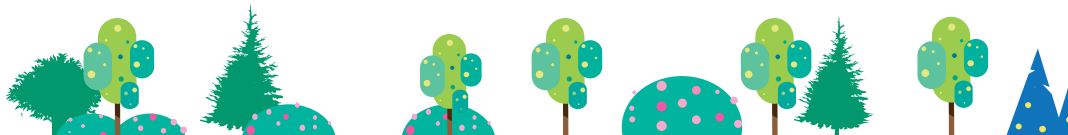
Driving inclusion

Support Disadvantaged Groups

HFT is dedicated to offer support and care to the disadvantaged groups in the society. This year, HFT was the “Jade Sponsor” for Barrier Busters 2022 (無障行者) organised by the Hong Kong Society for Rehabilitation to raise the awareness of inclusion among the public.

During the year, HFT hosted a workshop with the social enterprise FPP (縫補寶) at HFT Life store to promoting awareness of inclusion. FPP is specialised in designing and manufacturing care apparels for the elderly and disabled.





Promoting health and wellness

HFT Life Health and Wellness Workshop Series

At HFT Life, the new café concept stores, we promote healthy diet for physical well-being while providing a relaxing environment for customers to recharge their minds and bodies. We believe that psychological well-being and physical health are the keys to a healthy and fruitful life.

During 2022, a series of small-group workshops and classes on health and wellness were held at HFT Life (e.g. singing bowl experience, Pastel Nagomi Art) – involving a total of over 100 man-hours of activities. These workshops were organised in partnership with NGOs and social enterprises such as Hong Kong Family Welfare Society and Fullness Social Enterprises Society.



Employee Wellness

As large-scale sports events gradually resumed after COVID restrictions had been lifted, the HFT team participated in charitable sports events such as the Oxfam Trailwalker – Virtually Together 2022.



Future Plan ☐☐☐

“

HFT will continuously put our community's needs and interests as our priority. We value partnerships with local communities, NGOs and governments to create a give-back channel for HFT to drive more positive changes in the community.

”

PERFORMANCE SUMMARY

ENVIRONMENTAL PERFORMANCE

Indicators	Unit	2022	2021	2020
Air Emissions				
Nitrogen oxides	tonnes	34.0	36.0	37.9
Sulphur oxides	tonnes	2.2	2.4	2.4
Particulate matter	tonnes	2.3	2.5	2.6
GHG Emissions				
Scope 1: Direct emissions	tonnes of CO ₂ -e	4,401	4,327	4,871
Scope 2: Energy indirect emissions	tonnes of CO ₂ -e	7,543	8,532	6,781 ¹⁹
Scope 3: Other indirect emissions	tonnes of CO ₂ -e	82	74	88
GHG emissions in total (Scope 1, 2 and 3)	tonnes of CO ₂ -e	12,026	12,933	11,740
GHG intensity ²⁰	tonnes of CO ₂ -e/ HK\$1,000 revenue	0.016	0.015	0.014
Wastes²¹				
Hazardous waste	tonnes	0.33	0.36	0.10
Hazardous waste intensity	tonnes/HK\$10 billion revenue	4.31	4.15	1.14
Non-hazardous waste	tonnes	1,406	1,748	2,009
Non-hazardous waste intensity	tonnes/HK\$1,000 revenue	0.002	0.002	0.002
Energy Consumption				
Direct Energy (Non-renewable)				
Diesel	MWh	5,126	5,595	5,333
Natural Gas	MWh	9,321	9,580	10,072
Petrol	MWh	151	131	89
Liquefied petroleum gas	MWh	72	33	43
Towngas	MWh	1,511	1,306	1,728
Total Direct Energy	MWh	16,181	16,645	17,265 ²²
Indirect Energy				
Electricity ²³	MWh	15,061	17,071	13,281
Total Indirect Energy	MWh	15,061	17,071	13,281
Total Energy Consumption	MWh	31,242	33,716	30,546
Energy intensity	MWh/HK\$1,000 revenue	0.040	0.039	0.035
Water Consumption				
Total water consumption	cubic meters	279,594	278,854	270,782
Water intensity	cubic meters/ HK\$1,000 revenue	0.362	0.321	0.313
Packaging				
Total packaging material used ²⁴	tonnes	520.1	558.9	572.2
Packaging Material Intensity	tonnes/ HK\$1,000 revenue	0.0007	0.0006	0.0007

¹⁹ Electricity in 2020 was recorded based on the total amount paid, where the subsidised consumption by the Government was not accounted.

²⁰ GHG intensity is calculated based on the total revenue of the Group presented in its annual reports, which covers a slightly wider boundary beyond the scope of this Report.

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

²² Direct energy consumption in 2020 is updated due to the renewable energy consumption amendment.

²³ It includes the electricity consumption of the bottle blowing factory in Kaiping factory since 2020.

²⁴ It includes carton and plastic.



SOCIAL PERFORMANCE

Total Workforce

Employee²⁵

	2022	2021	2020
By Gender			
Male	222	228	248
Female	642	637	643
By Age Group			
Under 30	109	123	158
30-40	223	238	252
41-50	286	286	287
Above 50	246	218	194
By Employment Categories			
Managers and above	63	31	33
Deputy Managers and Assistant Managers	80	51	70
Senior Officers and Officers	160	124	99
Assistant Officers and General Employees	561	659	689
By Employment Type			
Full time	760	798	824
Part time	65	13	59
Contract	39	54	8
By Region			
Hong Kong	713	717	695
Mainland China	151	148	196
Total Workforce	864	865	891

Other workers²⁶

	2022	2021	2020
By Worker Type			
Cleaners	2	4	4
IT Support	4	5	4
Accounting	2	4	3
Financial Consultant	0	1	1
Total	8	14	12

²⁵ Based on number of employees (covered in the reporting scope of this Report) as at 31 December of the respective year.

²⁶ Other workers refer to the agents/ contractors/ suppliers hired by the Group to perform work at a workplace controlled by the Group.

New Hire and Turnover

Employee New Hire²⁷

	2022		2021		2020	
	Number	Rate	Number	Rate	Number	Rate
By Gender						
Male	90	41%	83	36%	70	32%
Female	296	46%	193	30%	194	32%
By Age Group						
Under 30	96	88%	79	64%	101	77%
30-40	75	34%	63	26%	60	26%
41-50	102	36%	67	12%	68	25%
Above 50	113	46%	67	31%	35	17%
By Region						
Hong Kong	368	52%	252	35%	239	35%
Mainland China	18	12%	24	16%	25	16%
Overall	386	45%	276	32%	264	32%

Employee Turnover²⁸

	2022		2021		2020	
	Number	Rate	Number	Rate	Number	Rate
By Gender						
Male	100	45%	75	33%	103	47%
Female	294	46%	265	42%	221	36%
By Age Group						
Under 30	105	96%	119	97%	108	82%
30-40	74	33%	100	42%	83	36%
41-50	112	39%	65	23%	77	29%
Above 50	103	42%	56	26%	56	28%
By Region						
Hong Kong	370	52%	284	40%	285	42%
Mainland China	24	15%	56	37%	39	25%
Overall	394	46%	340	39%	324	39%

Occupational Health and Safety

Number of Employee Injury and Fatality

	2022	2021	2020
Number of work-related fatalities	0	0	0
Rate of work-related fatalities (per 1,000 workers) ²⁹	0.0	0.0	0.0
Lost days due to work injury	226.0	555.0	506.5
Work-related injuries recorded	7	15	24
Work-related injury rate (per 1,000 workers) ³⁰	8.1	17.3	28.8

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

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

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

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



Training and Development³¹

Number of Employee Who Received Training³²

	2022		2021		2020	
	Number of employees trained	Percentage of Employee Trained	Number of employees trained	Percentage of Employee Trained	Number of employees trained	Percentage of Employee Trained
By Gender						
Male	210	95%	108	47%	151	69%
Female	362	56%	443	70%	326	53%
By Employee Categories						
Managers and above	55	87%	79	255%	42	131%
Deputy Managers and Assistant Managers	74	93%	97	190%	64	119%
Senior Officers and Officers	160	100%	160	129%	188	219%
Assistant Officers and General Employees	283	50%	215	33%	183	28%
Overall	572	66%	551	64%	477	57%

Training Hours³³

	2022		2021		2020	
	Number of Training Hours	Average Training hours per employee	Number of Training Hours	Average Training hours per employee	Number of Training Hours	Average Training hours per employee
By Gender						
Male	955.00	4.30	881.25	3.83	1,250.00	5.73
Female	2,223.00	3.46	3,356.00	5.27	1,706.75	2.78
By Employee Categories						
Managers and above	741.00	11.76	634.50	20.47	238.00	7.44
Deputy Managers and Assistant Managers	429.50	5.37	892.50	17.50	350.00	6.48
Senior Officers and Officers	1,167.00	7.29	1,613.50	13.01	1,028.00	11.95
Assistant Officers and General Employees	840.50	1.50	1,096.75	1.66	1,340.75	2.03
Overall	3,178.00	3.68	4,237.25	4.89	2,956.75	3.55

Supply Chain Management

Number of Suppliers By Regions

	2022	2021	2020
Hong Kong	180	150	148
Mainland China	139	134	139
Other Regions	38	38	37
Total	357	322	324
Percentage of suppliers where relevant ESG practices are being implemented	93%	92%	93%

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

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

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

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Material Aspect	Content	Page Index/ Remarks
<i>Mandatory Disclosure Requirements</i>		
Governance Structure		
Board statement	A disclosure of the board's oversight of ESG issues	9-13
	The board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses)	9-14
	How the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses	9-13
Reporting Principles		
Description of the application of the Reporting Principles	Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.	7, 17-18
	Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.	7
	Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	7
Reporting Boundary		
Description	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report.	7
<i>Comply or Explain Provisions</i>		
A. Environmental		
A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	19, 34
A1.1	The types of emissions and respective emissions data.	49
A1.2	Greenhouse gas emissions in total and, where appropriate, intensity.	41, 49
A1.3	Total hazardous waste produced and, where appropriate, intensity.	36, 49
A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	36, 49
A1.5	Description of measures to mitigate emissions and results achieved.	43-44
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	34-36



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A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	34, 43
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	41, 49
A2.2	Water consumption in total and intensity.	39, 49
A2.3	Description of energy use efficiency initiatives and results achieved.	42-44
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	No issue in sourcing water
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	37-38, 49
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	34
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	34, 42-44
A4 Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	40
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.	40
B. Social		
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	19, 26-28
B1.1	Total workforce by gender, employment type, age group and geographical region.	26, 50
B1.2	Employee turnover rate by gender, age group and geographical region.	51
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	19, 29-31
B2.1	Number and rate of work-related fatalities.	30, 51
B2.2	Lost days due to work injury.	30, 51
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	29-31



Material Aspect	Content	Page Index/ Remarks
B3 Development and Training		
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B3.2	The average training hours completed per employee by gender and employee category.	33, 52
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B4.2	Description of steps taken to eliminate such practices when discovered.	28
B5 Supply Chain Management		
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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.	25
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	25
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	25
B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	19-25
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B6.4	Description of quality assurance process and recall procedures.	20-21
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	22



Material Aspect	Content	Page Index/Remarks
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B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	22
B7.3	Description of anti-corruption training provided to directors and staff.	22
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	45-48
B8.1	Focus areas of contribution.	45-48
B8.2	Resources contributed to the focus area.	45-48



HUNG FOOK TONG

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